



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India for the period ended March 2022



Government of Odisha
Report No. 9 of 2024
(Performance and Compliance Audit-Civil)

**Report of the
Comptroller and Auditor General of
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PREFACE

This Report for the year ended March 2022, has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution of India, for being laid before the State Legislature.

The Report contains significant results of Performance Audit on 'Welfare of Building and Other Construction Workers in the State' and Compliance Audits of the Departments of Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare, Finance and Excise.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2021-22, as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2021-22, have also been included, wherever necessary.

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

Chapter 1

Overview

Chapter 1: Overview

1.1 Introduction

This Report covers matters, arising out of the audit of some State Government Departments and one Autonomous Body. The primary purpose of this Report is to bring to the notice of the Legislature, the important results of Audit. The findings of Audit are expected to enable the Executive to take corrective action, as also to frame policies and directives, that will lead to improved financial management of the organisations, contributing to better governance.

1.2 Structure of the Report

The Report has been organised in following chapters:

Chapter 1: Overview containing significant audit observations included in this Audit Report.

Chapter 2: Performance Audit Report on “Welfare of Building and Other Construction Workers in the State”.

Chapter 3: Detailed Compliance Audits on (i) Construction and functioning of ST Girls’ Hostels in the State (ii) Implementation of Integrated Financial Management System and (iii) Department’s Oversight on GST Payments and Returns Filing for the Financial year 2017-18.

Chapter 4: Compliance Audit paragraphs.

1.3 Significant Audit Observations in this Report

The significant audit observations are presented in brief, in the following paragraphs:

1.3.1 Performance Audit on Welfare of Building and Other Construction Workers in the State

The Government of India enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and Building and Other Construction Workers Welfare Cess Act, 1996, to regulate the employment and conditions of service of the building and other construction workers and levy and collection of cess, respectively. Government of Odisha constituted (January 2004) the Orissa Building and Other Construction Workers’ Welfare Board (the Board), under the Labour and Employees’ State Insurance (L&ESI) Department, to collect Cess at the rate of one *per cent* of the cost of construction and utilise the same, for the welfare of the building and other construction (BOC) workers. A Performance Audit was conducted with the broad objective of assessing efficiency in the collection and utilisation of labour cess. The major audit findings are as follows:

- Government Departments were primary defaulters, in registering themselves with the Board, as Establishments/ Employers. Resultantly,

the contractors of the works and the BOC workers, engaged by them, had not been registered with the Board.

- The Board had assessed the number of the BOC workers as about 41.70 lakh, as of July 2020, against which, 36.74 lakh BOC workers, had been registered with the Board, as of March 2022.
- In the five sampled districts, out of 38,023 migrant BOC workers, who had returned to the State, during the period of lockdown imposed on account of the Covid-19 pandemic, only 3,457 returnee migrants had been registered with the Board.
- In case of 399 sampled BOC works, cess, amounting to ₹ 67.12 lakh, had not been collected. Also, cess amounting to ₹ 5.72 crore, received through demand drafts and cheques, in regard to 418 works, had not been encashed and the instruments had also not been revalidated. Four Development Authorities had not remitted cess, amounting to ₹ 13.97 crore, collected from the executants of the works awarded by them, during FYs 2017-18 to 2021-22.
- The Board had utilised ₹ 2,301.29 crore (80 *per cent*), out of the available balance of ₹ 2,875.85 crore, during FYs 2017-18 to 2021-22. Of the total utilisation, a sum of ₹ 28.09 crore, had been incurred as Administrative expenses and the balance amount of ₹ 2,273.20 crore, had been utilised for welfare schemes.
- The Board was executing various welfare schemes for BOC workers, through different departments of the State Government. However, it was not monitoring the progress of utilisation of the funds released by it, nor was it monitoring the progress in the implementation of the scheme.
- Although the Cess fund was intended to be used for activities specific to the welfare of the BOC workers, it was noticed that the Cess fund was being utilised for other purposes as well.
- The administration of the Cess fund was poor, as the annual accounts of the Board had remained in arrears, since FY 2014-15; income tax returns were not being filed, *etc.* Further, the internal control system of the Board was very weak.

1.3.2 Construction and functioning of ST Girls' Hostels in the State

With the objectives of: (i) encouraging higher enrolment and retention, as well as reducing the dropout rate of Scheduled Tribe (ST) students in educational institutions (ii) achieving substantial increase in female literacy among the ST population and (iii) empowering ST women by educating them, the Government of Odisha undertook construction of hostel complexes in Block headquarters and other prominent locations. A Detailed Compliance Audit revealed the following:

- The SSD Department had sanctioned ₹ 857.15 crore, for construction of 1,524 Scheduled Tribes Girls Hostel (STGHs), during FYs 2007-08

to 2020-21. Of these, 1,471 STGHs were functional and 53 STGHs were non-functional, as of March 2022.

- From the 53 non-functional STGHs, construction of 13 STGHs, sanctioned during FY 2009-10 to FY 2020-21, had remained incomplete. The SSD Department, the sanctioning authority of funds, had not followed-up the matter of construction of STGHs, for sorting out constraints, despite lapse of 1 to 12 years. Consequently, a sum of ₹ 5.32 crore, spent on these works, had not yielded any benefits.
- 16 STGHs, which had been sanctioned during FYs 2009-10 to 2020-21, and the buildings for which had been completed at a cost of ₹ 10.98 crore, had not been handed over to the authorities of the targeted schools, for their use, due to non-construction of boundary walls.
- Nine STGHs, which had been declared as completed, after incurring a cost of ₹ 6.87 crore and had been handed over between December 2012 and August 2020, had not been put to use, due to reasons, such as, damaged toilets, non-completion of flooring and electrification, defunct water supply system, *etc.*
- During Joint Physical Inspection of 69 STGHs, along with the officials of the ITDAs concerned, Audit noticed that:
 - The available spaces of living rooms, in six STGHs, were less than the norms, with the shortages against the norms fixed by CPWD, ranging from 51.05 to 78.40 *per cent* of the norms. As a result, cots, along with bed-linens for every boarder, could not be placed in the living rooms. The boarders were compelled to share cots for seating and sleeping.
 - In 18 STGHs, purified drinking water supply facility was not available for the boarders. In 10 STGHs, the supplied water purifiers had been non-functional, for periods ranging from three to nine months and, in one STGH, the same had not been installed since six months, from the date of its receipt.
 - In 26 STGHs, there were shortages (ranging from one to eight), in the number of toilets required.
 - In three STGHs, there was no piped water supply. The girls had to fetch water from the bore well, for meeting their daily requirements.
 - Kitchen spaces and dining spaces were not available in 39 and 41 STGHs, respectively.
 - Thus, decent living conditions had not been provided to these girl students.
- In most of the STGHs, which required repair and maintenance, the requisite proposals, in this regard had not been forwarded, by the ITDAs, to the SSD Department, for sanction of funds for the purpose.
- Critical staff, such as Hostel Superintendents, Wardens, Cook-*cum*-Attendants, Sanitary workers, Watch and Ward staff, *etc.*, were found

to be absent or inadequate. In the absence of Cook-cum-Attendants, the girl students were cooking food for themselves, at four STGHs.

- 34 STGHs had not been visited by the Medical Officers/ Mobile Health Units, for health check-ups of the boarders, during FY 2019-20. Inspections by Project Administrator of ITDA, DWO and Assistant DWO, were not adequate and the shortfalls, in this regard, ranged from 74 to 93 *per cent*.

1.3.3 Implementation of Integrated Financial Management System

Integrated Financial Management System (IFMS) of Government of Odisha is a software application to facilitate single source of truth for the entire financial management cycle - from budget to accounts of the State Government. Detailed Compliance Audit of IFMS revealed the following:

- The Project Management Unit, Project e-Mission Team and the Project Steering Committee had not met at their prescribed periodicity. These Committees had also not adopted best practices for project monitoring in the form of key controls, to effectively keep track of material risks faced by the project.
- Key provisions related to exit management of the software development and maintenance partner in the IFMS 1.0 contract, had not been enforced, resulting in undue and excessive dependence on the existing contractor and potential reduction in the number of bidders for IFMS 2.0.
- Four types of Sanction Orders: (i) Unutilised Leave Salary (ii) Reimbursement of Claims of Medicine (iii) Stipend and Scholarship and (iv) Travelling Allowance, had not been implemented in IFMS.
- The Heads of Accounts, under which amounts of expenditure could be sanctioned, had not been mapped with the permissible Heads of Accounts, for that kind of expenditure. As a result, Sanction Orders of type Grants in Aid, had been generated with Capital Section Heads of Account, resulting in violation of Indian Government Accounting Standard 2.
- For Sanction Order of type “General Type of Expenditure under different Schemes”, there were no data validation controls implemented in IFMS. This resulted in material risk of error/ fraud in payments, since even beneficiary details for payment to be effected, could be filled in as free text.
- There were no validation controls in IFMS to enforce linkage of a Bill, at the time of preparation and prior to submission, to an underlying and valid Sanction Order. This was a major and severe internal control failure, as it resulted in key checks, not being exercised prior to incurring expenditure by the State Government.

- IFMS did not track the balance amount available to be drawn against each Sanction Order, especially in cases where multiple Bills had been drawn against the same underlying Sanction Order.
- Challans in IFMS could be generated, without any actual cash remittances into Government Account.
- Master data on Works contractors and Works ID are being maintained on a separate application named Works Accounts Management Information System (WAMIS). For the purpose of payments, instead of communicating details of the payment beneficiary through the WAMIS-IFMS interface, such details are being communicated in offline mode. Also, such payment beneficiary details are being entered into IFMS by a single user, without having segregated roles for maker and checker in place. Hence, there was a material risk that changes to payment beneficiary details, such as Name, Bank Account number, IFSC, Mobile number, PAN number, *etc.* could be changed by the single user, without oversight or visibility by any other senior Officer.
- Among the support functionalities for IFMS, there were instances of non-compliance with requirements for Disaster Recovery. Against the contractual provision requirement of conducting Disaster Recovery Drills once in six months, DR Drills had been conducted only twice, during the five-year period from FYs 2017-18 to 2021-22.

1.3.4 Department's oversight on GST payments and returns filing for the year 2017-18

The Government of India introduced the Goods and Services Tax (GST) Act, 2017 with effect from 01 July 2017. A Subject Specific Compliance Audit revealed that:

- There was mismatch in input tax credit, taxable turnover and tax liability of ₹3,805.41 crore, in regard to 264 taxpayers, selected for Centralised Audit.
- There were deviations in utilisation of input tax credit amounting to ₹ 38.33 crore, mismatch in discharge of tax liability, amounting to ₹71.91 crore, non- reversal of ITC of ₹2.78 crore, irregular disclosure of Non-GST/Zero rated supply turnover of ₹10.78 crore.

1.3.5 Other Compliance Audit observations

The Excise Department notified (May 2020) levy of Special Covid Fee (SCF), at the rate of 50 *per cent* of the Maximum Retail Price, on all Foreign Made Foreign Liquor, Indian Made Foreign Liquor, Beer, Wine and Ready to Drink beverages, sold in the State, with effect from 24 March 2020. This notification was issued, in view of the expected loss of excise revenue, on account of the two months' shutdown, as a response to the Covid-19 pandemic.

Audit scrutinised Sales Registers of 1,270 liquor shops and found that Government had suffered revenue loss of ₹ 75.70 crore, due to manipulation of manually maintained Sales Registers, by retail shops, to show lesser quantity of unsold stock of liquors, to avoid SCF. Audit found that:

- Brand-wise and size-wise sale registers had not been maintained by the retail shops. The Excise officers-in-charge of the retail shops had not enforced maintenance of such data.
- In 716 Sales Registers, there were significant corrections, over-writing and changes made to the entries. This included 28 Sales Registers, where wholesale replacement/ insertion of fresh pages, or presumably heavily over-written/ corrected pages having been replaced entirely, were found. The impact of such manipulations was that the closing balances, recorded as of 24 March 2020, were negligible, in these cases and consequential loss of SCF.
- Physical verification of stock at the retail shops was stated to have been carried out on 25 May 2020 and SCF was realised on the basis of the physical stock, available on that date. The closing balances, from the manually maintained Sale Registers, as on 24 March 2020 had, however, not been collected, prior to the reopening of the retailers. Thus, the Sales Registers, had not been thoroughly examined and verified by the Excise Officers, prior to levy of SCF.
- In view of improper maintenance of Sales Register and absence of oversight by the Excise authorities, some of the test-checked liquor shops, were indulged in the following acts, to show lesser quantity of unsold stock of liquor:
 - Some of the liquor shops had even recorded the sale of liquor, on the date of the Janata Curfew, imposed on 22 March 2020, in response to Covid-19, as well on the dates, when the shops had been directed to remain shut.
 - One retailer *i.e.* Link Road-3 OFF Shop, Cuttack, had recorded sales of 1,923 liquor bottles with non-existent dates, such as 30 and 31 February 2020, which had also been accepted by the Excise Officer-in-Charge.
 - Nine retailers had recorded severely abnormal high liquor sales of more than 20,000 bottles in one day.
- Due to this irregular reporting of excess sales, through manipulation of the Sales Registers, there had been an estimated loss of ₹ 75.07 crore, towards levy and collection of SCF.

(Paragraph 4.1)

- Non-imposition of Excise Duty on the quantity of blended spirit reported as bottling wastage, in excess of the permissible wastage quantity, resulted in loss of revenue, amounting to ₹ 3.91 crore.

(Paragraph 4.2)

- Amount due towards application fees and Annual Composite Label Registration fees had not been collected from suppliers, as per the rates prescribed in the Annual Excise Policy, resulting short-realisation of revenue, amounting to ₹ 1.48 crore.

(Paragraph 4.3)

Chapter 2

Performance Audit

Welfare of Building and Other Construction Workers in the State

Labour and Employees' State Insurance Department

2.1 Welfare of Building and Other Construction Workers in the State

EXECUTIVE SUMMARY

The Government of India (GoI) enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and Building and Other Construction Workers Welfare Cess Act, 1996, to regulate the employment and conditions of service of the building and other construction workers and levy and collection of cess, respectively. Government of Odisha constituted (January 2004) the Orissa Building and Other Construction Workers' Welfare Board (the Board), under the Labour and Employees' State Insurance (L&ESI) Department, to collect Cess at the rate of one *per cent* on the cost of construction and utilise the same, for the welfare of the building and other construction (BOC) workers. The workers' population of Odisha was 1.75 crore, out of which 1.61 crore workers were in unorganised sector, as per the Census 2011. The BOC workers belong to unorganised sector and their number stood at 22.34 lakh, constituting 12.77 *per cent* of the total workers' population and 14 *per cent* of the population of workers in the unorganised sector. The Performance Audit was conducted between November 2022 and April 2023, with the broad objective of assessing efficiency in the collection and utilisation of labour cess. Audit found that Government Departments were primary defaulters, in registering themselves with the Board, as Establishments/ Employers. Resultantly, the contractors of the works and the BOC workers, engaged by them, had not been registered with the Board. The Board had assessed the number of the BOC workers as about 41.70 lakh, as of July 2020, against which, 36.74 lakh BOC workers, had been registered with the Board, as of March 2022. In the five sampled districts, out of 38,023 migrant BOC workers, who had returned to the State, during the period of lockdown imposed on account of the Covid-19 pandemic, only 3,457 returnee migrants had been registered with the Board. In case of 399 sampled BOC works, cess, amounting to ₹ 67.12 lakh, had not been collected. Also, cess amounting to ₹ 5.72 crore, received through demand drafts and cheques, in regard to 418 works, had not been encashed and the instruments had also not been revalidated. Four Development Authorities had not remitted cess, amounting to ₹ 13.97 crore, collected from the executants of the works awarded by them, during FYs 2017-18 to 2021-22.

The Board had utilised ₹ 2,301.29 crore (80 *per cent*), out of the available balance of ₹ 2,875.85 crore, during FYs 2017-18 to 2021-22. Of the total utilisation, a sum of ₹ 28.09 crore, had been incurred as Administrative expenses and the balance amount of ₹ 2,273.20 crore, had been utilised for welfare schemes. The Board was executing various welfare schemes for BOC workers, through different departments of the State Government. However, it was not monitoring the progress of utilisation of the funds released by it, nor was it monitoring the progress in the implementation of the scheme. Although the Cess fund was intended to be used for activities specific to the welfare of the BOC workers, it was noticed that the Cess fund was being utilised for other purposes as well.

The administration of the Cess fund was poor, as the annual accounts of the Board had remained in arrears, since FY 2014-15; reconciliation of figures was not being carried out, between different accounting heads; income tax returns were not being filed, *etc.* Further, the internal control system of the Board was very weak.

It is recommended that:

- 1. Each DLO should maintain a database of registered Establishments and Employers along with data on maximum number of workers employed by each of them, probable dates of commencement and completion of works.**
- 2. A system may be put in place, to ensure that the Government Departments, awarding BOC works and the entities, receiving work orders, get registered as Establishments and Employers, respectively, as soon as the work orders are placed.**
- 3. The Board may keep track of the BOC works and strictly enforce the provisions of the Act, for securing details of the BOC workers engaged therein, along with their registration status and take steps for their registration.**
- 4. The L&ESI Department should take up the matter of the non-collection and non-remittance of Cess with the concerned Departments in the Government for early collection and remittance of Cess to the Board.**
- 5. The Board may put in place, an appropriate system, for monitoring the progress of implementation of schemes, funded by it, and ensure that the funds are utilised timely and for the intended purposes.**
- 6. The process of procurement should be transparent and as per the regulations in place. The Board should exercise due oversight to ensure that undue benefits are not extended to entities in the procurement process.**
- 7. The Board may draw annual IEC plan for conducting awareness programmes for BOC workers to make them informed on their rights under different legislations as well as on the welfare schemes launched by the Board, for them.**
- 8. The Board may maintain a database of registered BOC workers, capturing all their details and may adopt DBT mode for transferring benefits to them.**
- 9. The Board may observe prudence in making expenditure from the Cess fund and ensure that the amount spent from the Cess fund, contributes to the direct welfare of the registered beneficiaries. The functionaries responsible for deviating from the ruling of the Apex Court in incurring expenditure from the Cess fund, should be held accountable.**
- 10. The Board may adopt a professional approach in administering the Cess fund, by timely preparation of annual accounts, after**

carrying out the required checks and balances, such as reconciliation of figures between various accounting heads.

11. The Board may strive to secure income tax exemption certification from IT authorities, to save avoidable payment of income tax.

12. The Board may strengthen its internal control system, by fixing targets for inspections, and identifying the aspects to be inspected. Preparation of Inspection Reports may be ensured and follow up action may be taken, to ensure that the lapses found during the inspections, are duly addressed.

2.1.1 Introduction

The Government of India (GoI) enacted the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996, that is, the BOCW (RE&CS), Act to regulate the employment and conditions of service of the building and other construction workers. The Act, as per Section 1(4), is applicable to every establishment which employs or had employed 10 or more workers, on any day of the preceding 12 months, in any building or construction work.

Section 18 of the BOCW (RE&CS) Act, requires every Government to constitute a Building and Other Construction (BOC) Workers Board. The main functions of the Board, as laid down under Section 22 of the Act, are to provide financial assistance to the BOC workers, registered with the Board, for construction of house, education of their children, medical expenses, maternity assistance, payment of premia for Group Insurance Scheme, *etc.* and make payment of pension to beneficiaries, who have completed the age of sixty years.

GoI also enacted the Building and Other Construction Workers Welfare Cess (BOCWWC) Act, 1996, and framed the BOCWWC Rules, 1998, which provide for levy and collection of cess. Section 3 (1) of the BOCWWC Act, envisages imposition of cess, at the rate of not less than one *per cent* and not more than two *per cent*, on the cost of construction, incurred by employers/builders. Section 3 (3) of the Act, provides that the cess so collected, after deducting the cost of collection, shall be remitted to the BOC Board. In regard to construction works undertaken by a Government or a Public Sector Undertaking, Rule 4 (3) of BOCWWC Rules, provides that the cess shall be collected by the authority concerned, by deducting the amount of the cess from the bills paid for such works. In regard to works undertaken by private bodies, Rule 4 (4) provides that the amount of cess shall be deposited by the concerned private body, with the local authority, while submitting the application for approval of the building plan.

The population of workers in Odisha was 1.75 crore, out of which unorganised workers were 1.61 crore, as per the Census 2011. The BOC workers belong to unorganised sector. Their number stood at 22.34 lakh, which constituted 12.77 *per cent* of the total population of workers and 14 *per cent* of the population of workers in the unorganised sector. As such, the total population of BOC

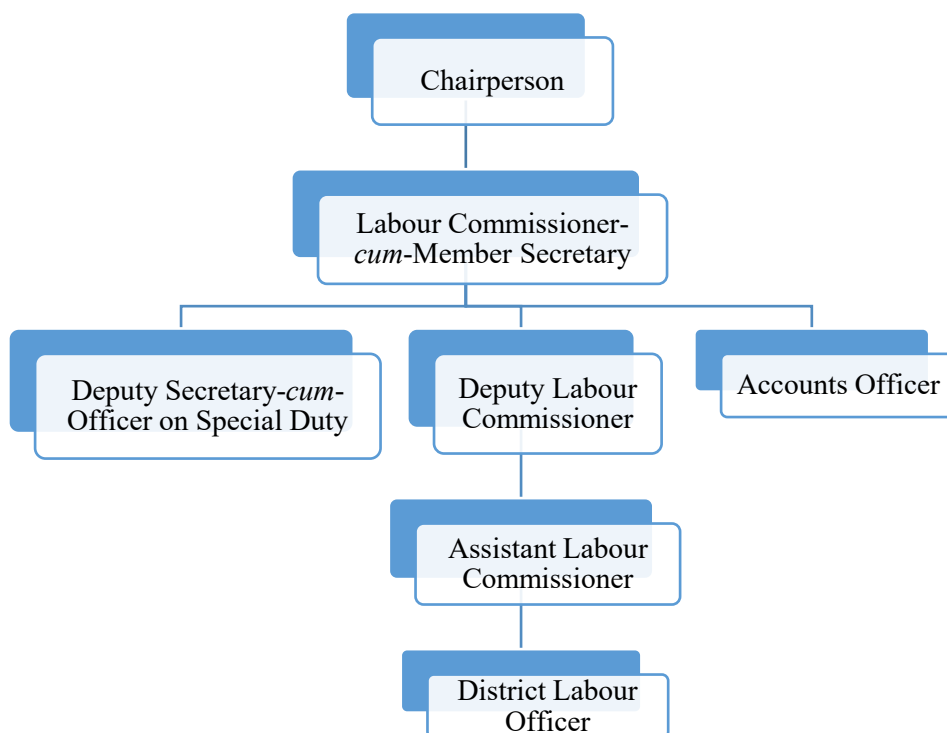
workers was miniscule, compared to the total worker's population, as well as the population of unorganised workers¹.

The Labour and Employees Insurance (L&ESI) Department in the Government of Odisha (GoO), under the provisions of BOCW (RE&CS) Act, framed (August 2002) the Orissa Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Rules, 2002. It also constituted (January 2004) the Orissa Building and Other Construction Workers' Welfare Board (the Board). The L&ESI Department passed a resolution (December 2008) that cess, at the rate of one *per cent* of the cost of construction incurred by an employer/ builder², would be collected from the date of issue of the resolution.

2.1.1.1 Organisational structure of the Board

The Board is a body corporate, constituted under Section 18 of the BOCWWC Act. It functions under the administrative control of the L&ESI Department of GoO. The Labour Commissioner, Odisha, is the Member Secretary, as well as the Chief Executive Officer of the Board. The organisational structure of the Board is shown in **Chart 2.1.1**.

Chart 2.1.1: Organisational structure of the OBOCWWB



The role of a District Labour Officer (DLO) is crucial, being responsible for registration of establishments and workers, collection and assessment of cess as well as maintenance of accounts thereof, inspection of establishments and worksites, selection of beneficiaries and ultimate disbursement of benefits and overall enforcement of the provisions of the Acts in the district.

¹ Source: Activity Reports of the Labour & Employees' Insurance Department, for the FYs 2017-18 and 2020-21

² Excluding the cost of land and any other compensation paid or payable to a worker or to his/ her kin, under the Workmen Compensation Act, 1923

2.1.2 Audit Objectives

The Performance Audit, on the Welfare of BOC Workers in the State, was conducted with the objectives of assessing whether:

- There was an effective system for the registration of establishments and beneficiaries.
- The assessment of Cess, its collection, and its transfer to the fund, were efficient.
- Government has been able to ensure compliance with the health and safety norms prescribed by it.
- Government had implemented a transparent and effective system of inspections, for checking the evasion of labour cess and ensuring compliance to the health and safety norms, by employers.
- The administration and utilisation of funds, for implementation of welfare schemes by the Board, was efficient and effective, and was in consonance with the relevant Acts and Rules.

2.1.3 Audit Scope and Methodology

The Performance Audit was conducted between November 2022 and April 2023, covering 10 out of the 13 welfare schemes³ being implemented by the Board, pertaining to the period from FY 2017-18 to FY 2021-22. Audit test-checked the records of the L&ESI Department; the Board; 5 out of 32 District Labour Offices⁴; three Urban Local Bodies (ULB)⁵; four Development Authorities (DAs); and four Works Divisions⁶, each from Water Resources Department and Works Department, in the sampled districts, as detailed in *Appendix 2.1.1*. In addition, 16 registered establishments and 16 unregistered establishments⁷ were covered under Joint Physical Inspection (JPI), conducted along with the officials of the concerned sampled units, to derive assurance on the enforcement of the prescribed welfare facilities and maintenance of safety and health norms by the employers. Audit also surveyed, along with the officials of the concerned sampled units, the satisfaction level of 400 registered and 100 unregistered construction workers, in the four sampled districts. In each sample district, 100 registered and 22-30 unregistered BOC workers, were selected for the purpose.

Before commencement of audit, an Entry Conference was held, with the Principal Secretary of the L&ESI Department, on 18 October 2022, to share the Objectives, Scope and Methodology of audit. The audit findings have been

³ Basis of selection: Highest expenditure - five schemes; Moderate expenditure - four schemes; and Zero expenditure - one scheme

⁴ Three DLOs (Berhampur, Chatrapur and Cuttack) were selected on the basis of maximum amounts having been spent by them on welfare programmes for the beneficiaries, while two other DLOs (Khurda and Keonjhar) were selected on the basis of highest collection of cess

⁵ One DA and one ULB each, in the sampled districts of Ganjam, Cuttack and Khurda, were selected randomly and one DA was selected from the Keonjhar district.

⁶ One division each, from the Water Resources Department and Works Department, from each of the sampled districts, were selected on the basis of highest expenditure, incurred during FYs 2017-18 to 2021-22

⁷ Selected through Probability Proportional to Size without Replacement technique

forwarded (May 2023) to the Government, which was discussed with the Principal Secretary of the L&ESI Department in the Exit Meeting, held in April 2024. The replies of the Department as well as their views, given in the Exit Meeting, have been incorporated in the report, wherever necessary.

2.1.4 Audit Criteria

The criteria, against which the audit findings were benchmarked, were derived from the following sources:

- BOCW (RE&CS) Act, 1996
- OBOCW (RE&CS) Rules 2002
- BOCWW Cess Act, 1996 and OBOCWW Cess Rules, 1998
- Model Welfare Schemes, orders and circulars, issued by the Ministry of Labour and Employment, GoI
- Odisha Government Financial Rules
- Resolutions passed by the Board; and
- Instructions issued by the L&ESI Department, from time to time.

2.1.5 Acknowledgement

Audit acknowledges the co-operation extended by the officials of the L&ESI Department, as well as by the officials at the associated offices of L&ESI, Works and Water Resources Departments.

Audit findings

The Audit findings are discussed in the succeeding paragraphs.

2.1.6 System of registration of establishments and beneficiaries

As per Section 7 of the BOCW (RE&CS) Act, 1996, read with Rule 21 of OBOCW (RE&CS) Rules, 2002, the Government Departments/ PSUs/ Autonomous bodies, undertaking construction works, were to register themselves as Establishments/ Employers, with the Board. Further, the contractors/ sub-contractors, executing the construction works, were to be registered as Employers, with the Board.

The L&ESI Department decided (January 2015) that the Establishments/ Employers were to register themselves with the Board, within 60 days from the commencement of their works. They were also required to ensure that all eligible construction workers were registered with the Board. The Department also stipulated that the tender inviting authorities were to incorporate these requirements in the tender documents, as well as in the contract agreements. The Establishments/ Employers were required to verify the registration status of the Employers and workers, before making payments towards works done.

Besides the above, in pursuance of the directions (March and May 2018) of the Hon'ble Supreme Court⁸, the Ministry of Labour and Employment, GoI, constituted a committee to formulate an Action Plan and Model Welfare

⁸ Writ Petition (Civil) No. 318 of 2006, on which judgement was delivered on 21 August and 4 September 2015, 19 March 2018 and 7 May 2018

Scheme, for BOC Workers. The significant recommendations of the committee were to:

- Make registrations through online mode.
- Issue directions to all departments of Government, to share copies of work orders, pertaining to construction works, with the concerned Registration and Cess collecting authorities.
- Develop a suitable mechanism for regular monitoring of ongoing construction activities.
- Ensure regular estimation/ survey of workers and maintenance of a database of live memberships, including renewal of registrations (this was essential for formulation of proper welfare schemes and adequate delivery of services).

Entities or individuals, interested in being registered as Establishments/ Employers/ Workers were to submit their applications, before the concerned DLOs. The DLOs, upon accepting the applications, were to issue certificates of registration as Establishments/ Employers. In case of workers, the DLOs were to issue Identity Cards. The process of registration had been made online, from December 2020.

2.1.6.1 Deficiencies in the registration of entities, as Establishments/ Employers, with the Board

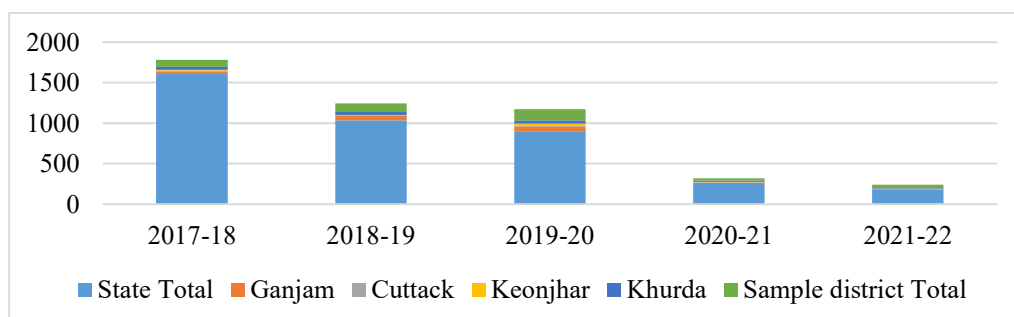
As per the information shared by the Board, with Audit, 3,986 entities had registered themselves as Employers with the Board, during FYs 2017-18 to 2021-22. During the same period, entities executing 387 BOC works had been registered as Employers, in the four sampled districts, as shown in **Table 2.1.1** and **Chart 2.1.2**.

Table 2.1.1: Year-wise registration of BOC works, during FYs 2017-18 to 2021-22

Financial Year	Total for the State	Ganjam	Cuttack	Keonjhar	Khurda	Total for the sampled districts
2017-18	1,610	27	15	06	38	86
2018-19	1,034	60	07	01	37	105
2019-20	899	63	11	23	40	137
2020-21	263	06	05	03	14	28
2021-22	180	08	04	02	17	31
Total	3,986	164	42	35	146	387

(Source: Data furnished by the DLOs of the sampled districts)

Chart 2.1.2: Registration of BOC works in the State and in the sampled districts



The database of entities registered as Establishments/ Employers maintained by the sampled DLOs were deficient as data on the maximum number of workers employed, probable dates of commencement and completion of works, etc., had not been maintained, though required under Rule 22 (3) of the OBOCW (RE&CS) Rules, 2002.

Audit observed that, in regard to the 387 BOC works (191 works under Government departments and 196 works under private agencies) in the sampled districts, the executants, i.e. the contractors, had been registered as Employers. However, despite these 387 works having been awarded by various Government departments / Private Agencies, only three Government offices⁹ had registered themselves as Establishments/ Employers.

Audit analysed the number of BOC works, awarded by the sampled Works Divisions, ULBs and DAs, vis-à-vis the number of works, where they had been registered as Establishments/ Employers. Audit found that these sampled units had awarded 1,371 BOC works¹⁰, costing ₹ 2,544.99 crore, during FYs 2017-18 to 2021-22. Audit test-checked 161 of these works¹¹ with a total agreement value of ₹ 1,636.01 crore (64.28 per cent), to assess their registration status, as detailed in **Table 2.1.2**.

Table 2.1.2: Number of BOC works executed under the sampled Divisions, during FYs 2017-18 to 2021-22 and the number of works test-checked in Audit

Sl. No.	District	Division	Works awarded		Works test-checked	
			No. of works executed	Agreement cost (₹ in crore)	No. of works test-checked	Agreement cost in (₹ in crore)
1	Ganjam	R&B Division No.1, Berhampur	17	159.18	17	159.18
		Irrigation Division, Bhanjanagar	10	13.03	7	12.33
2	Cuttack	R&B Division No.1, Cuttack	84	307.63	18	83.17
		R&B Division, Charbatia	141	242.64	16	97.13
		Cuttack Development Authority	11	9.68	6	8.75
		Cuttack Municipal Corporation	334	84.30	5	12.14
3	Keonjhar	Mega Lift Projects Division, Keonjhar	2	776.84	2	776.84
		R&B Division, Ghatagaon	175	396.08	24	92.78

⁹ Block Development Officer (BDO), Ghatagaon; BDO, Hatadihi; and Notified Area Council (i.e. a ULB), Aska

¹⁰ With agreement value of more than ₹ 10 lakh

¹¹ Having an agreement value of more than ₹ 1 crore

Sl. No.	District	Division	Works awarded		Works test-checked	
			No. of works executed	Agreement cost (₹ in crore)	No. of works test-checked	Agreement cost in (₹ in crore)
4	Khurda	Mega Lift Projects Division, Bhubaneswar	5	71.82	5	71.82
		R&B Division-II, Bhubaneswar	59	156.28	21	140.69
		Bhubaneswar Development Authority	95	156.13	18	132.34
		Bhubaneswar Municipal Corporation	438	171.38	22	48.84
Total			1,371	2,544.99	161	1,636.01

(Source: Data furnished by the sampled units)

Audit observed that:

- None of the sampled Works Divisions, ULBs and DAs, were registered as Establishments/ Employers, under the BOCW (RE & CS) Act, 1996, with the Board.
- Also, none of the contractors, carrying out the above 1,371 works, had been registered as Employers. As a result, the Board had sustained loss of registration fees, from these Employers, amounting to ₹ 1.37 lakh¹².
- In regard to the 161 sampled works, the concerned Government departments/ DAs/ ULBs, despite being tender inviting authorities, had not incorporated eligibility criteria for the bidders, in the tender documents, stating that the bidder should be registered as an Employer, and workers, working under the establishment of the Employer, should be registered as Beneficiaries with the Board.
- The sampled units had made payments, amounting to ₹ 12.20 crore, to the contractors, in regard to the above 161 works, without ensuring their registration status, as Employers, with the Board.

Thus, the Government Departments were the primary defaulters, in adhering to the provisions of the BOCW (RE & CS) Act, as they had not registered themselves with the Board, despite having awarded BOC works. Consequently, the contractors, executing these works, had also not been directed to register themselves, as Employers.

The L&ESI Department stated (April 2024) that the establishments engaging less than 10 OBC workers or individuals engaging such workers in construction of their own residences, having cost of construction less than ₹ 10 lakh, need not register under the Act. As most of the Government Departments execute work through contractors, registration of Government Departments is not a necessity. It was further stated that the registration fees so collected are neither tax revenue nor fund of the Board. It is the amount earned in lieu of

¹² Calculated as ₹ 100 X 1,371 = ₹ 1,37,100

service rendered by the Officers of the Department. Hence registration fee is not a loss to the Board. The Department, however, assured, of registering all establishments, especially non-government establishments.

The reply is not tenable as the registration fee is one type of contribution made by the beneficiaries for enrolment under the Board. Hence, registration fees should constitute part of cess fund. Besides, there is no mention in the Acts and Rules that the registration fees are earned in lieu of service rendered by the Officers of the Department.

Recommendations:

1. Each DLO should maintain a database of registered Establishments and Employers along with data on maximum number of workers employed by each of them, probable dates of commencement and completion of works.
2. A system may be put in place, to ensure that the Government Departments awarding BOC works, as well as the entities, receiving work orders, get themselves registered as Establishments and Employers, respectively, as soon as the work orders are placed.

2.1.6.2 Deficiencies in the registration of BOC workers

Section 12 of the Act provides that building workers aged between 18 and 60 years, can register themselves, in order to be eligible for the benefits available under the Act. A registration fee of ₹ 20 is to be deposited by a worker, at the time of registration, along with an annual contribution of ₹ 50, for a minimum of one year.

The Ministry of Labour and Employment, GoI, advised (July 2020) the State Governments to compile the data of BOC workers. As per the Board, about 41.70 lakh workers were engaged in construction activities in Odisha, as of July 2020. As of March 2022, the Board had registered 36.74 lakh BOC workers (88 per cent). As per the information shared by the sampled DLOs, the number of the registered BOC workers were 8,10,474, as of March 2022, out of which 4,42,767 BOC workers were registered as beneficiaries, during FYs 2017-18 to 2021-22, as shown in **Table 2.1.3**.

Table 2.1.3: Year-wise registration of BOC workers

District	No. of regd. BOC workers, at the end of FY 2016-17	Year-wise registration of BOC workers						No. of regd. BOC workers, at the end of FY 2021-22
		2017-18	2018-19	2019-20	2020-21	2021-22	Total 2017-22	
Ganjam	94,743	17,454	21,401	17,497	10,497	16,534	83,383	1,78,126
Cuttack	49,150	40,299	54,848	75,639	10,919	18,385	2,00,090	2,49,240
Keonjhar	99,119	9,268	14,762	3,532	2,906	1,166	31,634	1,30,753
Khurda	1,24,695	29,068	42,160	26,309	3,489	26,634	1,27,660	2,52,355
Total	3,67,707	96,089	1,33,171	1,22,977	27,811	62,719	4,42,767	8,10,474

(Source: Data furnished by the DLOs of the sampled districts)

As can be seen from **Table 2.1.3**, the total number of BOC workers, registered in FY 2021-22, were less than the number of BOC workers registered in the FY 2017-18, across all the four sampled districts. While the DLOs could not attribute any reasons to the decrease in registration, Audit observed that the measures suggested by the GoI, *i.e.* an Action Plan and Model Welfare Scheme, to increase the number of registrations, had not been adhered to, as highlighted in the succeeding paragraphs.

- Neither the Board, nor the DLOs, had conducted any survey/inspection, to identify the unregistered BOC workers and take steps to register them, with a view to ensuring that all the BOC workers in the State, are registered with the Board. Thus, no mechanism had been developed, to ensure the registration of all the eligible BOC workers.
- After introduction of the online mode of registration, from December 2020, by the Board, the Odisha Computer Application Centre (OCAC), the designated IT Directorate of GoO, had been assigned with the task of receipt and process of applications, for registration of BOC workers. As of April 2022, 1.24 lakh applications were pending for registration, with OCAC. Besides, 1.29 lakh benefit-applications were lying with DLOs for consideration for benefit disbursement. The period, from which these applications had been pending and the reasons for the pendency, were not shared with Audit.

The L&ESI Department stated (April 2024) that 43,139 applications were pending for registration and 29,700 benefit-applications were pending for consideration, as of March 2024. It was also stated that all possible steps were being taken to clear the pending applications at the earliest.

- From the Inspection Notes of the DLOs/ Assistant Labour Officers of the sampled districts, it was seen that they had not inspected any BOC worksites, within their jurisdiction, for identifying the potential BOC workers, for registration.
- No year-wise records, regarding live-registered¹³ BOC workers, had been maintained by the Board. Out of the total 36.74 lakh registered workers, as of March 2022, the number of live workers stood at 25.62 lakh (70 *per cent*). The defaults in retention of memberships, by 11.12 lakh BOC workers, were indicative of the failure of the Board, to take appropriate measures, such as issuance of timely alert to the registered beneficiaries about approaching renewal dates and holding regular camps/ facilitation centres, at the prominent labour *chowks/ addas*.

The L&ESI Department stated (April 2024) that they had launched an online portal in May 2022, where, a new updated ID Card, indicating validity period of the registration, is generated, as and when annual contribution is made by a beneficiary.

- In cases, where the Board, as well as the DLOs, had received the Cess from the Employers, it had not carried out any assessment/ analysis of

¹³ Those who had not defaulted in paying yearly subscriptions

the Cess payers, with the registration status of the BOC workers engaged by them.

- Further, the establishments/ employers had not submitted any cess returns to the Board, during FYs 2017-18 to 2021-22, detailing the number of BOC workers, engaged in their works, along with their registration status. Despite this, the Board had not issued notices to them, asking for the required details.

Thus, due to the apathy of the Government departments, awarding BOC works, in following the provisions of the Act, and the negligence of the Board, registration of all the BOC workers had not been ensured, resulting in their deprivation of the scheme benefits.

In the Exit Meeting (April 2024), the Principal Secretary of the L&ESI Department stated that the reason for low registration was outbreak of Covid-19 pandemic. It was, however, stated that the registration of workers had been remarkably improved thereafter.

2.1.6.2 (i) Low registration of the migrant BOC workers

As per the information furnished by the Panchayati Raj and Drinking Water (PR & DW) Department, about 8.24 lakh migrant workers (which included 1.40 lakh BOC workers) had returned to the State, due to the outbreak of Covid-19 pandemic. The L&ESI Department requested (July 2020) all the District Collectors to look into the registration of all the returnee BOC workers, at the earliest, preferably by the end of July 2020. Audit, however, noticed that, against the target of registration of 1.40 lakh returnee migrant construction workers, only 25,000 returnee migrants had been registered under the Board, as of October 2020.

Test-check of records and the information furnished by the DLOs of the sampled districts, revealed that 2,54,896 migrant workers had returned to the sampled districts, during the Covid-19 pandemic, out of which 38,023 migrant workers were BOC workers, as per skill mapping¹⁴. However, only 3,457 returnee migrants had been registered by the DLOs, leaving 34,566 migrants, yet to be registered, as of February 2023, as shown in **Table 2.1.4** and **Chart 2.1.3**.

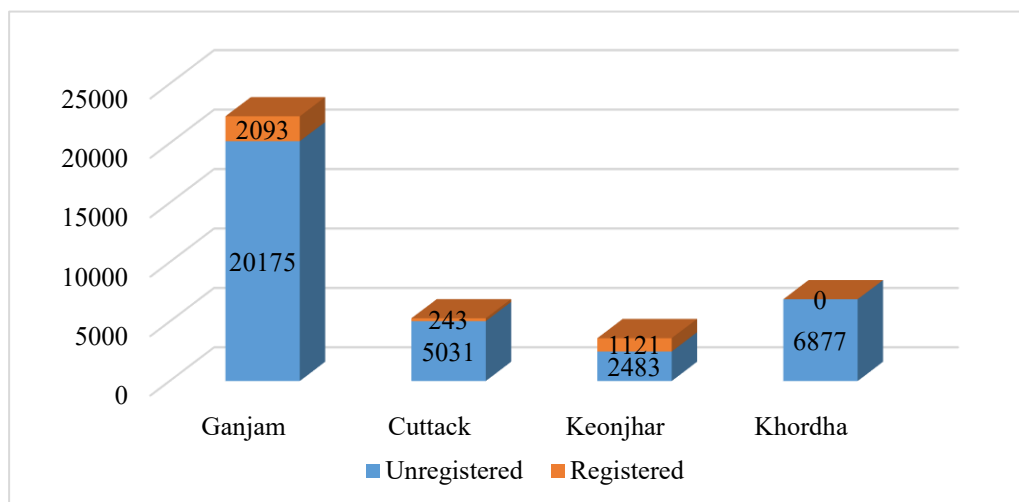
Table 2.1.4: Details of returnee migrant BOC workers

Sl. No.	District	No. of migrant returnees	No. of BOC workers, as per skill mapping	No. of BOC workers registered	No. of BOC workers, yet to be registered
1	Ganjam	2,12,359	22,268	2,093	20,175
2	Cuttack	12,946	5,274	243	5,031
3	Keonjhar	13,729	3,604	1,121	2,483
4	Khurda	15,862	6,877	0	6,877
	Total	2,54,896	38,023	3,457	34,566

(Source: Data furnished by the DLOs of the sampled districts)

¹⁴ PR&DW Department had carried out skill mapping of migrant workers

Chart 2.1.3: Registered vis-à-vis unregistered migrant BOC workers, in the sampled districts



Due to non-registration of 34,566 migrant BOC workers, the financial assistance available under the various welfare schemes, exclusively declared for the Covid-19 pandemic, *i.e.* two phases of Special Financial Assistance (SFA) for the Covid-19 pandemic (discussed in in **Paragraph 2.1.9.1**) could not be extended to them.

The L&ESI Department stated (April 2024) that the reasons for the low registration of migrant workers were (1) mobile phones of the migrants were switched off or (2) they had provided incomplete address or (3) they did not receive phone calls, *etc.* The fact, however, remained that the migrant construction workers could not be brought under the State Welfare Board, thereby depriving them of SFA.

Recommendation:

- The Board may keep track of BOC works and strictly enforce the provisions of the Act, for securing details of the BOC workers engaged therein, along with their registration status and take steps for their registration.**

2.1.7 Collection and Remittance of Cess

2.1.7.1 Non/ short collection of Cess

Section 3 (1) of the BOCWWC Act, envisages imposition of cess, at the rate not less than one *per cent* and not more than two *per cent*, of the cost of construction, incurred by employers/ builders. Section 3 (3) of the Act, read with Rule 5(3) of the BOCWWC Rules, provide that the cess collected shall be transferred to the Board, within thirty days of its collection.

Audit test-checked records relating to approval of building plans and collection of cess, by the four DAs and three ULBs, during FYs 2017-18 to 2021-22 and found that 8,272 building plans had been approved. Of these, Audit test-checked 399 building plans (5 *per cent*). The number of building plans approved by the sampled units, number of cases test-checked in Audit and number of cases of cess collection, are given in **Table 2.1.5**.

Table 2.1.5: Building plans approved during FYs 2017-18 to 2021-22

District	Sampled ULBs/ DAs	No. of building plans approved	No. of building plans test- checked	No. of building plans, on which there was non/ short collection of cess	Amount of	
					Short collection	Non- collection
					₹ in lakh)	
Berhampur	Berhampur Development Authority (BeDA)	1,935	68	35	1.56	0
	Berhampur Municipal Corporation (BeMC)	1,168	60	0	0	0
Cuttack	Cuttack Development Authority (CDA)	1,135	50	08	0.16	0
	Cuttack Municipal Corporation (CMC)	544	50	09	0.09	0
Keonjhar	Town Planning Unit	314	35	24	0.24	0
Khurda	Bhubaneswar Development Authority (BDA)	2,811	78	37	0.37	0
	Bhubaneswar Municipal Corporation (BMC)	365	58	2	0	64.70
Total		8,272	399	115	2.42	64.70

(Source: Information furnished by the sampled ULBs and Development Authorities)

Audit found that, in case of two approved building plans, no cess had been collected and, in the remaining 113 cases, there were shortfalls in the collection of cess. Some instances are cited below:

- **Non-collection of cess:** The General Manager, Bhubaneswar Smart City Limited (BSCL), applied (July 2018) for permission for construction of two buildings¹⁵, having a total estimated cost of ₹ 64.70 crore. BMC did not collect the cess amount from the BSCL, at the time of approval of the building plans (October 2021), in violation of the provisions of the Act/ Rules and orders of the State Government. Audit noticed that the cess amount of ₹ 64.70 lakh had not been deposited by BSCL, as of April 2023.

¹⁵ At Saheed Nagar and Ashok Nagar, Bhubaneswar

The L&ESI Department stated (April 2024) that the BSCL had deducted cess, amounting to ₹ 64.30 lakh from the bills of the contractors of the works. The Department, however, could not confirm receipt of the amount by the Board, as deducted by the BSCL.

- **Short collection of cess:** For the purpose of computing the estimated cost of a building, the Housing and Urban Development Department, GoO, fixed (December 2020) the cost of construction of a dwelling unit at ₹ 1,750 per square feet, with provision of an annual increase by 2 per cent, i.e., ₹ 1,785, in FY 2021-22. Accordingly, the rate of cess per square feet, was ₹ 17.50 and ₹ 17.85, in FYs 2020-21 and 2021-22, respectively. In 113 building plans, which had been approved in FY 2021-22, cess had been collected at the rate of ₹ 17.50 per square feet, instead of ₹ 17.85 per square feet. This had resulted in short collection of cess amounting to ₹ 2.42 lakh.

On being pointed out in Audit, the Town Planning Authority, Keonjhar, stated that, during the Covid-19 pandemic, the revised rate had not come to their notice. However, the revised rate would be given effect in regard to the above approved plans, after obtaining clarification from the Department.

- **Short-realisation of cess, due to non-validation of cheques:** Audit noted that 418 cheques/ demand drafts, towards cess, amounting to ₹ 5.72 crore, received by the Board, during FYs 2017-18 to 2021-22, from different departments of the Government/ organisations, had been dishonoured by the banks, due to expiry of their validity periods; mismatched signatures; correction of amount in words or figures; mismatch of amount in figures or words; mismatch of account particulars, etc. Though the Board had asked the payer departments/ organisations to issue fresh cheques/ demand drafts, no fresh cheques or demand drafts had been received, till January 2023. Thus, a sum of ₹ 5.72 crore, had not been realised by the Board, as of January 2023.

The L&ESI Department stated (April 2024) that steps were being taken to ascertain the status of 418 cheques/ demand drafts.

2.1.7.2 Non-remittance of cess by DAs/ ULBs

As per Rule 5(3) of the BOCWWC Rules, the cess collected shall be transferred to the Board, within 30 days of its collection. Further, as per Rule 12 of Cess Rules, 1998, read with Section 8 of Cess Act, 1996, if any employer fails to pay any amount of cess within 30 days of its collection, such employer shall be liable to pay interest on the amount to be paid at the rate of two per cent for every month or part of a month comprised in the period from the date on which such payment is due, till such amount is actually paid.

Audit noted that the seven sampled ULBs/ DAs had approved 8,272 building plans, during FYs 2017-18 to 2021-22 and had collected ₹ 108.61 crore towards labour cess. Of these, Audit test-checked 399 building plans, approved by the seven sampled DAs/ ULBs, on which labour cess, amounting to ₹ 5.96 crore, had been collected, as shown in **Table 2.1.6**.

Table 2.1.6: Building plans approved during FYs 2017-18 to 2021-22 and test-checked in Audit

Sl. No.	District	ULB/ Development Authority	Building plans approved, during FYs 2017-18 to 2021-22	Cess collected (₹ in crore)	Test-checked building plans	Cess collected in test-checked cases (₹ in crore)
1	Berhampur	BeDA	1,935	12.01	68	1.00
		BeMC	1,168	7.50	60	0.85
2	Cuttack	CDA	1,135	16.30	50	0.35
		CMC	544	11.12	50	0.21
3	Keonjhar	Town Planning Unit	314	1.74	35	0.16
4	Khurda	BDA	2,811	32.88	78	0.62
		BMC	365	27.06	58	2.77
Total			8,272	108.61	399	5.96

(Source: Information furnished by the sampled ULBs and Development authorities)

Further scrutiny in Audit revealed that:

- Out of ₹ 108.61 crore, collected towards Cess, by the seven sampled ULBs/ DAs, a sum of ₹ 63.79 crore (59 per cent) had been remitted to the Board, as of March 2023, while the balance amount of ₹ 44.82 crore, was still lying with them. The Board had, however, not insisted that the ULBs/ DAs remit the balance amount to its account, nor had it imposed any penalty for the non-remittance, as per Rule 12 of the Cess Rules, 1998, read with Section 8 of the Cess Act, 1996.
- CDA had collected fees on four different accounts, for grant of approval to building plans, viz. Additional scrutiny fees, Construction Workers' Welfare Cess, Sanction fees and Compounding fees. Accordingly, the owners of the buildings/ apartments had deposited the prescribed fees with the designated banks and the banks had, subsequently, transferred the same to the above mentioned accounts of the CDA. HDFC Bank, while transferring ₹ 15.07 crore to the bank accounts of the CDA, during FYs 2017-18 to 2021-22, did not, however, intimate the break-up of the various fees transferred. In the absence of this break-up, the exact amount of cess received could not be ascertained and the amount towards cess remained in the bank account of the CDA.
- In the absence of any proper system for registration of Establishments/ Employers, as discussed in **Paragraph 2.1.6**, the Board had no data on the amount of cess, due from the entities, who had been awarded BOC works. Audit sought information from six DAs, other than the sampled DAs, on the building plans approved, as well as the amount of cess collected and remitted during the FYs 2017-18 to 2021-22. In response, four DAs¹⁶ intimated about non-remittance of ₹ 13.97 crore to the Board, as shown in **Table 2.1.7**.

¹⁶ Two DAs viz., Sambalpur and Kalinga Nagar did not furnish the information

Table 2.1.7: Building plans approved, cess collected and remitted to the Board, by four DAs (other than the sampled DAs)

Sl. No.	Development Authority/ Town Planning Unit	No. of Building plans approved	Cess collected	Cess remitted	Cess retained, as of March 2022
			(₹ in lakh)		
1	Talcher Angul Meramandali Development Authority	1,262	428.14	0	428.14
2	Paradeep Development Authority	39	27.38	0	27.38
3	Puri Konark Development Authority	147	294.65	0	294.65
4	Rourkela Development Authority	372	646.88	0	646.88
Total		1,820	1,397.05	0	1,397.05

(Source: Information furnished by the sampled Development Authorities)

As can be seen from **Table 2.1.7**, ₹ 1,397.05 lakh, collected during FYs 2017-18 to 2021-22, towards cess, for approval of 1,820 building plans, had not been remitted to the Board. Despite this, the Board had not taken up the matter with the DAs, for early remittance of cess.

- **Non-remittance of Cess by Government Departments:** Audit noticed, from the Voucher Level Computerisation (VLC) database of the GoO maintained by the Principal Accountant General (A&E), as also from its Finance Accounts, that a sum of ₹ 13.48 crore had been collected towards Labour Cess, by various departments, and had been booked under the Major Head 0230 as ‘receipts’, during FYs 2017-18 to 2021-22. The entire amount had been retained by the Government, without remitting the same to the Board. As a result, the amount of ₹ 13.48 crore, had remained outside the Board’s accounts and had continued to remain as an undischarged liability, in the Public Account of the State Government. Non-remittance of this amount, to the Board, implied denial of the intended welfare benefits, to the beneficiaries.
- BMC had collected ₹ 4.75 crore towards cess, during FYs 2017-18 to 2021-22, from the bills of the contractors, engaged by it. Of this, it had remitted ₹ 3.78 crore, pertaining to the FYs 2017-18 to 2019-20 and the balance amount of ₹ 0.97 crore was still lying with it, as of March 2023. The Board, however, had not insisted that BMC remit the balance amount, to the Board’s account. Similarly, another sampled Works Division, viz. Irrigation Division, Bhanjanagar, had not remitted cess collected (FY 2021-22) from the contractors, amounting to ₹ 0.96 lakh, as of March 2023.
- **Non-remittance of annual contribution and registration fees of ₹ 20 lakh:** On scrutiny of the “Registration Fees” register, Audit found that the DLO, Cuttack, had received ₹ 4 crore, towards registration fees (₹ 31 lakh) and annual contribution (₹ 3.69 crore), in cash, from the BOC workers, during FYs 2017-18 to 2021-22. Out of this, the DLO had remitted ₹ 3.80 crore to the Board. The balance unremitted amount of ₹ 20 lakh could not be traced in the Cash Book, as daily collections had not been entered in the Cash Book as soon as the transactions

occurred; the Cash Book had not been closed; totalling had not been done; and analysis at the end of the month had also not been done, though this was required under Rule 37 of the OTC Vol-I. Thus, misutilisation of an amount of ₹ 20 lakh, cannot be ruled out.

The L&ESI Department stated (April 2024) that steps were being taken to issue necessary notification for ensuring transfer of cess amount to the accounts of the Board within 30 days of its collection and getting refund of the cess amount, already deposited in Government Account. It was also stated that the problem of non-remittance of cess from Government agencies would be solved, once the collection of cess is integrated with the WAMIS, IFMS and SUJOG portals.

Recommendation:

4. The L&ESI Department should take up the matter of the non-collection and non-remittance of Cess with the concerned Departments in the Government for early collection and remittance of Cess to the Board.

2.1.8 Management of the cess fund

The fund, created out of the receipts towards labour cess, is to be utilised for various welfare activities of the BOC workers, as per the provisions of Section 22 of the BOCW (RE&CS) Act. The year-wise collection and utilisation of funds, by the Board, during FYs 2017-18 to 2021-22, is summarised in **Table 2.1.8**.

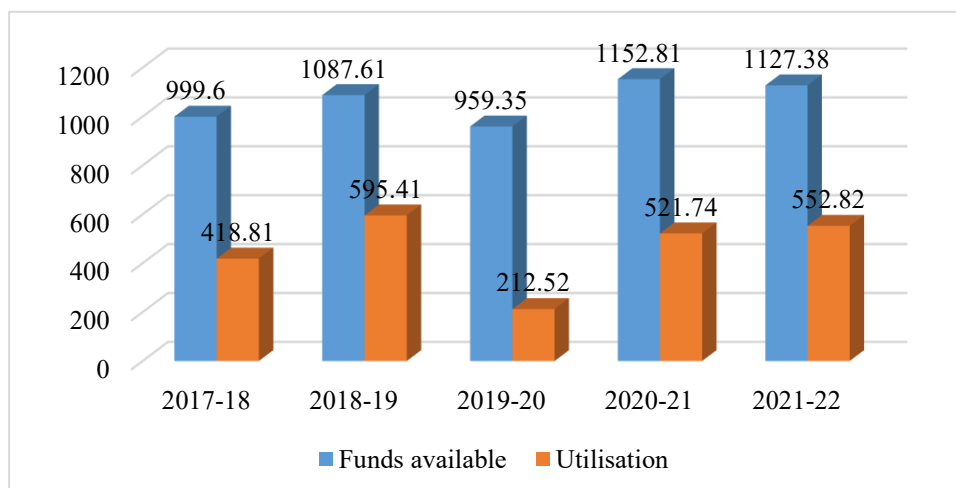
Table 2.1.8: Collection of Cess, Registration fee and Interest and Utilisation thereof, during FYs 2017-18 to 2021-22

Financial year	Opening Balance	Receipts towards Cess, Registration fee and Interest	Total funds available	Utilisation	Closing Balance
<i>(₹ in crore)</i>					
2017-18	715.13	284.47	999.60	418.81	580.79
2018-19	580.79	506.82	1,087.61	595.41	492.20
2019-20	492.20	467.15	959.35	212.52	746.83
2020-21	746.83	405.97	1,152.81	521.74	631.07
2021-22	631.07	496.31	1,127.38	552.82	574.56
Total		2,160.72¹⁷	2,875.85	2,301.29¹⁸	

(Source: Data furnished by the DLOs of the sampled districts)

¹⁷ Cess: ₹ 1,885.61 crore; Registration fee: ₹ 45.59 crore and Interest receipts: ₹ 229.52 crore

¹⁸ Scheme expenditure: ₹ 2,273.20 crore (including construction of Rest Shed: ₹ 0.15 crore) and Administrative expenses: ₹ 28.09 crore

Chart 2.1.4: Funds available vis-à-vis utilisation by the Board

As may be seen from **Chart 2.1.4**, the Board, having available funds of ₹ 2,875.85 crore, had utilised ₹ 2,301.29 crore (80 *per cent*) during FYs 2017-18 to 2021-22. Of the total utilised amount, a sum of ₹ 28.09 crore had been incurred as Administrative expenses, ₹ 2,273.05 crore had been incurred for welfare schemes and ₹ 0.15 crore for construction of rest sheds. The expenditure incurred for various welfare schemes, is detailed in **Appendix 2.1.2**.

2.1.8.1 Implementation of welfare schemes out of the Cess fund

Section 22 of the BOCW (RE&CS) Act outlines the main functions of the Board, which are, to provide financial assistance to the beneficiaries for construction of house, education of their children, medical expenses, maternity assistance, contribution to Group Insurance Scheme *etc.*, and make payment of pension to beneficiaries, who have completed the age of sixty years. The welfare schemes are funded from the Cess and registration fees collected from the Establishments/ Employers and from the BOC workers, respectively. The Board was implementing 13 welfare schemes, as of March 2022. Apart from this, the Board had constructed rest sheds and rental housing complexes for the BOC workers, and extended financial assistance to them, for coping with the Covid-19 pandemic.

Audit test-checked the case records of 400 beneficiaries, who had been provided benefits under 10 welfare schemes, implemented in the four sampled districts. Audit also examined records, relating to procurements and release of funds by the Board, for various welfare schemes. Deficiencies noticed in the implementation of the welfare schemes are discussed below.

2.1.8.2 Implementation of Welfare Schemes in the sampled districts

A registered BOC worker willing to avail benefits of any scheme, launched by the Board, has to submit an application to the DLO concerned. Beneficiaries are selected, for coverage under different welfare schemes, at the district level, by the concerned DLOs, with the selection being approved by the respective District Collectors. The Board releases funds on a lump sum basis, in favour of districts, as per their requisition. As per the terms of sanction of funds, the DLOs are required to submit Utilisation Certificates (UC), to the Board, at the earliest. In the four sampled districts, the number of beneficiaries covered and

amounts spent, during FYs 2017-18 to 2021-22, for the 10 sampled welfare schemes, are shown in *Appendix 2.1.3*.

- ***Assistance under Nirman Shramik Pucca Ghar Yojana (NSPGY):*** Under the scheme, the beneficiaries, out of the registered BOC workers, are selected by a committee, comprising of the District Collector, DLO and representative of the District Rural Development Agency (DRDA)¹⁹. Based on the number of beneficiaries selected, the Board places funds with the DRDA. The DRDA releases funds to the beneficiaries and oversees the implementation of the scheme. As per the NSPGY guidelines, houses are to be completed within 12 months from the date of release of the first instalment. The PR&DW Department is required to submit UCs against utilisation of funds. Audit noted that the Board had placed ₹ 104.16 crore, with the DRDAs of the four sampled districts, during FYs 2017-18 to 2021-22, for 8,167 beneficiaries. The Board, however, had no information on the number of beneficiaries covered, amounts released and status of construction of their houses. Audit gathered information, in this regard, from the PR&DW Department and concerned DRDAs, which indicated that 6,931 beneficiaries (85 *per cent*) out of the total of 8,167 beneficiaries, had been covered, as of March 2023. Audit further noticed that 172 out of 6,931 houses, were incomplete at various stages (not commenced: 101, lintel level: 53 and roof level: 18), as of March 2023.

Audit observed that the Board, after releasing funds to the DRDAs, was not monitoring progress in implementation of the scheme, which reflected its apathy towards successful implementation of the scheme.

- ***Delay in release of Death Assistance:*** Rule 271 of the OBOCW (RE & CS) Rules, 2002, provided that death benefit would be paid within a period of 60 days from the date of receipt of application. On scrutiny of 101 individual case records, relating to disbursement of death (normal) assistance, in four sampled districts, it was found, in 37 cases (37 *per cent*) that an amount of ₹ 67.25 lakh had been disbursed, with delays ranging between 29 days and 636 days, beyond the prescribed period of 60 days of receipt of applications.

The L&ESI Department stated (April 2024) that the executing Departments of NSPGY had been requested to integrate their database with the Nirman Shramik Portal for flow of data, enabling the Board to ascertain the status of sanction and disbursement of benefits under the scheme. On delay in release of Death Assistance, the Department attributed the reasons for the delay to incomplete application, non-production of required documents, nominee issue, Aadhaar linkage with bank accounts for payment in DBT mode, *etc.* The fact, however, remained that the Board had failed in timely disbursement of Death Assistance.

¹⁹ Under the administrative control of the Panchayati Raj and Drinking Water Department

Recommendation:

5. The Board may put in place, an appropriate system, for monitoring the progress of implementation of schemes funded by it, and ensure that the funds are utilised timely and for the intended purposes.

2.1.8.3 Irregularities in the procurement of bicycles and safety equipment

As per Rule 2 of Appendix 6 of OGFR (Vol-II), for the purchase of articles of value exceeding rupees ten thousand, sealed quotations should be invited, by giving wide publicity. As per Rule 18(vi) of OGFR-I, contracts should be placed only after the tenders have been openly invited and, in cases where the lowest tenders are not accepted, reasons thereof should be recorded.

On test-check of the tender files of the DLO, Cuttack, it was noticed that the DLO had issued (August 2017, September 2017 and November 2018) an Expression of Interest (EoI), for empanelment of vendors, for supply of three items, viz. bicycles, safety equipment and working tools. However, the quantities of bicycles or safety equipment to be supplied, or the periods of supply, had not been spelled out in the EoI. The tender was opened on 06 October 2017 and 26 November 2018. The Tender Committee decided (October 2017 and November 2018) that a bidder, quoting either one of the three items, would be eligible for consideration. Accordingly, seven bidders were found eligible for supply of bicycles and two bidders each, for safety equipment and working tools.

- **Procurement of bicycles:** The lowest quoted price, for supply of bicycles of Hercules brand, was ₹ 3,960 per piece. The prices quoted by the other bidders ranged from ₹ 3,960 to ₹ 4,000 per piece. The Tender Committee, however, selected all the seven bidders, for supply of bicycles, at ₹ 4,000 per piece. One supplier backed out from the deal. Reasons for acceptance of a price that was higher than the lowest bid, by ₹ 40 per piece were not found available on records. Due to acceptance of a price that was higher than the lowest quoted price, there was excess expenditure of ₹ 30.06 lakh, in the procurement of 75,151 bicycles.
- **Avoidable expenditure on procurement of safety equipment:** Two bids were found eligible for supply of safety equipment (helmets, gloves and shoes). The quoted prices of the eligible bidders were found to be ₹ 897 and ₹ 990, per unit. The Tender Committee, instead of selecting the lowest bidder for supply, selected both the bidders, including two bidders who had been termed ineligible, in view of stipulation in the tender that a bidder would bid for only one item, during the bid screening stage. The quantity of safety equipment, procured from each of the suppliers, as well as the rates and amounts paid in this regard, are shown in **Table 2.1.9**.

Table 2.1.9: Quantity and value of safety equipment procured

Sl. No.	Name and address of the vendor/ shop	Purchase price per item (₹)	Units procured	Value of procurement (₹ in lakh)	Remarks
1	M/s Narmada Dresses, Cuttack	897	3,754	33.67	Participated in the bid. Quoted lowest price.
2	M/s Vaishno Enterprises, Cuttack	990	8,336	82.53	Participated in the bid. Quoted highest price.
3	M/s K G Enterprises, Cuttack	1,000	38,126	381.26	Participated in the bid, but was eligible for supply of one item only (bicycle or safety equipment). Supplied both items.
		998	5,038	50.28	
4	M/s Subhalaxmi Suppliers, Cuttack	1,000	15,375	153.75	Participated in the bid, but was eligible for supply of one item only (bicycle or safety equipment). Supplied both items.
Total			70,629	701.49	

(Source: Compiled from records of the DLO, Cuttack)

As would be seen from **Table 2.1.9**, the basic sanctity of the tender process, which includes tenets, such as awarding supply order to the vendors quoting the lowest prices; limiting the award of supply orders to bidders who had participated in the tender and been found eligible *etc.*, had not been maintained. It is evident, from the manner of selection of suppliers, that the open bidding process had been used as a token act of transparency, while the suppliers had been selected for supply, regardless of their eligibility or otherwise, as determined through the tender process. Due to acceptance of price higher than the lowest quoted price by ₹ 103 per piece, there was excess expenditure of ₹ 67.95 lakh in procurement of 70,629 safety equipment.

Recommendations:

- The process of procurement should be transparent and as per the regulations in place. The Board should exercise due oversight to ensure that undue benefits are not extended to entities in the procurement process.**

2.1.8.4 Non-compliance of statutory provisions for the safety and welfare of BOC workers

The entities/ individuals, engaging BOC workers, are required to comply with the various provisions of the BOCW (RE & CS) Act, 1996 and Rules, 2002. Audit conducted JPI of 16 registered and 16 unregistered BOC works, awarded by four²⁰, out of the eight sampled Works Divisions, with the

²⁰ R&B Division, Ghatagaon; R&B Division, Cuttack; R&B Division, Charbatia; R&B Division II, Bhubaneswar

officials of the concerned DLOs, to assess the extent of compliance of the provisions contained in the Act and Rules, as shown in **Table 2.1.10**.

Table 2.1.10: Non-compliance of provisions of the BOCW (RE&CS) Act and Rules, by the four sampled Works Divisions

Nature of non-compliance	Provisions in the Act and Rules	No. of BOC works	No. of sampled units/contractors involved
Not registered as Establishment/ Employer	Section 7	32	Four sampled Works Divisions
Not registered as Employer	Section 7	14	14 contractors, under the four sampled Works Divisions
Non-maintenance of register of particulars of the building workers	Section 30 and Rule 238 & 239	20	20 contractors, under the four sampled Works Divisions
Non-maintenance of Muster Rolls and Register of Overtime	Section 30 and Rule 238 & 239	19	19 contractors, under the four sampled Works Divisions
Non-issue of Service Certificates to the BOC workers on termination of building works	Section 30 and Rule 238 & 239	22	22 contractors, under the five sampled Works Divisions
Non-provision of safety equipment and appliances for workers	Section 38	19	19 contractors, under the four sampled Works Divisions
Absence of accommodation, crèche, first aid and canteen for workers	Section 34	6	6 contractors, under the three sampled Works Divisions

(Source: JPI of the sampled works)

Absence of registration of Government Departments, as well as contractors, coupled with lack of inspections, resulted in deficiencies in the welfare facilities, as well as safety norms, at the work sites. In addition, the potential beneficiaries, working in the above unregistered works, could not be registered with the Board.

Audit conducted a joint survey of 400 registered and 100 unregistered construction workers, to assess their awareness regarding the activities of the Board. A customised questionnaire was prepared and the feedback obtained from the workers, was as follows:

Table 2.1.11: Feedbacks of BOC workers during joint survey of BOC workers

Registered BOC workers (400)	Unregistered BOC workers (100)
<ul style="list-style-type: none"> ✓ 284 beneficiaries (71 per cent) had not attended any awareness camp. ✓ 279 beneficiaries (70 per cent) did not know about the aims and objectives of the Board. ✓ 259 beneficiaries (65 per cent) did not know about any of the schemes, run by the Board. 	<ul style="list-style-type: none"> ✓ None of the 100 workers had been registered as beneficiaries under the OBOCW Welfare Board, even though they had been working as BOC workers, for periods, ranging between one and 40 years. ✓ None of the 100 workers had attended any awareness camps and they were unaware about the welfare board and the benefits available to them.

(Source: Survey of BOC workers conducted in audit)

The L&ESI Department stated (April 2024) that a mass campaign, in mission mode, would be launched, especially in construction season, for creating

awareness among the construction workers. It was also assured that all scheme-related details would be displayed on display boards, indicating details of DLOs (phone numbers and email addresses) in every Gram Panchayat Headquarters for creating awareness among mass.

2.1.9 Implementation of Welfare Schemes by the Board

2.1.9.1 Disbursement of funds under Special Financial Assistance

The L&ESI Department decided (March 2020) to grant Special Financial Assistance (SFA), at the rate of ₹ 1,500 per registered BOC worker, during the first wave of the Covid-19 pandemic. The Board transferred (April 2020) ₹ 315.37 crore, to the joint bank accounts, operated by the District Collectors concerned and the 32 DLOs of the 30 districts of the State. The Department had further instructed that the amounts should be credited to the bank accounts of the beneficiaries. Further, the DLOs were to submit UCs to the Board, at the earliest, duly signed by the District Collector.

Audit noted that the DLOs had released the entire amount to the ULBs and Blocks, along with a list of beneficiaries, for payment of SFA. The reason for making payments through ULBs/ Blocks, instead of making direct transfer to the beneficiaries' accounts, was that the DLOs did not have the bank particulars of the beneficiaries. Details of the amounts released and disbursed, in the four sampled districts, are shown in **Table 2.1.12**.

Table 2.1.12: SFA received and disbursed in the sampled districts
(Amount: ₹ in lakh)

District	SFA released by the Board		Disbursed by ULBs/ Blocks		Acknowledgements furnished by ULBs/ Blocks		Unspent balance
	No. of beneficiaries	Amount	No. of beneficiaries	Amount	No. of beneficiaries	Amount	
Keonjhar	91,958	1,379.37	80,777	1,211.66	9,751	146.27	167.71
Ganjam	1,42,827	2,142.41	1,29,773	1,946.60	0	0	195.81
Cuttack	1,87,531	2,812.97	98,239	1,473.59	57,737	866.06	1339.38
Khurda	1,54,394	2,317.45	1,46,064	2,192.51	0	0	124.94
Total	5,76,710	8,652.20	4,54,853	6,824.36	67,488	1,012.33	1,827.84

(Source: Information furnished by the DLOs of the sampled districts)

Audit observed that:

- Against release of ₹ 86.52 crore, for 5.77 lakh beneficiaries, of the four sampled districts, a sum of ₹ 68.24 crore (79 per cent) had been disbursed to 4.55 lakh beneficiaries. The reason for non-disbursement of the balance amount of ₹ 18.28 crore, was not found available on records. Thus, as many as 1.21 lakh beneficiaries (21 per cent), of the four sampled districts, had been deprived of the SFA.
- SFA was paid in cash, to the beneficiaries, instead of being credited into their bank accounts, in violation of the instructions of the L&ESI Department. Out of the amount of the ₹ 68.24 crore, disbursed to 4.55 lakh beneficiaries, the ULBs/ Blocks had furnished acknowledgements of 0.67 lakh beneficiaries (15 per cent) only, in support of receipt of an overall amount of ₹ 10.12 crore. Payment of SFA in cash and non-receipt of acknowledgements raises doubts on the veracity of the disbursements claimed to have been made. Further, no UCs had been submitted, by the DLOs, to the Board, as of March 2023.

Audit observed that the Board had not taken any steps to ensure that the SFA was paid to the remaining beneficiaries and UCs were received from the concerned DLOs.

The L&ESI Department stated (April 2024) that the revised proposal relating to disbursement of SFA in cash was accorded (April 2020) by them. It was also stated that the DLOs had been requested again to furnish the present status on refund of the unutilised funds from the first instalment of SFA.

2.1.9.2 Non-implementation of Group Insurance Scheme

As per Rule 274 of the OBOCW (RE&CS) Rules, 2002, the Board may undertake a Group Insurance Scheme, covering the life of the beneficiaries, with any insurance company and make payment of the premium, for such a Group Insurance Scheme, out of its funds. The Board may also go for Personal Accident Insurance Coverage.

Test-check of the records of the Department and the Board revealed that, neither any Group Insurance Scheme, nor any insurance for Personal Accidents, covering the lives of the beneficiaries, had been implemented. It was, however, noticed that death assistance of ₹ 353.94 crore, had been disbursed to 25,547 beneficiaries, out of the cess fund, during FYs 2017-18 to 2021-22.

Had the Board undertaken a Group Insurance Scheme, covering the lives of the beneficiaries and Personal Accident Insurance Coverage for the beneficiaries, with any Insurance Company, the amount disbursed towards death assistance, could have been borne by the Insurance Company and the Board would have borne only the insurance premia out of the cess funds. The amount of death assistance, in excess of the premia, could then have been utilised for the welfare of the BOC workers.

The L&ESI Department stated (April 2024) that the proposal of implementation of Group Insurance Scheme for the registered BOC workers was rejected by the Board members, keeping in view the amount spent on disbursement of Death Assistance was much less as compared to the premium to be paid against the registered BOC beneficiaries. The reply is not convincing as detailed workings of amount payable towards premia *vis-à-vis* death assistance paid per annum, was not shared with Audit.

2.1.9.3 Inadequate organisation of IEC activities

Information, Education & Communication (IEC) strategies aim at creating awareness and disseminating information among potential beneficiaries, in regard to the benefits available under various schemes/programmes, and guiding them on the manner in which these benefits may be accessed. The Ministry of Labour and Employment, GoI, directed (July 2020) that adequate Publicity/ IEC campaigns, on different welfare schemes of the Board, be undertaken, among the BOC workers, in the vernacular language.

Audit noted that the Board had released ₹ 1.19 crore, in favour of all the DLOs of the State, towards IEC activities, for three financial years²¹, from 2017-18

²¹ 2017-18: ₹ 50.42 lakh; 2018-19: ₹ 16 lakh; 2019-20: ₹ 52.75 lakh

to 2019-20. No funds had been released for the purpose, for FYs 2020-21 to 2021-22. Audit found that:

- The Board had not drawn up any annual IEC plan, to make the BOC workers aware of the aims and objectives of the Board, the *modus operandi* for their registration as beneficiaries of the Board, various benefits available under the, Board *etc.*
- The Board had not maintained records on the number of camps organised, number of meetings held, number of workers who had attended the meetings and camps, photographs of the events, *etc.*, in support of the IEC activities stated to have been organised.
- District-wise utilisation of funds, towards organising IEC activities, was not made available to Audit. The Board had neither insisted that the district officers submit the UCs, nor had it monitored the awareness camps/ IEC activities, stated to have been undertaken by the DLOs.
- The four sampled districts had an opening balance of ₹ 13.16 lakh and they had further received ₹23.92 lakh, for conducting IEC activities, during FYs 2017-18 to 2019-20. Out of the overall funds for ₹37.09 lakh, so available with them, for this purpose, they had utilised ₹ 26.58 lakh (72 *per cent*), as shown in **Table 2.1.13**. However, details such as the number of camps organised, number of meetings held, number of workers who had attended the camps so organised, photographs of the events *etc.*, were not available with them.

Table 2.1.13: Release and utilisation of funds, under IEC activities, in the sampled districts (as of March 2022)

(₹ in lakh)

District	OB	Receipt	Total funds available	Utilisation	Percentage of utilisation
Ganjam	3.98	16.47	20.45	18.25	89
Cuttack	3.30	3.15	6.45	5.09	79
Keonjhar	1.68	1.50	3.18	2.11	66
Khurda	4.20	2.80	7.00	1.13	16
Total	13.16	23.92	37.08	26.58	72

(Source: Information furnished by the Board and the sampled DLOs)

In the absence of such documentation, the genuineness of the conduct of IEC programmes, could not be assured in audit. This also indicated that the Board was not aware of the nature and extent of activities undertaken at the field level.

Recommendations:

- 7. The Board may draw annual IEC plan and awareness programmes aimed at making BOC workers informed on their rights under different legislations as well as on the welfare schemes launched by the Board, for them.**

2.1.9.4 Inadmissible expenditure on different schemes by the Board

The Hon'ble Supreme Court, on WPC No. 318/2006 concerning implementation of the BOCW (RE&CS) Act and BOCWWC Act, delivered judgements on 21 August 2015 and 4 September 2015 & 19 March and 7 May

2018. The Court observed that construction of infrastructure, such as schools, hospitals, training centres, labour sheds-cum-night shelters, waiting halls, hostels, etc., were substantive functions of the respective departments of a State Government. Therefore, funding for the construction of such infrastructure, needed to be met from the State Budget and not from the fund created out of collection of labour cess. The Court also ordered that corrective measures be taken in this regard, by recouping the amounts already utilised for these purposes, to the Cess Fund, with immediate effect. The Ministry of Labour and Employment, GoI, while conveying the judgement of the Supreme Court, directed (7 June 2016) all State Governments and UT Administrations, to abide by the judgements of the Supreme Court. Audit, however, noticed instances of violation of the above judgements of the Supreme Court, as cited below:

- **Construction of Rental Housing Complexes (RHCs) out of the cess fund:** The Board decided (October 2016) to construct 20 RHCs, in 20 industrial and urban locations²², in co-ordination with the Housing and Urban Development (H&UD) Department. Accordingly, the Board released (December 2016) ₹ 40 crore, out of the cess fund, in favour of the Mission Director, Odisha Urban Housing Mission, under the H&UD Department, for construction of these RHCs. As of April 2022, construction of 15 out of 20 RHCs, had started. Of the 15 RHCs taken up, construction of 13 RHCs had been completed at a cost of ₹ 34.78 crore, as of April 2022. Audit, however, noticed that one 200 bedded RHC was also taken up for construction, the related records of which were not made available to Audit. Audit observed that, since the RHCs were meant for all categories of workers, including BOC workers, sanction of funds for such purpose from the cess fund, had violated the orders of the Hon'ble Supreme Court and was, therefore, irregular.

The L&ESI Department stated (April 2024) in the Exit Meeting that RHCs were exclusively for BOC workers, which had been constructed in consultation with the Housing and Urban Development Department. The reply is not tenable in view of the judgement of the Hon'ble Supreme Court, that funding of the construction cost of such infrastructure, needed to be met from the State Budget and not from the fund created out of labour cess collected.

- **Publicity campaign:** The Panchayati Raj and Drinking Water Department in GoO launched (December 2018) a campaign, namely, Peoples Empowerment-Enabling Transparency and Enhancing Accountability (PEETHA), to improve the awareness of public in rural areas, about the various schemes of the State Government. The Board had released (December 2018) ₹ 4.71 crore, to the DLOs of 30 districts, for launching IEC activities, as part of the PEETHA programme. The amount included ₹ 88.50 lakh, received by the four sampled districts. The DLOs were entrusted with the task of organising Block/ GP level awareness camps, from 15th to 20th of each month, from December 2018 onwards. Audit noted, from the records of the

²² 50-bedded:10 locations; 100-bedded: 10 locations

four sampled districts, that an amount of ₹ 19.65 lakh²³ had been utilised by them, as of January 2023. The Board had no information about the amounts utilised and the activities undertaken by the districts. Audit, however, observed that, incurring expenditure from the cess fund, for a scheme like PEETHA, which was aimed at creating mass awareness about all Government schemes, was inadmissible, in view of the orders of the Hon'ble Supreme Court and the instructions of GoI.

The L&ESI Department stated (April 2024) in the Exit Meeting that PEETHA was a common platform where other Departments had also contributed to the scheme. The Board had contributed only its part to create awareness about the schemes run by it. The reply is not tenable since the amount incurred for the PEETHA scheme, out of cess fund was in deviation of the order of the Hon'ble Supreme Court.

- **Advertisement expenses:** The Board had spent ₹ 86.78 lakh on advertisements, during FYs 2017-18 to 2021-22²⁴, from the cess fund. Detailed vouchers, in support of the expenditure, were not produced to Audit. Hence, it remained unclear, as to whether the advertisement expenses, were in the direct interest of the BOC workers and were regular, in terms of the judgement of the Hon'ble Supreme Court.

The L&ESI Department stated (April 2024) in the Exit Meeting that advertisements were for creating awareness about schemes run by the Board and, hence, such expenditure was for the welfare of BOC workers. The reply is not tenable in view of the Hon'ble Supreme Court order that the expenses on advertisements from the cess amount collected is not appropriate and should be returned to the accounts of the construction workers.

Recommendations:

8. **The Board may maintain a database of registered BOC workers, capturing all their details and may adopt the DBT mode, for transferring benefits to them.**
9. **The Board may observe prudence in incurring expenditure from the cess fund and it may ensure that the amounts spent from the cess fund, contribute to the direct welfare of the registered beneficiaries. The functionaries responsible for deviating from the ruling of the Apex Court in incurring expenditure from the Cess fund, should be held accountable.**

²³ Cuttack: ₹ 4.87 lakh; Ganjam: ₹ 4.12 lakh; Keonjhar: ₹ 5.07 lakh; and Khurda: ₹ 5.59 lakh

²⁴ 2017-18: ₹ 36.64 lakh; 2018-19: ₹ 34.03 lakh; 2019-20: ₹ 10.90 lakh; 2020-21: ₹ 4.18 lakh; 2021-22: ₹ 1.03 lakh

2.1.9.5 *Inadmissible/ excess administrative expenditure from the cess fund*

The nature of expenditure to be met from the cess fund, has been outlined in Section 22 of the BOCW (RE&CS) Act. It includes financial assistance to the beneficiaries, who have completed 18 years but have not completed 60 years of age for: (i) construction of house (ii) contribution to a Group Insurance Scheme (iii) education of child (iv) medical expenses *etc.* Section 24 (3) put a ceiling on the administrative expenditure from the cess fund, at five *per cent* of the total expenditure during that year. The total expenditure incurred by the Board, *vis-à-vis* the Administrative expenditure, in each of the years, from FY 2017-18 to FY 2021-22, is shown in **Table 2.1.14**.

Table 2.1.14: Year-wise details of total expenditure from the cess fund vis-à-vis the administrative expenditure

(₹ in crore)

Financial Year	Total expenditure	Scheme expenditure		Administrative expenditure	
		Amount	Percentage	Amount	Percentage
2017-18	418.81	415.16	99	3.65	1
2018-19	595.41	585.85	98	9.56	2
2019-20	212.52	209.72	99	2.80	1
2020-21	521.74	518.47	99	3.27	1
2021-22	552.82	544.00	98	8.81	2
Total	2,301.30	2,273.20	99	28.09	1

(Source: Information furnished by the Board)

Audit noted, that, though the Administrative expenditure, in each of the financial years, had remained at 1 to 2 *per cent* of the total expenditure, *i.e.*, it had fallen within the stipulated range, certain items of inadmissible administrative expenditure, had also been incurred, as mentioned below:

- **Payment of salary of staff of the L&ESI Department:** The L&ESI Department had deployed 9 to 10 of its own staff, in the Board, during FYs 2017-18 to 2021-22. The staff so deployed was earlier being paid from the budgetary provisions, made in the State Budget, for the Department. However, the Government made a token provision of only ₹ 1,000, in the budget of FY 2017-18, towards the salary of the staff deployed in the Board. The Department clarified (June 2017) to the Board that the salaries of the deployed staff were to be met from the cess fund. Accordingly, a sum of ₹ 84.63 lakh was paid to them, for the months from March 2017 to September 2018. For the subsequent periods, their salaries were again paid from the budgetary provision of the Department. Though the Labour Commissioner-cum-Secretary of the Board requested (February 2021) the Department for reimbursement of ₹ 84.63 lakh, the same had not been recouped, as of April 2023.

The L&ESI Department stated (April 2024) that the amount would be deposited in the accounts of the Board.

- **Payment of service charges to the training providers:** The Board implemented a GoI scheme (November 2014), namely, Recognition of Prior Learning (RPL), for imparting training on building and other construction related works to the BOC workers. As per the scheme

guidelines, a worker was to be given ₹ 5,000, for purchase of toolkits (₹ 4,000) and safety equipment (₹ 1,000). The Board had engaged (FY 2014-15) six training providers²⁵ for imparting this training. Two training providers, namely, M/s Labour Net Services India Private Limited and M/s G&G Skills Developers Private Limited, proposed distribution of toolkits and safety equipment, to these workers, in addition to imparting training. In the MoU signed (January 2015) with the M/s Labour Net Services India Private Limited, it was provided that the training provider would be paid a service charge of 12.5 *per cent* of the cost of the toolkits and safety equipment, that were to be distributed among the trainees. However, no such clause was included in the MoU signed (March 2015) with M/s G&G Skills Developers Private Limited. In accordance with the terms of the MoU, M/s Labour Net Services India Private Limited was paid ₹ 17.02 lakh, towards service charges for distribution of toolkits and safety equipment, worth ₹ 1.36 crore, distributed during FY 2018-19. As toolkits and safety equipment were to be provided to the workers, without incurring any expenditure over and above the cost of the equipment, as per the guidelines, payment of service charges constituted inadmissible expenditure. Thus, inclusion of a clause for payment of service charges, in the MoU with only one, out of the two firms which had agreed to distribute the same, lacked justification. Thus, inclusion of such a clause, amounted to extension of undue favour.

The L&ESI Department stated (April 2024) that a sum of ₹ 2.21 crore had been recovered from M/s Labour Net Services India Pvt. Limited towards excess payment of service charges, in pursuance of the observations (February 2019) of Audit. The reply was not tenable in view of the fact that after the said Audit observation, further excess payment of ₹ 17.02 lakh had been made to the same training provider, which had not been recovered.

2.1.9.6 Excess payment to the training providers

The Ministry of Labour and Employment intimated (7 October 2014) all States that, a scheme, namely “Recognition of Prior Learning (RPL) for construction workers”, had been formulated, to improve their skills and productivity. The training cost, as per the guidelines provided by the GoI, was ₹27.50 per hour per worker, with a provision of enhancement of the training cost, of the previous financial year, by 10 *per cent*. Later, GoI clarified (28 November 2014) that the training cost would be at the rate of ₹27.50 per hour per worker and would be increased by ₹2.50 at the beginning of each financial year²⁶. The Board, however, submitted (December 2014) a draft MoU, to be signed with the training providers, to the L&ESI Department, for approval for providing the training cost at ₹ 27.50 per hour per worker, to be increased by 10 *per cent*, at the beginning of every financial year, instead of ₹2.50. The

²⁵ Labour Net Services India Private Limited; IL&FS Skill Development Corporation Limited; G&G Skill Developers Limited; Bhaskar Foundation; Sushil Bahudesiya Sikshan Sanstha; and O P Jindal Community College

²⁶ 2014-15: ₹ 27.50; 2015-16: ₹ 30.00; 2016-17: ₹ 32.50; 2017-18: ₹ 35.00; 2018-19: ₹ 37.50

Department also approved the erroneous draft MoU. The RPL training was discontinued from October 2018.

A mention had been made, vide Paragraph 2.9 of the Report of the Comptroller & Auditor General of India (General and Social Sector) for the year ended March 2019 on Government of Odisha (Report No. 5 of 2020) that, due to adoption of the pre-revised rate for annual increase of training cost, there had been excess payment of ₹ 7.41 crore, to six training providers. On this being pointed out in Audit, the Department had recovered ₹ 5.94 crore from five training providers. However, ₹ 1.47 crore had not been recovered from one training provider, as of March 2023. The training providers included two training providers, viz., OP Jindal Community College and G&G Skill Developers (P) Limited, from whom ₹ 7.37 lakh and ₹ 1.99 crore, respectively, had been recovered. However, these two training providers, as well as another training provider, were found to have been paid again, at the pre-revised rates, subsequently, resulting in excess payment of ₹ 1.80 crore, as shown in **Table 2.1.15**.

Table 2.1.15: Excess payments made to three training providers

Training provider	Year of training	No. of Trainees	Training Hours	Amount paid	Date of Payment	Hourly training cost, as per the guidelines	Amount due	Excess amount paid
OP Jindal Community College	2017-18	2,882	3,41,840	126,37,751	21.02.2019	35.00	119,64,400	6,73,351
	2018-19	2,054	2,46,480	99,08,983	21.02.2019	37.50	92,43,000	6,65,983
G&G Skill Developers (P) Limited	2018-19	3,666	4,39,120	176,78,232	08.02.2019	37.50	164,67,000	12,11,232
Bhaskar Foundation	2018-19	7,294	8,42,392	470,36,814	08.02.2019	37.50	315,89,700	154,47,114
Total		15,896	18,69,832	872,61,780	-	--	692,64,100	179,97,680

(Source: Records of the Board)

Audit observed that making excess payments to the training providers, even after recovering the excess amounts paid on an earlier occasion, was indicative of scant regard for the financial interests of the Board and also indicates a possible nexus between the training providers and the management of the Board, which merits investigation.

The L&ESI Department stated (April 2024) that an amount of ₹ 6.03 crore had already been recovered from five training providers. The reply is not tenable in view of the fact that the amounts so recovered were of instances, reported in the earlier Audit Report only.

2.1.10 Administration of the Cess Fund

The main source of income of the Board is the cess levied and collected under the BOCWWC Act and the registration fees and contribution fees, received from the registered construction workers, as well as the establishments and the contractors. Audit examined the efficiency in the administration of the Cess Fund, by the Board. The observations of audit, in this regard, are mentioned below.

2.1.10.1 Non-preparation of annual accounts of the Board, since FY 2014-15

Section 27(1) of the BOCW (RE & CS) Act, stipulates that the Board shall prepare an annual financial statement, in such form, as may be prescribed in consultation with the Comptroller and Auditor General of India. As per Section 27(3) of the BOCW (RE & CS) Act, read with Section 19(2) of the CAG's (DPC) Act, 1971, the accounts of the Board shall be audited by the Comptroller and Auditor General of India, annually.

Preparation of the annual accounts of the Board was in arrears, from FY 2014-15 onwards. The annual accounts of the Board, for FY 2013-14, were audited by the C&AG of India, during FY 2017-18. Thereafter, the Board had not prepared annual accounts. Due to pendency in the finalisation of annual accounts, there were discrepancies between the opening and closing balances, as well as non-reconciliation of the bank balance as per the Cash Book and the balance, as per the Bank Pass Book. On being pointed out by Audit, the Board carried out the reconciliation between the figures of the opening Cash balances of a financial year and the closing balances of the preceding financial year, in the Cash Books, for FYs 2017-18 to 2021-22. Reconciliations between the Cash Book and the Bank Pass Book for these years were also done.

As maintenance of financial records and reconciliation of balances among various accounting heads are crucial internal control tools, pendency in preparation of annual accounts can have consequential effect in weakening the internal control systems.

The L&ESI Department stated (April 2024) that the annual accounts would be placed before the forthcoming Board Meeting for approval and the same would be submitted for Audit.

2.1.10.2 Adoption of more than one accounting procedure for receipt of Cess

As per Section 3 of the BOCWWC Act, 1996 and Rule 5 of the Cess Rules, 1998, the proceeds of the cess should be transferred, by such Government office, Public Sector Undertaking, local authority or the cess collector, to the Board, along with the form of challan, as prescribed under the accounting procedures of the State.

The L&ESI Department decided (2008) that all agencies, carrying out execution of BOC works, should deposit cess in the Government account, under the Head of the Account "0230-Labour and Employment-101-Receipts under Labour Laws – 0014 - Collection of fees and Fines - 02190 - Fees realised under the BOCW (RE & CS) Act, 1996 - 02191 - Fees realised under the BOCWW Cess Act, 1996, for the year". However, in July 2013, the Labour Commissioner, who is the Secretary of the Board, instructed (July 2013) deposit of the cess collected, in a designated bank account²⁷.

It is evident from the above that the Board had adopted multiple receipt gateway systems for receipt of cess. In the absence of a uniform system of receipt of Cess by the Board, the possibility of loss of revenue to the Board and the diversion of welfare funds by the cess collecting/ deducting

²⁷ Saving Bank Account at Government Treasury Branch, State Bank of India, Bhubaneswar

authorities, cannot be ruled out. Instances of cess having been deposited in the Government Account but pending remittance to the Board, had come to notice of Audit, as highlighted at **Paragraph 2.1.7.2**.

The Board assured (April 2024) that single point cess collection procedure would be adopted through the Nirman Shramik portal.

2.1.10.3 Non-submission of Utilisation Certificates

The Board, while sanctioning funds for implementation of its schemes/programmes, make a stipulation that the utilising authority is to submit Utilisation Certificate at earliest.

Three welfare schemes, viz. Nirman Shramik Pucca Ghar Yojana (NSPGY), Nirman Shramik Pension Yojana (NSPY) and Education Assistance under Nirman Kusum, were implemented through the SS&EPD Department²⁸, PR&DW Department and DTE&T Department²⁹, respectively. The Board released funds from the Cess fund, in favour of these Departments, for implementation of these schemes. Details of the funds released during FYs 2017-18 to 2021-22, to the implementing Departments for NSPGY, NSPY and Nirman Kusum, are shown in **Table 2.1.16**.

Table 2.1.16: Funds released for NSPGY, NSPY and Nirman Kusum
(₹ in crore)

Financial Year	NSPGY (PR&DW)		NSPY (SS&EPD)		Nirman Kusum (DTE&T)		Total	
	No. of beneficiaries	Amount released	No. of beneficiaries	Amount released	No. of beneficiaries	Amount released	No. of beneficiaries	Amount released
2017-18	2,629	190.00	113	0.15	0	0	2,742	190.15
2018-19	5876	0	195	0.50	4,921	15.00	10,992	15.50
2019-20	9,840	40.00	132	0.50	4,068	0	14,040	40.50
2020-21	1,461	0	11	0	4,255	0	5,727	0
2021-22	0	0	0	0	5,291	10.00	5,291	10.00
Total	19,806	230.00	451	1.15	18,535	25.00	38,792	256.15

(Source: Information furnished by the Board)

As may be seen from **Table 2.1.16**, ₹ 256.15 crore had been released for 38,792 beneficiaries. However, the recipient departments had not furnished any UCs to the Board, as of April 2023. In the absence of UCs, the amount actually utilised by the Departments, could not be vouchsafed in Audit. The Board had, however, not insisted on submission of UCs, along with the beneficiary details.

The L&ESI Department stated (April 2024) that out of ₹ 266.65 crore released for NSPGY, NSPY and Nirman Kusum schemes during FYs 2017-18 to 2022-23, UC for ₹ 246.85 crore had been received. Reminder had been issued to concerned Departments for early submission of UCs for the balance amount.

2.1.10.4 Imprudent management of the cess fund, resulting in loss of interest

In regard to deposit of surplus funds of State Public Sector Undertakings and Autonomous Bodies, the Finance Department, GoO, prepares a panel of banks

²⁸ Social Security & Empowerment of Persons with Disabilities

²⁹ Directorate of Technical Education and Training

every year, on the basis of various parameters³⁰. It had, accordingly, issued (November 2014) an advisory to them, to park their surplus funds in bank accounts, in a manner that these funds fetch a higher rate of interest as compared to the rate offered by other approved banks. The Board, in its 17th Board Meeting (8 July 2015), decided that the surplus funds of the Board were to be invested in six to seven nationalised banks, from the panel of banks, approved by the Finance Department, providing higher rates of interest. The Board also decided that the funds which had already been invested, would be withdrawn for re-investment, only on maturity.

On scrutiny of the investment of surplus funds, by the Board, during FYs 2017-18 to 2021-22, Audit noticed that the Board had selected banks for investment of its surplus funds, without calling for quotations from the empanelled banks, in regard to the rates of interest offered by them, on term deposits of varied terms. In regard to two instances of short term deposits, Audit noticed the following:

- The Board had invested ₹31.34 crore in the Industrial Development Bank of India (IDBI), Bhubaneswar, on 22 October 2021, for one year, with interest at the rate of 3.31 *per cent* per annum. On the same date, however, the rate of interest offered by Bank of India, Bhubaneswar, was 5 *per cent*, for the same tenure of investment. Had the funds been invested in the Bank of India, instead of IDBI, the Board could have earned an extra amount of ₹52.96 lakh, towards interest, as on 21 October 2022.
- The Board had invested ₹9.50 crore, on 4 October 2021, in the Canara Bank, Bhubaneswar, at 3.65 *per cent*, for one year, while, on the same date, the rate of interest, offered by the Indian Overseas Bank (IOB), Bhubaneswar, was 5.15 *per cent*. Had the funds been invested in the Indian Overseas Bank, instead of Canara Bank, the Board could have earned an extra amount of ₹14.25 lakh, towards interest, as on 3 October 2022.

As such, due to the imprudent decisions of the management, in regard to the investment of surplus funds, in banks offering lower rates of interest, the Board sustained a loss of ₹ 67.21 lakh.

The L&ESI Department stated (April 2024) that Board had invited quotations from the Nationalised Banks, as per which, the quotation of Canara Bank was the highest, offering rate of interest at 3.65 *per cent* per annum, for the amount above ₹ 2 to ₹ 10 crore and the rate of interest offered by IOB was 2.50 *per cent*. IOB, however, had offered rate of interest at 5.15 *per cent* for amount below ₹ 2 crore. Therefore, fund was invested in the Canara Bank. The reply is not convincing as the entire amount could have been invested in multiple term deposits, with sum of ₹ 2 crore or less in each, which could have fetched more interest on investment.

³⁰ Credit-Deposit ratio, achievement under Annual Credit Plan, Branch Network, ratio of rural bank branches to total branches, priority sector advances, *etc.*

2.1.10.5 Avoidable liability towards income tax

As per Section 10 (46) of the Income Tax Act, 1961, specific income of a body or authority or/ Board or Trust or Commission, established or constituted under any Central or State Act, or by the Central or State Government, with the objective of regulating or administering any activity, for the benefit of the general public, would be exempted from income tax, subject to the condition, that the said entity is not engaged in any commercial activity.

The OBOCW WB is a Board, constituted under Rule 249 of the OBOCW (RE & CS) Rules, 2002, read with Section 18 of the BOCW (RE & CS) Act, 1996. The said Act is a Central Act, enacted by Parliament, to regulate the employment and conditions of service of the BOC workers and provide for their health, safety and other welfare measures. Under Section 60 of the above Act, the Central Government gives directions to the Board, from time to time, to carry out the provisions of the Act. Revenue, in the form of cess, registration fees and annual contribution of beneficiaries, was earned and deposited in the Board's bank account. As such, the Board has been acting towards the welfare of BOC workers and is not a profit-making organisation. The Board is, accordingly, required to file a return, under Section 10(46) of IT Act, 1961, for obtaining a tax exemption certificate, in order to avail exemption from paying income tax.

Scrutiny of files and information, furnished by the Board, revealed that TDS of ₹ 20.46 crore was deducted by banks, on the cess received from the Establishment/ Employers and interest earned on the investment of Cess funds, during FYs 2014-15 to 2018-19, as shown in **Table 2.1.17**.

Table 2.1.17: Amount of TDS, deducted during FYs 2014-15 to 2019-20

Assessment Year	Amount of TDS (₹ in crore)
2015-16	15.58
2016-17	2.08
2017-18	1.81
2018-19	0.98
2019-20	0.01
Total	20.46

(Source: Records of the OBOCW WB)

It was noticed that the Board had never filed income tax return (ITR), for getting exemption from paying income tax as the interest accrued on investment of cess fund, under Section 10(46) of the IT Act, 1961. The payment of income tax of ₹ 20.46 crore, could have been avoided, had the Board obtained an IT exemption certificate from the Income Tax Department, by filing ITRs for each of the assessment years.

The L&ESI Department stated (April 2024) that the IT return for the Assessment Years 2016-17 to 2019-20 had been filed, claiming refund of TDS deducted by the banks.

Recommendations:

10. The Board may adopt a professional approach in administering the Cess Fund, by timely preparation of annual accounts, after carrying out the required checks and balances, such as reconciliation of figures between various accounting heads.
11. The Board may strive to secure income tax exemption certification from IT authorities, to save avoidable payment of income tax.

2.1.11 Human Resource Management

As per Section 19 of the BOCW (RE & CS) Act, 1996, read with Rule 261 of the OBOCW (RE & CS) Rules, the Board may, with the prior approval of the State Government, appoint an officer of the Labour Directorate, not below the rank of Joint Labour Commissioner / Deputy Labour Commissioner / Assistant Labour Commissioner, on deputation basis, as the Secretary of the Board. The Board was to utilise the services of the officer and the other staff of the State Labour Directorate, for the due discharge of its functions, at both the headquarters and field levels, in addition to their duties. The Board could also appoint its own staff, if and when, staff spared by the Department was found to be deficient or otherwise unsuitable. A senior officer, belonging to the Odisha Financial Service Cadre, could be deputed to the Welfare Board, to look after the financial matters of the Board. The Supreme Court also issued directions (January 2010) to all the States, for the formation of a Welfare Board, with adequate full-time staff, within three months, from the date of issuance of the order.

2.1.11.1 Inadequate staff strength

The main functions of the staff of the Board were administration and investment of funds; registration of establishments and workers; formulation of schemes and ultimate disbursement of benefits to the beneficiaries; conducting inspections of establishments; assessment of cess; survey and inspection of work sites; ensuring implementation of safety measures; and overall enforcement of the provisions of the Act. Audit noticed that the persons-in-position (PIP), in the enforcement cadre of the State, were inadequate, as of March 2022, in comparison to the sanctioned strength (SS), as shown in **Table 2.1.18**.

Table 2.1.18: Sanctioned strength and persons-in-position for functioning of the Board

Sl. No.	Post	SS	PIP	Contractual employees, out of PIP	Vacancy	Percentage of vacancy
1	Joint Labour Commissioner	10	9	0	1	10
2	Divisional Labour Commissioner	45	12	0	33	73
3	District Labour Officer	63	33	0	30	48

Sl. No.	Post	SS	PIP	Contractual employees, out of PIP	Vacancy	Percentage of vacancy
4	Assistant Labour Officer	372	50	9	322	87
5	Rural Labour Inspector	47	46	46	1	2
Total		537	150	55	387	72

(Source: Information provided by the L&ESI Department)

As may be seen from **Table 2.1.18**, as against the SS of 537, the PIP was only 150 (28 per cent) and 387 (72 per cent) posts were laying vacant, in various cadres, as of March 2022.

2.1.12 Inspection and Monitoring

Audit noticed various lapses in the Inspection and Monitoring activities of the Board, as discussed below:

- Shortfall in the conduct of Board meetings:** In terms of Rule 251 of the OBOCW (RE & CS) Rules, 2002, the Board is required to meet once in every four months. Thus, there should have been 15 meetings during FYs 2017-18 to 2021-22, as per the rules. The Hon'ble Supreme Court had directed (February 2012) that the Welfare Board should hold its meetings, at least once in every two months. During FYs 2017-18 to 2021-22, however, only nine board meetings had been held. Due to the shortfall in holding of Board meetings, no targets could be fixed for the registration of establishments, awarding construction works to the contractors/ sub-contractors, carrying out BOC works; and registration of the BOC workers engaged by the contractors in such construction works. Though 13 welfare schemes had been approved in the meetings, coverage of beneficiaries, under the scheme Skill Development, was almost absent.
- Non-constitution of Advisory Committee:** As per Section 4 of the BOCW (RE & CS) Act, read with Rule 8 of the OBOCW (RE & CS) Rules, the State Government was to constitute a committee, called the State Building and Other Construction Workers' Advisory Committee (State Advisory Committee), to advise the State Government on matters, arising out of the administration of the above mentioned Act. Further, as per Rule 9(5) of the said Act, the State Advisory Committee was to be reconstituted after every three years. As per the judgement of the Supreme Court, the State Advisory Committee was to meet twice in a year. It was noted, in this regard, that the State Advisory Committee had been constituted once (in December 2008). However, no meeting was held since the constitution of the Committee. Thereafter, no State Advisory Committee had been constituted and, hence, no meetings had been held. Thus, suitable guidance to the Board, for development of a system for ensuring the registration of establishments, contractors, construction workers; implementation of the Group Insurance Scheme for beneficiaries; and other matters, arising out of the administration of both the Acts, could not be offered. Consequently, poor registration of establishments, contractors and BOC workers; inadequate coverage of beneficiaries under different

welfare schemes; and retention of huge amounts of cess by the cess collecting authorities, *etc.*, were noticed in audit.

- **Non-maintenance of database of Cess returns:** In terms of Sections 4 and 5 of the BOCW (RE & CS) Act, 1996, and Rule 268 of the OBOCW (RE & CS) Rules, 2002, every employer was required to submit a consolidated report, within 15 days of the commencement of the work, containing the particulars of the BOC workers, entitled to be registered, as well as those who had left the office, during the preceding month, specifying the cess due, cess paid and the balance amount payable, if any. The Board had not maintained records on the Cess returns, received during FYs 2017-18 to 2021-22. As such, the Board was not aware of the amount of the cess collected/ deducted by the tender inviting authorities and the work executing agencies, in the State.

2.1.12.1 Non-conduct of Inspection of Establishments

As per Sections 43 and 44 of the BOCW (RE & CS) Act, read with Rule 287 of the OBOCW (RE & CS) Rules, Inspectors, appointed by Government in L&ESI Department, could conduct inspections of any premises/ worksites, to identify the unregistered employers and BOC workers and ensure compliance to any other provisions of the Act or Rules.

Audit noted that no targets of inspections had been fixed for the DLOs. However, as per the Monthly Progress Reports of the four sampled districts, the monthly inspection targets had been fixed by the DLOs for themselves. The targets of inspection, *vis-à-vis* the actual, inspections, as well as the inspection reports prepared, during FYs 2017-18 to 2021-22, are shown in **Table 2.1.19**.

Table 2.1.19: Shortfall in preparation of inspection reports during FYs 2017-18 to 2021-22

District	Target for Inspection	Total inspections conducted	Shortfall in inspections	Inspection reports prepared	Shortfall in preparation of inspection reports
Ganjam	9,970	140	9,830	28	112
Keonjhar	2,940	195	2,745	6	189
Khurda	10,525	47	10,478	0	47
Cuttack	3,070	0	3,070	0	0
Total	26,505	382	26,123	34	348

(Source: Information furnished by the sampled DLOs)

As may be seen from the **Table 2.1.19**, as against the target of 26,505 inspections, only 382 inspections (1.44 *per cent*) had been conducted, during the FYs 2017-18 to 2021-22, resulting in shortfall of 26,123 (98.56 *per cent*) inspections. Besides, out of 382 inspections conducted, the DLOs had prepared only 34 inspection reports. It was noticed that the inspections that had been conducted, were mainly related to enforcement of Acts³¹, other than the BOCW (RE & CS) Act. Though there was a huge shortfall in inspections, an amount of ₹ 2.16 crore³² had been spent by the Board, towards hiring

³¹ Payment of Wages Act, Minimum Wages Act, Child and Adolescent Act, *etc.*

³² Board Head Office: ₹ 11.51 lakh; Field offices: ₹ 204.92 lakh

charges of vehicles, during FYs 2017-18 to 2021-22. It was noted in this regard that, utilisation of funds from the cess fund, for purposes other than those, directly related to the welfare of the BOC workers, was irregular, in view of the judgement of the Hon'ble Supreme Court, as cited at **Paragraph 2.1.9.4.**

The L&ESI Department attributed (April 2024) inadequate inspection of establishments to shortage of enforcement officers at the district level. It was, however, assured, in the Exit Meeting, that the frequency of inspection would be increased after recruitment of new enforcement officers at district offices.

2.1.12.2 Lapses in the Internal Control System

Audit observed the following lapses in the internal control system of the Board:

- There was absence of any mechanism for registration of all Government Departments/ PSUs/ Autonomous Bodies, inviting tenders and awarding BOC works, as Establishments/ Employers, as also for the contractors carrying out BOC works, as employers.
- The Board had not conducted any survey or estimation, to identify the potential unregistered establishments for registration under the Act.
- There was no system, in existence, for ensuring linkages with the Central Government organisations (Central PSUs, Ports, etc.), to obtain status of their compliance and registration under the BOCW (R&CS) Act.
- There was complete absence of system for monitoring the construction activities in progress in the State and for making use of GIS technology/ mapping, etc., for tracing the BOC works.
- No effective procedure was in place to ensure the registration of BOC workers engaged in the construction sites by the owners/ builders/ private parties in respect of whom building plans had been approved by the local authorities.
- Though the DLOs had received cess proceeds deposited by the Establishments/ Employers/ cess collecting authorities, they had not co-related the cess proceeds with the cess depositing authorities, to trace the BOC works from which these cess proceeds had originated, with a view to ensuring the concerned Establishments/ Employers/ BOC workers, were duly registered with the Board.

Recommendation:

- 12. The Board may strengthen its internal control system, by fixing targets for inspections and identifying the aspects to be inspected. Preparation of Inspection Reports may be ensured and follow-up action may be taken, to ensure that the lapses found during the inspections, are duly addressed.**

Chapter 3

Compliance Audit Observations

Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare Department

3.1 Construction and functioning of ST Girls' Hostels in the State

EXECUTIVE SUMMARY

With the objectives of: (i) encouraging higher enrolment and retention, as well as reducing the dropout rate of Scheduled Tribe (ST) students in educational institutions, (ii) registering substantial increase in female literacy among the ST population and (iii) empowering ST women by educating them, the Government of Odisha undertook construction of hostel complexes in Block headquarters and other prominent locations. In Odisha, the Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare (SSD) Department, is responsible for framing plans and overseeing the execution of plans for welfare and development of the ST and SC communities.

The SSD Department had sanctioned ₹ 857.15 crore, for construction of 1,524 Scheduled Tribes Girls' Hostels (STGHs), during FYs 2007-08 to 2020-21. Of these, 1,471 STGHs were functional and 53 STGHs were non-functional, as of March 2022. From among the 53 non-functional STGHs, construction of 13 STGHs, sanctioned during FY 2009-10 to FY 2020-21, had remained incomplete. The SSD Department, the sanctioning authority of funds, had not followed-up the matter of construction of STGHs, for sorting out constraints, despite lapse of 1 to 12 years. Consequently, a sum of ₹ 5.32 crore, spent on these works, had not yielded any benefits. 16 STGHs, which had been sanctioned during FYs 2009-10 to 2020-21, and the buildings for which had been completed at a cost of ₹ 10.98 crore, had not been handed over to the authorities of the targeted schools, for their use, due to non-construction of boundary walls. Nine STGHs, which had been declared as completed, after incurring a cost of ₹ 6.87 crore and had been handed over between December 2012 and August 2020, had not been put to use, due to reasons, such as, damaged toilets, non-completion of flooring and electrification, defunct water supply system, *etc.*

During Joint Physical Inspection of 69 STGHs, along with the officials of the ITDAs concerned, Audit noticed that:

- The available spaces of living rooms, in six STGHs, were less than the norms, with the shortages against the norms fixed by Central Public Works Department, ranging from 51.05 to 78.40 *per cent* of the norms. As a result, cots, along with bed-linens for every boarder, could not be placed in the living rooms. The boarders were compelled to share cots for seating and sleeping.
- In 18 STGHs, purified drinking water supply facility was not available for the boarders. In 10 STGHs, the supplied water purifiers had been non-functional, for periods ranging from three to nine months and, in one STGH, the same had not been installed since six months, from the date of its receipt.

- In 26 STGHs, there were shortages (ranging from one to eight), in the number of toilets required.
- In three STGHs, there was no piped water supply. The girls had to fetch water from the bore well, for meeting their daily requirements.
- Kitchen spaces and dining spaces were not available in 39 and 41 STGHs, respectively.
- Thus, decent living conditions had not been provided to these girl students.

In most of the STGHs, which required repair and maintenance, the requisite proposals, in this regard had not been forwarded, by the Integrated Tribal Development Agencies, to the SSD Department, for sanction of funds for the purpose. Critical staff, such as Hostel Superintendents, Wardens, Cook-cum-Attendants, Sanitary workers, Watch and Ward staff, *etc.*, were found to be absent or inadequate, in the test-checked STGHs. In the absence of Cook-cum-Attendants, the girl students were cooking food for themselves, at four STGHs.

Regular visits to the STGHs, by Auxiliary Nurse Midwives, and regular health check-ups by Medical Officers/ Mobile Health Units (MHU), were a vital pre requisite, for ensuring the health and hygiene of these adolescent girls. However, 34 STGHs had not been visited by the Medical Officers/ MHUs, for health check-ups of the boarders, residing therein, during FY 2019-20. Inspections by functionaries, such as Project Administrator of ITDA, District Welfare Officer and Assistant DWO, were not adequate and the shortfalls, in this regards, ranged from 74 to 93 *per cent*.

It is recommended that:

- 1. The physical status of all the incomplete hostel buildings may be reviewed/evaluated and necessary action may be taken to: (i) complete the construction of the hostel buildings within a specific timeframe, (ii) make them fully functional by carrying out regular repair and maintenance and (iii) utilise the hostel buildings for the intended purposes only, to protect the educational interest of the ST girl students.***
- 2. Government may frame norms in regard to the minimum living space required for a boarder and, accordingly, make arrangements for providing the required living space, based on the capacities of the STGHs.***
- 3. Provision of minimum basic facilities, such as drinking water, bathrooms, toilets, cots, etc., should be ensured in every STGH.***
- 4. Adequate numbers of critical housekeeping staff, such as cook-cum-attendant, matron, security personnel, etc., should be posted in each STGH, for ensuring the wellbeing of the boarders.***
- 5. Responsibility should be fixed on PA, ITDAs/ BDOs for irregular retention of unutilised funds outside the Government Account for more than 10 years.***

3.1.1 Introduction

Socio-economic development, as well as education for all, are areas of prime concern, for a welfare government, for ensuring holistic growth. In this regard, the educational condition of vulnerable social groups, which includes the Scheduled Tribes (ST) population, needs utmost attention, for enhancing their socio-economic status.

As per the Census, 2011, the ST population in Odisha, stood at 95.91 lakh (22.85 *per cent*), out of the total population of 4.20 crore of the State. The ST population constitutes 62 different tribal communities, including 13 Particularly Vulnerable Tribal Groups³³. A comparative picture of the population and literacy rate, in Odisha as a whole, and that of ST population of the State, in particular, is shown in **Table 3.1.1**.

Table 3.1.1: Total population and literacy rate vis-à-vis the ST population and literacy rate

Particulars	Odisha			ST		
	Male	Female	Total	Male	Female	Total
Population (in crore)	2.12	2.08	4.20	0.47	0.49	0.96
Literacy (per cent)	81.59	64.01	72.87	63.70	41.20	52.24

(Source: Census 2011)

As can be seen from **Table 3.1.1**, the gap in literacy between the State average and that of the ST population, was 20.63 *per cent*, which indicates the need for development of education and literacy in Odisha, particularly the ST population.

With the objectives of (i) encouraging higher enrolment, and retention, as well as reducing the dropout rate of ST students in educational institutions, (ii) registering substantial increase in female literacy among the ST population and (iii) empowering the ST women by educating them, the State Government undertook construction of hostel complexes in Block headquarters/ other prominent locations. These hostel complexes were required to have provision for all basic facilities, such as adequate number of toilets, drinking water, electricity, good dining, kitchen halls, etc.

In Odisha, the Scheduled Tribes and Scheduled Castes Development Minorities and Backward Classes Welfare (SSD) Department, is responsible for framing plans and overseeing execution of plans for the welfare and development of the ST and Schedule Caste (SC) communities. The Department is headed by a Secretary, who is assisted by a Director-cum-Additional Secretary (ST and SC) and by District Welfare Officers (DWOs), at the district level. For efficient and effective administration of the measures taken towards the welfare of ST population, 119 out of 314 Blocks of Odisha,

³³ A Particularly Vulnerable Tribal Group or PVTG (previously known as a Primitive Tribal Group), in the context of India, is a sub-classification of Scheduled Tribe or section of a Scheduled Tribe, that is considered more vulnerable than a regular Scheduled Tribe

had been declared as Scheduled Areas³⁴, as of March 2022. Thus, about 44.70 *per cent* of the State's geographical area comprises of Scheduled Areas. As of March 2022, there were 22 Integrated Tribal Development Agencies (ITDA) in the State, which were headed by Project Administrators. ITDAs are responsible for implementation of various welfare programmes for ST population, in the Scheduled areas.

During the period from 1995-2002, 40-bedded hostels for ST girls were constructed for Ashram Schools and Residential Sevashrams in Koraput, Bolangir and Kalahandi (KBK) districts by the SSD Department from the funds received under the Revised Long Term Action Plan for KBK districts. With a view to propagate education and arrest dropout rates of ST girl students by providing them hostel accommodation in educational institutions, the SSD Department launched a programme of constructing 100 bedded ST girls' hostels in 2007-08.

Construction of hostels in Scheduled Areas was the responsibility of the ITDAs concerned, while, in other areas, the Block Development Officers or the Road and Building Division of the Works Department, were responsible for this activity. The maintenance of hostels was entrusted to the DWOs.

Audit was conducted during November 2022 to March 2023, covering the period of three years from FYs 2019-20 to 2021-22, with the objective of assessing whether construction and functioning of the ST Girls' Hostel (STGHs) was in compliance with the extant rules, scheme guidelines and executive instructions. Audit test-checked records at the SSD Department, 21 out of 22 ITDAs, 12 out of 30 DWOs³⁵ and 122 STGH³⁶. Audit also conducted joint physical inspection (JPI), along with the departmental officials, of the 122 STGHs, collected photographic evidence and conducted beneficiary interviews of the ST girls, who were staying in these hostels.

The audit findings have been reported (May 2023) to the Government; reply is awaited.

Audit Findings

The Audit findings are discussed in the succeeding paragraphs.

3.1.2 Construction, upkeep and utilisation of STGHs

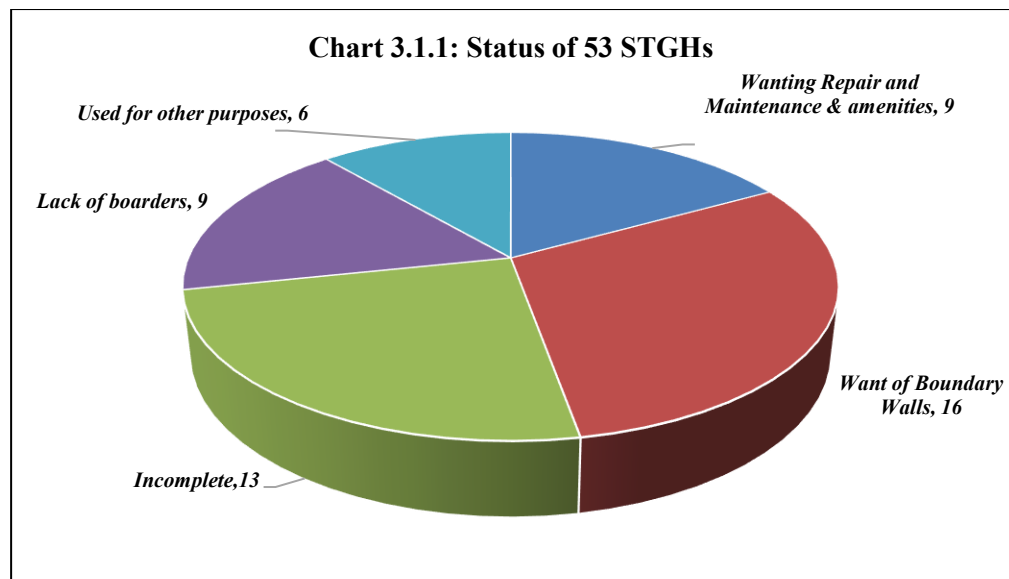
During the period from FYs 2007-08 to 2020-21³⁷, the SSD Department had sanctioned ₹857.15 crore, for construction of 1,524 STGHs. Of these, 1,471 STGHs were functional, as of March 2022. The status of the remaining 53 STGHs, as of March 2022, is shown in **Chart 3.1.1**.

³⁴ The Fifth Schedule, under Article 244(1) of the Constitution of India, defines 'Scheduled Areas' as such areas, as the President may, by order, declare to be Scheduled Areas. The criteria followed for declaring an area, as Scheduled Area, were (a) preponderance of tribal population (b) compactness and reasonable size of the area (c) under-developed nature of the area and (d) marked disparity in the economic standards of the people

³⁵ 100 *per cent* of the non-functional hostels were selected. For selection of the functional Hostels, five *per cent* of hostels, under each of the 21 ITDAs in the State (whose jurisdictional area pertained to 12 DWOs), were selected.

³⁶ All the 53 non-functional hostels and 69 functional hostels

³⁷ No STGH had been sanctioned for construction in 2021-22



3.1.2.1 Non-completion of STGH buildings

As per the executive instructions and the terms and conditions of the sanction orders issued by the SSD Department, the STGHs were to be constructed and made functional, within 24 months from the dates of their sanction. The implementing agencies for construction, *i.e.*, the ITDAs/ BDOs/ Works Divisions, were required to furnish Utilisation Certificates for the funds, transferred to them and handover the completed buildings, to the Head Masters/ Mistresses in charge of the new hostels.

Constructions of 13 STGHs had remained incomplete as of March 2022, which had been sanctioned³⁸ by the SSD Department during FY 2009-10 to FY 2020-21, at an estimated cost of ₹ 8.61 crore (**Appendix 3.1.1**). The construction of these STGHs had been taken up by the concerned ITDAs and BDOs³⁹. As of March 2022, a sum of ₹ 5.32 crore (62 *per cent*) had been utilised in 12 STGHs, except one STGH⁴⁰, where no expenditure had been incurred. The remaining amount of ₹ 3.29 crore was lying with the concerned ITDAs and BDOs.

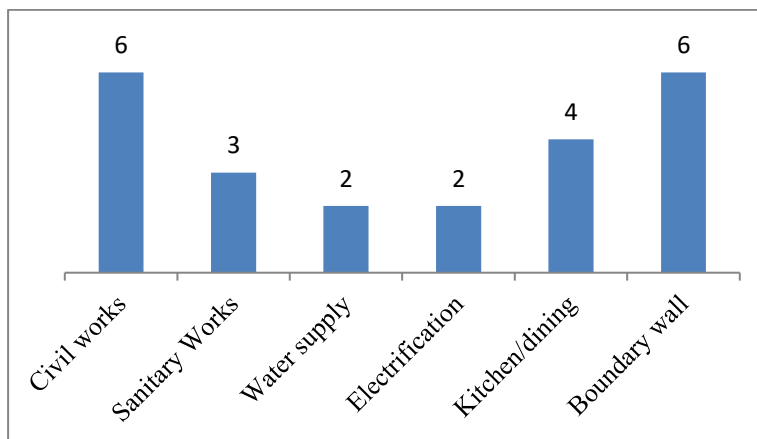
Audit noticed that, in regard to 11 STGHs, the construction had not reached the completion stage, due to non-execution of civil, sanitary, water supply works, *etc.* The nature of the works, yet to be completed in regard to these 11 incomplete STGHs, is depicted in **Chart 3.1.2**.

³⁸ 2009-10: Four STGHs; 2010-11: One STGH; 2011-12: Two STGHs; 2013-14: Two STGHs and 2020-21: Four STGHs

³⁹ By ITDAs: 10 STGHs and by BDOs: Three STGHs

⁴⁰ 100 seated Girl's Hostel building at Jantri, Malkangiri, taken up by ITDA, Malkangiri

Chart 3.1.2: Pending works in the 11 incomplete STGHs



In regard to the two remaining incomplete STGHs, it was noticed that the construction of the hostel buildings had stopped midway, as discussed in the succeeding paragraphs.

- i. Construction of an STGH, at Lubengarh, Kalahandi district, meant for the Lubengarh Residential School, was taken up by the BDO, Madanpur Rampur, in FY 2009-10, at a cost of ₹ 42.48 lakh. The contractor stopped execution of the work, after constructing up to the lintel level, with an expenditure of ₹ 8.07 lakh. During JPI, along with the officials of the ITDA, Thuamul Rampur, Audit noticed that the walls of the structures were in a broken state, as would be seen from **Photograph 3.1.1**. In the absence of the new hostel building, the 97 ST girl students, enrolled in the school, had been accommodated in the existing 40-seated STGH. Due to paucity of space, the boarders were found to be staying in the dining hall and also in the classrooms. There was also no provision for supply of drinking water to the existing STGH. As a result, the girl boarders were compelled to fetch drinking water from a nearby village, at a distance of half a kilometre. Similarly, in absence of water in bathrooms and toilets, girl boarders were compelled to take bath in a nearby spring, located at about a distance of one kilometre and resort to open defecation. Despite all these hardships being faced by the girl boarder students of the hostel, due to absence of the basic minimum facilities, no steps had been taken to complete the semi-finished hostel building.



Photograph 3.1.1: Incomplete STGH building at Lubengarh, Th. Rampur, Kalahandi

- ii. ITDA, Malkangiri, issued (December 2020) a work order, for construction of a 100-seated STGH, at Jantri, under Chittrakonda Block of Malkangiri district at a cost of ₹ 80 lakh, with the stipulation that the work be commenced on 31 December 2020 and completed within 11 months of commencement. As of November 2022, *i.e.* after a lapse of 23 months, work up to foundation level only had been completed. As no bills had been submitted by the contractor, no payments had been made. The ITDA, had, however, issued notices (September and December 2021) to the contractor, to resume the work. However, the contractor had neither resumed the work nor responded to the notices. As such, the work was lying incomplete.

Audit observed that the SSD Department, after release of funds, had not followed up progress in construction of STGHs, to sort out constraints, if any, in the completion of works. As a result, the construction of these 13 STGHs had remained incomplete, as of March 2022, despite lapse of 1 to 12 years and the sum of ₹ 5.32 crore, spent on these works, was yet to yield any benefit.

The concerned DWOs and ITDAs stated that these STGHs had not been completed, due to delay/ abandonment of works by the contractors, and also due to the ST girls, not opting to stay at these hostels (as stated by the Headmasters of the schools).

The response was not tenable, since the need for these ST girls hostels had been carefully evaluated and recognised by the District-level Committees⁴¹, as well as by the SSD Department, at the time of sanction of the hostels. The purpose of construction of these hostels was to incentivise the ST girl students to continue their education, by providing them safe, hygienic and affordable places to stay. Higher enrolment, retention and lower drop-out rates for ST girls, from school and college education, were the intended objectives, which had remained unachieved, due to non-completion of the hostel buildings.

3.1.2.2 Non-utilisation of STGH buildings, due to non-construction of boundary walls

The SSD Department had stipulated (November 2011) that each STGH should be secured by a boundary wall to prevent trespassing. The SSD Department had sanctioned⁴² construction of 16 STGHs, during FYs 2009-10 to 2020-21, at an estimated cost of ₹ 12.13 crore. As of March 2022, a sum of ₹ 10.98 crore (91 *per cent*) had been utilised (**Appendix 3.1.2**). The concerned ITDAs, intimated that construction of all the 16 STGHs had been completed. In regard to eight STGHs, the dates of completion were between December 2012 and October 2022, while, for the remaining eight STGHs, the dates of completion were not made available to Audit, by the concerned sampled ITDAs.

Audit, however, noticed that although the STGHs were stated to have been completed, they had neither been handed over to the authorities of the targeted schools, for ultimate use, nor had the residual balance of ₹ 1.15 crore, been

⁴¹ District Level Monitoring Committees, were chaired by the respective District Collectors. PA, ITDA functioned as the Secretary and the District Welfare Officer, as member. At the district level, the Committee was required to monitor the construction of hostels regularly

⁴² 2009-10: Nine STGHs; 2011-12: One STGH; 2013-14: Three STGHs; 2015-16: One STGH; 2019-20: One STGH; and 2020-21: One STGH

refunded to the SSD Department. The reason for not handing over the completed buildings was non-construction of boundary walls, around the STGH buildings.

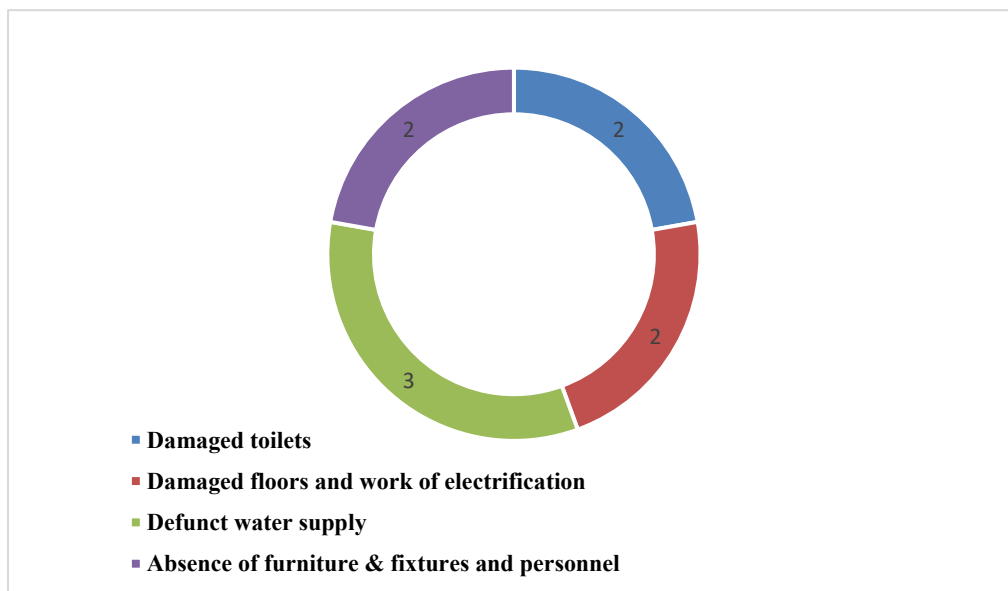
A boundary wall was considered essential for the functioning of hostels. Audit, however, observed that the cost of construction of boundary walls had not been included in the cost estimates for construction of these STGH despite a stipulation made by the SSD Department. As such, boundary walls had not been constructed along with the hostel buildings. Further, no steps had been taken for their construction, for making the completed structures functional for hostel purposes, as of March 2022.

Thus, flawed plans for construction of the STGHs, excluding the construction of boundary walls from the scope of work, coupled with failure to construct the same afterwards, had rendered the expenditure of ₹ 10.98 crore, incurred on the construction of these STGHs, idle.

3.1.2.3 Non-utilisation of completed STGH buildings, due to want of repair and maintenance

Audit noticed that the construction of nine STGHs had been declared to be complete, at a cost of ₹ 6.87 crore and these STGHs had been handed over to the Headmasters/ Headmistress of the schools concerned, between December 2012 and August 2020 (*Appendix 3.1.3*). The buildings, however, had not been put to use, due to reasons such as: (i) damaged toilets, (ii) damaged flooring and work of electrification (iii) defunct water supply system and (iv) non-provision of furniture and fixtures, as depicted in **Chart 3.1.3**. Non-engagement of cook/ attendant was also another reason for non-utilisation of these STGHs.

Chart 3.1.3: STGHs not utilised, due to want of repair and maintenance



These STGHs included two STGHs, where the buildings had been completed in all respects, but, required furniture and fixtures, such as cots and mosquito nets, had not been provided and caretaking staff, like cooks and attendants,

had also not been engaged. As a result, the completed buildings remained unutilised.

Due to the failure to make these hostel buildings complete in all respects, the sum of ₹ 6.87 crore, incurred for construction of these hostel buildings, had remained idle. Audit observed that, due to lack of necessary measures to bring the constructed STGHs to a liveable state, the condition of these hostels had become even more dilapidated, as the completed civil works were getting damaged, due to the passage of time and the amount already spent was likely to turn wasteful.

The dilapidated conditions of the three STGHs⁴³ were noticed during JPI, which was conducted along with the officials of the DWOs, as shown in **Photographs 3.1.2** and **3.1.3**:



Audit observed that neither DWOs/ ITDAs had submitted proposals for repair and maintenance to the SSD Department for sanction of funds nor did the SSD Department seek proposals from the field offices, on this matter, as discussed in **Paragraph 3.1.3.4**.

3.1.2.4 Hostels remaining non-functional, due to lack of ST Girls

In four districts, nine STGH buildings had been completed at a cost of ₹ 6.82 crore and handed over to the Headmasters/ Headmistresses, between December 2015 and August 2017. In regard to seven STGH buildings, the enrolment of ST girls in the targeted schools ranged from 7 to 48 (**Appendix 3.1.4**) and in case of another STGH building *i.e.*, STGH, Barbil College at Barbil, the enrolled number of ST girls in the Barbil College stood at 324. In case of the ninth STGH, the number of enrolled ST girls in the targeted school *i.e.*, VSS high School, Kabarapalli, Sambalpur was not available. The Headmasters of the aforementioned seven schools intimated Audit that, due to lack of the required number of interested ST girl students, the hostels could not be made functional. In case of STGH, Barbil College, although there were

⁴³ (1) Government High School, Sagada, Kalahandi (2) Chhayadevi High School, Nuapada, Kalahandi and (3) Dahagaon High School, Koksara Block, Kalahandi

324 ST girl students, enrolled therein, the hostel could not be made functional, due to lack of interest shown by the enrolled ST girl students, as intimated by the head of the educational institution.

The above facts indicate that field survey for assessing need of STGH had not been conducted prior to sanctioning construction of STGHs.

Construction of STGH without adequate field survey

The STGH at VSS High School, Kabarapalli, Jujomura Block, Sambalpur district, was sanctioned during FY 2013-14, for a cost of ₹ 48.27 lakh. The construction was completed and the building was handed over to the school authorities on 23 December 2015. The STGH had, however, remained non-functional for over six years, as of March 2022. On being asked by Audit, the Headmaster stated that, since the hostel was located at a distant location, the site was considered unsafe for girls by their families. The reply indicated that 600 ST girls had been deprived of the benefits of the STGH, due to inadequate field survey, which resulted in an inappropriate selection of site.



The Headmaster requested (September 2016) the DWO, Sambalpur for conversion of the ST girls' hostel to a boys' hostel. The SSD Department permitted (25 July 2017) the conversion. The DWO provided amenities, such as cots, blankets, mosquito nets, utensils and water purifier during October 2015 to December 2016. However, the boys' hostel also remained non-functional, due to absence of a bore-well and electricity connection, as on the date of Audit (April 2023).

3.1.2.5 Utilisation of STGHs for other purposes

As stated in *Paragraph 3.1.2*, 1,471 STGHs were functional in the State, as of March 2022. It was noticed in Audit that six other hostel buildings, built for the purpose of STGHs, at a cost of ₹ 5.27 crore, between August 2013 and July 2017, were either being utilised for other purposes or were lying vacant. In this regard, it was noticed that:

- Four STGH buildings, in three districts, were being utilised for purposes other than STGHs, depriving boarding facilities for ST girls in the targeted schools. The names of the hostel buildings, cost of construction, dates of handing over and number of ST/ SC girls enrolled in the targeted school, in the academic year 2022-23, are detailed in **Table 3.1.2**.

Table 3.1.2: Utilisation of STGHs for other purposes (as of March 2022)

Sl. No.	District	School	Cost of construction (₹ in lakh)	Date of handing over	No. of ST girl students enrolled	Manner of present use
1	Kalahandi	ST Girls' hostel at Police High School, Bhawanipatna	50.00	16 August 2013	5	Occupied by police personnel
2	Kalahandi	Haragouri Mahavidyalaya, Kasurla	140.00	22 June 2016	38	Classroom
3	Sundargarh	Uditnagar High School, Rourkela	100.00	13 October 2015	126	Anwasha Hostel (for both SC/ ST boys and girls)
4	Koraput	Bandhugaon Upper Primary School	55.00	Not available ⁴⁴	Not available	Boys' hostel
Total			345.00		169	

(Source: Records of PA, ITDAs and information collected during JPI)

It can be seen from the **Table 3.1.2** above that, while one hostel was under occupation of the police personnel of Odisha Police, another one was being utilised as a classroom. Another STGH was being used for hostel for both SC/ST boys and girls. Audit found that 169 ST girls were enrolled in these three schools, in the academic year 2022-23. These girls had been deprived of the boarding facilities in the hostels, which had been built exclusively for their boarding purposes.

- In case of the other two STGHs, Audit noted that the SSD Department had prohibited (November 2011) construction of hostels for fully private institutions. The Department, in deviation from its own instruction, had, however, sanctioned construction of two hostels, for two private institutions⁴⁵, as noticed during JPI, along with the officials of the ITDAs concerned. The hostels had been completed at a cost of ₹ 1.82 crore, between December 2016 and July 2017.

Audit observed that constructing six hostels at a cost of ₹ 5.27 crore for the sole purpose of providing accommodation facility to the ST girl students and utilising the same afterwards for other purposes, defeated the objective of such construction.

⁴⁴ Date of completion: 12 September 2014. Date of handing over was not made available to Audit

⁴⁵ Badbasul High School, Kalahandi district and Regional Degree College, Rayagada district

Thus, due to non-completion of the STGH buildings in all respect, inadequate repair and maintenance, non-utilisation due to lack of ST girl students as well as utilisation of the hostel buildings for other purposes, expenditure of ₹ 35.26 crore incurred in construction of 53 STGH buildings did not yield any benefit.

Recommendation:

1. The physical status of all the incomplete hostel buildings may be reviewed/evaluated and necessary action may be taken to: (i) complete the construction of the hostel buildings within a specific timeframe, (ii) make them fully functional by carrying out regular repair and maintenance and (iii) utilise the hostel buildings for the intended purposes only, to protect the educational interest of the ST girl students.

3.1.3 Maintenance of standards in STGHs

The SSD Department had fixed (November 2011), the norm of built-up area⁴⁶, of a 100-seated hostel, at 227.30 sq.mt or 2,450 sq.ft. However, no norm had been fixed for the minimum space of the living rooms, for each girl student. As per the norms fixed by the Central Public Works Department (CPWD) in the Compendium of Architectural Norm and Guidelines for Educational Institutions, the minimum space, available for each hostel inmate, should have been 40 sq.ft (excluding kitchen, toilet and other common spaces). Audit conducted JPI of 69 functional STGHs, along with the officials of the ITDAs concerned, and found shortfalls not only in available plinth area but also other infrastructural deficiencies, as discussed in the succeeding paragraphs.

3.1.3.1 Inadequate space of living rooms

The available space of the living rooms, in six STGHs, was lesser by 48 to 78.40 per cent from the norm fixed by the CPWD, as shown in **Table 3.1.3**.

Table 3.1.3: Inadequate living space in STGHs

Sl. No.	STGH	Bed strength	Plinth area of living rooms	Plinth area per boarder		Shortfall	
				Actual	As per the CPWD norm	Per boarder	Percent age
<i>(Figures are in sq. ft.)</i>							
1	STGH, Baidpur, Badasahi Block, Mayurbhanj	300	5,875.20	19.58	40.00	20.42	51.05
2	STGH, Routalipat, Sukruli Block, Mayurbhanj	300	5,760	19.20	40.00	20.80	52.00
3	STGH, Chadheipahadi UGUP, Bijatola Block, Mayurbhanj	100	2,080	20.80	40.00	19.20	48.00
4	STGH, Badgobra Ashram School, Tiringi Block Mayurbhanj	100	936	9.36	40.00	30.64	76.60

⁴⁶ Including dining room, kitchen room, toilets, warden room etc.

Sl. No.	STGH	Bed strength	Plinth area of living rooms	Plinth area per boarder		Shortfall	
				Actual	As per the CPWD norm	Per boarder	Percent age
				<i>(Figures are in sq. ft.)</i>			
5	STGH, Sanbhundu Ashram School, Tiringi Block, Kandhamal	100	864	8.64	40.00	31.36	78.40
6	STGH, Bilabadia Ashram School, Khajuripada Block, Kandhamal	100	1440	14.40	40.00	25.60	64.00

(Source: Records of the PA, ITDAs and information collected during JPI)

In the absence of adequate living space for basic activities, such as sleeping and studying, the ST girls were staying in very congested conditions, in these STGHs. During JPI, along with the officials of the ITDAs concerned, Audit observed that, due to insufficient space to place and arrange cots for all the girl residents, cots and mattress had been stored in the STGH premises, without being utilised, as intended. Further, the girl students were forced to share cots for seating and sleeping, as shown in **Photographs 3.1.4** and **3.1.5**.



The books and other personal belongings were also kept on the shared cots, in the living rooms. The following STGHs had exceptionally insufficient living space, since the number of resident ST girls were in excess of the bed strength of the respective hostels.

- Against the bed strength of 200, the number of resident girls was 256, at the STGH of the SSD Girls High School, Sikhapalli, Malkangiri District.
- Against the bed strength of 100, the number of resident girls was 180, at the STGH of Patraput Sevashram, Tentulikhunti Block, Nabarangpur District.

The congestion in the living rooms of the functional STGHs, was indication of the urgent requirement of completing the incomplete STGHs, as also of

augmenting the capacity of the existing STGHs, by conducting fresh surveys, on the ground, at periodic intervals.

3.1.3.2 Inadequate basic infrastructural facilities

The SSD Department stipulated (November 2011) that each functional STGH should have kitchen, toilets, dining room, internal and external electrification, piped water supply, sanitary installations, PH fittings and drainage. It was also stipulated that a 100-bedded hostel should have 10 toilets *i.e.*, a toilet for each 10 boarders. Audit conducted JPI, along with officials of ITDAs/ DWOs concerned, at 69 functional STGHs and noticed deficiencies in infrastructure, as shown in the **Table 3.1.4**.

Table 3.1.4: Deficiencies in infrastructure, in the sampled STGHs

Sl. No.	Infrastructure element	No. of STGHs, where infrastructure was inadequate (per cent out of 69 STGHs inspected)	Remarks
1	Toilets and bathrooms	26 (38 per cent)	Shortfall in the number of toilets, as well as unusable toilets, due to broken sanitary fittings/ doors.
2	Purifier for drinking water	29 (42 per cent)	Boarders were compelled to drink water extracted from the bore-well, without purification.
3	Piped water supply	3 (4.35 per cent)	Boarders were compelled to fetch water in buckets, from bore-wells, for their daily ablutions.
4	Drainage works	27 (39 per cent)	Accumulation of waste water inside the STGHs, creating unhygienic conditions for the girl students.
5	Kitchen	39 (56 per cent)	Lack of hygienic cooking space and smokeless <i>chullahs</i>
6	Dining Room/space	41 (59 per cent)	Lack of hygienic and sheltered dining space.
7	Boundary Wall	30 (43 per cent)	Absence of basic preventive measures against unauthorised entry to girls' hostels.
8	CCTV cameras	51 (74 per cent)	Absence of basic measures for detecting/investing any unauthorised entry to the girls' hostels.
9	Fire extinguishers	30 (43 per cent)	Absence of measures to address fire hazard at the hostels.

(Source: Records furnished by the hostel authorities and information collected during JPI)

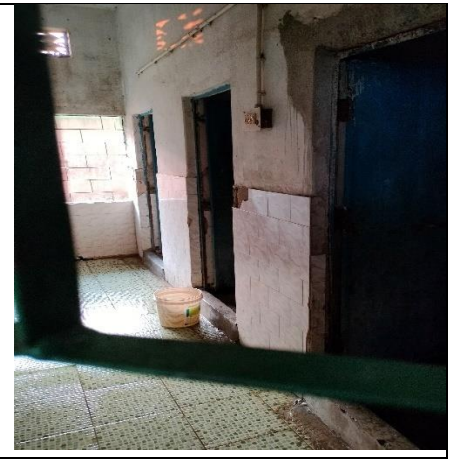
Audit noticed that:

- Out of the 69 STGHs inspected, there were shortages in the number of toilets required in 26 STGHs, with the shortages ranging from one to eight. The doors and windows, of the toilets and bathrooms in 20

STGHs, were found broken and the quality of construction was poor, thus rendering them unsuitable for use by the girl students, as illustrated in *Photographs 3.1.6* and *3.1.7*.



Photograph 3.1.6: Broken door of toilet of the STGH at Dogharia, Nuagada Block, Gajapati District



Photograph 3.1.7: Latrine door damaged at the STGH, Badgobra Ashram School under the Tiringi Block, Mayurbhanj District

- In 29 STGHs, purified drinking water was not available. While, 18



Photograph 3.1.8: Girl students drinking tap water in the absence of water purifier at STGH, Bandhaberena Sevashram, Lahunipada Block, Sundargarh

STGHs had not been provided with drinking water purification system, in 10 STGHs, the installed water purifiers were non-functional, for three to nine months, and, in one STGH⁴⁷ the water purifier had not been installed, despite passing of six months from the dates of its receipt. In this STGH, the boarders were drinking tap water, as shown in *Photograph 3.1.8*. During interview of 670 boarders, 310 (46 per cent) boarders stated that the drinking water facilities were 'poor', and 335 (50 per cent) boarders stated that the drinking water facilities were 'average'.

- In three STGHs, there was no piped water supply, for bathing, cooking and washing. The girls had to fetch water from the borewell, for their daily requirements, in the absence of piped water supply.

⁴⁷ Badagobra Ashram School, Tiringi Block, Mayurbhanj District



Photograph 3.1.9: Girl boarders had to fetch water in buckets, from the borewell, for their daily needs, in the absence of piped water supply at the STGH, Sanbhundu Ashram School, Tiring Block, Mayurbhanj District

- In 27 STGHs, the drainage system, for discharge of waste water from the STGHs, was either not available or was damaged. Of these, there was no drainage system in 18 STGHs, drains had been partly constructed in seven STGHs, and, in two⁴⁸ STGHs, the drainage system had been damaged. During JPI, Audit observed that there was accumulation of waste water inside the STGH premises, creating unhygienic conditions, especially when coupled with the practice of cooking food for the girls, in the open areas.



Photograph 3.1.10: Accumulation of waste water, due to lack of any drainage system, at the STGH, KC Pur, Guma Block, Gajapati District



Photograph 3.1.11: Accumulation of waste water, due to partly constructed drainage system at the STGH, Tikabali HS, Tikabali Block, Kandhamal District

- The Mess Management Guidelines, issued (December 2013) by the SSD Department, specified that the cooking area must be free from filthy surroundings and should maintain an overall hygienic

⁴⁸ Badagobra Ashram School and Sanbhundu Ashram School

environment. Contrary to this, lack of hygienic cooking spaces and smokeless *chullahs* were noticed in 39 STGHs. This included 15 STGHs, where no dedicated kitchen space was available, even though there was provision for the same in the estimates for the respective buildings. In 18 STGHs, the kitchen spaces were not being used, due to absence of taps, basins and ventilation. In four STGHs, the kitchens were being used as store rooms and kitchens of two STGHs were in a damaged condition. Apart from non-availability and non-utilisation of kitchens, it was also noticed in 42 STGHs, that the supplied LPG connections were not being used, on the ground that the cost of LPG cylinders was high (as stated by the Head of educational institutions concerned).



Photograph 3.1.12: Food cooked next to an open drain, at STGH, Lanjigarh HS, Lanjigarh Block, Kalahandi District



Photograph 3.1.13: Kitchen space used as store room, at STGH, Chadheipahadi UGUP, Bijatala Block, Mayurbhanj District

During beneficiaries' interview, 238 (36 per cent) out of 670 ST girls, reported the quality of hygiene, in the kitchen, as 'average' and 87 (13 per cent) ST girls reported the quality of hygiene as 'poor'.

- In 41 STGHs, hygienic and sheltered dining spaces were not available for the boarder. These included 24 STGHs, where no dining space had been created, even though there was provision for the same in the estimates of the buildings. In 10 STGHs, dining spaces though created, but could not be used, due to lack of water supply and wash basins. Similarly, in seven other STGHs, the existing dining spaces were being used as store rooms (5) and living rooms (2), due to lack of overall space in the STGHs.



- In 24 STGHs, the height of the boundary walls was not sufficient to deter any intruders, and their boundary walls had not been topped with barbed wire fencing. In another six⁴⁹ STGHs, there were no boundary walls, although they were required to be constructed, as a preventive measure against unauthorised entry to the adolescent girls' hostels.
- As many as 51 STGHs lacked CCTV surveillance. Of these, in 21 STGHs, CCTVs were available but they had remained non-functional since April 2019/2022. Further, no steps had been taken by the headmasters concerned, to repair the CCTVs. Another 30 STGHs had not been equipped with CCTVs. In the absence of CCTVs, there was no measure to detect/ investigate any unauthorised entry to the girls' hostels.
- Absence of measures to address fire hazards was noticed in 30 STGHs. While 22 STGHs had not been equipped with fire extinguishers, the fire extinguishers in eight STGHs, were found to be non-functional, as the dates of refilling had expired more than six to eight months earlier.

Due to absence of the aforesaid basic and essential infrastructure, the ST girl students in these STGHs had been deprived of the key elements that were necessary for maintaining a decent quality of life, and also an environment that was conducive to learning and education, as had been intended by the State Government.

⁴⁹ 100 seated STGH at Ramchandrapur SS; P.S.College, Gurundia; 100 seated STGH at Khuntgaon; STGH at upgraded HS, Mochibahal, Jujomora; 100 seated STGH at Nuapara, Raigarh; 100 seated STGH at Siripur, Kalyansinghpur

Best Practice

Audit noticed that STGH at Bharsingh, Gunupur Block, Rayagada District, had the required infrastructure and amenities and had received (May 2022) ISO 9001-2015 certification for providing related facilities to boarders.



Photographs 3.1.16 and 3.1.17: The STGH at Bharsingh HS, Gunupur Block, Rayagada District, had adequate infrastructure and amenities for which it had received ISO certification.

The functioning and maintenance of this STGH demonstrated the fact that field officers were capable of ensuring operations of the STGHs, as intended by the State Government, but had not been able to uniformly and consistently achieve the desired outcomes in all the STGHs.

3.1.3.3 Lack of adequate equipment, furniture and individual amenities for girl students at STGHs

The SSD Department had issued Guidelines (17 April 2013), which stipulated provision of amenities, such as cots, beds, blankets, mosquito nets, cooking appliances, furniture, washing machine, television, *etc.*, to the girl students, at the STGHs.

Audit conducted JPI at 69 STGHs, along with the officials of the concerned DWOs/ ITDAs and noticed deficiencies in provision of individual amenities for the girl students, as shown in **Table 3.1.5**.

Table 3.1.5: Shortfalls in individual amenities for girl students in the 69 test-checked STGHs

Sl. No.	Item	Required Number	Available	Shortfall	Shortfall (Per cent)	No. of STGHs, having shortfall
1	Cot	8,129	6,548	1,581	19	31
2	Mattress	8,129	4,393	3,736	46	45

Sl. No.	Item	Required Number	Available	Shortfall	Shortfall (Per cent)	No. of STGHs, having shortfall
3	Bed linen	8,129	4,855	3,274	40	37
4	Blanket	8,129	5,365	2,764	34	29
5	Mosquito net	8,129	5,265	2,864	35	30

(Source: Information furnished by the test-checked STGHs)

- In 31 STGHs, due to the shortfall in the number of cots and beds, one cot/ bed was being shared by more than one girl student. In two of these STGHs⁵⁰, the shortfall in cots/ beds was due to lack of living space in the hostel buildings. During JPI, Audit noticed that cots and mattress, which had not been distributed to the girl students, had been stored without utilisation at one STGH⁵¹.
- In 37 STGHs, the bed linen, provided to the girl students, was not adequate, with shortfalls ranging from 11 to 218. In absence of adequate numbers of bed linen, the girl students were forced to share the same. In 29 STGHs, there were shortfalls in the number of blankets to be provided to the girl students, ranging from 10 to 254, per STGH.
- In 30 STGHs, there were shortfalls in the number of mosquito nets provided to the girl students, ranging from 10 to 254. Despite mosquito nets being essential for protection against malaria, dengue, *etc.*, each girl student had not been provided one.
- In all 69 STGHs, there were significant shortfalls in the number of tables, chairs, and almirahs, as well as in the storage space, provided to the girl students, for storing their personal belongings. As such, the students were found studying and keeping their daily belongings on the cots.
- In 63 STGHs, washing machines had not been provided for washing of clothes and linen by the girl students.
- In 26 STGHs, television sets had not been provided for basic recreation and learning purposes.
- 83 (12 *per cent*) ST girls reported that the number of fans in their STGHs were not adequate. Further, 83 (12 *per cent*) ST girls reported that the number of tube lights in their STGHs, was not adequate.
- In 25 STGHs, there were no functional power back-up arrangements, *i.e.*, inverter, generator, *etc.* Out of the remaining 44 STGHs, power back up equipment were non-functional in nine STGHs for periods, ranging from nine months to two years. In these STGHs, the girl students were facing significant problems in studying and dining, during power outages, in the absence of functional generators/inverters.

Due to the shortfalls in individual amenities, as mentioned in the preceding

⁵⁰ Bilabadi Ashram School and Badagobra Ashram School

⁵¹ Routalipatta Secondary School

observations, ST girl students in these STGHs had been deprived of the intended benefits, which were part of the conducive learning environment, meant to be provided in the STGHs. Further, these girl students had not been provided adequate opportunities to escalate their grievances against the shortfalls in amenities, due to the absence of key personnel and functional committees, as described in *Paragraphs 3.1.4* and *3.1.5.5*.

3.1.3.4 Absence of timely repair and renovation works at STGHs.

As per provisions under Paragraph 3.4.22 of the OPWD Code, repair works should be taken up in regard to all buildings, at periodical intervals and no government building should deteriorate for want of repair, causing life risks to users. GoO sanctions funds under 'Operation and Maintenance' (O&M), to take up repair and maintenance works of various infrastructure in government buildings, including STGHs.

On scrutiny of the repair and maintenance records at the STGHs, ITDAs and DWOs, Audit observed that:

- Proposals for required repair/ renovation/ maintenance of STGHs, had not been sought by the DWOs or ITDAs, from the concerned Hostel Management Committees/ Head Masters of the concerned educational institutions, every year. Identification of requirements, along with justification and evidence, would have facilitated the preparation of detailed and realistic budget estimates, every year.
- The SSD Department had received proposals from only two ITDAs, for repair and renovation of 80 STGHs, during the period from FY 2019-20 to FY 2021-22. Against these proposals, the Department had sanctioned an amount of ₹ 1.30 crore, towards the repair and renovation of 37 STGHs, while the remaining proposals, for the repair and renovation of 43 STGHs, had not been sanctioned, as of December 2022.
- Out of the 69 functional STGHs covered during JPI, Audit noticed that proposals for repair and renovation had not been submitted/ sought from the DWOs/ ITDAs or SSD Department, during the period from FY 2019-20 to FY 2021-22, despite severe deficiencies, requiring urgent repair at these STGHs.



Photograph 3.1.18: Latrine flooring, requiring repair, at STGH, Baidpur High School, Badasahi Block, Mayurbhanj District



Photograph 3.1.19: Latrine door broken at STGH, Singarpur, Jashipur Block, Mayurbhanj District

These minor works should have ideally been proposed, approved and executed within the same financial year, instead of perpetuating the deficiencies and reducing the quality of life for the ST girl beneficiaries, residing in these hostels.

Recommendations:

2. **Government may frame norms in regard to the minimum living space required for a boarder and, accordingly, make arrangements for providing the required living space, based on the capacities of the STGHs.**
3. **Provision of minimum basic facilities, such as drinking water, bathrooms, toilets, cots, etc., should be ensured in every STGH.**

3.1.4 Lack of adequate personnel to manage the STGHs

The SSD Department had issued instructions (24 April 2013), stipulating that each STGH should have an Assistant Superintendent, Warden, Cook and Security Guard, for efficient management of the concerned hostels. It was also stipulated that the Assistant Superintendent should invariably be a lady teacher, since the hostel inmates were girl students.

Audit reviewed the status of persons-in-position (PIP), in the 69 functional STGHs inspected, and noticed shortfalls, as detailed in **Table 3.1.6**.

Table 3.1.6: Status of manpower in STGHs

Sl. No.	Post	Broad functions	Persons required as per norms	PIP	Shortfall	
					No.	Percentage
1	Assistant Superintendent	Safety and security of boarders and mess management,	69	66	3	4
2	Warden/ Matron	Attending emergency health issues of boarders, supply of toiletries, first aid, medicines custodian of keys of hostel rooms and maintenance of attendance	69	56	13	19
3	Cook-cum-Attendant	Cooking and cleaning of the kitchen and dining rooms, gate keeping, upkeep of hostel campus, attending to emergencies at night, waste disposal, etc.	162 ⁵²	134	28	17
4	Lady watch and ward	Restricting unauthorised entry into hostel, check-in/ out of boarders from hostels	69	20	49	71
5	House-keeping/ Cleaning staff	Upkeep of rooms, public areas and surroundings	69	4	65	94

⁵² As per the norm fixed (February 2006) by the SSD Department, one cook is required for boarders up to 50 and two cooks for boarders exceeding 50 and less or equal to 100

Sl. No.	Post	Broad functions	Persons required as per norms	PIP	Shortfall	
					No.	Percentage
6	Security staff	Safety and security of the boarders	69 ⁵³	6	63	91
	Total		507	286	221	

(Source: Information furnished by hostel authorities)

As shown in **Table 3.1.6**, Cook-cum-Attendant had not been posted at 28 out of these 69 STGHs. In the absence of this key post, Audit noticed that the girl students were themselves cooking food, in four STGHs⁵⁴.



Photograph 3.1.20: Girl boarders cooking for themselves, due to absence of Cook-cum-Attendant at STGH, LN College, Pipilia Block, Keonjhar District

- Housekeeping/ cleaning staff had not been posted in 65 out of these 69 STGHs. Audit noticed that significant quantities of garbage had accumulated within the STGH⁵⁵, creating unhygienic conditions. The girl boarders also stated, during the beneficiary interviews, that they were expected to clean the toilets and the STGH premises on their own, as shown in the **Photographs 3.1.21** and **3.1.22**.



Photograph 3.1.21: Girl boarders cleaning the STGH premises, in the absence of housekeeping/ cleaning staff, at STGH, Bhedibahal SSD HS, Lephripara Block, Sundargarh District

CLEANLINESS CHART	
GOVT. (SSD) ASHRAM SCHOOL, GANDABEDA, KEONJHAR (100 SEATED GIRLS' HOSTEL)	
1. Name of the Supervisor :	Jatohadi Behera ph. 9300000000
2. Name of the CCA :	Saraswati Naik ph. 9795027371
3. Name of the Boarders :	
<u>Ground Floor :</u>	
1.	Tulasi Patra
2.	Sandhyarani Patra
3.	Pujarani Patra
4.	Lija Naik
5.	Sumitra Hembram
<u>1st Floor :</u>	
1.	Fulomani Hembram
2.	Anita Munda
3.	Padma Majhi
4.	Laxmi Behera
5.	Purnima Majhi

Photograph 3.1.22: Assignment of cleaning duties to the girl boarders, in the absence of housekeeping staff, at STGH, Gandabeda Ashram School, Saharpada Block, Keonjhar

⁵³ No norm of requirement had been fixed. Audit assumed that at least one Security Guard is required per a STGH

⁵⁴ Lanjigarh HS, Lanjigarh HSS, LN HSS, Pipilia and P.S. College, Gurundia

⁵⁵ Baidyapur High School under Badasahi block of Mayurbhanj district

During interview of the boarders, 191 (29 per cent) out of 670 ST girls, reported that the quality of cleanliness of the toilets was poor. Audit further noticed that cleaning tasks had been assigned and were being carried out by the girl students themselves.

- Security guards had not been posted at 68 out of the 69 test-checked STGHs. This was a major control failure, as the presence of the Security Guards was the major deterrent against any crimes/ untoward incidents, involving the adolescent girl students.

Due to the absence of the above key personnel, the ST girl students had been deprived of the key element, of security, a clean and hygienic environment and good quality food, which were conducive to their education, as had been intended by the State Government.

Recommendation:

- 4. Adequate numbers of Critical housekeeping staff, such as cook-cum-attendant, matron, security personnel etc., should be posted in each STGH, for ensuring the wellbeing of the boarders.**

3.1.4.1 Deficiencies in addressing the health issues of girls residing in STGHs

As per Paragraph 3.2 (C) (E) of the School and Management Guidelines, issued (February 2013) for the schools under the SSD Department, the Headmaster/ Headmistress and the Assistant Superintendent in-charge of the hostel, were responsible for the safety and health of the boarders. Visits of Medical Officer (MO), or Mobile Health Units (MHU), for regular health check-ups of the students of the Residential Schools, were to be ensured by the Headmasters of the schools/ DWOs, on a fortnightly basis, for which, official arrangements were to be made by the Chief District Medical Officer. Further, dedicated Auxiliary Nurse Midwives were to be posted by the SSD Department, to visit the hostels fortnightly, for screening of the students for any illness. Besides, post-vacation (long vacation) health check-ups, within 15 days of return of the boarders, from their homes, to their hostels, were to be ensured, for detection of malaria. Audit reviewed records at the 69 inspected functional STGHs and noticed that, in 34 STGHs, MO/ MHUs had not visited the hostels for health check-ups of boarders, during FY 2019-20. In the remaining 35 STGHs, MOs had visited the STGHs only 228 times, as against the requirement of 1,380 visits, for conducting health check-ups of students. Further, in 37 STGHs, no post-vacation health check-ups, within 15 days of return of the boarders, from their homes, to their hostels, after long vacation, had been conducted. Also, no dedicated ANMs had been posted in 20 STGHs, by the SSD Department, for screening of students for any illness. No logbooks, in regard to treatment of ailing boarders, had been maintained, in 17 hostels.

Regular visits to the STGHs, by ANMs, and regular health check-ups by MOs, were vital measure to ensure that the adolescent girls had access to the required medical facilities, which were found to be grossly inadequate/ absent.

3.1.5 Inadequacies in the monitoring and control mechanism

3.1.5.1 *Non-imposition of penalty on contractors, for delayed execution of works*

As per the terms of the contracts entered with the contractors, compensation, at the rate of half *per cent* of the estimated cost, was to be imposed for every day of delay in completion. The maximum amount of compensation was, however, to be limited to 10 *per cent* of the estimated cost. In case, a contract was rescinded, due to wilful non-performance by the contractor, penalty, at the rate of 20 *per cent* of the value of the leftover work, was to be realised from the concerned contractor.

Audit test-checked works pertaining to 16 STGHs, commenced between November 2010 and November 2021, by ITDAs⁵⁶, and noticed that the delays in completion of these works had ranged from 291 days to 4,254 days. Only in one case, had the contractor applied for extension of time. However, show-cause notices had been issued to the contractors, only in two cases and, in the remaining 13 cases, the ITDAs (the executing agency) had not issued any notice to the contractors, despite significant delays.

Audit observed that a compensation amount of ₹ 1.24 crore⁵⁷ (*Appendix 3.1.5*) was due from the concerned contractors, but the executing agencies had not imposed the same. No reasons were found on record for this undue benefit, extended to these contractors.

3.1.5.2 *Irregular splitting of works, excluding PH and Electrical works*

The Works Department, GoO, instructed (September 2008) that building works, with an estimated cost of more than ₹ 50 lakh, were to be executed on a composite tender basis, including civil, electrical (internal and external) and Public Health (internal and external).

Audit test-checked construction related works in 10 STGHs (*Appendix 3.1.6*), under three ITDAs⁵⁸, with an estimated overall cost of ₹ 12.46 crore, wherein the detailed estimates had been only prepared for civil construction of the proposed hostel buildings. No detailed estimates had been prepared for the electrical and sanitary works, despite the fact that these works are essential to make the STGH, functional. No composite tender had been proposed and put to tender, despite the estimated cost of each hostel being more than ₹ 50 lakh. The civil works had been completed with an expenditure of ₹ 9.48 crore, while the sanitary and electrical works had been executed departmentally. The subsequent expenditure of ₹ 2.89 crore incurred towards electrification and sanitary works, had been accompanied by delays, ranging from one year to three years, from the date of completion of the civil works for these hostel buildings.

⁵⁶ ITDA, Malkanagiri (6); ITDA, Paralakhemudi (5); ITDA, Karanjia (1); ITDA, Gunupur (4)

⁵⁷ 10 *per cent* of the aggregate estimated cost of 16 works: ₹ 12.39 crore

⁵⁸ ITDA, Thuamul Rampur; ITDA, Gunupur; ITDA, Parlakhemundi

3.1.5.3 Irregular retention of unutilised funds outside the Government Account

The Sanction Orders for the STGHs required the executing agencies to submit Utilisation Certificates, in Form OGFR 7A.

Audit test-checked works in 22 STGHs (*Appendix 3.1.7*), sanctioned during FYs 2009-10 to 2020-21 and noticed that an amount of ₹4.84 crore had remained unutilised in these works, as of December 2022. The unutilised amount included ₹1.16 crore in regard to 13 STGHs, sanctioned during FYs 2009-10 to 2011-12. More than 10 years had passed since the sanction and drawal of funds from the Government Account, but these STGHs had remained incomplete and non-functional.

Despite the passage of time and non-utilisation of funds, the SSD Department had not sought the refund of the unutilised amounts, to the Government Account.

Recommendation:

- 5. Responsibility should be fixed on PA, ITDAs/ BDOs for irregular retention of unutilised funds outside the Government Account for more than 10 years.**

3.1.5.4 Ineffective monitoring of construction of STGHs by the SSD Department

The Department had not maintained electronic or physical registers to monitor the list of STGHs sanctioned; the actual execution status against the scheduled completion time; the actual expenditure incurred against the sanctioned funds; and the reasons for delay in construction.

The Department had also not monitored and ensured carrying out of physical inspections of the STGHs under construction, at prescribed intervals, by the field officers of the executing agencies, as also the submission of the results of such inspections.

In the absence of these controls, the SSD Department was not in a position to effectively monitor the status of construction of the STGHs and to make timely interventions, for resolving the constraints/ reasons behind the significant delays, in completion of the construction of these STGHs.

3.1.5.5 Absence of functional Hostel Management Committees and Mess Management Committees, in STGHs

The SSD Department had issued Hostel Management Guidelines (February 2013), which specified that each STGH should constitute a Hostel Management Committee (HMC)⁵⁹, for the efficient management of hostels, which was to include, *inter alia*, arrangements for safety and security, drinking water, health issues, cleanliness of toilets, bathrooms and the hostel campus. The Committee was required to meet once in a week, to discuss these issues. As per another instruction (December 2014) of the SSD Department, the HMC

⁵⁹ Headmaster/ Principal, as Chairperson; and other members were Assistant Superintendent, Matron of the hostel and one students' representative

was to constitute a Mess Management Committee (MMC), which would prepare a weekly food menu. A Purchase Committee was also to be constituted under the MMC, to look after all purchases for the mess. The MMC was to meet once in a month and also engage the Cook-cum-Attendant and the Lady Watch and Ward staff, with the approval of the DWO.

Audit reviewed the functioning of these Committees, in the 69 test-checked functional STGHs, and observed the following deficiencies:

- **Non-constitution of HMCs:** In 46 out of the 69 STGHs, HMCs had not been constituted. Even in the remaining 23 STGHs, the HMCs had not held regular meetings at the prescribed intervals. During FYs 2019-20, against the requirement of 3,312 meetings, only 151 meetings had been held. In the absence of constitution of HMCs, and with the constituted HMCs not functioning as intended by the SSD Department, vital issues, such as arrangements for safety and security, repair and maintenance of hostels, cleanliness of toilets, vacancies in key posts *etc.*, had not been discussed and escalated to the competent authorities (such as the DWOs), for initiating action, as needed.
- **Non-constitution of MMCs:** In 40 out of the 69 STGHs, MMCs and Purchase Committees had not been constituted. In the absence of the MMCs, views of the girl students on vital issues, such as preparation of menu charts, requirement of Cook-cum-Attendants, *etc.*, could not be ensured. These matters had not been discussed and escalated to the competent authorities, such as the DWOs, for initiating action, as needed. During interviews with the boarders, 209 (31 *per cent*) out of 670 ST girls, reported the quality of the mess services, in their STGHs, as ‘average’ and 33 (5 *per cent*) ST girls, reported the quality as ‘poor’.

3.1.5.6 *Ineffective grievance redressal mechanism*

As per Paragraph 3.3 (F) of the Hostel Management Guidelines, a complaint/suggestion box was to be placed inside the STGH premises, to enable the ST girls to convey their views and suggestions on the different functional aspects of hostel management. The Headmaster was required to ensure that the complaint box was opened twice a week, in the presence of the School Cabinet⁶⁰ Members and Hostel Superintendent, who were required to take suitable action on the suggestions/ complaints received. A register was also to be maintained by the Hostel Superintendent, to keep track of the suggestions/complaints received and the action taken thereon.

Audit reviewed the records maintained at these 69 functional STGHs inspected and noticed that:

- In 15 STGHs, complaint/ suggestion registers had not been maintained.
- In 16 STGHs, complaint/ suggestion boxes had not been installed.

⁶⁰ School cabinets are the forums to enable students’ participation in the various activities of the schools. The School Cabinet provides opportunities to children to express their views and get involved in the development and management process of the schools

- In 53 STGHs, although complaint boxes had been installed, they had not been opened twice a week and complaints had not been recorded in the Register, as prescribed.

In view of the preceding facts, Audit was unable to derive assurance that the grievance redressal mechanism, which was intended to provide a voice to the ST girls residing in the hostels, had been functioning effectively.

3.1.5.7 Shortfall in the inspections of STGHs, by different Government authorities

The SSD Department, in one of its Resolutions (19 February 2013) specified the frequency of inspections to be conducted by different authorities, for STGHs. The Resolution also specified that the Inspecting Officers were to make surprise/ random visits to the STGHs, including during night, to monitor the management and functioning of the STGHs. As per Paragraph 3.3 (G) of the Hostel Management Guidelines, 2013, a multi-departmental team⁶¹ involving a lady field officers from Women and Child Development Department and Health and Family Welfare Department should make visit to the residential girls hostel at least once in two months.

Audit reviewed records related to inspections of the 69 sampled STGHs and noticed significant shortfalls in the number of inspections, conducted by different Government authorities, during FY 2019-20. The inspections actually conducted, *vis-à-vis* the norms during FYs 2020-21 to 2021-22, were not taken into account, as, for a significant period, schools had remained closed, or had opened intermittently, due to the Covid-19 pandemic. **Table 3.1.7** shows frequency of inspections of the test-checked STGHs, conducted by different authorities during FY 2019-20 *vis-à-vis* norms for inspections.

Table 3.1.7: Frequency of inspections of the test-checked STGHs, conducted by different authorities during FY 2019-20 *vis-à-vis* norms for inspections

Inspecting Officer	Norms fixed for inspections	Number of inspections to be conducted, per year	Number of actual inspections conducted	Percentage of shortfall
PA, ITDA	Each STGH: once a year	69	18	74
DWO	Each STGH: once every 3 months	276	19	93
ADWO	Each STGH: once every 2 months	414	30	93

(Source: Information furnished by the ITDAs/ DWOs/ hostel authorities)

Multi-departmental teams had not been constituted, for the purpose of regularly inspecting the girls' hostels and interacting with the girls individually, to ensure that there were no incidents of sexual harassment/ abuse and other difficulties being faced by the girl boarders.

No officer from the SSD Department Secretariat at Bhubaneswar, had conducted inspections of the sampled STGHs, during the FY 2019-20.

⁶¹ To be constituted by the District Collector

In the absence of the regular inspections, there was no scope for identification of (i) the severe deficiencies in infrastructure key personnel posted and amenities provided to the ST girls, (ii) requirements of repair and renovation, (iii) lack of living space, (iv) inadequate security, (v) lack of representation in the Committees and (vi) responsive of the grievance redressal mechanism, which could have facilitated the initiation of remedial measures.

3.1.5.8 Deficiencies in monitoring the status of functioning of STGHs by the SSD Department

The SSD Department had issued several executive instructions on various aspects, related to the functioning of the STGHs. However, it had not adopted necessary controls to ensure that:

- Each DWO and ITDA conducted regular inspections at functional STGHs and submitted inspection reports in this regard, in a periodic and timely manner. Each DWO and ITDA prepared proposals for the required infrastructure, posting of personnel, repair and renovation, provision of amenities at functional STGHs and included the same in their annual budget estimates. The absence of detailed estimates (including the verified requirements of STGHs), should have resulted in enquiries from the Department as to why no proposals had been submitted by these field Officers.
- The Department did not maintain a central Register (electronic or physical) for consolidating the requirements received from the field officers and recording the existing gaps in infrastructure, personnel, amenities, *etc.*, at the functional STGHs, which could have facilitated in monitoring the functioning of the STGHs.

Thus, the internal control system to ensure smooth functioning of the STGHs, was inadequate and ineffective.

Finance Department

3.2 Implementation of Integrated Financial Management System

EXECUTIVE SUMMARY

Integrated Financial Management System (IFMS) of Government of Odisha is a software application to facilitate single source of truth for the entire financial management cycle- from budget to accounts of the State Government.

The Budget Planning and Preparation Module, Budget Decision Support System Module, Sanction Orders Module and Online Bills Submission Module cover the core functionalities of IFMS. The implementation of these Modules in compliance with the applicable provisions of the Odisha Treasury Code, Odisha General Financial Rules, executive instructions issued by the State Government and the contracts with the software development and maintenance partner for IFMS was of paramount importance.

There were deficiencies in the functioning of the Committees which had been constituted as part of the governance and monitoring mechanism for IFMS. The Project Management Unit, Project e-Mission Team and the Project Steering Committee had not met at their prescribed periodicity. These Committees had also not adopted best practices for project monitoring in the form of key controls to effectively keep track of material risks faced by the project, the sequential interdependencies between project tasks and the critical path for the project, and for follow up of action taken on previous decisions.

Key provisions related to exit management of the software development and maintenance partner in the IFMS 1.0 contract had not been enforced, resulting in undue and excessive dependence on the existing contractor and potential reduction in the number of bidders for IFMS 2.0.

The following key deficiencies in controls were noticed in the implemented Modules and supporting functionalities of IFMS, which reflected non-compliance with the provisions of Odisha Treasury Code, Odisha General Financial Rules, Odisha Budget Manual, executive instructions and contractual provisions-

- i. Four types of Sanction Orders - (i) Unutilised Leave Salary, (ii) Reimbursement of Claims of Medicine, (iii) Stipend and Scholarship and (iv) Travelling Allowance- had not been implemented in IFMS, as of March 2023.
- ii. The Heads of Accounts under which amounts of expenditure could be sanctioned had not been mapped with the permissible Heads of Accounts for that kind of expenditure. As a result, Sanction Orders of type Grants in Aid had been generated with Capital Section Heads of Account, resulting in violation of Indian Government Accounting Standard-2.
- iii. For Sanction Order of type “General Type of Expenditure under different Schemes”, there were no data validation controls implemented in IFMS at all, since all the data fields for the Sanction

Order Form on IFMS, could be filled in using free text. This resulted in material risk of error/ fraud in payments, since even beneficiary details for payment to be effected could be filled in as free text, with no validations to ensure that the intended beneficiary was one whose details (Primary Identifier, Name, Bank Account, IFSC Code) were previously entered, vetted and available in IFMS.

- iv. There were no validation controls in IFMS to enforce linkage of a bill at the time of preparation and prior to submission, to an underlying and valid Sanction Order. This was a major and severe internal control failure, as it resulted in key checks not being exercised prior to incurring expenditure by the State Government, such as validation controls to ensure that Head of Account and beneficiary details specified in the underlying Sanction Order was auto-populated into the concerned fields for the bill. In the absence of such validation controls, the Drawing and Disbursing Officer could potentially make modifications to key details in the Sanction Order- such as the head of account as well as the payment beneficiary- at the time of generating the corresponding bill in IFMS.
- v. IFMS did not track the balance amount available to be drawn against each Sanction Order, especially in cases where multiple bills had been drawn against the same underlying Sanction Order.
- vi. Challans in IFMS could be generated without any actual cash remittances into Government Account. Since a Challan in Form OTC 6 is universally accepted as the legal evidentiary document for proof of cash remittance into Government Account, there should be a clear distinction maintained in the accounting system between a Challan and any other supporting document used to indicate a book adjustment receipt.
- vii. Master data on Works contractors and Works ID are being maintained on a separate application named Works Accounts Management Information System. For the purpose of payments, instead of communicating details of the payment beneficiary through the WAMIS-IFMS interface, such details are being communicated in offline mode. Also, such payment beneficiary details are being entered into IFMS by a single user, without having segregated roles for maker and checker in place. Hence, there was a material risk that changes to payment beneficiary details such as Name, Bank Account number, IFSC, Mobile number, PAN number, *etc.* could be changed by the single user, without oversight or visibility by any other senior Officer.

Among the support functionalities for IFMS, there were instances of non-compliance with requirements for Disaster Recovery (DR). Against the contractual provision requirement of conducting Disaster Recovery Drills once in six months, DR Drills had been conducted only twice during the five-year period from FYs 2017-18 to 2021-22. For conducting Drill at the Remote DR site at the National Data Centre (NDC), New Delhi, an Application Security Audit Report with “Safe to Host” Certificate is required from a CERT-IN empaneled vendor. However, such a Security Audit had not been carried out

as of March 2023. In the absence of such Audit, NDC had not permitted conduct of DR Drill during 2019-22.

In an operating environment which is based on manual work and paper based workflows, the burden of compliance should be borne by individuals, who are expected to (i) Be aware of compliance requirements, since ignorance is not an excuse, and (ii) Conduct themselves in a bona-fide manner. However, once a software application is introduced into the operating environment, the main expected benefit from the system is that the burden of compliance will shift from the individual users to the application.

In the case of IFMS, the expected benefits will be fully realised by the Government of Odisha, once the applicable Rules and provisions of executive instructions are mapped into its processing logic, through implementation of appropriate system controls. Such implementation of system controls will help in significantly mitigating the risks of (i) Lack of awareness of compliance requirements by users, and (ii) Mala-fide actions by users. The recommendations made in this Report may be seen through this overarching perspective.

It is recommended that:

- 1. Governance Committees may adopt appropriate periodicity for holding review meetings to monitor the progress in implementation of IFMS 2.0.***
- 2. Governance Committees may adopt best practices for project monitoring, in the form of key controls to effectively keep track of material risks, faced by the project, the sequential interdependencies between project tasks and the critical path for the project, and for follow up of actions taken on previous decisions.***
- 3. The delayed Modules of IFMS 1.0 and 2.0 may be implemented on priority basis.***
- 4. Provisions related to exit management of the System Integrator in the contract for IFMS 2.0, may be strictly enforced, in order to ensure a level playing field for any further work, that may be required to be awarded beyond March 2025.***
- 5. Interface between IFMS and BETA may be improved, in order to provide data interchange without manual interventions and to provide access to the decision making process on approval of budget estimates within IFMS, after approval of the budget.***
- 6. Provision for surrender of budget may be implemented at DDO level.***
- 7. Mapping of Sanction Order types with Heads of Account may be implemented.***
- 8. Selection of payment beneficiary in case of Sanction Orders, may be made mandatory from the IFMS master data, instead of permitting data entry as free text.***
- 9. Linkage of Bills with underlying Sanction Orders may be enforced.***

- 10. Provision for auto-population of key details, such as Head of Account and payment beneficiary may be implemented.*
- 11. Provision for DDO to view the available balance for sanction, under a particular Sanction Order, may be implemented. There should be no scope for the DDO to change the payment beneficiary to an entity other than that specified in the Sanction Order.*
- 12. Functionality for DC Bills may be implemented and the UC Module may be put to use, as intended.*
- 13. TPF Module may be implemented at all field offices*
- 14. DTI may undertake a detailed review of the existing manual interventions, in order to minimise the same through Business Process Reengineering.*
- 15. DTI may undertake a need analysis for implementation of validation controls and development of appropriate MIS Reports to replace the manual records being maintained.*
- 16. Strict compliance with all contractual provisions related to Disaster Recovery, may be ensured.*
- 17. The justification for retention of services of the individual consultant engaged for extended period of time may be reviewed, taking into account the risks of excessive dependence and exit management. Compliance with the terms of the contract for consultancy services and knowledge transfer to multiple DTI personnel may be ensured.*
- 18. STQ Certification and mitigation measures against security threats, may be undertaken on priority basis.*
- 19. Compliance with the ITIL framework for asset management and with contractual provisions for maintenance and support, may be ensured.*

3.2.1 Introduction

Integrated Financial Management System (IFMS) of Government of Odisha is a software application to facilitate single source of truth for the entire financial management cycle - from budget to accounts of the State Government.

It is intended to make the budgeting process more efficient, improve cash flow management, promote real-time reconciliation of accounts, improve accuracy and timeliness in preparation of accounts and provide high quality Management Information System (MIS) Reports.

Heads of Departments of the State Government, Drawing and Disbursing Officers (DDO), Treasury Officers, Reserve Bank of India and other Banks, Offices of the Accountants General in the State and citizens, are stakeholders of the IFMS.

IFMS had been developed by the Directorate of Treasuries and Inspection (DTI), Odisha, which functions under the administrative control of the Finance Department, Government of Odisha.

The development work for IFMS was planned to be carried out in two phases:

- For IFMS 1.0, the contract for development of 32 modules was awarded (December 2013) to M/s CMC Limited (subsidiary of M/s TCS Limited) at a contract value of ₹5.51 crore and contract duration of five years (from FYs 2013-14 to 2017-18). In addition, a separate contract for hardware and networking, system software, annual technical support and deployment of contractual personnel was awarded (September 2013) to M/s CMC Limited, with a contract value of ₹7.04 crore.
- For IFMS 2.0, the contract for maintenance, support and enhancement of the Modules, developed as part of IFMS 1.0 and for development of six new modules was awarded (May 2018) to M/s TCS Limited, at a contract value of ₹ 89.79 crore (inclusive of hardware, networking, annual technical support and deployment of contractual personnel) and contract duration of seven years (FYs 2018-19 to 2024-25).

The list of Modules and functionalities to be developed as part of IFMS 1.0 and 2.0, are detailed at *Appendix 3.2.1*.

3.2.2 Major IFMS functionalities

IFMS was intended to deliver functionalities to enable workflows across Government Departments and public sector entities from budget to accounts, and also to enable transactions between Government and citizens/ corporate entities.

Major functionalities are listed below:

- i. Budgeting - Estimation, review, approval, allotment to Departments and DDOs, re-appropriation and surrender.
- ii. Disbursement - Bills processing by DDOs, payments by Treasuries, transfers to PD Accounts.
- iii. Receipts - From taxpayers, non-tax revenue sources and from other Governments.
- iv. Accounts - Online Accounts Scroll and Reconciliation, Online Submission of Accounts to the Office of the Accountant General (A&E) Odisha.
- v. Management Information System (MIS) Reports.

3.2.3 Integration with IFMS

- i. **Public Financial Management System:** IFMS is integrated with the Public Financial Management System of Government of India, to enable sharing of data related to the sanction and release of funds by the Ministries of Government of India to the State Government, as well as data related to the expenditure made by the State Government, under Centrally Sponsored Schemes.
- ii. **Works & Accounts Management Information System (WAMIS):** Departments of Government of Odisha, which have Works Divisions for execution of various works (Buildings, Roads, Bridges, Irrigation, Water Supply and Sanitation projects) under their jurisdiction, use

WAMIS for budgeting, allotment of funds, processing of bills and preparation of Works Accounts. WAMIS has been developed and is maintained by Rural Development Department, Government of Odisha. IFMS is integrated with WAMIS to enable payments for bills, which have been processed using WAMIS.

- iii. **Human Resources Management System (HRMS):** HRMS has been developed and is maintained by the General Administration Department, Government of Odisha and is used by all the Departments, for processing of salary bills. IFMS is integrated with HRMS to enable payments for salary bills, processed using HRMS.
- iv. **Designated Banks:** IFMS is integrated with 17 Public and Private Sector Banks, for online remittance of Government receipts.

3.2.4 Audit Objectives

The audit of IFMS was conducted with the objectives of assessing whether:

1. Governance mechanism for implementation of IFMS was effective in monitoring progress.
2. Functionalities and Modules were implemented on time.
3. Modules, Forms, Reports and Workflows were implemented in compliance with the applicable provisions of Odisha Treasury Code, Odisha General Financial Rules, executive instructions and Software Requirement Specifications.
4. Supporting functionalities for Disaster Recovery, Consultancy Services, Asset Management and Maintenance have been implemented, as per the contractual provisions.

3.2.5 Audit Criteria

- i. Odisha Treasury Code (OTC)
- ii. Odisha General Financial Rules (OGFR)
- iii. Contracts awarded for IFMS 1.0 and 2.0
- iv. Software Requirements Specification (SRS) documents for IFMS 1.0 and 2.0
- v. Government Orders and executive instructions

3.2.6 Scope of Audit

The audit of IFMS was conducted, covering the period from FYs 2017-18 to 2021-22. The Modules covered as part of this audit were: (i) Integration between Budget Planning and Preparation Module and Budget Decision Support System Module, (ii) Sanction Orders Module, (iii) Online Bills Submission Module, (iv) Integration with the Works Accounts Management Information System, maintained by Engineer-in-Chief, Rural Development Department, (v) Integration with the Human Resources Management System, maintained by General Administration Department and (vi) Teachers' Provident Fund Module.

These six Modules were selected since these were responsible for the core financial management processes in IFMS, from preparation of budget to generation of bills.

3.2.7 Audit Methodology

The methodology adopted by Audit included Desk Review of documents, such as the contracts awarded for IFMS 1.0 and 2.0, the System Requirements Specification, the minutes of the Steering/ Monitoring Committees, the scheduled timelines and actual achievements for project implementation, the approved budget and actual expenditure for project implementation, and the Orders, Forms, Reports and Accounts, generated from IFMS.

In addition, Audit examined the workflows and validation controls in the Test environment of IFMS, as well as user walk-throughs/ workflows and validation controls, for selected transaction types in the Production environment of IFMS.

Finally, Audit issued Memos, seeking responses/ clarifications from the Directorate of Treasuries and Inspection and the Finance Department, Government of Odisha.

Audit Findings

3.2.8 Governance mechanism for implementation of IFMS

As part of the governance and monitoring mechanism for implementation of IFMS, the Government of Odisha constituted governance Committees, as detailed in **Table 3.2.1**.

Table 3.2.1: Committees for implementation of IFMS

Sl. No.	Committees	No. of members	Headed by	Functions
1	Project Steering Committee	8	Additional Chief Secretary, Finance Department, Government of Odisha	<ol style="list-style-type: none"> 1. Strategic guidance 2. Policy decisions 3. Financial approval for the project 4. Monthly project review
2	Technical Committee	4	Director, International Institute of Information Technology (IIIT), Bhubaneswar	<ol style="list-style-type: none"> 1. Provide inputs to Project Steering Committee on technical matters 2. Give advice on technical matters to IFMS team, including the implementation partner 3. Review technical documents submitted by the implementation partner
3	Project e-Mission Team (PeMT)	9	Director of Treasuries and Inspections (DTI)	<ol style="list-style-type: none"> 1. Conceptualisation of the project 2. Initial design of the scheme, with benefits and timelines 3. Decision on new

Sl. No.	Committees	No. of members	Headed by	Functions
				requirements/ enhancements 4. Preparation of Detailed Project Report with financial implication 5. Obtain financial approval 6. Transformation and Business Process Reengineering 7. Guidance on capacity building 8. Link between the implementing partner and Change Request Committee
4	Change Request (CR) Committee	4	Director, IIT Bhubaneswar; Chairman, Odisha Computer Application Centre (OCAC); and Under Secretary, Finance Department	1. Verification of change request with respect to the scope 2. Review of cost estimates submitted by implementation partner 3. Approval of Change Request
5	Project Management Unit	5	Additional Director, DTI	1. Provide day to day inputs to implementation partner 2. Discuss new requirements/enhancements 3. Conducting of User Acceptance Test & Go live phases. 4. Discuss and address issues, raised after deployment. 5. Monitor smooth implementation of the project

(Source: Information furnished by the DTI)

The above committees were reconstituted from time to time, in order to monitor the implementation of IFMS 1.0 and 2.0.

3.2.8.1 *Insufficient number of meetings and ineffective follow up of issues, identified by the governance Committees*

Audit reviewed the number of meetings, held by the Committees, entrusted with the governance for IFMS and observed that, during FYs 2017-18 to 2021-22, these Committees had conducted 49 meetings, as detailed in **Table 3.2.2**.

Table 3.2.2: Meetings held by the Committees

Sl. No.	Committee	No. of meetings conducted
1	Project Steering Committee	2
2	Technical Committee	17
3	Project e-Mission Team	4
4	Change Request Committee	2
5	Project Management Unit	24

(Source: Minutes of the meetings, furnished by the DTI)

Except the PMU and the Technical Committee, the other Committees had not conducted regular meetings. The prescribed frequency for meetings had neither been specified by the constituting authority nor adopted by the Committees themselves. The Project Steering Committee was responsible for monthly review of the project. Thus, it was the responsibility of the Project Steering Committee to see details of actual achievement of progress of implementation against the scheduled progress, in their meetings. However, the Project Steering Committee had held only two meetings in the financial year 2020-21 and none in the remaining years, during the period from FYs 2017-18 to 2021-22. PeMT had not held any meetings during FYs 2019-20 and 2021-22.

Audit reviewed the minutes/ proceedings of these Governance Committees, and noticed that significant deficiencies had been identified, but had not been followed up for resolution, as of March 2023. The details are given in **Table 3.2.3**.

Table 3.2.3: Significant deficiencies identified, but not resolved

Sl. No.	Issue	Timelines for identification/discussion by Committees
1	Non-implementation of the Utilisation Certificates Module.	August 2017
2	Non-implementation of functionality to generate “Reimbursement of Claims of Medicine” Bill type, “Refund of Revenue” Bill type, “Detailed Contingent” Bill type and “Travelling Allowance” Bill type.	August 2017, June 2018 and September 2019
3	Linking manually generated Sanction Orders with Miscellaneous Bills.	February 2022
4	Non-conduct of Standardisation Testing and Quality Certification Audit.	June 2017
5	Pending updates for correct calculation of interest on balances of subscribers’ accounts in the Teachers’ Provident Fund Module.	December 2018
6	Absence of updated User Manual and Training Manual.	February 2022

(Source: Minutes of the meetings, furnished by the DTI)

The persistent nature of the above deficiencies, as of March 2023, indicated lack of sufficient number of meetings and ineffective follow up by the Committees, on the issues identified. In this backdrop, there were significant delays in deployment of key functionalities, as well as lapses in adoption of key internal controls, as described in subsequent paragraphs.

3.2.8.2 *Absence of key controls to monitor progress of implementation*

The Governance Committees were entrusted with the responsibility of monitoring the progress of implementation of the IFMS project. In order to fulfil the objective of effective project monitoring, it was necessary to adopt key controls, which could facilitate the process. However, Audit noticed that the following key controls, which constituted good practices for project monitoring, had not been adopted by any of the Governance Committees:

- The Project Management Unit (PMU), the PeMT and the Project Steering Committee did not seek periodic submission of actual achievement of progress of implementation of individual Modules, against the scheduled timelines for progress. In the absence of this control, Audit noticed that four Modules⁶² in IFMS 1.0 and two Modules⁶³ in IFMS 2.0, had not been implemented, even after lapse of the scheduled timelines, as of March 2023.
- The PMU, the PeMT and the Project Steering Committee did not identify and maintain a list of material risks/ risk register, which could have impacted project implementation, along with proposed mitigation measures. In the absence of this control, there was no scope for proactive management of different types of emergent risks - Budget Risks, Operational Risks, Technical Risks, *etc.*, which caused delays in project implementation, as enumerated in **Paragraph 3.2.8.3**.
- The PMU, the PeMT and the Project Steering Committee did not seek (as an output from the Project Management Tool⁶⁴, being used by SI or by PMU) the list of sequential project tasks with inter-dependencies, which constituted the critical path for the project. In the absence of a clearly defined critical path and knowledge of slack time available for completion of project tasks, Audit was unable to derive assurance that the Governance Committees were in a position to forecast and estimate the completion time for critical project tasks and the overall project. Audit noticed that the Bills Module had been developed and implemented prior to the development and implementation of the Sanction Orders Module. As a result of not mapping the interdependencies between the processes for these two Modules and the out of sequence implementation, even as of March 2023, IFMS did not have the key control of mandatory linking of each Bill to an underlying valid Sanction Order. In addition, lack of clearly defined interdependencies also meant that the processing of Change Requests was time consuming, since identification of cascading changes, required for dependent tasks, had not been previously carried out.
- PMU, the PeMT and the Project Steering Committee did not prepare a list of action items to be completed at the end of each meeting, with details of action taken being submitted for follow up, during the next meeting. In the absence of this key control, there was ineffective

⁶² 1. Utilisation Certificates Module 2. Fund Management System Module 3. RBI-Integration and Monitoring of Ways and Means 4. Scheme for Consolidated Fund Expenditure Tracking

⁶³ 1. Commitment Management 2. Identity and Access Management.

⁶⁴ such as MS Project

follow up on material action items, until its eventual resolution of the risk or completion of the task. This resulted in many issues, pointed out by different committees, remaining unresolved, as of March 2023. For example, PMU, during its meeting held in July 2017, had decided that all issues related to generation of Sanction Orders, had to be resolved by the System Integrator on priority basis. However, no further discussions were held on this issue in the meeting held by PMU in August 2017, as a follow up to the decision made. The issues related to generation of Sanction Orders (manual generation of certain types and absence of mandatory linking to Bills) continued to persist, as of March 2023.

In response to the Audit observations on the functioning of the Governance Committees, the Finance Department stated (June 2023) that necessary steps would be taken to convene meetings of the Governance Committees of IFMS Project, at regular intervals, in order to monitor the progress of implementation of different modules of IFMS 2.0.

3.2.8.3 Delay or non-implementation of Modules

The contract with the System Integrator (SI) provided that in the event of delay in execution of work specified in the contract, the SI shall be liable to a penalty at the rate of one *per cent* of the value of work order in respective phases for every month of delay up to a maximum of 10 *per cent*, after which Director of Treasuries and Inspection (DTI) shall be at liberty to cancel the contract.

Similarly, in case the SI is unable to meet defined milestones due to delay attributable to SI, a penalty of 0.5 *per cent* would be charged for each week's delay from the payment associated to the respective milestone, up to a maximum of 10 *per cent* of the respective milestone amount. If the penalty amount reaches the upper limit, DTI reserves the right to invoke the Performance Bank Guarantee and terminate the contract and take appropriate action, as per law.

Audit reviewed the scheduled timelines for completion of implementation of Modules/ functionalities in IFMS 1.0 and 2.0 and noticed that the six Modules, as detailed in **Table 3.2.4**, are yet to be implemented, as of March 2023:

Table 3.2.4: Modules/ functionalities in IFMS, yet to be implemented, as of March 2023

Sl. No.	Name of the Module/ functionality	Name of the Project	Scheduled date of implementation
1	Utilisation Certificate Module	IFMS 1.0	December 2014
2	Fund Management System	IFMS 1.0	September 2014
3	RBI - Integration and Monitoring of Ways and Means	IFMS 1.0	September 2014
4	Scheme for Consolidated Fund expenditure tracking	IFMS 1.0	September 2014
5	Commitment Management	IFMS 2.0	October 2020
6	Identity and Access Management	IFMS 2.0	October 2020

(Source: Information furnished by the DTI)

No penalty had been imposed on the SI for such delays.

In case of the Utilisation Certificate (UC) Module, Audit noticed that the UC Module had not been made operational in IFMS, as of March 2023. The UC Module had been taken up on pilot basis in two Departments of the State Government, but the actual implementation had not been completed, even after lapse of eight years from the original scheduled completion timeline of February 2015.

In response to the Audit observations, the Finance Department, while accepting the delay in implementation of Modules from IFMS 1.0 and 2.0, stated (June 2023) that the delays were not attributable to the SI. It further stated that (i) development of Fund Management System and RBI Integration and Monitoring of Ways and Means were dependent on cooperation with RBI, AG Office and the Union Government, (ii) development of Scheme of Consolidated Fund expenditure tracking outside of Government Account, was under development, as the Scheme Banks Management System Module of IFMS 2.0, (iii) development of Monitoring and Controlling Utilisation Certificates was delayed, due to delay in development and deployment of Sanction Orders Module, and notification for complete roll out of the UC Module had been issued on 15 April 2023, (iv) Identity and Access Management Module had been developed and deployed in production environment of IFMS, as of June 2023 and (v) Commitment Management was a new and advanced concept and yet to be adopted/ implemented in any other States of India and hence, development and deployment had been delayed due to the intricacies involved in this Module.

3.2.8.4 Excessive dependence on the System Integrator, M/s TCS Limited

DTI entered into a contract (December 2013) with M/s CMC Ltd. (subsidiary of M/s TCS Ltd.) at a contract value of ₹5.51 crore for development of 32 software application modules of IFMS 1.0.

Clause 7.11 of the contract for development of IFMS 1.0, provided for handing over of the source code of the software to DTI in a phased manner. The entirety of the source code was to be handed over to DTI on completion of IFMS 1.0, *i.e.* by 31 March 2018, and before final payments had been made to the software developer.

For development of IFMS 2.0, DTI entered into a contract (May 2018) with M/s TCS Ltd. at a contract value of ₹89.79 crore, for maintenance, support and enhancement of all modules, developed as part of IFMS 1.0, and for development of six new modules of IFMS 2.0, with contract duration of seven years.

Audit noticed that:

- i. M/s TCS Ltd. was the single bidder for development of IFMS 2.0, whose contract value was more than 16 times the contract value of IFMS 1.0.
- ii. The source code for IFMS 1.0 had not been handed over by the SI for IFMS 1.0 to DTI, prior to entering into the contract for IFMS 2.0. Documents, such as System Architecture, Code Base Organisation, Source Code Commits, Database Schemes, Source/ Version Control Procedures, Key Source Code Sections, Coding Standards, Manual Processes, Risk Management, Testing Reports, *etc.* had not been

handed over by the SI of IFMS 1.0, prior to entering into the contract for IFMS 2.0. Even though such handing over was a key control, related to exit management of the SI for IFMS 1.0 and had been provided for in the contract, the provisions were not enforced by the DTI, prior to the commencement of bidding process and entering into the contract for IFMS 2.0.

- iii. Detailed Project Report had not been prepared for IFMS 2.0.
- iv. DTI had not prepared the 'As-Is' and 'To-be' documents for IFMS 2.0.
- v. The absence of adequate documentation and the non-availability of the source code, had an adverse impact on widening the pool of potential bidders for the contract for IFMS 2.0, where Government expenditure would be significantly higher than IFMS 1.0, and created significant challenges in exit management, resulting in excessive dependence on the SI.

In response to the Audit observation, the Finance Department stated (June 2023) that necessary steps would be taken for execution of Exit Management of SI as per the contractual provisions for IFMS 2.0 and for smooth migration to IFMS 3.0.

Recommendations:

- 1. Governance Committees may adopt appropriate periodicity for holding review meetings to monitor the progress in implementation of IFMS 2.0.**
- 2. Governance Committees may adopt best practices for project monitoring, in the form of key controls to effectively keep track of material risks, faced by the project, the sequential interdependencies between project tasks and the critical path for the project, and for follow up of actions taken on previous decisions.**
- 3. The delayed Modules of IFMS 1.0 and 2.0 may be implemented on priority basis.**
- 4. Provisions related to exit management of the System Integrator in the contract for IFMS 2.0, may be strictly enforced, in order to ensure a level playing field for any further work, that may be required to be awarded beyond March 2025.**

3.2.9 Examination of selected Modules of IFMS

This section covers the results of examination of the status of the following Modules of IFMS:

1. Integration between Budget Decision Support System Module and Budget Planning and Preparation Module
2. Sanction Orders Module
3. Online Bill Submission Module

4. Integration with WAMIS
5. Integration with HRMS
6. Teachers' Provident Fund Module
7. Treasury Module

These Modules were examined, with the objective of assessing whether the Forms, Reports and Workflows had been implemented in compliance with the applicable provisions of the Odisha Treasury Code, Odisha General Financial Rules, executive instructions and Functional Requirement Specifications for IFMS.

3.2.9.1 Integration between Budget Decision Support System Module and Budget Planning and Preparation Module

The objective of the Budget Planning and Preparation Module was to enable various Administrative Departments to prepare and submit detailed budget estimates to the Finance Department, and subsequently distribute the approved budget allotments from Finance Department to the Administrative Departments.

The objective of the Budget Decision Support System Module was to enable the Finance Department to process the budget estimates, as prepared and submitted by various Administrative Departments, take decisions on approval/rejection of individual budget estimate proposals received, obtain approval for the consolidated budget estimates from the Legislature and finalise the approved budget allotment within IFMS.

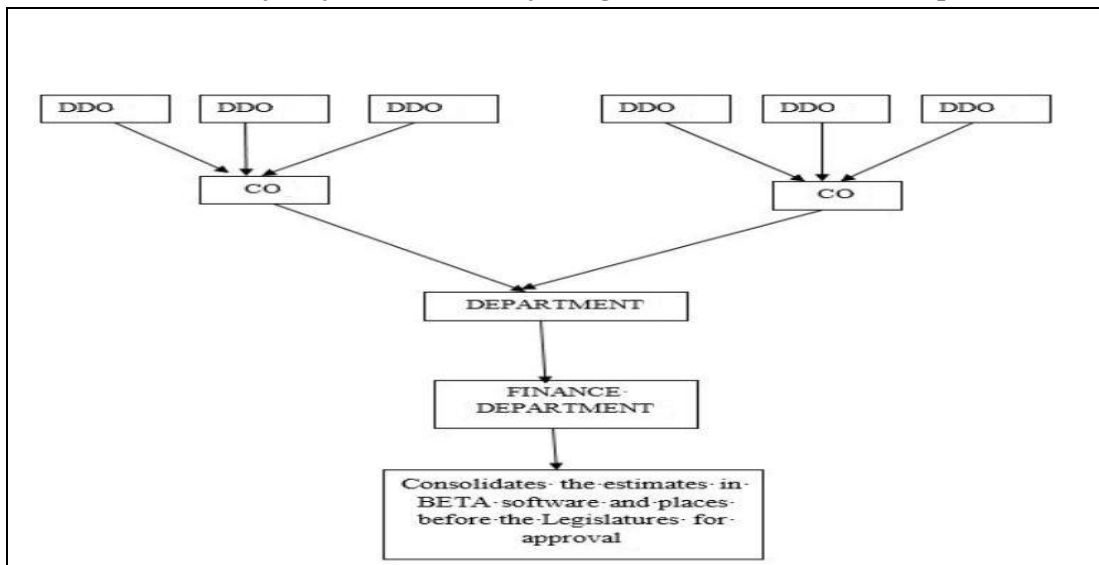
Once the approved budget allotment was finalised using the Budget Decision Support System Module, the allotment to each Controlling Officer in Administrative Departments and in turn, to each DDO, was to be made using the Budget Planning and Preparation Module.

3.2.9.1 (a) Budget processing and decision making on budget estimates outside IFMS, through manual interventions for export and import of data

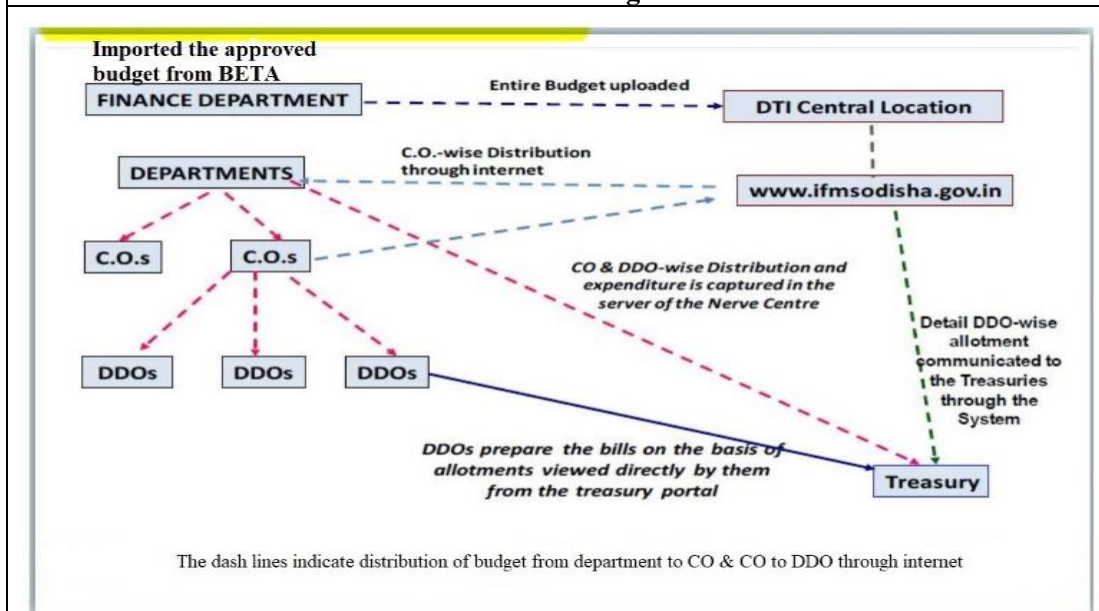
Audit noticed that, contrary to the above workflow, the Finance Department exported the proposals of budget estimates, received from various Administrative Departments, in text file format, from the Budget Planning and Preparation Module into an external software application named Budget Execution Technique Automation (BETA, which has been developed and maintained by NIC). All decisions related to budget approvals were carried out in this external application, BETA, up to the point of approval of final budget allotments by the Legislature. Finance Department, then exported the final budget allotments in text file format from BETA, and imported it into the Budget Planning and Preparation Module of IFMS, for distribution of the budget allotment.

The workflow for the submission of Budget Estimates and distribution of the approved budget by the Finance Department, is shown in **Chart 3.2.1**.

Chart 3.2.1: Workflow for Submission of Budget Estimates to Finance Department



Workflow for distribution of Budget Allotment to DDOs



(Source: IFMS Handbook)

As a result, the crucial workflow of budget processing and decision making on budget estimates, received from Administrative Departments, remained outside IFMS, and remained non-operational, due to the manual data export/import mechanism between BETA and IFMS.

In response to the above Audit observation, the Finance Department stated (June 2023) that it was a conscious decision to keep the BETA application outside the internet service platform, in order to maintain confidentiality of budget approval related decision making and security of the budget data. The Department also stated that the work flow, as observed and reported by Audit, had never been there in the work plan of either BETA or IFMS, and that data sharing between IFMS and BETA takes place through a web-based service and not through any manual import and export of budget related data in text file format.

The response was not tenable, since the Budget Decision Support System

Module was intended to implement the workflow for decision support (Accept/ Reject/ Accept with Cuts) on budget estimates and was very much included in the SRS for IFMS 1.0. Further, data sharing between IFMS and BETA cannot take place through a web-based service, when BETA is consciously maintained outside the internet service platform. This indicated a lack of confidence in the controls implemented in IFMS, in regard to maintenance of confidentiality of budget data.

The response indicated that, in the absence of the workflows for budget decision and budget approval, IFMS was unable to serve as a single source of truth and provide a trail of accountability for the budgetary decisions, even when it was no longer necessary to maintain the confidentiality of the budget, after its approval by the Legislative Assembly.

3.2.9.1 (b) Absence of functionality to surrender budget allotment by DDOs and Controlling Officers of Departments, within IFMS

Rule 144 (1) of Odisha Budget Manual (OBM) stipulates 10th March as the last date, by which the surrender of anticipated savings are to be received by the Finance Department. The anticipated savings under budgeted allotment, need to be surrendered by each DDO to its Controlling Officer (CO) and the CO in turn to the Department, within the timeline, prescribed by the Finance Department, so that it can be reallocated to other departments in need.

Audit observed that, in contravention to Odisha Budget Manual, there was no provision in the SRS for the Budget Planning and Preparation Module to surrender the anticipated savings by DDOs to its COs and in turn, by COs to the Finance Department.

In absence of this internal control, there were significant reconciliation issues which arose, since the surrenders would take time to be processed in offline mode outside IFMS, while the budget allotment continued to not reflect the same, within IFMS.

The Finance Department had to make data entries from the offline surrender proposals into IFMS, in order to further process the surrendered amounts for reallocation to other Departments.

Audit conducted field verification on test-check basis and noticed that in FY 2020-21, the Directorate of Medical Education and Training intended to surrender a budget allotment of ₹45.45 crore, so that the same could be reallocated to the Directorate of Health Services, both under the Health and Family Welfare (HFW) Department. IFMS should have been able to support a simple surrender from the DDO up to CO level, and then reallocate the budget within the system, by the CO. However, due to the absence of the surrender functionality, a series of alternate actions were taken by the HFW Department, which ultimately resulted in non-utilisation and lapse of the budget allotment. Details are presented as *Appendix 3.2.2*.

In addition, due to the time taken to effect the reduction of budget allotment to a DDO within IFMS, in case of an offline surrender, there was avoidable scope for subsequent drawal of funds, during the time gap from the date of offline surrender of anticipated savings to the date of effecting the reduction of allotment in IFMS. Audit noticed one such instance in the Office of Principal BN NCC Ravenshaw College, Cuttack, as detailed in *Appendix 3.2.3*. In brief,

the Principal BN NCC Ravenshaw College, surrendered anticipated savings of ₹69,312 and ₹17,839 in the months of September and October 2021, respectively, to the Higher Education Department. As IFMS did not reduce the allotment under that HoA to the tune of ₹87,151, the DDO was able to draw an amount of ₹90,671 (the surrendered ₹87,151+ unutilised allotment ₹3,520) in March 2022. This resulted in expenditure, over and above the net allotment (original allotment – surrender). Due to the absence of the surrender functionality, IFMS was not in a position to serve as a single source of truth and continued to require reconciliation and manual checks to be exercised.

In response to the above observation, the Finance Department stated (June 2023) that, as per the Audit recommendation, necessary deliberations had been made to provide the facility of surrender at the DDO level.

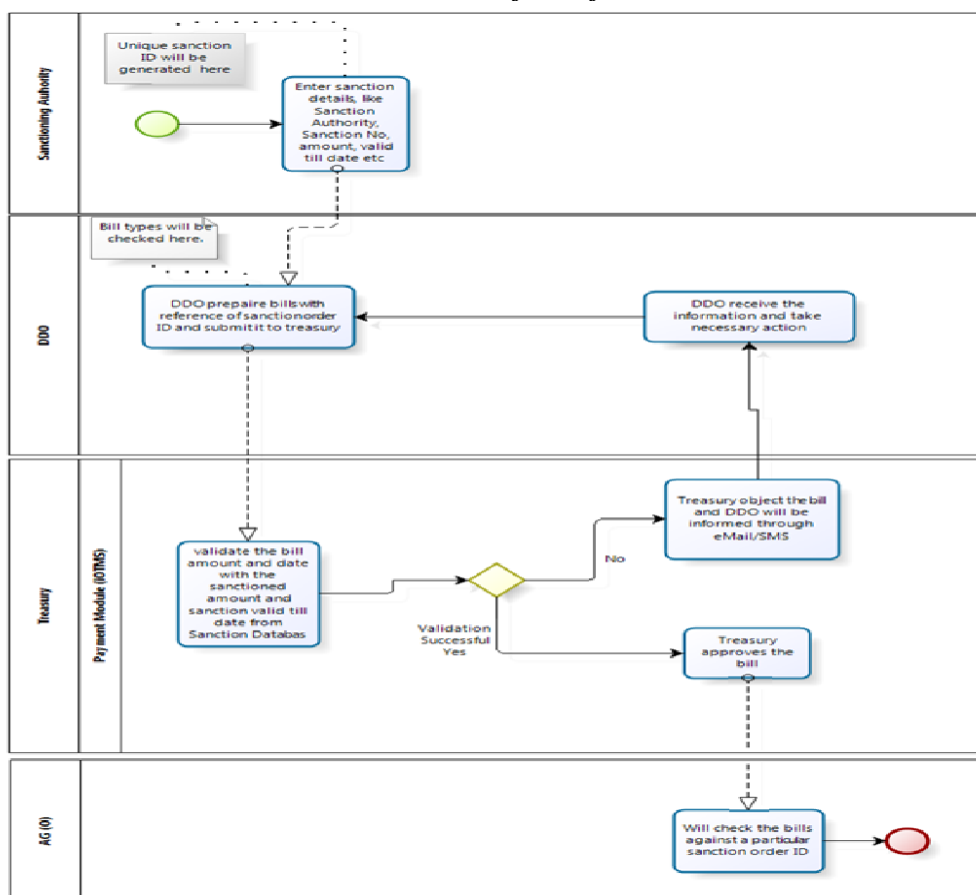
3.2.9.2 Sanction Orders Module

The Sanction Orders Module is intended to:

- Enable sanctioning authorities to generate Sanction Orders in the formats, prescribed in the Odisha Treasury Code.
- Maintain full set of valid Sanction Orders in a “Sanction Order Database”, which can be referenced by Bills at the time of processing of bills.

The workflow of the Module is based on an operator-approver model, with the following details:

Chart 3.2.2: Details of workflow model



(Source: Sanction Order module of IFMS)

Audit reviewed the functional requirements, Forms implemented and the Workflows for the Sanction Orders Module and noticed the major internal control failures, as discussed in subsequent paragraphs.

3.2.9.2 (a) *Non-implementation of all types of Sanction Orders, listed by OTC, resulting in continuation of generation of manual Sanction Orders, outside IFMS*

As per the agreement entered into by the DTI with the M/s TCS Ltd. (erstwhile M/s CMC Ltd.) on 04 December 2013, the Sanction Orders Module was to be developed in first phase of development of IFMS 1.0 and maintained, supported and enhanced, during the contract period for IFMS 2.0.

Audit reviewed the functional requirements, as per the Odisha Treasury Code and the types of Sanction Orders, which could be generated on IFMS, and noticed that four types, viz. Unutilised Leave Salary, Reimbursement of Claims of Medicine (RCM), Stipend and Scholarship and Travelling Allowance (TA), had not been implemented, as of March 2023.

Instead, for these types of expenditure, the sanctioning authorities were still generating manual Sanction Orders. As a result of this status, there were two key internal control lapses:

- The list of Sanction Orders on the Sanction Orders database remained incomplete, for the expenditure incurred during the financial year.
- The provision of unique Sanction Order numbers, which was ensured by IFMS, could not be ensured for the manually generated Sanction Orders.

In response to the Audit observation, the Finance Department stated (June 2023) that, in case of the Unutilised Leave Salary, the process for development of online Sanction Order had been initiated by the SI; Sanction Orders in case of TA and RCM had not been developed so far, due to non-finalisation of modalities, such as variations in workflows across Departments, for approval for tours, list of documentary attachments, required to accompany the corresponding Bill types, etc. These requirements were under active consideration of the PMU and the SI, for expeditious development and implementation in IFMS.

3.2.9.2 (b) *Absence of validation controls to map the HoA, permissible to be used by different types of Sanction Orders*

Government Accounting Rules (GAR) prescribes six tiers classification⁶⁵ of HoA for each transaction of Government and Rule 25 of GAR, 1990, has prescribed Code to each Major Head and range of Code Numbers.

Audit reviewed the workflow of the Online Sanction Orders Module and noticed that the HoA, under which the amounts of expenditure could be sanctioned, had not been mapped with the permissible HoA, for that kind of expenditure. As a result, any type of Sanction Order could be generated against any HoA. For example, Audit conducted field visit to the Office of Block Education Officer, Cuttack Sadar and noticed that a bill for drawing student's scholarship amount of ₹25,200 had been generated with Sanction

⁶⁵ Major Head, Sub-major Head, Minor Head, Sub Head, Detailed Head and Object Head

Order No. 202124182748, dated 13 March 2022, of type “Contingent” (sanction sub-type “FVC - Office Contingencies”), and was passed by the Special Treasury, Cuttack, vide Bill number 740, dated 13 March 2022.

Thus, the absence of validation controls to map the permissible HoA, that could be used for different types of Sanction Orders, created a material risk of misclassification of expenditure, in the accounts of the Government.

Currently, the burden of compliance with GAR, to ensure correct classification of expenditure, is placed on the individual users and is dependent on the *bona fide* functioning of the sanctioning authorities. The purpose of implementing IFMS was to ensure that the system facilitated compliance through appropriate validation controls, which had not been achieved.

In response to the Audit observation, the Finance Department stated (June 2023) that it was the responsibility of the Sanctioning Authority to ensure that sanction was made under the proper HoA; that mapping of Sanction Order type and HoA had been implemented in case of a few types, such as GPF. It further stated that IFMS did not maintain the list of Heads of Account, operated by different Departments and since these Heads may change from year to year, it would be difficult to update such mapping periodically.

The response was not tenable, since it only indicated that the burden of compliance remained on individual users, rather than shifting onto IFMS in the form of system controls implemented; and updating the list of HoA, operated by Departments every year, is the duty of the Finance Department, once the budget is distributed to various Departments.

3.2.9.2 (c) *Absence of validation controls to prevent sanction of expenditure of Grants-in-Aid under Capital Heads of Accounts, in compliance with Indian Government Accounting Standard 2.*

Paragraph 9 of the Indian Government Accounting Standards (IGAS) 2 – “Accounting and Classification of Grants-in-Aid (GIA)”, issued vide Notification No. S.O. 1113 (E), dated 19 May 2011, provides that GIA, disbursed by a grantor to a grantee, shall be classified and accounted for, as “revenue expenditure” in the financial statements of the grantor, irrespective of the purpose for which the funds disbursed as GIA, are to be spent by the grantee, except in cases specifically authorised by the President, on the advice of the Comptroller and Auditor General of India, be debited to a Capital head of account in the financial statements of the Government.

Audit reviewed the Sanction Orders Module and noticed that an amount of ₹2,103.04 crore had been sanctioned using Sanction Order type GIA, under Capital heads of account, during FYs 2019-20 to 2021-22, as detailed in **Table 3.2.5**.

Table 3.2.5: Sanction Order type Grants-in-Aid under Capital Heads

Year	Total No. of GIA Sanction Orders	Total value of GIA Sanction Orders (₹ in crore)	Total value of GIA Sanction Orders, classified as Capital Expenditure (₹ in crore)
2019-20	3,471	15,550.33	848.76
2020-21	4,028	25,456.18	626.78
2021-22	4,267	31,159.83	627.49
Total	11,766	72,166.34	2,103.03

(Source: Information received from Office of the AG (A&E))

Such misclassification of GIA Capital HoA resulted in violation of provisions of the IGAS 2, and resulting in overstatement of Capital Expenditure of the Government of Odisha to that extent.

While creating a Sanction Order of type GIA, the master data for specification and categorisation of grantee entities had not been updated to reflect adequate granularity, resulting in extensive use of the grantee category as “Others”. Audit also noticed instances of use of the name of the concerned Department itself as grantee, with the GIA Sanction Order being used to transfer funds from Government Account to external Bank Accounts, maintained in the name of the Departmental DDOs.

Thus, the absence of key validation controls in IFMS and incomplete/inappropriate list of grantees in the master data, had an adverse and material impact on the quality of accounts of the State Government.

In response to the Audit observation, the Finance Department stated (June 2023) that specification of a Scheme Code had been made mandatory to prepare online Sanction Orders of type GIA; Scheme Codes were mapped to the corresponding HoA; on verification of the IFMS master data, it was found that Scheme Codes for GIA had been previously associated with Capital Section Heads of Accounts; mapping had now been reviewed so that in future, generation of GIA Sanction Orders under capital expenditure Heads, would be prevented.

3.2.9.2 (d) *Absence of validation controls for generation of Sanction Order type “General type of Scheme expenditure”*

For creation of a Sanction Order of type “General Type of Expenditure under different Schemes”, there were no data validation controls at all, since all the data fields for the Sanction Order Form on IFMS could be filled in using free text.

This type of Sanction Order was being used in IFMS for effecting bank transfers to payment beneficiaries, who were implementing agencies for Schemes. However, the beneficiary details for payment to be effected could be filled in as free text, and there was no validation to ensure that the intended beneficiary was one whose details (Primary Identifier, Name, Bank Account and IFSC Code) were already entered, vetted and available in IFMS. As a result, even though Sanction Orders specify the beneficiary to be a particular entity, the actual payment could be effected to a different entity (such instances had been noticed during FY 2019-20, in Sanction Orders, such as Numbers 201915152907, 201915984434, 201916091572 and 201915117843).

Once the payment beneficiary is specified in the Sanction Order, through selection from the master data in IFMS, compliance with OTC requires that the Bill form references the underlying Sanction Order, in order to auto-populate the payment beneficiary. There should be no scope for the DDO to change the payment beneficiary to an entity other than that specified in the Sanction Order. The fact that the DDO could change the payment beneficiary at the time of raising the Bill, was a gross deficiency.

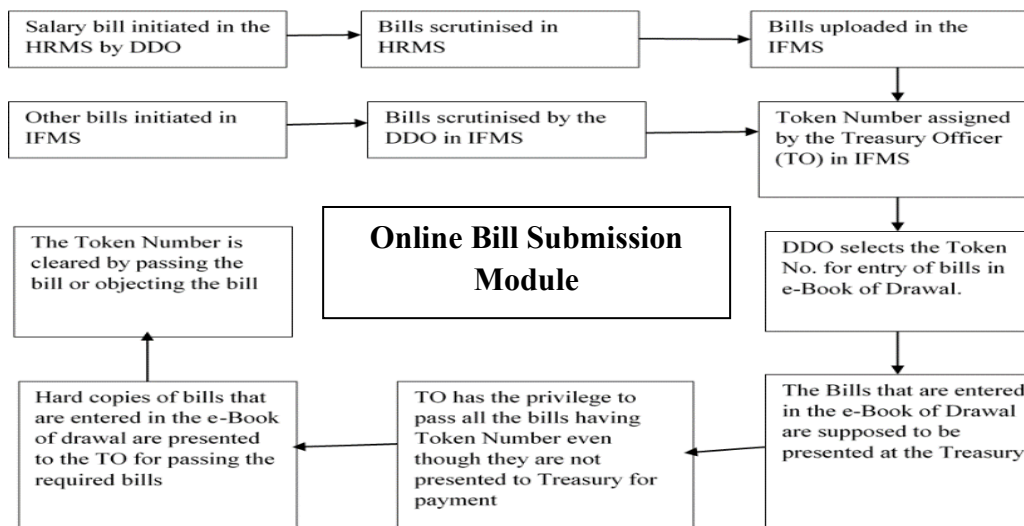
The Finance Department noted (June 2023) the Audit observation for future guidance.

3.2.9.3 Online Bill Submission Module

The objective of the Online Bill Submission Module was to replace the process of manual preparation and submission of paper Bills, with an improved and more efficient online process for submission of Bills by DDOs to the Treasuries, through IFMS.

This Module was designed on the maker-checker model, with the following Workflow:

Chart 3.2.3: Workflow for submission of online bills



Audit reviewed the functional requirements, Forms implemented and the workflows for the Online Bills Submission Module and noticed major internal control failures, as discussed in subsequent paragraphs.

3.2.9.3 (a) Absence of validation controls to enforce linkage of Bills to an underlying valid Sanction Order, prior to submission of Bills to Treasuries

Rule 164 of OGFR provides that the term “miscellaneous expenditure” applies generally to all such expenditure of the Civil Departments, which do not fall under the category of pay & allowances of Government servants, pensions, contingencies, GIA, contribution, stores or works. Without specific sanction of Government, no subordinate officers are authorised to sanction items of miscellaneous expenditure as defined above, unless special power, scale or limit has been prescribed for such expenditure by any Act, rule, code or order of the State Government. Further, the Finance Department, in its letter No. 23890, dated 20 July 2018, instructed all the departments that Treasuries would accept claim/ bills, which are accompanied with sanction orders, generated from IFMS only with effect from 01 August 2018.

The SRS of the Online Bill module provides that if a particular bill requires sanction order for passing it at treasury, system would provide a facility to the DDO to enter the sanction order details against the bill. System provides a list of available sanction order issued against the particular bill type and HoA. This list will be shown from sanction order database where the details of the

sanction order has already been captured. DDO would simply select the appropriate sanction order from the list. Sanction No., date, HoA and amount will be auto populated on the basis of selected sanction order.

Audit reviewed the workflow of the Online Bills Submission Module and noticed that there were no validation controls to enforce linkage of a Bill at the time of preparation and prior to submission, to an underlying and valid Sanction Order. This was a major and severe internal control failure, as it resulted in key checks, not being exercised prior to incurring expenditure by the State Government, as detailed below:

- i. There was scope to prepare, submit and pass Bills, which had no Sanction Orders linked at all. This, not only included those Bills for which Sanction Orders had to be manually generated because four types of Sanction Orders had not been implemented, but also those Bills where Sanction Orders had been generated manually, despite the provision of Sanction Order type being available in IFMS. For example, Bill dated 03 June 2021 had been passed for ₹ 16.34 crore on IFMS, without linkage to a Sanction Order in the system. Subsequently, Audit noticed that, instead of using the GIA Sanction Order type on IFMS, a manual Sanction Order number JTA-47/2020-5515/L, dated 28 May 2021, had been generated with sanctioned amount of ₹ 16.34 crore by the Law Department, details of which were not available in IFMS.

Examples of deficiencies in controls

1. Sanction Order No. 202019641688, dated 17.03.2021, was generated with sanctioned amount ₹ 9.9 lakh, towards payment of House Building Advance to Shri xxxxxxxxxxxxxx, Peon in the Office of DTI. Audit prepared a Bill in the production environment of IFMS, referencing this Sanction Order, and could change the beneficiary name to Shri xxxxxxxxxxxxxx Pradhan, Peon. This Bill No. 1007, dated 04 August 2022, was submitted to the Treasury with token no. 15757. This demonstrated that even for Sanction Order types, where the beneficiary was a Government servant, such as, HBA Sanction Order, there were no controls to auto-populate the sensitive data fields, such as beneficiary ID, as specified in the Sanction Order, into the Bill form.

- ii. There was no validation control to ensure that HoA and beneficiary details, specified in the underlying Sanction Order, was auto-populated into the concerned fields for the Bill.

There was no validation control to ensure that the amount specified in the Bill, did not exceed the balance of available amount against the underlying Sanction Order, especially in cases, where multiple Bills had been drawn against the same underlying Sanction Order. For example, Audit noticed that, vide Sanction Order number 20226036234, dated 21 July 2022, an amount of ₹17,082 had been sanctioned for payment of Contingent_FVC. Vide Bill No. 161, dated 25 July 2022, against this Sanction Order, amount of ₹12,294 had been

passed. The remaining balance, available against this Sanction Order, was therefore ₹4,788 and the system should have been able to track such balance. However, when Audit tested whether this control was in place, Bill No. 1002 for ₹5,000, dated 26 July 2022, was generated against the same Sanction Order, resulting in irregular excess expenditure of ₹ 412.

2. Sanction Order No. 202225642892, dated 21 June 2022, was generated with sanctioned amount ₹ 7 lakh, towards GPF part final withdrawal, in favour of Sri xxxxxxxxx Sahoo, GPF Account Number xxxxx785. Audit prepared a Bill in the production environment of IFMS, referencing this Sanction Order, and could change the beneficiary name to Shri xxxxxxxxx Singh, GPF Account Number xxx63. Audit observed that, while preparing the Bill, the operator user had been provided an option to modify the Bank Account number and Bank IFSC code of the beneficiary, without any escalation or approval from higher authority/ checker user. Audit could successfully update the bank details of the new beneficiary to that belonging to another Government servant, Shri xxxxxxxxx Patra in the Bill. This Bill No. 1006, dated 03 August 2022, was submitted to the Treasury with token no. 15764. This demonstrated that the Sanction Order for GPF final part withdrawal had the name of Government servant, specified as Shri xxxxxxxxx Sahoo, the Bill had the name of Government servant, specified as Shri xxxxxxxxx Singh, but the actual bank account details for payment were for Government servant named Shri xxxxxxxxx Patra, which reflected grave internal control lapses in the workflow.

iii. Out of the total expenditure of ₹3,19,335 crore, incurred during the period from FYs 2020-21 to 2022-23 (up to October 2022), an amount of ₹98,314 crore had been drawn using three Bill Types - “Miscellaneous”, “General Type of Expenditure under different Schemes” and “Others”, as detailed in **Table 3.2.6**.

Table 3.2.6: Amount drawn using three Bill Types

(Amount ₹ in crore)

Year	Total Expenditure for the year	Expenditure under Bill type, Miscellaneous	Expenditure under Bill type, General	Expenditure under Bill type, Others	Expenditure under Bill types Miscellaneous, General and Others	Percentage of expenditure, under these three Bill types to Total expenditure
2020-21	1,16,680	3,385	4,287	26,428	34,101	29
2021-22	1,38,537	1,701	1,579	39,354	42,634	31
2022-23 (up to Oct 2022)	64,118	316	273	20,991	21,579	34
Total	3,19,335	5,402	6,139	86,773	98,314	31

(Source: Information furnished by the DTI)

iv. There were no validation controls to ensure that processing of Bills required a valid Sanction Order Number, *i.e.* Bills could be prepared and payment/ expenditure triggered without mandating a specific

- reference to an underlying Sanction Order in IFMS, for incurring such expenditure.
- v. Even in those instances, where the DDO chose to specify the reference to a Sanction Order Number, there were no validation controls to ensure that the HoA, specified in the underlying Sanction Order, was auto populated into the Bill, *i.e.* these Bills could be prepared and payment/ expenditure triggered in a HoA, that was different from the one specified in the underlying Sanction Order, for incurring the expenditure.
 - vi. The DDO could potentially operate HoA, under which there was no budget allotment using these Bill types, due to the absence of reference controls, related to the Sanction Orders, which would place restrictions on such operation.
 - vii. These three Bill types were mainly used to effect bank account transfers from Government Account. However, there were no validation controls to ensure that the intended beneficiaries, specified in the Sanction Order, were auto populated into the Bill form. This created avoidable scope for change in beneficiary details from those specified in the Sanction Order, at the time of Bills processing.

Examples of deficiencies in controls

1. BEO, Nayagarh, sanctioned an amount of ₹10,000, vide Sanction Order No. 202124156636, dated 14 March 2022 towards “Other Contingencies”.
2. Amount of ₹10,000 was drawn and paid vide Bill No. 342, dated 11 March 2022.
3. Audit could generate another online Bill No. 155, dated 13 October 2022, by linking to the same Sanction Order, with Treasury token number 9315 being generated. This demonstrated that there was no provision in IFMS to prevent the generation of a Bill by linking to a Sanction Order, whose validity had expired, since it was for FY 2021-22.
4. This also demonstrated that there was no validation control to track the availability of balance against a particular Sanction Order within IFMS, since the whole sanctioned amount had been drawn vide Bill dated 11 March 2022. It should not have been possible to generate another Bill for ₹ 15,000, against the

The enforcement of Bills, with underlying and valid Sanction Orders, was a vital control and its failure, resulted in non-compliance with OGFR.

In response to the Audit observation, the Finance Department stated (June 2023) that several kinds of drawals involve miscellaneous nature of expenditure and are drawn through the Miscellaneous Bill type; that the HoA involved are large in number; that the nature of sanctions - whether administrative or financial, was unknown to the resource team of IFMS and hence, requested Audit to consider these challenges.

The response was not tenable, as the OGFR, the executive instructions issued by Finance Department and the SRS for IFMS 1.0, clearly specify that all Bills have to reference to an underlying valid Sanction Order. Compliance with these statutory and contractual provisions required implementation of this control in IFMS. The absence of this internal control resulted in residual risk

for material errors/ fraud in drawal of funds, without sanction from the competent authority, despite system implementation.

3.2.9.3 (b) *Absence of validation controls to map the types of Sanction Orders with types of Bills, resulting in material risk of misclassification.*

Rule 8 of OGFR states that, as a general rule, no authority may incur any expenditure or enter into any liability involving expenditure from Consolidated Fund and Contingency Fund, until the expenditure has been sanctioned by general or special orders of the Government or by authority, to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorised grants and appropriations for the year. Further, the SRS of Sanction Order module provides that the Sanction Order shall interact with “Online Bill Preparation & Submission” module for passing all types of Bills other than salary bill, on the basis of the type of sanction order.

Audit observed that there were 18 Sanction types and 37 Sanction Sub-Types available in Sanction Order Module, and 12 Bill types, with no validation controls to map the types of Sanction Orders and Bills, that constitute combinations, compliant with OGFR.

As a result, currently on IFMS, any type of Bill can be generated in combination with any type of Sanction Order. For example, Housing & Urban Development Department, vide its Sanction Order No. 202122949981 of type “Grants-in-Aid” dated 28 December 2021, sanctioned an amount of ₹112.2 crore to the grantee entity, Odisha Integrated Sanitation Improvement Project. However, the funds were drawn using Bill type “Others (Common or Miscellaneous)”, instead of Bill type “Grants-in-Aid”.

In the absence of the validation controls to ensure correct mapping between Sanction Order Types with Bill types, there was a material risk of error/misclassification of expenditure.

In response to the Audit observation, the Finance Department stated (June 2023) that expeditious steps would be taken to correctly map the Sanction Order types to Bill types, finalise the system logic and make it ready for development.

3.2.9.3 (c) *Absence of validation controls to prevent use of Sanction Order, beyond its validity period.*

Rule 53 of OGFR Vol. I provides that a sanction for any fresh charge, which has not been acted on for a year, must be held to have lapsed, unless it is specifically renewed with necessary provision in the budget estimates. Further, Rule 53 note (2) of OGFR provides that sanction, in which there is specific provision that the expenditure is to be made from the budget provision of a specified financial year, such sanction lapses on the expiry of the specified financial year. Besides, the SRS of “Sanction Order” Module provides that an online bill should not be passed after the sanction validity period is over. At the time of Online Bill Submission, when DDO submits the bill at treasury, system should check the validity of the sanction order.

Audit reviewed the Sanction Order and Online Bill Submission Modules, and observed that, while preparing online bill, if the operator chooses (since linkage is not enforced) to link to a Sanction Order, he/ she may choose to link to, not only the list of Sanction Orders of the current financial year, but also to the expired Sanction Orders from previous years. Due to this internal control lapse, an online bill could be generated even from such Sanction Orders, whose validity had expired.

Currently, the burden of compliance with GAR to ensure correct classification of expenditure is placed on the individual users and dependent on the *bona fide* functioning of the sanctioning authorities. The purpose of implementing IFMS was to ensure that the system facilitated compliance through appropriate validation controls, which had not been achieved.

In response to the Audit observation, the Finance Department stated (June 2023) that efforts were being taken to incorporate validity periods for Sanction Orders, as defined under various Rules, and that necessary system logic had been prepared and shared with the SI for the purpose of deployment.

3.2.9.3 (d) *Absence of functionality for DC Bill type, resulting in ineffective monitoring of outstanding advances for the State Government up to adjustment or recovery.*

As per Rule 260 of the OTC, contingent charges may be drawn from the Treasury, by presentation of Abstract Contingent Bills (AC Bills) in Form OTC 32, subject to the presentation of Detailed Contingent Bills (DC Bills) to the controlling officer for countersignature and transmission to the Accountant General, in Form OTC 33, with description of each charge requiring explanation. Details, such as, numbered sub-vouchers for each item of expenditure under the AC Bill drawn, shall be included and differences, if any, between the total of a DC Bill and the total of corresponding AC Bill, must be adequately explained. As per the contract for IFMS 1.0, SI had to implement AC Bill type and DC Bill type, by March 2018. The PMU, in its meetings held in August 2017 and December 2017, had also instructed the SI to develop DC Bill type, since AC Bill type had already been implemented.

Audit reviewed the functioning of the Online Bill Submission Module and noticed that:

- i. Form and provision for AC Bill type had been implemented in IFMS, as intended. However, the corresponding provision for DC Bill type, had not yet been implemented, as of March 2023.
- ii. The scheduled timeline for implementation of DC Bill type was March 2018, *i.e.*, the completion date of IFMS 1.0.
- iii. In the absence of DC Bill type, IFMS is unable to assist monitoring of pending AC Bills' status by authorities at all levels in the Administrative Departments, Treasuries and the Finance Department.
- iv. During the year 2021-22, eight Departments had drawn 768 AC bills for an amount of ₹127.95 crore, as advances. Of these, 287 AC bills, amounting to ₹35.61 crore (27.71 *per cent*) were drawn in March 2022. However, only an amount of ₹ 0.58 crore (0.45 *per cent*) pertaining to one Department, was adjusted against the above advances drawn.

There is, therefore, no assurance that this amount had actually been utilised for the purpose, for which it was sanctioned. Advances drawn, but not adjusted indicated the possibility of diversion of end use of funds/ misappropriation. It is, therefore, vital that the DC Bill functionality is implemented on priority basis.

In response to the Audit observation, the Finance Department stated (June 2023) that possibilities of providing the facility for DC Bills, were being explored.

3.2.9.3 (e) Non-implementation of Utilisation Certificate (UC) Module

Rule 171 (4), read with Note 2 below OGFR, provides that a target date should be prescribed for submission of UCs by the grantee institutions to the Accountant General.

The contract for IFMS 1.0 specified that UC Module was to be developed and implemented latest by March 2018.

Audit noticed that the UC module had not yet been made operational (March 2023). The UC module was stated to have been developed and being tested on pilot basis in the Higher Education and Co-operation Departments. In the absence of the UC Module, IFMS is unable to assist in monitoring of pending UCs from grantee entities, by authorities at all levels in the Administrative Departments and the Finance Department.

In response to this Audit observation, the Finance Department stated (June 2023) that development of the UC Module had been completed and that complete roll out had been completed through issue of Notification dated 15 April 2023.

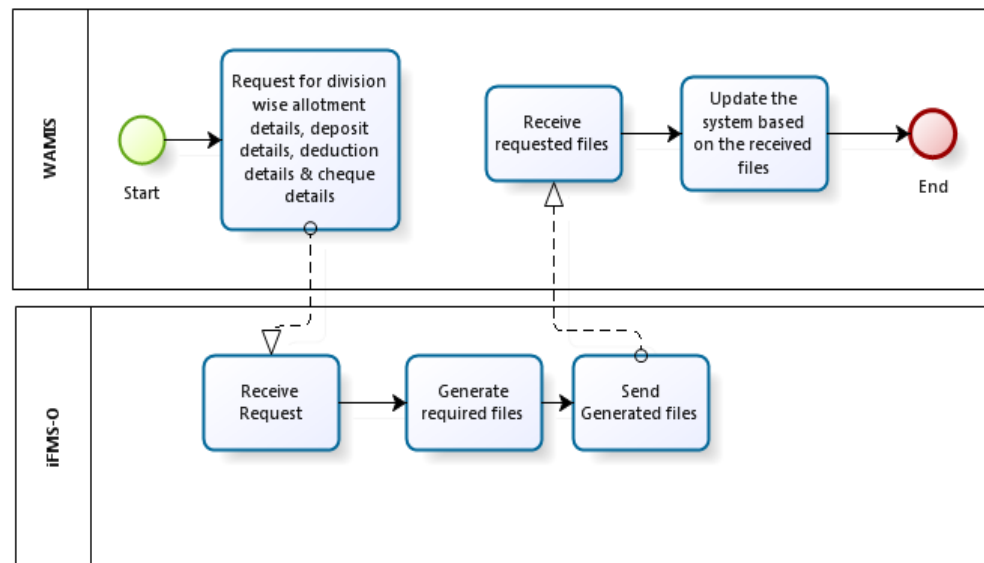
Audit observed that after the formal notification, Departments were now expected to enter details of outstanding UCs, but the Module had not yet been fully put to use (June 2023), as intended.

3.2.9.4 Deficiencies in integration of IFMS with WAMIS

Rural Development (RD) Department, Government of Odisha implemented Works and Accounting Management Information System (WAMIS). The main features of WAMIS were automation of technical functions and preparation of accounts. The objectives of WAMIS were i) preparation of budget estimates, ii) allotment of funds and iii) creation of work information, along with capturing of contract award details.

The workflow for the integration of IFMS with WAMIS is given **Chart 3.2.4**.

Chart 3.2.4: Workflow for the integration of IFMS with WAMIS



3.2.9.4 (a) Absence of key controls to prevent errors in payment to beneficiaries, in case of works Bills

The main objective of this integration was to provide facility for WAMIS to access division-wise allotment details, division deposit details and division-wise deduction details, and for IFMS to process Bill payments for all Works Bills.

Audit observed that:

- Even though IFMS was being used for making payments against Works Bills, only limited data fields from WAMIS were being transmitted through the WAMIS-IFMS interface, such as Bill Number, Bill type, Work Order number, Gross amount and Net amount. The beneficiary details for the payment, such as Name, Bank Account Number, *etc.* were being communicated offline, outside the WAMIS-IFMS interface. This was a significant control lapse.
- Master data on Works contractors and Works ID were being maintained on WAMIS. However, for the purpose of payments, the details of the payment beneficiary were not being communicated through the WAMIS-IFMS interface, as mentioned above. This created scope for errors in payments made, using IFMS. For example, in case of Work Number 2811/2317/1 allotted to Sri xxxxxxxx xxxx Pradhan, vide work order No. 1287, dated 7 March 2020, Bill with Net amount for ₹4,22,426 was payable. However, the payment was made to another contractor Sri xxxxxxxx Pradhan, vide Bill No.108, dated 24 March 2020. When the fact of payment to the wrong contractor was brought to the notice of the Superintending Engineer by the actual contractor Sri xxxxxxxx xxxx Pradhan, the amount previously paid was recovered from Sri xxxxxxxx Pradhan and credited to the DDO's current account, and subsequently paid to the correct beneficiary, vide cheque No. 441091, dated 28 April 2020.

- Payment beneficiary details were entered into IFMS by the operator manually, without having maker-checker model in place. Changes to beneficiary details, such as Name, Bank Account number, IFSC, Mobile number, PAN number, *etc.* could be changed by the single operator, without oversight or visibility by any other senior Officer.

The absence of the above key controls in the WAMIS-IFMS interface, created a material risk of error/ fraud by junior Government employees/ outsourced staff, engaged on contractual basis, who had to process significant amounts of payments against Works Bills.

Currently, the burden of compliance to ensure correct payments is placed on the individual users of IFMS. The purpose of implementing IFMS was to ensure that the system facilitated compliance through appropriate validation controls, which had not been achieved.

In response to the Audit observation, the Finance Department stated (June 2023) that IFMS was only the payment platform and that maintenance of the contractor's ledger and database was not required to be done in IFMS; that in the notification issued on e-Disbursement, it had been clearly mentioned that it was the role and duty of the DDO to collect the payment beneficiary related information, such as IFS Code, Mobile number, PAN number, *etc.*, and he was supposed to retain the physical copy of these documents.

The response was not tenable, since it did not address the main audit objection that the details of payment beneficiary should be transmitted through the WAMIS-IFMS interface and not be entered manually on IFMS. The response reflects the fact that the burden of compliance remains on the individual users and has not shifted to IFMS, due to lack of controls and therefore, there remains the residual risk of error/ fraud in processing payments.

3.2.9.4 (b) *Absence of validation controls to prevent from a Works Division from erroneously accepting remittances for Deposit Works intended for another Works Division*

IFMS enables Works Divisions to view Division-wise allotment, Deposits and Deductions. In case of Deposit Works, it was necessary that a control be implemented when funds for Civil Deposits are remitted into Government Account by a Works Division, the ID of the Division is tagged to that remittance amount and that each Works Division can then view only those remittances, which have been made by it. Audit observed that in the absence of such a control, the funds remitted under the Head of Account 8782-00-102-1683-91028 by any one Works Division, were visible to all the Works Divisions in the State, instead of being restricted for view to the Works Division, that had actually made the remittance. This had, in turn, resulted in erroneous tagging of the visible remittance amounts to the Work ID of another Works Division. Once such an error is made, it has two adverse consequences:

- The error can be rectified only by escalating the issue to DTI, by making modifications at the back end.
- The Works Division, for which the Deposit Work was intended, would be unable to incur expenditure, until the error is rectified.

In response to the Audit observation, the Finance Department stated (June 2023) that the notification dated 20 January 2020, had been issued on this subject matter; that Works Operators had been adequately sensitised through training/workshops and that it was the duty of the Works Operators to follow the guidelines of the above Notification.

The response was not tenable, as it highlighted the fact that the burden of compliance continued to remain on the individual users and has not shifted to IFMS, due to lack of appropriate validation controls.

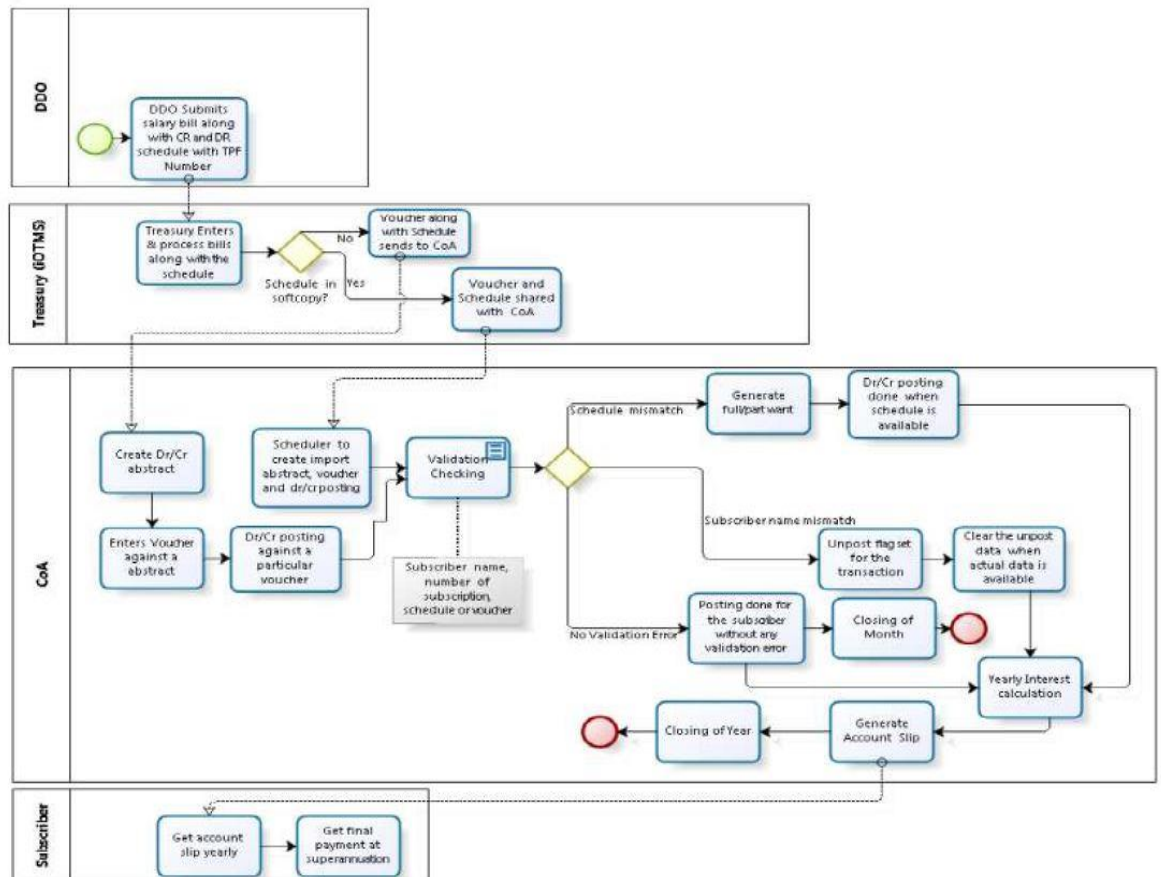
3.2.9.5 Teachers' Provident Fund (TPF)

The Controller of Accounts (CoA) is the head of the organisation constituted under the Finance Department and entrusted with the responsibility of maintenance of TPF accounts of employees of aided educational institutions and primary school teachers and finalising the pensioners' benefits to the retired employees. The TPF module came into effect from January 2015. The SRS and User's Manual were approved by the DTI on 23 October 2013 and 03 December 2013, respectively, which provided to automate the entire process of TPF from submission of request by the DDO till the final payment to the subscriber, without any manual interference.

The application workflow of the TPF module is given in *Chart 3.2.5*.

Chart 3.2.5: Application Workflow of TPF

Application Flow:



3.2.9.5 (a) Improper maintenance of master data of TPF subscribers

As per the functional scope of the SRS of the TPF Module, subscribers' data is to be maintained by the CoA.

On review of records of the master data of the TPF subscribers, it was observed that, as on the date of audit (July 2022), there were 2,09,902 subscribers, whose accounts were being maintained by the CoA. On scrutiny of the master data of the TPF subscribers, Audit observed that, although each subscriber had been provided with a unique TPF number, the following deficiencies were found in maintenance of master data in the TPF module:

- i. **Absence of Date of Birth (DOB) of Subscribers:** DoB of a Provident Fund Subscriber should be a mandatory field for data entry, without which Subscriber details should not be included in the database at all. Despite this, Audit noticed that, in the master data of the TPF subscribers, DoB field was not entered in case of 44,400, out of 2,09,902 subscribers. This was a major internal control failure.
- ii. **Lack of data integrity in DoB field:** In 57 cases, DoB contained dates, such as 1 June 9196, 4 October 3195, *etc.* Besides, there were some subscribers, whose age on the date of audit (July 2022) was less than 18 years, indicating that the data integrity was doubtful.
- iii. **Lack of validation controls to compute Date of Superannuation:** In case of 98,578 subscribers, the Date of Superannuation field was blank, due to lack of validation controls to compute it on the basis of DoB. As a result, IFMS enabled users to enter the Date of Superannuation manually and without validation controls even for manual entry, which resulted in entry of Date of Superannuation, exceeding 60 years of age. Audit test-checked 35,392 cases and noticed that, in 287 cases, the age of the subscriber on the date of retirement was more than 60 years and ranged between 61 years and 96 years.
- iv. **Non-maintenance of Date of Joining:** Date of joining of 48,394 subscribers had not been mentioned in the master data and was kept blank, due to which the system could not validate the length of service, at the time of his retirement, affecting the calculation of retirement benefits adversely.

Due to the maintenance of master data in haphazard manner, the master data being maintained by the CoA, was incomplete and unreliable, necessitating significant dependence on manual interventions for work processes.

In response to the Audit observation, the Finance Department stated (June 2023) that, as per the request (6 June 2023) of the Office of the CoA, dated 06.05.2023, for updating the master data in TPF Module, efforts were being taken by the IFMS team to implement effective validations to achieve accuracy in the master data.

3.2.9.6 Non-implementation of TPF Module at field Offices

Audit observed that the TPF Module had been implemented only at the CoA at Bhubaneswar (one location) with checker-maker-approver model. The Module had not been implemented at any other field office, which resulted in the basic

objective of the Module not being achieved leading to the following irregularities:

3.2.9.6 (a) Non-validation of the master data of the TPF subscriber by the competent authority

As per the SRS of the TPF module, the DDO should fill the master data of TPF subscriber for registration and modification of details of existing TPF subscriber. Subsequently, the DDO would request to the Office of the CoA through this module for approval, as detailed in **Chart 3.2.6**.

Chart 3.2.6: Screenshot of form to be filled by the DDOs

6.1.2.1 Subscriber Registration and modification facility at DDO and CoA end

Figure 1 Subscriber Registration and modification screen

During field verification by the Audit, it was noticed that the TPF module was yet to be implemented at field level. As a result, all requests for new registration were sent by the DDOs to CoA through offline mode. Due to this, the master data of new subscribers were being entered by the office of the CoA alone, including the alteration and modification of master data of existing subscribers. In addition, the competent authority (DDO) did not have the functionality to validate/ request for changes to the data entered by the CoA.

3.2.9.6 (b) Lack of assurance on compliance with GPF Odisha Rules

As the TPF module is yet to be implemented at field level, Audit was unable to derive assurance whether:

- Rule 11(1)(b) of the General Provident Fund (GPF) (Orissa) Rule, 1938 was being complied with, and the subscription of the TPF subscribers deducted by the DDO through the system, was indeed within the minimum and maximum ceiling, prescribed by the Government.
- Rule 10 of GPF (Orissa) Rule, 1938 was being complied with, and the amount of subscription/ refund last deducted had been stopped four months prior to retirement.

- Deductions by the DDO towards part final payment, loans and advances from the pay and allowances of the TPF subscribers, had been made correctly.

3.2.9.6 (c) *Delays in TPF finalisation, due to non-availability of the Module in field Offices, resulting in increased interest liability*

In order to timely settle final GPF cases and to avoid unnecessary interest liability, Government of Odisha vide FD. O.M. No. 33338/F, dated 29 August 1989, read with F.D.O.M No. 10349/F, dated 10 March 1992, impressed upon settlement of all the final payment of GPF cases in a speedy and timely manner. The Government of Odisha, expressing its concern over payment of unnecessary huge amount of interest on GPF, instructed all the Heads of offices/Departments, vide its office memorandum No. 32953, dated 11 September 2000, to obtain final payment application from the subscriber, before he/ she attains the age of superannuation, to streamline the sanction of GPF final withdrawal, immediately after the date of retirement of the subscriber. Any deviation to this, would be viewed seriously and the person responsible for causing such unnecessary delay, would be liable to make good of the extra amount of unnecessary interest, borne by the State Government, for the period of delay.

As the TPF module is yet to be implemented in the field offices, all the DDOs send requests for Final payment of TPF through offline mode. As per the information furnished to Audit, the CoA disposed of 35,932 TPF cases, during the last five years (2017-18 to 2021-22), involving an amount of around ₹3,333 crore. On scrutiny of 32,412 cases of retirement, during the period from FYs 2017-18 to 2021-22, amounting to ₹3,146.44 crore, Audit observed that most of the cases were settled with significant delays (in excess of 60 days from the date of retirement), resulting in increased interest liability, as shown in **Table 3.2.7**.

Table 3.2.7: Cases settled with significant delays, resulting in increased interest liability

No. of days	No. of final TPF cases, settled by the CoA	Final TPF amount involved (₹ in crore)	Excess interest amount, due to delay in payment	Excess interest at the rate of 7.1 per cent (after 60 days)
			(₹ in crore)	
0 to 60 days	8,352	881.39	6.97	0
61 days to 120 days	12,835	1,291.87	21.93	7.11
121 days to 180 days	7,431	647.94	17.90	10.55
181 days to 1 year	3,565	302.13	12.53	9.15
1 year to 2 years	199	20.11	1.70	1.48
2 years to 3 years	25	2.49	0.34	0.32
More than 3 years	5	0.51	0.10	0.09
Total	32,412	3,146.44	61.47	28.71

(Source: Information furnished by the CoA)

(Audit calculated the excess interest at the rate of 7.1 per cent, which was lowest among all the five years from FYs 2017-18 to 2021-22).

Thus, the delays in finalising TPF cases, due to non-availability of the TPF Module, resulted in increased expenditure for the State Government.

In response to the Audit observation, the Finance Department stated (June 2023) that steps were being taken by the Office of the CoA for complete roll out of the TPF Module.

3.2.9.6 (d) Lack of functionality to modify rate of interest for TPF subscribers, resulting in excessive dependence on System Integrator (SI) for this purpose.

Rule 14 (1) of GPF (Orissa) Rule, 1938, provides that Government shall pay to the credit of the account of a subscriber, interest at such rate, as may be determined for each year by the Central Government, for payment to the credit of the accounts of subscribers to the General Provident Fund.

Government of Odisha changes the rate of interest of GPF from time to time. This is a regular process and therefore, rate of interest should be updated in the TPF Module at regular intervals.

Audit observed that there was no Form/ functionality to modify the rate of TPF interest in the system by the Office of the CoA. Instead, the Office was completely dependent on the SI to make the modification at the back-end of the TPF Module. This was not only prone to the risk of error, but also created lack of accountability in case of error.

In response, the Finance Department stated (June 2023) that facility for modification of rate of interest of TPF subscribers had now been provided in the front-end of TPF Module, at the Administrator level of the Office of the CoA.

3.2.9.6 (e) Incorrect calculation of TPF interest due to lack of validation controls

As per Rule 14 (3) of the GPF (Orissa) Rules, 1938, the date of deposit of subscription shall be deemed to be the first day of the month of receipt, if it is received by the Accounts Officer before the fifth day of that month, but if it is received on or after the fifth day of that month, it shall be deemed to be the first day of the succeeding month. Similarly, if the emoluments for a month are drawn and disbursed on the last working day of the same month, the date of deposit shall be deemed to be the first day of the succeeding month. Further, the Finance Department, vide its office memorandum No. 32686, dated 24 September 2019, instructed that all the Government employees should receive their salary on the last working day of the same month instead of first working day of the succeeding month.

Audit test-checked TPF account slips of four randomly selected TPF subscribers to review the validations in the TPF module. It was observed that, as the validations for calculation of interest on the TPF subscription remained unchanged, the system calculated the interest on the subscription for the entire month, even though it was deposited on the last working of the month. Audit calculated the interest, considering the above instruction of the Government and observed discrepancies in interest computation, as detailed in **Table 3.2.8**.

Table 3.2.8: Discrepancies in computation of interest

(Amount in ₹)

Subscriber and District	TPF No.	OB at the beginning of FY 2020-21	Monthly subscription amount	Months in which two months' subscription deposited twice in a month	Interest calculated by the system @ 7.1% for the year	Interest calculated by Audit @ 7.1%, as per Govt order	Excess interest calculated by the system
xxxxxx xx Dash, Koraput	xxxxx4795	20,03,489	15,000	July, Sept and December	1,49,436	1,49,170	266
xxxxxx xx Dash, Angul	xxxxx0062	8,44,356	16,000	July, Oct and December	67,712	67,333	379
Smt xxxxx Patel, Jharsuguda	xxxxx6458	7,69,336	10,000	April & July	59,356	59,238	118
xxxxxxx Mishra, Ganapati	xxxxx8514	12,72,914	5,000	April, July, Sept and December	92,862	92,684	178

(Source: Test-check of interest calculated on the subscription of randomly selected TPF subscribers)

Due to such erroneous validation in the TPF module, subscribers were receiving excess TPF interest on yearly basis, ranging between ₹118 and ₹379 per subscriber. As on March 2022, there were 72,727 active TPF subscribers, contributing subscription to their account. The estimated excess interest liability for the State Government, due to the inadequate validation controls to compute interest correctly in TPF Module of IFMS, was approximately ₹1,70,90,845.

In response, the Finance Department stated (June 2023) that necessary systemic validation control had since been imposed in IFMS to check the observed wrong calculation of TPF interest.

3.2.9.6 (f) Lack of deactivation of subscribers' accounts after final TPF payment

Audit reviewed the workflow of the TPF module and noticed that subscribers' accounts had not been deactivated after final settlement of their TPF cases. As per GPF Rules, the CoA may authorise final payment of TPF in regard to a subscriber, only once. However, Audit noticed that final payments had been made to subscribers on multiple occasions, termed as "Refinal-1", "Refinal-2", etc., with clearance of missing credits, previously booked under Suspense Account.

The Office of the CoA maintains the status of all TPF subscribers as active, even after final TPF payment, with 2,09,902 subscribers in its database.

Since all the roles such as maker, checker, approver were played by personnel of Office of CoA, there was avoidable scope for error/ fraud in payments to TPF accounts of long retired/ deceased subscribers, on the grounds that

missing credits were being cleared from the Suspense Account, with change in master data of the beneficiaries' bank accounts.

It is, therefore, essential that the TPF accounts of subscribers are deactivated after final TPF payment and that any further payments to those retired subscribers, take place only after due escalation to the Finance Department.

In response, the Finance Department stated (June 2023) that the TPF subscriber's accounts had been kept active even after authorisation of final TPF for the purpose of clearance of suspense amounts; that the Audit observation had been noted and that in future, the subscribers' accounts would be deactivated after authorisation of final TPF and re-activated, only in case of specific requirements.

3.2.9.7 Treasury Module/ Integrated Odisha Treasury Module System

The Finance Department decided (December 2009) to implement a Centralised and Web Based Integrated Online Treasury Management System (IOTMS), for its Treasury functions. This existing software application was integrated with IFMS and functions as the Treasury Module.

3.2.9.7 (a) Lack of controls to prevent misappropriation of Government money

From the workflow of the online bill module, it was observed that every bill, prepared by the DDOs, irrespective of the bills generated through HRMS, WAMIS or IFMS, is routed through Treasury. Treasury Module enables the Treasury Officer (TO) to check the veracity of the bills, so presented to him/her. However, unlike other DDOs, the TO plays a dual role in passing a bill of his own establishment, *i.e.* he/ she prepares a bill as DDO and passes the bill as TO. Due to such dual roles, it is vital that the Treasury Module had adequate system controls to prevent/ reduce the risk of misappropriation of Government money.

During the field visit of the District Treasury, Dhenkanal, Audit observed multiple cases of misappropriation of funds, intended for pension/ gratuity payments by the Sub-Treasury, Hindol, functioning under District Treasury, Dhenkanal, due to the following control lapses in the workflow of IFMS.

1. Provision for the maker role (for pension Bills) to edit beneficiary details, in case of pension payments, such as Bank Account Number.
2. TO is both the maker of the bill in the role of DDO, as well as the final authority for payment of the bill, and therefore, regular internal audit needs to be conducted by DTI to ensure deterrence.
3. Absence of provision for Office of AG (A&E), Odisha or CoA, to verify the status of actual drawal of amount against the Pension/ Gratuity/ Commutation Value of Pension payment authorities (PPO/ GPO/ CPO), issued by them.
4. Absence of validation controls in the Bill number data field, to prevent generation of duplicate bill numbers.

Despite detection of such misappropriation cases by DTI, such cases were neither discussed in the meetings of the governance Committees nor were any

effective validation controls implemented, in order to prevent recurrence of such cases.

In response, the Finance Department stated (June 2023) that the privilege to change the beneficiary at the level of the operator at the Treasury Offices at the time of preparation of a pension bill, had since been removed and that this privilege was now only available with the approver *i.e.* the TO; and that steps would be taken with regard to the other recommendations made by Audit, in order to avoid such kind of irregularities.

3.2.9.7 (b) *Lack of validation controls to prevent generation of Challans in OTC-6 without actual cash remittances into Treasury*

Rule 52 of the OTC specifies that any person paying money into a treasury or the bank shall present with it a memorandum (or Challan) in Form OTC- 6, which will show distinctly the nature of the payment, the amount paid, the person or Government servant, on whose account it is made, the head of account, to which the amount should be credited, *etc.* The note below Form OTC-6 clearly states that Challans should be used only in case of cash remittances to bank. As per SRS documentation, the Sanction Order type “Accounting Adjustments” was to have two sub-types - “Conversion of Loan to Grant” and “Conversion of Loan to Equity”.

Audit reviewed a transaction that was accounted for during FY 2020-21, which indicated that there were inadequate validation controls to prevent generation of Treasury Challans, without actual cash remittances into Treasury. Food Supplies and Consumer Welfare Department had issued a Sanction Order Number 202019174618, dated 22 February 2021, which specified that unspent subsidy amounts, released from FYs 2004-05 to 2016-17, were lying with the Odisha State Civil Supplies Corporation (OSCSC) Limited (a PSU) and that this total subsidy amount of ₹ 631.28 crore was to be converted into investment in Share Capital/ Equity of OSCSC.

Since the “Accounting Adjustments” Sanction Order type did not have a sub-type for “Conversion of Grant to Equity”, the Sanction Order type used was “General Scheme Expenditure”.

The Sanction Order specified that there would be no cash outgo from OSCSC and accordingly, the Office of the AG (A&E), Odisha, was requested to make book adjustment in the accounts. As no cash inflow and outflow occurred during this transaction, a book adjustment was made by generating a ‘NIL’ Bill (Bill No519-FS-(Misc.)-5475/2020-21). The accounting entry was made as follows:

- MH 5475 (Debit) ₹ 631.28 crore Equity Share Capital Investment in OSCSC Ltd.
- MH 2408 (- Debit) ₹ 631.28 crore Deduct Recovery of Over Payment.

During this transaction however, a Challan TV TC No. 00001, dated 24 February 2021, amounting to ₹ 631.28 crore had been generated, without any actual cash remittances into Government Account. Since a Challan in Form OTC-6 is universally accepted as the legal evidentiary document for proof of cash remittance into Government Account, there should be a clear distinction maintained in the accounting system between a Challan and any other

supporting document, used to indicate a book adjustment receipt. Generation of Challan in Form OTC-6 without cash remittance into Government Account, creates a material and significant risk that Government receipts may be accounted for on the basis of book adjustments alone, by users having *mala fide* intention.

In response, the Finance Department stated (June 2023) that due to an erroneous process, adopted by the Departmental Officer (incorrect selection of an option while generating the Nil Bill), a challan had been generated under an expenditure Major Head; that this challan had been reported in the Schedule of Receipts; and that a copy of the challan had been submitted to the Office of the AG (A&E), Odisha, along with accounts for that month, for necessary rectification in monthly accounts.

The response reflected that fact that IFMS lacked process controls to prevent generation of challans under expenditure Major Heads, and that the burden of compliance continued to remain on individual users, instead of shifting onto IFMS.

Recommendations:

5. **Interface between IFMS and BETA may be improved, in order to provide data interchange without manual interventions and to provide access to the decision making process on approval of budget estimates within IFMS, after approval of the budget.**
6. **Provision for surrender of budget may be implemented at DDO level.**
7. **Mapping of Sanction Order types with Heads of Account may be implemented.**
8. **Selection of payment beneficiary in case of Sanction Orders, may be made mandatory from the IFMS master data, instead of permitting data entry as free text.**
9. **Linkage of Bills with underlying Sanction Orders may be enforced.**
10. **Provision for auto-population of key details, such as Head of Account and payment beneficiary may be implemented.**
11. **Provision for DDO to view the available balance for sanction, under a particular Sanction Order, may be implemented. There should be no scope for the DDO to change the payment beneficiary to an entity other than that specified in the Sanction Order.**
12. **Functionality for DC Bills may be implemented and the UC Module may be put to use, as intended.**

3.2.10 Inadequate/ absence of validation controls

Adequate validation controls in various modules of IFMS, dispenses continued requirement of manual interventions and maintenance of manual records and registers by users. Such continuation indicated that the benefits of business process reengineering from the implementation of IFMS had not yet been realised. The efficiency gains from the full implementation of IFMS will be significantly higher, in case manual interventions are minimised and manual registers are replaced by system generated Management Information System reports, as originally intended, when IFMS was conceptualised.

3.2.10.1 Business processes requiring manual interventions, even after implementation of IFMS

The following business processes continued to require manual interventions in the workflow, and hence reflected incomplete business process reengineering, despite implementation of IFMS:

- i. Manual export of text file with budget estimates/ proposals from IFMS, for import into BETA and manual export of text file with finalised budget allotments from BETA, for import into IFMS.
- ii. There are four types of Sanction Orders which had to be manually generated, since these types had not been implemented, as of March 2023.
- iii. The manually generated Sanction Orders had to be submitted through offline mode to the field Offices concerned, as well as to the Office of the AG.
- iv. At the time of generating Sanction Order in IFMS, manual verification of budget allotment, available under the concerned Head of Account is to be carried out, since the system did not have validation controls to display and restrict the available amount, which might be sanctioned under that Head of Account.
- v. Personal details of Government servants, such as DoB are being entered manually for each Sanction Order, instead of being retrieved from the master data for employees.
- vi. Manual monitoring of outstanding AC Bills, since DC Bill functionality had not been implemented.
- vii. Manual monitoring of outstanding UC, since UC Module had not been implemented.
- viii. At the time of preparation of Bills, manual data entry is needed for HoA and beneficiary details, since despite linking to a valid underlying Sanction Order, there was no provision for auto-population of data fields from the Sanction Order.
- ix. At the time of preparing Bill in IFMS, manual verification of available sanction amount under the Sanction Order was to be carried out, since the system did not have validation controls to display and restrict the available amount that might be drawn against that Sanction Order.

- x. At the time of preparing Bill in IFMS, manual entry was to be made for Bill number, since IFMS did not assign a unique Bill number for each Bill.
- xi. Manual surrender of budget allotment by DDOs to CO, and from CO to the Finance Department was to be done, since IFMS did not have provision for surrender through the system. Manual reconciliation was necessary in case of subsequent drawal by DDOs, of budget amounts, previously surrendered.
- xii. Manual entries were required to be made for beneficiary details, in case of Works Bills, based on manual verification of the Works contractor ID or Work ID, since these data fields were not auto-populated from WAMIS.
- xiii. Personal details of subscribers, such as DoB, Date of Superannuation were being entered manually in TPF Module, instead of being retrieved from the master data.
- xiv. There was centralised manual data entry for all addition/ modification of subscriber details and final payment of TPF proposals at Office of the CoA, in the absence of implementation of TPF Module in field offices.
- xv. Manual verification of computation of interest on balances in TPF Accounts was necessary, since there was lack of assurance on system generated interest computation.

3.2.10.2 *Manual records and registers, which were required to be maintained, despite implementation of IFMS*

- i. Sanction Order Register -
 - a. Since four types of Sanction Orders had not been implemented in IFMS.
 - b. Since real time balances available for sanction under a particular Head of Account, were not being displayed in IFMS.
- ii. Bill Register -
 - a. Since real time balances available for drawl against a particular Sanction Order were not being displayed in IFMS.
 - b. Since IFMS did not assign a system generated unique Bill number for each Bill, being prepared by a DDO.
- iii. Maintenance of records in support of subscribers' personal details to be entered each time, such as DoB, to process TPF final payments.
- iv. Absence of MIS Reports in IFMS to retrieve details of Sanction Orders issued and Bills submitted, based on Sanction Order type or Bill type. For example, in order to view Bill details of type Grants-in-Aid, DDO had to maintain a list of Bills based on type "Grants-in-Aid", in order to view the relevant Bills in IFMS.
- v. Registers to monitor monthly recovery of advances, such as House Building Advance to employees, due to the absence of MIS Reports for this purpose in IFMS.

- vi. Surrender proposals from DDO to CO and CO to the Finance Department were being prepared and submitted manually.
- vii. AC Bill Register was being maintained, due to the absence of functionality to monitor outstanding AC Bills in IFMS.
- viii. UC Register was being maintained, due to the absence of UC Module in IFMS.

In response to Audit observations, the Finance Department stated (June 2023) that development in IFMS was an evolutionary process; that Modules had been implemented in a phased manner and on the basis of the user feedback, they had been customised to make it more user-friendly; that systemic validations had not been imposed in the first phase of implementation in order to make IFMS more user friendly, and that priority had been given to encourage the use of functionalities of the new Modules; that once the Modules had stabilised and the users were well conversant with the use of the Modules, systemic validations would be imposed in line with relevant Rules and procedures.

Audit is of the view that, since the Modules implemented as part of IFMS 1.0, have been in use for over five years, as of March 2023, it is essential that system controls, which are necessary to achieve compliance with extant Rules should be implemented on priority basis.

Recommendations:

- 14. DTI may undertake a detailed review of the existing manual interventions, in order to minimise the same through Business Process Reengineering.**
- 15. DTI may undertake a need analysis for implementation of validation controls and development of appropriate MIS Reports to replace the manual records being maintained.**

3.2.11 Supporting functionalities for IFMS

This section covers the results of examination of the status of the following support functionalities for IFMS:

1. Disaster Recovery
2. Consultancy Services
3. Asset Management
4. Maintenance Services

3.2.11.1 Non-compliance with the contractual provisions related to Disaster Recovery

In the contracts for IFMS 1.0 and 2.0, there were provisions for Disaster Recovery Plan (DRP), with specifications for maintenance of Disaster Recovery (DR) Sites, conduct of DR Drill, Recovery Time Objective (RTO) and Recovery Point Objective (RPO) as four hours and one hour respectively. The primary site for IFMS was located at the State Data Centre at Bhubaneswar. The Near Disaster Recovery Site was located at the IT Centre,

Government Secretariat at Bhubaneswar. The Far Disaster Recovery Site was located at New Delhi.

Audit examined the status of provisions related to Disaster Recovery and noticed that:

- Against the provisions of the IT Act 2000, which specify that there should be proper documentation for the DR Plan, DTI did not have documentation which included clear definitions of potential disasters, conditions for activating the DR Plan, identity and roles of personnel, who would make decisions in case of crisis, composition of the recovery team and criteria to determine the process for return to normal operation.
- Against the contractual provision requirement of conducting DR Drills once in six months, the SI had conducted DR Drills only twice (2018 and 2021) during the FYs 2017-18 to 2021-22.
- During the two DR Drills conducted, there were deficiencies, as the Drill Reports recorded the fact that they were not full-fledged Drills, covering all the Modules of IFMS and did not last for the standard periods of 4-6 hours, in order to derive assurance that the alternate sites were functioning correctly.
- The actual RTO achieved during the two Drills was within four hours, which was within the target RTO. However, the following issues had been identified, during the switch over to the Near Disaster Recovery Site (i) Non-opening of portal, (ii) Non-transfer of data to IFMS from WAMIS and (iii) Special Pension Treasury functions not fully available, which had been resolved and noted for improvement during subsequent Drills.
- The actual RPO had not been adequately tested, and Audit was unable to derive assurance that RPO of one hour could be achieved for IFMS in case of disasters, because the Drill had been conducted on a Government holiday, with last transactions taking place on the previous working day.
- The SI had not tested the backup data by restoring the same, as per the prescribed intervals of six months. No reports were sought and maintained by DTI, regarding the testing of such restored data. As a result, Audit was unable to derive assurance on the integrity of the backup data being stored.
- Guidelines for availing DR Services for the Far Disaster Recovery Site at the National Data Centre (NDC), New Delhi provide that for conducting DR Drill at the NDC an Application Security Audit Report with “Safe to Host” Certificate is required from a CERT-IN empanelled vendor. However, such a Security Audit had not been carried out, as of March 2023. In absence of the “Safe to Host” Certificate, NDC, New Delhi had not permitted conduct of DR Drill during the FYs 2019-20 to 2021-22.

The crucial data on IFMS reflects the status of receipts and payments of the State Government during the current financial year, data on funds transferred to various entities and beneficiaries and payments received from tax-payers and Government of India. Odisha is also at high risk, from the point of view of occurrence of natural disasters, such as cyclones and floods. In view of these circumstances, Audit is of the view that strict enforcement of the contractual provisions, related to DR and periodic conduct of tests for back-up data and DR Drills, is essential.

In response, the Finance Department stated (June 2023) that the DTI would ensure that DR drills are conducted twice or thrice in a year; that the SI had been testing the backup data by restoring it at Near DR site at regular intervals and that the DTI had been satisfied with the testing carried out; that there had been delays in getting Site Security Audit Certificate, due to reasons, such as non-availability of STQC personnel, non-readiness of test environment, technical problems in test servers, changes made to the Modules, Covid-19 exigencies, etc.

3.2.11.2 Irregularity in procurement and extension of consultancy services for IFMS 2.0 without competitive bidding, and excessive dependence on an individual consultant for 33 months

The DTI had engaged the services of M/s Wipro Limited (on the basis of limited tender among firms empanelled as consultancy service providers with the State Government) as a consultant for the IFMS project, from September 2017 to June 2018, to assist in selection of the SI for IFMS 2.0.

M/s TCS Limited was selected (was the single bidder) as SI for the development of IFMS 2.0, with a contract period of seven years (2018-19 to 2024-25).

After the task of selection of SI for IFMS 2.0 had been completed, M/s Wipro Limited WIPRO, citing the complexities of the project, offered to continue the following services as a consultant to assist in project monitoring, during the implementation phase of IFMS 2.0 from 2018 to 2020 -

- Project Monitoring
- Vendor Management
- IT advisory services for hardware and software
- Service Level Agreement monitoring
- Interface of IFMS for technical issues with external agencies

Audit noticed that:

- No competitive (limited or open tender) procurement process was initiated for continuation of engagement of the consultant, for the period after the completion of the specific task of selection of SI for IFMS 2.0.
- The Technical Committee for IFMS, in its meeting held on 19 July 2018, based on the proposal received from M/s Wipro Limited, recommended continuation of the services of the firm as a consultant, for a period of one year. Accordingly, the Finance Department

accorded approval for engagement of consultancy services with effect from 1 July 2018 to 30 June 2019, with appointment of Shri XXXX Mishra from M/s Wipro Limited, as the consultant.

- At the end of the initial one-year period, the engagement was repeatedly extended every year, until March 2022, *i.e.* for a period of 33 months from July 2019. The monthly fees of the consultant was increased from ₹2,50,000 to ₹2,98,000 with effect from 1 July 2021, with resulting total payment of an amount of ₹86,82,000 from July 2019 to March 2022. The same individual consultant continued to be deployed by M/s Wipro Limited during the above period and also handled correspondence with M/s Wipro Limited, regarding appointment and continuation of consultancy services.
- Services of the above named consultant had continued to be repeatedly extended, even though no further recommendation was made by the Technical Committee for such extension beyond 30 June 2019.

The above circumstances indicated that the DTI was excessively dependent on the above named individual consultant, to the extent that the extension of services had continued to be approved, without any competitive procurement process for 33 months, with expenditure of ₹ 86.82 lakh.

Audit is of the view that there is significant risk of excessive dependence on the individual consultant and hence, it is vital that mitigation measures are adopted to ensure that knowledge transfer from the individual consultant to multiple DTI personnel is completed on priority basis.

3.2.11.3 Non-compliance with contract terms governing performance of the consultant engaged for IFMS 2.0

The consultancy contract signed by DTI with M/s Wipro Limited specified the scope of work for the consultant to include Project Monitoring and Evaluation, Service Level Agreement Monitoring, Change Management, Review of Functional Requirement Specification (FRS) and System Requirement Specification (SRS).

The deliverables for the consultant included submission of reports and returns to DTI at specified intervals (*Appendix 3.2.4*).

Audit specifically sought (August 2022) to examine the reports and returns, submitted as deliverables by the consultant. However, no reports or returns prepared by the consultant were furnished to Audit, as of March 2023. Instead, DTI stated that the consultant had attended various meetings with the stakeholders to assist in development, implementation and stabilisation of IFMS Modules. This had also been stated in the proposals to repeatedly extend the services of the consultant.

In view of the fact that no formal documentary deliverables had been submitted by the consultant, as well as the significant deficiencies noticed in project monitoring, Audit was unable to ascertain the justification for repeated extension of services of the consultant. There was gross non-compliance with the performance obligations, specified in the consultancy contract. The repeated extension of services, despite such gross non-compliance only

highlighted the risk of severe and excessive dependence of the DTI on the individual consultant.

In response to the above Audit observations, the Finance Department stated (June 2023) that the services of the individual consultant continued to be required during the development, implementation and stabilisation of new Modules and for revamping of the existing system into newer technology or higher scale.

While the above response once again underscored the importance of the consultant to the IFMS project, the fact remained that in the absence of documentation of the work carried out, there was a material risk that the Department would remain excessively dependent on the individual consultant. Compliance with the terms and conditions of the contract in the form of documentation of work carried out/ deliverables, would enable knowledge transfer and eventual taking over of the services, provided by the consultant by Departmental personnel.

3.2.11.4 Absence of quality certification for IFMS from STQC.

Standardisation Testing and Quality Certification (STQC) Directorate, an attached office of the Ministry of Electronics and Information Technology, Government of India, provides quality assurance services in the area of Electronics and IT through countrywide network of laboratories and centres. The services include Testing, Calibration, IT & e-Governance, Training and Certification having National / International accreditation and recognitions in the area of testing and calibration.

As per the IFMS 2.0 contract, the SI had to complete the STQC within T2 (two years from the date of Acceptance of Letter of Intent by the SI) + 16 weeks. If the SI is unable to meet the defined milestones due to delay attributed to SI, a penalty of 0.5 *per cent* would be charged for each week of delay from payment associated to the respective milestone, up to a maximum of 10 *per cent* of the respective milestone amount. Besides, DTI reserved the right to invoke the Performance Bank Guarantee as well as terminate the contract in case of non-compliance.

Audit noticed that the SI had not obtained the STQC, as of March 2023, *i.e.* more than 30 months from the target date of achieving the milestone.

DTI was entitled to levy a penalty of ₹52,11,453 (10 *per cent* of the development and design cost of ₹5,21,14,530) on the SI, due to non-compliance with the contractual provision but had not done so.

In response to the Audit observation, Finance Department stated (June 2023) that the Final Certificate had not been issued by STQC, even after repeated follow up; that delays had occurred, due to issues beyond the control of the SI, such as non-availability of STQC personnel, non-readiness of test environment, Covid-19, *etc.* and hence no penalties were required to be levied.

The fact remained that STQC was essential, in order to derive assurance regarding the quality aspects of the IFMS application and non-completion of the same, resulted in non-compliance with the IFMS contracts.

3.2.11.5 Security threat, due to non-renewal of AMC of Unified Threat Management (Firewall)

Unified Threat Management (UTM), better known as a Next-Generation Firewall (NGFW) refers to multiple security features or services combined into a single device within the network. Using UTM, the network’s users are protected with several different features, including antivirus, content filtering, email and web filtering, anti-spam and more. UTM enables an organisation to consolidate its IT security services into one device, potentially simplifying the protection of the network.

Besides, an NGFW secures the network from viruses, malware or malicious attachments. It prevents attacks before they enter the network and prevents access to unwanted websites by installing enhanced web filtering.

Figure 3.2.1- Cyber threat to 26 websites of the Odisha (The Sambad, 15 November 2022)



Figure 3.2.2: Cyber threat to 26 websites of the Odisha (New Indian Express, 16 November 2022)



An NGFW enables administrators to manage a wide range of security functions with a single management console. Besides, the National Critical

Information Infrastructure Protection Centre had warned Government of Odisha, regarding cyber threats to the 26 websites.⁶⁶

IFMS is one of the most critical portals of the Government of Odisha, since it is used for financial transactions.

On review of the hardware agreement, entered into by DTI with the SI, Audit observed that, for development of IFMS 1.0, UTM licenses (two in number) were procured at ₹50,70,432 at the rate of ₹25,35,216 per unit (including cost of service) and installed at the Production Server of the Odisha State Data Centre, with extended AMC up to 17 January 2022. However, the AMC of these two UTMs were not extended any further, till March 2023.

In response, the Finance Department stated (June 2023) that this issue had been intimated to the members of the Technical Committee of IFMS and that the Committee had accepted the proposal of purchasing two Firewalls, and that the procurement process had been initiated.

3.2.12 Deficiencies in Asset Management for IFMS

Clause 2.2.9 of the contract for IFMS 2.0 provides that the SI (M/s TCS Ltd.) shall be required to create a database of all the equipment/ software procured/ installed under the IFMS project. Details of assets, such as hardware, software, peripherals, manuals, media and other related peripherals, *etc.* shall be maintained by recording information such as, make/ model, configuration details, serial numbers, license agreements, warranties, location of installation, *etc.* Besides, the contract also stipulates that the SI shall maintain the following details:

- Record installation and removal of any equipment from the Data Centre network of DTI, even if it is temporary
- Maintain details of software with information, such as Licenses, Version Numbers and Registration Details
- Perform software license management and notify the Tendering Authority on licensing contract renewal and assist them in getting the license renewal.
- Asset Management services of SI must conform of Information Technology Infrastructure Library (ITIL) framework

As per the contract, both DTI, as well as the external auditors should be provided access to such database.

Audit noticed that:

- i. DTI had made payments of ₹14.06 crore and ₹ 2.57 crore to the SI, towards software and hardware procurement respectively, under IFMS, as of March 2023.
- ii. There was non-compliance with the provisions of the contract for asset management, as the SI was not maintaining an asset register/ inventory, which recorded the details of end use of hardware and

⁶⁶ <https://www.newindianexpress.com/states/odisha/2022/nov/16/cyber-threat-alert-nciipc-asks-odisha-to-submit-report-2518768.html>

software procured for IFMS. As a result, there was no conformity of the Asset Management Services, offered by the SI with the ITIL framework.

- iii. Instead, DTI was maintaining an online asset register (using an in house software application) for all hardware and software which it owned, including those procured under IFMS. There was no segregation of assets, procured for the IFMS project. Audit was, therefore, unable to derive assurance on the completeness of list of assets, recorded in the asset register, being maintained.
- iv. Software license management and monitoring of warranty periods was being carried out by DTI itself. However, in the in-house software application, used to record details of hardware and software, Audit noticed that, in case of significant number of assets, key details, such as location and warranty period had not been specified.
- v. Periodic physical verification of hardware procured and installed for implementation of IFMS at various locations had not been carried out, during FYs 2017-18 to 2021-22.
- vi. For the Far Disaster Recovery Site for IFMS at the NDC New Delhi, expenditure of ₹3.57 crore was incurred from the FYs 2016-17 to 2019-2020, towards purchase and commissioning of hardware and networking equipment. During the period from FYs 2017-18 to 2021-22, only one DR Drill (September 2018) was permitted to be conducted at the Site, since IFMS did not have “Safe to Host” Certificate from a CERT-IN empanelled Auditor. This resulted in lack of assurance as to whether the hardware assets were still functional, as they had been idling for over 54 months.

Asset Management is a vital support function for IFMS and significantly aids in ensuring optimal use of procured hardware and software resources. Audit is of the view that there remain areas for improvement in the form of adoption of controls for better management of the assets.

In response, Finance Department stated (June 2023) that, while the RFP for IFMS 2.0 had specified that the SI was to maintain a web-based online asset management system and provide access to DTI, SI had submitted in its proposal, “Development or Procurement of Asset Management System is not considered within the scope of work of this proposal. Such asset management will be carried out by the existing Asset Management System of IFMS 1.0 or through MS Excel”. This deviation was then part of the contract for IFMS 2.0. The response from the Department did not address the other Audit observations on the deficiencies related to the quality of data in the online asset register maintained by DTI and on the non-compliance with the ITIL framework, as was originally intended.

3.2.13 Avoidable escalation of annual costs towards contractual resources, deployed at Treasuries, due to non-compliance with the terms of the contract, which were applicable to other resources, deployed at DTI Headquarters

As per the contract for IFMS 2.0, DTI was to pay a sum of ₹44.12 crore towards maintenance support and help desk support, as detailed in *Table 3.2.9*.

Table 3.2.9: Payment to be made towards maintenance support and help desk support

(Amount in ₹ crore)

Sl. No.	Type of Maintenance Resource	No. of years for Maintenance	No. of Maintenance Resources as per RFP	Unit Rate of all Maintenance resources/year	Tax amount of unit rate/year	Total Amount/year	Total Cost
1	Application Development	7	8	2.37	0.43	2.80	19.57
2	Database Developer	7	3	0.89	0.16	1.05	7.34
3	System Administrator	7	2	0.59	0.11	0.70	4.89
4	Database Administrator	7	2	0.59	0.11	0.70	4.89
5	Implementation Support resources at treasuries	2	38	1.53	0.27	1.80	3.60
6	Helpdesk Support-1	7	4	0.25	0.04	0.29	2.05
7	Helpdesk Support-2	7	4	0.22	0.04	0.26	1.79
	Total			6.43	1.16	7.59	44.13

(Appendix-E) Clause 6.5 - Application support and maintenance cost and Clause 6.6 - Helpdesk support of the agreement

(Source: Agreement of DTI with SI)

While all the resources at DTI Headquarters were to be deployed for the full period of agreement, *i.e.*, seven years commensurate to the period of agreement of IFMS 2.0, however, the 38 Implementation Support resources at the Treasuries were to be deployed only for two years, *i.e.*, up to 30 April 2020.

As per the contract, the scope of work of the resources deployed at the Treasuries included:

- To provide day to day application support to Government officials and function as the single point of contact for the application, for the concerned treasury offices.
- Handholding support to end users for successful usage of the modules of the application.
- Provide necessary training on IFMS modules to users.
- Collection of user data, if any.
- Refresher training on applications, as and when required.
- Attending to issues related to the application.

- Coordinate with the helpdesk on resolving issues, related to the application.

In view of the scope of work, reasons for limiting the period of deployment to only two years, in case of these 38 resources and not specifying the period as seven years, as was done in case of other resources at DTI headquarters, were not found on record.

Subsequently, in February 2020, *i.e.* two months prior to expiry of the two-year period of deployment for these resources, the Technical Committee recommended (February 2020) for continuation of deployment of these 38 resources at the Treasuries, for a further period of five years. Accordingly, DTI requested (April 2020) SI (M/s TCS) for extension of services of these resources up to July 2020, on the existing terms and rates. However, instead of proposing continuation of deployment of these resources at the same rate (₹ 4,01,976 per resource per year, before taxes) for the next five years, as was done for all other resources deployed at DTI headquarters, the Technical Committee and DTI sought the submission of a fresh financial proposal from the SI for the rate of each resource to be deployed for each year for the next five years. Reasons for not proposing continuation at the existing rates, as per contract and instead seeking a fresh financial proposal from the SI, which carried significant risk of price escalation, were not found on record.

In response, the SI submitted (July 2020) a financial proposal with total cost of ₹9,64,31,574 for deployment of resources at the Treasuries for the period from August 2020 to April 2025. The quoted rate per resource for the period from August 2020 to March 2021 was approximately 10 *per cent* higher than the existing rate per resource, up to July 2020. Similarly, for the 2nd, 3rd, 4th and 5th year as well, the cost per resource was quoted with compounded increase of 10 *per cent* for each year, which was then accepted by the DTI and the Finance Department without any further negotiation.

As a result, during the period from 1 August 2020 to 31 March 2022, the SI had been paid ₹2,91,24,720 (₹1,68,02,688 + ₹1,23,22,032) towards services of IEs, on the basis of increased rate, resulting in excess payment of ₹36,66,240 (₹15,27,600 + ₹21,38,640) for the two years.

Recommendations:

- 16. Strict compliance with all contractual provisions related to Disaster Recovery, may be ensured.**
- 17. The justification for retention of services of the individual consultant engaged for extended period of time may be reviewed, taking into account the risks of excessive dependence and exit management. Compliance with the terms of the contract for consultancy services and knowledge transfer to multiple DTI personnel may be ensured.**
- 18. STQ Certification and mitigation measures against security threats, may be undertaken on priority basis.**
- 19. Compliance with the ITIL framework for asset management and with contractual provisions for maintenance and support, may be ensured.**

3.2.14 Conclusion

In an operating environment, which is based on manual work and paper based workflows, the burden of compliance should be borne by individuals, who are expected to (i) be aware of compliance requirements, since ignorance is not an excuse and (ii) conduct themselves in a bona fide manner.

However, once a software application is introduced into the operating environment, the main expected benefit from the system is that the burden of compliance will shift from the individual users to the application.



Audit has observed that in the case of IFMS, the expected benefits will be fully realised by the Government of Odisha, once the applicable Rules and provisions of executive instructions have been mapped into its processing logic, through implementation of appropriate system controls. Such implementation of system controls will help in significantly mitigating the risks of (i) Lack of awareness of compliance requirements by users and (ii) Malafide actions by users.

The recommendations made by Audit in this Report may be seen through this overarching perspective.

3.3 Department's Oversight on GST Payments and Returns Filing for the Financial Year 2017-18

EXECUTIVE SUMMARY

Government of India introduced the Goods and Services Tax Act, 2017, with effect from 01 July 2017, which replaced many indirect taxes levied and collected by the Centre and the States. Goods and Services Tax is a destination-based consumption tax on supply of goods or services or both, levied on value addition. The Centre and the States simultaneously, levy GST on a common tax base. Central GST (CGST) and State GST /Union Territory GST are levied on intra-state supplies, and Integrated GST is levied on inter-state supplies. A Compliance Audit was conducted between April 2022 and November 2022, with the broad objective of seeking an assurance that rules and procedures have been designed to secure an effective check on tax compliance and the scrutiny procedures, internal audit and other compliance functions of the (CT & GST) Circles are adequate and effective. The sample for this audit comprised a set of deviations, identified through data analysis for centralised audit (earlier termed as Limited Audit), that did not involve field visits, a sample of taxpayers for Detailed Audit, that involved field visits and scrutiny of taxpayer's records at departmental premises and a sample of CT & GST Circles, for evaluating the compliance functions of the Circles. Accordingly, 264 taxpayers were selected for Centralised Audit and 50 taxpayers were selected for Detailed Audit. Audit noticed mismatch in input tax credit, taxable turnover and tax liability of ₹3,805.41 crore, in regard to 264 taxpayers, selected for Centralised Audit. Similarly, Audit noticed deviations in utilisation of input tax credit, amounting to ₹ 38.33 crore, mismatch in discharge of tax liability, amounting to ₹71.91 crore, non-reversal of ITC of ₹2.78 crore and irregular disclosure of non-GST/ zero rated supply turnover of ₹10.78 crore, during the course of this Detailed Audit.

It is recommended that:

1. ***The Department may ensure timely issuance of GSTR 3A, ASMT-13 and recovery of dues in case of non-filers of returns and scrutinise cases across the circles from the year 2017-18 onwards.***
2. ***The Commissioner of CT&GST may provide complete access to the GST backend application and database to audit for verification of the system-based functions (like cancellation, etc.) undertaken by the circles.***

- 3. *The CT&GST may consider introducing validation controls in GST Returns to curb data entry errors, enhance taxpayers' compliance and facilitate better scrutiny.***
- 4. *The Department may initiate remedial action for all the compliance deviations brought out in this Report, before they get time-barred.***

3.3.1 Introduction

Introduction of the Goods and Services Tax has replaced many indirect taxes levied and collected by the Centre and the States. Goods and Services Tax, which came into effect from 01 July 2017, is a destination-based consumption tax on the supply of goods or services or both, levied on value addition. The Centre and the States, simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST)/Union Territory GST (UTGST), are levied on intra-state supplies and Integrated GST (IGST) is levied on inter-state supplies.

Section 59 of the Odisha GST (OGST) Act stipulates GST as a self-assessment-based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns, is vested on the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a 'nil' return mandatorily. Further, Section 61 of the Act, read with Rule 99 of OGST Rules, stipulates that the proper officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken up, considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Commercial Tax & Goods and Service Tax (CT & GST) wing of the Finance Department of Government of Odisha in this new tax regime.

3.2.2 Audit Objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with regard to tax compliance under GST regime. Audit objectives were to seek an assurance on, whether:

- i. The rules and procedures are designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and
- ii. the scrutiny procedures, internal audit and other compliance functions of the CT & GST Circles are adequate and effective.

3.3.3 Audit Methodology and Scope

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags, pertaining to the period from July 2017 to March 2018. Through data analysis, a set of 15 deviations was identified across the domains of Input Tax Credit, Discharge of tax liability and Registration and Return filing. Such deviations were followed up through a Centralised Audit⁶⁷ (Limited Audit), whereby these deviations were communicated to the relevant jurisdictional field formations of the State CT & GST Department and action taken by the jurisdictional formations on the identified deviations, was ascertained, without involving field visits. The Centralised Audit was supplemented by a Detailed Audit involving field visits for verification of records, available with the jurisdictional field formations. Returns and related attachments and information were accessed through the back-office application of the GSTN portal, as much as feasible, to examine the data/documents relating to the taxpayers (*viz.* registration, tax payment, returns and other departmental functions). The Detailed Audit also involved accessing relevant granular records from the taxpayers, such as invoices and financial records through the respective field formations. This apart, compliance functions of the departmental formations, such as scrutiny of returns, action taken on non-filers and late-filers, cancellation of registrations, action taken on Directorate General of Analytics and Risk Management reports, were also reviewed in selected Circles.

The review of the scrutiny of returns by the CT&GST and verification of taxpayer's records, covered the period from July 2017 to March 2018, while the audit of functions of selected Circles covered the period from FYs 2017-18 to 2020-21. This SSCA covered only the State administered taxpayers. The field audit was conducted from 08 August 2022 to 05 November 2022.

Entry Conference for this audit was held on 25 January 2022 with the Commissioner of CT & GST, Odisha, in which the audit objectives, sample selection, audit scope and methodology, were discussed. The written responses from the Circles to the draft report have been suitably incorporated in the relevant paragraphs. The Exit Conference was held on 1 August 2023 with the Special Commissioner, CT & GST and has been duly considered in finalisation of report.

3.3.4 Audit Sample

A data driven approach was adopted for planning, as also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations, identified through data analysis for centralised audit that did not involve field visits; a sample of taxpayers for detailed audit that involved field visits and scrutiny of taxpayer's records at departmental premises; and a sample of CT & GST Circles, for evaluating the compliance functions of the Circles.

⁶⁷ Centralised Audit did not involve seeking taxpayer's granular records, such as financial statements related ledger accounts, invoices, agreements, *etc.*

There were three distinct parts of this audit as under:

(i) Part-I - Audit of Circles

Six Circles with jurisdiction over 13 (thirteen) selected sample cases for detailed audit (25 per cent of the total sample cases selected), were considered as the sample of Circles, for evaluation of their oversight functions.

(ii) Part-II - Centralised (Limited) Audit

The sample for Centralised Audit was selected by identification of high value or high-risk deviations from rules and inconsistencies between returns, through data analysis, for evaluation of the adequacy and effectiveness of the scrutiny procedure under the CT&GST. Accordingly, 264 taxpayers were selected for Centralised Audit for this audit.

(iii) Part-III- Detailed Audit

It was conducted by accessing taxpayers' records through Circles for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers was selected on the basis of risk parameters, such as excess ITC availed, tax liability mismatch, irregular ITC reversal and disproportionate exempted turnover to total turnover. The 50 taxpayers selected comprised of Large⁶⁸, Medium⁶⁹ and Small⁷⁰ strata taxpayers.

The details of sample for Centralised Audit, detailed audit and audit of Circles selected, are brought out in *Appendices 3.3.1, 3.3.1 A and 3.3.1 B* respectively.

3.3.5 Audit Criteria

The source of audit criteria comprised the provisions contained in the CGST/OGST Act, IGST Act and Rules made thereunder. The significant provisions are given in **Table 3.3.1**.

Table 3.3.1: Source of criteria

Sl. No.	Subject	Act and Rules
1	Levy and collection	Section 9 of OGST Act
2	Reverse Charge Mechanism	Section 9 (3) of OGST Act and Section 5 (3) of IGST Act
3	Availing and utilising ITC	Sections 16 to 21 under Chapter V of OGST Act; Rules 36 to 45 of OGST Rules under Chapter V
4	Registrations	Section 22 to 25 of OGST Act; Rules 8 to 26 of OGST Rules
5	Supplies	Section 7 and 8 OGST Act; Schedule I, II and III of the OGST Act.
6	Place of supply	Section 10-13 of IGST Act
7	Time of supply	Section 12 to 14 of OGST Act
8	Valuation of supplies	Section 15 of OGST Act; Rules 27-34 of OGST Rules
9	Payment of Tax	Sections 49 to 53 of the OGST Act under Chapter X; Rules 85 to 88A of OGST Rules under Chapter IX

⁶⁸ First category comprising large taxpayers – top two per cent of taxpayers, based on turnover

⁶⁹ Second category comprising medium taxpayers – next eight per cent of taxpayers, based on turnover

⁷⁰ Third category comprising small taxpayers – remaining 90 per cent of taxpayers, based on turnover

Sl. No.	Subject	Act and Rules
10	Filing of GST Returns	Sections 37 to 47 of OGST Act under Chapter IX; Rules 59 to 68 and 80 to 81 of OGST Rules under Chapter VIII. Part B of OGST Rules prescribes format of returns
11	Zero-rated supplies	Section 16 of IGST Act
12	Assessment and Audit functions	Sections 61, 62, 65 and 66 of the OGST Act under Chapter XII & XIII; Rules 99 to 102 of OGST Rules under Chapter XI

In addition, the notifications and circulars, issued by Central Board of Indirect Taxes and Customs/ State Commissioner of CT & GST, relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilising ITC, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SOP) containing instructions to departmental officers on various aspects, related to filing returns, scrutiny of returns, audit (internal audit), cancellation of registrations and verification of DGARM reports, *etc.* also formed part of the audit criteria.

Audit findings

The audit findings have been categorised into the following two categories:

- a. Oversight on returns filing
- b. Oversight on tax payments

3.3.6 Oversight on returns filing

3.3.6.1 Deficient monitoring mechanism on return filing

In the sampled six Circles, Audit could not verify the oversight mechanism of return filing, as neither records nor data was provided to Audit. Though a detailed SOP was issued on action required to be taken in case of non-filing of returns by registered persons, vide Circular No.12016/CT&GST dated 18 December 2020, yet audit could not verify as to why GSTR 3A notices (notice for defaulters, who had not filed GST returns) were not issued to all the identified 53,270 non-filers pertaining to FYs 2017-18 to 2020-21. Sampled Circles issued GSTR 3A notices only in 41,108, out of 53,270 identified non-filers cases. Reasons for the shortfall in issuing GSTR 3A Notices in the remaining 12,162 cases of non-filers, were not found on record.

Further, in all six selected Circles, the process of issuing GSTR 3A notices and following it with ASMT-13 (Best Judgement Assessment order, in cases where the taxpayers had not complied with GSTR 3A notices) and DRC-07 (Summary of Demand order as a follow up of ASMT-13), was also not adhered to.

Status of Six Circles examined during audit

Section 46 of the Odisha GST Act, 2017, read with Rule 68 of Odisha GST Rules, 2017, stipulates issue of a notice in Form GSTR-3A requiring filing of return within fifteen days, if the taxpayer had failed to file the return within the due date. In case the taxpayer fails to file the returns even after such notice, the proper officers may proceed to assess the tax liability of the said person to the best of their judgment, taking into account all the relevant material, which is available or gathered and issue an assessment order in Form

ASMT-13. Filing of returns is related to payment of tax, as the due date for both the actions are the same, which implies risk of non-payment of tax/penalty in the case of non-filers.

The status of cases identified as non-filers during the period from FYs 2017-18 to 2020-21, in the Six Circles covered by Audit were as follows:

Table 3.3.2: Year-wise return filing position in six selected circles

Year	No. of non-filers identified	GSTR 3A notices issued	No. of returns filed in pursuance of GSTR 3A	ASMT-13 initiated	ASMT-13 initiated and Assessment completed	ASMT-13 Assessment completed & Amount assessed (₹ in lakhs)	Amount recovered (₹ in lakhs)
2017-18	0	0	0	0	0	0	0
2018-19	11,319	11,319	0	0	0	0	0
2019-20	17,706	12,519	6,273	1,416	505	1,301.29	0
2020-21	24,245	17,270	10,129	2,884	2,831	24,345.10	2,196.92
Total	53,270	41,108	16,402	4,300	3,336	25,646.39	2,196.92

(Source: Information Furnished by the six selected CT&GST Circles)

The State CT & GST Commissionerate issued a detailed SOP to be followed in case of non-filing of returns by registered persons, vide Circular No.12016/CT&GST dated 18 December 2020, under Section 62 of OGST Act.

Audit noticed that:

- In five out of the six selected Circles, the process to identify non-filers and late filers for the FYs 2017-18 and 2018-19, was not commenced until notification of the SOP in December 2020. Only in Bhubaneswar-III CT & GST Circle, 11,319 cases of non-filers pertaining to FY 2017-18 were identified during FY 2018-19.
- As of March 2021, the six Circles had identified 53,270 non-filer cases, pertaining to FYs 2017-18 to 2020-21. However, against this number, only 41,108 (77.17 per cent) 3A notices were issued. Reasons for the shortfall in not issuing 3A notices in the remaining 12,162 cases (22.83 per cent) of non-filers were not found on record.
- Out of 41,108 GSTR 3A notices issued, 16,402 taxpayers filed returns. This indicated that only in 39.90 per cent cases, the issue of 3A notices resulted in filing of returns and the remaining 24,706 taxpayers i.e. 60.10 per cent of taxpayers, had not responded to the 3A Notices.
- Out of the 24,706 taxpayers, who had not filed their returns in response to the 3A notices, best judgement assessment had been initiated in 4,300 cases (17.40 per cent). Reasons for not initiating best judgment assessment in the remaining 20,406 cases (82.60 per cent), were not found on record.
- Out of the 4,300 best judgment assessment cases initiated, the assessment had been completed (ASMT-13) in 3,336 cases (13.50 per cent) of 24,706 taxpayers, who had not filed their returns, even after receipt of 3A notices), with demand of ₹256.46 crore raised.

- Out of the total demanded amount of ₹256.46 crore, across all six Circles for the period up to March 2021, only one circle *i.e.* Barbil CT & GST Circle, had recovered ₹21.96 crore, as of September 2022.
- ASMT-13 had been withdrawn in 37 cases, during FY 2019-20, in two Circles and 919 cases, during FY 2020-21, in six Circles. Reasons for such withdrawal were not furnished to Audit.
- Due to non-production of required details of individual taxpayers discharging the tax liability, Audit was unable to derive assurance on the correctness of payment of interest and correctness of payment of late fee for delayed filing of returns.

The Circle heads of all six Circles Koraput, Bhubaneswar-III, Rourkela-II, Barbil, Bhubaneswar-II and Cuttack-II stated that action against all the identified non-filers had been initiated, but did not furnish any supporting document in this regard.

The matter was reported to the Commissioner of CT&GST and the State Government (January 2023) and their replies had not been received (October 2023).

3.3.6.2 *Slow pace of scrutiny of returns/non-initiation of scrutiny of returns*

A Status at the State Level

Audit requested (December 2022) the Commissioner of CT & GST for information on the overall status of scrutiny of returns at the State level. As per the information furnished (June 2023) by the Commissioner of CT & GST, 7,363 returns relating to FY 2017-18 and 9,509 returns, relating to FY 2018-19, had been scrutinised, as of September 2022.

B. Status at the six Circles covered by Audit

As per Section 61 of the OGST Act, various returns filed by taxpayers have to be scrutinised by the Proper Officer to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies, reflected in the returns. The Proper Officer, designated for this purpose is the Circle Officer. Further, Rule 99 of the OGST Rules, 2017, mandates that the discrepancies, if any, noticed shall be communicated to the taxpayer to seek his/ her explanation.

The State CT & GST Commissionerate issued instructions in the form of SOP for Scrutiny of Returns vide Notification No. 6179/CT/GST of 10 May 2022. The instruction *inter alia* discussed on methodology for selection of cases and assigning to Proper Officers for Scrutiny. Prior to the date of notification of the SOP, there was absence of uniform and consistent approach to the process of scrutiny of returns and no timeline had been fixed by the CT&GST, for completion of scrutiny of returns.

The status of cases identified for scrutiny during FYs 2017-18 to 2020-21, in the six Circles covered by Audit, is given in **Table 3.3.3**.

Table 3.3.3: Details of year-wise scrutiny of returns in selected Six circles

Year	No. of taxpayers whose returns were scrutinised	No. of returns scrutinised	No. of ASMT-10 issued	Discrepancies in ASMT-10, accepted by taxpayers	Amount recovered after issue of ASMT-10 (₹ In crore)	No of show cause notices issued	Amount involved in the show cause notices (₹ in crore)	Amount recovered from show cause notices (₹ in crore)
2017-18	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0	0	0	0
2019-20	2826	17987	2586	1017	0.90	923	659.95	249.58
2020-21	3412	12846	2999	1200	1.08	2314	239.34	127.23
Total	6,238	30,833	5,585	2,217	1.98	3,237	899.29	376.81

(Source: Information Furnished By The Six Selected CT&GST Circles)

Audit noticed that:

- The Proper Officers had not conducted any scrutiny of returns for FYs 2017-18 and 2018-19 in the six selected circles.
- The total number of returns, which had been selected for scrutiny for FYs 2019-20 and 2020-21, had not been maintained by the six Circles. As a result, Audit was unable to ascertain the extent to which the scrutiny of the selected returns, had been completed.
- During FYs 2019-20 and 2020-21, a total of 30,833 returns, pertaining to 6,238 taxpayers, had been scrutinised. Out of these, ASMT-10 had been issued in 5,585 cases (18.11 per cent).
- Out of these 5,585 cases, in which ASMT-10 had been issued, in 2,217 cases, the taxpayers had accepted the discrepancies pointed out in ASMT-10. This indicated that discrepancies, identified by the Proper Officers had been accepted by the taxpayers in 39.69 per cent of the ASMT-10 cases.
- The amount recovered from the taxpayers as of March 2022, was ₹1.98 crore, pertaining to three Circles⁷¹.
- During FYs 2019-20 and 2020-21, the Circles issued 3,237 show cause notices with money value of ₹899.29 crore, out of which the Circles had recovered ₹ 376.81 crore i.e. 42 per cent of the amount demanded.

Due to non-production of details of those cases, where taxpayers did not respond to ASMT-10 and taxpayers who had accepted the discrepancies pointed out in ASMT-10, but did not pay the required tax, Audit was unable to derive assurance that there was no revenue leakage.

In reply, two Circle Heads (Bhubaneswar-II and Rourkela-II) stated that prior to receipt of SOP i.e. 10 May 2022, the return scrutiny had been carried out on the basis of preliminary risk analysis. The Circle Head of Barbil Circle stated that the return scrutiny had been conducted on random basis. The other three Circles (Cuttack-II, Bhubaneswar-III and Koraput) did not furnish specific responses.

The matter was reported to the CT&GST and the State Government (January 2023). Their reply had not been received (August 2023).

⁷¹ Barbil, Cuttack-II and Koraput

Recommendation:

- 1. The Department may ensure timely issuance of GSTR 3A, ASMT-13 and recovery of dues in case of non-filers of returns and scrutinise cases across the circles from the year 2017-18 onwards.**

3.3.6.3 Internal audit

As per the Section 65 of the OGST Act, 2017 the Commissioner or any officer authorised by him/ her, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed. Section 2 (13) of the OGST Act, 2017, defines “Audit” as the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force, to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the rules made thereunder.

Audit sought (December 2022) information from the Commissioner of CT & GST on the internal audit of the taxpayers at the State level, as per the information furnished (June 2023) by the Commissioner of CT & GST, audit of 423 taxpayers had been completed under Section 65 of the OGST Act, as of September 2022.

As per the information furnished by the six selected Circles, 139 cases had been selected for Tax audit during FYs 2017-18 to 2020-21, and out of 139 cases selected, Tax audit of 136 cases, had been completed, as of October 2022.

3.3.6.4 Cancellation of Registrations

Section 29 of the OGST Act, 2017, read with Rule 20 of the OGST Rules, allows for cancellation of registration by the taxpayer in certain situations, like closure of business, turnover falling below threshold for registration, transfer of business/ merger/ amalgamation, change of PAN, non-commencement of business within the stipulated time period and death of the proprietor. The taxpayer applying for cancellation of registration should apply in REG-16 on the GST common portal, within a period of 30 days of the “occurrence of the event warranting the cancellation”.

Section 29(2) of the OGST Act, allows for *suo moto* cancellation of the registration of taxpayer by tax officer on the grounds of contravention of the Acts or Rules by the taxpayer, composition taxpayers not filing return for three consecutive tax periods, normal taxpayers not filing return for continuous period of six months, registered persons not commencing business within six months from date of registration and registration obtained by means of fraud, willful misstatement or suppression of facts.

Section 45 of the OGST Act, requires every registered person other than (a) ISD or a non-resident taxable person or (b) Composition taxable person (Section 10) or (c) persons paying tax under Section 51 - Tax collection at source (TCS) or persons paying tax under Section 52 - Tax deducted at source (TDS), whose registration has been cancelled, to file a final return in GSTR-

10, within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The purpose of the final return is to ensure that the taxpayer discharges the outstanding liability. In case of non-filing of GSTR -10, the same procedure, as adopted for non-filing of any return, must be followed by the tax officer.

Details of year-wise cancellation of Registrations Certificates (RC) in selected six CT & GST Circles, are shown in **Table 3.3.4**:

Table 3.3.4: Year-wise cancellation of RC in selected circles

Year	No. of applications received for cancellation of RC	Suo Moto cancellations initiated by proper officers	REG-20 order passed (dropping the proceedings)	No. of cases in which order of cancellation issued in REG -19
2017-18	126	0	5	11
2018-19	1,113	2,288	72	2,320
2019-20	1,294	5,736	119	5,606
2020-21	709	3,687	297	3,410
Total	3,242	11,711	493	11,347

(Source: information furnished by the six selected CT&GST Circles)

As per Section 45 of the Act, GSTR-10 – the final return, has to be filed within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The last date for furnishing of GSTR-10 by those taxpayers, whose registration had been cancelled on or before 30 September 2018, was extended till 31 December 2018, vide notification No. 58/2018 – Central Tax, dated the 26 October 2018.

As per the OGST Rule 68 of 2017, and as prescribed in Circular No. 129/48/2019-GST dated 24 December 2019, GSTR-3A has to be issued to the taxpayer, where GSTR 10 has not been filed. If the taxpayer still fails to file the final return within 15 days of the receipt of notice, then an assessment order in FORM ASMT-13, under Section 62 of the OGST Act, read with Rule 100 of the OGST Rules, shall have to be issued to determine the liability of the taxpayer under sub-section (5) of Section 29 (*i.e.*, debit ITC equivalent to inputs and inputs contained in semi-finished and finished goods held in stock or capital goods or the output tax payable on such goods, whichever is higher). If the taxpayer files the final return within 30 days from the issue of order ASMT-13, then the said order shall be deemed to have been withdrawn. However, the liability for payment of interest and late fee shall continue. If the said return remains unfurnished, within the statutory period of 30 days from the issue of order ASMT-13, then the Proper Officer may initiate proceedings under Section 78 and recovery under Section 79 of the OGST Act.

It was seen in Audit that, out of 11,347 cancelled cases, 497 taxpayers in three Circles⁷² had filed GSTR-10 within three months, from the date of cancellation of Registrations and in 10,850 cases, no GSTR-10 had been filed by the cancelled taxpayers. One Circle Head⁷³ initiated action against 2,447 taxpayers for non-filing of GSTR-10. But the remaining five Circle Heads had not initiated any action against 8,403 cancelled taxpayers for not filing of GSTR-10.

⁷² Barbil, Bhubaneswar-III and Rourkela-II

⁷³ Bhubaneswar-III

Audit could not derive assurance on action taken by the Department against remaining 8,403 taxpayers, whose registrations had been cancelled, but failed to file the GSTR-10. Non-filing of GSTR-10 would result in non-discharge of tax liability and non-reversal of ITC on stocks held, as on the date of cancellation. This may also result in possible availment of ineligible ITC on goods held in stock on the date of cancellation.

In reply, all the six Circle heads stated that action taken against the defaulting tax payers could be seen from the GSTN back-office application. However, access to view and verify the same on the back-office application, was not provided to Audit.

The matter was reported to the CT&GST and the State Government (January 2023). Their replies had not been received (October 2023)

Recommendation:

2. **The CT&GST may provide complete access to the GST backend application and database to audit for verification of the system-based functions (like cancellation, etc.) undertaken by the circles.**

3.3.6.5 Action on DGARM Reports

A. Status at the State Level

Audit requested (January 2022) the Commissioner of CT & GST for information on the overall action taken on DGARM Reports at the State level. However, no reply had been received (October 2023).

B. Status at the six Circles covered by Audit

Audit sought information on the action taken on DGARM Reports, received by the six Circles. In response, five Circles- Cuttack-II, Bhubaneswar-II, Bhubaneswar-III, Barbil and Koraput, stated that they had not received any DGARM Reports during FYs 2017-18 to 2020-21. In the remaining circle *i.e.* Rourkela-II, two DGARM Reports had been received during 2020-21, out of which, in one case, no action was required and in another case, action had already been initiated.

3.3.7 Oversight on tax payments

3.3.7.1 Analysis of the GST returns- Centralised Audit (Limited Audit)

Audit analysed GST returns data pertaining to FY 2017-18, as made available by GSTN. Rule-based deviations and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 15 parameters, which can be broadly categorised into two domains - ITC and Tax payments.

The following seven GST returns⁷⁴ were considered, for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data:

⁸ GSTR-1, GSTR-3B, GSTR-4 (taxpayers under the Composition scheme), GSTR-6 (Input service distributor), GSTR-7 (taxpayers deducting TDS), GSTR-8 (E-commerce operator), GSTR-9 (Annual Return)

- GSTR-1: monthly return furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- GSTR-3B: monthly summary return of outward supplies and input tax credit claimed, along with payment of tax by the taxpayer to be filed by all taxpayers, except those specified under Section 39(1) of the Act. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.
- GSTR-6: monthly return for Input Service Distributors, providing the details of their distributed input tax credit and inward supplies.
- GSTR-8: monthly return to be filed by the e-commerce operators, who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.
- GSTR-9: annual return to be filed by all registered persons other than an Input Service Distributor (ISD), Tax Deductor at Source/Tax Collector at Source, Casual Taxable Person, and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, SGST and IGST) during the entire year, along with turnover and audit details for the same.
- GSTR-9C: annual audit form for all taxpayers, having a turnover above ₹2 crore in financial year 2017-18. It is basically a reconciliation statement between the annual returns filed in GSTR-9 and the taxpayer's audited annual financial statements.
- GSTR-2A: a system-generated statement of inward supplies for a recipient. It contains the details of all B2B transactions of suppliers declared in their Form GSTR-1 / 5, ISD details from GSTR 6, details from GSTR-7 and GSTR-8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE Portal of Indian Customs

The data analysis pertaining to the 15 identified parameters and the extent of deviations/ inconsistencies observed *i.e.* sample for Centralised Audit, are summarised in **Table 3.3.5**.

Table 3.3.5: Summary of data analysis

Sl. No.	Parameter	Algorithm used	Number of deviations	Amount (₹ in crore)
1	Mismatch in ITC availed	ITC, available as per GSTR 2A with all its amendments, was compared with the ITC, availed in GSTR 3B in Table 4A(5) (accrued on domestic supplies), considering the reversals in Table 4B(2), but including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR 9	25	138.93
2	Irregular passing on ITC without discharging the tax liability (filling of GSTR-1 without filling GSTR-3B)	Taxpayers, who have not filed GSTR 3B, but have filed GSTR 1 or where GSTR 2A was available, indicating taxpayers carrying on the business without discharging tax.	25	4.24

Sl. No.	Parameter	Algorithm used	Number of deviations	Amount (₹ in crore)
3	Mismatch in ITC availed under Reverse Charge Mechanism (RCM)	RCM payments in GSTR 9 Table 4G (tax payable) was compared with ITC availed in GSTR 9 Table 6C, 6D and 6F (ITC availed). In cases, where GSTR 9 was not available, RCM payment in GSTR 3B Table 3.1(d) was compared with GSTR 3B 4(A)(2) and 4A(3). Greater of the difference in GSTR 9 and GSTR 3B, was considered, where both were available.	30	25.71
4	Mismatch in ITC availed under RCM without payment of tax	RCM payments in GSTR 3B Table 3.1(d) was compared with ITC availed in GSTR 9 Table 6C, 6D and 6F. In cases, where GSTR 9 was not available, the check was restricted within GSTR 3B - tax discharged in Table 3.1(d) vis-à-vis ITC availed Table 4A (2) and 4A (3).	4	1.12
5	Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (12F of GSTR 9C)	Positive figure in GSTR 9C Table 12F and examination of reasons, provided in Table 13 for mismatch	25	264.12
6	Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 14T of GSTR 9C)	Positive figure in GSTR 9C Table 14T and examination of reasons provided in Table 15 for mismatch	6	131.20
7	Incorrect ISD credit availed by the recipients	ISD credit availed (as per table 4A(4) of GSTR-3B/table-6G of GSTR-9 minus ISD credit distributed (as per table (5A+8A+9A) of GSTR-6	25	16.82
8	Short reversal of ISD credit	ISD credit reversed by the recipient (As per table 7B of GSTR-9) minus Credit reversed by the input service distributor (as per table (8A+9A) of GSTR-6	2	0.0017
9	Mismatch of taxable turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 7G of GSTR 9C)	Negative figure in GSTR 9C Table 7G and examination of reasons provided in Table 8 for mismatch	16	334.05
10	Mismatch of turnover between Annual Audited Financial Statement and	Negative figure in GSTR 9C Table 5R and examination of reasons provided in Table 6 for mismatch	25	2717.38

Sl. No.	Parameter	Algorithm used	Number of deviations	Amount (₹ in crore)
	Annual Return for the year 2017-18(5R of GSTR-9C)			
11	Undischarged Tax liability	The greater of tax liability between GSTR 1 (Tables 4 to 11) and GSTR 9 (Tables 4N, 10 and 11) was compared with tax paid details in GSTR 3B Tables 3.1(a) and 3.1(b). In cases where GSTR 9 was not available GSTR 3B tax paid was compared with GSTR 1 liability. The amendments and advance adjustments declared in GSTR 1 and 9 were duly considered.	25	98.12
12	Mismatch in the tax payable and tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)	Negative figure in GSTR 9C Table 9R and examination of reasons provided in Table 10 for mismatch	25	39.31
13	Short/non-payment of interest on delay payment of tax	Interest calculated at the rate of 18 <i>per cent</i> on cash portion of tax payment on delayed filing of GSTR-3B vis-à-vis interest declared in GSTR 3B	25	34.41
14	Taxpayers under composition levy scheme availing e-commerce facility	e-commerce GSTR 8 became effective from 1 October 2018 when TCS provisions became effective. GSTINs declared in GSTR 8 who are also filing GSTR 4 under composition scheme.	5	NMV ⁷⁵
15	Non-filer (Returns not filed for consecutive six months- but not cancelled)	Non-filing of returns for last six months	1	NMV
	Total		264	3805.41

Audit queries were issued to the respective Circles (April 2022) without further scrutiny of taxpayer's records. The audit checks in these cases were limited to verifying the CT&GST's action on the identified deviations/mismatches. Initial responses in all cases have been received from the CT&GST.

3.3.7.2 Results of Centralised Audit (Limited Audit)

Based on the responses received from the Department, to the Audit queries, the extent to which each of the 15 parameters translated into compliance deviations, is summarised in **Table 3.3.6**.

⁷⁵ NMV: Non-Money Value

Table 3.3.6: Summary of deficiencies

(Amount: ₹ in crore)

Audit Dimension	Cases where reply received		CT&GST's reply, accepted by Audit					
			Data entry errors		Action taken before query		Other valid explanations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Mismatch in ITC availed	25	138.93	0	0	0	0	0	0
Irregular passing on ITC without discharging the tax liability (filling of GSTR-1 without filling GSTR-3B)	25	4.24	0	0	0	0	0	0
Mismatch in ITC availed under RCM	30	25.71	1	0.32	2	1.75	0	0
Mismatch in ITC availed under RCM without payment of tax	4	1.12	1	0.29	0	0	0	0
Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (12F of GSTR 9C)	25	264.12	1	2.84	1	1.11	0	0
Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 14T of GSTR 9C)	6	131.20	0	0	0	0	0	0
Incorrect ISD credit availed by the recipients	25	16.82	1	0.65	0	0	0	0
Short reversal of ISD credit	2	0.0017	0	0	0	0	0	0
Mismatch of taxable turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 7G of GSTR 9C)	16	334.05	0	0	2	33.68	0	0
Mismatch of turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (5R of GSTR 9C)	25	2717.38	0	0	3	73.48	0	0
Undischarged Tax liability	25	98.12	0	0	7	20.06	0	0
Mismatch in the tax payable and tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)	25	39.31	0	0	5	3.74	0	0
Short/ non-payment of interest on delay in payment of tax	25	34.41	0	0	3	19.35	0	0

Audit Dimension	Cases where reply received		CT&GST's reply, accepted by Audit					
			Data entry errors		Action taken before query		Other valid explanations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Taxpayers under composition levy scheme availing e-commerce facility	5	0	0	0	1	0	0	0
Non-filer (returns not filed for consecutive six months- but not cancelled)	1	0	0	0	1	0	0	0
Total	264	3805.41	4	4.10	25	153.17	0	0

Compliance deviations (Amount: ₹ in crore)															
Accepted by CT&GST including cases where action had not been initiated								CT&GST's reply not acceptable to Audit (Rebuttal)	Total		CT&GST reply not furnished with appropriate documentary evidence		CT&GST Stated they are examining the AQ		
Recovered		SCN issued ⁷⁶		ASMT-10		Under correspondence with taxpayer									
No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
0	0	5	23.69	10	55.67	0	0	0	0	15	79.36	2	10.77	8	48.80
1	0.03	9	0.48	11	0.59	2	3.10	0	0	23	4.20	2	0.03	0	0
0	0	8	2.79	15	14.01	1	0.40	0	0	24	17.20	3	6.44	0	0
0	0	1	0.48	2	0.35	0	0	0	0	3	0.83	0	0	0	0
0	0	3	5.94	8	15.97	1	100.51	0	0	12	122.42	2	61.21	9	76.54
0	0	0	0	0	0	1	16.01	0	0	1	16.01	0	0	5	115.19
0	0	2	0.55	7	8.62	2	0.28	0	0	11	9.45	1	0.10	12	6.62
0	0	0	0	1	0.00	0	0	0	0	1	0	0	0	1	0
0	0	4	66.70	6	119.18	0	0	0	0	10	185.88	2	86.05	2	28.44
0	0	1	247.25	14	1881.47	0	0	0	0	15	2128.72	3	165.38	4	349.80
0	0	8	40.21	5	15.03	0	0	0	0	13	55.24	0	0	5	22.82
0	0	4	2.96	9	10.52	0	0	0	0	13	13.48	2	1.82	5	20.27
0	0	1	0.59	19	13.64	0	0	0	0	20	14.23	1	0.13	1	0.70
0	0	0	0	2	0	0	0	0	0	2	0	0	0	2	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	0.03	46	391.64	109	2135.05	7	120.30	0	0	163	2647.02	18	331.93	54	669.18

Summary of results of Centralised Audit

Audit noticed deviations from the provisions of the Act in 163 cases, involving short levy of tax / inconsistencies / mismatches of ₹2,647.02 crore, constituting 61.74 per cent of the 264 cases of inconsistencies/ mismatches in data pointed out by Audit.

Relatively higher rates of deviations were noticed in risk parameters such as Mismatches in ITC availed under RCM, passing on ITC without discharging the tax liability, short/ non-payment of interest on delayed payment of tax and mismatch of turnover between Annual Audited Financial Statement and Annual Return for the year.

⁷⁶ Show cause notices were issued in 46 cases under 11 dimensions involving money value of ₹ 391.64 crore.

In 25 cases out of the 264 cases pointed out by Audit, constituting 9.47 per cent, the Department had already proactively initiated action prior to Audit scrutiny.

In 54 cases out of the 264 cases pointed out by Audit, constituting 20.45 per cent, the Department stated that it was still examining the inconsistencies/mismatches amounting to ₹669.18 crore. Out of these 54 cases under examination, 30 cases involving an amount of ₹530.99 crore, were under the process of Tax Audit.

In 18 cases out of the 264 cases pointed out by Audit, constituting 6.82 per cent, though the Department did not accept the deviations pointed out by Audit, its contention was not borne out by evidence, and was thus not amenable to verification by Audit.

Table 3.3.7: Top case for each dimension of Centralised Audit (compliance deviation pertaining to cases of recovery, ASMT-10, show cause notice issued and under correspondence with taxpayer)

Sl. No.	Dimension	GSTIN	Jurisdictional Circle	Mismatch (₹ in crore)	Action taken
1	Mismatch in ITC availed	21*****1Z W	Cuttack-II	18.54	ASMT 10 issued
2	Irregular passing on ITC without discharging the tax liability (filling of GSTR-1 without filling GSTR-3B)	21*****1Z R	Bhubaneswar -IV	0.20	ASMT-10 issued
3	Mismatch in ITC availed under RCM	21*****2Z 8	Bhubaneswar -I	5.26	ASMT 10 issued
4	Mismatch in ITC availed under Reverse Charge Mechanism (RCM) without payment of tax	21*****1Z Y	Bhubaneswar -IV	0.48	DRC-01 issued
5	Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (12F of GSTR 9C)	21*****1Z F	Jajpur	57.85	No specific compliance furnished.
6	Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 14T of GSTR 9C)	21*****1Z 3	Bhubaneswar -III	59.22	Tax Audit under process
7	Incorrect ISD credit availed by the recipients	21*****1Z G	Bhubaneswar -I	6.68	ASMT-10 issued
8	Short reversal of ISD credit	21*****1Z V	Bhubaneswar -II	0.0017	ASMT-10 issued
9	Mismatch of taxable turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 7G of GSTR 9C)	21*****1Z 8	Jagatsinghpur	66.67	The case is under process
10	Mismatch of turnover between Annual Audited Financial Statement and Annual Return for the year	21*****2Z Q	Bhubaneswar -I	1220.43	ASMT-10 Issued

Sl. No.	Dimension	GSTIN	Jurisdictional Circle	Mismatch (₹ in crore)	Action taken
	2017-18(5R of GSTR-9C)				
11	Undischarged tax liability	21*****1Z0	Jagatsinghpur	10.65	DRC-01 Issued.
12	Mismatch in the tax payable and tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)	21*****1Z4	Angul	9.99	Tax Audit under process
13	Short/ non-payment of interest on delay payment of tax	21*****1ZH	Jajpur	2.05	DRC-07 issued

Illustrative cases for each highest value case from each dimension for the above table

(i) Dimension-Mismatch in ITC availed

GSTR 2A is a purchase related dynamic tax return, that is automatically generated for each business by the GST portal, whereas GSTR 3B is a monthly return, in which summary of outward supplies along with ITC declared and payment of tax are self-declared by the taxpayer.

To analyse the veracity of ITC utilisation, relevant data were extracted from GSTR 3B and GSTR 2A for FY 2017-18, and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer. The methodology adopted was to compare the ITC available as per GSTR 2A with all its amendments and the ITC availed in GSTR 3B in Table 4A (5)⁷⁷ excluding the reversals Table 4B (2)⁷⁸ but including the ITC availed in the subsequent year 2018-19, from Table 8C of GSTR 9.

Audit observed that, in case of a taxpayer, under Cuttack-II Circle, the ITC available as per GSTR 2A was ₹15.45 crore and the ITC availed in table 4A (5) of GSTR 3B was ₹33.99 crore (including the ITC ₹ 0.17crore availed in the subsequent year 2018-19 from Table 8C of GSTR 9). This resulted in mismatch of ITC availed amounting to ₹18.54 crore. The irregularity was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle head informed (November 2022) that ASMT-10 had been issued on 20 May 2022 seeking the reasons for the discrepancy. The matter was reported to the CT&GST and the State Government (January 2023). Further progress in this regard was awaited (October 2023).

(ii) Dimension – Irregular passing of ITC without discharging the tax liability (filing of GSTR 1 without filing GSTR 3B)

As per Section 61 of the OGST Act, 2017 read with the Rule-99 of OGST Rules, 2017, the proper officer may scrutinise the return and related particulars furnished by the registered taxpayers to verify the correctness of the return and inform him of the discrepancies noticed, if any, in such manner as may be prescribed and seek his explanation thereto.

⁷⁷ All other eligible ITC

⁷⁸ Other ITC reversed

At the data level, audit identified those taxpayers who have not filed GSTR 3B but have filed GSTR 1 or whose GSTR 2A was available. GSTR 3B return is the only instrument through which the liability is offset and ITC is availed. The very availability of GSTR 1 and 2A and non-filing of R3B indicates that the taxpayers had undertaken/carried on the business during the period but have not discharged their tax liability. It may also include cases of irregular passing on of ITC. All these cases, therefore, warrant further investigation.

Audit analysed the datasets pertaining to relevant fields in the GSTR 1, 2A of 21*****1ZR and noticed that the taxpayer had not filed even a single GSTR 3B in 2017-18. The non-filing of GSTR-3B had resulted in avoidance of discharging their respective tax liabilities of ₹ 0.20 crore during the year 2017-18.

The matter was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle head stated (August 2022) that ASMT-10 had been issued to the taxpayer (July 2022). Further progress in this regard was awaited (August 2023).

(iii) Dimension – Mismatch in ITC availed under Reverse Charge Mechanism

Reverse Charge Mechanism (RCM) the liability to pay tax is fixed on the recipient of supply of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9(3) or Section 9(4) of the OGST Act, 2017 and under sub-section (3) or sub-section (4) of Section 5 of the IGST Act, 2017.

GSTR-9 is an annual return to be filed once for each financial year, by the registered taxpayers who were regular taxpayers, including SEZ units and SEZ developers. The taxpayers are required to furnish details of purchases, sales, input tax credit or refund claimed or demand created, etc.

To analyse the veracity of ITC availed on tax paid under RCM for the year 2017-18, the datasets pertaining to GSTR 3B and annual return GSTR 9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR 3B Table 3.1(d)⁷⁹ with ITC availed in GSTR 9 Table 6C⁸⁰, 6D⁸¹ and 6F⁸². In cases where GSTR 9 was not available, the check was restricted within GSTR 3B where the tax discharged part in R3B Table 3.1(d) was compared with the ITC availing part of R3B 4A (2)⁸³ and 4A (3)⁸⁴.

Audit observed that in case of taxpayer M/s Odisha Tourism Development Corporation Limited under Bhubaneswar-I Circle, the ITC available in Table 3.1(d) of GSTR 3B was Nil and the ITC availed in Table 4A (2) & (3) of GSTR 3B was ₹5.26 crore resulting in mismatch of ITC availed amounting to ₹5.26 crore. The irregularity was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle head

⁷⁹ Inward supplies (liable to reverse charge)

⁸⁰ Inward supplies receive from unregistered persons liable to reverse charge

⁸¹ Inward supplies received from registered persons liable to reverse charge

⁸² Import of services

⁸³ Import of services

⁸⁴ Inward supplies (liable to reverse charge)

informed (September 2022) that ASMT-10 seeking the reasons for the discrepancy had been issued to the taxpayer on 10 June 2022 and the taxpayer had complied in ASMT-11 which was under verification.

The matter was reported to the Department (January 2023); their reply had not been received (October 2023).

(iv) Dimension– Mismatch in ITC availed under Reverse Charge Mechanism (RCM) without payment of tax

The extent of availing of ITC under RCM for the year 2017-18 without discharging equivalent tax liability or, in other words, short payment of tax under RCM was analysed by comparing the datasets pertaining to GSTR 3B and annual return GSTR 9 to check whether the tax has been discharged fully on the activities/transactions under RCM. In cases where GSTR 9 was filed, the RCM payments in Table 4G⁸⁵ was compared with ITC availed in Table 6C, 6D and 6F. In cases where GSTR 9 was not available, RCM payments in GSTR 3B Table 3.1(d)⁸⁶ was compared with GSTR 3B 4(A) (2)⁸⁷ and 4A (3)⁸⁸.

Audit observed that in case of taxpayer M/s Life Insurance Corporation of India, Odisha under Bhubaneswar-IV Circle, the RCM payments in table 4G of GSTR 9 was ₹107.37 crore (GSTR 3B also shows RCM payment of ₹107.37 crore) and the ITC availed in table (6C+6D+6F) of GSTR 9 was ₹107.85 crore. This resulted in mismatch in ITC availed on RCM without payment of tax amounting to ₹0.48 crore. The irregularity was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle head stated that DRC-01A had been issued⁸⁹ to the taxpayer for ₹ 0.90 crore (August 2022)

The matter was reported to the Department and the State Government (January 2023); their reply had not been received (October 2023).

(v) Dimension - Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (12F of GSTR 9C)

Table 12 of GSTR 9C reconciles ITC declared in annual return (GSTR9) with ITC availed as per the audited Annual financial statement or books of accounts. Column 12F of this table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer as required under the rule 80(3) of OGST Rules in form GSTR 9C for the FY 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the Financial Statements.

Unreconciled ITC of ₹ 57.85 crore declared in Table 12F of GSTR 9C, being Mismatch of ITC availed in GST returns from eligible ITC based on financial statements, in case of, M/s Jindal Stainless Limited under Jajpur Circle, was noticed and communicated to the concerned Circle and the Commissioner of

⁸⁵ Inward supplies on which tax is to be paid on reverse charge basis

⁸⁶ Inward supplies (liable to be reverse charge)

⁸⁷ Import of services

⁸⁸ Inward supplies liable to be reverse charge other than Import of Goods and Services

⁸⁹ Tax of ₹ 47,81,274 + Interest of ₹37,11,316 + Penalty of ₹4,78,128, total = ₹89,70,718

CT & GST (August 2022). In response, the CT&GST did not provide a specific reply.

The matter was once again reported to the CT&GST and the State Government (January 2023); their reply had not been received (October 2023).

(vi) Dimension - Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 14T of GSTR 9C)

Table 14 of GSTR 9C reconciles ITC declared in annual return (GSTR9) with ITC availed on expenses as per the audited Annual Financial Statement or books of accounts. Column 14T of this table deals with unreconciled ITC.

The certified reconciliation statements submitted by the taxpayer, as required under the rule 80(3) of OGST Rules in form GSTR 9C for the FY 2017-18 were analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the expenses reported in the Financial Statements.

Unreconciled ITC of ₹ 59.22 crore declared in Table 14T of GSTR 9C, being ITC availed in GST returns in excess of eligible ITC based on expenses reported in financial statements, in case of, M/s Dhamara Port Company Limited under Bhubaneswar-III Circle, was noticed and communicated (August 2022) to the concerned Circle and the Commissioner of CT & GST . In response, the Circle head stated (October 2022) that the Audit of the taxpayer was under process. The matter was reported to the CT&GST and the State Government (January 2023); their reply had not been received (October 2023).

(vii) Dimension - Incorrect ISD credit availed by the recipient

To analyse whether the ITC availed by the taxpayer is in excess of that transferred by the Input Service Distributor (ISD), ITC availed as declared in the returns of the taxpayer is compared with the ITC transferred by the ISD in their GSTR 6. The methodology adopted was to compare Table 6G⁹⁰ of GSTR-9 or Table 4(A)(4)⁹¹ of GSTR-3B of the recipient taxpayers under the jurisdiction of the State with the sum of Table 5A⁹², Table 8A⁹³, and Table 9A⁹⁴ of GSTR 6 of the respective ISD.

In case of a taxpayer, under Bhubaneswar-I Circle, Audit observed that the ITC availed in Table 6G of GSTR 9 was ₹ 6.68 crore and the ITC transferred by the ISD in Table (5A+8A+9A) of GSTR 6 was Nil. This resulted in mismatch in availment of ITC transferred by the ISD amounting to ₹ 6.68 crore. The irregularity was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle head intimated that ASMT-10 seeking the reasons for the discrepancy had been issued to the taxpayer (10 June 2022).

⁹⁰ ITC received from ISD

⁹¹ Inward supplies from ISD

⁹² Distribution of the amounts of eligible ITC for the tax period

⁹³ Mismatch of ITC reclaimed and distributed

⁹⁴ Redistribution of ITC distributed to a wrong recipient

The matter was reported to the CT&GST and the State Government (January 2023); their reply had not been received (October 2023).

(viii) Dimension – Short reversal of ISD Credit

As per Section 61 of the OGST Act, 2017 read with the Rule-99 of OGST Rules, 2017, the proper officer may scrutinize the return and related particulars furnished by the registered taxpayers to verify the correctness of the return and inform him of the discrepancies noticed, if any, in such manner as may be prescribed and seek his explanation thereto.

In order to analyze whether the ITC reversals made by the ISD in their GSTR 6 have been rightly reversed by the respective recipients of the credit, the adjustments made by the ISDs in their GSTR-6 are compared with the ITC reversals of the recipients declared in their annual return.

The methodology adopted was to compare Table 7B of the GSTR 9 of the respective recipients with the sum of Table 8A (negative figures only) + Table 9A (negative figures only) of GSTR-6 of the ISDs for the respective GSTINs. If Table-7B of GSTR-9 is null or zero, Table 7H is taken into account.

Audit examined the datasets pertaining to ISD credit reversals as per GSTR-9 of the recipient and GSTR-6 of the input service distributors in respect of M/s United India Insurance Company Limited having GSTIN 21*****1ZV under Bhubaneswar-II Circle and noticed that incorrect ISD credit of ₹ 17,115 had not been reversed by the recipient. The matter was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle head stated (September 2022) that ASMT-10 had been issued to the taxpayer (August 2022) and also intimated to Tax audit.

The matter was reported to the CT&GST and the State Government (January 2023); their reply had not been received (October 2023).

(ix) Dimension - Mismatch of Taxable turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 7G of GSTR 9C)

Table 7 of GSTR 9C is the reconciliation of taxable turnover. Column 7G of this table captures the unreconciled taxable turnover between the annual return GSTR 9 and that declared in the financial statement for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under the rule 80(3) of OGST Rules in Form GSTR 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in taxable turnover reported in the Annual Return *vis-à-vis* the Financial Statements. The unreconciled amount in cases where the turnover in GSTR 9 is less than the financial statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of taxable supplies. It could also be on account of non-reporting of both taxable and exempted supplies

Audit query on Undischarged Taxable Turnover in Table 7G of GSTR-9C, amounting to ₹ 66.67 crore was issued in respect of taxpayer, M/s The Cuttack District Co-operative Milk Producer Union Limited under Jagatsinghpur Circle, which was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle head

stated that intimation issued to the taxpayer on 13 December 2022 for production of books of account for verification.

The matter was reported to the CT&GST and the State Government (January 2023); their reply had not been received (October 2023).

(x) Dimension - Mismatch of Turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (5R of GSTR-9C)

Table 5 of GSTR 9 C is the reconciliation of turnover declared in audited annual financial statement with turnover declared in annual turnover (GSTR 9). Column 5R of this table captures the unreconciled turnover between the Annual Return GSTR 9, and that declared in the Financial Statement for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under rule 80(3) of OGST Rules in form GSTR 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in turnover reported in the Annual Return *vis-à-vis* the Financial Statements. The unreconciled amount in cases where the turnover declared in GSTR 9 is less than the financial statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of supplies leading to evasion or short payment of tax. It could also be a case of non-reporting of both taxable and exempted supplies.

Audit query on unreconciled turnover in Table 5R of GSTR-9C, amounting to ₹ 1,220.43 crore was issued in respect of taxpayer, M/s Prasar Bharati Broadcasting Corporation of India under Bhubaneswar-I Circle and communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Department stated (September 2022) that ASMT 10 had been issued to the taxpayer on 12 September 2022.

The matter was reported to the CT&GST and the State Government (January 2023); their reply had not been received (October 2023).

(xi) Dimension - Undischarged Tax liability

GSTR 1 depicts the monthly details of outward supplies of goods or services. This details also assessed by the taxpayer and mentioned in annual return GSTR 9 in the relevant columns. Further, taxable value and tax paid thereof also shown in GSTR 3B.

To analyse the undischarged tax liability, relevant data were extracted from GSTR 1 and GSTR 9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid as declared in GSTR 9. Where GSTR 9 was not available, a comparison of tax payable between GSTR 1 and GSTR 3B was resorted to. The amendments and advance adjustments declared in GSTR 1 and 9 were also considered for this purpose.

For the algorithm, Tables 4 to 11 of GSTR 1 and Tables 4N, 10 and 11 of GSTR 9 were considered. The greater of the tax liability between GSTR 1 and GSTR 9 was compared with the tax paid declared in Tables 9 and 14 of GSTR 9 to identify the short payment of tax. In the case of GSTR 3B, tables 3.1(a)⁹⁵

⁹⁵ Outward taxable supplies (other than zero rated, nil rated and exempted)

and 3.1(b)⁹⁶ were taken into account. Audit observed that in case of taxpayer M/s B B Associates under Jagatsinghpur Circle, the tax payable in Table 4 to 11 of GSTR 1 was ₹11.25 crore and the tax payable declared in tables 3.1(a) & 3.1 (b) of GSTR 3B was ₹0.61crore. This resulted in mismatch of tax liability amounting to ₹10.65 crore between GSTR 1 and GSTR 3B which was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022).

In response, the Circle head, Jagatsinghpur stated (December 2022) that DRC - 01 had been issued to the taxpayer. Further progress in this regard was awaited (October 2023).

(xii) Dimension - Mismatch in the tax payable and Tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)

The certified reconciliation statement submitted by the taxpayer as required under rule 80(3) of OGST Rules in form GSTR 9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in tax paid between the Annual Return and the books of account. Table 9 of the form 9C attempts to reconcile the tax paid by segregating the turnover rate-wise and comparing it with the tax discharged as per the Annual Return GSTR 9. The unreconciled amounts could potentially indicate tax levied at incorrect rates, incorrect depiction of taxable turnover as exempt or *vice versa* or incorrect levy of CGST/SGST/IGST. There can also be situations wherein supplies/tax declared are reduced through amendments (net of debit notes/credit notes) in respect of the 2017-18 transactions carried out in the subsequent year from April to September 2018. Consequential interest payments - both short payments and payments under incorrect heads - also need to be examined in this regard.

Unreconciled payment of tax declared in Table 9R of GSTR 9C, amounting to ₹ 9.99 crore in case of the taxpayer M/s Spectrum Coal and Power in consortium with Global Coal and Mining under Angul Circle, was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle stated (January 2023) that the taxpayer was under the process of tax audit; their reply had not been received (October 2023).

(xiii) Dimension - Short/non-payment of interest on delay payment of tax

Section 50 of the OGST Act stipulates that every person liable to pay tax in accordance with the provisions of this Act or the rules made there under but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2017-18 was identified using the tax paid details in GSTR 3B and the date of filing of the GSTR 3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

Audit observed that in case of a taxpayer, under Jajpur Circle, wherein the returns (GSTR 3B) pertaining to the months of July 2017 and September 2017

⁹⁶ Outward taxable supplies (Zero rated)

to March 2018 involving tax liability amounting to ₹ 33.37 crore, were filed with delay ranging from 14 to 187 days. This resulted in short payment of interest amounting to ₹ 2.05 crore which was communicated to the concerned Circle and the Commissioner of CT & GST (August 2022). In response, the Circle head intimated (September 2022) that DRC 07 had been issued to the taxpayer to make payment of the interest amount. Further progress in this regard was awaited (October 2023).

Recommendation:

3. The CT&GST may consider introducing validation controls in GST Returns to curb data entry errors, enhance taxpayers' compliance and facilitate better scrutiny.

3.3.8 Analysis of causative factors

Considering the CT&GST's response to 264 cases out of the sample of 264 data deviations/inconsistencies, the factors that caused the data deviations/inconsistencies are as follows:

3.3.8.1 Deviations from GST law and rules

Out of the 264 cases summarised in **Table 3.3.6** above, the Department had accepted the audit observations or initiated examination in 163 cases with money value of ₹2,647.02 crore. This amount comprises of Mismatch amount of ₹2,563.89 crore, revenue impact amount of ₹83.13 crore.

As of April 2023, out of these 163 cases, the Department had:

- Recovered ₹0.03 crore in one case.
- Issued SCN in 46 cases involving amount of ₹391.64 crore. This amount comprises of mismatch amount of ₹349.81 crore involving 26 cases and having revenue impact of ₹41.83 crore in 20 cases.
- Issued notices conveying discrepancies to the taxpayers in Form ASMT-10 in 109 cases involving amount of ₹2,135.05 crore. This amount includes mismatch amount of ₹2,097.16 crore involving 64 cases and revenue impact of ₹37.89 crore involving 45 cases.
- Initiated correspondence with the respective taxpayers in seven cases involving tax effect of ₹120.30 crore. This amount includes mismatch amount of ₹116.92 crore involving three cases and revenue impact of ₹3.38 crore involving four cases.

The top ten accepted cases are featured below:

Table 3.3.8: Top ten cases accepted with action initiated by the Department

Sl. No.	GSTIN	Commission-erate	Dimension	Mismatch (₹ in crore)	Action taken
1	21*****2ZQ	Bhubaneswar-I Circle	Mismatch of Turnover between Annual Audited Financial	1220.43	ASMT-10 issued
2	21*****1ZA	Bhubaneswar-IV Circle		302.92	ASMT-10 issued

Sl. No.	GSTIN	Commission-erate	Dimension	Mismatch (₹ in crore)	Action taken
			Statement and Annual Return for the year 2017-18(5R of GSTR-9C)		
3	21*****1Z7	Bhubaneswar-IV Circle	Mismatch of Turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18	247.25	DRC-01 issued
4	21*****1ZE	Bhubaneswar-I Circle	Mismatch of Turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18(5R of GSTR-9C)	36.36	ASMT-10 issued
5	21*****1Z3	Bhubaneswar-I Circle		27.91	ASMT-10 issued
6	21*****1Z9	Cuttack-II Circle		25.81	ASMT-10 issued
7	21*****1ZU	Cuttack-II Circle	Mismatch of Taxable turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 7G of GSTR 9C)	24.41	DRC 07-issued
8	21*****2ZS	Cuttack-II Circle	Mismatch of Turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18(5R of GSTR-	24.12	ASMT-10 issued
9	21*****1ZK	Cuttack-I East		23.70	ASMT-10 issued
10	21*****1ZB	Balasore Circle		23.56	ASMT-10 issued

Sl. No.	GSTIN	Commission-erate	Dimension	Mismatch (₹ in crore)	Action taken
			9C)		

3.3.8.2 Action initiated by the Department prior to issue of Audit Queries

As summarized in **Table 3.3.6** above, the Department had already taken action in 25 cases, constituting 9.47 per cent of the 264 cases pointed out by Audit. The details are furnished in **Appendix 3.3.2**.

Recommendation:

- The Department may initiate remedial action for all the compliance deviations brought out in this Report, before they get time-barred.**

3.3.9 Detailed Audit

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the CT&GST is to establish and maintain an efficient tax administration mechanism to provide oversight. With finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/ deviations in GST returns through State level data analysis, a detailed audit of GST returns was also conducted as a part of this audit. A risk-based sample of 50 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and financial statements filed by the taxpayers as part of the GSTR 9C and other records available in the back-end system to identify potential risk areas, inconsistencies/deviations and red flags. Based on desk review results, Detailed Audit was conducted in the State CT & GST field formations by requisitioning corresponding granular records of taxpayers such as financial ledgers, invoices, *etc.* to identify causative factors of the identified risks and to evaluate compliance by taxpayers.

As brought out in the previous paragraphs detailed audit involved a desk review of GST returns and other basic records to identify risks and red flags, which were followed up by field audit to identify the extent of non-compliance by taxpayers and action taken by the State CT & GST field formations. Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of ITC and discharge of tax payments. The audit findings are therefore categorised under a) Returns, b) Utilisation of ITC and c) Discharge of tax liability.

I. Scope limitation (non-production of records)

In spite of requisition and follow-up, Circles did not produce taxpayers' granular records such as annual financial statement (Balance sheet, Profit & Loss accounts, journal and ledgers, Auditor's report, invoices, etc.) as detailed in **Table 3.3.9**. Consequently, in these cases, audit was restricted to the returns filed by the taxpayers for analysis and comments on the deviations in the nature of mismatch in ITC, mismatch in tax liabilities and mismatch in turnover were made in 89 instances amounting to ₹110.24 crore, which constituted a significant scope limitation.

Returns

(a) Non-payment of interest by taxpayers

Audit examined returns filed in GSTR-3B by the 50 selected taxpayers and noticed that 30 taxpayers across 18 CT & GST Circles had either filed their returns belatedly or paid the taxes with delays, and hence interest of ₹0.61 crore was due from these taxpayers (**Appendix 3.3.3**).

After issue of Audit queries to that effect, necessary action has been taken by the concerned Circles to recover ₹ 0.18 crore from 12 taxpayers.

Interest amount of ₹0.43 crore had not yet been discharged by 19 taxpayers in 13 circles (**Appendix 3.3.4**).

Illustrative case:

An assessee, GSTIN- 21*****1Z2, under Cuttack-I City Circle had filed the returns of October 2017 to February 2018, belatedly in October 2018 to January 2019 respectively, and paid the tax dues in these returns by debiting the Cash Ledger. However, interest amounting to ₹ 0.19 crore was not paid. When this was pointed out, the CT&GST stated that the compliance to the audit query would be submitted after verification of the books of accounts of the taxpayer. Further action taken in this regard was still awaited (October 2023).

II. Data entry errors

Out of the 50 taxpayers' returns examined, Audit observed data entry mistakes made by taxpayers while filing GST returns in two cases.

The errors resulted in discrepancy between ITC availed in GSTR-3B and ITC accrued in GSTR-2A and discrepancy in declaration of zero-rated supply turnover as exempted supply turnover. The cases are described briefly below.

- (a) A GSTIN-21A*****1ZY holder, under Mayurbhanj CT & GST Circle, had a mismatch of ₹747.26 lakh between ITC availed in GSTR 3B and ITC accrued in GSTR 2A. On this being pointed out (November 2022), the Department stated (November 2022) that the taxpayer had inadvertently carried forward the ITC availed in the GSTR-3B for the month of March 2018. However, the same had been reversed in the month of September 2018, without utilising the ITC. The reply was found to be correct.
- (b) Holder of GSTIN-21*****1ZX under Rourkela-II CT & GST Circle, had exhibited turnover of ₹13.74 crore under exempted supply

turnover in the GSTR-3B but the corresponding ITC of ₹157.35 lakh had not been reversed. On this being pointed out (October 2022), the Department stated (October 2022) that the taxpayer had erroneously disclosed the zero-rated supply turnover as exempted supply turnover in the GSTR-3B but the same has been rectified subsequently in GSTR-9. The matter was verified with the relevant financial records of the taxpayer and the reply was found to be correct.

III Utilisation of Input Tax Credit

Input Tax Credit (ITC) means GST paid by a taxable person on purchase of goods and/or services that are used in the course or furtherance of business. To avoid cascading effect of taxes, credit of taxes paid on input supplies can be used to set-off for payment of taxes on outward supplies.

Section 16 of OGST Act, 2017 provides that every registered person shall be entitled to take credit of input tax charged on any supply of goods or services or both to him/ her which are used or intended to be used in course of furtherance of his/ her business and said amount shall be credited to the electronics credit ledger of such person. Section 17 of OGST Act provides for restriction in availing ITC, which are attributable to the purpose of his business. Rule 36 to Rule 45 of OGST Rules, 2017 prescribes the procedures for availing and reversal of ITC.

(a) Non reversal/ short reversal of ITC

Section 17(2) of the Act read with Rule 42 and 43 of the Rules states that where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.

Audit examined the GSTR-3B filed by 50 taxpayers and noticed short reversal of ITC amounting to ₹2.78 crore in five cases due to incorrect application of Rule 42 and 43 (*Appendix 3.3.5*).

Illustrative case:

Holder of GSTIN-21*****1ZP under Cuttack-I Central Circle, is in the business of executing works contracts. The taxpayer had disclosed total turnover of ₹45.64 crore for FY 2017-18, out of which ₹40.21 crore was exempted turnover which constitutes 88 per cent of the total turnover. As the taxpayer had availed total ITC of ₹1.63 crore, ITC of ₹1.43 crore (88 per cent of total ITC availed) was to be reversed on account of exempted turnover. Audit observed that the taxpayer had not reversed the ITC on account of exempted turnover. On this being pointed out (October 2022), the CT&GST replied that the compliance to the audit observation would be submitted after necessary verification. Further, reply from the Department on this issue, is still awaited (August 2023).

IV. Discharge of tax liability

The taxable event in case of GST is supply of goods and/or services. Section 9 of the OGST Act is the charging section authorising levy and collection of tax

called Central/State Goods and Services Tax on all intra-State supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the Act *ibid* and at such rates not exceeding 20 per cent under each Act, *i.e.*, CGST Act and SGST Act. Section 5 of the IGST vests levy and collection of IGST on interstate supply of goods and services with Central Government with maximum rate of 40 *per cent*.

Under Section 8 of the GST (Compensation to States) Act, 2017, a Cess is levied on all inter-state and intra-state supply of such goods or services or both which are listed in the schedule of the said Act such as tobacco products, aerated drinks, cigarettes, vehicles, *etc.* Section 9(4) of the CGST Act and Sections 5(3) and 5(4) of the IGST Act provide for reverse charge levy on certain goods or services, wherein the recipient instead of supplier becomes liable to pay tax.

(a) Irregular disclosure of non-GST/ zero rated supply turnover

Out of the 50 cases examined, Audit observed irregularities in the disclosure of turnover of ₹10.78 crore as non-GST supplies and zero rated supplies in two cases. The taxpayers had not supplied items belonging to the non-GST supply turnover nor effected zero rated supplies during the year 2017-18, as verified from the GSTN portal. The tax implication on account of such irregular disclosure worked out to ₹1.40 crore.

1. Holder of GSTIN-21*****1ZO under Cuttack-I Central Circle had declared non-GST turnover of ₹9.84 crore for FY 2017-18. Audit observed the turnover declared as non-GST was irregular as the taxpayer was engaged in works contract business, in this case outward supply of non-GST items were not to be excluded from the total turnover for calculating the tax liability. Such irregular disclosure had tax implication of ₹1.23 crore as worked out at the rate of 5 *per cent*, 12 *per cent* and 18 *per cent*. On this being pointed out (October 2022), the CT&GST replied that compliance to the audit observation would be submitted after necessary verification. Further reply from the CT&GST was still awaited (October 2023).
2. Holder of GSTIN-21*****1ZP under Jajpur Circle had declared the zero-rated supply turnover of ₹0.94 crore for FY 2017-18. Audit observed the turnover declared as zero-rated supply turnover was irregular. The taxpayer was engaged in works contract business and not effected any zero-rated supply. Therefore, the turnover declared as zero-rated supply should not have been excluded from the total turnover for the purpose of calculating the tax liability. Such irregular disclosure had tax implication of ₹0.17 crore as worked out at the tax rate of 18 *Per cent*. On this being pointed out (September 2022), the CT&GST replied that this issue had already been included in the departmental tax audit report which had been served to the taxpayer. Further reply from the CT&GST was still awaited (October 2023).

(V) *All other observations relating to Utilisation of ITC and discharge of tax liabilities, where granular records were not produced to Audit and only mismatch details through data analysis, are available:*

Table 3.3.9: Mismatch of ITC, Tax liability and Turnover

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
Utilisation of Input Tax Credit					
1.	ITC availed in the GSTR 3B was compared with the ITC available in the GSTR 2A to identify the mismatch in availing of ITC. <i>(Appendix 3.3.6)</i>	37	18	33.37	On these cases being pointed out (between August 2022 and November 2022), CT&GST replied (between Aug 2022 and Dec 2022) that in eight cases ASMT-10 has been issued, in four cases DRC-01 had been issued, in one case DRC-01A issued, one case was under NCLT. In other 23 cases the Department assured (between August 2022 and November 2022), to verify the cases and intimate. Further replies were awaited (October 2023).
2.	Ineligible ITC was identified on verification of the GSTR-3B filed by the taxpayer. The taxpayer had availed ITC of ₹ 0.05 crore towards cess even though no item had been supplied on which cess was leviable.	1	1	0.05	On this being pointed out (October 2022), Department replied (October 2022) that compliance to the audit observation would be submitted after necessary verification. Further replies were awaited (October 2023).
3.	Mismatch of ITC was identified on verification of the Table-12 of GSTR-9C where ITC availed as per the Annual Audited Financial Statement was compared with ITC availed as per annual return in GSTR-9. <i>(Appendix 3.3.7)</i>	7	6	4.91	On these cases being pointed out (August 2022 to November 2022), Department replied (Nov 2022) that in one case ASMT-10 had been issued. In the remaining six cases Department assured (between Sept 2022 and Nov 2022) to submit the compliance after due verification. Further reply was awaited (October 2023).
Discharge of tax liability					
4.	Tax liabilities mismatch identified based on the comparison of the greater of the two tax liabilities declared in the GSTR 1 and	32	16	37.42	On these cases being pointed out (August 2022 to November 2022), the Department replied (between October 2022 and January 2023) that ASMT-10 has been issued in two cases,

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
	GSTR 9 with the payment of tax discharged in the GSTR 3B. (<i>Appendix 3.3.8</i>)				DRC-07 issued in two cases, DRC-01A issued in six cases. In the remaining 22 cases, Department assured to verify the cases and intimate. Further replies were awaited (October 2023).
5.	Mismatch in turnover was identified on verification of the Table-5R of GSTR-9C where turnover declared as per the Annual Audited Financial Statement was compared with that of the annual return in GSTR-9. (<i>Appendix 3.3.9</i>)	4	4	28.73	On these cases being pointed out (August 2022 to November 2022), the Department replied (November 2022) that ASMT-10 had been issued in one case. In other three cases, Department assured (between October 2022 and November 2022) to verify the cases and intimate. Further replies were awaited (October 2023).
6.	Mismatch in taxable turnover was identified on verification of the Table-7G of GSTR-9C where taxable turnover declared as per the Annual Audited Financial Statement was compared with that of the annual return in GSTR-9. (<i>Appendix-3.3.10</i>)	3	3	2.77	On these cases being pointed out (August 2022 to November 2022), the Department replied (November 2022) that DRC-01A had been issued in one case. In other 02 cases, Department assured (October 2022) to verify the cases and intimate. Further replies were awaited (October 2023).
7.	Mismatch in payment of tax was identified on verification of the Table-9R of GSTR-9C where rate-wise tax liability declared was compared with payment of tax declared in the annual return in GSTR-9. (<i>Appendix 3.3.11</i>)	5	5	2.99	On these cases were pointed out (August 2022 to November 2022), the Department replied (between November 2022 and January 2023) that DRC-01A had been issued in one case and ASMT-10 issued in one case. In other three cases, Department assured (Sept 2022) to verify the cases and intimate. Further replies were awaited (October 2023).

3.3.10. Conclusion

The Subject Specific Compliance Audit (SSCA) on Department Oversight on GST Payments and Return Filing was undertaken with the objectives of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and Departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for FY 2017-18. The SSCA entailed assessing the oversight functions of State CT & GST jurisdictional formations at two levels – at the data level through data queries and at the functional level with a deeper detailed audit of both Circles and of the GST returns, which involved accessing taxpayer records. The audit sample therefore comprised 264 taxpayers' data with high value inconsistencies across 15 parameters selected through data queries and 50 taxpayers selected on risk assessment for detailed audit of GST returns for FY 2017-18.

Out of the 264 taxpayers' data with high value inconsistencies, Audit noticed that

- In 162 cases (61.36 *per cent*), there were deviations from the provisions of the Act involving short levy of tax / inconsistencies / mismatches of ₹2,647.00 crore. This amount includes mismatches of ₹2564 crore and revenue impact amount of ₹ 83 crore. Relatively higher rates of deviations were noticed in risk parameters such as Mismatches in ITC availed under RCM, passing on ITC without discharging the tax liability, Short/ Non-payment of interest on delayed payment of tax and Mismatch of Turnover between Annual Audited Financial Statement and Annual Return for the year.
- In one case recovery of ₹0.03 crore, noticed for Irregular passing on ITC without discharging the tax liability
- In 46 cases SCN were issued involving amount of ₹391.64 crore. This amount comprises of mismatch amount of ₹349.81 crore involving 26 cases and having revenue impact of ₹41.83 crore in 20 cases.
- In 30 cases (11.36 *per cent*), the Department had already proactively initiated action prior to Audit scrutiny.
- In 54 cases (20.45 *per cent*), the Department stated that it was still examining the inconsistencies/ mismatches amounting to ₹669.18 crore.
- In the remaining 18 cases (6.82 *per cent*), though the Department did not accept the deviations pointed out by Audit, its contention was not borne out by evidence, and was thus not amenable to verification by Audit.

Out of the 50 taxpayers' returns which were examined in detail, Audit noticed that

- In 37 cases (74 *per cent*) there was mismatch / irregular availing of ITC amounting to ₹33.37 crore.
- In five cases (10 *per cent*), taxpayers had either not reversed or short reversed ITC amounting to ₹2.78 crore.
- In seven cases (14 *per cent*), there was a mismatch of ₹4.91 crore in the ITC availed by the taxpayers as declared in the Annual Audited Financial Accounts and ITC availed, as disclosed in the annual return.

- In 32 cases (64 *per cent*), there was irregular discharge of tax liability amounting to ₹37.42 crore arising from comparing the liabilities declared in GSTR-1 and GSTR-9.
- In five cases (10 *per cent*), there was mismatch in the rate-wise tax payable and tax paid as declared in the annual return in GSTR-9, amounting to ₹2.99 crore.
- In two cases (4 *per cent*), there were irregularities in the disclosure of turnover as Non-GST supplies and Zero rated supplies, with tax implication amounting to ₹1.40 crore.

During review of the oversight functions of the six Circles important details like monitoring of return filing, scrutiny and taxpayer compliance were not provided.

Chapter 4

Paragraphs

EXCISE DEPARTMENT

4.1 Loss of ₹ 75.07 crore towards Special Covid Fee

Due to manipulation of manually maintained Sales Registers by retail shops of alcoholic beverages, Government suffered loss amounting to ₹ 75.07 crore.

The Excise Commissioner, Odisha, issued (November 1998) instructions that Excise Officers-in-Charge (OIC) should ensure maintenance of sales registers, containing the liquor type-wise (Whisky, Rum, Beer, *etc.*), brand-wise and size-wise details, in regard to each retailer.

The Excise Department notified (May 2020) levy of Special Covid Fee (SCF), at the rate of 50 *per cent* of the Maximum Retail Price, on all Foreign Made Foreign Liquor, Indian Made Foreign Liquor, Beer, Wine and Ready to Drink beverages, sold in the State. This notification was issued in view of the expected loss of excise revenue, on account of the two months' shutdown⁹⁷, as a response to the Covid-19 pandemic. The SCF was applicable on the alcoholic beverages, to be traded with effect from 24 March 2020, including the unsold stock lying with the retailers. To enforce this provision, Excise field officials were instructed to verify the stock of the liquor shops.

To examine (April and October 2022) the process of levy of SCF, Audit intended to scrutinise 1,378 Sales Registers of 1,378 retail liquor shops functioning under 21 District Excise Offices. Out of these 1,378 Sales Registers, 108 (7.84 *per cent*) were not furnished to Audit (the list of 108 retailers, who did not furnish Sales Registers, is at *Appendix 4.1*). In this regard, Audit noticed the following:

1. Brand-wise and size-wise sale registers had not been maintained by the retail shops. The Excise officers-in-charge of the retail shops had not enforced maintenance of such data. The price of the liquor products depends upon the brand and size (in ml) of the bottle. Hence, without maintaining the brand-wise and size-wise registers, it was not possible to levy the exact amount of SCF applicable to each retailer, based on the closing stock, as on 24 March 2020.
2. In 716 out of the 1,025 Sales Registers (69.85 *per cent*), there were significant corrections, over-writing and changes made to the entries, or where entire pages had been replaced with fresh pages (*Appendix 4.2*). Of the 716 Sales Registers, in 28 Sales Registers, there were instances of wholesale replacement/ insertion of fresh pages, or presumably heavily over-written/ corrected pages having been replaced entirely (*Appendix 4.3*). The impact of such corrections, over-writing and replacement of pages, was that the closing balances, recorded as of 24 March 2020, were negligible, in these cases.
3. Physical verification of stock at the retail shops was stated to have been carried out on 25 May 2020 and SCF was realised on the basis of the physical stock available on that date. The closing balances, from the manually maintained Sale Registers, as on 24 March 2020 had,

⁹⁷ 24 March 2020 to 24 May 2020

however, not been collected, prior to the reopening of the retailers. Thus, the Sales Registers, had not been thoroughly examined and verified by the Excise OIC, prior to levy of SCF.

4. Audit computed excess sales (in terms of number of bottles), recorded in the Sales Registers, in the following two ways:
 - i. In cases of Sales Registers, where the pages for the month of March 2020 had been fully replaced or had overwriting/ erasure due to use of whitener/ other signs of manipulation, from 1 March 2020 itself, the average daily sales during February 2020, were taken as the criterion for computing the excess sales (sales figure recorded for each date minus the average sales figure for February 2020), during March 2020.
 - ii. In cases of Sales Registers, where the pages for the month of March 2020 had overwriting/ erasure due to use of whitener/ other signs of manipulation, beginning from a date after 01 March 2020, the average daily sales from 01 March 2020 to one day previous to that date, was taken as the criterion to compute excess sales (sales figure recorded for each date minus the average sales figure for March 2020, until the date of first manipulation noticed), during March 2020.
5. Top five retailers, in terms of loss of SCF, who manipulated the Sales Registers, are shown in **Table 4.1.1**.

Table 4.1.1: Top five retailers in terms of loss of SCF

DEO	Retail Shop	Excess sales recorded in the manipulated Sales Registers (number of bottles)	Estimated loss of revenue towards SCF ⁹⁸ (₹ in lakh)
Mayurbhanj	Baripada No.3 OFF Shop	2,51,369	152.72
Cuttack	Khapuria OFF Shop	1,94,605	108.46
Angul	Bantala No. I Off shop	1,55,467	88.46
Cuttack	Meria Bazar OFF Shop	1,77,571	87.46
Cuttack	Kathagola OFF Shop	1,40,188	82.11
Total		9,19,200	519.21

(Source: Records of the respective DEOs)

6. Retailers had even recorded the sale of liquor, on the date of the Janata Curfew imposed on 22 March 2020, in response to Covid-19, as well on the dates when the shops had been directed to remain shut.
7. One retailer *i.e.* Link Road-3 OFF Shop, Cuttack, had recorded sale of 1,923 liquor bottles with non-existent dates, such as 30 and 31 February 2020, which had also been accepted by the Excise OIC.
8. Nine retailers had recorded severely abnormal high liquor sales of more than 20,000 bottles in one day, in order to avoid levy of SCF, as detailed in **Table 4.1.2**.

⁹⁸ The estimated loss of SCF, arising from the excess sales recorded, has been computed on the basis of the minimum amount of SCF applicable per bottle, fixed by the Government for different categories and bottle sizes of liquor

Table 4.1.2: Severely abnormal high liquor sales in one day

Sl. No.	DEO	Retail Shop	Category of liquor	Date of sale	Quantity recorded as sold (in bottles)
1	Kalahandi	Baroda OFF Shop	Whisky-180	24 March 2020	42,310
2	Keonjhar	Joda No.3 OFF Shop	Beer-650	24 March 2020	31,555
3	Cuttack	Kathagola OFF Shop	Whisky-180	21 March 2020	28,691
4	Jajpur	Hotel Dostana ON Shop	Rum-180	20 March 2020	23,532
5	Cuttack	Kathagola OFF Shop	Whisky-180	20 March 2020	22,735
6	Cuttack	Kathagola OFF Shop	Rum-180	20 March 2020	20,997
7	Cuttack	Meria Bazar OFF Shop	Rum-180	18 March 2020	20,768
8	Kalahandi	Bhawanipatna-6 OFF Shop	Whisky-180	24 March 2020	20,371
9	Dhenkanal	Hindol town OFF Shop	Rum-180	22 March 2020	25,000

(Source: Records of the respective DEOs)

9. In case of 61 retail shops, even the entries made in the Sales Registers had not been properly taken into account, for calculation of SCF (*Appendix 4.4*). The top five retailers, in terms of loss due to incorrect recording of figures from the Sales Registers, by the Excise OICs, for the purpose of collection of SCF, are shown in **Table 4.1.3**.

Table 4.1.3: Top five retailers in terms of loss due to incorrect recording of figures

DEO	Shop	Estimated loss (in ₹)
Kendrapara	Rajkanika OFF Shop	49,18,490
Keonjhar	Salania OFF Shop	35,25,293
Angul	Kumand OFF Shop	34,22,003
Kendrapara	Gobindpur OFF Shop	25,33,528
Angul	Karatapata OFF Shop	24,09,665

(Source: Records of the respective DEOs)

Audit calculated the SCF that ought to have been levied in compliance with the executive instructions, based on the trends of sales in the Sales Registers, prior to the appearance of over-writing/ corrections/ abnormal increase (in case of replacement of pages) and estimated that 1,27,21,915 liquor bottles (Whisky, Rum, Vodka, Brandy and Beer) had been reported as having been sold in excess of the normal sales trends, by 716 licensed retailers. Due to this irregular reporting of excess sales, through manipulation of the Sales Registers, there had been an estimated loss of ₹ 75.07 crore, towards levy and collection of SCF (detailed in *Appendix 4.2*).

The errors of omission by the Excise OICs were broadly in the nature of:

- Not reporting the fact of significant over-writing/ heavy corrections, which resulted in recording of abnormally low closing balance, to the Excise Commissioner.

- Permitting the use of replacement of pages (presumably to replace heavily over-written/ corrected pages), with the page seal and logo of the Excise Department, by the licensed retailers.
- Not reporting even the manipulated closing balances from the Sales Registers correctly to the Odisha State Beverages Corporation Limited website, resulting in shortfall in levy and collection of SCF.

In view of the above, Audit was unable to rule out the possibility of collusion between the licensed retailers and the concerned Excise OsIC. Audit is of the view that the acts of omission and commission, which resulted in loss of Government revenue, were sufficiently egregious, as to warrant initiation of disciplinary action against the concerned Excise OsIC.

Audit observed that the risk of revenue loss towards SCF, would have been mitigated, had the Excise Department implemented a software application, making it mandatory for the licensed retailers to install and update their stock positions on a daily basis, along with departmentally issued Point of Sale machines to licensed retailers, to mandatorily record retail sales, as implemented by other State Governments, such as Punjab⁹⁹ and Uttar Pradesh¹⁰⁰. Since Audit was only conducted at 21 District Excise Offices, a thorough review is required to be conducted by the Department, to identify instances of wilful non-compliance and to fix responsibility on the concerned Excise OsIC for such lapses. This would hold good especially in case of those 108 retailers who did not even furnish their Sales Registers for examination by Audit (list at *Appendix 4.1*), since they presumably failed to do so, due to the high extent and pervasive nature of manipulation carried out in those Sales Registers.

The Excise Commissioner, while accepting the above observations stated (April 2023) that:

- i. All Superintendents of Excise and field functionaries had once again been issued instruction (April 2023) to ensure strict maintenance of brand-wise and size-wise liquor stock/ sale registers in all retail centres without fail.
- ii. As suggested by Audit, software application to monitor sales by licensed retailers would be implemented, along with track and trace system for liquor products.
- iii. Non-furnishing of Sales Registers to Audit was a serious matter and the concerned Superintendents of Excise had been instructed to issue show cause not only to the licensees but also to the concerned Excise OsICs for such non-submission.
- iv. Tampering and replacement of pages is a serious matter and hence Superintendents of Excise had been issued (April 2023) instruction to issue show cause not only to the licensees but also to the concerned Excise OICs for negligence, lack of supervision and dereliction of duty in not checking the registers properly which led to such leakage of Government revenue in shape of SCF.

⁹⁹ <https://tinyurl.com/wn4z695v>

¹⁰⁰ <https://tinyurl.com/ysutp9nj>

- v. Follow up action would be taken against the licensees and erring officers following due process and all possible steps would be taken for realisation of Government revenue, as pointed out by Audit.

4.2 Loss due to non-imposition of Excise Duty on excess bottling- ₹ 3.91 crore

Non-imposition of Excise Duty on the quantity of blended spirit reported as bottling wastage, in excess of the permissible wastage quantity, resulted in loss of revenue, amounting to ₹ 3.91 crore.

Rule 97 (4) and (5) of the Odisha Excise Rules, 2017, provide that the whole of the contents of a cask, where casks are used, shall be bottled in one operation and, as soon as the bottling is over, the officer-in-charge (OIC) shall ascertain the quantity bottled and record in the concerned register, the ullage and wastage. The grant of rebate or refund of duty, which shall have been previously allowed on account of deficiencies in the operations mentioned above, up to a maximum limit of two *per cent* will be considered by the Commissioner of Excise, on application, made by the licensee, through the Collector, at the end of each quarter.

Audit examined the Blending & Reduction Registers and the Annual Stock Taking Reports of a manufacturer of India Made Foreign Liquor (IMFL), namely, M/s United Spirits Limited (USL), Gopalpur, at the office of the Superintendent of Excise, Berhampur. Audit noticed that the blended spirit was stored in different Reduction Blending Vats, from which bottling of the finished products (*i.e.* IMFL) was done on day-to-day basis. After the end of day's production, the OIC would record entries, such as date of production, name of the product, batch number, quantity of spirit taken for blending, reduction/ wastage, IMFL produced in London Proof Litre (LPL), bottling wastage, *etc.*, in the Production Register. During the bottling operations of IMFL, for the period from FY 2017-18 to FY 2020-21, the manufacturing unit had reported, on 392 days, use of 26,24,912.65 LPL of blended spirit, for bottling into 24,88,340.73 LPL of IMFL, registering a wastage of 1,36,571.92 LPL (5.20 *per cent*), during bottling. Thus, the bottling wastage was in excess of the permissible wastage of 52,498.25 LPL (2 *per cent*) by 84,073.67 LPL. The excess wastage per operation ranged from 0.02 to 98.0 *per cent*. On one occasion (03 April 2019), the entire issued blended spirit of 1,514.25 LPL was shown as bottling wastage.

Audit observed that the OIC had neither enquired about the recurring bottling wastage above the permissible limit nor had he levied Excise Duty (ED) on the quantity of blended spirit, reported as bottling wastage, beyond the norm. As rate of ED on bottled IMFL varied, depending upon the type of IMFL, *i.e.* Rum or Whisky, as well as on the volume of the bottles, Audit adopted lowest rate of ED, which had prevailed during the corresponding years, to assess the amount of ED recoverable from the manufacturer. Accordingly, the amount of ED, on the bottling wastage quantity of 84,073.67 LPL, worked out to ₹ 3.91 crore.

Thus, non-imposition of ED, on excess bottling wastage of blended spirit, resulted in loss of revenue, amounting to ₹ 3.91 crore.

The Excise Department stated (February 2023) that a committee had been constituted for re-examination of bottling wastage and final compliance would be submitted, after the matter was brought to a logical conclusion. The fact, however, remains that loss had been incurred, due to the negligence of the Department.

4.3 Short-realisation of registration fees from suppliers

Amount due towards application fees and Annual Composite Label Registration fees had not been collected from suppliers, as per the rates prescribed in the Annual Excise Policy, resulting short-realisation of revenue, amounting to ₹ 1.48 crore.

As per Rule 102 (1 to 8) of the Odisha Excise Rules, 2017, no foreign liquor, which is manufactured within Odisha or outside a State in India, by licensed manufacturers and allowed to be imported into the State, or any foreign liquor imported into a State from outside India, shall be stored in any warehouse or in any retail or any other licensee's premises for the purpose of sale, unless and until the brand name, under which, and the label with which it is to be sold, is approved and the permission is granted by the Excise Commissioner. All applications for approval of brand names, labels and renewals of such brand names and labels, and for the issue of permission, shall be accompanied by such fees, as may be notified by the State Government, from time to time.

The Excise Department, Government of Odisha, in exercise of powers vested under the Bihar and Orissa Excise Act, 1915, had inserted (March 1998), a new clause after Clause 4 (a) of Rule 41-A of the Orissa Excise Rules, 1965, that applications for registration of brands or labels, after the month of February, shall attract penalty at a rate of 50 *per cent* of the original fee and, after the month of March, at the double rate. The aforementioned Act was repealed and replaced with the Odisha Excise Act, 2008. Section 109 (2) of the Act of 2008, provided that all rules, orders, notification licenses, permits, passes or exclusive privileges made, issued or granted under the repealed Act, would remain in force. Thus, the belated applications for registration of brands or labels were to attract penalty, as notified in March 1998.

As per the Annual Excise Policies of the State, for the financial years 2019-20 and 2020-21, manufacturers/ suppliers of IFML, Beer, Ready-to-Drink (RTD) Beverage and Low Alcoholic Beverage (LAB), were required to pay application fees of ₹ 5,000 per label and Annual Composite Label Registration (ACLR) fees, as per the rates, shown in **Table 4.3.1**.

Table 4.3.1: Rate of ACLR fee on different varieties of liquors

Nature of liquor	Rate of ACLR fee
IMFL	Five times of the number of cases ¹⁰¹ supplied during January to December of the previous year.
Beer/ RTD/ LAB	Four times of the number of cases supplied during January to December of the previous year.

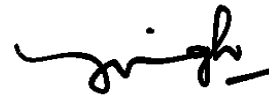
(Source: Annual Excise Policies of the State)

¹⁰¹ One case denotes 12 bottles of 750 ml each or 24 bottles of 375 ml each or 48 bottles of 180 ml each.

Audit test-checked (March-2022) the records of the Office of the Excise Commissioner, Cuttack to assess the correctness of application and ACLR fees, collected from the manufacturers and suppliers, for the financial year 2020-21. Audit noted that three suppliers¹⁰², out of 43 test-checked, had deposited application and ACLR fees, amounting to ₹ 1.49 crore, on different dates, during 17 March 2020 to 23 June 2020. Though the deposits had been made beyond the month of February, the fees had been deposited at the normal rates instead of the enhanced rates, as prescribed in the Annual Excise Policy, 2019-20. Audit worked out the amounts payable by the suppliers, at the enhanced rates, as being ₹ 2.97 crore. Thus, there was short realisation of fees by ₹ 1.48 crore.

The Excise Department, while accepting the audit observation, stated (February 2023) that the prayers of the three suppliers, for waiver of additional amount of fees, had been rejected and they had been reminded to deposit the amount.

Bhubaneswar
The 6 NOV 2024

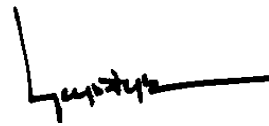


(RAJ KUMAR)

Principal Accountant General (Audit-I)
Odisha

Countersigned

New Delhi
The 11 NOV 2024



(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India

¹⁰² Bacardi India Pvt. Ltd., Radico Khaitan Ltd. and The Aska Co-operative Sugar Industries Ltd.

Appendices

Appendix 2.1.1

(Refer Paragraph 2.1.3)

Sampled units

Sl. No.	District	Work Division	Local Body/Urban Development Authority	Welfare Scheme
1	Cuttack	1. R&B Division, Charbatia (Works Department) 2. R&B Division No. I, Cuttack (Works Department)	1. Cuttack Development Authority 2. Cuttack Municipal Corporation	1. Nirman Shramik Pucca Ghar Yojana (Panchayati Raj & Drinking Water Department); 2. Death assistance;
2	Keonjhar	1. Megalift Projects Division, Keonjhar (Water Resource Department) 2. R&B Division, Ghatagaon (Works Department)	1. Keonjhar Town Planning Unit	3. Education assistance; 4. Marriage assistance; 5. Recognition of Prior Learning Scheme;
3	Khurda	1. Megalift Projects Division, Bhubaneswar (Water Resource Department) 2. R&B Division-II, Bhubaneswar (Works Department)	1. Bhubaneswar Development Authority 2. Bhubaneswar Municipal Corporation	6. Assistance for Tools; 7. Assistance for Safety equipment; 8. Assistance under Nirman Kusum; 9. Maternity assistance;
4	Ganjam	1. R&B Division No. 1, Berhampur (Works Department) 2. Irrigation Division, Bhanjanagar (Water Resource Department)	1. Berhampur Development Authority 2. Berhampur Municipal Corporation	10 Skill Upgradation.

Appendix 2.1.2
(Refer Paragraph 2.1.8)

Scheme-wise number of beneficiaries covered and amount utilised by the Board, during FYs 2017-18 to 2021-22

Sl. No.	Welfare scheme	No. of beneficiaries covered	Amount utilised (₹ in crore)
1	Education Assistance	3,93,012	190.94
2	Assistance for Tools	1,61,908	64.44
3	Safety Equipment	1,67,869	16.45
4	Marriage Assistance	75,740	266.06
5	Maternity Assistance	14,975	14.83
6	Death Assistance	25,547	353.94
7	Nirman Shramik Pacca Ghar Yojana	19,806	230.00
8	Nirman Shramik Pension Yojana	451	1.15
9	Nirman Kusum	18,535	25.00
10	Skill Development	2	0 ¹⁰³
11	Bi-cycles Assistance	3,64,780	144.19
12	Funeral Assistance	24,999	12.47
13	Recognition of Prior Learning	3,77,102	327.30
14	Special Financial Assistance for Covid	20,72,738	626.28
Total			2,273.05

(Source: Information furnished by the Board)

¹⁰³ ₹ 6,000, rounded off to 0'

Appendix 2.1.3

(Refer Paragraph 2.1.8.2)

Number of beneficiaries covered and amounts utilised, under the 10 test-checked Schemes, in the sampled districts, during FYs 2017-18 to 2021-22

(Amounts ₹ in lakh)

Sl. No.	Welfare scheme	Cuttack		Keonjhar		Ganjam		Khurda		Total	
		No. of beneficiaries covered	Amount utilised	No. of beneficiaries covered	Amount utilised	No. of beneficiaries covered	Amount utilised	No. of beneficiaries covered	Amount utilised	No. of beneficiaries covered	Amount utilised
1	Marriage Assistance	6,073	1,866.95	2,183	736.20	8,124	2,979.80	1,206	419.65	17,586	6,002.60
2	Educational Assistance	36,710	1,812.23	29,862	1,469.94	37,475	1,777.40	24,548	1,246.72	1,28,595	6,306.29
3	Maternity Assistance	169	16.12	935	93.84	1,227	120.86	825	62.24	3,156	293.06
4	Death Assistance	1,897	2,304.50	1,258	1,599.50	1,974	2761.00	1,785	1,592.15	6,914	8,257.15
5	Tools Assistance	10,309	386.84	804	32.16	0	0	31,355	1254.20	42,468	1,673.20
6	Safety equipment	70,530	676.66	0	0	0	0	16,758	167.58	87,288	844.24
7	Nirman Shramik Pacca Ghar Yojana	1,964	2,356.80	576	748.80	5,578	7,251.40	49	58.80	8,167	10,415.80
8	Nirman Shramik Pension Yojana	125	5.65	235	10.62	115	5.2	165	7.46	640	28.93
9	Nirman Kusum	2,420	348.67	755	112.84	2,325	287.92	634	88.50	6,134	837.93
10	Skill Development	0	0	0	0	0	0	0	0	0	0.00
Total			9,774.42		4,803.90		15,183.58		4,897.30		34,659.20

(Source: Information furnished by the Board)

Appendix 3.1.1

(Refer Paragraph 3.1.2.1)

STGHs remaining incomplete, as of March 2022 and expenditure incurred thereon

Sl. No.	Year of Sanction (FY)	District	Girls' hostel	Executing Agency	Estimated Ccost (in ₹ lakh)	Expenditure incurred (in ₹ lakh)
1	2009-10	Kalahandi	STGH building at Sohagpur Sevashram	BDO, Bhawanipatna	47.40	38.72
2	2009-10	Kalahandi	STGH building at Poruaguda High School	BDO, Kalampur	48.25	27.63
3	2009-10	Gajapati	100 seated STGH at Kattama Upper Primary School	PA, ITDA, Parlakhemundi	50.00	28.50
4	2009-10	Kalahandi	STGH building at Lubengarh Residential School	BDO, M.Rampur	42.48	8.07
5	2010-11	Gajapati	100 seated STGH Building at Mandimera Upper Primary School under Mohana Block	PA, ITDA, Parlakhemundi	51.50	43.74
6	2011-12	Gajapati	100 seated STGH at N. Jhalarsing Girls' High School	PA, ITDA, Parlakhemundi	50.00	47.93
7	2011-12	Malkangiri	200 seated STGH building at Mahupader	PA, ITDA, Malkangiri	150.00	139.02
8	2013-14	Rayagada	100 seated STGH at Kanabai High School	PA, ITDA, Gunupur	51.78	36.65
9	2013-14	Sundergarh	100 seated STGH at Rajabasa Sevashram under Lahunipadablock	PA, ITDA, Bonai	50.00	50.00
10	2020-21	Malkangiri	100 seated STGH building at Panasput	PA, ITDA, Malkangiri	80.00	56.47
11	2020-21	Malkangiri	200 seated STGH building at Andrapalli	PA, ITDA, Malkangiri	80.00	25.57
12	2020-21	Malkangiri	100 seated STGH building at Darlabeda	PA, ITDA, Malkangiri	80.00	30.19
13	2020-21	Malkangiri	100 seated STGH building at Jantri	PA, ITDA, Malkangiri	80.00	0
Total					861.41	532.49

(Source: Information furnished by the concerned DWO/ PA/ ITDA)

Appendix 3.1.2
(Refer Paragraph 3.1.2.2)

Hostels completed, but not in use, due to non-completion of boundary walls (as of March 2022)

Sl. No.	Year of Sanction	District	Girls hostel	Estimated cost (₹ in lakh)	Expenditure (₹ in lakh)	Date of completion in all respect
1	2009-10	Kalahandi	STGH building at Ulikupa High School	40.07	26.70	Not available
2	2009-10	Kalahandi	STGH building at Seragada High School	40.77	25.78	Not available
3	2009-10	Kalahandi	STGH building at Belgaon High School	53.03	53.03	30 December 2012
4	2009-10	Kalahandi	STGH building at Nishanpur High School	41.41	40.29	Not available
5	2009-10	Kalahandi	STGH building at Gochhadengen High School	49.89	46.91	Not available
6	2009-10	Kalahandi	STGH building at Habaspur High School	41.66	38.25	14 November 2017
7	2009-10	Gajapati	100 seated STGH at Burusingi Sevashram, under Raygada Block	41.50	41.41	Not available
8	2009-10	Kandhamal	100 seated STGH at Banabasi High School, Nuapadar under Phiringia Block	50.00	50.00	22 November 2019
9	2009-10	Balasore	Raghuchalk Ashram School	48.80	48.80	20 March 2019
10	2011-12	Gajapati	Indira Memorial, Chandiput	100.00	100.00	Not available
11	2013-14	Mayurbhanj	200 seated STGH at Boring Ashram School	121.69	121.69	16 February 2016
12	2013-14	Gajapati	Construction of 100 seated STGH at SKCG College, Parlakhemundi	120.00	100.86	Not available
13	2013-14	Keonjhar	Satya Narayan Mahavidyalay, Dhenkikote	154.43	154.43	18 August 2016
14	2015-16	Gajapati	100 seated STGH at Ramgiri Government SSD Higher secondary school, Ramgiri	150.00	124.61	Not available
15	2019-20	Malkangiri	100 seated ST Girls' Hostel, Sarkubandh	80.00	71.56	28 July 2022
16	2020-21	Malkangiri	100 seated ST Girls' Hostel, Jantapai	80.00	53.36	21 October 2022
	Total			1,213.25	1,097.68	

(Source: Information furnished by the concerned DWO/ PA/ITDA)

Appendix 3.1.3

(Refer Paragraph: 3.1.2.3)

Hostels that remained non-functional due to want of repair and maintenance

Sl. No.	Year of sanction	District	Girls' hostel	Estimated cost (₹ in lakh)	Expenditure (₹ in lakh)	Date of completion, in all respects	Date of handing over of hostel	No. of students enrolled
1	2009-10	Kalahandi	STGH building at Sagada UP	50.00	49.66	Not available	13.07.2017	85
2	2009-10	Kalahandi	STGH building at Chhayadevi High School, Nuapada	45.08	44.21	Not available	Handed over ¹⁰⁴	16
3	2009-10	Kalahandi	STGH building at Banijara High School	48.50	48.50	30 March 2015	22 December 2016	90
4	2009-10	Kalahandi	STGH building at Mahaling High School	48.50	48.50	30 December 2012	30 December 2012	55
5	2009-10	Kalahandi	STGH building at Dahagaon High School	55.50	55.50	Not available	28 June 2017	38
6	2009-10	Kalahandi	STGH building at Gokuleswar High School	55.50	55.50	Not available	22 December 2012	57
7	2009-10	Kalahandi	STGH building at Funda High School	56.97	56.97	Not available	27 June 2017	26
8	2013-14	Phulbani	Kandhamal Mahavidyalay	120.00	120.00	Not available	29 April 2020	160
9	2013-14	Maurbhanj	Kaptipada College, Kaptipada	208.31	208.31	27 September 2019	19 August 2019	263
	Total			688.36	687.15			

(Source: Information furnished by the concerned DWO/ PA, ITDA)

¹⁰⁴ The Headmaster confirmed handing over of the hostel building but the ITDA, Th. Rampur, Kalahandi district could not provide date of handing over

Appendix 3.1.4
(Refer Paragraph 3.1.2.4)

Hostels remaining non-functional, due to lack of ST girls

Sl. No.	Year of Sanction	District	Girls' hostel	Executing Agency	Estimated cost (₹ in lakh)	Expenditure (₹ in lakh)	Date of handing over of Hostel	No. of students enrolled during the year 2021-22
1	2009-10	Kalahandi	STGH building at Kasurpada High School	EE (R&B), Bhawanipatna	51.50	51.50	22 December 2016	45
2	2009-10	Kalahandi	STGH building at Govt. High School, Belkhandi	BDO, Kesinga	43.43	43.43	2 April 2016	10
3	2009-10	Kalahandi	STGH building at Pourkela High School	BDO, Karlamunda	50.16	50.16	20 February 2016	27
4	2013-14	Kalahandi	STGH at Sanyasi Uchha Vidyalaya, Mursingh, Narla	Project Administrator, Integrated Tribal Development Agency, Th.Rampur	71.00	71.00	21 April 2016	7
5	2013-14	Kalahandi	STGH at M.Rampur (Durgamadhab High School)	PA, ITDA, Th.Rampur	62.00	62.00	7 February 2017	40
6	2013-14	Keonjhar	200 seated STGH at Barbil College, Barabil	PA, ITDA, Keonjhar	163.53	152.04	15 February 2016	324
7	2013-14	Sundargarh	100 seated STGH at Lahunipada College	PA, ITDA, Banai	150.00	150.00	2 August 2017	48
8	2013-14	Sambalpur	VSS High School, Kabarapalli under the Jujomura Block	BDO, Jujomara	48.27	48.27	23 December 2015	Not available
9	2013-14	Sundargarh	100 seated STGH at Mahura Sebashram, Nuapadar under the Lahunipada block	PA, ITDA, Banai	53.50	53.5	28 January 2017	12
Total					693.39	681.90		

(Source: Information furnished by the concerned DWO/ PA, ITDA)

Appendix 3.1.5
(Refer Paragraph 3.1.5.1)

Non-levy of penalty on defaulting contractors of Hostel construction works

Sl. No.	Girls' Hostels	Executing Agency	Estimated cost (₹ in lakh)	Agreement value (₹ in lakh)	Date of commencement of works	Scheduled date of completion (SDOC)	Date of completion of work	Delayed beyond SDOC	Value of work done (₹ in lakh)	Extension of Time applied	Compensation due ¹⁰⁵ (₹ in lakh)
1	Girls Hostel at Sarkubandha, Malakangiri	ITDA, Malkangiri	63.78	58.52	10 November 2020	9 October 2021	28 July 2022	291	71.56	No	6.38
2	Jantapai, Malakangiri	ITDA, Malkangiri	63.78	58.30	10 November 2020	9 October 2021	21 October 2022	376	53.36	No	6.38
3	Bharsing High School, Gunupur	ITDA, Gunupur	50.00	35.96	15 November 2011	15 May 2012	24 June 2013	404	35.96	No	5.00
4	Gulunthi High School, Gunupur	ITDA, Gunupur	85.00	65.81	17 June 2017	16 March 2018	22 November 2019	615	65.81	No	8.50
5	Gotiguda High School, Gunupur	ITDA, Gunupur	85.00	74.46	24 June 2017	23 March 2018	29 January 2021	1042	69.61	No	8.50
6	Kopapadar High School Gunupur	ITDA, Gunupur	85.00	66.84	21 June 2017	20 March 2018	28 October 2019	586	59.07	No	8.50
7	Boring Ashram School under Thakurmunda Block	ITDA, Karanjia	121.68	121.68	24 February 2014	23 October 2014	16 December 2016	784	121.69	No	12.17
8	Panasput, Malkangiri	ITDA, Malkangiri	66.02	66.02	10 November 2020	9 October 2021	Incomplete	447	56.47	No	6.60
9	STGH at Darlabeda	ITDA, Malkangiri	65.35	61.03	10 November 2020	9 October 2021	Incomplete	447	30.19	No	6.54

¹⁰⁵ Maximum 10 per cent of the agreement value

Sl. No.	Girls' Hostels	Executing Agency	Estimated cost (₹ in lakh)	Agreement value (₹ in lakh)	Date of commencement of works	Scheduled date of completion (SDOC)	Date of completion of work	Delayed beyond SDOC	Value of work done (₹ in lakh)	Extension of Time applied	Compensation due ¹⁰⁵ (₹ in lakh)
10	STGH Andrapally, Malkangiri	ITDA, Malkangiri	65.90	64.21	10 November 2020	9 October 2021	Incomplete	447	25.57	Yes but not sanctioned	6.59
11	STGH Jantri, Malkangiri	ITDA, Malkangiri	65.97	63.80	31 December 2020	30 November 2021	Incomplete	395	0	No	6.60
12	Katama High School, Parlakhemundi	ITDA, Parlakhemundi	50.00	46.32	18 January 2017	15 October 2017	Incomplete	1903	29.96	No	5.00
13	N. Jhalarsingi, Parlakhemundi	ITDA, Parlakhemundi	50.00	50.00	17 June 2013	17 March 2014	Incomplete	3210	47.93	No	5.00
14	Ramgiri ST Girls hostel Higher Secondary School, Parlakhemundi	ITDA, Parlakhemundi	150.00	130.57	27 September 2016	27 June 2017	Incomplete	2012	124.61	No	15.00
15	SKCG College, Paralakhemundi	ITDA, Parlakhemundi	120.00	101.77	19 August 2013	19 July 2014	10 December 2017	1239	106.1	No	12.00
16	Mandimera UPS, Mohana block	ITDA, Parlakhemundi	51.50	33.45	8 November 2010	8 May 2011	Incomplete	4254	43.74	No	5.15
	Total		1,238.98	1,098.74					941.63		123.91

(Source: Information furnished by PA, ITDAs)

Appendix 3.1.6

(Refer Paragraph 3.1.5.2)

Irregular splitting of Hostel works

Sl. No.	ITDA	Girls' Hostel	Estimated cost	Expenditure on civil work	Expenditure on balance work	Status of work
			(₹ in lakh)			
1	ITDA, Th. Rampur	200 STGH at Haragouri Mahavidyalaya, Kasurla	140.00	99.12	40.88	Completed
2	ITDA, Th. Rampur	STGH at Sanyasi U. V.Narla	71.00	40.72	30.28	Completed
3	ITDA, Th. Rampur	STGH at M.Rampur	62.00	46.86	15.14	Completed
4	ITDA, Th. Rampur	STGH at RendoMajhiUchhaVidyapitha	59.00	44.66	14.34	Completed
5	ITDA, Th. Rampur	200 Seated STGH at OUAT, Bhawanipatna.	350.00	258.58	91.42	Completed
6	ITDA, Th. Rampur	STGH building at Lanjigarh High School	150.00	132.11	17.89	Completed
7	ITDA, Th. Rampur	STGH building at Lanjigarh High School	59.00	41.41	17.59	Completed
8	ITDA, Gunupur	STGH, Kopapadar High School	85.00	59.07	16.93	Completed
9	ITDA, Parlakhemundi	100 seated STGH building at SKCG College	120.00	100.86	19.14	Completed
10	ITDA, Parlakhemundi	100 seated STGH building at Ramgiri Govt. HSS girls	150.00	124.61	25.39	Completed
Total			1,246.00	948.00	289.00	

(Source: Information furnished by PA, ITDAs)

Appendix 3.1.7

(Referred Paragraph 3.1.5.3)

Irregular retention of unutilised funds, as of December 2022

Sl. No.	District	Executing agency	Girls' hostel	Year of sanction	Amount sanctioned	Expenditure	Balance
					(₹ in lakh)		
1	Kalahandi	BDO, Bhawanipatna under DRDA Kalahandi	STGH building at Sohagpur Sevashram	2009-10	47.40	38.72	8.68
2	Kalahandi	BDO, Bhawanipatna under DRDA Kalahandi	STGH building at Sagada Upper Primary School	2009-10	50.00	49.66	0.34
3	Kalahandi	BDO, Bhawanipatna under DRDA Kalahandi	STGH building at Chhayadevi High School, Nuapada	2009-10	45.08	44.21	0.87
4	Kalahandi	BDO, M. Rampur under DRDA Kalahandi	STGH building at Lubengarh Residential School	2009-10	42.48	8.07	34.41
5	Kalahandi	BDO, M. Rampur under DRDA Kalahandi	STGH building at Gochhadengen High School	2009-10	49.89	46.91	2.98
6	Kalahandi	BDO, Narla under DRDA Kalahandi	STGH building at Nishanpur High School	2009-10	41.41	40.29	1.12
7	Kalahandi	BDO, Narla under DRDA Kalahandi	STGH building at Ulikupa High School.	2009-10	40.07	26.70	13.37
8	Kalahandi	BDO, Narla under DRDA Kalahandi	STGH building at Saragarh High School	2009-10	40.77	25.78	14.99
9	Kalahandi	BDO, Junagarh under DRDA Kalahandi	STGH building at Habaspur High School	2009-10	41.66	38.25	3.41
10	Kalahandi	BDO, Kalampur under DRDA Kalahandi	STGH building at Poruaguda High School	2009-10	48.25	27.63	20.62
11	Khandhamal	PA, ITDA, Phulbani (Kandhamal)	100 seated STGH at Tellapali SS in Dindragam GP under Phiringia	2009-10	50.00	47.73	2.27
12	Gajapati	PA, ITDA, Paralakhemundi	STGH, N.Jhalarsingi Girls High School	2011-12	50.00	47.93	2.07
13	Malkangiri	PA, ITDA, Malkangiri	STGH, Mahupadar SSD High School	2011-12	150.00	139.02	10.98
14	Sundargarh	PA, ITDA, Bonai	STGH, Mahura SS under Lahunipara Block	2013-14	60.00	53.50	6.50
15	Rayagada	PA,ITDA, Gunupur	STGH, Kanabai High School	2013-14	59.00	36.00	23.00

Sl. No.	District	Executing agency	Girls' hostel	Year of sanction	Amount sanctioned	Expenditure	Balance
16	Gajapati	PA, ITDA, Paralakhemundi	STGH, Ramagiri Govt HSS (Girls)	2015-16	150.00	124.61	25.39
17	Malkangiri	PA, ITDA, Malkangiri	100 seated STGH at Sarkubandha	2020-21	80.00	46.62	33.38
18	Malkangiri	PA, ITDA, Malkangiri	100 seated STGH at Jantapai	2020-21	80.00	53.36	26.64
19	Malkangiri	PA, ITDA, Malkangiri	100 seated STGHat Darlabeda	2020-21	80.00	10.75	69.25
20	Malkangiri	PA, ITDA, Malkangiri	100 seated STGHat Andrapally	2020-21	80.00	14.97	65.03
21	Malkangiri	PA, ITDA, Malkangiri	100 seated STGHat Jantri	2020-21	80.00	0	80.00
22	Malkangiri	PA, ITDA, Malkangiri	100 seated STGHat Panasput	2020-21	80.00	41.48	38.52
		Total			1,446.01	962.19	483.82

(Source: Information furnished by PA, ITDA and hostel records)

Appendix 3.2.1

*(Refer Paragraph 3.2.1)***Modules included in the scope of IFMS 1.0**

Sl. No.	Module
1.	Budget Planning and Preparation
2.	Debt Management System
3.	Pension Finalisation and Preparation of Pension Payment Order
4.	e-Disbursement of Government claims
4.a	e-Disbursement of Government claims (Treasury Drawal)
4.b	e-Disbursement of Government claims (Cheque Drawal)
5.	New Pension Scheme monitoring system, including Employees Self Service for the new employees
6.	Centralised NPS Contribution Uploading
7.	Financial data warehouse and Budget Decision Support Systems -I
8.	Online/Offline Bill Submission and Integration Module
9.	Virtual Treasury Module (Integration with Cyber Treasury)
10.	Treasury-Budget Preparation and DSS Module Integration
11.	iOTMS Portal - Mobile Based Tax Payment Integration
12.	Accounts correction in iOTMS
13.	Sanction Order Database Module development and integration with payment module
14.	Budget Distribution - Advance from OCF Module Integration
15.	Bifurcation of State share and Central share from CSP
16.	Fund Management System
17.	Reserve Bank of India Integration and Monitoring of Ways and Means
18.	Works & Forest Bill Processing and Accounts generation
19.	Scheme of Consolidated Fund expenditure tracking incurred outside/ inside
20.	Budget Decision Support System -II
21.	Controlling Officer-wise online reconciliation
22.	Integration with work accounts & WAMIS
23.	iOTMS-CPSMS portal Integration
24.	Integration with Human Resource Management System
25.	Teachers Provident Fund
26.	Monitoring and Controlling Utilisation Certificate
27.	Online Payment request from Personal Ledger operator
28.	Online Audit and Inspection
29.	Payment - TPF Module Integration
30.	Treasury - Online Payment request by PL operator Module Integration
31.	Mobile based payment and transaction reporting system

The project scope of the IFMS 2.0 consists of four broad areas:

- I. Maintenance, support and enhancement of all the existing modules from IFMS 1.0.
- II. Monitoring and administration of existing hardware, network equipment and system software.
- III. Application development and maintenance of new modules.
- IV. Procurement, installation, commissioning and maintenance support for new hardware, network equipment and system software.

Modules included in the scope of IFMS 2.0

Sl. No.	Module
1.	Document Management System
2.	Identity and Access Management
3.	Mobile apps for all the modules of IFMS
4.	Commitment Management
5.	Bulk Disbursement
6.	DDO Codification

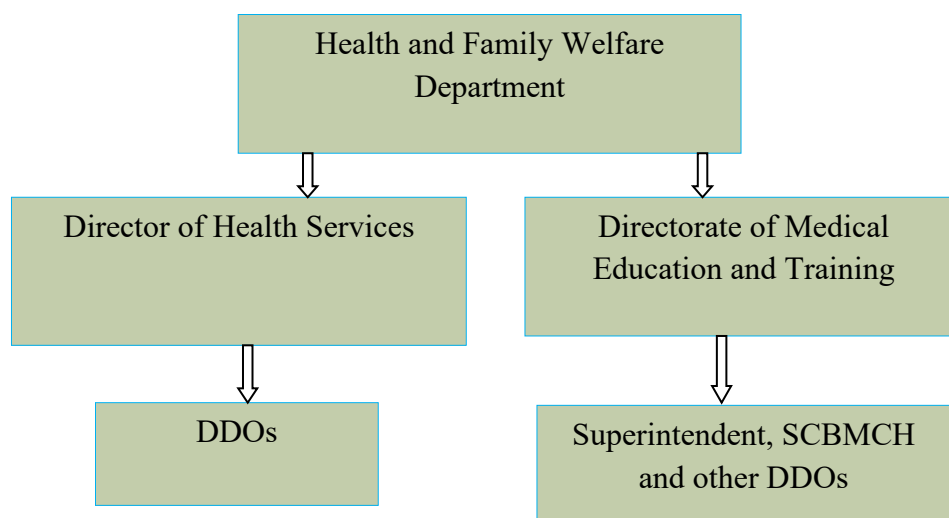
Appendix 3.2.2

{Refer Paragraph 3.2.9.1 (b)}

Non-provision to surrender the anticipated savings caused lapse of budget provision under NIRAMAYA-₹45.45 crore

The Odisha Government had launched the Niramaya scheme in 2016, one of its flagship schemes, for providing all essential medicines, free of cost to patients, coming to government health institutions. In the wake of COVID-19 pandemic, the importance of the scheme had raised many folds and the Health and Family Welfare (HFW) Department, made budget provision accordingly, to meet the alarming situation in the State.

The two Controlling Officers (COs) namely 1) Director of Health Services (DHS) and 2) Directorate of Medical Education and Training (DMET), are functioning under the HFW Department, as depicted below:



Due to huge amount of pending bills kept with the Central Store Technical Section, and in view of increased rate of COVID patients, coming to hospitals day by day, the office of the Superintendent, SCB Medical College and Hospital, Cuttack, requested (September 2020) the DMET, for an allotment of ₹50crore to clear up the dues of medicine suppliers. Further, the Superintendent, SCBMCH, also requested (October 2020) the HFW Department, for additional funds. In pursuance to this, the HFW Department, conveyed (November 2020) to the DHS to release an amount of ₹45.45 crore in favour of the Superintendent, SCBMCH, under the scheme “NIRAMAYA”.

Accordingly, the DHS allotted an amount of ₹45.45 crore, in favour of the Superintendent, SCBMCH, from the head of account (HoA) 12-2210-Medical and PH-SSS-DS-01-UHS-Allopathy-001-Direction and Administration-3384-BSKY-78717-NIRAMAYA (FREE Medicine), under the CO, DHS(O), through IFMS portal, prior to supplementary provision as the HoA is dealt by both DHS and SCBMCH. On 12 February 2021, a supplementary provision of ₹45.45 crore was provided to the Office of the Superintendent, SCBMCH, under the HoA 12-2210-05-105-3384-78717-NIRAMAYA, which is dealt by SCBMCH only.

In view of this, the DMET, instructed (February 2021) the Superintendent, SCBMCH, to draw the supplementary grant of ₹45.45 crore from the HoA 12-2210-Medical and PH-SSS-DS-05-METR-105-Allopathy-3384-BSKY-78717-NIRAMAYA (FREE Medicine) and deposit under the HoA 12-2210-01-001-3384-78717 of DHS, so that the said amount can be utilised by the DHS. Accordingly, the Office of the Superintendent, SCBMCH had drawn the amount, vide bill No. 841 and TV No. 197, dated 15.02.2021 (sanctioned vide SO No.202019178803 dated 15.02.21, under the 2210-05-105-3384-78717-000-21) for the purpose of “drawn and credited to DDO Current Account No. 30011429207, for Treasury Challan” out of Government Allotment. Thereafter, the amount of ₹45.45 crore was deposited under the HoA 12-2210-01-001-3384-78717, vide Challan No. 227, dated 17.02.2021 (Cheque No. 48658, dated 17.02.21, drawn on DDO’s Current Account). The fact was intimated to DMET and DHS (O), vide its letter No. 3850, dated 17.02.2021.

However, as the amount could not be credited to the HoA 12-2210-01-001-3384-78717, the DHS requested (March 2021) the Director of Treasury and Inspection, for taking necessary steps to adjust the above amount in HoA 12-2210-01-001-3384-78717-NIRAMAYA, under CO, DHS, so that the amount could be utilised during the financial year 2020-21. As the amount could not be surrendered by the SCBMCH to the DMET through IFMS, the budget allotment of ₹45.45 crore, provided for NIRAMAYA, was ultimately lapsed without utilisation, at the end of the financial year 2020-21.

Appendix 3.2.3*{Refer Paragraph 3.2.9.1 (b)}***Drawal of Surrendered Amount**

The Department of Higher Education, vide its office orders No. 36202, dated 08.09.2021 and 36199, dated 08.09.2021, released ₹1,97,636 and ₹1,58,750 respectively, under the HoA 38-2204-102-0948-08001-506-Other contingencies, for FY 2021-22. The Principal, BN NCC, Cuttack, vide its letter No. 411/Accts/2021/ATC dated 28.09.2021 and letter No. 411/Accts/2021/ATC-II, dated 07.10.2021, surrendered the anticipated savings to the Dy. Director (NCC), Department of Higher Education, to the tune of ₹69,312 and ₹17,839, respectively. As the system could not reduce the allotment under that HoA to the tune of ₹87,151 (₹69,312 + ₹17,839), the DDO, in the month of March 2021, again drew an amount of ₹90,671 (₹87,151 + unutilised allotment ₹3,520), vide bill No. 98, dated 08.03.2022, over and above the net allotment (allotment –surrender). Further, the DDO, vide its letter No. Accts/413/NCC/2022, dated 26.07.2022, had made a request to the Dy. Director, NCC, Department of Higher Education to divert the said amount of ₹87,151, towards office contingency to regularise the balance pending amount.

Thus, the non-provision in the system to surrender the anticipated savings by the DDO to CO, not only violates the provisions of Rule 144 (3) of the Odisha Budget Manual, which states that Surrenders once reported, are final and cannot be withdrawn under any circumstances, but also creates scope for booking of excess expenditure in the books of accounts of the Government, by drawing over and above the net budget allotment.

Appendix 3.2.4

(Refer Paragraph 3.2.11.3)

Reports and Returns to be prepared by the Consultant

1.	Preparation of Report on DR Drill, conducted at NDC
2.	Preparation of Report on Server utilisation at SDC
3.	Preparation of plan for shifting of servers and other equipment to NDR
4.	Reporting the progress of the programme at regular intervals
5.	Suggesting solutions for augmentation of services
6.	Preparation and analysis of SLA deviation statement, as per the parameters defined in the RFP and contract
7.	Escalation of SLA reports and associated issues
8.	Recommendations for resolution method
9.	Preparation of various reports and returns, as and when required
10.	Preparation of FRS documents for Commitment Management, revamping of e-Receipt, GeM integration, portal revamping, State Pension Treasury, Training manual of Sanction Order

(Source: Records of DTI)

Appendix 3.3.1

(Refer Paragraph 3.3.4 III)

Details of Circle-wise sample data for Limited Audit

Sl. No.	CT & GST Circle	GSTIN	Sl. No.	CT & GST Circle	GSTIN
1	Angul	21*****1ZT	6	Bhubaneswar-II	21*****2ZB
		21*****1Z7			21*****2ZZ
		21*****1ZR			21*****1ZG
		21*****2ZG			21*****1ZI
					21*****1Z5
		21*****1Z4			21*****1ZQ
		21*****1Z1			21*****1ZP
		21*****1Z7			21*****1ZH
		21*****1ZR			21*****2ZE
					21*****1ZQ
2	Badbil	21*****1Z5	7	Bhubaneswar-III	21*****1Z9
		21*****1ZH			21*****2Z2
		21*****1ZE			21*****1Z4
		21*****1Z8			21*****1ZI
		21*****1Z5			21*****2ZW
		21*****2ZC			21*****1Z8
		21*****1ZC			21*****1ZE
		21*****1ZO			21*****1ZK
		21*****1ZU			21*****1Z7
		21*****1Z2			21*****1ZG
		21*****1Z6			21*****1ZX
		21*****1Z5			21*****1Z3
		21*****1Z0			21*****2ZC
		21*****1ZH			21*****1ZR
3	Balasore	21*****1ZB	8	Bhubaneswar-IV	21*****1ZU
		21*****1ZP			21*****1ZR
		21*****1ZK			21*****1ZA
		21*****1Z2			21*****1Z7
		21*****1Z9			21*****1ZV
		21*****1ZC			21*****1ZP
4	Bhadrak	21*****1ZG			21*****1ZT
		21*****2ZA			21*****1ZN
5	Bhubaneswar-I	21*****1Z1			21*****2ZM
		21*****1ZV			21*****1Z1
		21*****2Z8			
		21*****1Z1			
		21*****1ZE			
		21*****1ZY			
		21*****1Z1			
		21*****1ZW			
		21*****2ZQ			
		21*****1ZS			
		21*****1ZE			
		21*****1Z3			
		21*****1Z9			
		21*****1Z4			
		21*****1ZX			
		21*****1ZO			
		21*****2Z2			
		21*****1ZX			

Sl. No.	CT & GST Circle	GSTIN
		21*****1ZT
		21*****1ZW
		21*****1ZB
		21*****1ZD
9	Bhanjanagar	21*****1Z3
10	Boudh	21*****1ZL
		21*****1ZW
		21*****1ZQ
11	Cuttack-I Central	21*****1ZN
		21*****1Z4
		21*****1ZC
		21*****1ZX
		21*****1Z9
		21*****1Z4
		21*****2ZT
12	Cuttack-I West	21*****1Z1
		21*****1ZH
		21*****2ZD
		21*****1ZU
13	Cuttack-I City	21*****2ZJ
		21*****1Z9
		21*****1Z8
		21*****1Z9
		21*****1ZX
		21*****1ZK
		21*****1ZP
		21*****1ZT
		21*****1ZO
14	Cuttack-I East	21*****1Z6
		21*****1ZU
		21*****1ZW
		21*****1ZL
		21*****1Z9
		21*****2ZS
		21*****1ZY
15	Cuttack-II	*****
		21*****1ZU
		21*****1ZF
		21*****1Z7
		21*****1ZC
		21*****1ZE
		21*****2ZP
		21*****1ZA
		21*****1Z5
		21*****1Z2
		21*****1Z1
		21*****1ZD
		21*****1Z1
16	Dhenkanal	21*****1Z0
17	Deogarh	21*****1ZI
		21*****1Z5
18	Ganjam-I	21*****1Z9
		21*****1ZM
		21*****1ZZ
		21*****1ZB

Sl. No.	CT & GST Circle	GSTIN
		21*****1ZX
19	Ganjam-II	21*****1Z8
20	Gajapati	21*****1Z3
		21*****1Z1
		21*****1Z3
		21*****1Z8
		21*****1ZN
		21*****1Z0
		21*****1Z5
		21*****1Z0
		21*****1Z7
		21*****1Z7
		21*****1ZL
		21*****1Z1
		21*****1ZF
		21*****1ZK
		21*****1Z8
		21*****1ZI
		21*****1Z5
		21*****1ZJ
		21*****1ZY
		21*****1ZN
		21*****1ZL
		21*****1ZT
		21*****1ZH
		21*****1Z4
		21*****1Z0
		21*****1Z0
		21*****1Z8
		21*****1ZS
		21*****1ZQ
		21*****1ZX
		21*****1Z3
		21*****1ZM
		21*****1ZB
		21*****1ZJ
23	Jatni	21*****1ZO
		21*****1ZF
24	Jharsuguda	21*****1ZH
		21*****1Z2
		21*****1ZJ
		21*****1Z8
25	Kendrapara	21*****1Z2
		21*****1ZK
		21*****1Z2
26	Keonjhar	21*****1ZB
		21*****1ZR
		21*****1ZZ
27	Koraput	21*****1ZB
		21*****1Z3
		21*****1Z0
		21*****1ZM
		21*****1ZV
		21*****1ZI
		21*****1ZV

Sl. No.	CT & GST Circle	GSTIN
28	Mayurbhanj	21*****1Z5
		21*****1ZY
		21*****2Z3
29	Nabarangpur	21*****3Z5
30	Puri	21*****1Z6
		21*****1ZC
		21*****2ZH
		21*****1Z9
31	Phulbani	21*****1ZW
32	Rourkela-I	21*****1ZR
		21*****1ZO
		21*****1ZA
		21*****1ZU
		21*****1Z6
		21*****1Z4
		21*****1ZY
		21*****1ZG
33	Rourkela-II	21*****1Z5
		21*****1ZR
		21*****1Z7
		21*****1ZJ
		21*****1ZB
		21*****1Z4
		21*****1Z7
		21*****1ZC
		21*****1ZD

Sl. No.	CT & GST Circle	GSTIN
		21*****1ZD
		21*****1ZC
		21*****1ZD
		21*****2ZP
		21*****2ZL
		21*****1Z2
		21*****1ZS
34	Rayagada	21*****1ZT
		21*****1Z3
		21*****1ZU
		21*****2Z7
35	Sambalpur-I	21*****2ZD
		21*****1ZG
36	Sambalpur-II	21*****2ZA
		21*****1Z1
		21*****1ZV
		21*****2Z8
		21*****1Z1
		21*****1ZE
		21*****1ZY
		21*****1Z1
21*****1ZW		
37	Sundargarh	21*****2ZQ

Appendix 3.3.1 A
(Refer Paragraph 3.3.4 III)
Sample for Detailed Audit

Sl. No.	Circle	GSTIN
1	Angul	21*****1 Z1
2		21*****1 ZY
3		21*****1 ZB
4		21*****1 ZJ
5		21*****1 ZO
6		21*****1 ZU
7		21*****1 ZG
8	Balasore	21*****1 Z2
9	Badbil	21*****1 Z2
10		21*****1 ZT
11		21*****1 Z6
12	Bargarh	21*****2 ZJ
13		21*****1 Z0
14	Bhubaneswar-I	21*****1 Z7
15		21*****1 ZQ
16		21*****3 Z9
17	Bhubaneswar-II	21*****2 ZK
18		21*****1 ZF
19	Bhubaneswar-III	21*****1 ZC
20		21*****1 Z3
21		21*****1 ZY
22	Bhubaneswar-IV	21*****1 Z9
23	Cuttack-I Central	21*****1 Z7
24		21*****1 ZP
25		21*****1 ZO

Sl. No.	Circle	GSTIN
26	Cuttack-I City	21*****1 ZT
27	Cuttack-II	21*****1 Z2
28		21*****1 ZH
29	Dhenkanal	21*****1 Z8
30	Ganjam-I	21*****1 ZO
31		21*****1 ZB
32	Jagatsinghpur	21*****1 ZU
33		21*****1 Z3
34		21*****1 ZK
35		21*****1 ZR
36		21*****1 ZQ
37	Jajpur	21*****1 Z2
38		21*****1 Z3
39		21*****1 ZP
40	Jharsuguda	21*****1 Z5
41		21*****1 ZO
42	Koraput	21*****1 ZW
43		21*****1 ZA
44	Malkangiri	21*****1 ZJ
45	Mayurbhanj	21*****1 ZY
46	Nabarangpur	21*****1 Z1
47	Rourkela-I	21*****1 ZQ
48		21*****1 ZT
49	Rourkela-II	21*****1 ZX
50	Keonjhar	21*****1 Z3

Appendix 3.3.1 B

(Refer Paragraph 3.3.4 III)

Units/ Circles selected for Circle Audit

Sl. No.	Name of the CT & GST Circle
1	Barbil
2	Bhubaneswar-II
3	Bhubaneswar-III
4	Cuttack-II
5	Koraput
6	Rourkela-II

Appendix 3.3.2
(Refer Paragraph 3.3.8.2)

Cases/Data on which action initiated by the Department prior to issue of audit queries

Sl. No.	Audit Dimension	Name of the Circle	GSTIN	Reasons for settlement of the case	Amount involved in Audit objection (₹)
1	Mismatch in ITC availed under Reverse Charge Mechanism	Koraput	21*****1ZK	Audit verified that the taxpayer had not availed as per GSTR 9 & 3B	8312110
2	Mismatch in ITC availed under Reverse Charge Mechanism.	Ganjam-II	21*****1ZI	No excess ITC availed as verified from GSTR 3B	9159848
3	Mismatch of ITC between Annual Audited Financial Statement and Annual Return for the year 2017-18 (12F of GSTR 9C)	Sambalpur-II	21*****1ZU	Already deposited tax of ₹3,07,73,338 by filing DRC 03 during January 2020	11074908
4	Mismatch of taxable turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 7G of GSTR 9C)	Bhubaneswar-II	21*****1Z6	Due to multiple GSTIN both at West Bengal and Odisha. GSTR 9C of WB furnished.	198709121
5	Mismatch of taxable turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (Table 7G of GSTR 9C)	Jajpur	21*****1ZI	Mismatch due to multiple GSTIN <i>i.e.</i> at Jharkhand and Odisha. GSTR 9 & 9C of Jharkhand furnished	138064539
6	Mismatch of Turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (5R of GSTR 9C)	Angul	21*****2ZG	Mismatch reconciled by the Circle authority	273371403
7	Mismatch of turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (5R of GSTR 9C)	Bhubaneswar-II	21*****1ZQ	Mismatch due to non-GST item	216583293

Sl. No.	Audit Dimension	Name of the Circle	GSTIN	Reasons for settlement of the case	Amount involved in Audit objection (₹)
8	Mismatch of turnover between Annual Audited Financial Statement and Annual Return for the year 2017-18 (5R of GSTR 9C)	Jajpur	21*****1Z7	Dealing with non-GST items, hence filed VAT return.	244843028
9	Undischarged tax liability	Bhubaneswar-II	21*****1ZF	Discharged the tax liability by filing GSTR 9 on 22 January 2020	63564
10	Undischarged tax liability	Bhubaneswar-IV	21*****1Z1	Deposited tax with interest during June 2018	41412257
11	Undischarged tax liability	Jajpur	21*****1ZJ	Engaged in good transport and tax to be paid by the recipient on RCM basis	37021460
12	Undischarged tax liability	Jajpur	21*****1ZY	Engaged in good transport and tax to be paid by the recipient on RCM basis	63857188
13	Undischarged tax liability	Jajpur	21*****1ZN	Engaged in good transport and tax to be paid by the recipient on RCM basis	28079960
14	Undischarged tax liability	Jajpur	21*****1ZL	Complied by filing GSTR 3B during June 2018	29998453
15	Undischarged tax liability	Rourkela-II	21*****1ZJ	Paid the tax by filing GSTR 9	157849
16	Mismatch in tax payable and tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)	Angul	21*****1Z1	Discharged the tax liability during March 2019 and February 2020	5632812
17	Mismatch in tax payable and tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)	Jajpur	21*****1ZL	Already deposited the mismatched amount - ₹ 55,20,571 during July 2018	5520571
18	Mismatch in tax payable and tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)	Jajpur	21*****1Z1	Already deposited the mismatched amount - ₹31,44,258 (reconciled during Sept 2018)+ ₹22,19,744 (deposited on 6 September 2022) filed DRC 03	5363923

Sl. No.	Audit Dimension	Name of the Circle	GSTIN	Reasons for settlement of the case	Amount involved in Audit objection (₹)
19	Mismatch in tax payable and tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)	Balasore	21*****1ZK	Deposited tax with interest through filing DRC 03 during October & December 2019.	15126991
20	Mismatch in tax payable and tax paid as per Annual Return for the year 2017-18 (Table 9R of GSTR 9C)	Balasore	21*****1Z2	Deposited tax with interest ₹70,76,732 on 18 November 2019	5829862
21	Short/ non-payment of interest on delay payment of tax	Sambalpur-II	21*****1Z2	Already deposited the amount of ₹188373349 by filing DRC 03 during December 2019 & March 2020.	187029759
22	Short/non-payment of interest on delay payment of tax	Sambalpur-II	21*****1ZS	Already deposited the amount of ₹ 2813999 by filing DRC 03 on 21 July 2020	2813999
23	Short/ non-payment of interest on delay payment of tax	Jharsuguda	21*****1Z3	Deposited the objected amount during March & April 2020 and December 2021.(₹36,68,758)	3642261
24	Taxpayers under composition levy scheme availing e-commerce facility	Sambalpur-II	21*****2Z7	Filing GSTR 4 up to 31 March 2018 being a composite taxpayer after that continuing as a regular taxpayer.	0
25	Non-filer (returns not filed for consecutive six months-but not cancelled)	Jajpur	21*****1Z7	Composite taxpayer	0
	TOTAL				1531669159

Appendix 3.3.3

{Refer Paragraph 3.3.9 I (a)}

Non-payment of interest for delayed payment of tax- Details of tax payers

Sl. No.	CT & GST Circle	GSTIN	Interest payable at the rate of 18 per cent on cash payment (₹)	Interest paid (₹)	Short/ non-payment of interest (₹)	Rounded off (₹ in crore)
1	Angul	21*****1ZY	7205	0	7205	
		21*****1ZG	608	0	608	
		21*****1Z1	58305	0	58305	
		Total (Angul)			66118	0.0066
2	Balasore	21*****1Z2	11097	0	11097	
		Total (Balasore)			11097	0.0011
3	Barbil	21*****1Z2	3329	0	3329	
		21*****1ZT	984	0	984	
		Total (Badbil)			4313	0.0004
4	Bargarh	21*****2ZJ	6184	3796	2978	
		21*****1Z0	516	0	516	
		Total (Bargarh)			3494	0.0003
5	Bhubaneswar-I	21*****1Z7	15199	0	15199	
		21*****3Z9	1854	0	1854	
		21*****1Z9	21064	0	21064	
		Total (Bhubaneswar-I)			38117	0.0038
6	Bhubaneswar-II	21*****1ZF	50120	0	50120	
		Total (Bhubaneswar-II)			50120	0.0050
7	Bhubaneswar-III	21*****1ZC	34637	0	34637	
		Total (Bhubaneswar-III)			34673	0.0035
8	Cuttack-I Central	21*****1Z7	555832	0	555832	
		21*****1ZP	1605	0	1605	
		Total (Cuttack-I Central)			557437	0.0557
9	Cuttack-I City	21*****1Z2	1935531	0	1935531	
		Total (Cuttack-I City)			1935531	0.1935

Sl. No.	CT & GST Circle	GSTIN	Interest payable at the rate of 18 per cent on cash payment (₹)	Interest paid (₹)	Short/ non-payment of interest (₹)	Rounded off (₹ in crore)
10	Ganjam-I	21*****1ZO	14768	0	14768	
		21*****1ZB	3058	0	3058	
		Total (Ganjam-I)			17826	0.0018
11	Jagatsinghpur	21*****1ZU	35366	0	35366	
		21*****1ZK	258759	0	258759	
		21*****1ZQ	1428	0	1428	
		Total (Jagatsinghpur)			295553	0.0296
12	Jajpur	21*****1ZP	20912	0	20912	
		Total (Jajpur)			20912	0.0021
13	Jharsuguda	21*****1ZO	758822	0	758822	
		21*****1ZW	281076	176900	104176	
		Total (Jharsuguda)			862998	0.0863
14	Koraput	21*****1ZA	203	0	203	
		Total (Koraput)			203	0.00002
15	Malkangiri	21*****ZJ	46220	0	46220	
		Total (Malkangiri)			46220	0.0046
16	Nabarangpur	21*****1Z1	1379079	0	1379079	
		Total (Nabarangpur)			1379079	0.1379
17	Rourkela-I	21*****1ZQ	6020	0	6020	
		21*****1ZT	67217	0	67217	
		Total (Rourkela-I)	73237	0	73237	0.0073
18	Rourkela-II	21*****1ZX	720378	0	720378	
		Total (Rourkela-II)			720378	0.0720
		G. Total			6117306	0.61

(Source: Records of the concerned CTOs)

Appendix 3.3.4
{Refer Paragraph 3.3.9 I (a)}

Non-payment of interest by tax payers

Sl. No.	CT & GST Circle	GSTIN	Short/ Non-payment of interest (₹)	Department's Compliance
1	Angul	21*****1ZY	7205	In reply to the Audit query, the Circle Head stated that DRC-07 had been issued demanding the above interest amount on 23 November 2022
		21*****1ZG	608	
		Total (Angul)	7813	
2	Barbil	21*****1Z2	3329	In reply to the Audit query, the Circle Head stated that after verification of records in both the cases final compliance would be furnished.
		21*****1ZT	984	
		Total (Barbil)	4313	
3	Bhubaneswar-I	21*****3Z9	1854	In response to the Audit query, the tax authorities had issued DRC-07 Dt.28.09.2022 demanding the above amount of interest. Further reply is awaited.
		21*****1Z9	21064	
		Total (Bhubaneswar-I)	22918	
4	Bhubaneswar-II	21*****1ZF	50120	In response to the Audit query, the tax authorities had issued rectified demand notice in DRC-08 dated 12 August 2022 demanding the above amount of interest. Further reply is awaited.
		Total (Bhubaneswar-II)	50120	
5	Bhubaneswar-III	21*****1ZC	34637	In reply to the Audit query, the Circle Head stated that compliance would be submitted after due verification.
		Total (Bhubaneswar-III)	34637	
6	Cuttack-I Central	21*****1Z7	555832	The tax authorities had issued DRC-07 with demand of ₹555832 on 1 June 2022 and issued DRC-13 for third party attachment. Further reply is awaited.
		Total (Cuttack-I Central)	555832	
7	Cuttack-I City	21*****1Z2	1935531	In reply to the Audit query, the Circle Head stated that compliance to the audit observation would be furnished after verification of books of accounts of the taxpayer.
		Total (Cuttack-I City)	1935531	
8	Ganjam-I	21*****1ZO	14768	In reply to the audit query, the Circle Head stated that after verification of records of the taxpayer, necessary action would be taken.
		21*****1ZB	3058	
		Total (Ganjam-I)	17826	
9	Jagatsinghpur	21*****1ZU	35366	In reply to the Audit query, the Circle Head stated that DRC-07 has been issued with a

Performance and Compliance Audit Report for the period ended March 2022

Sl. No.	CT & GST Circle	GSTIN	Short/ Non-payment of interest (₹)	Department's Compliance
		21*****1ZK	258759	demand of the above amount on 15 March 2022 and 5 November 2022
		Total (Jagatsinghpur)	294125	
10	Koraput	21*****1ZA	203	In reply to the Audit query, the Circle Head stated that after scrutiny of returns and verification of records of the taxpayer necessary action would be taken.
		Total (Koraput)	203	
11	Malkangiri	21*****ZJ	46220	In reply to the Audit query, the Circle Head stated that necessary action would be taken after verification of records and data.
		Total (Malkangiri)	46220	
12	Nabarangpur	21*****1Z1	1379079	In reply to the Audit query, the Circle Head stated that DRC-07 had already been issued with the demand of the amount on 16 September 2022
		Total (Nabarangpur)	1379079	
13	Rourkela-I	21*****1ZQ	6020	In response to the Audit query, the Circle Head stated that necessary scrutiny would be initiated as per provision of the GST Act. Further reply is awaited.
		21*****1ZT	3432	
		Total (Rourkela-I)	9452	
	19 cases	G. Total	43,58,069	
	13 circles		0.43 crore	

(Source: Records of the concerned CTOs)

Appendix 3.3.5
{Refer Paragraph 3.3.9 III (a)}

Non-reversal/ short reversal of ITC

Sl. No.	CT & GST Circle	GSTIN	Non reversal of ITC (₹)	Department's Compliance
1	Barbil	21*****1ZT	12265400	In reply to the Audit query, the Circle Head stated that after verification of records of the taxpayer final compliance would be furnished. The tax payer had been issued notice Under Section 61 of the OGST Act in the form gst asmt-10 on dated 28 December 2022.
		Total (Barbil)	12265400	
2	Bhubaneswar-II	21*****1ZF	77025	In reply to the Audit query, the Circle Head stated that an intimation in ASMT-10 had been issued on 2 September 2022. Further compliance will be submitted on receipt of the reply from the taxpayer.
		Total (Bhubaneswar-II)	77025	
3	Cuttack-I Central	21*****1ZP	14374026	In reply to the Audit query, the Circle Head stated that compliance would be submitted after necessary verification of the case and action will be initiated as per the provision of GST Act.
		Total (Cuttack-I Central)	14374026	
4	Ganjam-I	21*****1ZB	13534	In reply to the Audit query, the Circle Head stated that after verification of records of the taxpayer final compliance would be furnished.
		Total (Ganjam-I)	13534	
5	Jajpur	21*****1Z3	1074557	In reply to the Audit query, the Circle Head stated that an intimation in ASMT-10 had been issued on 9 September 2022. Further compliance will be submitted on receipt of the reply from the taxpayer.
		Total (Jajpur)	10,74,557	
	5 cases	G.Total	278.04 lakh	
	5 circles		2.78 crore	

(Source: Records of the concerned CTOs)

Appendix 3.3.6
(Refer Paragraph 3.3.9 V)

Utilisation of Input Tax Credit

Sl. No.	CT & GST Circle	GSTIN	Excess ITC availed (₹)	Department's Compliance
1	Angul	21*****1ZY	1500725	In reply to the Audit query, the Circle Head stated that after scrutiny of the returns, intimation in ASMT-10 had been issued to the taxpayers for submission of reply.
		21*****1ZB	2580126	
		21*****1ZJ	4372594	
		21*****1ZO	3627805	
		21*****1ZU	2212696	
		Total (Angul)	14293946	
2	Balasore	21*****1Z2	3638317	In reply to the Audit query, The Circle Head stated that an intimation in ASMT-10 had been issued on 9 November 2022.
3	Barbil	21*****1Z2	3595619	In response to the Audit query, the Circle Head stated that after verification of records of the taxpayers, final compliance would be furnished.
		21*****1ZT	8291093	
		Total (Barbil)	11886712	
4	Bhubaneswar-I	21*****1Z7	5648688	In reply to the Audit query, The Circle Head initially stated that the cases would be verified and compliance would be submitted. Department submitted further compliance report (January 2023) in which it has been stated that the taxpayer had submitted reply in ASMT-11 mentioning that the case was pending at NCLT.
		21*****1ZQ	18242945	In reply to the Audit query, The Circle Head stated that the cases would be verified and compliance would be submitted. CT&GST submitted further compliance report (January 2023) in which it had been stated that the taxpayer had submitted the ASMT-11 along with the proof of payment of ₹1.29 crore. Notice in DRC-01 had been issued to the taxpayer for the balance payment of ₹0.53 crore. The final outcome in this case was awaited (October 2023).
		21*****3Z9	3724566	In reply to the Audit query, The Circle Head stated that the cases would be verified and compliance would be submitted. CT&GST submitted further compliance (January 2023) in which it had been

Sl. No.	CT & GST Circle	GSTIN	Excess ITC availed (₹)	Department's Compliance
				stated that the taxpayer had submitted reply in ASMT-11.
		21*****1Z9	6208729	In reply to the Audit query, The Circle Head stated that the cases would be verified and compliance would be submitted. CT&GST submitted further compliance report (January 2023) in which it had been stated that the taxpayer had been selected and included in GST Annual Audit programme for the FYs 2017-18 and 2018-19.
		Total (Bhubaneswar-I)	33824928	
5	Bhubaneswar-II	21*****2ZK	2500197	In reply to the Audit query, the Circle Head stated that an intimation in ASMT-10 had been issued to the taxpayer for submitting the reply in ASMT-11. Subsequent compliance would be submitted after obtaining the reply from the taxpayer.
		Total (Bhubaneswar-II)	2500197	
6	Bhubaneswar-III	21*****1ZC	2991514	In reply to the Audit query, the Circle Head stated that the matter would be examined and action deemed proper would be initiated and necessary compliance would be submitted.
		21*****1Z3	3966186	
		21*****1ZY	1620962	
		Total (Bhubaneswar-III)	8578662	
7	Cuttack-I Central	21*****1Z7	2972577	In reply to the Audit query, the Circle Head stated that compliance would be submitted after necessary verification and action taken against the taxpayer as per provision of the Act.
		21*****1ZP	5129758	
		21*****1ZO	2516142	
		Total (Cuttack-I Central)	10618477	
8	Cuttack-I City	21*****1Z2	3304383	In reply to the Audit query, the Circle Head stated that audit observation would be examined vis a vis the books of accounts of the tax payer after which the final outcome of such verification would be intimated.
		Total (Cuttack-I City)	3304383	
9	Cuttack-II	21*****1Z2	43656103	In reply to the Audit query, the Circle Head stated that after verification of records of the tax payer necessary action would be taken.
		21*****1ZH	2452776	
		Total (Cuttack-II)	46108879	
10	Dhenkanal	21*****1Z8	3460750	In reply to the Audit query, the Circle Head stated that after verification of the records of the taxpayer, required action would be taken and final compliance would be furnished to Audit.
		Total (Dhenkanal)	3460750	

Sl. No.	CT & GST Circle	GSTIN	Excess ITC availed (₹)	Department's Compliance
11	Ganjam-I	21*****1ZO	4452913	In reply to the Audit query, the Circle Head stated that audit of the taxpayer for the tax period 2017-18 had already been completed and adjudication was under process. Audit observation would be taken care of during adjudication and final compliance would be submitted to Audit.
		Total (Ganjam-I)	4452913	
12	Jagatsinghpur	21*****1Z3	1296509	In reply to the audit query, the Circle Head stated that show cause notices in DRC-01A had been issued to the taxpayer. Further compliance will be submitted.
		21*****1ZK	5932763	
		21*****1ZQ	1528767	
		21*****1Z2	1243743	
		Total (Jagatsinghpur)	10001782	
13	Jajpur	21*****1Z3	1550079	In reply to the audit query, The Circle Head stated that show cause notices in DRC-01A had been issued to the taxpayer. Further compliance would be submitted.
		21*****1ZP	11647866	The departmental tax audit in respect of these two taxpayers have been completed in April 2022. However, the Audit observation would be addressed during the process of adjudication.
		21*****1Z5	140452611	
		Total (Jajpur)	153650556	
14	Jharsuguda	21*****1ZO	9677866	The taxpayer had been selected for tax audit and the audit was under progress. The audit observation would be addressed during the course of audit. Further compliance is awaited.
		Total (Jharsuguda)	9677866	
15	Koraput	21*****1ZA	1247034	In reply to the Audit query, the Circle Head stated that after verification of records of the taxpayer necessary action would be taken and the same would be intimated to the audit.
		Total (Koraput)	1247034	
16	Malkangiri	21*****ZJ	1140760	In reply to the Audit query, the Circle Head stated that after verification of taxpayer's records and data from GSTN system, final compliance would be submitted.
		Total (Malkangiri)	1140760	

Sl. No.	CT & GST Circle	GSTIN	Excess ITC availed (₹)	Department's Compliance
17	Nabarangapur	21*****1Z1	9205907	In reply to the Audit query, the Circle Head stated that an intimation in ASMT-10 has been issued to the taxpayer on 22 February 2021. After further verification the final compliance would be furnished.
		Total (Nabarangpur)	9205907	
18	Rourkela-I	21*****1ZQ	6002741	Necessary scrutiny would be initiated against the taxpayer as per provision of the GST Act.
		21*****1ZT	80282	The fact of excess ITC availed had been raised in the departmental tax audit report. On verification of the relevant records, the tax audit had worked out the excess ITC availed to be ₹16,46,143. But, audit has raised the audit query on excess claimed ITC of ₹17,84,051. As the audit has been completed the amount of ₹16,46,143 should be accepted. The taxpayer had been allowed the ITC accrued on account of issue of Debit notes by Bhusan Power and Steel Ltd. for an amount of ₹15,13,848. The taxpayer has already paid back ₹52,013 vide DRC-03 dated 20 February 2021. Now the taxpayer is liable to pay ₹80,282 towards excess availed ITC. The Circle authorities have issued DRC-01A vide Ref Id:ZD210922004248R dated 8 September 2022.
		Total (Rourkela)	6083023	
	37 cases		333675092	
	18 circles		33.37 crore	

(Source: Records of the concerned CTOs)

Appendix 3.3.7
(Refer Paragraph 3.3.9 V)

Mismatch in ITC availed between Annual Audited Financial Statement and Annual Return

Sl. No.	CT & GST Circle	GSTIN	Mismatch in ITC (12F of GSTR-9C) (₹)	Department's Compliance
1	Bhubaneswar-I	21*****1Z7	1008966	In reply to the Audit query, the Circle Head stated that the cases would be verified and complied later.
		21*****1Z9	98938	
		Total (Bhubaneswar-I)	1107904	
2	Cuttack-I City	21*****1ZT	4173416	In reply to the Audit query, the Circle Head stated that after verification of books of accounts of the taxpayer compliance would be furnished.
		Total (Cuttack-I City)	4173416	
3	Cuttack-II	21*****1Z2	42726324	In reply to the Audit query, the Circle Head stated that after verification of records of the taxpayer compliance would be furnished. CT&GST submitted further compliance in which it is stated that ASMT-10 had been issued to the taxpayer for submission of reply. Further reply is awaited (October-2023).
		Total (Cuttack-II)	42726324	
4	Jagatsinghpur	21*****1ZR	61960	In reply to the Audit query, the Circle Head stated that, compliance would be submitted after receipt of reply from the taxpayer.
		Total (Jagatsinghpur)	61960	
5	Malkangiri	21*****1ZJ	1042979	In reply to the Audit query, the Circle Head stated that after verification of records of the taxpayer compliance would be furnished.
		Total (Malkangiri)	1042979	
6	Rourkela-I	21*****1ZQ	19562	In reply to the Audit query, Circle Head stated that, necessary scrutiny would be initiated as per the provision of the GST Act and would be intimated to Audit.
		Total (Rourkela-I)	19562	
	7 cases	G. Total	49132145	491.32 lakh
	6 circles		4.91 crore	

(Source: Records of the concerned CTOs)

Appendix 3.3.8
(Refer Paragraph 3.3.9 V)

Discharge of Tax Liability

Sl. No.	CT & GST Circle	GSTIN	Tax liabilities to be discharged in GSTR-R1	Tax liabilities to be discharged in GSTR-R9	Tax liabilities to be discharged (greater of the R1 and R9)	Tax liabilities discharged in the GSTR-3B	Un-discharged tax liabilities	Department's Compliance
			(₹)					
1	Angul	21*****1ZY	4483137	4483137	4483137	3446970	1036167	In reply to the Audit query, the Circle Head stated that the case would be examined and action taken thereon would be intimated to Audit.
		21*****1ZB	8994058	0	8994058	87457	8906601	In reply to the Audit query, DRC-07 for an amount of ₹1,20,03,968 which is inclusive of interest had been issued on 10 November 2021.
		21*****1ZJ	12709301	0	12709301	8243274	4466027	In reply to the Audit query, the Circle Head stated that DRC 07 had been issued on 27 October 2022 for ₹5547218.
		21*****1ZG	5809671	5809671	5809671	4861699	947972	In reply to the Audit query, the Circle Head stated that DRC-01A had been issued on Dt 08.12.2022
		21*****1ZO	1552252	1552252	1552252	0	1552252	In reply to the audit query, The Circle Head stated that DRC-01A has been issued on 24 November 2022
		21*****1ZU	1798938	1798938	1798938	551250	1247688	In reply to the Audit query, the Circle Head stated that intimation in ASMT-10 had been issued on

Sl. No.	CT & GST Circle	GSTIN	Tax liabilities to be discharged in GSTR-R1	Tax liabilities to be discharged in GSTR-R9	Tax liabilities to be discharged (greater of the R1 and R9)	Tax liabilities discharged in the GSTR-3B	Un-discharged tax liabilities	Department's Compliance
			(₹)					
		Total (Angul)					18156707	30 November 2022
2	Barbil	21*****1ZT	136066416	29622894	136066416	32598155	103468261	In reply to the Audit query, the Circle Head stated that after verification of records of the taxpayers final compliance would be furnished. The CT&GST submitted further reply in which it was stated that ASMT-10 has been issued to the taxpayer for submission of reply on this issue.
							103468261	
3	Bhubaneswar-I	21*****1Z7	29359130	40350198	40350198	21718332	18631866	The tax authority stated that action will be initiated against the taxpayer for recovery of the undischarged tax liability as per the provision of the OGST Act. CT&GST submitted further compliance report (January 2023) in which it had been stated that the taxpayer had submitted reply in ASMT-11 mentioning that the case was pending at the NCLT.
		21*****1ZQ	169488496	175777840	175777840	168482944	7294896	The tax authority stated that action would be initiated against the taxpayer for recovery of the undischarged tax liability as per

Sl. No.	CT & GST Circle	GSTIN	Tax liabilities to be discharged in GSTR-R1	Tax liabilities to be discharged in GSTR-R9	Tax liabilities to be discharged (greater of the R1 and R9)	Tax liabilities discharged in the GSTR-3B	Un-discharged tax liabilities	Department's Compliance
			(₹)					
								the provision of the OGST Act
		21*****1Z9	185668208	193126605	193126605	190470051	2656554	The tax authority stated that action would be initiated against the taxpayer for recovery of the undischarged tax liability as per the provision of the OGST Act. CT&GST submitted further compliance report (January 2023) in which it had been stated that the tax payer had been selected and included in the GST annual audit programme for the FYs 2017-18 and 2018-19 and the audit observation would be taken care of during audit.
		Total (Bhubaneswar-I)					28583316	
4	Bhubaneswar-III	21*****1ZC	44163721	44163721	44163721	30903466	13260255	In reply to the Audit query, the Circle Head stated that the matter would be examined and action deemed proper would be initiated and necessary compliance would be submitted to Audit
		21*****1ZY	2450550	2450550	2450550	359294	2091256	
		Total (Bhubaneswar-III)					15351511	
5	Cuttack-I Central	21*****1Z7	39214304	28812056	39214304	28632051	10582253	The tax authority stated that action would be initiated against the
		21*****1ZP	9777582	52691504	52691504	9777582	42913922	

Sl. No.	CT & GST Circle	GSTIN	Tax liabilities to be discharged in GSTR-R1	Tax liabilities to be discharged in GSTR-R9	Tax liabilities to be discharged (greater of the R1 and R9)	Tax liabilities discharged in the GSTR-3B	Un-discharged tax liabilities	Department's Compliance
			(₹)					
		21*****1ZO	5063359	13781114	13781114	2758528	11022586	taxpayer for recovery of the undischarged tax liability as per the provision of the OGST Act
		Total (Cuttack-I Central)					64518761	
6	Cuttack-I City	21*****1Z2	21402798	23826646	23826646	21402806	2423840	In reply to the Audit query, the Circle Head stated that compliance to Audit observation would be furnished after verification of books of accounts.
		Total (Cuttack-I City)					2423840	
7	Cuttack-II	21*****1Z2	39645940	3645940	630274048	609301960	20972088	In reply to the Audit query, the Circle Head stated that, after verification of records of the tax payer necessary action would be taken.
		21*****1ZH	630274048	609301960	39645940	3645940	36000000	
		Total (Cuttack-II)					56972088	
8	Dhenkanal	21*****1Z8	21711606	21711606	21711606	19943806	1767800	In reply to the Audit query the Circle Head stated that, after verification of records of the tax payer necessary required action would be taken.
		Total (Dhenkanal)					1767800	
9	Ganjam-I	21*****1ZO	70674	90492	90492	57142	33350	In reply to the audit query, the Circle Head stated that audit of the taxpayer for the FY 2017-18 had been completed and adjudication

Sl. No.	CT & GST Circle	GSTIN	Tax liabilities to be discharged in GSTR-R1	Tax liabilities to be discharged in GSTR-R9	Tax liabilities to be discharged (greater of the R1 and R9)	Tax liabilities discharged in the GSTR-3B	Un-discharged tax liabilities	Department's Compliance
			(₹)					
								was under process. Audit observation would be taken care of during adjudication and final compliance would be submitted in both the cases to Audit.
		21*****1ZB	20269648	18707046	20269648	18707046	1562602	In reply to the Audit query, the Circle Head stated that after verification of records of the taxpayer necessary action would be taken.
		Total (Ganjam-I)					1595952	
10	Jagatsinghpur	21*****1ZU	159640768	146273143	159640768	145344459	14296309	Action had already been initiated against the taxpayer by issuing the DRC-01A
		21*****1Z3	25316576	26034042	26034042	10269486	15764556	
		21*****1ZK	52410984	45558318	52410984	45558316	6852668	
		21*****1Z2	2318173	0	2318173	1703550	614623	
		Total (Jagatsinghpur)					37528156	
11	Jajpur	21*****1Z3	5222746	5224569	5224569	4445872	778697	Action had already been initiated against the taxpayer by issuing the DRC-01A
		21*****1ZP	5374772	0	5374772	3495076	1879696	The Circle Head stated that the audit observation had already been raised in the departmental tax audit report. Further compliance would be intimated
		Total (Jajpur)					2658393	
12	Jharsuguda	21*****1ZO	134662992	102236289	134662992	102236264	32426728	The Circle Head stated that the

Sl. No.	CT & GST Circle	GSTIN	Tax liabilities to be discharged in GSTR-R1	Tax liabilities to be discharged in GSTR-R9	Tax liabilities to be discharged (greater of the R1 and R9)	Tax liabilities discharged in the GSTR-3B	Un-discharged tax liabilities	Department's Compliance
			(₹)					
								departmental tax audit of the taxpayer was under progress. The above audit findings would be verified during the course of audit. Further reply is awaited.
		Total (Jharsuguda)					32426728	
13	Koraput	21*****1ZA	4162465	4162465	4162465	2130422	2032043	In reply to the audit query, the Circle Head stated that after scrutiny of returns and verification of records of the taxpayer necessary action would be taken and the same would be intimated to the Audit.
		Total (Koraput)					2032043	
14	Malkangiri	21*****1ZJ	7232158	5343488	7232158	5343488	1888670	In reply to the Audit query, the Circle Head stated that necessary action would be taken after verification of taxpayers records and final compliance would be submitted.
		Total (Malkangiri)					1888670	
15	Nabarangpur	21*****1Z1	29852052	28031144	29852052	28031144	1820908	In reply to the Audit query, the Circle Head stated that after verification of records of the taxpayer required action would be taken.

Sl. No.	CT & GST Circle	GSTIN	Tax liabilities to be discharged in GSTR-R1	Tax liabilities to be discharged in GSTR-R9	Tax liabilities to be discharged (greater of the R1 and R9)	Tax liabilities discharged in the GSTR-3B	Un-discharged tax liabilities	Department's Compliance
			(₹)					
		Total (Nabarangpur)					1820908	
16	Rourkela-I	21*****1ZQ	21848642	22664138	22664138	19597497	3066641	The tax authority stated that action would be initiated against the taxpayer for recovery of the undischarged tax liability as per the provision of the OGST Act. CT&GST submitted further compliance in which it was stated that as per the NCLT order dated 22 June 2018, the taxpayer was immune from further scrutiny. However intimation in ASMT-10 had been issued to the taxpayer for submission of their reply on this issue. Further reply is awaited (October-2023).
		Total (Rourkela-I)					3066641	
		32 cases				G. Total	374259775	
		16 circles					37.42 crore	

(Source: Records of the concerned CTOs)

Appendix 3.3.9
(Refer Paragraph 3.3.9 V)

Mismatch in turnover between Annual Audited Financial Statement and Annual Return

Sl. No.	CT & GST Circle	GSTIN	Mismatch in Turnover (5R of GSTR-9C) (₹)	Department's Compliance
1	Cuttack-II	21*****1Z2	152199667	In reply to the Audit query, the Circle Head stated that after verification of records of the tax payer necessary action would be taken. CT&GST submitted further compliance in which it was stated that ASMT-10 had been issued to the taxpayer for submission of reply. Further reply is awaited (October-2023).
		Total (Cuttack-II)	152199667	
2	Ganjam-I	21*****1ZO	32921026	In reply to the Audit query, the Circle Head stated that audit of the taxpayer for the FY 2017-18 had been completed and adjudication was under process. Audit observation would be taken care of during adjudication, and final compliance would be submitted in both the cases to Audit.
		Total (Ganjam-I)	32921026	
3	Jagatsinghpur	21*****1ZQ	61927023	In reply to the Audit query, the Circle Head stated that intimation in ASMT-10 had been issued on 5 November 2022.
		Total (Jagatsinghpur)	61927023	
4	Rourkela-I	21*****1ZQ	40307868	In reply to the Audit query, the Circle Head stated that necessary scrutiny would be initiated against the taxpayer as per the provision of the GST Act. CT&GST submitted further compliance in which it was stated that as per the NCLT order dated 22 June 2018, the taxpayer was immune from further scrutiny. However intimation in ASMT-10 had been issued to the taxpayer for submission of their reply in this issue. Further reply is awaited (October-2023).
		Total (Rourkela-I)	40307868	
		G. Total	287355584	
		4 cases in 4 circles	28.73 crore	

(Source: Records of the concerned CTOs)

Appendix 3.3.10
(Refer Paragraph 3.3.9 V)

Mismatch in taxable turnover between Annual Audited Financial Statement and Annual Return

Sl. No.	CT & GST Circle	GSTIN	Mismatch in Turnover (7G of GSTR-9C) (₹)	Department's Compliance
1	Cuttack-I Central	21*****1ZO	13781114	In reply to the Audit query, the Circle Head stated that compliance would be submitted after necessary verification of the case and action would be initiated against the taxpayer as per the provision of the OGST Act.
		Total (Cuttack-I central)	13781114	
2	Jagatsinghpur	21*****1Z3	13679004	In reply to the Audit query, the Circle Head stated that DRC-01A had been issued on 4 November 2022 for reconciliation of the mismatch.
		Total (Jagatsinghpur)	13679004	
3	Rourkela-I	21*****1ZQ	211765	In reply to the Audit query, the Circle Head stated that necessary scrutiny would be initiated as per the provision of the OGST Act and would be intimated to audit. Further compliance submitted by the CT&GST in which it had been stated that as per the NCLT order dated 22 June 2018, the taxpayer was immune from further scrutiny. However, intimation in ASMT-10 had been issued to the taxpayer for submission of their reply in this issue. Further reply is awaited (October-2023).
		Total (Rourkela-I)	211765	
	3 cases	G Total	276,71,883	
	3 circles		2.77 crore	

(Source: Records of the concerned CTOs)

Appendix 3.3.11

(Refer Paragraph 3.3.9 V)

Mismatch in Rate-wise tax payable and tax paid, as declared in the Annual Return

Sl. No.	CT & GST Circle	GSTIN	Mismatch in Turnover (9R of GSTR-9C)	Department's Compliance
1	Barbil	21*****1Z2	24268800	After verification of records of the taxpayer necessary action would be taken. CT&GST submitted further compliance in which it was stated that ASMT-10 had been issued to the taxpayer for submission of reply. The CT&GST again furnished reply in ASMT-11 on dated 23.01.2023 and the case was under verification. Further reply is awaited (October 2023).
		Total (Barbil)	24268800	
2	Cuttack-I City	21*****1ZT	2423840	After verification of records of the taxpayer necessary action would be taken.
		Total (Cuttack-I city)	24,23,840	

(Source: Records of the concerned CTOs)

Appendix 4.1

(Refer Paragraph 4.1)

Liquor shops, which did not furnish the Sale Registers

Sl. No.	DEO	Shop
1	Angul	Derang OFF Shop
2	Angul	Gurujang OFF Shop
3	Angul	Seepur OFF Shop
4	Angul	Talabeda OFF Shop
5	Angul	Hotel Foster ON Shop
6	Cuttack	Buxibazar-C IMFL OFF Shop
7	Cuttack	Choudwar IMFL OFF Shop
8	Cuttack	Purusottampur IMFL OFF Shop
9	Cuttack	Dolphin Restaurant ON Shop
10	Cuttack	New Atithya ON Shop
11	Cuttack	Rain The Club ON Shop
12	Kalahandi	Jaipatna OFF Shop
13	Kalahandi	Hotel Anindya ON Shop, Narla
14	Keonjhar	Kalinga IMFL OFF Shop
15	Keonjhar	New Kaveri ON Shop
16	Mayurbhanj	Kaptipada IMFL OFF Shop
17	Mayurbhanj	Rairangpur No.1 IMFL OFF Shop
18	Jajpur	Red Chilli ON Shop
19	Nayagarh	Mandhatapur Beer Parlour
20	Nayagarh	Chandapur OFF Shop
21	Nayagarh	Gania OFF shop
22	Nayagarh	Nayagarh-1 OFF Shop
23	Nayagarh	Balugaon OFF Shop
24	Nayagarh	Itamati OFF Shop
25	Nayagarh	Rajakiari OFF Shop
26	Nayagarh	Puspa Restaurant ON Shop
27	Jagatsinghpur	Bodhei OFF Shop
28	Jagatsinghpur	Green India ON Shop
29	Jagatsinghpur	Paradeep-1 OFF Shop
30	Berhampur	Ruchi Bar and Restaurant , Haladiapadar
31	Berhampur	Haladiapadar Beer Parlour
32	Berhampur	One way traffic Road
33	Rourkela	Koida (Rural) IMFL OFF shop
34	Rourkela	Tensa O point IMFL OFF shop
35	Rourkela	Raikela (Barsuan) IMFL OFF shop
36	Rourkela	Sudha Koida Hotel ON
37	Rourkela	Kendrikela IMFL ON

Sl. No.	DEO	Shop
38	Bhubaneswar	Rangan Hotel ON shop
39	Bhubaneswar	Empires Hotel On shop
40	Bhubaneswar	Sambit Palace Hotel ON shop
41	Bhubaneswar	H.H.I Hotel ON shop
42	Bhubaneswar	Sun Green Hotel ON shop
43	Bhubaneswar	Sital Hotel ON shop
44	Bhubaneswar	Richi Hotel ON shop
45	Bhubaneswar	Kishari Hotel ON shop
46	Bhubaneswar	Divorce Restaurant ON shop
47	Bhubaneswar	Ajit Restaurant ON shop
48	Bhubaneswar	Maharani Restaurant ON shop
49	Bhubaneswar	Madmuly Restaurant ON shop
50	Bhubaneswar	Khaloji Restaurant ON shop
51	Bhubaneswar	Mourya Garden Restaurant ON shop
52	Bhubaneswar	Royal RO Restaurant ON shop
53	Bhubaneswar	Bisharam Bhaban Hotel ON shop
54	Bhubaneswar	Pantagaon Hotel ON shop
55	Bhubaneswar	Jharapada Beer Parlour
56	Bhubaneswar	Ashok Nagar No-1 OFF shop
57	Bhubaneswar	Ashok Nagar No-3 OFF shop
58	Bhubaneswar	Lewis Road No-1 OFF shop
59	Bhubaneswar	Gadeswar OFF shop
60	Bhubaneswar	Bhoi Nagar OFF shop
61	Bhubaneswar	Basuaghai OFF shop
62	Bhubaneswar	Bomikhal OFF shop
63	Bhubaneswar	Satya Nagar OFF shop
64	Bhubaneswar	Motimahal Restaurant ON shop
65	Bhubaneswar	Upre Restaurant ON shop
66	Bhubaneswar	Berbeque Odisha Restaurant ON shop
67	Bhubaneswar	Mayfair Lagoon Hotel ON shop
68	Bhubaneswar	Middleton Desire Hotel ON shop
69	Bhubaneswar	Suryansh Hotel ON shop
70	Bhubaneswar	Niladri Bihar OFF shop
71	Bhubaneswar	Sea Link Bar
72	Bhubaneswar	Coast Guard
73	Ganjam	Kabi Surya Nagar No-1, IMFL OFF shop
74	Ganjam	Athagada Patna , IMFL OFF shop
75	Ganjam	Kabi Surya Nagar IMFL ON shop
76	Ganjam	Barida IMFL OFF shop
77	Ganjam	Puti Gopalpur Hotel ON shop
78	Ganjam	Bellaguntha -2 IMFL OFF shop

Sl. No.	DEO	Shop
79	Ganjam	Pital chaak IMFL OFF shop
80	Ganjam	IMFL ON Aska No-2
81	Ganjam	Tara Singh (Tinichakia) IMFL OFF shop
82	Ganjam	Kulada IMFL OFF shop
83	Ganjam	Sumandal (Angaragaon) IMFL OFF shop
84	Ganjam	P Nibas Beer Parlour
85	Gajapati	OFF Shop No-6
86	Dhenkanal	Dhenkanal Shop No-I
87	Rayagada	Muniguda ON shop
88	Rayagada	Hotel Kwality ON Kasinagfun
89	Kendrapada	Nahulia Off shop
90	Kendrapada	Gupti OFF shop
91	Kendrapada	Batipada OFF shop
92	Kendrapada	Barua OFF shop
93	Kendrapada	Gopa chhak OFF shop
94	Kendrapada	Singiri OFF shop
95	Kendrapada	Baria OFF shop
96	Kendrapada	Badapara OFF shop
97	Kendrapada	Nuahat OFF shop
98	Kendrapada	Ranajn Bar & Restaurant ON Shop
99	Kendrapada	Rain Forest ON shop
100	Kendrapada	Ragini ON shop
101	Kendrapada	Ananda ON shop
102	Kendrapada	Chancellor ON shop
103	Kendrapada	Rames Green ON shop
104	Kendrapada	Ankit ON shop
105	Kendrapada	Patra ON shop
106	Kendrapada	Granior Road line ON shop
107	Kendrapada	Chaudakulat OFF shop
108	Kendrapada	Andhara Off shop

(Source: Records of the respective District Excise Offices)

Appendix 4.2

(Refer Paragraph 4.1)

Loss of excise revenue, in shape of Special Covid Fee, due to manipulation of Sale Registers by the retail shops

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
1	Mayurbhanj	Baripada No.3 OFF Shop	2,51,369	1,52,71,820
2	Cuttack	Khapuria OFF Shop	1,94,605	1,08,45,515
3	Angul	Bantala No. I Off shop	1,55,467	88,46,266
4	Cuttack	Meria Bazar OFF Shop	1,77,571	87,45,903
5	Cuttack	Kathagola OFF Shop	1,40,188	82,10,952
6	Kendrapada	Olavara	1,16,672	76,11,592
7	Cuttack	Upper Telengabazar OFF Shop	1,39,885	74,14,754
8	Cuttack	Bamphakuda OFF Shop	1,24,657	73,21,712
9	Ganjam	Purusottampur-I	1,27,443	71,06,716
10	Bhubaneswar	Khandagiri Off	88,489	70,14,553
11	Cuttack	Buxi Bazar-B OFF Shop	1,22,235	69,31,117
12	Jajpur	Manatira OFF Shop	1,16,030	69,06,318
13	Cuttack	Nayabazar OFF Shop	1,10,655	67,08,487
14	Cuttack	Link Road-3 OFF Shop	98,702	54,93,477
15	Bhubaneswar	Sriya Talkies Road No-1	56,225	54,74,298
16	Kendrapada	Aul	75,503	54,52,314
17	Cuttack	Subhadrapur OFF Shop	1,02,010	54,32,004
18	Kalahandi	Rupra OFF Shop	78,982	53,93,342
19	Angul	Sanahula OFF shop	87,448	51,97,872
20	Angul	Kalam Chhuin OFF shop	93,936	51,61,409
21	Angul	Kiakata OFF shop	84,185	50,49,642
22	Bhubaneswar	Subhudhipur OFF	70,991	50,35,061
23	Mayurbhanj	Bhugudakata OFF Shop	79,339	49,81,602
24	Jagatsinghpur	Kujang ON Shop	83,659	49,28,210
25	Angul	Thakurgarh Off shop	78,773	48,40,028
26	Dhenkanal	Hindola Town	79,022	46,96,976
27	Cuttack	Balikuda OFF Shop	68,655	43,03,118
28	Nayagarh	Sunakhala OFF	67,597	42,65,461
29	Keonjhar	Joda No.3 OFF Shop	75,800	39,92,950
30	Dhenkanal	Parajanga Off	63,175	39,80,408
31	Cuttack	Maidharpada OFF Shop	74,648	38,16,342
32	Cuttack	Bidyadharpur OFF Shop	67,561	37,56,969
33	Cuttack	Balarpur OFF Shop	66,906	37,22,201
34	Cuttack	Banki OFF Shop	70,297	36,96,543
35	Kendrapada	Gobindpur	63,763	36,78,768
36	Bhubaneswar	Kharvela Nagar-2	35,854	36,67,538
37	Ganjam	Polosara No-1	54,636	36,42,162
38	Cuttack	Deulsahi OFF Shop	65,109	35,90,374
39	Puri	Hotel santana ON	22,555	35,46,732
40	Keonjhar	Chhenapadi OFF Shop	64,060	35,32,332
41	Kendrapada	Pattamundai	51,559	34,99,114
42	Nayagarh	Nuagaon Off	57,977	34,78,620

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
43	Cuttack	Berahampura OFF Shop	58,217	34,33,747
44	Jagatsinghpur	Bhutamundai Off Shop	65,497	34,24,664
45	Sundargarh	Subdega OFF Shop	28,271	25,17,992
46	Cuttack	Gandarpur-2 OFF Shop	70,163	33,76,557
47	Berhampur	Rly Stn Road No-1	65,222	33,06,866
48	Keonjhar	Keonjhar No. II OFF Shop	57,971	32,50,708
49	Jagatsinghpur	Atharbanki OFF Shop	57,610	32,40,584
50	Jajpur	Kalarangiatta OFF Shop	53,791	31,58,935
51	Cuttack	Machhua Bazar OFF Shop	61,758	31,40,813
52	Cuttack	RANIHAT NO-1 OFF Shop	63,742	31,35,244
53	Berhampur	Digapahandi	66,399	31,34,633
54	Cuttack	Nuapalam OFF Shop	60,263	31,09,370
55	Ganjam	Buguda-I	56,858	30,92,785
56	Mayurbhanj	Haripur OFF Shop	59,468	29,49,890
57	Mayurbhanj	Mercedes Hotel ON Shop	33,779	29,38,083
58	Angul	Kaniha NTPC Off Shop	47,969	29,27,215
59	Bhubaneswar	Brahmana sarangi	55,295	29,09,801
60	Jajpur	Sidhartha Bar & Restaurant	18,309	28,77,271
61	Cuttack	Niali OFF Shop	46,012	28,08,066
62	Cuttack	Manglabag No.I OFF Shop	43,300	27,66,342
63	Kalahandi	Borda OFF Shop	54,363	27,62,345
64	Cuttack	Kasarada OFF Shop	53,834	27,32,380
65	Bhubaneswar	Tamando Off	48,377	26,82,928
66	Cuttack	College Chhack OFF Shop	44,482	26,67,852
67	Rourkela	Banai	38,794	26,19,027
68	Cuttack	Gadama OFF Shop	43,256	26,07,640
69	Jajpur	Kuakhia OFF Shop	50,152	26,07,296
70	Bhubaneswar	Station Square	41,492	26,06,058
71	Jajpur	Mallick Bar & Restaurant	17,262	25,10,932
72	Keonjhar	Keonjhar No.III OFF Shop	45,565	24,97,144
73	Berhampur	New Bus Stand	40,413	24,93,169
74	Jagatsinghpur	Kujang OFF Shop	42,108	24,36,151
75	Keonjhar	Joda No.4 OFF Shop	40,941	23,25,322
76	Rourkela	Lungai	34,676	23,12,937
77	Ganjam	Rambha-I	42,025	22,77,137
78	Kendrapada	Rajakanika	29,557	22,67,044
79	Bhubaneswar	Garedi Panchana	40,713	22,58,379
80	Jharsuguda	Bundiya Rampur Off	34,743	22,56,253
81	Angul	Handapa Bazar Off shop	30,872	22,44,189
82	Kendrapada	Duhuria	36,550	22,22,224
83	Jajpur	Hotel Dostana ON Shop	36,685	22,05,235
84	Keonjhar	Turumunga OFF Shop	40,980	21,87,450
85	Angul	Pallahara No.I Off shop	38,139	21,65,474
86	Cuttack	Brahman Jharilo OFF Shop	43,738	21,31,092
87	Jajpur	Balichandrapur (Patrajpur) OFF Shop	44,021	20,89,697
88	Ganjam	Kodala-I	34,646	20,88,668

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
89	Jharsuguda	Jharsuguda No 5 Off shop	42,377	20,61,947
90	Jagatsinghpur	Goda Off Shop	35,476	20,57,735
91	Ganjam	Rambha-II	42,119	20,50,559
92	Berhampur	Patrapur	41,299	20,29,513
93	Rourkela	Tangirapali	34,699	20,14,566
94	Ganjam	Ganjam	39,520	20,07,408
95	Cuttack	Madhupatna OFF Shop	35,340	19,97,114
96	Ganjam	Bhanjanagar -2	36,157	19,84,131
97	Angul	NALCO Off shop	32,128	19,75,512
98	Ganjam	Putigopalpur	39,793	19,66,051
99	Angul	TTPS Off shop	32,828	19,48,804
100	Kalahandi	Joradobra OFF Shop	28,824	19,36,545
101	Keonjhar	Keonjhar No-IV OFF Shop	33,433	19,33,081
102	Keonjhar	Asanpat OFF Shop	34,659	19,26,692
103	Rourkela	Power House	39,471	19,20,755
104	Angul	Madhapur Off shop	32,095	18,92,981
105	Jagatsinghpur	Bijayachandrapur OFF Shop	38,113	18,81,385
106	Keonjhar	Rimuli OFF Shop	34,926	18,75,875
107	Kalahandi	Kegaon OFF Shop	36,239	18,67,030
108	Berhampur	Barrack Road No.1	30,968	18,66,509
109	Cuttack	Canal Road OFF Shop	29,616	18,54,226
110	Cuttack	Bidanasi OFF Shop	28,530	18,41,516
111	Rourkela	7&8 Area	26,921	18,38,281
112	Puri	Chandanpur Off	31,580	18,19,426
113	Mayurbhanj	Kanheibandha OFF Shop	38,221	18,18,692
114	Kalahandi	Seinpur OFF Shop	27,539	18,06,294
115	Cuttack	Rover Street OFF Shop	33,248	18,04,095
116	Balasore	Gopalpur	31,012	18,01,547
117	Mayurbhanj	Hindola OFF Shop	29,156	18,00,707
118	Dhenkanal	Telebhuin	31,201	17,87,405
119	Rourkela	Kuarmunda	26,008	17,76,100
120	Cuttack	Salepur No.2 OFF Shop	33,185	17,62,035
121	Keonjhar	Jhumpura OFF Shop	31,675	17,55,188
122	Cuttack	Jaripada (Gopalpur) OFF Shop	34,437	17,55,052
123	Bhubaneswar	Chandaka	30,416	17,50,486
124	Nayagarh	Dasapalla Off	34,430	17,39,964
125	Jajpur	Singhpur OFF Shop	33,178	17,29,933
126	Kendrapada	Chatrachakada	29,417	17,26,351
127	Rourkela	Sector-2	21,467	17,14,614
128	Jharsuguda	Kherul Off shop	28,259	17,10,846
129	Kendrapada	Hazari	32,398	17,01,769
130	Cuttack	Kalapada OFF Shop	28,997	17,00,537
131	Dhenkanal	Dakhinakalir Road	33,560	16,99,839
132	Bhubaneswar	Patia	21,948	16,95,041
133	Cuttack	Sankarpur OFF Shop	29,034	16,80,928
134	Jajpur	Dhabalagiri OFF Shop	28,930	16,58,909
135	Berhampur	Gopalpur No-2	29,332	16,58,032

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
136	Bhubaneswar	Saradeipur	30,305	16,48,315
137	Cuttack	Phulnakhara OFF Shop	26,658	16,37,473
138	Mayurbhanj	Hotel Lecensy ON Shop	8,307	16,18,325
139	Angul	Talcher No.3 Off shop	24,879	15,87,480
140	Mayurbhanj	Hatbadra OFF Shop	24,249	15,78,147
141	Mayurbhanj	Badampahad OFF Shop	23,772	15,73,488
142	Keonjhar	Daitari OFF Shop	30,752	15,72,295
143	Kendrapada	Talachua	28,756	15,70,963
144	Jajpur	The Kings ON Shop	22,405	15,65,775
145	Keonjhar	Naranpur OFF Shop	30,867	15,62,797
146	Mayurbhanj	Jamda OFF Shop	29,640	15,52,461
147	Ganjam	Polsara-2	24,370	15,43,614
148	Cuttack	Sikhrpur OFF Shop	26,095	15,33,789
149	Cuttack	Choupada OFF Shop	28,131	15,15,196
150	Kalahandi	Bhawanipatna No.6 OFF Shop	31,095	15,10,071
151	Mayurbhanj	Jashipur OFF Shop	18,014	14,96,596
152	Nayagarh	Rajpatna Off	23,795	14,88,318
153	Rourkela	Bisra Road 2	24,908	14,83,003
154	Kendrapada	Alapua	29,028	14,81,455
155	Ganjam	Chirikipada	28,668	14,69,676
156	Puri	Swargadwar III Off	29,248	14,69,517
157	Ganjam	Bhanjanagar -1	31,265	14,66,040
158	Cuttack	Paga OFF Shop	20,217	14,53,190
159	Ganjam	Batakumarada	29,714	14,49,035
160	Keonjhar	Joda No.1 OFF Shop	26,471	14,42,045
161	Kendrapada	Nuapada	24,609	14,39,868
162	Mayurbhanj	Badasahi OFF Shop	19,825	14,21,557
163	Cuttack	Salepur No.1 OFF Shop	24,118	14,20,279
164	Gajapati	Mahendragarh	27,155	14,08,893
165	Berhampur	Moti Mahal	11,387	14,03,548
166	Rayagada	Amlabhata	24,491	13,94,274
167	Keonjhar	Juruli OFF Shop	21,427	13,83,472
168	Rourkela	Gandhi Road	19,634	13,77,288
169	Dhenkanal	Mrudanga	22,915	13,73,624
170	Kendrapada	Narayanpur	25,053	13,66,022
171	Ganjam	Khallikote-II	25,685	13,63,683
172	Dhenkanal	Rahania	23,313	13,62,976
173	Angul	Banarpal Off shop	22,985	13,61,023
174	Berhampur	Vardvari	27,540	13,53,164
175	Jagatsinghpur	Balitutha Off Shop	23,908	13,35,629
176	Jagatsinghpur	Tirtol Off Shop	22,081	13,11,221
177	Keonjhar	Telkoi OFF Shop	22,057	13,10,346
178	Kalahandi	Lanjigarh OFF Shop	24,826	13,06,545
179	Berhampur	Church Road	23,239	12,95,404
180	Cuttack	Mazabar ON Shop, Gopalpur, Cuttack	29,203	12,75,356
181	Cuttack	Gandarpur-1 OFF Shop	22,889	12,70,706

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
182	Bhubaneswar	Kalingastudio	15,613	12,70,171
183	Keonjhar	Karanjiya OFF Shop	16,298	12,63,952
184	Berhampur	Kanishi	24,549	12,53,892
185	Kendrapada	Mahalahat	20,102	12,51,026
186	Cuttack	Pratapnagari OFF Shop	21,830	12,46,012
187	Cuttack	IPICOL OFF Shop	20,652	12,29,963
188	Keonjhar	Barbil No.I OFF Shop	20,991	12,25,942
189	Kendrapada	kantabana	19,105	12,22,711
190	Kendrapada	Garadpur	20,324	12,14,166
191	Mayurbhanj	Purunapani IMFL OFF Shop	19,517	12,06,117
192	Keonjhar	Janghira OFF Shop	22,460	11,99,029
193	Cuttack	Samsharapur OFF Shop	18,843	11,96,817
194	Mayurbhanj	Sukruli OFF Shop	18,195	11,88,295
195	Kendrapada	Nikirei	19,313	11,95,264
196	Rayagada	Bisam Cuttack	22,205	11,81,148
197	Keonjhar	Jagamohanpur OFF Shop	17,688	11,76,955
198	Bhadrak	Ghuntuniya Bazar	22,767	11,71,994
199	Nayagarh	Adakata Off	19,046	11,60,385
200	Rourkela	Uditnagar No1	21,173	11,60,356
201	Angul	Badangini, Nakchi Off shop	23,452	11,47,024
202	Cuttack	Adaspur OFF Shop	18,183	11,46,718
203	Keonjhar	Naradpur OFF Shop	20,111	11,41,319
204	Cuttack	Tulsipur-1 OFF Shop	19,504	11,27,272
205	Angul	Athamallik Off shop	20,284	11,13,844
206	Angul	South Balanda IMFL Off shop	19,292	11,06,680
207	Bhadrak	Dhamara	12,002	11,05,536
208	Nayagarh	Odagaon Off	22,452	10,94,523
209	Balasore	Sajanagarh	19,714	10,88,070
210	Cuttack	Bajrakbati Road OFF Shop	18,648	10,80,481
211	Cuttack	Nadia Sahaspur OFF Shop	19,348	10,78,675
212	Cuttack	Kuanpal OFF Shop	20,556	10,77,451
213	Berhampur	Rly Stn Road No-2	15,588	10,60,504
214	Ganjam	Soroda	20,799	10,60,033
215	Keonjhar	Joda No.2 OFF Shop	21,792	10,56,536
216	Mayurbhanj	Baisinga OFF Shop	16,733	10,55,138
217	Berhampur	Khodasingh No.1	19,919	10,52,681
218	Keonjhar	Parsala OFF Shop	18,677	10,49,707
219	Balasore	Jaleswar No.1	20,252	10,46,035
220	Keonjhar	Bhadrasahi OFF Shop	18,484	10,44,819
221	Keonjhar	Bhanda OFF Shop	20,695	10,43,185
222	Mayurbhanj	Sarat OFF Shop	20,235	10,20,189
223	Balasore	Kamarda	19,962	10,16,909
224	Ganjam	Buguda-II	20,547	10,06,101
225	Balasore	Sartha Bazaar	7,166	10,04,983
226	Jharsuguda	Panchgaon Off shop	16,302	10,03,357
227	Keonjhar	Suakati OFF Shop	19,217	9,99,679
228	Kendrapada	Korua	15,589	9,96,232

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
229	Berhampur	Brajanagar	19,725	9,90,891
230	Rayagada	Gunupur No.1	17,212	9,86,128
231	Keonjhar	Saharapada OFF Shop	20,207	9,83,713
232	Cuttack	Sheikh Bazar OFF Shop	17,833	9,80,996
233	Rourkela	Sector-19	16,663	9,79,657
234	Gajapati	Mohana	18,290	9,74,235
235	Berhampur	Badabazar	20,397	9,68,020
236	Cuttack	Take-2 Restaurant ON Shop, Buxi Bazar	12,594	9,61,636
237	Mayurbhanj	Nuasahi OFF Shop	13,829	9,54,428
238	Jajpur	Chandikhol No.2 OFF Shop	20,044	9,54,139
239	Cuttack	Kandarpur OFF Shop	18,047	9,51,532
240	Balasore	Deulahat	11,310	9,51,092
241	Ganjam	Hinjilkat	17,709	9,49,102
242	Mayurbhanj	Murgabadi OFF Shop	21,249	9,48,254
243	Keonjhar	Dhakothea OFF Shop	16,012	9,46,798
244	Keonjhar	Bramanipal OFF Shop	17,661	9,45,822
245	Keonjhar	Belaipada OFF Shop	17,293	9,45,486
246	Keonjhar	Barbil No.4 OFF Shop	16,548	9,43,248
247	Dhenkanal	Gadapalasiun Off	15,711	9,35,482
248	Keonjhar	Patna OFF Shop	16,177	9,34,416
249	Bhadrak	Vasudevapur Off No2	9,625	9,31,729
250	Nayagarh	Kerendatangi Off	13,937	9,31,538
251	Kendrapada	Sanabada Gopalpur	15,772	9,25,255
252	Keonjhar	Laidapada OFF Shop	13,316	9,18,385
253	Angul	Teheranpur Off shop	16,852	9,11,630
254	Rayagada	Off Shop No.4	17,173	9,06,317
255	Cuttack	Jagatpur-1 OFF Shop	15,853	9,04,073
256	Mayurbhanj	Bhuasuni OFF Shop	12,789	9,00,952
257	Mayurbhanj	Balijoda OFF Shop	18,728	8,96,829
258	Jajpur	Apsara Restaurant ON Shop	13,041	8,96,147
259	Cuttack	Athagarh OFF Shop	16,281	8,90,094
260	Angul	Boinda Off shop (Athamallik)	15,234	8,83,611
261	Mayurbhanj	Baripada No.2 OFF Shop	12,729	8,68,631
262	Ganjam	Pursotampur-2	15,622	8,64,846
263	Berhampur	Utkal ashram Road	16,048	8,61,844
264	Berhampur	Dura	14,547	8,50,954
265	Cuttack	OMP Square OFF Shop	16,567	8,49,696
266	Mayurbhanj	Rairangpur No.3 OFF Shop	19,327	8,47,452
267	Nayagarh	Kantilo Off	14,840	8,44,263
268	Angul	Rengali Off shop	15,387	8,41,468
269	Jagatsinghpur	Raghunathpur Off Shop	14,430	8,40,619
270	Cuttack	Chanakya ON Shop	14,045	8,38,007
271	Cuttack	Nischinta Koili OFF Shop	11,689	8,36,502
272	Cuttack	RANIHAT BY PASS OFF SHOP	11,512	8,32,804
273	Berhampur	Santa Rani Sahi	16,292	8,30,357

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
274	Angul	Kandasar Off shop	11,533	8,29,955
275	Cuttack	Kalapathar OFF Shop	18,659	8,29,447
276	Cuttack	Magical Night Bar & Restaurant ON Shop, Tangi	9,703	8,29,205
277	Jajpur	Baruhan OFF Shop	15,367	8,28,596
278	Cuttack	Nakhapada OFF Shop	15,615	8,24,227
279	Ganjam	Gudiali	16,839	8,22,297
280	Mayurbhanj	Udala No.II OFF Shop	16,830	8,22,025
281	Keonjhar	Banspal OFF Shop	12,703	8,20,518
282	Berhampur	Barack Road	16,914	8,13,130
283	Mayurbhanj	Karkachia OFF Shop	18,605	8,12,714
284	Cuttack	Kishan Nagar OFF Shop	15,502	8,11,206
285	Keonjhar	Anandpur No.1 OFF Shop	14,407	8,05,920
286	Cuttack	Govindpur (Sandhapur) OFF Shop	13,338	8,04,245
287	Jagatsinghpur	Bagadia Beer Parlour	17,006	8,00,977
288	Cuttack	Jagatpur-3 OFF Shop	12,856	8,00,745
289	Berhampur	Aska Road	14,254	7,97,708
290	Angul	Talcher-II Off shop	9,865	7,97,383
291	Cuttack	Mani Sahoo Chhak OFF Shop	12,798	7,96,106
292	Jajpur	Sofia Bar & Restaurant, Danagadi	13,214	7,92,682
293	Nayagarh	Khandapada Off	16,650	7,85,773
294	Balasore	Jaleswar Nayabazar	14,652	7,81,434
295	Balasore	Talakia	12,526	7,73,937
296	Cuttack	Nuapada OFF Shop	12,859	7,70,679
297	Angul	Jarpada Off shop	12,790	7,69,400
298	Rourkela	Koel Nagar	8,829	7,67,400
299	Rourkela	Lahunipada	14,570	7,62,585
300	Dhenkanal	Muktaposi	11,212	7,60,270
301	Jajpur	Rashmi ON Shop (Khandarpur)	8,025	7,57,322
302	Keonjhar	Barbil No.3 OFF Shop	11,804	7,54,437
303	Kalahandi	Bhawanipatna No.7 OFF Shop	14,704	7,49,811
304	Mayurbhanj	Dukura OFF Shop	9,424	7,49,741
305	Balasore	Kuruda Off	12,927	7,45,101
306	Kendrapada	Quality Bar	13,506	7,45,016
307	Mayurbhanj	Suliapada IMFL OFF Shop	10,890	7,35,075
308	Mayurbhanj	Baripada No.1 OFF Shop	11,070	7,34,864
309	Cuttack	Jagatpur-2 OFF Shop	14,628	7,34,076
310	Cuttack	Ramdaspur OFF Shop	13,392	7,33,654
311	Jajpur	Ambika ON Shop	10,425	7,25,106
312	Bhadrak	GhaniJanga	8,615	7,22,683
313	Cuttack	Krushna Chandrapur OFF Shop	13,464	7,13,634
314	Cuttack	Badambadi IMFL ON Shop	10,856	7,09,126
315	Angul	Bamur Off shop	13,644	7,08,287
316	Mayurbhanj	Audi Bar ON Shop, Jashipur	6,089	7,08,140
317	Balasore	Bidu	13,392	7,04,152

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
318	Mayurbhanj	Singida OFF Shop	10,531	7,03,493
319	Cuttack	Jhanjiriamgala OFF Shop	10,561	7,02,152
320	Kalahandi	M. Rampur OFF Shop	14,383	6,88,181
321	Angul	Talcher-I IMFL Off shop	8,796	6,87,860
322	Ganjam	Gandala	13,263	6,86,224
323	Gajapati	Off Shop No.7	14,205	6,84,722
324	Mayurbhanj	Jharadihi OFF Shop	13,925	6,84,417
325	Balasore	Nilagiri	10,221	6,82,056
326	Bhadrak	Charampa No2	11,323	6,78,342
327	Rourkela	Daily Market3	14,708	6,74,145
328	Bhubaneswar	Kalinganagar	11,254	6,70,922
329	Cuttack	Kakhadi OFF Shop	12,526	6,70,240
330	Jharsuguda	Boxy Chowk Off	12,426	6,69,297
331	Kalahandi	Bhawanipatna No.4 OFF Shop	11,953	6,67,613
332	Jajpur	Jajpur Town No.3 OFF Shop	13,240	6,61,983
333	Cuttack	Jholasahi OFF Shop	12,297	6,41,306
334	Mayurbhanj	Municipality Bus Stand OFF Shop	13,140	6,32,776
335	Berhampur	Haladiya Padar	12,027	6,28,516
336	Cuttack	Machuati OFF Shop	9,779	6,25,100
337	Mayurbhanj	Chadheibhol OFF Shop	9,245	6,24,333
338	Keonjhar	Padmapur OFF Shop	11,137	6,23,499
339	Rourkela	Nayabazar	10,657	6,19,801
340	Bhadrak	Dosingha	8,706	6,12,383
341	Rourkela	Uditnagar No-2	9,870	6,11,675
342	Balasore	Mitrapur	9,713	6,10,564
343	Mayurbhanj	Bijatola OFF Shop	10,532	6,05,702
344	Gajapati	Off shop No.9	12,516	6,05,023
345	Berhampur	Randha	12,287	6,03,912
346	Keonjhar	Anandpur No.II OFF Shop	12,030	6,01,480
347	Rourkela	TCI Chawk	8,147	5,92,583
348	Cuttaack	Yubraj ON Shop	6,719	5,90,863
349	Bhadrak	Beer Chudamani	12,814	5,90,094
350	Bhubaneswar	Shree	7,933	5,89,695
351	Jagatsinghpur	Bijayachandrapur ON BD Nayak	4,123	5,83,856
352	Jajpur	Blue Star Bar, Bargadia, Jajpur	12,267	5,80,964
353	Balasore	Bhaskarganj Off	8,103	5,80,589
354	Jajpur	JK Road No.2 OFF Shop	10,489	5,80,407
355	Cuttack	Suniapada OFF Shop	11,092	5,79,372
356	Ganjam	Golia chaka	13,056	5,78,270
357	Mayurbhanj	Manada OFF IMFL Shop	9,310	5,76,014
358	Jajpur	Sukinda OFF Shop	12,268	5,72,464
359	Cuttack	Tinikonja Bazar OFF Shop	10,543	5,71,630
360	Keonjhar	Rengalbeda OFF Shop	13,077	5,71,305
361	Rourkela	Bisra Road 1	10,942	5,70,143
362	Jajpur	Amiyajhari OFF Shop	11,220	5,69,185

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
363	Nayagarh	Rohibanka Off	12,708	5,65,910
364	Jajpur	Jawahar Bar & Restaurant, Vyasnanagar, Jajpur Road	6,093	5,65,466
365	Jajpur	Janindapal (Tamoka) OFF Shop, Tomka	9,532	5,62,394
366	Balasore	Kuruda Bazar Off	5,294	5,59,154
367	Ganjam	Pali Chawk	9,656	5,56,580
368	Mayurbhanj	Basipitha OFF Shop	11,714	5,56,399
369	Jajpur	The Lion Bar & Restaurant	8,474	5,55,935
370	Cuttack	Kunheipada OFF Shop	8,772	5,54,191
371	Mayurbhanj	Tulasichoura OFF Shop	7,447	5,53,218
372	Mayurbhanj	Tato OFF Shop	8,391	5,53,104
373	Ganjam	Rikapali	11,981	5,50,828
374	Cuttack	Milan IMFL ON Shop, Cuttack	7,770	5,47,178
375	Cuttack	Haripur-II OFF Shop	9,931	5,43,706
376	Mayurbhanj	Gorumahisani No.1 OFF Shop	8,488	5,42,015
377	Rourkela	Basanti Colony	9,471	5,20,105
378	Rourkela	Samardri	9,439	5,19,843
379	Mayurbhanj	Badamtalia No.1 OFF Shop	10,224	5,11,179
380	Berhampur	Maharaj Bar	3,994	5,08,521
381	Berhampur	Sarra Rest	4,543	5,06,638
382	Cuttack	Bilahat OFF Shop	8,776	5,05,830
383	Kalahandi	Kesinga No.2 OFF Shop	9,674	5,05,539
384	Rayagada	Kashipur	9,219	5,00,612
385	Kendrapada	Chandola	8,904	5,00,501
386	Bhadrak	Rahandia	7,765	4,94,854
387	Berhampur	Tata Bench	7,760	4,94,261
388	Gajapati	Off Shop No.4 Pkd	8,867	4,89,962
389	Rayagada	Off Shop No.7	10,509	4,89,841
390	Mayurbhanj	Baghada IMFL OFF Shop	8,130	4,87,819
391	Cuttack	SR Bar & Restaurant ON Shop, Nischintkoili	6,577	4,85,361
392	Balasore	Shyamsundarpur	7,780	4,75,736
393	Berhampur	Prince Bar on	5,725	4,68,010
394	Nayagarh	Godipada Off	7,408	4,64,480
395	Bhadrak	Beteda Bazar Off	6,430	4,63,514
396	Jajpur	Manpur OFF Shop	10,456	4,57,417
397	Mayurbhanj	Deuli IMFL OFF Shop	5,765	4,54,678
398	Jajpur	Star Bar ON Shop	2,772	4,54,423
399	Mayurbhanj	Gorumahisani No.2 OFF Shop	10,228	4,51,382
400	Kalahandi	Dharamgarh No.1 OFF Shop	7,187	4,50,620
401	Berhampur	Vikram Bar & Rest	6,673	4,50,450
402	Mayurbhanj	Bahalda OFF Shop	9,481	4,50,330
403	Nayagarh	Nayagarh-2 Off shop	2,638	1,52,162
404	Balasore	Talasari	7,779	4,47,023
405	Keonjhar	Dhenkikote OFF Shop	7,058	4,44,566
406	Bhadrak	Brahamini Gao Off	7,666	4,43,425

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
407	Sundargarh	Rajgangapur No. 1 OFF Shop	6,921	4,42,628
408	Keonjhar	Balani OFF Shop	7,795	4,42,330
409	Rayagada	Kereda	6,808	4,40,299
410	Keonjhar	Sankhapur OFF Shop	7,160	4,40,105
411	Ganjam	Arjipali	7,850	4,39,143
412	Berhampur	Khalasi Sahi	6,220	4,33,884
413	Cuttack	Milan Bar & Restaurnt, Kaudukola, Nischintkoili	3,490	4,32,118
414	Jharsuguda	Bandhabhal Off shop	5,992	4,30,765
415	Gajapati	Off shop No.5	8,670	4,30,396
416	Bhubaneswar	Kalpana Chowk	9,418	4,29,792
417	Gajapati	Adaba Off	5,858	4,29,427
418	Berhampur	Red lip bar	4,416	4,26,858
419	Bhadrak	Agarapada	6,428	4,26,617
420	Keonjhar	Sailong OFF Shop	9,120	4,25,962
421	Keonjhar	Barbil No.II OFF Shop	5,304	4,23,658
422	Bhadrak	Chudamani Off	5,151	4,19,607
423	Rayagada	Tikiri	5,408	4,19,512
424	Gajapati	Kashinagar Off	7,906	4,15,062
425	Jajpur	Pakhara (Baligadi) OFF Shop	8,989	4,14,816
426	Ganjam	Karchuli	9,784	4,10,960
427	Kalahandi	Kalampur OFF Shop	6,897	4,09,524
428	Bhubaneswar	Jaydev Vihar No.2	4,369	4,04,551
429	Balasore	Paschimabad	6,024	4,03,555
430	Mayurbhanj	Khunta OFF Shop	7,015	4,01,467
431	Mayurbhanj	Pratap Pur OFF Shop	9,334	3,99,659
432	Mayurbhanj	Badadalima OFF Shop	5,015	3,95,587
433	Jajpur	Mangalpur OFF Shop	7,330	3,94,534
434	Nayagarh	Khalisahi BP	8,506	3,90,825
435	Berhampur	Lokanathpur	6,702	3,87,558
436	Kalahandi	Hotel Prince ON Shop, Ladugaon	5,563	3,83,003
437	Jajpur	Dream Land Bar & Restaurant	4,801	3,81,783
438	Jajpur	Barabati OFF Shop	7,840	3,81,677
439	Ganjam	Balipadar	7,045	3,80,701
440	Bhubaneswar	Pal regency	1,478	3,79,633
441	Bhadrak	Chandabali	6,214	3,78,785
442	Cuttack	Pahanga OFF Shop	7,792	3,77,171
443	Mayurbhanj	BMW Beer Parlour	5,730	3,76,455
444	Kalahandi	Golamunda OFF Shop	5,381	3,74,158
445	Mayurbhanj	Kuliana IMFL OFF Shop	5,473	3,70,416
446	Dhenkanal	Bhubana	7,106	3,65,528
447	Berhampur	Raj Bar & Restaurant	4,020	3,64,771
448	Bhadrak	Charampa No 1	7,254	3,64,742
449	Jagatsinghpur	Erasama ON Shop	5,668	3,64,138
450	Kalahandi	Narla Road OFF Shop	7,172	3,61,564
451	Ganjam	Humma	8,985	3,59,560

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
452	Cuttack	Barang OFF Shop	6,150	3,50,532
453	Bhubaneswar	Ashoknagar-6	7,010	3,50,488
454	Mayurbhanj	Chandua IMFL OFF Shop	5,504	3,48,818
455	Bhubaneswar	Kharvela Nagar-1	3,499	3,45,463
456	Cuttack	Tangi OFF Shop	5,467	3,45,055
457	Rayagada	Ramanaguda	7,926	3,44,149
458	Cuttack	Haripur Road No.1 OFF Shop	7,188	3,41,406
459	Kalahandi	Utkela OFF Shop	6,776	3,39,218
460	Jajpur	Dhanmandal (Bandala) OFF Shop	6,321	3,36,725
461	Jajpur	Ghungur Bar & Restaurant	5,526	3,36,309
462	Mayurbhanj	Purana Baripada OFF Shop	5,585	3,35,100
463	Jajpur	Jajpur Road No.1 OFF Shop	5,285	3,32,533
464	Mayurbhanj	Manatri OFF Shop	4,670	3,31,717
465	Balasore	Motiganj No.II Off	5,600	3,31,400
466	Jajpur	Champipal (Dasrathpur) OFF Shop	6,772	3,31,400
467	Puri	Bikrampur Beer Parlour	7,130	3,28,551
468	Dhenkanal	Annex Bar & Rest	5,425	3,21,508
469	Kendrapada	Adhajari	6,582	3,12,948
470	Angul	Kantiapasi Off shop	5,530	3,12,481
471	Ganjam	Budhamba	4,830	3,11,835
472	Kalahandi	Dharmagarh No.2 OFF Shop	5,938	3,10,656
473	Kalahandi	Thuamul Rampur OFF Shop	4,574	3,09,449
474	Kalahandi	Hotel Supreme, Behera ON Shop, Dharmagarh	2,606	3,08,339
475	Berhampur	Rangamahar Bar	4,784	3,04,622
476	Cuttack	Buxi Bazar-A OFF Shop	6,826	3,02,380
477	Bhubaneswar	Laxmisagar	2,347	3,01,860
478	Rourkela	Hotel Solan	3,178	2,99,620
479	Keonjhar	Roida OFF Shop	4,447	2,97,788
480	Rayagada	Gunupur No.2	5,851	2,94,801
481	Berhampur	Kinara Bar	2,213	2,94,056
482	Ganjam	Mundamarai	5,903	2,93,433
483	Nayagarh	Hotel Prasant	3,180	2,92,181
484	Bhadrak	Ranital Chawk	3,154	2,91,921
485	Cuttack	Ahar Restaurant ON Shop, Mundali	3,412	2,90,207
486	Bhubaneswar	Pahala On Shop	1,446	2,89,172
487	Rourkela	Lathikata	3,758	2,87,964
488	Ganjam	Gallery	5,329	2,87,922
489	Keonjhar	Bidyadharpur OFF Shop	6,902	2,86,631
490	Bhubaneswar	Sandy	448	2,86,550
491	Angul	Angul- IV Off shop	4,725	2,83,987
492	Bhubaneswar	Khandagiri on	1,408	2,81,430
493	Jagatsinghpur	Biridi OFF Shop	3,927	2,80,828
494	Puri	Mochi sahi Off	5,228	2,80,387
495	Cuttack	Erkana OFF Shop	4,558	2,75,617

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
496	Jajpur	Barundei OFF Shop	5,510	2,75,510
497	Ganjam	Kodala-II	5,407	2,70,362
498	Rourkela	Panposh	4,594	2,66,894
499	Jharsuguda	Rajpur Off	4,278	2,64,507
500	Mayurbhanj	Chevrolet Bar & Restaurant	3,908	2,61,329
501	Dhenkanal	Daynapalli	5,009	2,60,517
502	Berhampur	Jyoti Bar	2,565	2,57,650
503	Berhampur	Dolphin Bar	1,640	2,53,900
504	Bhubaneswar	Pahala BP	5,635	2,53,546
505	Jajpur	Talia Balikuda OFF Shop	5,286	2,52,970
506	Rourkela	Sector-5	3,352	2,51,844
507	Berhampur	Gopalpur No-1	3,705	2,50,794
508	Rourkela	SS Gaeden	4,449	2,46,910
509	Rourkela	Chhend	4,634	2,42,953
510	Cuttack	Sambit Bar	2,834	2,42,817
511	Berhampur	Friends Bar	2,426	2,42,053
512	Mayurbhanj	Asana OFF Shop	3,874	2,41,689
513	Kendrapada	Beer Parlour, Goudapatna	5,070	2,40,830
514	Kalahandi	Amarapali Classic Restaurant, Bhawanipatna	3,691	2,38,055
515	Mayurbhanj	Bagdiha OFF Shop	3,397	2,31,885
516	Bhubaneswar	Preeti	5,000	2,31,884
517	Gajapati	Ranipeta	4,642	2,31,822
518	Bhubaneswar	Tequila	4,469	2,31,600
519	Cuttack	Lapalama Restaurant ON Shop	1,621	2,29,839
520	Kendrapada	Chapali	4,186	2,29,177
521	Ganjam	Samarjhola	4,777	2,27,432
522	Bhubaneswar	Booze Buzz	3,456	2,26,994
523	Kalahandi	Hotel Amrit Sagar, Risigaon	3,319	2,26,754
524	Angul	Angul No.II Off shop	4,049	2,24,323
525	Jajpur	Kalyani ON Shop	1,680	2,24,052
526	Dhenkanal	Kankadahada	2,694	2,22,529
527	Jajpur	Hotel Priya ON Shop	3,384	2,19,846
528	Ganjam	IRE Chawk	5,321	2,18,705
529	Mayurbhanj	Station Bazar OFF Shop	4,560	2,18,115
530	Jagatsinghpur	Balikuda Off Shop	3,319	2,17,801
531	Bhadrak	Beer Brahmanigao	5,293	2,17,751
532	Bhubaneswar	Prince Bar	4,111	2,16,761
533	Jajpur	After 7 Bar & Restaurant	2,010	2,16,286
534	Balasore	Laxmannath	4,559	2,13,905
535	Ganjam	Dharkote	4,589	2,13,593
536	Kalahandi	Bhawanipatna No.3 OFF Shop	1,351	2,12,645
537	Berhampur	Puspak Rest on	2,430	2,08,868
538	Bhubaneswar	Live it	3,713	2,06,444
539	Jharsuguda	5 Element	1,007	2,02,491
540	Cuttack	Manguli OFF Shop	3,713	2,02,195
541	Cuttack	AKK Restaurant-cum-ON Shop	2,915	2,02,055

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
542	Jajpur	Duburi OFF Shop	3,484	2,01,759
543	Keonjhar	Keonjhar No.II ON Shop (Hotel SKR Bar & Restaurant)	2,062	2,00,344
544	Balasore	Bahanaga	3,409	1,97,594
545	Rourkela	Nuagaon	4,105	1,97,053
546	Bhubaneswar	Lalchand	418	1,96,062
547	Jajpur	Chandikhol No.1 OFF Shop	4,694	1,94,596
548	Jajpur	Hotel Water Cockoo	2,823	1,92,528
549	Mayurbhanj	Karanjia No.II OFF Shop	2,836	1,91,460
550	Berhampur	City Bar	1,604	1,91,094
551	Jharsuguda	Samasinga	3,321	1,91,019
552	Jajpur	Nayak Restaurant ON Shop	2,969	1,88,547
553	Berhampur	New Prince Bar	1,792	1,86,528
554	Bhubaneswar	Rasulgarh No-2	834	1,84,288
555	Mayurbhanj	Karanjia No.1 OFF Shop	3,874	1,84,015
556	Bhadrak	Beer Aurovil	3,907	1,79,113
557	Cuttack	Madhumati Beer Parlour,	3,958	1,74,433
558	Balasore	Raibania	4,049	1,73,527
559	Keonjhar	Hotel Subham ON Shop, Barbil	1,582	1,71,981
560	Berhampur	Congress road beer	3,602	1,69,852
561	Mayurbhanj	Kostha IMFL OFF Shop	2,570	1,69,711
562	Berhampur	Korapalli	2,906	1,67,865
563	Angul	Bainda Off shop, Talcher	2,718	1,67,650
564	Jajpur	Ratnagiri OFF Shop	3,348	1,67,389
565	Nayagarh	Sunakhala Beer parlour	2,787	1,67,220
566	Keonjhar	Hotel Raj ON Shop	1,638	1,67,160
567	Mayurbhanj	Karanjia Golei OFF Shop	2,339	1,66,324
568	Bhubaneswar	Excellency Platinum	673	1,61,520
569	Kalahandi	Karlamunda OFF Shop	3,748	1,60,474
570	Kalahandi	Hotel Sunrise ON Shop, Bhawanipatna	2,053	1,59,775
571	Kalahandi	Chhatikuda OFF Shop	3,944	1,59,357
572	Bhubaneswar	Barbie	2,701	1,59,169
573	Bhubaneswar	Bhoinagar	3,360	1,57,359
574	Rayagada	Kuntalapeta	3,063	1,53,145
575	Mayurbhanj	Tangabila OFF Shop	2,755	1,51,540
576	Mayurbhanj	Bombay Chhak OFF Shop	2,307	1,49,955
577	Mayurbhanj	Bombay Chhak INN ON Shop	1,638	1,49,523
578	Cuttack	Hotel Milan Bar & Restaurant, Khuntuni, Athagarh	1,943	1,49,008
579	Nayagarh	Nayagarh No.3 Off	2,125	1,48,750
580	Kendrapada	Barua	2,782	1,48,184
581	Jharsuguda	Bijunagar Off	3,288	1,48,093
582	Ganjam	Kabisuryanagar-2	2,938	1,47,643
583	Bhadrak	Hotel Blue Sky	3,156	1,46,963
584	Jajpur	Santarapur OFF Shop	3,101	1,46,586
585	Jharsuguda	Lakahan Pur shop	2,640	1,45,534

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
586	Berhampur	Prem Nagar	3,442	1,44,389
587	Bhubaneswar	Old station Bazar	721	1,44,212
588	Mayurbhanj	Hotel Indradhanu ON Shop	1,402	1,42,421
589	Berhampur	Regency Bar	2,198	1,42,240
590	Keonjhar	Bamebari OFF Shop	3,279	1,41,628
591	Bhubaneswar	Fountain Bar	2,935	1,39,405
592	Mayurbhanj	Saraskana INN ON Shop	1,683	1,38,964
593	Gajapati	Hadubangi	2,758	1,37,876
594	Jajpur	Dhanmandal OFF Shop	2,989	1,37,758
595	Angul	Badakera Off Shop	2,334	1,35,671
596	Rourkela	Biramitrapur	2,095	1,34,594
597	Kendrapada	Garjanga Beer Parlor	2,964	1,33,820
598	Rayagada	Vamsi ON	2,211	1,31,647
599	Kendrapada	Ostarhat	2,225	1,31,235
600	Nayagarh	Lenkudipada Off	2,182	1,30,920
601	Bhubaneswar	Delhidarbar	2,751	1,30,661
602	Kalahandi	Balipada OFF Shop	3,208	1,29,814
603	Kalahandi	Amarpali Restaurant, Bhawanipatna	646	1,29,169
604	Kalahandi	Jolka Darbar Restaurant ON Shop	1,556	1,28,808
605	Rayagada	Off Shop No.13	2,556	1,27,797
606	Bhubaneswar	Castle Inn	1,567	1,27,189
607	Bhubaneswar	Cheers	570	1,26,699
608	Jajpur	Binjharpur OFF Shop	2,278	1,26,502
609	Bhubaneswar	Bomikhal BP	2,701	1,26,441
610	Bhadrak	Bandaripokhiri	1,802	1,26,105
611	Jajpur	Hotel Brahmani, Chorda By-Pass, Jajpur Road	1,593	1,26,102
612	Bhubaneswar	Rewind	521	1,25,040
613	Rourkela	Regency Inn	271	1,24,142
614	Berhampur	Golabandha	3,016	1,21,332
615	Bhubaneswar	Global foods	2,529	1,20,114
616	Berhampur	Masti Bar	920	1,16,226
617	Nayagarh	Chandapur Beer Parlour No.2	2,560	1,14,850
618	Rayagada	Off Shop No.10	2,131	1,13,389
619	Jajpur	Dosti Bar & Restaurant	868	1,12,544
620	Berhampur	Josh bar	1,800	1,08,840
621	Cuttack	Twinkle ON Restaurant, Pilgrim Road	1,502	1,07,777
622	Bhubaneswar	Deepali	1,606	1,07,774
623	Bhubaneswar	Urnee Bar	1,719	1,04,045
624	Rourkela	Sector-15	1,147	1,03,652
625	Nayagarh	Malisahi Beer Parlour	1,742	1,01,223
626	Cuttack	Cuttack Club	805	98,532
627	Cuttack	Roshni Restaurant ON Shop	2,033	97,679
628	Bhubaneswar	Ashok Nagar No.2	1,809	96,765
629	Rourkela	Hotel Radhika	234	95,297

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
630	Cuttack	Legend ON Shop	1,869	93,433
631	Kalahandi	Mandal OFF Shop	1,900	93,349
632	Cuttack	Bali Bazar OFF Shop	1,827	91,329
633	Bhadrak	Beer Beteda	2,017	90,567
634	Berhampur	The Cave	436	87,150
635	Cuttack	OCA Club ON Shop	846	84,410
636	Gajapati	ON Shop No.6	1,792	82,458
637	Keonjhar	Nizigarh Beer Parlour	1,774	81,931
638	Cuttack	Dadha patna Beer Parlour	1,754	81,802
639	Berhampur	Tata Benz Beer Parlour	2,148	80,553
640	Jajpur	Panikoili OFF Shop	997	79,049
641	Jharsuguda	Belpahar No 2 Off shop	392	78,400
642	Ganjam	Jaganath Prasad	2,048	77,981
643	Kalahandi	Hotel Golden Blue, Parmanandapur	711	77,634
644	Mayurbhanj	Udala No.1 Off Shop	1,311	77,073
645	Jajpur	M/s Kings Bar & Restaurant	1,756	75,421
646	Nayagarh	Chandapur Beer Parlour No.1	1,232	73,920
647	Bhubaneswar	Navyuga	1,530	72,653
648	Jajpur	Akash Bar & Restaurant	462	71,548
649	Mayurbhanj	Jaypur OFF Shop	805	71,339
650	Bhubaneswar	SWosti	1,227	68,957
651	Kendrapada	Dangamal	873	68,102
652	Mayurbhanj	Mohuldiha OFF Shop	1,131	67,854
653	Kalahandi	Hotel Satkar ON Shop, Moter	335	67,015
654	Rourkela	Jhirpani	1,339	66,925
655	Mayurbhanj	Bisoi OFF Shop	957	64,625
656	Mayurbhanj	Jyoti ON Shop at Hotel Durga	919	64,487
657	Bhubaneswar	Angan Premium	1,321	62,724
658	Jajpur	Friends Restaurant, ON Shop, Brahmabarada	1,243	62,168
659	Rourkela	Raibaga	736	61,695
660	Balasore	Remuna	1,293	61,433
661	Jajpur	Deo Residency ON Shop	546	61,249
662	Rourkela	Hotel Pahadi	292	58,337
663	Bhubaneswar	7 miller	459	54,911
664	Bhubaneswar	Ashoka Bar	256	51,178
665	Bhubaneswar	Swosti	1,068	50,717
666	Mayurbhanj	Kalyani Bar ON Shop	364	50,414
667	Rourkela	Hotel Mayfair	506	49,017
668	Jajpur	Mukta ON Shop	239	47,779
669	Gajapati	Kashinagar ON	545	46,289
670	Cuttack	Kantol OFF Shop	925	46,250
671	Bhubaneswar	Fainting Bull	960	45,618
672	Jharsuguda	Sun City Palace On Shop	213	43,833
673	Dhenkanal	Motanga Off shop	278	43,547
674	Bhadrak	Biedeipur Off	602	42,136

Sl. No.	DEO	Shop	Excess sale recorded in the manipulated Sales Registers (in bottles)	Estimated loss of revenue towards SCF (in ₹)
675	Jharsuguda	Kanakotara Off shop	823	40,781
676	Rourkela	Babu Nuangaon	803	40,167
677	Bhadrak	Bhadarak No.2	263	38,854
678	Kendrapada	Babar Beer Parlour	889	38,505
679	Cuttack	Hot and Cold Rest. ON Shop, Viruda	743	37,147
680	Keonjhar	Sakhi Bar & Restaurant ON Shop	733	34,829
681	Bhubaneswar	Bhuji	732	34,760
682	Bhubaneswar	Flaming	737	34,361
683	Jharsuguda	Sahjabhal Off shop	713	34,041
684	Rourkela	Brahamani club	71	32,952
685	Jajpur	Hotel Milan ON Shop	685	32,550
686	Bhubaneswar	Excellency	678	32,215
687	Berhampur	Suksagar hotel on	156	31,100
688	Dhenkanal	Khajuriapata Beer Parlour	785	29,438
689	Mayurbhanj	Badamtalia No.II OFF Shop	512	26,880
690	Rourkela	Indo German Club	114	26,426
691	Bhubaneswar	Pabitra Rgency	400	24,000
692	Jajpur	Hotel Natraj Royal IMFL ON Shop	535	23,944
693	Rourkela	Hotel Shyam	499	23,695
694	Rayagada	Muniguda	465	23,264
695	Gajapati	ON Shop No.5	494	22,722
696	Bhadrak	Barikpur	144	22,680
697	Ganjam	Baulagaon	310	21,958
698	Jharsuguda	Telenpali Off shop	334	21,681
699	Bhadrak	Beer Parlour Vasudevpur	455	21,615
700	Nayagarh	Nagpur Beer Parlour	354	21,240
701	Rayagada	Off Shop No.12	145	19,858
702	Rourkela	Hotel Ispat	92	18,975
703	Bhubaneswar	Sukhamaya	77	18,821
704	Rayagada	Jimirdipata BP	391	17,596
705	Rayagada	Off Shop No.3	253	15,207
706	Bhubaneswar	Clubdine	308	14,619
707	Rourkela	Rourkela club	20	12,700
708	Gajapati	On shop No.8	70	11,363
709	Berhampur	Mayfair	228	8,531
710	Bhadrak	Beer Bidyaalaita	159	7,109
711	Rourkela	Hotel Garden	35	7,074
712	Bhubaneswar	Seven Eleven	21	5,565
713	Ganjam	Hatapada	168	5,040
714	Rourkela	Bisra Chowk	139	4,155
715	Jharsuguda	Blue Inn On	71	3,393
716	Jharsuguda	TRL Club on shop	13	2,919
	Total			75,07,81,734

(Source: Records of the respective District Excise Offices)

Appendix 4.3

(Refer Paragraph 4.1)

Estimated loss of revenue towards Special Covid Fee, due to replacement of pages by the retails shops, in the Sale Registers, for March 2020

Sl. No.	DEO	Shops that replaced pages of SR in March 2020	Excess sale recorded in the manipulated SRs (in bottles)	Estimated loss of revenue towards SCF (in ₹)	Remarks
1	Angul	Sanahula Off shop	87,448	51,97,872	Made new entry on fresh page
2	Angul	Kiakata Off shop	84,185	50,49,642	Made new entry on fresh page
3	Angul	Handapa Bazar Off shop	30,872	22,44,189	Made new entry on fresh page
4	Angul	Kaniha NTPC Off Shop	47,969	29,27,215	Made new entry on fresh page
5	Angul	Thakurgarh Off shop	78,773	48,40,028	Made new entry on fresh page
6	Angul	Pallahara No.I Off shop	38,139	21,65,474	Made new entry on fresh page
		Total (6 shops)	3,67,387	2,24,24,419	
7	Cuttack	Link Road-3 OFF Shop	98,702	54,91,943	Made new entry on fresh page
8	Cuttack	Machhua Bazar OFF Shop	61,758	31,40,813	Made new entry on fresh page
9	Cuttack	Madhupatna OFF Shop	35,340	19,97,114	Made new entry on fresh page
10	Cuttack	Berahampura OFF Shop	58,217	34,33,747	Made new entry on fresh page
11	Cuttack	Banki OFF Shop	70,297	36,96,543	Made new entry on fresh page
12	Cuttack	Khapuria OFF Shop	1,94,605	1,08,45,515	Made new entry on fresh page
		Total (6 shops)	5,18,919	2,86,05,676	
13	Keonjhar	Bhanda OFF Shop	20,695	10,43,185	Made new entry on fresh page
14	Keonjhar	Karanjiya OFF Shop	16,298	12,63,952	Made new entry on fresh page
		Total (2 shops)	36,993	23,07,137	
15	Mayurbhanj	Mercedes Hotel ON Shop	33,779	29,38,083	Made new entry on fresh page
16	Mayurbhanj	Baripada No.3 OFF Shop	2,51,369	1,52,71,820	Made new entry on fresh page
17	Mayurbhanj	Chevrolet Bar & Restaurant	3,908	2,61,329	Made new entry on fresh page
18	Mayurbhanj	Municipality Bus Stand OFF Shop	13,140	6,32,776	Made new entry on fresh page
19	Mayurbhanj	Bagdiha OFF Shop	3,397	2,31,885	Made new entry on fresh page
20	Mayurbhanj	Hotel Lecensy ON Shop	8,307	16,18,325	Made new entry on fresh page
21	Mayurbhanj	Murgabadi OFF Shop	21,249	9,48,254	Made new entry on fresh page
22	Mayurbhanj	Station Bazar OFF Shop	4,560	2,18,115	Made new entry on fresh page
		Total (8 shops)	3,39,708	2,21,20,588	

Sl. No.	DEO	Shops that replaced pages of SR in March 2020	Excess sale recorded in the manipulated SRs (<i>in bottles</i>)	Estimated loss of revenue towards SCF (<i>in ₹</i>)	Remarks
23	Gajapati	Mahendragara Off Shop	27,155	14,08,892	New pages were pasted in the original page to suppress revenue
24	Gajapati	Mohana Off Shop	18,920	9,74,235	New pages were pasted in the original page to suppress revenue
		Total (2 shops)	46,075	23,83,127	
25	Ganjam	Rambha-I Off Shop	42,025	22,77,137	Pages had been removed and tampered to suppress revenue
26	Ganjam	Rambha-II Off Shop	42,119	2,05,056	Pages had been removed and tampered to suppress revenue
27	Ganjam	Ganjam Off Shop	39,520	20,07,408	Pages had been removed and tampered to suppress revenue
		Total (3 Shops)	1,23,664	44,89,601	
28	Rourkela	Hong Kong Restaurant On	4,222	2,38,542	New pages were pasted in the original page to suppress revenue
		Total (1 shops)	4,222	2,38,542	
		Grand Total (28 shops)	13,90,894	8,25,69,090	

(Source: Records of the respective District Excise Offices)

Appendix 4.4

(Refer Paragraph 4.1)

Difference between the stock of liquor, as per the Sale Registers of the retail shops and the Stock assessed for collection of Special Covid Fee

Sl. No.	District Excise Office	Shop	Category	Whisky Shortfall	Beer Shortfall	Rum Shortfall	Total Shortfall
1	Kendrapara	Rajkanika	Off shop	16,07,215	9,03,177	24,08,098	49,18,490
2	Keonjhar	Salania	Off shop	5,19,208	18,97,845	11,08,240	35,25,293
3	Angul	Kumand	Off shop	6,56,588	71,28,07	20,52,608	34,22,003
4	Kendrapara	Gobindpur	Off shop	6,91,965	15,62,893	2,78,670	25,33,528
5	Angul	Karatapata	Off shop	4,71,163	9,79,272	9,59,230	24,09,665
6	Angul	Talmul	Off shop	4,79,618	4,52,037	14,46,848	23,78,503
7	Angul	FCI township	Off shop	6,54,718	7,70,387	7,49,745	21,74,850
8	Angul	Kosala	Off shop	4,00,613	3,64,625	11,02,120	18,67,358
9	Kalahandi	Karlamunda	Off shop	13,88,453	93,007	1,25,670	16,07,130
10	Keonjhar	Belabahali	Off shop	4,90,890	5,04,810	5,70,908	15,66,608
11	Angul	Nisha	Off shop	4,68,248	3,74,555	6,66,290	15,09,093
12	Kendrapara	Aul	Off shop	2,76,283	10,99,910	1,21,585	14,97,778
13	Angul	Girang	Off shop	4,98,815	95,925	8,75,900	14,70,640
14	Angul	Bantala No.II	Off shop	2,57,893	5,34,144	6,48,408	14,40,445
15	Bhubaneswar	Old Station Bazaar	Off shop	13,065	8,64,818	5,47,185	14,25,068
16	Angul	Talcher -IV	Off shop	6,92,248	2,94,517	3,59,210	13,45,975
17	Angul	Angul No.III	Off shop	4,05,035	2,50,575	6,05,720	12,61,330
18	Angul	Mahidharpur	Off shop	5,22,793	6,53,865	0	11,76,658
19	Angul	Angul No.I	Off shop	2,42,578	0	8,97,590	11,40,168
20	Angul	Kantiaposi	Off shop	2,05,518	30,262	8,00,520	10,36,300
21	Angul	Badakerjang	Off shop	74,100	0	9,41,290	10,15,390
22	Kalahandi	Bhawanipatna 4	Off shop	10,00,250	0	0	10,00,250
23	Keonjhar	Joda No.1	Off shop	9,51,328	0	0	9,51,328
24	Angul	Chhendipada	Off shop	3,37,140	43,000	5,67,880	9,48,020
25	Kendrapara	Patamundai	Off shop	4,92,040	17,385	3,87,933	8,97,358

Sl. No.	District Excise Office	Shop	Category	Whisky Shortfall	Beer Shortfall	Rum Shortfall	Total Shortfall
26	Keonjhar	Ramachandrapur	Off shop	2,92,708	3,26,900	2,42,407	8,62,015
27	Dhenkanal	Gatarai	Off Shop	1,34,325	2,31,658	4,53,630	8,19,613
28	Angul	Gadasantri	Off shop	42,715	2,32,560	3,95,400	6,70,675
29	Angul	Talcher No.I	Off shop	2,44,198	2,31,025	1,76,275	6,51,498
30	Kalahandi	Joradobra	Off shop	5,04,478	100,875	31,960	6,37,313
31	Angul	Kulei	Off shop	14,333	5,40,747	25,090	5,80,170
32	Rayagada	Gudari	Off shop	1,37,400	0	4,42,400	5,79,800
33	Rourkela	Sector-5	Off shop	2,72,815	39,712	2,56,613	5,69,140
34	Angul	NALCO	Off shop	1,64,695	3,98,440	0	5,63,135
35	Rayagada	Kashipur	Off shop	2,75,000	0	2,75,000	5,50,000
36	Balasore	Gopalpur	Off shop	2,51,980	0	2,51,815	5,03,795
37	Jajpur	Manpur	Off shop	2,44,183	0	2,42,603	4,86,785
38	Angul	Bagedia	Off shop	39,035	1,23,860	2,91,048	4,53,943
39	Angul	Kandasar	Off shop	99,225	2,38,785	1,12,558	4,50,568
40	Sundargarh	Kutra	Off shop	3,29,000	54,720	61,000	4,44,720
41	Rayagada	Kumtalpeta	Off shop	2,22,153	0	2,21,495	4,43,648
42	Keonjhar	Karrow	ON	2,85,800	99,123	0	3,84,923
43	Angul	Karadagadia	Off shop	2,75,205	1,06,895	0	3,82,100
44	Bhubaneswar	Unit-6	Off shop	3,15,263	0	6,680	3,21,943
45	Angul	TTPS	Off shop	2,67,270	0	48,920	3,16,190
46	Jajpur	Ragadipasi	Off shop	1,49,128	71,915	82,410	3,03,453
47	Keonjhar	Joda No.2	Off shop	2,03,450	0	81,350	2,84,800
48	Angul	Kaniha (NTPC)	Off shop	2,02,033	1,802	73,860	2,77,695
49	Angul	Badadangiani	Off shop	76,418	69,392	1,09,710	2,55,520
50	Angul	Kalamchhuin	Off shop	84,450	1,22,218	47,400	2,54,068
51	Dhenkanal	Mahulapada	Off Shop	1,70,510	16,178	51,010	2,37,698
52	Rourkela	7 & 8 Area	Off shop	4,083	0	2,03,150	2,07,233
53	Berhampur	Railway Station Road No-2	Off shop	83,100	33,863	83,100	2,00,063

Sl. No.	District Excise Office	Shop	Category	Whisky Shortfall	Beer Shortfall	Rum Shortfall	Total Shortfall
54	Kendrapara	Olabar	Off shop	88,653	67,455	1,7215	1,73,323
55	Angul	Bamur	Off shop	9,708	19,000	1,42,580	1,71,288
56	Angul	Antulia	Off shop	2,750	36,990	1,24,160	1,63,900
57	Kalahandi	Madhusala	Off shop	1,56,318	1,472	0	1,57,790
58	Ganjam	Mohana	Off shop	1,51,500	0	0	1,51,500
59	Cuttack	Sikharpur	Off shop	2,768	1,40,220	0	1,42,988
60	Cuttack	Aroma Bar	ON shop	65,400	62,398	7,800	1,35,598
61	Angul	Madhapur	Off shop	15,575	0	88,590	1,04,165
	Total			1,96,75,390	1,60,67,802	22868877	5,86,12,069

(Source: Records of the respective District Excise Offices)

GLOSSARY

Glossary of abbreviations

A&E	Accounts and Entitlement
ACLR	Annual Composite Label Registration
ANM	Auxillary Nurse Midwife
BDA	Bhubaneswar Development Authority
BDO	Block Development Officer
BeDA	Berhampur Development Authority
BeMC	Berhampur Municipal Corporation
BETA	Budget Execution Technique Automation
BMC	Bhubaneswar Municipal Corporation
BOC	Building and Other Construction
BOCW (RE&CS)	Building and Other Construction Workers' (Regulation of Employment and Conditions of Service)
BOCWWC	Building and Other Construction Workers Welfare Cess
BSCL	Bhubaneswar Smart City Limited
CB	Closing Balance
CCA	Cook-cum-Attendant
CDA	Cuttack Development Authority
CGST	Central Goods and Services Tax
CMC	Cuttack Municipal Corporation
CoA	Controller of Accounts
CPWD	Central Public Works Department
CR	Change Request
CT & GST	Commercial Tax and Goods and Service Tax
DA	Development Authority
DLO	District Labour Officer
DoB	Date of Birth
DoJ	Date of Joining
DPC	Duties, Power & Condition
DRDA	District Rural Development Agency
DTE&T	Directorate of Technical Education and Training
DTI	Directorate of Treasuries and Inspections
DWO	District Welfare Officer
ED	Excise Duty
EoI	Expression of Interest
FD	Finance Department
FRS	Functional Requirement Specification
FY	Financial Year
GAR	Government Accounting Rules
GoI	Government of India
GoO	Government of Odisha
GST	Goods and Services Tax
H&UD	Housing and Urban Development
HMC	Hostel Management Committee
HRMS	Human Resources Management System
IDBI	Industrial Development Bank of India
IEC	Information, Education & Communication

IFMS	Integrated Financial Management System
IGST	Integrated GST
IIIT	International Institute of Information Technology
IMFL	India Made Foreign Liquor
IOTMS	Integrated Odisha Treasury Module System
ISD	Input Service Distributor
IT	Income Tax
ITC	Input Tax Credit
ITDA	Integrated Tribal Development Agency
ITR	Income Tax Return
JPI	Joint Physical Inspection
KBK	Koraput, Bolangir and Kalahandi
L&ESI	Labour and Employees' State Insurance
LPL	London Proof Litre
MHU	Mobile Health Unit
MIS	Management Information System
MMC	Mess Management Committee
MO	Medical Officer
NDC	National Data Centre
NGFW	Next-Generation Firewall
NSPGY	Nirman Shramik Pucca Ghar Yojana
NSPY	Nirman Shramik Pension Yojana
OB	Opening Balance
OBM	Odisha Budget Manual
OCAC	Odisha Computer Application Centre
OGFR	Odisha General Financial Rules
OGST	Odisha Goods and Services Tax
OIC	Officer-in-Charge
OSCSC	Odisha State Civil Supplies Corporation Limited
OTC	Odisha Treasury Code
PA	Project Administrator
PEETHA	Peoples Empowerment-Enabling Transparency and Enhancing Accountability
PeMT	Project e-mission Team
PIP	persons-in-position
PMU	Project Management Unit
PR&DW	Panchayati Raj and Drinking Water
PSU	Public Sector Undertaking
RCM	Reverse Charge Mechanism
RHC	Rental Housing Complex
RPL	Recognition of Prior Learning
RPO	Recovery Point Objective
RTD	Ready-to-Drink
RTO	Recovery Time Objective
SC	Schedule Caste
SCF	Special Covid Fee
SFA	Special Financial Assistance
SI	System Integrator

SoP	Standard Operating Procedures
SRS	Software Requirements Specification
SS	Sanctioned Strength
SS&EPD	Social Security and Empowerment of Persons with Disabilities
SSCA	Subject Specific Compliance Audit
SSD	Scheduled Castes Development, Minorities and Backward Classes Welfare
ST	Scheduled Tribe
STGH	ST Girls' Hostel
STQC	Standardization Testing and Quality Certification
TC	Technical Committee
TCS	Tax Collection at Source
TDS	Tax deducted at source
TPF	Teachers' Provident Fund
UAT	User Acceptance Test
UC	Utilisation Certificate
ULB	Urban Local Bodies
USL	United Spirits Limited
UTM	Unified Threat Management
WAMIS	Works & Accounts Management Information System

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