Chapter 3

Compliance Audit

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

3.1 Monitoring of end utilisation of land for intended purposes

EXECUTIVE SUMMARY

The Revenue & Disaster Management (RDM) Department, responsible for ensuring end utilisation of land for intended purposes, had not maintained database of acquired/ allotted land. The Odisha Government Land Settlement (OGLS) Act/ Rules, 1983 and the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013 provided for utilisation of leased out/ acquired land within three and five years, respectively. However, lease deeds executed between the Collectors and the allottees did not provide specific period for utilisation of land. 12393.651 acres of land allotted during 1981-2021, for establishment of industries/ allied activities had not been utilised for the intended purposes. Further, 252.692 acres of allotted land were utilised for purposes other than those for which the same were sanctioned.

Village-wise Land Banks, as required under Rule 42 of the Odisha RFCTLARR Rules, 2016 to ensure productive use of Government land, were not formed. On the other hand, 668.893 acres of Government land, which would have formed part of Land Bank remained under unauthorised occupation.

In 24 sampled Tahasils, 504.768 acres of agricultural land were utilised for non-agricultural purposes. In eight sampled Tahasils, 21.882 acres of agricultural land coming under Development Authority (DA) areas were sold by sub-dividing into 321 sub-plots, without obtaining their permission, as required under the Odisha Development Authorities Act, 1982. In two Tahasils, 10.085 acres of agricultural land was converted to homestead category, without availability of genuine approach roads to the converted plots.

In six sampled Tahasils, 568.876 acres of forest land were utilised for non-forest activities without prior approval of the Central Government. Further, 13.65 acres of land coming within Wildlife Sanctuary area was sold by making 156 sub plots by disregarding the stipulations made in the Wildlife Protection Act. In Puri and Khordha districts, 41.65 acres of land, falling within the Eco Sensitive Zones (ESZ) were utilised, in deviation to activities permitted in ESZ notification.

Monitoring mechanism like submission of Monthly/ Quarterly Progress Reports in regard to utilisation of allotted land for intended purposes, resumption of unutilised lands, and detection of unauthorised use of agricultural land for non-agricultural purposes, was not in place.

3.1.1 Introduction

To cater to the growing demand for land, especially land for public purposes or, for establishment of industries, the State Government leases Government land and also acquires private land. Lease of Government land is governed by the Odisha Government Land Settlement (OGLS) Act/ Rules, 1983 and acquisition of private land is governed by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013. Conversion of agricultural land to non-agricultural category is regulated under the Orissa Land Reforms (OLR) Act, 1960.

Odisha Industrial Infrastructure Development Corporation (IDCO), a State Public Sector Undertaking, was set up in 1981 as the Nodal Agency for providing land for industrial and infrastructure projects in the State. The Revenue and Disaster Management (RDM) Department provides private land (after acquisition) and Government land to IDCO, which subsequently allots the said land for establishment of industries/ infrastructure projects. The RDM Department is also responsible for monitoring the end use of land in the State.

At the district level, Collectors, assisted by Tahasildars are responsible for monitoring end utilisation of land allotted for various purposes, resumption of land remaining unutilised beyond the stipulated period, as well as for initiation of action with regard to unauthorised use of agricultural land for non-agricultural purposes.

A Compliance Audit on 'Monitoring of end utilisation of land for intended purposes' was conducted during July 2024 to February 2025, covering the period 2021-22 to 2023-24, with the objectives of assessing whether:

- End utilisation of acquired private land and Government land, allotted for industrial purposes, was in compliance with sanction order and lease deed.
- Conversion of agricultural land for non-agricultural purpose had been carried out in compliance with the provisions of OLR Act and converted land was utilised for the purpose for which it was converted.

Audit examined records of RDM Department, eight Collectorates[1] and 24 Tahasils [2] (*i.e.* three in each sampled Collectorate). Besides, records of the Housing and Urban Development (H&UD) Department, IDCO and Development Authorities/ Regional Improvement Trusts concerned, were also examined. Joint Physical Inspections (JPI) of land/ sites with the representatives of Tahasildars/ IDCO were conducted. Land use was verified using satellite imagery and cadastral (Revenue) maps in the background, through Odisha 4k GEO services[3].

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[1] Angul, Bolangir, Dhenkanal, Jagatsinghpur, Jajpur, Jharsuguda, Khordha and Puri

[2] Angul, Balianta, Banarpal, Bhubaneswar, Bolangir, Brahmagiri, Chhendipada, Danagadi, Darpan, Dhenkanal, Erasama, Gop, Jagatsinghpur, Jatani, Jharsuguda, Kamakhyanagar, Kolabira, Kujanga, Lakhanpur, Odapada, Puri, Saintala, Sukinda and Titilagarh

[3] An application prepared by the Odisha Space Application Centre, the apex body for space technology applications of Government of Odisha. It contains location based geo referenced revenue cadastral maps. It can be used to know land use status of a particular plot.

An Entry Conference was held (1 July 2024) with the Additional Chief Secretary, RDM Department wherein the objectives, scope, criteria and methodology of audit were discussed. The audit findings were discussed with the Additional Chief Secretary of the Department in an Exit Meeting, held on 10 October 2025. Replies of the department have been incorporated appropriately in the Report. The findings of Audit are discussed in the subsequent paragraphs.

Audit Findings

3.1.2 Utilisation of acquired/ leased land for intended purpose

On application by IDCO, the Collector sanctions government land and acquires private land (as required), in favour of IDCO for the establishment of industries and allied activities. In both the cases, the Collector handovers possession of land on execution of a lease deed with IDCO. Subsequently, IDCO sub-leases allotted land to Industries on execution of lease deed with the industry concerned. Section 3B of OGLS (Amendment) Act, 2013 provides for resumption of land settled, if the same is utilised for any purpose other than that for which it was settled; or not utilised for a period exceeding three years from the date of settlement. Similarly, Section 101 of the RFCTLARR Act provides that when any land acquired under this Act, remains unutilised for a period of five years from the date of taking over of possession, the same shall be returned to the original owner or owners or their legal heirs, as the case may be, or to the Land Bank of the appropriate Government, by reversion.

3.1.2.1 Non-maintenance of database of acquired/ allotted land

The nodal agency, *i.e.,* IDCO intimated Audit that in eight sampled districts, 50,231.849 acres of land[4], had been provided for establishment of industries, as of March 2024.

Audit noticed that the RDM Department had instructed (April 2017) all District Collectors to conduct detailed survey of Government land leased up to March 2014 and resume any such land which remained unutilised for a period exceeding three years. However, similar instructions were not issued with regard to acquired private land, which might have remained unutilised beyond the stipulated period of five years.

Further, Audit also observed that despite the instructions of the Department, no such survey of the leased out land was conducted in the eight sampled districts. Further, even a database of leased out government land/ acquired private land, allotted for various purposes had not been maintained. As a result, the eight sampled districts did not have consolidated information/data available about leased lands or of cases where the said land may not have been utilised for the intended purposes, within the stipulated period. No inputs regarding action taken by the district authorities (for resumption of land) were shared with Audit. Only one sample district *viz.*, Jajpur informed Audit that resumption of land under OGLS Act had been initiated in one case.

[4] Angul: 11,580.670 acres, Bolangir: 1,371.510 acres, Dhenkanal: 6,290.621 acres, Jagatsinghpur: 10,941.510 acres, Jajpur: 10,523.120 acres, Jharsuguda: 5,476.180 acres, Khordha: 3,894.550 acres and Puri: 153.688 acres

The Department stated (October 2025) that steps had been taken for maintaining a database on acquired/ allotted land in respect of Jajpur, Angul, Khordha and Dhenkanal districts. It further added that the Tahasildars of Jagatsinghpur district had been directed to prepare a database. No specific reply was furnished for Bolangir district. The fact however, remained that neither any database had been maintained nor actual utilisation of allotted land for the intended purposes, had been ensured, despite instructions issued by the RDM Department.

In the absence of data on area of land leased/ acquired for public purposes, Audit test-checked individual land acquisition/ lease files at the sampled Collectorates, Tahasils and IDCO in regard to 16,214.522 acres of land[5] and observed the following:

3.1.2.2 Deficient sanction orders and deeds of agreement to ensure utilisation of allotted land within the stipulated period

The RDM Department prescribed (July 2013) two standard deeds of agreement for transfer of government land and acquired private land in favour of IDCO. However, the said formats did not contain the period within which the allotted land was to be utilised. The OGLS Amendment Act, 2013 and RFCTLARR Act, 2013 provided for utilisation of allotted land within three and five years, for Government and private lands, respectively. However, the standard deed formats of the Department were not modified to incorporate the period of utilisation. In case of land allotted to IDCO for subsequent allotment to industrial units, Audit observed the following:

- The lease sanction orders issued after July 2013, by the Collectors of four sampled districts (Dhenkanal, Puri, Jagatsinghpur and Jajpur) stipulated resumption of land, in the cases where land was not utilised for intended purpose within a period of six months to three years. In the remaining four districts (Angul, Bolangir, Jharsuguda and Khordha), the lease sanction orders did not mention any specific period for utilisation of land.
- In all the eight test-checked districts, the deeds of agreement executed between the Collector and IDCO did not mention the period within which the allotted land was to be utilised.
- While there were no stipulations made in the lease deeds between the Collector and IDCO with regard to the period within which land should be utilised for intended purposes, IDCO had allowed five years for utilisation of allotted government land by the allotees. This stipulation made by IDCO was inconsistent with the provisions of the OGLS Act, which provided for utilising government land within a period of three years.

Audit noticed that due to non-conduct of survey to ascertain status of utilisation of allotted land coupled with absence of enabling provisions in lease deeds finalised with IDCO, utilisation of land for the intended purposes

[5] Acquired private land: 7,102.062 acres; Leased out government land: 3,321.248 acres; and 5,791.212 acres (included both acquired private land and leased out government land, details of which could not be provided by IDCO)

within the stipulated period could not be enforced, nor had any steps been taken by either IDCO or the Collectors for resumption of land.

In reply, Collector, Puri and Tahasildars of Brahmagiri, Dhenkanal, Kamakhyanagar, Odapada and Puri stated (August to December 2024) that formats prescribed (July 2013) by RDM Department were adopted for execution of lease deed with IDCO. Tahasildars of Bhubaneswar, Jatani, Kolabira and Jharsuguda assured that the Department would be intimated for taking necessary action.

3.1.2.3 Non-reversion of acquired private land remaining unutilised beyond the stipulated period of utilisation

Private lands measuring 7,102.062 acres were acquired by RDM Department during 1983 to 2018 for establishment of industries. Out of these, 6,163.727 acres were allotted in favour of IDCO and 938.335 acres in favour of two others[6] for setting up of industries. Audit noticed that 7,035.471 acres of land (99 *per cent*) had not been utilised for intended purposes, as of October 2024 despite lapse of the stipulated period. The unutilised land included 1,958.145 acres, which had not been allotted by IDCO, as of October 2024. Based on test-check, the instances of non-compliance observed by Audit are discussed below:

- ***Non utilisation of land acquired for Shamuka Beach Project, Puri*:** Government of Odisha (GoO) decided to develop the Shamuka Beach Project (SBP) in Puri, to provide infrastructure facilities, such as modern hotels, amusement parks *etc.*, along the Bay of Bengal. The Collector, Puri sanctioned 1,615.36 acres of land (1,397.04 acres of private land and 218.32 acres of Government land) during 2005-07 in Sipasarubali Village under Brahmagiri Tahasil for the SBP. Out of 1,615.36 acres of land mobilised for the purpose, the Collector transferred 972.64 acres of land (acquired private land: 775.35 acres and Government land: 197.29 acres) in favour of IDCO during September 2005 to November 2006 for establishment of SBP. The land, however, remained unutilised with IDCO till October 2017, reasons for which were not on record. Remaining 642.72 acres of land was lying unallotted with the Collector.

  After almost 11 years, the GoO established (31 October 2017) the Shamuka Tourism Development Corporation Limited (STDC), a joint venture company of the Odisha Tourism Development Corporation Limited and IDCO for the development of SBP. To facilitate transfer of land by IDCO in favour of STDC, IDCO surrendered (30 December 2020) the entire land parcel of 972.64 acres in favour of RDM Department to enable it to allot the same to STDC. However, even after four years of surrender of land by IDCO, the same has not been transferred in favour of STDC (October 2024).
  During JPI (19 October 2024) of the site, it was observed that a boundary wall on some portions of allotted land and a blacktop road

[6] Odisha Thermal Power Corporation (OTPCL) and Orissa Synthetics Limited/ Reliance Industries Limited in Dhenkanal District

connecting the main road to the allotted area had been constructed[7]. Entire acquired land remained vacant and was not utilised for the intended purpose.

Audit observed that despite non-utilisation of entire land parcel of 1,615.36 acres after lapse of 18 years, the land parcel had not been reverted to the original owners or to the Land Bank in pursuance of the provisions of the RFCTLARR Act.

The Department stated (October 2025) that verification process for land allotted to industrial units through IDCO was ongoing and necessary steps would be taken after verification. The fact, however, remained that the Department had not ensured utilisation of land which had been surrendered by IDCO for allotment to STDC.

- ***Non-utilisation of land acquired for thermal power plant***: The Tahasildar-cum-LAO, Kamakhyanagar acquired 820.235 acres of private land in seven villages[8] under the Kamakhya Nagar Tahasil of Dhenkanal district for establishment of a thermal power plant by the Odisha Thermal Power Corporation Limited[9] (OTPCL). Possession of land was handed over to OTPCL during July 2015 to March 2018. As per the statutory provision, the land was to be utilised by March 2023.

  On JPI (8 August 2024) of the site, it was noticed that a Rehabilitation and Resettlement (R&R) colony had been constructed on an area of 27 acres for displaced families of the Annapurnapur Khamar (Kha) Village, and a site office of about 2,000 sqft had been constructed but the remaining land was lying unused. Thus, 820.235 acres of acquired private land had not been utillised for intended purpose, despite lapse of six to ten years since handing over possession of land.

  The Department stated (October 2025) that the matter had been intimated (August 2025) to the CEO, OTPCL by the Tahasildar and compliance report from OTPCL was awaited. The reply is not tenable as the Department/ Tahasildar concerned had not taken action for reverting the unutilised land, even though the OTPCL failed to utilise the allotted land, within the stipulated period (March 2023).

3.1.2.4 Non-resumption of unutilised leased out government land

The State Government had leased out 3,321.248 acres of Government land for the establishment of industries/ infrastructure projects, during 1983 to March 2021. The extent of use of such leased land by the lessees as of January 2025, is shown in **Table 3.1.1.**

[7] For construction of road to the SBP, an area of 22.84 acre was acquired in village Kashijaganathpur (11.19 acres) and Sankarpur (11.65 acres) under Puri Tahasil

[8] Annapurna Khamar(kha), Anlabereni, Kusumjodi, Kantapal, Aluajharan, Dhobabahali and Kateni

[9] A Government of Odisha Public Sector Undertaking

Table 3.1.1: Allotment and utilisation of land for establishment of industries/ infrastructure projects, during 1983 to March 2021

Allottee	Allotment period	Allotted area	Unutilised area/
		(In acre)	
IDCO	May 1985 to March 2021	2,876.06	2,799.686 (97 *per cent*)
BDA	August 1991 to November 2012	153.447	153.447 (100 *per cent*)
MCL	April 1996 to August 2018	128.350	128.350 (100 *per cent*)
Others[10]	1983 to December 2018	163.391	139.266 (85 *per cent*)
	Total	**3,321.248**	**3,220.749 (97 *per cent*)**

(Source: Records of RDM Department, IDCO and BDA)

Audit noticed that the allottees had utilised only 100.499 acres of the allotted land and the remaining 3,220.749 acres (97 *per cent*) of leased land remained unutilised, as of January 2025. Details of such non-utilisation are discussed below:

- The Collector, Dhenkanal sanctioned (November 2010) 193.12 acres of Government land[11] under Kamakhya Nagar Tahasil in favour of IDCO for the establishment of industry by RSB Metaltech Private Limited. On JPI (12 August 2024) of the site, it was noticed that the entire land was still lying vacant, even after lapse of 14 years of sanction. Further, although the government land had been allotted, surrounding private land/plots were not acquired/ purchased to make the site a compact patch for industrial use. In reply, the Tahasildar, Kamakhyanagar assured that IDCO would be requested for early utilisation of allotted land and stated that resumption process would be initiated, in case IDCO failed to utilise the land.

- The Collector, Jharsuguda sanctioned (August 2018) 100.850 acres of Government land[12] in favour of Mahanadi Coalfields Limited (MCL), Burla for the construction of rehabilitation site for families who were displaced due to mining operations. On JPI (August 2024) of the site, it was noticed that it had not been used for the intended purposes as no families had been rehabilitated on the land, boundary wall, cement concrete road, houses and drains that had been constructed on a small part of the allotted land, were damaged. Thus, even after lapse of six years from the date of sanction, land use as per intended purposes had not been ensured. In reply, Tahasildar, Lakhanpur assured (September 2024) that resumption process would be initiated.

- The R&DM Department and General Administration and Public Grievance (GAPG) Department allotted (August 1991 to November 2012) 153.447 acres of Government land in Jatani, Khordha and Bhubaneswar Tahasils in favour of the Bhubaneswar Development Authority (BDA) for development of housing projects, staff quarters, *etc.* Audit noted that BDA had not utilised the entire allotted land

[10] Includes government and private organisations

[11] Bhagirathipursasan: Lease case No.17/10, Khata No.204/438, area 105.42 acre; Markata: Lease case No.12/10, Khata No.110/108, area 68.04 acre; Bijadiha: Lease case No.13/10, Khata No.260, area 4.47 acre; Samatangi: Lease case No.01/10, Khata No.202/177, area 13.60 acre; & Mahulpal: Lease case No.04/10, Khata No.406/256, area 1.59 acre

[12] Chaurnimahul village under Lakhanpur Tahasil

despite lapse of 15 to 25 years from the date of handing over of possession (as of December 2024). Non-utilisation of land was attributed to non-availability of appropriate road, requirement of additional land, delay in finalisation of lease conditions, request of change in land use, delay in processing of files *etc*.

- The RDM Department, sanctioned (August 2010) lease of five acres of land[13] under the Brahamagiri Tahasil, in favour of the Managing Director, M/s Swasti Vacation Club Private Limited for the establishment of a tourist resort. On JPI (22 October 2024) of the site, it was noticed that the land was lying vacant, even after lapse of 14 years from the date of sanction, without any recorded reasons. In reply, the Tahasildar Brahmagiri assured (November 2024) that effective steps would be taken for utilisation of land, failing which resumption process would be initiated.

Thus, the Collectors concerned had not taken appropriate action to monitor end use of land allotted and not ensured timely utilisation of leasehold land. Necessary steps as per the OGLS Act had also not been taken for resumption of land remaining unutilised beyond the stipulated period, leading to non-compliance with statutory provisions.

The Department stated (October 2025) that the concerned Revenue Inspectors of Bhubaneswar and Jatani Tahasils had been instructed to verify and ascertain the utilisation position of leased out Government land. This indicated that the Department/ Collectors concerned had not monitored utilisation of allotted land for the intended purposes and taken action for resumption of the unutilised land as per OGLS Act.

3.1.2.5 Non-resumption of land which remained unutilised in the industrial estates/ areas of IDCO

IDCO established industrial estates (IEs), industrial areas (IAs), IT Parks, growth centres, *etc.*, in different parts of the State to facilitate industrial investments and provide ready-to-use infrastructure *i.e.* developed plots/sheds having roads, drains, power supply, water supply and other common facilities.

In eight sampled districts, the State Government had allotted (1981 to 2018) 5,791.212 acres of land (both acquired private land and leased out Government land) in favour of IDCO for the establishment of IEs/ IAs/ IT parks/ growth centres *etc.* The status of utilisation is shown in **Table 3.1.2.**

Table 3.1.2: Status of utilisation of land allotted by IDCO in the sampled districts as of March 2024

Name of the district	No. of Industrial Estate	Area allotted by Government	Common utility area	Area available for allotment by IDCO	Allotted area by IDCO	Unutilised area
		(In acres)				
Angul	3	90.950	29.791	61.159	50.651	6.346
Bolangir	9	719.850	205.290	514.560	372.087	88.245
Dhenkanal	6	588.770	59.286	529.484	424.406	192.529
Jagatsinghpur	5	184.030	72.131	111.899	77.397	35.018
Jajpur	2	120.230	23.890	96.340	89.660	40.870

[13] Village: Bankijal, Khata No. 364/154, Plot No. 368/1951, Kisam: Patita

Name of the district	No. of Industrial Estate	Area allotted by Government	Common utility area	Area available for allotment by IDCO	Allotted area by IDCO	Unutilised area
		(In acres)				
Jharsuguda	3	523.730	104.626	419.104	284.819	61.249
Khordha	25	3,453.652	561.515	2,892.137	2,318.279	546.589
Puri	2	110.000	22.000	88.000	89.410	23.959
Total	**55**	**5,791.212**	**1,078.529**	**4,712.683**	**3,706.709**	**994.805**

(Source: Records of the IDCO and sampled Collectorates)

IDCO had allotted 3,706.709 acres[14] in favour of 2,884 industrial units/ entities as of March 2024. Audit conducted JPI of 1,008 out of 2,884 units that were allotted 1,333.114 acres of land. In this regard, Audit observed that:

- With regard to 39 of 55 IEs/ IAs, land measuring 1,142.626[15] acres that was required for these units, had not been allotted by IDCO. This included three IEs (Palashree, Kamakhyanagar and Balarampur), where no land had been allocated despite availability of 72.79 acres. In other three IEs (Chandaka, Rasulagarh and Mancheswar), out of the allotted land of 848.309 acres, 67.642 acres was found to have been encroached. Although IDCO had identified the encroachments, eviction of the same had not been carried out. IDCO had also not requested the District Collector for eviction of encroachments.
- 971 industrial units[16], allotted with 994.805 acres of land by IDCO, had not utilised the same due to closure of units. Although IDCO had identified 612 of these closed units (as of March 2024), but no steps had been taken to resume the land allotted to them.

The Department stated (October 2025) that the Tahsildars/ Revenue Inspectors had been instructed to verify the status of land allotted in favour of IDCO in Jagatsinghpur, Khordha and Dhenkanal districts. It further added that the area acquired by IDCO at Kalinganagar (Jajpur district) would eventually be utilised by the industries for which it was allotted. The reply is not convincing, as the Department and the concerned Tahasildars had not verified utilisation of allotted land for the intended purposes.

3.1.2.6 Non-initiation of action in regard to utilisation of land for unintended purposes

Audit noticed that 252.692 acres of allotted land were utilised for purposes other than those for which the same were sanctioned, as discussed below:

With regard to IEs/IAs of IDCO, it was observed that 454 units that were allotted 237.257 acres of land for establishment of industries/allied activities, had utilised the same for purposes other than those for which allotments were made. This included 29.735 acres (13 *per cent*), utilised for residential and hostel purposes, instead of industrial purposes. Cases of misutilisation of land as noticed by Audit during test-check, are discussed below:

[14] Includes 136.652 acres of land which was allotted out of common utility area/ in excess of the area available for allocation

[15] Area available for allotment (4,712.683 acre – area allotted 3706.709 acre) + area allotted, out of common utility 136.652 acre = 1,142.626

[16] 612 from the status report furnished by IDCO and 359 from JPI

- IDCO had allotted (June 1981) 17.860 acres of land in favour of Konark Cement & Asbestos Limited (KCAL) in Chandaka IA for the establishment of a cement asbestos and pressure pipe manufacturing unit. During the JPI (February 2025) with the representatives of IDCO, it was noticed that the entire land was being used as an educational institution by Naba Digant Educational Trust (NDET), as can be seen from **Picture 3.1.1**. The request of KCAL for transfer of land in favour of NDET and change in land use, was not approved by IDCO. However, IDCO did not take action for cancellation of allotment and taking over possession of land for change in land use.

Picture 3.1.1: Educational Institution in place of Industrial unit (Date: 01.02.2025)

- IDCO allotted (July 2006) 54 acres of land in Chandaka IA in favour of DLF Limited for the development of an IT park. As per the lease agreement (November 2006) between IDCO and DLF, the latter was to design, plan, finance, market, develop required infrastructure, operate and manage the project. Audit noticed that DLF had utilised only 6.856 acres of land for development of the IT park and the remaining land had remained unutilised. As DLF failed to utilise the remaining 47.144 acres of land for the intended purpose, IDCO cancelled (July 2019) the allotment (47.144 acres), with directions to handover possession of the cancelled land.

  Subsequently, DLF requested to retain 17.19 acres of land, considering the land already used (7.19 acres had been used till December 2023) and a further 10.00 acres was proposed to be used. Permission of this was granted by IDCO in December 2023. The RDM Department, however, decided (March 2023) that DLF should surrender the entire land (54 acres) to IDCO and the latter would then subsequently re-allot 17.19 acres of land, as required by DLF. However, the land was not surrendered (January 2025). During JPI (February 2025) conducted with representatives of IDCO, it was noticed that DLF had utilised only 7.19 acres of land out of 17.19 acres, by construction of a five storied building and parking space and sub-leased the built-up space to various corporate offices, banks, IT/non-IT companies, consultancy firms and automobile companies. Remaining 46.81 acres of land was lying vacant and had not been resumed.

- The Collector, Khordha sanctioned (December 2006) allotment of 19.961 acres of land in Harapur village under the Jatani Tahasil in favour of the Odisha Millennium Education Trust, Bhubaneswar for the establishment of an IT institution. During the JPI (20 January 2025) of the land, it was noticed that two educational institutions namely G.D Goenka Public School (8.984 acres) and Bhubaneswar Institute of Technology (6.279 acres) were established on the allotted land, while 4.698 acres of land remained vacant. Thus, 8.984 acres of land allotted for establishment of the IT institution was being utilised for running a private school. No permission was granted by the lessor for such deviation in land use. The Collector had not resumed the land utilised for purpose other than that for which it was sanctioned.

- The Labour and ESI Department, Government of Odisha launched (April 2020) a scheme *viz.*, Rental Housing Complex for migrant construction workers in Urban Areas, with the objective of providing temporary affordable housing to migrant construction workers. The Collector, Dhenkanal allotted (February 2020) 0.525 acres[17] of Government land for the construction of two units of 50-bedded housing complexes. However, during JPI (September 2024) of the alienated plots/site, it was noticed that one *Kalyan Mandap* (community hall) was under construction and vending zones were already constructed on the allotted land, by the Dhenkanal Municipality. Neither any permission was accorded by the Collector for such change in land use nor was any action taken for utilisation of land for unintended purposes.

- The Collector, Dhenkanal, sanctioned (26 August 2015) permissive possession[18] of 380.10 acres of land in favour of the Divisional Forest Officer, Dhenkanal for plantation under 'Mahatma Gandhi Ausodhiya Aranya' Project at Sogar village under Kamakhyanagar Tahasil. The terms of sanction, *inter alia*, included utilisation of sanctioned land for the intended purpose, non-transfer of land to any person/ body/ institution/ disposal by any other means, reversion of land in case of non-utilisation within three years of sanction or on infringement of any of the terms and conditions of sanction.

On JPI (12 August 2024) of the site, it was noticed that Roads & Buildings Division, Dhenkanal had constructed boundary wall, double storied building, RCC structures for a water park (as can be seen from **Picture 3.1.2)** on 5.55 acres[19] of allotted land (380.10 acres). However, no permission was given by the lessor for construction of this water park, but despite this no action had been initiated by the Tahasildar for reversion of 5.55 acres of land.

Picture 3.1.2: Construction going on for a Water park instead of plantation under 'Mahatma Gandhi Ausodhiya Aranya' Project (Date: 12.08.2024)

In reply, the Tahasildar, Kamakhyanagar admitted (August 2024) the fact and assured that DFO, Dhenkanal would be requested to submit a compliance.

17 Khata No. 3714, Plot Nos. 313: 0.495 acre and 314: 0.030 acres of Dhenkanal Town

18 Handing over possession of land subject to fulfilment of certain conditions.

19 Plot Nos: 67: 0.38 acre, 70: 0.39 acre, 74: 0.38 acre, 79: 1.80 acre, 80: 1.96 acre and 81: 0.64 acre of village Rabada

Thus, end utilisation of leased out Government land/ acquired private land had not been monitored after sanction of lease/alienation or allotment of land. The deeds of agreement executed between the Collector and the IDCO were deficient, as these did not mention the period during which the allotted land was to be utilised. The Tahasildar/ district authority did not take appropriate action for reversion of allotted land which remained unutilized beyond stipulated period or was utilised for purposes other than that for which the same was sanctioned, indicating poor monitoring by the Department. Due to this, the social/financial benefits of land acquisition/allotment, that would have accrued to the State/ public/ the land owners, remained unachieved.

The Department stated (October 2025) that the concerned institutes in Khordha district and Kamakhyanagar Tahasil and all Revenue Inspectors of Odapada and Dhenkanal Tahasils had been directed to intimate the status of utilisation of land.

Recommendation 1:

The RDM Department may take effective steps for utilisation of allotted land for intended purposes within the stipulated period. In cases, where the allotted land is not utilised for the intended purpose within the stipulated period, the same may be resumed.

3.1.2.7 End utilisation of Government land not ensured due to encroachment

The Orissa Survey and Settlement Act, 1958, regulates the manner of utilisation of land as per the *kisam viz.*, agricultural, residential, commercial, industrial, communal, *gochar* (grazing land), *etc.,* recorded in the Record of Rights (RoRs). Section 7 of the Orissa Prevention of Land Encroachment (OPLE) Act authorises the Tahasildars to take action for summary eviction of encroachments of Government land. Rule 42 of the Odisha RFCTLARR Rules, 2016 provides that the State Government may, by notification, form village-wise Land Banks[20], under the charge of the Tahasildar concerned, to ensure productive use of Government owned waste land, vacant/ abandoned/ unutilised acquired lands, tax-delinquent properties and to reduce acquisition of private land.

Audit noticed that the RDM Department had not notified formation of such a Land Bank, as of March 2025. As a result, productive use of Government owned wasteland, vacant/ abandoned/ unutilised acquired lands, tax-delinquent properties, had not been ensured through the formation of such Land Banks.

Besides, effective action to prevent and evict encroachments from government lands had also not been taken. On examination of records of the sampled Tahasils, JPI of randomly selected plots and examination of land use through Odisha 4k Geo Services, it was noticed that 668.893 acres of Government

[20] 'Land bank' is under the charge of local Tahasildar, who shall maintain a village-wise Land Bank of all Government wasteland, unutilized acquired land and land to be deposited by the Requiring Body, in case of acquired irrigated double-cropped land, which shall be made available to the SIA team and expert group, as per their requirement.

land, valued at ₹597.87 crore had remained under unauthorised occupation, as detailed in **Table 3.1.3**.

Table 3.1.3: Encroachment of Government land and nature of utilisation

Nature of land	Area (acres)	Permissible nature of use	Actual use
Gochar	144.347	For livestock grazing	Commercial, Industrial, residential, Educational Institution, Religious institution, Road by NHAI *etc.*
Forest	179.802	For raising/ maintaining forest	
Water bodies (Nadi/ nala/ jalasaya, canal)	22.209	For hosting water bodies	
Communal (Road *etc.*)	10.243	For communal use	
Others (Chaka, sarad, Patita, gharabari *etc.*)	312.292	Cultivation, residence *etc.*	
Total	**668.893**		

(Source: Records of sampled Tahasils and JPI)

Audit further noticed that:

- Under commercial use, 30 hotels/ restaurants/ lodges were constructed unauthorisedly on 5.43 acres of Government land in Bhubaneswar (one), Gop (28), and Puri (one) Tahasils. Two fish farms[21] occupied 97.83 acres of Government/ deity/ Shree Jagannath Temple land under Gop and Puri Tahasils.
- In twelve Tahasils, twenty[22] private educational institutions had unauthorisedly occupied 210.76 acres of Government land.
- With regard to industrial use, substantial government land as detailed at ***Appendix 3.1.1*** was occupied unauthorisedly by various private companies in Odapada, Kolabira and Jharsuguda Tahasils.

Thus, end utilisation of Government land was not as per the manner permitted under the Orissa Survey and Settlement Act, 1958. The Tahasildars had not taken action for eviction of encroachments under OPLE Act to ensure end utilisation of land for intended purposes.

The Department stated (October 2025) that action was being taken for eviction of government land. The reply is not tenable as no effective action had been taken by the concerned authorities for eviction of the encroached/ unauthorisedly occupied land.

[21] Arya Agri & Aqua Private Limited, represented by its MD Anshuman Mohanty and Swapnasudha Aquafarm Private Limited *marfat* Director Ramachandra Raju

[22] Balianta: Oxford Public School, Secretary, PGN Public School; Bhubaneswar: Bhubaneswar Higher Secondary School of Computer Science & Technology, DAV School, Sisupal; The College of Pharmaceutical Science, Kalinga Institute of Social Science; Chhendipada: Aurobindo Sevashram School, Chhendipada and Saraswati Sishu Vidya Mandir; Dhenkanal: Ganesh Educational Institute of Management; Gop: Ghanshyam Hemalata Institute of Technology & Management/ Ghanshyam Hemalata Vidya Mandir, and Secretary, Vivekananda Sikshya Kendra Konark; Jagarsinghpur: Public School Jagatsinghpur; Jatani: Premier Nursing College and Premier Pharmacy College, Bhubaneswar Engineering College, GIFT Autonomous College, Centurion University, Aryan Institute of Engineering and Technology; Kamakhya Nagar: Secretary, Vivekananda Vidya Mandir, Ragadaguda; Lakhanpur: Saraswati Vidya Mandir; Puri: Sai Smart School; Saintala: Saraswati Shisu Vidya Mandira

Recommendation 2:

The RDM Department may form land bank as envisaged under Odisha RFCTLARR Rules, 2016 and take effective steps to prevent encroachment of government land and eviction of encroachments.

3.1.3 Conversion of agricultural land to non-agricultural land

Section 8 A of the OLR Act, read with Rule 12 A of OLR (General) Amendment Rules, 1997 permits conversion of agricultural land for non-agricultural purpose. Section 8 (1) of the OLR Act, *inter alia*, provides that a *raiyat*[23] shall be liable to eviction, if he/ she has used the land comprised in his/ her holding, in a manner which renders it unfit for the purposes of agriculture or has used the land for any purpose other than agriculture.
Rule 12 A of OLR (General) Rules, 1997 provides that, in case the area proposed for conversion comes within a master plan/ development plan area of any Development Authority (DA)/ improvement trust[24], the Tahasildar would obtain views of concerned DA / improvement trust prior to conversion of land. If, after enquiry, the Authorised Officer is satisfied that the proposed conversion is of genuine nature, he/ she may assess premium, allow conversion and convert the land for non-agricultural use after realisation of conversion fee.

Audit noticed that in 22 out of 24 sampled Tahasils[25], 72,787 conversion cases were disposed of, during 2021-22 to 2023-24. Of these, Audit test-checked 529 conversion cases in 24 Tahasils, and verified land use through Odisha 4k Geo Services and noticed the following:

3.1.3.1 Irregular conversion of agricultural land without obtaining/ ignoring views of DA

Of the 529 test-checked cases, 416 pertained to areas falling under the jurisdiction of DAs. Audit noticed that:

- In regard to 209 test-checked cases, 12 sampled Tahasildars had converted 30.353 acres of agricultural land during 2021-22 to 2023-24, without obtaining views of DAs concerned.
- In 72 test-checked cases under six sampled Tahasils[26], the DAs concerned opined that conversion of 10.712 acres of land was not permissible since the land came under agriculture/ water body/ industry/open space, public/semi-public use zone, *etc.*, in the draft Master Plan. However, the Tahsaildars concerned converted those lands, ignoring the views of DAs. Of these, in nine cases, all pertaining to Lakhanpur Tahasil, the Tahasildar allowed (August 2022 to February 2024) the conversion, noting that views of the DA had not been received or, that the DA did not have objection to conversion. Thus, the Tahasildar had wilfully allowed such irregular conversion.

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[23] A person who holds the land for the purpose of agriculture

[24] Statutory agencies established by the Orissa Town Planning Improvement Trust Act, 1956 / the Orissa Development Authorities Act, 1982 to plan, regulate and oversee the planned and sustainable growth of designated urban areas

[25] Tahasildars of Gop and Kujanga Tahasils did not furnish information on conversion of land

[26] Angul, Banarpal, Jharsuguda, Lakhanpur, Danagadi and Sukinda

- With regard to eight cases involving conversion of 0.464 acres of land under Dhenkanal Tahasil, the DA allowed conversion subject to conditions that there must be minimum 20 feet approach road to the plot and prior to conversion, the road should be handed over to the Municipality for development and maintenance. The plot/ land which did not satisfy these conditions was not to be converted to non-agricultural purpose. Audit, during the JPI (5 September 2024) found that the width of road was less than the stipulated 20 feet. It was also seen from the records of the Tahasil that the road had not been handed over to the Municipality. Thus, the Tahasildar had allowed conversion without ensuring fulfilment of the conditions put forth by the DA.

The Department stated (October 2025) that all the Tahasildars had been instructed to dispose of the conversion cases after obtaining the views of concerned Development Authorities/ Regional Improvement Trusts. The reply is however, silent about the action to be taken against the erring officials.

3.1.3.2 Delay in preparation of master plan and consequential unplanned urbanization

Section 29 of the Orissa Town Planning and Improvement Trust (OTP&IT) Act, 1956, required submission of a Master Plan by the planning authority for any area notified by the State Government, within four years from the date of notification.

Audit noticed that there were inordinate delays in the preparation of Master Plans by three DAs, as discussed in **Table 3.1.4.**

Table 3.1.4: Status of preparation of Master Plan/CDP by the sampled DAs, as of December 2024

Name of Authority	Area notified/ date of notification	Status of master plan/CDP
Dhenkanal Regional Improvement Trust (DRIT)	Dhenkanal and Hindol Tahasils comprising 200 villages **(June 2016)**	The DRIT had engaged (December 2015) M/s Rudrabhishek Enterprises Private Limited (REPL) for preparation of the Master Plan. The REPL submitted (June 2022) the draft Master Plan but decision in regard to change of horizon from 2030-2040 was pending with DRIT. Master plan had thus not been approved (December 2024).
DRIT	Kamakhyanagar NAC covering eight villages[27] **(December 2016)**	The Directorate of Town Planning (DTP), Odisha Bhubaneswar had provided (December 2016) ₹6 lakh for preparation of Master Plan of Kamakhyanagar, but the amount remained unspent with DRIT (August 2024). The DRIT did not take action for preparation of Master Plan. Reasons for the delay were not on record. The DRIT handed over (September 2023) cadastral map of eight villages and other documents supplied by ORSAC to the Executive Officer, Kamakhyanagar NAC for preparation of Master Plan of Kamakhyanagar. The Master Plan was, however, not prepared (December

[27] Altuma, Indipur, Jiramalia, Kamakhyanagar, Kanhupura, Mundideuli, Rekula, Saradhapur

Name of Authority	Area notified/ date of notification	Status of master plan/CDP
		2024)
Puri Konark Development Authority (PKDA)	The PKDA region comprising 131 revenue villages[28]. Additional 65 villages of Brahmagiri, Gop, Puri and Satyabadi Tahasil were notified for inclusion within PKDA area/ **(June 2018)**	Integrated Development Plans for 50 villages of Puri Municipality and Puri Sadar area, and seven villages of Konark were published during March and September 1998, respectively to invite objections/suggestions from the general public. After more than 10 years, the PKDA engaged (February 2009) Centre for Environmental Planning & Technology (CEPT) to prepare a Comprehensive Development Plan (CDP*) by October 2010. Final CDP for 92 villages[29] submitted (April 2023) by CEPT was approved by PKDA in June 2023. However, PKDA had not submitted the CDP for approval of Government (December 2024).
Bhubaneswar Development Authority (BDA)	Master plan for extended BDA area covering 364 additional villages of Balianta, Balipatna, Begunia, Bhubaneswar, Jatani, Khordha, and Pipili Blocks/ (**July 2011)**	The BDA had prepared and notified the CDP for 205 villages in 2010. In 2011, 364 additional villages were included in BDA jurisdiction. The BDA engaged (April 2022) M/s All India Institute of Local Self Government (AIILSG) for preparation of GIS-based CDP for 364 villages for the horizon year 2040. The agency submitted draft CDP in March 2023. The BDA has notified (2 March 2024) the Draft GIS based CDP for extended area of Bhubaneswar, inviting objections/suggestions from the public. However, the final CDP had not been prepared, as of December 2024.

(Source: Records of the sampled DAs)

* CDP and Master Plan are the same. Earlier the term "Master Plan" was used, now the term "CDP" is being used. Both relate to the Development plan.

Thus, the Master Plans/CDPs for 768 villages, stipulated for completion during July 2015 to June 2022, were not finalised (December 2024). Since utilisation of land is dependent upon and regulated as per the land use pattern outlined in the Master Plan/ CDP, such delay in preparation of Master plans/CDP and conversion of agricultural land without any land use plan, led to unplanned urbanisation, as discussed in the following paragraphs.

The Department stated (October 2025) that based on the representation of the agency (REPL), the Collector and District Magistrate of Dhenkanal had extended (March 2025) the contract period for six months without any additional contract value. If the agency failed to prepare the Master Plan, the amount already paid would be recovered with interest and steps would be initiated for blacklisting the firm. In respect of Kamakshyanagar, the Department stated that the firm had completed the first survey and submitted

[28] Covering the Puri Municipality and Puri Sadar area (50 villages), Konark NAC area (seven villages), Block A (intervening area between Puri and Konark:21 villages), Block B (area after Konark:14 villages) and the special institution zone (SIZ) area (39 villages).

[29] Excluding 39 villages included under SIZ for Vedanta University and additional 65 villages included in June 2018

the land use map and draft master plan was yet to be prepared by the agency. However, no reply was furnished by the Department in respect of PKDA and BDA.

3.1.3.3 Irregular utilisation of land in deviation of CDP of Bhubaneswar and Puri

As per CDP of Bhubaneswar approved in 2010, conversion of land was restricted in the Environment Sensitive (ES) zone, while constructions were not permissible in the Special Heritage zone (Protected monuments and Precincts). Further, as per draft CDP of Puri, construction of permanent structure was prohibited in the conservation (forest) use zone and construction of sports infrastructure/ stadium was restricted in the commercial zone.

Audit noticed that in violation of the permissible land use pattern prescribed in CDPs of Bhubaneswar and Puri, 31.124 acres ***(Appendix 3.1.2)*** of land, as shown in **Table 3.1.5,** had been utilised for restricted/ prohibited activities.

Table 3.1.5: Use of land in violation of the 'land use plan' permitted under CDP

Name of Tahasil	Name of village	Land use plan as per CDP	Area in acre	Nature of Utilisation
Balianta	Bhubanpur	Environmental sensitive zone	1.450	Educational institute
Bhubaneswar	Bankuala		1.715	Residential
	Bargarh		0.470	Commercial
	Basuaghai		1.183	Residential/ commercial
	Dadha		2.134	
	Pandara		6.818	Educational/ commercial
	Raghunathpur		4.704	
	Sisupal	Special Heritage Zone	1.070	Residential
Puri	Balukhanda	Forest	1.000	Government buildings[30]
	Balukhanda, Unit 34	Commercial	10.58	Sports infrastructure[31]
	Total		**31.124**	

(Source: Results of JPI and records of Tahasildars of Bhubaneswar and Puri)

In regard to Puri Tahasil, the PKDA had intimated (June 2018 and December 2022) the Tahasildar that the lands proposed for alienation in favour of government departments, were coming within Forest and Commercial use zone. However, disregarding the views of PKDA, the Collector alienated 1.00 acre of land coming within conservation (Forest use) zone in favour of the two departments of the Government.

In case of Balukhanda Unit 34, pending sanction of alienation of land, the Sports and Youth Services Department, GoO constructed sports infrastructure in a Commercial zone, which was not permissible as per the draft CDP of Puri.

Due to the above, the main objective of preparation of CDPs by BDA and PKDA *i.e.* ensuring planned and systematic development of the areas under their jurisdiction, was defeated.

The Department stated (October 2025) that compliance from the concerned Tahasildar had been sought for.

[30] Office building and laboratory by FS &CW Department (Plot No.1149/10688, 0.50 acre) and Gram Nyayalaya by Law Department (Plot no. 1149/10686, 0.50 acre)

[31] Shree Jagannath Cricket Stadium by Sports and Youth Services Department (Plot No. 10: 8.58 acres and Plot No.10/162(p): 2.00 acres)

3.1.3.4 Conversion of agricultural land to homestead land without having access to the converted plot

Rule 31 of the Odisha Development Authorities (Planning and Building Standards) Rules, 2020, provides for accessibility by a public or private street of width not less than six meters, for development of homestead plots. As such, the Tahasildars, were required to ensure availability of genuine accessibility (authorised approach road) to the plots before allowing conversion of land from agriculture to non-agriculture use.

On verification of records and JPI (January 2025) along with representatives of Tahasildars, Audit found that the Tahasildars of two sampled Tahasils *viz.*, Balianta and Jharsuguda had converted 10.085 acres[32] of agricultural land (during 2011 to 2023) to homestead category, without availability of genuine approach roads to the converted plots. Based on the above instances, Audit observed the following:

- In all the three instances relating to Balianta Tahasil, the Revenue Inspector (RI) had furnished reports that road connectivity existed between the existing road and the converted plot, based on which the Tahasildar had allowed conversion. The reports of the RI were factually incorrect to the extent that in all these three instances, there were Government lands in-between the existing road and the converted plots and thus, there was no actual connectivity, as noticed by Audit during the JPI. This further indicated that either the RI had not conducted field visit or had prepared a fraudulent report to facilitate conversion.
- On JPI (30 January 2025) of 3.395 acres of land of Puran Padhan village, it was seen that an educational institution was established on the converted land. The institution had unauthorisedly occupied Government land of 0.615 acres (Plot No. 261 fully and Plot No. 263 partially) and was using the same as road for establishing connectivity between the nearby road and the converted plots. It was further seen during JPI that one fly ash bricks manufacturing unit was operating on the 1.04 acres of land (Plot No. 4/826), where Government land (Plot No. 13, *kisam* Nayanjori) was between the existing road and the converted plot.
- Regarding 2.41 acres of land of Pratapsasan and Nagpur Sasan Village, Plot Nos. 4643 and 984 were connected to the main road through private Plot No. 4654 and Government Plot no. 4657 (kisam Nayanjori). The private plot was used as a road, which was actually agricultural land. In regard to Plot no. 984, the conversion case was rejected twice in July and August 2022, by the Tahasildar due to non-availability of road to the plot. However, conversion was allowed in January 2023, despite non-availability of connecting road.

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[32] Balianta: Plot Nos. 262, 257, 298, 299 and 253/1256 of Puranpadhan village (3.395 acre); Plot Nos. 4/826 of Satyabhamapur Village (1.04 acre) & Plot No. 4643 of Pratapsasan village (1.25 acre) and Plot No.984 of Nagapur Sasana village (1.16 acre); Jharsuguda: Plot Nos. 578, 573/1289, 577/1290, 577/1293, 577/1294 and 579/1291 of Kumbhari village (3.24 acre)

- In case of Jharsuguda Tahasil, the applicant had not mentioned the purpose for which 3.24 acres of land was to be utilised after conversion. The Revenue Inspector had not reported to the Tahasildar regarding availability of access to the plots that were proposed for conversion. Without ensuring availability of access to the plots, the Tahasildar converted (January 2019) the plots. Subsequently, the converted land was acquired (October 2020) by IDCO for establishment of a Thermal Power Plant by M/s NLC India Limited and compensation was paid (November 2023) as per *Gharabari kisam* of land. As such, the land was converted irregularly without any access and without any purpose of utilisation, which led to payment of higher compensation to the land owner.

The Department stated (October 2025) that the Tahasildar, Jharsuguda had instructed all the concerned Revenue Inspectors to re-verify accessibility to the converted plots, and to take necessary action after receiving the report from the Tahasildar. However, no reply was furnished by the Department for cases under Balianta Tahasils.

3.1.3.5 Irregular utilisation of 504.768 acres of agricultural land for non-agricultural purpose

On examination of records of Tahasildar, status of land use with satellite data and cadastral (Revenue) maps through Odisha 4k GEO services, and JPI of randomly selected plots, it was noticed that 504.768 acres of agricultural land were utilised for non-agricultural purposes by construction of residential buildings/ projects/ apartments, hotels/restaurants, educational institutions, fly ash brick units, brick kilns, cement concrete mixture unit, commercial organisations/ shops *etc.* Category-wise land use is shown in **Chart 3.1.1**:

Chart 3.1.1: Category-wise use of agricultural land

Purposes for which utilised	No. of plots	Area in acre
Commercial	213	260.079
Educational institution	100	53.611
Industrial	53	32.934
Religious organisation	11	25.38
Residential	235	132.764
Total	**612**	**504.768**

Audit further observed following:

- Under commercial use, a number of hotels/ restaurants were constructed on agricultural land (162.531 acres) in Sipasarubali Village[33] of Brahmagiri Tahasil; Badanuagaon and Padanpur villages

[33] Brahmagiri Tahasil: Jeevan Sandhya, Empires, Rupashree Bangla, Blue Lily, Ashiana lagoon, Sterling, The Charriot Resort & Spa, Ananya Celebrations (space for social functions/ corporate events, spa, open lawn, parking place *etc.*), Taj Puri Resort and Spa, Four Waves, Sea queen, Krishna Sight and Resorts, Pipul Hotels and Resorts, Seven hills, Kosal, Retreat, Anand Bhawan, Blue Moon, Regenta Central, Niladri Premium, Shakti Horizon, The Bay Suits, NRS Royal Palace, Sagar Vihar Homestay, Sea Horizon, Lucky India in Sipasarubali village

of Jatani Tahasil[34]; Dadha, Raghunathpur and Sundarpur Villages of Bhubaneswar Tahasil[35].

- Similarly, Kalyan mandaps/ marriage mandaps, picnic venues, sports arenas, eco stays, clubs, *etc*., were constructed on 10.692 acres of agricultural land under three[36] Tahasils.
- In Bhubanpur and Ramachandrapur villages of Balianta Tahasil, Brick Kilns were established on 14.050 acres of agricultural land.
- Under Puri Tahasil, 24.605 acres of agricultural land was utilised for construction of three water parks without conversion of land.
- In five Tahasils, nine educational institutions[37], had utilised 49.837 acres of agricultural land for non-agricultural purposes by construction of institute buildings and ancillary infrastructure.
- In Mangalpur Village of Odapada Tahasil and Raghunathpur Village of Kolabira Tahasil, two private industries[38] had utilised 18.223 acres of agricultural land for industrial purposes without conversion.
- In Sipasarubali Village under Brahmagiri Tahasil, religious institutions had utilised 23.890 acres of agricultural land for non-agricultural purposes, without conversion of land, as noticed during JPI (October 2024) of plots.
- As noticed during JPI (November 2024 and January 2025) in Jatani and Puri Tahasils, six real estate projects[39] had utilised 8.836 acres of agricultural land for construction of apartments/ roads to apartments without conversion.

In reply, 11 Tahasildars (Bhubaneswar, Brahmagiri, Darpan, Dhenkanal, Jatani, Kamakhyanagar, Kolabira, Gop, Odapada, Puri and Saintala) assured (August 2024 to March 2025) that action would be initiated under Section 8(1)(C) of OLR Act for unauthorised utilisation of agricultural land for non-agricultural purpose.

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[34] Jatani Tahasil: M/s Fork and fire restaurant, Hyderabadi Biryani House in Badanuagaon village and Hotel Land Mark in Padanpur village

[35] Bhubaneswar Tahasil: Tara Dhaba, Red Leaf Restaurant, Hotel Midland Yard/ PK Palace in Dadha Village; Hotel Hindustani in Raghunathpur Village and Hotel M/s Bangalore Express in Sundarpur Village

[36] 1) Balianta: Shree Convention in Pratapsasan village; 2) Bhubaneswar: Brindaban Garden Marriage Venue in Raghunathpur Village, M/s Crystal Attairs in Bargarh village and 3) Puri: J&M Paradise in Balukhanda Village

[37] Balianta and Bhubaneswar Tahasil: Hitech group of Institution, Bhubanpur and Pandara village; Dhenkanal Tahasil: Synergy Institute, Dhenkanal; Kamakhyanagar Tahasil: Intechgrator Education Pvt limited Bhagirathipursasan; Jatani Tahasil: Adyanta +2 Science College Bhatakhuri village; Konark Institute of Science and Technology, Sandhapur Village; Gandhi Institute of Technological Advancement Autonomous College; Badaraghunathpur and Gadajagasara village; Temple city Institute of Technology and Engineering and Moharaja Polytechnic, Manipur and Taraboi Village; Jharsuguda Tahasil: Maa DAV School, Jharsuguda Unit 5

[38] Rimjhim Ispat Limited, Mangalpur: 10.083 acre and Jay Hanuman Udyog Limited, Raghunathpur: 8.140 acre

[39] Jatani Tahasil: Subash Riya Residdncy Apartment, Orakal Village; Puri Tahasil: Shreehari Vihar, Alikia and Bharatipur village; Brundaban Farmhouse, Batagaon Village; Tulsi Vihar & Mahodadhi Resorts, Samanga Village; Jay Santoshi Maa Infrastructure, Sankarpur Village

The Department stated (October 2025) that Tahasildars had been instructed to take necessary action as per law. The reply indicates that there was a need to strengthen monitoring by the concerned Tahasildars/ Department to ensure utilisation of agricultural land for the intended purposes, after allotment.

Recommendation 3:

The RDM Department may ensure that conversion of agricultural land may be done after following the due procedure. Further, a robust mechanism may be adopted to prevent unauthorised use of agricultural land for non-agricultural purpose and strict action may be initiated to limit the same.

3.1.3.6 Irregular sub-division of land coming within Development Authority area

Section 15 of the Odisha Development Authorities Act (ODA), 1982 prohibits sub-division of land without obtaining written permission from the DA concerned. The RDM Department instructed (June 2011 and February 2022) all Collectors to take steps to initiate proceeding for eviction under Section 8 of OLR Act, in cases, where instances of sale of agricultural land through plotted housing schemes were noticed. Thus, sub-division of any land, coming within the DA area required prior approval of the DA concerned.

Audit noticed that in eight[40] sampled Tahasils, 21.882 acres of agricultural land coming under DA area were recorded in 14 original plots. The land owners concerned had sub-divided the land into 321 sub-plots and sold these to different persons for housing purpose, without obtaining approval of DAs. The Sub-Registrars concerned allowed such sale transactions and the Tahasildars mutated such land and corrected RoR in favour of the purchasers of sub-plots. Subsequently, the Tahasildars had also converted 1.36 acres of the above land to *Gharabari.*

Thus, such actions of the Sub-Registrars and Tahasildars were in violation of the provisions of the ODA Act and instructions of the RDM Department.

The Department stated (October 2025) that Tahasildars in Khordha district had been directed to avoid mutation and conversion of sub-plots as per notification of R&DM Department. No specific reply was furnished in respect of Jharsuguda District. The fact however, remained that the concerned Sub-Registrars/ Tahasildars had not followed the ODA Act and had irregularly allowed sale and mutation of sub-plots.

3.1.4 Irregular utilisation of forest land for non-forest activities

As per Section 2 of the Forest Conservation Act, 1980, no State Government or other Authority shall issue, except with prior approval of the Government of India (GoI), any order directing that forest land or any portion thereof may be used for any non-forest purpose. As per Section 3 of Forest Conservation Act, 1980, contravention of any of the provisions of Section 2, shall be punishable with simple imprisonment for a period which may extend to fifteen days. Where any offence under this Act has been committed by any

[40] Balianta, Bhubaneswar, Brahmagiri, Dhenkanal, Gop, Jatani, Jharsuguda and Puri

department of Government or by any authority, they shall be liable to be proceeded against and punished accordingly.

For diversion of forest land for non-forest use, the State Government submits FRA (Forest Right Act) certificate[41] to GoI. The State Government is also required to certify that discussions and decisions on such proposals had taken place in the meetings of the Gram Sabhas, in the presence of minimum 50 *per cent* of members. The GoI approves forest diversion in two stages (Stage I and Stage II)[42].

Audit noticed that in six sampled Tahasils (Bhuban, Bhubaneswar, Brahmagiri, Dhenkanal, Jatani and Odapada), 568.876 acres of forest land were utilised for non-forest activities like industrial, institutional, commercial, residential *etc*., without prior approval of the Central Government, as discussed below:

(a) The RDM Department allotted 516.39 acres of land in favour of IDCO for establishment of three IEs in Dhenkanal district, which included 207.84 acres of forest land. The area of IEs and area of forest land therein, are shown in **Table 3.1.6**.

Table 3.1.6: Establishment of IEs in Dhenkanal District

Name of the IE	Area of IE	Area of forest land	Percentage of forest land
	(In acres)		
Bhuban	20.00	20.00	100
Gundichapada	459.10	173.24	38
Mahisiapat	37.29	14.60	39
Total	**516.39**	**207.84**	**40**

(Source: Records of IDCO and JPI)

As may be seen from **Table 3.1.6**, entire Bhuban IE, 38 *per cent* of Gundichapada IE and 39 *per cent* of Mahisiapat IE were established on forest land. Without ascertaining the kisam, forest land was allotted in favour of IDCO and the latter subsequently allotted such forest land to different units/ industries, thus contravening statutory provisions.

(b) The General Administration Department had allotted 75.0696 acres of forest land during 1978 to 1992 under Bhubaneswar Municipality area, in favour of BDA and the Odisha State Housing Board (OSHB), for residential and commercial use. Subsequently, the two authorities allotted the land in favour of different people/ entities for residential and commercial purposes. The BDA and the OSHB had applied (December 2016 and September 2020 respectively) for diversion of the forest land for residential and commercial use. Audit noticed that out of the 75.0696 acres of forest land allotted in favour of BDA, the District Level Committee (DLC) had approved (July

41 Certifying that: (i) the complete process for identification and settlement of rights under the FRA, had been carried out (ii) the diversion proposal had been placed before each concerned Gram Sabha (GS) of forest dwellers, (iii) a letter from each of the concerned GSs had been received, indicating that all formalities under FRA, had been carried out and they had given their consent to the proposed diversion.

42 At stage I, the proposal is agreed to in principle subject to fulfilment of certain conditions relating to compensatory afforestation, payment of net present value *etc*. After receipt of report from the State Government regarding compliance with the stipulated conditions, final approval *i.e.* Stage II clearance is given.

2018) issue of FRA Certificate for 12.944 acres[43], for diversion of forest land. However, no such permission to divert forest land had been granted by GoI (January 2025). In reply, the Tahasildar Bhubaneswar assured that appropriate action would be taken to ensure end utilisation of forest land for the intended purpose.

(c) The RDM Department sanctioned (December 2006) lease of 20.00 acres of Government land in village Harapur under Jatani Tahasil of Khurda District in favour of Orissa Millennium Education Trust, Bhubaneswar for the establishment of an Information Technology institution. This included 8.984 acres of forest land (Khata no. 213/297, Plot No. 24/809, *Kisam: Gramya Jungle*) which was utilised for non-forest activities *i.e.* establishment of a private school. Permission for use of forest land for non-forest purposes was not obtained from GoI.

(d) As pointed out at ***Paragraph 3.1.2.7***, 668.893 acres of government land were occupied unauthorisedly. The unauthorisedly occupied government land, included 179.802 acres of forest land which was occupied by different industrial organisations/educational institutions[44], National Highway Authority of India and private persons, without prior approval of GoI for use of forest land for non-forest purpose. One of the test checked cases examined by Audit, is discussed below:

Unauthorised use of 10.000 acres of forest land by KISS

As seen from records of Tahasildar, Bhubaneswar, Kalinga Institute of Social Sciences (KISS) was occupying 10.000 acres[45] of forest land unauthorisedly in Pathargadia village of Bhubaneswar Tahasil. The Tahasildar, Bhubaneswar had instituted encroachment case bearing no. 640/2011 against KISS and realised (August 2012) penalty of ₹ 0.30 lakh from them. Further, on application by KISS, the Tahasildar also instituted a case bearing no. 02/2014 for lease of land in favour of KISS. Subsequently, the Tahasildar submitted (12 February 2018) a joint demarcation report[46] to the sub-collector, Bhubaneswar stating that the encroachments by KISS had been evicted, possession of the government land was taken over and display board indicating property of government, was affixed on the site.

However, in May 2019, the Divisional Forest Officer, Chandaka Wildlife Division Bhubaneswar reported that KISS had constructed building for academic block, vocational block, hostel and roads on the forest land. As such, the KISS authorities continued to occupy the land and the report submitted by the joint verification team was incorrect/false. Thus, KISS continued to violate

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43 Plot No. 36: 5.356 acres, 36/2099: 7.358 acres and 925: 0.230 acres

44 Industrial organisations : BRG Iron and Steel, GMR Energy Limited, Rimjhim Ispat Limited, Sakti Sugar Limited/ Indian Potash Limited, Tata Steel Limited; Fortis Chemical Pvt Limited, Odisha Metalics Pvt Limited and NLC India Limited; educational institutions : Ghanshyam Hemalata Institute of Technology & Management/ Ghanshyam Hemalata Vidya Mandir and Kalinga Institute of Social Sciences

45 *Sabik Khata* No. 420, Plot No. 541, area: 10.00 acre, *kisam*: Chhota Jungle

46 Report prepared by a joint verification team (conducted on 5 February 2018) comprising of Additional Tahasildar, Bhubaneswar; Revenue Supervisor, Bhubaneswar; Revenue Inspector, Chandaka; *Amin*, Bhubaneswar Tahasil; *Amin*, Major Settlement, Cuttack; Forester, Bhubaneswar Wild Life Division and KISS staff

Forest Rights Act and occupied land in connivance with the departmental staff/ officers.

The GoI, while according Stage I clearance for diversion of forest land instructed (September 2021) the Collector, Khordha to initiate action against erring officials of the Revenue Department, who were responsible for the violation. However, the Collector, instead of taking action against erring staff/officers, intimated (January 2024) GoI that the Tahasildar Bhubaneswar had taken action under provisions of OPLE Act. Although the OPLE Act deals with eviction of encroachment, the report of the Collector did not specifically mention if the encroachments by KISS of forest land had been removed.

Audit noticed (February 2025) that no such eviction had been carried out by the Collector, and the forest land remained under the occupation of KISS. GOI accorded (21 February 2024) Stage II approval for diversion of forest land, but advised (16 June 2024) the Collector, Khordha to keep the process in abeyance, as complaints had been received about improper compliance with the Forest Rights Act.

(e) Audit examined list of DLC forest[47] area in Sipasarubali village of Puri district and conducted JPI (October 2024) with representatives of Tahasildar, Brahmagiri and Additional Sub-Collector, Consolidation, Puri. Audit noticed that 97.180 acres of DLC forest area, recorded in the name of different private persons were utilised for non-forest activities by construction of residential buildings/ apartments/ housing projects, hotels, Spas, commercial structures, religious structures, *etc.* The Additional Sub-Collector, Consolidation, Puri had irregularly converted 7.24 acres[48] out of 97.180 acres of DLC forest land, without the approval of GoI. The PKDA had also given permission for conversion of such land and approved building plans for construction of apartments/ commercial structures on DLC forest land. **Pictures 3.1.3 & 3.1.4** show two such structures, constructed on DLC forest land (*sabik* Plot Nos. 270 and 268).

Pictures 3.1.3 & 3.1.4: Multistoried buildings constructed on DLC forest land of Sipasarubali village (Date: 22.10.2024)

In reply, the Additional Sub-Collector, Consolidation, Puri assured that appropriate action would be taken in consultation with DFO, Puri for irregular utilisation of forest land for non-forest purpose.

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47 Forest areas identified by District Level Committees (DLCs) as per the Supreme Court's order in W.P (C) No. 202/1995, which include both government and private lands with natural vegetation or plantations

48 OLR case Nos. (41/19, 40/19, 74/19, 42/19, 01/19, 122/20, 15/22)

(f) The RDM Department, sanctioned (November 2023) lease of 20.95 acres of land[49] in favour of NLC India Limited for the establishment of R&R Colony with the stipulation that before execution of lease deed, the Collector, Jharsuguda would ensure that the land was not included in the DLC Forest List. However, as the land was included in the DLC List, the Collector instructed (December 2023) the Tahasildar, Jharsuguda to intimate NLC Limited to obtain approval under the Forest Conservation Act, 1980 for the suit land or to file alternate lease proposal. With regard to sanctioned land, Audit noticed that no lease deed was executed and possession of sanctioned land was not handed over to NLC Limited. NLC Limited had also not deposited any land premium. However, during JPI (3rd September 2024), it was noticed that NLC had already constructed R&R colony on 20.95 acres of forest land without obtaining approval of Government of India for diversion of forest land.

Thus, in violation of Forest Conservation Act, 568.876 acres of forest land were utilised for non-forest activities without prior consent of the GoI. Such violation of Forest Conservation Act required accountability to be fixed and penal action taken under Section 3 of the Act against the authorities who permitted such conversions.

The Department stated (October 2025) that 10 acres of Government land had been resumed and detailed examination of unauthorised occupation of forest land by KISS was being taken up by the concerned authorities. Further, necessary steps had been taken by concerned authorities of Dhenkanal district to obtain forest clearance under Forest Conservation Act, 1980. The reply is however, silent about the action to be taken against the erring officials regarding irregular allotment of land.

3.1.5 Irregular utilisation of land within Wildlife Sanctuary and Eco Sensitive Zone

Section 18 of Wild Life Protection Act, 1972 authorised the State Government to declare its intention to constitute any area other than an area comprised within any reserve forest or the territorial waters as a sanctuary, if it considers that such area is of adequate ecological, faunal, floral, geomorphological, natural or zoological significance, for the purpose of protecting, propagating or developing wild life or its environment. As per Section 20 of the Act, after issue of a notification under Section 18, no right shall be acquired in, on or over the land comprised within the limits of the area specified in such notification, except by succession, testamentary or intestate.

The erstwhile Forest, Fisheries and Animal Husbandry Department, Government of Orissa notified (April 1984) the area of Balukhanda-Konark Wild Life Sanctuary (BKWLS) for the purpose of protection, propagation, development and research on Wild Life.

In a meeting (22 March 2018) held under the Chairmanship of Collector, Puri for Eco Sensitive Zone (ESZ) of BKWLS, the Tahasildars of Gop and Puri Sadar were instructed not to go for lease, alienation or convert kisam of any land coming within the sanctuary or ESZ, based on the sale deed done earlier. They were also instructed to ensure that under no circumstances should the

[49] Village: Hirma, Khata No, 252, Plot No. 1801/4309 under Jharsuguda Tahasil

land use be changed either in the sanctuary or in the ESZ area. The Sub-registrars of Puri Sadar and Gop were instructed to ensure that no sale transaction was done in individual name or for commercial activity within the limit of the sanctuary or ESZ.

In this regard, Audit observed the following:

3.1.5.1 Irregular sale of land within the Wildlife Sanctuary area

Audit scrutiny revealed that 13.65 acres of land (Plot Nos. 2494: 6.85 acres and 2495: 6.80 acres) of Chhaitana village coming within BKWLS area, were sold while disregarding the stipulations made in the Wild Life Protection Act, as discussed below:

- An area of 6.85 acres with kisam *Bagayat*-3 was recorded in the name of Dibyasingha Mishra as per final RoR published (April 1999) by the Consolidation Officer, Puri. The plot was within BKWLS area. Shri Mishra sold 6.7104 acres of the said land by making 75 sub-plots to different persons during 2017 to 2025. Even after issue of instructions in the ESZ meeting (March 2018), the Tahasildar allowed mutation of land (6.85 acre) in 36 cases during 2019-2025. Further, 1.086 acres of this land had been converted to *Gharabari*. As seen during JPI (6 November 2024), entire plot was covered with compound wall and moorum roads were provided to the sub-plots. Small boundary/ demarcation walls had also been constructed for the sub-plots. Constructions of three *pucca* buildings were under progress, as of November 2024. The PKDA had booked (2022-23) unauthorised construction (UC) cases[50] for construction within the sanctuary area and issued notices to stop construction activities. However, despite this, the construction had not stopped yet (November 2024).
- Similarly, an area of 6.80 acres bearing Plot no. 2495 of Village Chhaitana was recorded in the name of Indira Petroleum Limited as per RoR published by the Consolidation Officer, Puri. Though the plot came within the BKWLS area, the Tahasildar had converted the land to Gharabari in OLR Case No. 01/12[51]. Out of 6.80 acres, 6.50 acres were sold to the Uttaranchal Engineering Private Limited (UEPL) and the Tahasildar mutated the same in Case No. 775/2012. The UEPL further sold (10 April 2023) the land to a private party Sh. Prabas Harekrishna Behera. The Additional Tahasildar, Gop again allowed (17 April 2023) mutation *vide* Case No. 1014/2023. Thereafter, Shri Behera sold 3.4449 acres of land to 81 persons, while the remaining 3.0551 acres of the said plot were available with him. On JPI (6 November 2024) of the plot, it was noticed that compound wall, covering original Plot No. 2495 had been constructed. Also, original Plot No.2495 was divided into sub-plots by erection of demarcation pillars and provision of moorum roads. Labour shed/site office were also constructed, while two buildings were under construction.

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[50] UC cases Nos 29/2022: Sarojini Bhuyan, 30/2022: Ananda Kumar Mohapatra, 05/2023: Ashish Mohanty, 04/2023: Ananda Chandra Das and 07/2023: name not recorded

[51] Concerned case record could not be produced on the plea that the plot was converted by Tahasildar, Puri prior to creation of Gop Tahasil and case record was available with Tahasildar, Puri

Thus, in contravention to the statutory provision and instructions of the Collector, Puri, sale transaction of 13.65 acres of land, falling within the limit of BKWLS area was made. The Sub-Registrar, Gop had allowed such sale transactions and the Tahasildar, Gop had corrected record of rights of such land initiating mutation cases. Subsequently, the Tahasildar had also converted kisam of land located within the sanctuary area for residential/ commercial use.

Due to the above, the purpose of constitution of wild life sanctuary area *i.e.* for protection, propagation, development and research on wildlife was defeated.
In reply, the Tahasildar Gop assured that suo-moto mutation appeal would be initiated before Sub-Collector/ ADM Puri for cancellation of mutation and conversions allowed in sanctuary areas.

3.1.5.2 Irregular utilisation of land coming within Eco Sensitive Zone of Wild Life Sanctuary

The National Environment Policy (2006) defined the Eco-Sensitive Zones (ESZ) "as areas/zones with identified environmental resources having incomparable values which require special attention for their conservation". In order to protect the environment and the biological integrity of the area outside the protected areas, the Ministry of Environment, Forest and Climate Change (MOEFCC) declares such areas as Eco-sensitive zones/ areas. The ESZ notifications provide list of prohibited, restricted and promoted activities to be undertaken within the ESZ.

The MOEFCC, GoI notified (September 2016 and May 2017) Chandaka Dampara Wild Life Sanctuary (CDWLS) covering Cuttack and Khordha districts and Balukhand-Konark Wild Life Sanctuary (BKWLS), as ESZ. As per ESZ notification, no new constructions of any kind were to be permitted within the ESZ, except for the domestic needs of local residents. No new solid waste disposal site and waste treatment/ processing facility of solid waste was also permitted within ESZ. The notifications further added that no new commercial hotels and resorts would be permitted within ESZ area, except accommodation for temporary occupation of tourists related to eco-friendly tourism activities.

Audit observed following deficiencies in regard to utilisation of land in ESZs:

(a) Irregular mutation and change of land use within ESZ of BKWLS

As per RoRs maintained by Tahasildar, Puri, an area of 17.75 acres of land[52], which came within ESZ of BKWLS was recorded in the name of Crackers India Infrastructure Limited (CIIL), a private company. CIIL further sold (4 January 2018) 16.15 acres of this land to the Swami Narayan Mandir Trust (SNMT). The Tahasildar,

Picture 3.1.5: Construction underway for Swami Narayan Mandir Trust (Date: 19 November 2024)

[52] Village: Balukhanda, Plot Nos. 1567, 1567/11553, 1565 and 1566 under Puri Tahasil. The land was converted for residential use during 2007, but had remained vacant

Puri allowed (21 August 2024) mutation of 16.15 acres of land and corrected (September 2024) RoR in favour of SNMT. The remaining 1.6 acres of land remained with CIIL. JPI (19 November 2024) of the plots/site revealed that the entire 17.75 acres of land, as shown at **Picture 3.1.5** was covered with boundary wall and permanent and temporary structures, paver block road, temple, parking place, security chamber *etc.*, while further constructions for the Swaminarayan Temple by SNMT continued.

Audit noticed that in deviation to the instructions given (March 2018) in the ESZ monitoring meeting, the Tahasildar, Puri mutated (August 2024) the land in favour of SNMT and land use was changed by SNMT. Due to this, the objective of notification of ESZ *i.e.* to protect the environment and minimize negative impact of human activities on protected areas, was defeated.

(b) The Executive Officer (EO), Puri Municipality applied (May 2020) for alienation of 5.00 acres of land[53] for construction of a modern fish market and treatment of waste product. The ESZ Monitoring Committee[54] permitted (September 2020) construction of the fish market on the plot with the stipulation that no solid or liquid waste shall be disposed of within the ESZ.

Audit noticed that the ESZ Committee, while according permission for construction of modern fish market had overlooked the condition of ESZ notification, which prohibited any solid waste disposal site and waste treatment/ processing facility of solid waste within ESZ. However, no permission was given for construction of waste treatment plant.

JPI (22 November 2024) of Plot no. 273/2825 (5.00 acre) showed that the Fish Market and Waste Treatment Plant were constructed on Plot no. 273/2825 by the EO, Puri Municipality, pending delivery of advance possession/ sanction of alienation.

Thus, in violation of prohibitions under ESZ notification, Fish Market and Waste Treatment Plant were constructed within ESZ of BKWLS by the EO, Puri Municipality.

(c) Irregular lease of land coming within ESZ of Chandaka-Dampara Wild Life Sanctuary for establishment of industry

IDCO applied (June 2020) for lease of 50.630 acres of land[55] in Kumarbasta village under the Khordha Tahasil for the establishment of industries and allied activities. The Collector, Khordha sanctioned (September 2021) lease in favour of IDCO for establishment of industry and allied activities. However, even before the sanction of land by the Collector, IDCO had allotted the said land in favour of M/s Wonderla Holidays for the establishment of a Water Park.

Audit noticed that 20.500 acres[56] of leased out land came within the ESZ area of CDWLS. In the ESZ Monitoring Committee meeting held on 15 July 2021 to accord permission for the establishment of the Wonderla Amusement Park,

[53] Khata No. 268, Plot No.273/2825, kisam *Patita* in Village Sidhamahavir (Unit No. 33) of Puri Municipality
[54] Under Chairmanship of Collector, Puri
[55] Plot Nos. 822: 10.500 acre; 823: 21.970 acre and 833: 18.160 acre
[56] Plot Nos. 822 (10.500 acre) and part of plot no. 823 (10.00 acre)

a member (nominated by the State Government, expert in the field of ecology and environment), suggested enrichment of existing vegetation on Plot no. 822. Further, the representative of the Wild Life Trust of India nominated by the State Government (as NGO working in the field of environment), expressed concerns regarding exploitation of ground water for the proposed park. In this regard, representative of IDCO clarified that water supply to the park would be made through a pipeline from Mahanadi. The Committee suggested that the project was a viable tourism project (not coming under industrial category), and could be allowed subject to adherence to stipulated conditions like prior environment clearance, wild life clearance, consent order from Odisha State Pollution Control Board (OPSCB) *etc*., as per the terms of reference of ESZ.

Audit observed that:

- The stipulations made by the Committee like obtaining prior environment clearance and wild life clearance, consent of OSPCB were not ensured prior to sanctioning of lease. Suggestion of expert member for enrichment of existing vegetation/ afforestation on Plot no. 822 was not adhered to, and a large number of existing trees were cut for the establishment of the Park.
- Permanent structures (multi-storied buildings) were constructed on land coming within the ESZ area as seen from satellite image through Odisha 4k GEO services. From the Wonderla website, it was seen that several land and water ride facilities, restaurants with provision of breakfast and lunch, living rooms, parking place, locker facility *etc*., were provided at the amusement park. Thus, in contravention to ESZ stipulation, the allotted land was utilised for commercial purposes (hotel/restaurant) *etc.*
- As per paragraph 4(14) of ESZ notification, the extraction of surface water and ground water was to be permitted only for *bona fide* agricultural use and domestic consumption of the occupier of the land. Despite assurance of IDCO, given during the ESZ Monitoring Committee meeting, supply of water to the park through pipeline from river Mahanadi was not ensured.

Thus, leasing of land within ESZ of CDWLS for establishment of industry by IDCO *i.e.* Wonderla Amusement Park, contravened the ESZ notification, due to which the environment and the biological integrity of the ESZ area was adversely affected and remained unprotected.

The Department stated (October 2025) that the concerned district authorities had been instructed to take steps against irregular utilisation of land under the ESZ/Wildlife Sanctuary. The reply is silent about the specific action to be taken against the erring officials responsible for allowing such irregular utilisation of land.

3.1.6 Absence of monitoring mechanism to ensure end utilisation of acquired private land/ leased out government land

As discussed above, 12,393.651 acres of leased/acquired land was not utilised for intended purposes, while 237.257 acres of land was utilised for unintended purposes. In the absence of village-wise land banks, 668.893 acres of land remained under encroachment. An area of 504.768 acres of agricultural land was utilised for non-agricultural purpose, while 568.876 acres of forest land was utilised for non-forest activities.

However, after allotment of land to various organizations including IDCO, adherence to lease/ allotment conditions was not monitored at Department/ District/ Tahasil level. No monitoring mechanism like submission of Monthly / Quarterly Progress Reports in regard to utilisation of allotted land for intended purposes, resumption of unutilised land, detection of unauthorised use of agricultural land for non-agricultural purpose by regular site/field visits by concerned authorities, was in place. There were cases of wilful non-adherence to extant Statutory provision regarding use of forest land, agricultural land, exploitation of ground water resources, use of agricultural land for non-agricultural purposes *etc*., where authorities responsible need to be held accountable.

RURAL DEVELOPMENT DEPARTMENT

3.2 Implementation of Pradhan Mantri Gram Sadak Yojana in the State

EXECUTIVE SUMMARY

Pradhan Mantri Gram Sadak Yojana (PMGSY), launched by the Government of India in December 2000 to provide all-weather rural connectivity, has seen significant implementation lapses in Odisha during 2019-24. Despite approvals under PMGSY-III, the Department failed to provide connectivity to 2,428 habitations covering 20.71 lakh people by the targeted deadline of March 2025. Preparation of Detailed Project Reports (DPRs) with inflated Contractor's Profit and Overhead Charges resulted in undue benefit of ₹32.39 crore to contractors. Further, failure to ensure land and forest clearances before awarding works resulted in wasteful expenditure of ₹48.52 crore. Estimates were also inflated by ₹21.66 crore due to unwarranted provision of lead charges. Poor contract management led to mid-way closure of projects due to slow progress, rendering ₹32.27 crore unfruitful. Additional lapses included award of works to ineligible contractors, non-realisation of ₹40.55 crore in liquidated damages and ₹23.02 crore in avoidable expenditure due to non-execution of routine maintenance. Non-rectification of defective roads resulted in infructuous expenditure of ₹15.19 crore and the quality control mechanism remained inadequate.

3.2.1 Introduction

The Government of India (GoI) launched (25 December 2000) the 'Pradhan Mantri Gram Sadak Yojana' (PMGSY) to provide all-weather road connectivity to unconnected habitations in rural areas. Later in August 2013, PMGSY-II was launched with the aim to upgrade roads built under the Scheme to facilitate growth of rural market centres and rural hubs. Thereafter, PMGSY-III[57] was launched in 2019 and was aimed at upgrading existing routes and links, prioritizing critical facilities like rural markets, education and health facilities. This included strengthening and widening of existing roads and establishing missing links for ensuring connectivity. PMGSY was a 100 *per cent* Centrally Sponsored Scheme till 2013-14. Subsequently, the funding pattern was changed to 60:40 between GoI and Government of Odisha (GoO) from 1 April 2015.

The Rural Development (RD) Department, GoO, was the Nodal Department for the implementation of PMGSY in the State. The Chief Executive Officer (CEO) of Odisha State Rural Roads Agency (OSRRA) was responsible for approval of project proposals, monitoring and management of funds of PMGSY.

[57] Subsequently, PMGSY – IV was launched in September 2024

A Compliance Audit was conducted during October 2024 to March 2025 covering the financial years 2019-20 to 2023-24, to assess whether:

- The planning process was adequate for providing rural connectivity as per the programme guidelines.
- The allocation and release of funds was adequate and projects were executed efficiently, in accordance with Scheme guidelines.
- A monitoring system and quality control mechanism were in place and were implemented effectively for achieving the desired objective.

Audit examined records of RD Department, Engineer-in-Chief (Rural Works), OSRRA, 15 Rural Works (RW) Divisions[58] in seven[59] sampled districts. The seven sampled districts were selected on the basis of stratified random sampling without replacement through IDEA software, by integrating three risk parameters[60] from 30 districts of the State. During 2019-24, 1,549 projects were executed under PMGSY-III in the State. Out of this, 506 projects pertained to 15 RW Divisions of the seven sampled districts. Audit test-checked records of 468 out of 506 projects. Apart from this, Audit observations noticed during earlier compliance audits pertaining to four other districts[61] have also been included in this report. An Entry Conference was held with the Principal Secretary of the Department on 13 November 2024, wherein audit objectives, criteria, scope and methodology were discussed. Joint Physical Inspections (JPIs) of selected works were conducted and photographic evidences were also taken in the presence of departmental officials. The audit findings were discussed with the Commissioner cum Secretary of the Department in an Exit Meeting, held on 17 September 2025. The Department accepted the recommendations of Audit and assured to take remedial action to mitigate the gaps. The responses received from the Department have been suitably incorporated in the report.

The Audit findings are discussed in the succeeding paragraphs.

Audit findings

3.2.2 Achievement vis-à-vis target for execution of projects

Under different phases of PMGSY, the GoI cleared 10,083 projects covering 17,001 habitations for Odisha towards new connectivity and 4,724 projects for upgradation of roads. Against this, the State completed 10,013 projects for providing new connectivity to 16,994 habitations, and 4,444 projects of upgradation of roads, as of May 2025.

The details of target and achievement from 2019-20 to 2023-24 under PMGSY-I & II as summarised in **Table 3.2.1.**

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[58] Ganjam-I, Ganjam-II, Bhanjanagar, Baripada, Karanjia, Rairangpur, Sundargarh-I, Sundargarh-II, Nawarangapur-I, Nawarangpur-II, Puri, Nimapara, Nayagarh-I, Nayagarh-II and Angul.

[59] Mayurbhanj, Ganjam, Sundargarh, Nabarangapur, Puri, Nayagarh and Angul

[60] Number of projects sanctioned, sanctioned cost of the projects and execution in a Geographical Information System (GIS) map.

[61] Khordha (RW Division, Bhubaneswar), Cuttack (RW Division-I & II, Cuttack), Keonjhar (RW Division, Anandapur) and Sambalpur (RW Division, Sambalpur)

Table 3.2.1: Target and Achievement ***(₹in crore)***

Sl. No.	Year	Target		Achievement		Percentage of achievement	
		Physical (in Km)	Financial (₹ in crore)	Physical (in Km)	Financial (₹ in crore)	Physical	Financial
1	2019-20	6689.00	3800.00	5169.28	2368.59	77.28	62.33
2	2020-21	3500.00	3500.00	1772.28	1681.13	50.64	48.03
3	2021-22	2500.00	1700.00	2715.27	1739.56	108.61	102.33
4	2022-23	2000.00	1383.33	2599.98	2032.64	129.99	146.94
5	2023-24	2155.00	1833.33	2554.91	1558.52	118.56	85.01
	Total	16844	12216.66	14811.72	9380.44		

(Source: Data provided by CE, PMGSY, Odisha)

From the above table, it can be seen that during the years 2019-20 to 2023-24, against the physical target, the achievement ranged between 50.64 *per cent* and 129.99 *per cent*.

Under PMGSY-III, GoI, in principle, approved (December 2020 to March 2022) upgradation of 9,400 km of roads in Odisha. Against the approved road length, the GoO planned to execute 1,549 projects covering 9351.08 km, which included 1,401 roads and 148 Long Span Bridges (LSB[62]) of the State. The projects aimed to upgrade road facilities for 27,164 habitations by March 2025.

Audit observed that out of 1,549 approved projects under PMGSY-III, 1,181[63] projects (76 *per cent*) had been completed, covering 19,839 habitations, as of May 2025. Thus there was a shortfall of 368 projects, resulting in 7,325 habitations being deprived of the intended upgraded road facilities. The detailed analysis regarding execution of works in the sampled districts has been discussed in ***Paragraph 3.2.6.1***. The Department stated (September 2025) that all the remaining projects would be completed by March 2026.

3.2.3 Planning

3.2.3.1 Selection of projects

Paragraph 7.3 of the PMGSY III Guidelines stipulates that State Level Standing Committee (SLSC) would review proposals of projects taken up under the PMGSY-III to ensure compliance with the guidelines. Once approved, the Programme Implementation Units (PIUs)[64] would prepare Detailed Project Reports (DPRs) in accordance with the prescribed manuals and instructions issued by the National Rural Infrastructure Development Agency (NRIDA)[65]. Furthermore, Paragraph 7.4 states that during DPR preparation, the PIUs must conduct a transect walk[66] in consultation with the local community through the Gram Panchayat to determine the most suitable road alignment and address issues related to land availability, including forest land.

[62] Long Span Bridge is the bridge with 150 metre length

[63] Road: 1,100 projects and LSB: 81 projects

[64] The PIUs are the basic units for project planning, execution and accounting.

[65] NRIDA is responsible for providing technical support, project appraisal, managing quality, monitoring project implementation through OMMAS.

[66] The Transect Walk defines that the PIU will hold a consultation with the local community through the mechanism of the Gram Panchayat in order to determine the most suitable alignment, sort out issues of land availability (including forest land)

- Audit noticed that the RD Department submitted (2021-22) proposals for 1,507 road projects covering a total length of 9,981.82 km under PMGSY-III to the Ministry of Rural Development (MoRD) for approval. Out of these, the MoRD accorded clearance to 1,412 projects having 9,426.43 km of road length. However, the GoI in principle allowed the State to go-ahead with 9,400 km of road projects under PMGSY-III. Later, due to non-feasibility, the concerned PIUs recommended to GoI that 11 projects should be dropped. Consequently, MoRD removed these projects from the approved list, reducing the revised approval to 1,401 projects with a total length of 9,351.08 km. The Department attributed the dropping of these projects to non-availability of land for widening of two of the roads, and coverage of nine projects under other State schemes. This indicated that the PIUs had not ensured land availability and not examined viability of road projects, before sending the proposal to MoRD, resulting in loss of Central Assistance of ₹28.85[67] crore.

3.2.4 Preparation of Detailed Projects Report

Paragraph 4.3.5 of PMGSY Operations Manual (OM) stipulates that as work commences on preparation of DPRs, the PIUs would need to conduct the 'Transect Walk', and prepare necessary papers to obtain land, forest clearance, *etc*., so that before road work is put to tender, the land for the road is available. Further, Paragraph 6.2 of the OM stipulates that the DPR should be based on a detailed survey and investigations, design and technology choice. The DPR should be of such detail that the quantities and costs are accurate and no cost overrun takes place due to changes in scope of work or quantities at the time of execution.

Audit noticed that RD Department had engaged private consultancy firms for preparation of DPRs and incurred ₹14.03 crore in preparing 1,549 DPRs under PMGSY-III, in the State. This included DPRs for 506 projects in the seven sampled districts, for which the private consultancy firms were paid ₹2.33 crore. Despite engagement of the private consultancy firms, the DPRs were not prepared based on proper survey and investigation through adequate transect walks, resulting in abandonment/ closure of projects at later stage, as discussed below:

3.2.4.1 Wasteful expenditure

- 21 road work projects for upgradation of existing roads and construction of bridges, were awarded between May 2018 and September 2022 for ₹103.20 crore with the stipulated dates of completion between May 2019 and February 2024. In 10 out of these 21 cases, the contractors discontinued project execution due to non-availability of mandatory forest clearance. The concerned PIUs had not conducted proper survey of the road alignment and had not obtaining forest clearance before preparation of DPR and award of the works for execution. Consequently, the projects were closed (February 2023) by CE, PMGSY after execution of work valued at ₹16.89 crore (39.77 *per cent*) against the agreement value of ₹42.47 crore.

[67] ₹28.85 crore = 60% of ₹48.08 crore (sanctioned cost of 11 projects)

- During the period between August 2013 and September 2022, 11 projects were awarded at a cost of ₹60.73 crore, with stipulated dates of completion between May 2014 and December 2023. Execution of 11 projects was prematurely closed due to non-acquisition of private land, required for widening the existing roads or constructing missing links to provide road connectivity. The concerned PIUs had not acquired 1.58 acres[68] of land required for executing three projects, and in case of other eight projects, demarcation of land had not been done by the concerned Tahasildars, as of March 2025. Due to non-availability of land, these projects were terminated midway after incurring an expenditure of ₹31.63 crore (52 *per cent*) against the contract value of ₹60.73 crore. One such instance was the work named the work "High-Level Bridge over Hati Nallah at 2.650 km of Godijhara via Torasingh, Bhatapada, Harichandanpur Road" under RW Division, Bhubaneswar, as shown in Picture 3.2.1. The work was awarded (December 2021) to a contractor for ₹5.52 crore for completion by December 2022. However, the work was stopped in May 2023, due to non-acquisition of 0.21 acres of land. The Committee of CEs, approved (February 2024) the closure proposal for the project, after the expenditure of ₹3.02 crore had already been incurred, as of March 2023. As such, the expenditure of ₹3.02 crore was rendered wasteful.

Picture 3.2.2: HL Bridge over Hatinallah

  During JPI (March 2025) with the Departmental Officer, Audit found that only steining[69] of two abutments were constructed and the bridge was lying incomplete, as of March 2024.

Thus, preparation of DPRs without conducting proper transect walks, non-obtaining of forest clearances or ensuring availability of required private land prior to awarding of the work, led to failure of project execution. Consequently, expenditure of ₹48.52 crore[70] became wasteful, depriving 2.04 lakh beneficiaries of upgraded all weather road facilities.

The Department stated (September 2025) that due to involvement of forest lands and non-acquisition of private land for widening, the roads were not fully executed. As some portion of roads had been completed, nearby villagers were benefited. The reply was not tenable as availability of land was not ensured before award of work, which resulted in abandonment/ closure of road works defeating the objective of providing upgraded all weather road facilities to the rural people.

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[68] OR-05-364- 0.72 acre + OR-05-357- 0.65 acre + OR-18-190- 0.21 = 1.58 acre

[69] In the construction of a bridge, 'steining' refers to the reinforced concrete or masonry wall that forms the main body of a well foundation.

[70] ₹16.89 crore + ₹ 31.63 crore = ₹48.52 crore

3.2.4.2 Idle expenditure

Audit noticed that improper transect walk, delay in land acquisition and deficiencies in survey before preparation of DPRs led to non-completion of bridge projects. Consequently, substantial funds remained idle without delivering the intended benefits. Two such cases are discussed below:

(i) A bridge over River Kuanria on Mareikana (Kantilo) in the district of Nayagarh was awarded (September 2022) at ₹11.21 crore for completion by March 2024. The contractor could not complete the work within the stipulated time due to non-acquisition of 0.74 acres of private land for the approach road to the bridge. The bridge was lying incomplete after incurring an expenditure of ₹7.50 crore as of March 2025.

Picture 3.2.2: Bridge over River Kuanria without approach road (Date: 23 December 2024)

During JPI (December 2024) of the project, Audit noticed that the work relating to approach roads had not yet started and the bridge was lying incomplete, resulting in idle expenditure of ₹7.50 crore, as shown in ***Picture 3.2.2***.

The Department stated (September 2025) that the work would be completed by March 2026 through direct purchase of 0.74 acres of land.

(ii) Construction of a High-Level Bridge over the River Brutanga in district Nayagarh was awarded (September 2023) to a contractor for ₹5.50 crore for completion by September 2024. During inspection (April 2024) of the site, the CCE, CRWC, Bhubaneswar, reported that there were sharp curves on both side approaches to the bridge. As a result, the alignment at 20 meter downstream was found more appropriate and therefore, the bridge alignment was shifted downstream accordingly. On the recommendation (June 2024) of Chief Engineer, RW Circle, Bhubaneswar, the General Arrangement of Design (GAD) was changed.

Picture 3.2.3: HL Bridge on RD road at Ambalimba (Date: 15 January 2025)

Audit noticed that since the project involved construction of the bridge over a river, besides proper survey of the site, soil exploration data and hydrological survey considering river flow patterns, flood plains and erosion zones were required to be done before preparation of DPR. However, these were not carried out and this led to change of GAD during execution.

Despite the fact that the contract for the bridge had been awarded in September 2023, the foundation work had just started (as of January 2025), *i.e.* after a lapse of 16 months, as seen during JPI. Due to non-completion of the bridge, the road connectivity from National Highway 57 to the targeted rural areas, could not be established. However, a portion of the adjacent road had been completed with an expenditure of ₹ 1.89 crore.

Thus, non-acquisition of land, lack of proper survey, DPR lacunae *etc*., before award of work led to idle expenditure of ₹9.39 crore[71], while the projects remained incomplete.

The Department stated (September 2025) that the river Brutanga had changed its course during the execution of the bridge which necessitated change in design and GAD of the bridge. The reply is not tenable as DPR had not been prepared properly after conducting transect walk along with detailed hydrological survey of rivers behaviour to finalise the GAD, as required under OPWD Code and PMGSY-III guidelines.

3.2.4.3 Cost over-run

Audit found that 13 projects in seven divisions were awarded between October 2017 and November 2021, at a total contract value of ₹68.03 crore. These projects were scheduled for completion between July 2018 and April 2023. However, during execution, there were major changes in the work due to changes in scope, revised designs (GAD), additional items *etc*. As a result, the actual cost increased to ₹111.56 crore from ₹68.03 crore, leading to deviation of ₹43.53 crore. These deviations from the contract value ranged from 32.16 *per cent* to 181.18 *per cent* across projects and were mainly due to poor surveys and investigations before preparing the DPRs. It was noted that although these deviations had been subsequently approved by the Government, there was cost over-run of ₹43.53 crore.

As of September 2025, 12 projects had been completed and one was still ongoing. Instances of such cases of cost overrun are detailed below:

- The work "Improvement to road and CD works under Package No. OR-20-404-LB-47" in Malkangiri district was completed after incurring ₹2,726.66 lakh against the agreement value of ₹1,289.92 lakh. Thus, there was excess deviation of ₹1,436.74 lakh, being 111.38 *per cent* over the agreement value. Excess expenditure was due to changes in the scope of the work during execution, *i.e.,* construction of retaining wall of 5300 mtr against the agreement quantity of 700 mtr. The length of the retaining wall was increased, giving reasons of site conditions. This was indicative of the fact that detailed surveys had not been carried out before framing estimates, through transect walk.
- The Package No. "OR-20-319-LB-22" in Malkangiri district was completed (September 2022) at ₹392.71 lakh with net excess deviation of ₹253.05 lakh, being 181.18 *per cent* excess over the agreement value of ₹139.66 lakh. It was noticed that this deviation was due to increase of bridge length from 40 mtr to 70 mtr after change of GAD. Such wide variations indicated inadequate survey through transect walk before finalising the estimates and DPR for the project.

The Department stated (September 2025) that the cost overrun was mainly due to increase in the protection work meant to safeguard the constructed road, change in design of the bridges and change in scope of the work.

[71] ₹7.50 crore + ₹1.89 crore = ₹9.39 crore

The reply is not tenable since the DPRs were prepared without proper survey and investigation of the site, which led to change in the scope of work during execution resulting in cost over-run of ₹43.53 crore.

3.2.4.4 Excess provision towards Contractor's Profit and Overhead Charges

In order to streamline the procedure of preparation of Schedule of Rates (SoR), the SoR Scrutiny Committee of NRIDA, GoI decided (November 2013) that an overall 12.5 *per cent*[72] towards Contractor's Profit and Overhead Charges (CP&OH) may be permitted for road works including protection and cross-drainage works. The SoR Scrutiny Committee of NRIDA, GoI had directed (18 November 2013) all the States to allow 12.5 *per cent* towards CP&OH.

In deviation to the above norm, CP&OH at 15 *per cent*[73] was provided in the cost estimates of 488 projects taken up by 16 RW Divisions[74]. Audit noticed that against the permissible amount of ₹ 1,647.02 crore towards CP&OH, the estimates provided for ₹ 1,683.69 crore, which inflated these estimate by ₹36.67 crore and there was an excess payment of ₹ 32.39 crore to the contractors, towards CP&OH, as of March 2025 (***Appendix 3.2.1***).

The Department stated (September 2025) that in order to maintain uniformity between PMGSY works and other non-PMGSY works in the State, the CP&OH was taken as 15 *per cent* in the estimate for the PMGSY works. The extra 2.5 *per cent* OH&CP was to be met from the State Government funding.

The reply is not tenable since such deviations were against the instructions of NRIDA to provide only 12.5 *per cent* as total CP&OH charges in the DPRs of PMGSY works.

3.2.4.5 Computation of excess hire charges of machinery

(i) As per the Guidelines (DPR Template for PMGSY-III), the DPR should be prepared as per specifications provided by the Ministry of Road Transport and Highways (MoRTH), as per the current Schedule of Rates (SoR) of the State.

Audit observed that the CCE, RW Circle, Berhampur technically sanctioned the estimates of 14 projects for ₹49.56 crore. The estimates, *inter alia*, provided for execution of 16,367.15 cubic metre (cum) of Bituminous Macadam (BM). The item rate of BM in the estimate was arrived at by computing the hire charges of Hot Mix Plant (HMP) at 40-60 Tonnes per Hour (TPH) for ₹9,710.43, instead of ₹6,217.39, as mentioned in SoR, 2014. Further, it was noticed that instead of three hours duration for operation of HMP that was required to mix the bitumen and aggregates instead, six hours duration was considered to arrive at the output of 225 tonnes. However, this Batch Mix HMP was meant for output of 450 tonnes and not for 225 tonnes,

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[72] Contractor's Profit: 10 *per cent* and Overhead Charges: 2.5 *per cent*

[73] Contractor's Profit: 7.5 *per cent* and Overhead Charges: 7.5 *per cent*

[74] 15 sampled RW Divisions and RW Division, Bhubaneswar (covered under earlier Compliance Audit)

as required in these 14 projects. Adoption of item rate with excess hire charges of HMP inflated the estimated cost of the works by ₹237.49[75] per cum.

Thus, computation of excess hire charges of HMP inflated the estimate and led to extra expenditure of ₹32.36 lakh[76] for executing 15,446.61 cum of BM considering the rate quoted by the bidders.

The Department stated (September 2025) that the nomenclature of the machine had been typed wrongly but the correct hire charges had been considered in framing the estimate.

The reply is not tenable since Batch Mix HMP 100-120 TPH at 75t/h" at ₹9,710.43/6 hour was meant for output of 450 tonnes and not for 225 tonnes used in these works.

(ii) Package No. OR-26-352 under RW Nimapara Division (P K Road, Junei to Erbanga, in Gop Block) was awarded (November 2021) at ₹11.33 crore, which was 24.99 *per cent* less than the corresponding estimated cost of ₹15.11 crore.

The works, *inter-alia*, provided for supplying and laying of Paver Blocks of 80 mm thickness of 58,394.97 sqm for ₹10.34 crore (at ₹1,769.62 per sqm). Audit found that the estimated cost of the above item was computed by incorporating carriage charges at the rate of ₹744.71 per sqm for transportation of Paver Blocks from Bhubaneswar to the work site. As per the SoR (2017), the conveyance charges for all types of tiles were to be calculated based on a load of 180 sqm per truck. Against the rate of ₹20.94 per sqm[77], as worked out by Audit, the estimate was made at ₹744.71 per sqm. As a result, the estimate was inflated by ₹731.01[78] per sqm. Based on the inflated estimate, the work was awarded and the contractor completed the work with total quantity of 61,625.55 sqm. Thus, computation of excess lead charges in the estimate, resulted in extra expenditure of ₹3.38 crore, after considering the rate quoted by the contractor.

The Department stated (September 2025) that there were no approved rates of Paver Blocks or their transportation cost in the SoR as well as in the Analysis of Rates. The estimates were however, approved by the MoRD.

The reply is not tenable, as in case of another work related to RW Division, Nayagarh, the Department itself had correctly estimated the transportation cost for Paver Blocks at square meter rate, as per the SoR.

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75 Actual rate of HMP 40-60/6 TPH = ₹6,217.39; Rate computed = ₹9,710.43
Extra Cost per cum= (₹9,710.43 - ₹6217.39) *6 = ₹20,958.24 + 15 *per cent* CP&OH = ₹24,101.98 + 1 *per cent* Cess = ₹24,343.00; Per one cum =₹24,343.00/102.5 = ₹237.49/per cum

76 Total executed quantity = 15,446.61 cum, Excess rate provided = ₹ 237.49/ per cum
Total extra expenditure = 15,446.61*237.49 = ₹36,68,415.41 and after tender rate = ₹32,35,611.91.

77 Lead charges from Bhubaneswar to work site at a distance of 82 km = ₹3,770.01 carrying 180 sqm paver block. Therefore, lead charges per sqm = ₹3,770.01 / 180 = ₹20.94 (SoR, 2014)

78 ₹744.71-₹20.94 = ₹723.77+1 *per cent* cess = ₹731.01

3.2.4.6 Extra expenditure due to deviation from the technical specification

As per the technical specifications prescribed by the Indian Roads Congress (IRC) and the Ministry of Rural Development (MoRD), the design and selection of pavement components for rural roads under the PMGSY should be based on traffic category, soil characteristics and cost-effectiveness. The IRC: SP: 72-2015 and other relevant codes provide clear guidelines for the type of surface and sub-base to be adopted for various categories of rural roads to ensure durability, economy and suitability for local conditions.

Audit scrutiny of the road works executed under PMGSY in different divisions revealed instances of deviations from the prescribed technical standards and design provisions, resulting in extra and avoidable expenditure. Two such cases are discussed below:

(i) IRC: SP: 72-2015 recommended that surface dressing (SD) for roads should preferably be bituminous in all cases of traffic categories (T1 to T5[79]).

Audit noticed that 30 road works under PMGSY, having traffic categories of T1 to T5 in six divisions were constructed over the sub-grade[80] of the road. Instead of the requirement of SD, the estimates provided for a high cost 20 mm Open Graded Premix Carpet (OGPC) of 5.28 lakh sqm as a wearing/surface course with seal coat. The provision of OGPC in the above works in place of SD, inflated the estimates and resulted in avoidable expenditure of ₹1.59 crore on executed quantity of 4.54 lakh sqm, after considering the quoted rate of the contractors, as detailed in ***Appendix 3.2.2***.

The Government stated (September 2025) that all the designs of the roads were approved by the State Technical Agency (STA) and MoRD, GoI. Further, the provision of SD was not suitable for execution in rural areas.

The reply is not tenable since IRC: SP: 72-2015 recommends that SD bituminous surfacing should be preferred in all cases of traffic categories of T1 to T5. Further, NRIDA, MoRD, GoI (May 2022) stated that low-volume rural roads were typically surfaced with OGPC, which was water-susceptible. Modern mechanised SD, being an innovative technology, enhances surface waterproofing and is more cost-effective compared to OGPC.

(ii) According to IRC Specifications (37-2001), flexible pavements should be designed for roads with traffic ranging from 1 to 10 million standard axles (MSA), which are considered low-traffic roads. Further, IRC 15-2002 prescribes standard specification and code of practice for construction of concrete roads. Paragraph 6.2.1 of the above specification stipulates that sub-base may be composed of granular materials or stabilised soil of semi-rigid materials. The semi-rigid materials are lime burnt clay concrete, lime fly ash concrete and dry lean concrete (DLC). However, DLC sub-base is generally recommended for modern concrete pavements, preferably with high intensity traffic.

Audit observed that number of commercial vehicles per day (CVPD) plying on eight roads executed under RW Division, Angul ranged between 41 and

[79] Traffic categorization based on Equivalent Single Axle Load (ESAL) application for pavement engineering, which converts traffic load to standards

[80] Over the foundation layer of the road structure

242 taking as average, three days' traffic and with a projected growth of six *per cent* over the design life of the roads. According to the calculation, the projected traffic was expected to range from 0.31 to 1.66 MSA. Hence, there was no need for provision of DLC in such low volume traffic roads as per the IRC specifications. In violation of the aforesaid provisions, the estimates/ agreements provided for 100 mm DLC for the entire road length, involving 1,110.01 cum of DLC work over 56.94 km. This led to avoidable expenditure of ₹54.77 lakh (including tender premium), as detailed in ***Appendix 3.2.3***.

The Department stated (September 2025) that all the estimates under PMGSY scheme were technically vetted by the STA and approved by MoRD, GoI. Hence, there was no violation of provisions by providing DLC in low volume roads.

The reply is not tenable since according to IRC, the DLC sub-base is recommended for modern concrete pavements, preferably with high intensity traffic only. Further, the estimates had provided sub-base (GSB/Gravel) of 18727.36 cum with thickness of 150 mm according to the pavement design as per IRC specification. However, in violation of the provisions, the estimates/ agreements provided for DLC in low volume roads, which led to avoidable expenditure.

3.2.4.7 Unwarranted lead charges for transportation of earth in deviation to PMGSY Guidelines

Paragraph 9.2 of PMGSY-III Guidelines stipulates that no lead charges would be payable for transportation of soil except in case of Black Cotton Soil/Sodic Soil or where a portion of the road passes through a village. Further, the format of DPR of PMGSY works, prescribed by NRIDA, specifies that lead charges shall be admissible only when it was certified that the available soil is not suitable for embankment construction.

Audit observed that 107 road works in 11 divisions were technically sanctioned for ₹452.45 crore. These works were awarded for ₹419.93 crore during the period February 2021 to December 2022, the divisions incurred an expenditure of ₹358.59 crore, as of March 2025 on these works. The works, *inter-alia*, provided for 23.66 lakh cum of earth work for construction of embankment with material obtained from borrow pit with lead charges of up to five km. However, the DPRs of the concerned works did not mention presence of Black Cotton Soil, Sodic Soil or any village area along the alignment, which were the only conditions under which lead could be provided. The DPRs also did not mention that the existing soil was not suitable for embankment construction. Despite this, provisions for lead were made in the estimates of all 107 road works which allowed for soil to be transported from a borrow pit to the road alignment for use in the embankment. The inclusion of lead charges in the estimate without requirement, inflated the item rate ranging from ₹87.92 to ₹113.54 per cum.

Thus, the unwarranted inclusion of lead charges inflated the cost of the works by ₹21.66 crore, leading to an avoidable extra expenditure of ₹15.90 crore, for the executed quantity of 18.87 lakh cum of earthwork, as detailed in ***Appendix 3.2.4***.

The Department stated (September 2025) that an excavation near toe of the embankment, would have destabilized the embankment. Further, due to failure of the side slope and lack of suitable soil nearby, lead was provided for these works.

The reply is not tenable, as the DPRs did not include any reference to unsuitable soil in the nearby area or any requirement to obtain earth from distant borrow pits.

3.2.4.8 Use of fly ash in road construction not considered in the cost estimates

As per instruction (August 2016) of NRIDA read with the notification (January 2016) of the Ministry of Environment, Forest and Climate Change (MoEF&CC), GoI, coal or lignite based thermal power plants within a radius of three hundred kilometres shall bear the entire cost of transportation of fly ash to the site of road construction projects under PMGSY and asset creation programmes of the Government, involving construction of buildings, roads, dams and embankments. Further, Clause 4.1 of the notification of the State Pollution Control Board, Odisha clarified that the fly ash embankment should be covered on the sides and top by suitable earth to prevent erosion of ash.

IRC: SP: 62: 2014 specifies that fly ash up to 30 *per cent* can be used as partial replacement for cement in road and bridge construction. Audit observed that in 60 road projects taken up during the period February 2021 to December 2021 in seven RW Divisions, the item rates of cement concrete pavement were derived by using Ordinary Portland Cement (OPC), but without incorporating fly ash component. The works were technically sanctioned for ₹215.92 crore and awarded for ₹192.65 crore. However, despite regulations specifying the use of fly ash and limiting the use of OPC to 70 *per cent*, the rates were derived by computing 100 *per cent* OPC cement (42,604.92 cum) and with nil fly ash.

Thus, non-utilisation of fly ash of 30 *per cent* with OPC cement as per guidelines, inflated the estimate and led to avoidable expenditure of ₹2.26 crore on execution of 42,609.10 cum for CC road, detailed in ***Appendix 3.2.5***.

The Department stated (September 2025) that the DPRs were vetted by the STAs and sanctioned by the NRIDA, GoI after due scrutiny. The observation of Audit would be incorporated henceforth after receipt of acknowledgement from the competent authority.

Recommendation 1:

The Department may ensure adequate survey and investigation of sites and conduct transect walks, based on which requirement for acquisition of land or obtaining forest clearance may be worked out for inclusion in the DPRs.

Recommendation 2:

Cost Estimates should be prepared in all cases as per the prescribed IRC standards and NRIDA norms to ensure uniformity, quality, cost-effectiveness and fiscal control.

3.2.5 Tendering and award of contracts

The audit of tendering and award of works under PMGSY revealed deficiencies in bid evaluation, tender acceptance and adherence to prescribed timelines. Provisions of the PMGSY Operations Manual, Standard Bidding Documents (SBD) and relevant clauses of the OPWD Code were not followed in several cases.

3.2.5.1 Erroneous evaluation of bid capacities of the bidders

Clause 4.6 of the Instructions to Bidders in Standard Bidding Documents prescribed by NRIDA, states that the bidders who meet the minimum qualification criteria would be qualified only if their available bid capacity[81] for construction work is equal to or more than the total bid value excluding the value of post-construction maintenance works.

Audit noticed that in RW Division, Cuttack I, one contractor who had been awarded two works[82] valued ₹9.39 crore, did not meet the required bid capacity. While the bid capacity of the contractor assessed by the division was ₹16.53 crore, the same as assessed by Audit was ₹3.71 crore.

Audit observed that, while assessing bid capacity of the bidder, the Chief Construction Engineer (CCE) had not referred to the WAMIS[83] database to ascertain the value of works-in-hand of the bidder, so as to determine the actual bid capacity. Instead, the Divisions relied on the figures furnished by the bidder in the bid documents. Based on the data available in the WAMIS database, on the date of the evaluation of bids (May 2022), Audit found that the selected bidder had supressed eight works in hand amounting to ₹12.82 crore, to appear eligible for the work. The works were awarded (September 2022) to the contractor at ₹8.95 crore with the stipulation to complete the works by June/ August 2023. Due to slow progress of the work, the contracts were terminated (September/ November 2024), as the contractor could only execute works valued at ₹3.35 crore.

Thus, the award of work to a contractor who was not qualified as per required bid capacity was irregular. Besides this also led to non-completion of work and termination of the contract subsequently.

The Department stated (September 2025) that since tenders were time-bound, it was practically difficult to verify the exact volume of work awarded to a bidder, as the information was not available on a single platform. WAMIS data was indicative and not real-time, so it could not be the sole basis to assess ongoing works. However, the Audit's suggestion to use WAMIS for this purpose would be considered during tender processing.

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[81] Assessed Available Bid Capacity=A*N*M-B
A is maximum value of civil engineering works executed in any one year during the last five years updated to the current price level, N is number of years prescribed for completion of the works, M is taken as 2 and B is the value, at the current price level, of existing commitments and on-going works of the bidder

[82] OR-07-361-MRL 05 Raniguda to Gokan via Jasuapada, OR-07-359-MRL 30 Khandagaon Natara to Ramakrishnapur, Ostapur via Mahajanpur

[83] Works and Accounts Management Information System (WAMIS) is a database maintained by the GoO, where database of civil works with details like names of the works and contractors, value of works, schedule and actual dates of completions, value of works executed and pending *etc*. are maintained.

3.2.5.2 Acceptance of bid price less than stipulated 15 per cent of the tendered amount

As per instructions of NRIDA (September 2021), in absence of clear provision in PMGSY Standard Bidding Document, the States were to take decision regarding bid evaluation as per their State Financial Rules or, go in for re-tendering as deemed fit. Clause 36 of Appendix-IX of the OPWD Code Vol. II stipulated that if the rate quoted by the bidder was less than 15 *per cent* of the tender value, then such bids shall be rejected, and the tender shall be finalised based on merits of the remaining bids.

Audit observed that in 16 RW Divisions, 42 bids were financially evaluated between August 2021 and September 2023 with tender cost of ₹228.81 crore. In all these bids, the quoted price was 15 to 24.99 *per cent* less than the tender value. However, disregarding the provisions in the Operations Manual, read with provisions of OPWD Code, such bids were accepted, and the works were awarded for ₹203.59 crore. Out of these 42 works, the contractors completed only 19 works and the remaining 23 works were still in progress, as of March 2025.

Thus, non-adherence to the instructions of NRIDA and provisions of OPWD Code, resulted in irregular acceptance of the bids by the CE, PMGSY, which not only extended undue favours to the contractors, but also delayed completion of works.

The Department stated (September 2025) that Clause 26.3 of the Standard Bidding Document specified that the employer may require the bidder to produce detailed price analysis and increase the Performance Security for seriously unbalanced bid. Accordingly, Additional Performance Security (APS) had also been collected from the successful bidders.

However, no documentary evidence in support of detailed price analysis and obtaining extra performance security was made available to Audit.

3.2.5.3 Delay in issuance/award of works

Clause 8.1.2 of the PMGSY Operations Manual stipulates that all State level formalities relating to the issue of tender notice, finalisation of tender and award of works shall be completed within 71 days (120 days in case of re-tendering), which was later (December 2020) revised to 72 days.

Audit noticed that bid notification of 385 works with tender cost of ₹1,427.33 crore were published in six Divisions between December 2020 and June 2023. The works were awarded between December 2021 and February 2024, with delays ranging from 30 to 1023 days, as detailed in ***Appendix 3.2.6***. However, no specific reasons for delay in finalisation of tenders were found on record.

Thus, non-adherence to the stipulations made in the Operations Manual for timely completion of the tendering process in turn delayed the execution of works in the field resulting in delay in delivery of social benefits to targeted beneficiaries.

The Department stated (September 2025) that delay in awarding works was due to repeated non-response of tender, disposal of tender related grievances, cancellation of tender *etc*. The reply is not tenable since the Manual stipulates 72 days only for finalisation of tenders in all respects by the tendering authorities.

3.2.6 Contract management

Contract management in PMGSY works contracts involves overseeing the entire lifecycle of a construction and maintenance agreement from the initial bidding to the final completion and handing over. Further, time and quality are of the essence in PMGSY contracts.

3.2.6.1 Non-completion of the projects in stipulated time

Paragraph 3.2 of the PMGSY-III Guidelines mandates that road selection should be based on the District Rural Roads Plan (DRRP)[84], while Paragraph 5.5(iii) requires that inputs from elected representatives of Members of Parliament (MPs) be incorporated during the project planning stage. As per Clause 10.1 of the Procurement and Contract Management Manual (P&CMM) of PMGSY projects, the OSRRA is fully responsible for approval planning, procurement and implementation of the PMGSY in the State. Furthermore, Paragraph 13.1 of the PMGSY-III guidelines mandates that the relevant projects would be executed by the Divisions/ PIUs and completed within a period of 12 months from the date of issue of the Work Order.

Clause 44 of the General Conditions of Contract (GCC) stipulates that in the event of failure on the part of the contractor in achieving timely completion of the project, the contractor shall pay liquidated damages (LD) to the employer at the rate of one *per cent* of the initial contract price per week, as stated in the Contract. However, the total amount of liquidated damages shall not exceed 10 *per cent* of the initial contract price.

Scrutiny of the Online Management, Monitoring and Accounting System (OMMAS)[85] database showed that 506 projects were undertaken by 15 divisions in the seven test-checked districts during the financial years 2019-20 to 2023-24 with an agreement value of ₹1,973.99 crore. The physical performance in respect of these 506 projects is shown in **Table 3.2.2.**

Table 3.2.2: Physical performance of projects under PMGSY-III in test-checked districts

Sl. No.	District	No. of projects awarded	No. of projects completed	Percentage of Completion
1	Nayagarh	45	22	48.89
2	Ganjam	126	71	56.35
3	Nabarangpur	51	29	56.86
4	Puri	41	27	65.85
5	Mayurbhanj	131	120	91.60
6	Sundargarh	79	75	94.94
7	Angul	33	32	96.97
	Total	506	376	74.31

(Source: OMMAS database)

[84] Para 3.2 of PMGSY-III guidelines, the District Rural Roads Plan (DRRP) would include the entire existing road network system in the District and would be updated to include roads built under PMGSY and other State Schemes *etc*. including the rural roads providing access to all habitations (universal access).

[85] OMMAS is an e-governance platform developed for the PMGSY to facilitate real-time monitoring, transparency and accountability in the planning, implementation and maintenance of rural roads under PMGSY.

From **Table 3.2.2**, it can be seen that the completion targets were not achieved in any of the sampled districts. As of May 2025, out of 506 projects undertaken, 376 projects (74 *per cent*) had been completed, while 130 projects remained under execution due to reasons, such as non-acquisition of private land, presence of forest land requiring clearance *etc.* The performance in Nayagarh, Ganjam and Nabarangpur districts was notably lower, with completion rates ranging from 48.89 to 56.86 *per cent*. Out of the 376 completed works, only 27 (7.45 *per cent*) were completed on time, while 349 were delayed by six to 1,023 days due to non-availability of land, standing crops near road alignment, non-shifting of electric poles, water supply pipelines, *etc*. It was also found that approval of the Gram Sabha and suggestion from MPs were not obtained during the project selection process.

Further, analysis revealed that 37 *per cent* of the delays were attributable to land acquisition issues, 30 *per cent* to miscellaneous reasons and 33 *per cent* occurred without specific reasons being recorded. Further, among 130 ongoing projects, 127 works were awarded for ₹405.53 crore between August 2021 and September 2023 for completion between May 2022 and September 2024. However, none of the works were completed within the stipulated period. Despite the failure of the contractors to complete the works within the contract period, the Divisional Officers did not recover liquidated damages (LD) amounting to ₹40.55 crore from the defaulting contractors (details in ***Appendix 3.2.7***).

Thus, inadequate contract management and ineffective monitoring by OSRRA and the respective Divisions/PIUs, procedural lapses such as not obtaining approval of the Gram Sabha and suggestions from MPs during the project selection process, led to delay in execution of projects and non-achievement of targets. This resulted in non-provision of all-weather road connectivity to 2,428 targeted habitations having population of 20.71 lakh within the stipulated period besides undue financial benefit to the contractors.

The Department stated (September 2025) that efforts were being made to complete the works within the stipulated time to avoid cost and time overruns. However, targets could not be achieved in certain cases due to unavoidable circumstances. It was further stated that in cases where delays were attributable to the contractors, LD had been levied and recovered by the concerned PIUs. Regarding 119 projects, 45 had been completed and ₹1.10 crore had been withheld in these works pending finalization of Extension of Time (EoT). Similarly, in the remaining works, ₹2.33 crore had been withheld, and payments would be finalized after approval of EoT.

However, Audit observed that against the total LD of ₹40.55 crore due in 127 cases, only ₹3.43 crore (8.45 *per cent*) was withheld (for 119 cases). The reply given by the Department was silent about the remaining eight projects.

3.2.6.2 Failure in contract management led to unfruitful expenditure

Clause 7.6.1 of the Manual on Procurement & Contract Management for PMGSY projects stipulates that the OSRRA shall hold a meeting with the PIUs on the 12th of every month to review the implementation of PMGSY projects and take remedial actions, wherever required.

Scrutiny of closure files of CE, PMGSY revealed that 16[86] projects under nine RW Divisions were awarded for ₹64.92 crore between February 2021 and December 2022 for completion between November 2021 and November 2023, respectively. However, the works were not completed within the stipulated dates, despite expenditure of ₹32.27 crore. As a result, the Committee of Chief Engineers recommended closure of all 16 projects between November 2023 and November 2024, due to persistent slow progress. Audit further observed that monthly contract management meetings with PIUs were not held by OSRRA to address delays in project execution.

Thus, the failure of the PIU/OSRRA in effective contract management led to closure of these projects, rendering the expenditure of ₹32.27 crore unfruitful.

The Department stated (September 2025) that due to slow progress of works by the agencies, the respective works were terminated. Further, contract management meetings were being done at each level to sort out the issues during execution to complete the work in time.

The reply is not acceptable since the closure of the projects deprived the beneficiaries of all-weather road facilities, besides rendering the expenditure of ₹32.27 crore unfruitful.

3.2.6.3 Non-provision of insurance cover

According to paragraph 9.3.1 of the Operations Manual and Clause 13 of GCC, the contractor at his cost should provide insurance cover from the start date to the end of defect liability period for the events which are due to contractor's risk, *viz*., loss or damage to the works, plants, materials, equipment, property and personal injury or death *etc*.

Audit observed that in respect of 40 works in six divisions, contracts amounting to ₹181.14 crore were awarded to contractors between September 2021 and September 2023 with stipulated completion dates between June 2022 and September 2024. As per the contract conditions, the contractors had provided insurance coverage for ₹152.64 crore, corresponding to the original completion periods. However, the contractors failed to complete the works within the stipulated timeframes, and the projects were still in progress, as of March 2025. Despite the ongoing nature of the works and the lapse of the original insurance coverage periods, the contractors did not provide the required insurance coverage of ₹152.64 crore for the extended periods up to the revised completion dates.

Thus, the failure of Department in ensuring renewal or extension of insurance coverage resulted in contractor evading premium payments, besides exposing the residual works worth ₹152.64 crore to potential risk of loss or damage during the extended execution periods.

The Government stated (September 2025) that due to delay in execution of works, the insurance coverage was not extended to the revised/extended completion periods. The reply is not tenable as, due to non-coverage of

[86] In addition to test-checked divisions, 9 RW divisions having 16 projects *viz*., (1) Balasore-II = 3 projects, (2) Bhadrak-I= 2 projects, (3) Cuttack-I= 4 projects, (4) Cuttack-II = 1 project, (5) Anandpur = 1 project, (6) Bhabaneswar =1 project, (7) Baliguda = 1 project, (8) Phulbani = 2 projects, (9) Padampur= 1 project

projects under insurance, the Government is liable to pay the compensation in any case of injury/death during the execution of work.

3.2.6.4 Non-maintenance of roads, deviating from contractual obligations

(i) Paragraph 9.16 of Operations Manual states that all the contracts under PMGSY will not only be a construction contract but will also include routine maintenance to be carried out by the concerned contractors for five years, after completion of the works. Description of items to be attended to during routine maintenance should be clearly laid down in the Contract for maintenance up to five years after completion of the works.

Clause 43.4 of the Standard Bidding Document stipulated that if the routine maintenance part of the contract was not carried out by the contractor as per the contract, the employer would be free to get the maintenance work carried out from another source and recover the amount thus required for this work from the performance security available with the employer and/ or from any amounts of the contractor that were due, with an additional 20 *per cent* amount as penalty.

Analysis of the OMMAS database of the seven test-checked districts on maintenance of 441 PMGSY road works taken up to 2018-19 and completed by December 2019, revealed that in these five years there were only 148 roads that had been maintained four times (or almost annually). Further, there were 38 works where no maintenance had been carried out during the five year's period and in 66 works, only one round of maintenance had been done.

Despite lack of proper maintenance as per stipulated contract conditions, the Divisional Officers had not taken any action against the defaulting contractors. Thus, non-maintenance of roads by the original contractors and non-recovery of at least ₹ 3.93 crore[87] from the amount of performance security available with the employer, led to undue favour to contractors.

(ii) Para 2.8.6 of the Technology Initiatives under PMGSY mandates that the traffic survey for roads should be conducted with greater accuracy and reliability and that the design traffic should be appropriately projected based on the survey results. The State Governments should also ensure that the traffic plying on such roads after construction is not higher than the design traffic, so as to avoid chances of failure of such technology demonstration projects which may otherwise lead to poor performance of the material/technology.

Audit observed that 30 road projects were awarded by eight divisions between October 2017 and October 2018 for ₹82.70 crore including fixed maintenance cost of ₹6.36 crore. The works were completed between March 2019 and May 2022 with expenditure of ₹69.97 crore. During the routine maintenance period, 10 contractors had not maintained the work as per the agreement and only 20 works were maintained by the contractors with an expenditure of ₹1.14 crore. However, the CCE, RW Circle, Bhawanipatna and Sunabeda had submitted (6 November 2023 and 13 November 2023) a closure proposal for all 30 contracts, as these roads could not sustain high intensity traffic by movement of heavy vehicles, due to damage of crust of the roads.

[87] Maintenance liability of 38 roads - ₹3.30 crore + 20% penalty (₹0.63 crore) = ₹3.93 crore

In January 2024, the Committee of CEs suggested closure of the contracts under Clause 52.3 of the GCC and directed that the roads be renewed. Accordingly, the original contracts were closed (January 2024) and the works were again awarded between 7 February 2024 and 13 July 2024 to other contractors for ₹29.38 crore towards restoration/periodical maintenance of roads. Out of 30 roads, 14 roads were completed and the remaining 16 roads were in progress with total expenditure of ₹19.93 crore, as of March 2025.

Thus, the failure of the road projects to sustain high-intensity traffic and inadequate maintenance by the contractor led to closure of the original contracts and re-award of works, resulting in extra avoidable expenditure of ₹23.02[88] crore.

The Department stated (September 2025) that the contracts for the above works were closed in the maintenance stage as the rectification works needed were beyond the scope of Routine Maintenance work and also Routine Maintenance amount was not adequate enough to improve the crust of the road for sustainability. Separate agreements were drawn for renewal of such roads under periodical maintenance after closure of contract.

However, the Department did not address the lapses in project design, execution and supervision that caused premature road failure. Closing the contracts and re-awarding the works led to an avoidable extra expenditure of ₹23.02 crore.

Recommendation 3:
Progress of execution of road projects under PMGSY should be closely monitored so that the works are completed within the specified time frame. The Department may also ensure contractor's accountability for delays in completion and non-maintenance of assets created.

3.2.7 Funds Management

During 2019-24, OSRRA incurred an expenditure of ₹9,383.53 crore against available funds of ₹10,701. 83 crore[89]. The year-wise receipt and expenditure of funds is given in **Table 3.2.3.**

Table 3.2.3: Funds allocated and utilised during 2019-24 ***(₹ in crore)***

Year	Funds received				Grand Total	Expenditure	Unspent Balance	Percentage of Unspent
	OB	GoI	GoO	Total (GoI+GoO)				
2019-20	3636.70	765.85	452.12	1217.97	4854.67	2369.75	2484.92	51.19
2020-21	2484.92	599.00	526.78	1125.78	3610.70	1683.06	1927.64	53.39
2021-22	1927.64	395.12	340.24	735.36	2663.00	1739.56	923.44	34.68
2022-23	923.44	1136.39	927.26	2063.65	2987.09	2032.64	954.45	31.95
2023-24	954.45	1077.00	845.37	1922.37	2876.82	1558.52	1318.30	45.82
Total		3,973.36	3,091.77	7,065.13	16,992.28	9,383.53	1,318.30	

(*Source: Data furnished by OSRRA*)

[88] New Agreement Cost: ₹29.38 – Original Maintenance Cost: ₹6.36 = ₹23.02 crore
[89] ₹10,701.83= ₹3636.70 (OB) + ₹7065.13 (Total receipt)

During 2023-24, OSRRA parked the unspent PMGSY funds of ₹1,318.30 crore (*i.e.* 45.82 *per cent* of total available funds), in savings account opened in the State Bank of India. The reasons for non-utilisation of this balance amount by the State, were not found on record.

The Department stated (September 2025) that all-out effort was being made for optimum utilisation of funds.

However, the reply of the Government is not satisfactory and non-utilisation of allocated funds indicates poor financial management.

In addition, Audit noticed the following irregularities in management of PMGSY funds:

3.2.7.1 Non-remittance of interest on unspent balance to the Government account

As per the release orders of MoRD, GoI, the State Nodal Agency shall ensure that the interest earned from the funds released is remitted to the respective Consolidated Funds on pro-rata basis. During the period from 2019-20, OSRRA had earned interest of ₹ 640.74 crore[90] from the unspent balance under PMGSY which was kept in the savings account. Out of this, ₹171.88 crore was remitted to the Government accounts and ₹300.67 crore was transferred to the Maintenance Fund[91]. The balance amount of ₹168.19 crore was lying with the OSRRA, as March 2025. This retention of funds that had accrued from unspent amount towards interest without depositing the same to Government Account was irregular and needed to be transferred to Government Account.

While accepting the observation, the Department stated (September 2025) that action was being taken to engage one Chartered Accountant Firm for its proper verification and action would be taken as per their advice.

3.2.7.2 Unauthorized expenditure on administrative and travel expenses

Paragraph 12.2 (V) of the PMGSY-III guidelines stipulates that the expenditure ceiling for administrative and travel expenses should be ₹1 crore in a year, excluding cost of procurement of computer hardware and laboratory equipment. Thus, during the five years from 2019-20 to 2023-24, OSRRA was permitted to spend up to ₹5 crore towards administrative and travelling expenses. As against this ceiling, it had spent ₹13.18 crore, leading to an excess expenditure of ₹8.18 crore, which was irregular.

The Department stated (September 2025) stated that the expenditure limit as prescribed by MoRD was quite insufficient as per actual requirement. The reply is not acceptable as the expenditure should be incurred as per stipulation of PMGSY guidelines.

3.2.7.3 Delay in release of PMGSY Programme Fund to OSRRA

The release orders of MoRD specified that the State Government shall transfer the programme funds under PMGSY along with the corresponding State share

[90] Includes opening balance of ₹16.58 crore at the beginning of 2019-20

[91] Maintenance Fund relates to the funds for upkeep of rural roads through routine and periodical maintenance

to OSRRA within a stipulated time frame (*i.e.* 3 days/15 days)[92] from the date of its receipt, failing which the State Government was liable to pay interest at 12 *per cent* (from July 2017 to April 2023) for the period of delay beyond the specified period. The details of receipt and release of funds by RD Department is given below in **Table 3.2.4**.

Table 3.2.4: Details of receipt and release of funds by RD Department ***(₹ in crore)***

Sl. No.	Date of release by NRIDA to RD Department	Central Share	State Share	Total	Date of release by RD Department to OSRRA	Admissible days	Delays after admissible days	Interest Payable
1	27-01-2020	573.18	382.12	955.30	13-02-2020	03	14	4.40
2	25-11-2020	400.00	329.06	729.06	16-12-2020	15	06	1.44
3	09-06-2022	203.10	166.31	369.41	08-07-2022	15	14	1.70
Total		1,176.28	877.49	2,053.77				7.54

(Source: Records of OSRRA)

Audit observed from the above table that during the period from 2019-24, an amount of ₹2,053.77 crore was transferred to OSRRA with delays ranging between 6 and 14 days beyond the specified period in violation of the above guidelines. As a result, the State was liable to pay interest of ₹7.54 crore to OSRRA, which had not been paid as of March 2025.

The Department stated (September 2025) that no violation of guidelines was made as per as prescribed by Ministry of Finance letter No. F.No.1(13)/PFMS/2020 dated 16.02.2023 communicated by NRIDA.

However, instructions of MoRD (July 2017, May 2023) were not adhered to and because of this, the State was liable to pay interest of ₹7.54 crore to OSRRA.

Recommendation 4:
The Department may ensure effective fund management with timely transfer of funds and remittance of the interest earned on the parked funds.

3.2.8 Quality Control, Monitoring and Evaluation

Under PMGSY-III, a three-tier Quality Control mechanism aims to ensure the construction quality of roads built. The first tier involves the PIU, responsible for ensuring that materials and workmanship meet prescribed specifications. The second tier comprises State Quality Monitors (SQMs), engaged by the State Quality Coordinator (SQC) to conduct periodic inspections. The third tier includes National Quality Monitors (NQMs), appointed by NRIDA to carry out random inspections for independent assessment and to ensure compliance with National Quality Standards.

3.2.8.1 Irregular payment to contractors

To ensure stoppage of spurious bitumen and emulsion to the State and increase collection of revenue by the State on account of sale of bitumen and emulsion, the Finance Department, GoO requested (October 2019) all the Departments

[92] 3 days – 21 July 2017, 15 days – 21 May 2023

to issue suitable instructions to the executing agencies under their administrative control to accept only the purchase invoice of bitumen and emulsion obtained from the main producers, from the contractors while settling their dues. Further, the Department of Rural Development, Odisha also directed (October 2019) EIC, RW, Odisha to issue strict instructions to the executing agencies to purchase bitumen and emulsion only from the main producers *i.e.,* Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Hindustan Coal Limited/OSIC and not from any other sources.

Audit observed that six Divisions had executed 107 road works with agreement value of ₹352.73 crore involving use of 8285.12 MT bitumen for execution of work. However, the contractors had not furnished the invoice regarding purchase of bitumen from the main producers. This raised serious concerns regarding the potential use of spurious or substandard bitumen and emulsions, which could adversely affect the quality and durability of the road works.

Besides, in deviation of the Finance Department/ RD Department's instructions/directions, payments of ₹43.87 crore were released irregularly to the contractors by the Divisional officers without checking the invoices of Bitumen to assure that the supply was from designated / identified suppliers, as detailed in ***Appendix 3.2.8.***

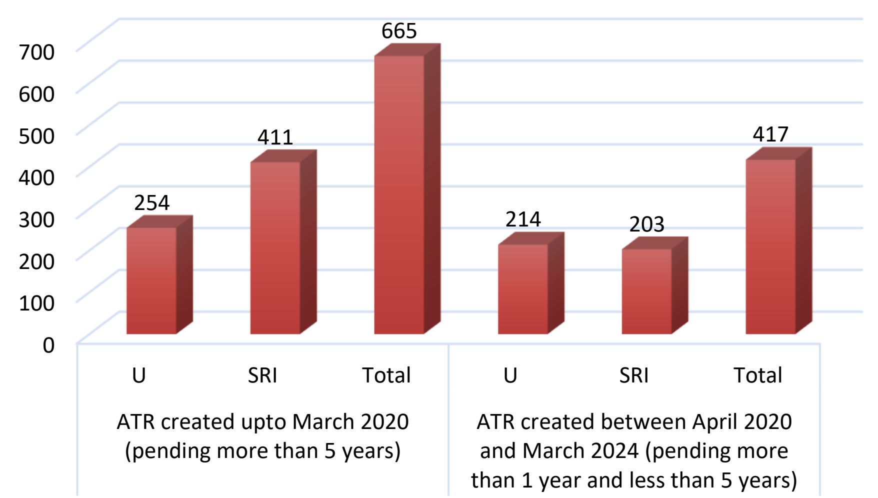
No reply was furnished by the Department in this regard.

3.2.8.2 Lapses in quality assurance mechanisms

Paragraph 11.6.3 of the Operations Manual of PMGSY provides that Action Taken Reports (ATRs) should be submitted by PIUs within 30 days from the date of inspections of SQM.

The status of pending ATRs with grading of Unsatisfactory (U) and Satisfactory Requiring Improvement (SRI) as given by the SQM according to quality of the materials and standard of execution of the projects, is shown in **Chart 3.2.1**.

Chart 3.2.1: Status of ATR



It can be observed from **Chart 3.2.1** that in deviation to the PMGSY guidelines, 1,082 (U: 468 + SRI: 614) ATRs were pending at PIU level (as of March 2024) for rectification of the defects by contractors. Out of this, 468 (254 + 214) ATRs were graded as cases of "Unsatisfactory execution" by SQMs. However, the concerned PIUs had not initiated any action for rectification of the defects followed by submission of the ATRs. Furthermore, 665 (254+411) ATRs remained pending for more than five years, yet the SQC had not taken any action against the PIUs or the contractors.

Thus, the persistent non-submission of ATRs indicated a serious compromise in the quality monitoring mechanism.

- Paragraph 11.5.7 of the PMGSY Operations Manual stipulates that the SQM inspection programmes should be drawn up in such a way that every work is inspected at least three times during the entire execution of work. The first two inspections of every work should be carried out during the execution of work spaced at least 3 months apart and the last inspection should be carried out on completion of every work, within one month of its completion.

Audit noticed that out of 934 completed works, 12 works were inspected only once, 76 works were inspected twice, 257 works were inspected thrice and the remaining 589 works were not inspected by the SQM between March 2020 and March 2024.

Further, only 935 inspections were conducted against the required 2,802, resulting in a shortfall of 1,867 (67 *per cent*) inspections required to ensure quality execution of the work.

The Department stated (September 2025) that a special drive for verification of rectified works related to ATRs pending for more than five years in various divisions was proposed to be conducted during the months of October, November and December 2025.

3.2.8.3 Infructuous expenditure due to non-rectification of roads

As per MoRD circular (September 2009), in case of completed works, where ATR from PIUs was pending for more than 12 months, the expenditure incurred on the projects having non-rectifiable defects would be treated as infructuous and an equivalent amount would be recoverable from the contractor.

Scrutiny of OMMAS database (21 March 2025) revealed that three roads[93] were inspected between February 2022 and February 2024 by the National Quality Monitor (NQM) and graded as Unsatisfactory (U). The works were completed between September 2022 and July 2024 after expenditure of ₹16.63 crore. However, it was noticed that the ATRs of above works were pending at the level of Executive Engineer for compliance, even after lapse of 13 to 37 months.

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[93] 1.OR-19-347 (RW Division, Koraput), 2. OR-19-695 (RW Division, Jeypore, 3. OR-19N-195 (NBCC, Koraput)

It was observed (February 2022) that the pavement of Package No. OR-19-347 was damaged. However, the agency did not carry out any repairs, and the concerned Executive Engineer had not submitted the ATR, as of March 2025.

Thus, due to non-submission of ATRs even after lapse of 13 to 37 months, the expenditure of ₹16.63 crore incurred on those projects without rectification of defects, became infructuous.

The Department stated (September 2025) that the compliance was submitted to NRIDA on 23 May 2025 for Package No-OR-19-695 having work value of ₹1.44 crore. However, non-rectification of remaining two packages led to infructuous expenditure of ₹15.19 crore.

3.2.8.4 Quality of projects conducted by poor performing SQMs

As per Para 11.5.2 of the PMGSY Operations Manual, SQMs are empanelled from (i) working engineers of State quality divisions, (ii) retired State/Central Government engineers with road experience, and (iii) consultancy firms selected on a Quality cum cost criteria basis as per NRIDA's Project Management Consultancy Procurement guidelines. Further, Paragraph 11 of the Empanelment & Performance Evaluation of PMGSY Guidelines prescribes the following guiding principle for the Selection Committee to take the decision on the de-empanelment of the SQMs:

- The SQMs securing less than 50 *per cent* marks should be de-empanelled;
- The SQMs securing between 50 to 75 *per cent* marks, should be placed under observation for the next 6 months, and if they obtain less than 75 *per cent* marks in the second performance evaluation, they should be de-empanelled.

Audit observed that nine SQMs secured 50 to 75 *per cent* marks in the first evaluation (January 2021) and secured less than 75 *per cent* marks in their second performance evaluation (March 2022). Despite their poor performance, the SQMs continued in their role and carried out quality inspection of 387 projects (road/bridge works) for the period between March 2022 and January 2024, indicating that the SQC had extended undue favour to the SQMs and compromised the quality evaluation of 387 project works.

The Department stated (September 2025) that due to the limited empanelment of only 29 SQMs and shortage of human resources, the CEO of OSSRA, as Chairman of the SQM Selection Committee, approved a six-month extension for SQMs who had consecutively scored between 50 *per cent* and 75 *per cent* in performance evaluations. This decision was taken solely to meet inspection targets.

The reply is not tenable since employment of unqualified SQM resulted in undue favour to the SQMs, compromising the quality evaluation of the road and bridge works.

3.2.8.5 Shortfall in State Level Standing Committee (SLSC) meeting.

Para 2.4 of the PMGSY Operations Manual stipulates that an SLSC shall be set up preferably under the chairmanship of the Chief Secretary for quarterly review of progress of works, quality control, capacity enhancement, land availability, budgeting of maintenance fund *etc*.

Audit observed that during the period 2019-20 to 2023-24, against the requirement of holding 20 SLSC meetings, only three meetings were held on 14 August 2020, 15 March 2021 and 7 January 2022. Further, no SLSC meeting was held after January 2022 up to October 2024, which indicated poor monitoring and review of the PMGSY projects, which had negative impact on timely completion of works, quality control, resolving land problem *etc*.

The Department accepted the audit observation and stated (September 2025) that necessary action would be taken to reduce the shortfall.

3.2.8.6 Non-fulfilment of connectivity assurance provided to general people through grievances.

Paragraph 15.8 of the PMGSY Guidelines outlines the procedure for dealing with complaints related to road works. Complaints received through MoRD or NRIDA are forwarded to the SQC for enquiry and necessary action within 30 days. If an adequate response is not received within the prescribed timeframe, NRIDA may assign a NQM to investigate the matter. Further action would then be taken based on the findings of the NQM's report.

Audit observed that out of 94 grievances received towards the construction/repair of the roads during 2019-24, 28 cases were disposed of by the Department and the remaining 66 grievances were not taken up for redressal as of September 2024, resulting in non-redressal of grievances.

The Department stated (September 2025) that out of 62 pending cases, 19 cases had already been enquired into at the ground level by a Technical Committee and interim reports of the same had been submitted to MoRD / NRIDA. The concerned PIUs had also been intimated to submit the final reports after carrying out necessary rectification for onward submission of the same to MoRD / NRIDA.

3.2.8.7 Failure of the scheme objective to establish the impact of the rural connectivity for evaluation

Paragraph 22.1 of PMGSY-III Guidelines stipulates that the PMGSY-III would improve indicators of education, health, rural incomes *etc*., provided convergence is achieved with other ongoing Programmes in these sectors, in consultation with the local Panchayati Raj Institutions. Before the start of work on rural roads, the benchmark development indicators may be measured and attached to the DPRs. These indicators may also be captured as a separate module under the OMMAS. Further, Paragraph 22.2 states that the NRIDA would provide assistance for independent studies to establish the impact of the rural connectivity in a district from time to time.

Test check of 207 DPRs in seven[94] test-checked RW Divisions revealed that before the start of work on Rural Roads, no benchmark development indicators were measured, finalised and attached to the concerned DPRs. Nor were such indicators developed to capture the relevant information as a separate module under the OMMAS. Further, no independent studies by NRIDA were also found conducted to assess the impact of road connectivity projects under PMGSY.

Due to the absence of the required attachment of benchmark development indicators in the DPRs, and the lack of a separate module within OMMAS, the impact of convergence efforts could not be effectively assessed.

Recommendation 5:

A Digital Action Taken Report (ATR) Management Module may be developed within OMMAS to monitor SQM/NQM observations to ensure compliance with the 30-day response timeline.

Recommendation 6:

The Department may mandate a three-stage inspection process (pre-construction, mid-construction and post-completion) by SQMs for every project. OMMAS may be configured to withhold final contractor payments until the third and final inspection is completed and marked as 'Satisfactory'.

[94] 1. RW Division, Puri-27 works, 2. RW Division, Nimapara-14 works 3. RW Angul -33 works, 4. RW Division-I, Ganjam -33 works 5. RW Division-II, Ganjam -55 works, 6. RW Division-I, Nayagarh -27 works & RW Division-II, Nayagarh-18 = 207 works

SCHOOL & MASS EDUCATION DEPARTMENT

3.3 Implementation of 5T High School Transformation Programme

Government of Odisha in its School and Mass Education (SME) Department introduced (2021) '5T High School Transformation Programme (HSTP)[95]' for infrastructural transformation in schools and to make schools better learning places. The schools covered under the HSTP were to undergo major transformations in the shape of new smart classrooms, well-developed e-library, state-of the-art laboratory-cum-interactive science centre, new sports equipment and other advanced amenities, during 2021-24. The smart classrooms were to be equipped with laptops, projectors, high-speed broadband connection and surround sound systems *etc.* This Programme was implemented through *Mo School Abhiyan Parichalana Sangathan* (MSAPS)[96], Odisha School Education Programme Authority (OSEPA) and District Collectors.

MSAPS was to review and approve projects for HSTP through its Governing Council (GC) and administer funds received through Corporate Social Responsibility (CSR)[97] contributions and State matching grants. Further, OSEPA and District Collectors were to handle funds received for the HSTP Programme from the Odisha Mineral Bearing Area Development Corporation (OMBADC) and District Mineral Fund (DMF), respectively.

As per the data furnished by MSAPS and OSEPA, ₹ 4,306.37 crore[98] was received under HSTP during 2020-24, out of which ₹ 3,830.91 crore had been utilised.

As of June 2025, HSTP had covered 8,681 out of 8,951 Government and Government aided secondary schools (Class IX and Class X) in the State, with funding from CSR, OMBADC, DMF and Government share.

Audit test-checked records of SME Department, MSAPS, OSEPA and six[99] sampled districts during July 2024 and October 2024 to March 2025 relating to implementation of HSTP and observed gross irregularities like suspected misappropriation of programme funds, fraudulent payments, procurements made without following guidelines, *etc*. as discussed in the following paragraphs.

3.3.1 Inadmissible/ irregular allotment of funds

HSTP guidelines stipulated that all Government or Government aided secondary schools (Classes IX and X) would be eligible for funding under HSTP. As per the HSTP guidelines[100], a school was to be given a maximum

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95 5T programme refers to Transparency, Technology, Teamwork, Time and Transformation. This programme is applicable to High schools *i.e.*, Classes IX and X (also called secondary schools in Odisha)

96 A registered Society established by the SME Department for implementing the Mo school programmes including 5T HSTP.

97 Voluntary contributions made by industrial houses and other agencies

98 Excluding funds relating to DMF, which were not shared with Audit

99 Records of DEOs, BDOs and schools of Balasore, Cuttack, Ganjam, Jajpur, Keonjhar and Sundargarh districts

100 Head Teacher's Handbook on HSTP, issued by MSAPS in July 2021

amount of ₹ 45 lakh, *i.e.* ₹ 15 lakh from CSR fund and ₹30 lakh as matching grant by the Government.

Audit, however, noticed that release of funds to the schools was not in consonance with the HSTP guidelines as discussed below:

- OSEPA had released ₹60 lakh to District Education Officer-cum-District Programme Coordinator (DEO-cum-DPC), Jajpur for implementation of HSTP in Badachana Women's Secondary School. However, on verification of the Unified District Information System for Education Plus (UDISE+) portal of the Ministry of Education, Government of India, it was found that no such government school imparting secondary education, existed in Jajpur District. A sum of ₹ 57.95 lakh[101] out of the HSTP fund had been spent for "Badachana Women's Higher Secondary School", which was a private educational institution, imparting education for Class XI and Class XII and thus not eligible for assistance under HSTP.

Thus, release of HSTP funds by the OSEPA and utilisation of the said fund by the DEO and BDO, Badachana for a private educational institution was grossly irregular. The reason for utilising the programme funds for a private entity merits further investigation and fixing of accountability against erring officials.

The Department stated (October 2025) that Badachana Women Secondary School had been included in the 5T HST (2nd phase) with UDISE code 21130102852 and the works were executed after approval by the OSEPA. The reply is not tenable as the UDISE code 21130102852 corresponds to Barchana Women's Higher Secondary School, Barchana, which is not a secondary school.

- MSAPS had released (April 2022) ₹ 18.93 crore as matching grants to 42 schools in Ganjam district, ranging from ₹ 30.67 lakh to ₹ 1.07 crore per school, against the admissible amount of ₹30 lakh each. Thus, the allotment of funds was irregular and lacked transparency.

The Department stated (October 2025) that the funds were released to schools of Ganjam district as special case, with the approval of the Principal Secretary, SME Department-cum-Chairperson of Executive Council, MSAPS. The reply is not tenable as allotment of funds had been made in deviation from the prescribed guidelines.

3.3.2 Suspected fraud and misappropriation of HSTP and Mo School Abhiyan funds

3.3.2.1 Suspected Misappropriation of ₹ 12.48 lakh

Rule 163 of the Odisha Treasury Code requires government officers to obtain detailed vouchers for all payments made, setting forth full and clear particulars of the claims. The Rule also stipulates that vouchers should be maintained for every expenditure incurred. The Finance Department, GoO instructed (26 July 2012) all Drawing and Disbursing Officers to make all Government payments/

[101] By DEO-cum-DPC: ₹9.23 lakh and by the BDO, Badachana: ₹ 48.72 lakh

disbursements electronically into the bank account of the individual beneficiary.

On scrutiny of records of Ranihat High School, Cuttack, Audit observed cases of suspected misappropriation amounting to ₹ 10 lakh under HSTP and ₹ 2.48 lakh under 'Mo School Abhiyan' as discussed below:

(A) HSTP programme: In July 2021, the District Level Committee[102] designated Water Corporation of Odisha (WATCO) and Roads & Buildings (R&B) Division as executing agencies for carrying out Civil Works, Water, Sanitation, toilet works *etc*., related to HSTP. Ranihat High School, Cuttack received (June-July 2021) ₹45 lakh in a joint bank account of the Headmaster-in-charge (Assistant Teacher) and an Assistant Teacher of the school for implementation of HSTP. Audit observed that due to absence of the regular Headmaster, one Assistant Teacher of the school acted as the Headmaster-in-charge (from 27 September 2022 to 25 June 2023) and was operating the joint bank account along with another Assistant Teacher[103] of the school. In this context, Audit noticed two cases of fraudulent withdrawals as detailed below:

- On 10 October 2023, payment of ₹ 5 lakh was shown to have been made to the General Manager, WATCO Division, Cuttack by the High School for HSTP from Account number 8092201001xxxx (Canara Bank). However, the bank passbook of the account mentioned the transaction as a self-drawal. Audit approached the WATCO Division, Cuttack to ascertain the receipt of these funds, but the Division replied (March 2025) that the amount of ₹5 lakh had not been received from the school. Thus, ₹ 5 lakh was withdrawn in cash *via* self-cheque by the concerned teacher, although the records fraudulently claimed it as paid to WATCO.
- On 31 October 2023, ₹5,00,311 was recorded to have been paid by the High School to R&B Division for civil works done, through cheque, but confirmation from the bank revealed that the amount had been transferred to an account of one Assistant Teacher, instead of the R&B Division.

As such, an amount of ₹10,00,311 was suspected to have been misappropriated by the account holders, which requires further investigation and fixing of accountability.

(B) Mo School Abhiyan: Mo School Abhiyan was launched in 2017 by the Odisha Government, aimed to improve government and government-aided schools by encouraging alumni and community participation. Audit noticed that the MSAPS had intimated (May 2018) to all District Collectors that each school should open an account in a nationalised bank to receive the funds under Mo School Abhiyan. The account was to be jointly operated by the Headmaster of the School and one representative of the alumni association/

[102] The Committee headed by the District Collector for implementing the programme

[103] Shri K.K Nanda (Headmaster-in-charge) and Smt. Bidyut Manjari Pradhan (Assistant teacher)

SMC/ SMDC/BEO/CRCC[104] or, the senior most teacher at that school. Audit noticed that the bank account maintained by the school for receipt and disbursement of funds under Mo School Abhiyan was the same as the one which was maintained for HSTP funds, although separate cash book and bank accounts were required to be maintained for the two programmes. The joint operators of the bank account were the Headmaster-in-charge (Shri K.K Nanda) and the Assistant Teacher (Smt. Bidyut Manjari Pradhan), who were the same persons responsible for misappropriation of funds under HSTP, as discussed above.

Audit further observed that a sum of ₹ 2,47,737 had been withdrawn on seven occasions from the said bank account during January 2023 to September 2024, purportedly towards various disbursements and expenses, for which no supporting vouchers were available in the records, as summarised in **Table 3.3.1.**

Table 3.3.1: Statement of expenditure for which no supporting vouchers were available

Sl. No.	Date of withdrawal	Amount (in ₹)	Mode of withdrawal	Recorded purpose of withdrawal
1	23 Jan 2023	21,104	Self-cheque	For SMC matching (Mo School) grant
2	07 Feb 2023	22,727	Bearer cheque[105]	No mention
3	3 Mar 2023	3,592	Bearer cheque	Paid to BSNL, Cuttack towards Net charges
4	22 May 2023	1,20,000	Self-cheque	Paid to the DEO, Cuttack towards Mission F[106]
5	13 Jun 2023	20,000	Self-cheque	Repair and installation of new fans
		54,000		Campus cleaning and prize distribution *etc.*
6	13 Jul 2023	3,314	Bearer cheque	Payment to M/s BSNL
7	30 Sept 2024	3,000	Cash withdrawal	Cash Book not maintained for this date
Total		**2,47,737**		

(Source: Cash book and Bank passbook of Ranihat High School)

Audit examined each of the above seven transactions in detail and observed the following:

- In respect of purported payment of ₹ 21,104 as matching grant, there was no acknowledgement of the payee, nor was identity of payee available in the records. Moreover, the school was not supposed to contribute matching grant under Mo School Abhiyan, since the same is released by the S&ME Department.
- In case of alleged transfer of ₹ 1,20,000 to the District Education Officer (DEO), Cuttack towards Mission F, Audit found no such related fund transfer on verification of records of the DEO, Cuttack.
- On repair and installation of new fans, for which ₹ 20,000 was stated to have been expended, Audit did not find any entries in the stock register in support of purchase of new fans.

[104] **SMC**: School Management Committee, **SMDC:** School Management and Development Committee, **BEO:** Block Education officer, **CRCC:** Cluster Resource Centre Coordinator

[105] Bearer: Suryakanta Mohanty, Peon of the school

[106] A mission for registering zero fail in Class X

- Regarding ₹ 54,000, purportedly shown as payment to SMC president for campus cleaning and prizes to students from interest money of Mo School, the School could not produce any document demonstrating any authorisation or resolutions for making such payment.
- Regarding payments made to BSNL amounting to ₹ 6,906 on two occasions, there was no documented demand raised by BSNL.

In none of the cases, expenditure had been authorised by the SMC, which was the empowered authority[107].

Thus, the joint operators of the bank accounts had unauthorisedly withdrawn ₹ 2,47,737 from the Mo School Account and attempted to regularise the same by showing the amount as expenditure, and by making fraudulent entries in the cash book. This was made possible since no meeting of the SMC had taken place since 2021-25 *i.e.*, the period covered in Audit. Further, the School had not prepared the Annual Statement of Accounts showing the income and expenditure under Mo School Abhiyan for any of the financial years.

As such, there was complete absence of internal control mechanism to ensure that public funds were utilised for the intended purposes, efficiently and economically, which resulted in suspected misappropriation of ₹12.48 lakh, which requires further investigation and fixing of accountability.

The Department while accepting the fact of misappropriation stated (October 2025) that the concerned Assistant Teacher (who had been Headmaster-in-charge) had been placed under suspension with initiation of disciplinary proceedings and show cause notice was issued (July 2025) to the other Assistant teacher, being the joint account holder.

3.3.2.2 Suspected fraudulent payment of ₹30 lakh

Rule 9 of OGFR Vol-I states that expenditure from public funds should not *prima facie* be more than the occasion demands or for benefit of a particular person.

The DLC, Jajpur designated the BDO, Dasarathpur as executing agency for carrying out civil works under HSTP in Nandipur High School under Dasarathpur Block. As per the modalities, the Headmaster of the School had to transfer the funds to BDO, Dasarathpur for execution of works under HSTP. Audit found that an amount of ₹ 30 lakh had been transferred from the bank account of Nandipur High School through two cheques[108] to the bank account of a third party, instead of transferring it to the account of BDO, Dasarathpur, indicating a possible fraud.

The Department stated (October 2025) that show-cause notice had been issued to the Ex-Headmaster. It further added that as per the response of the Ex-Headmaster, the work had been completed and payment had been released to the third party. The reply is not tenable as the amount was transferred directly

[107] As per the Act read with the Rules, SMC must meet at least once a month, and the minutes and decisions of the meetings must be properly recorded. The SMC shall, *inter alia*, perform the function of monitoring the utilisation of grants received from the Government or other sources

[108] Cheque No. 220200 dated 04 October 2021 for ₹28.00 lakh and Cheque No. 220201 dated 07 October 2021 for ₹ 2.00 lakh

to a third party instead of the executing agency *i.e*. BDO, Dasarathpur and actual execution of civil works had not been assured/ verified by the Departmental authorities.

3.3.2.3 Suspected fraudulent repair work of Dual Desks - ₹4.95 lakh

Paragraph 12 of the Procurement Guidelines issued (2012) by the Finance Department, GoO stipulates that invitations to tenders by advertisement should be used for procurement of goods of estimated value of ₹ 5 lakh and more.

Audit noticed that BDO, Jaleswar had incurred (March-November 2022) ₹19.31 lakh under HSTP towards repair of 613 dual desk-cum-benches in 12 high schools through two agencies at ₹3,150 (inclusive of GST), per dual desk. Audit observed that for selection of the agencies, neither an open tender was floated nor were formal work orders issued by the BDO.

Audit cross-checked the number of dual desks repaired as per the payment vouchers with the actual number of desks which had been repaired as per data provided by the Headmasters of all 12 secondary schools. In four out of the 12 schools, the number of dual desks for which payment had been made was found to be more than the actual number of desks repaired in the schools, as per the information provided by the concerned Headmasters, as shown in **Table 3.3.2**.

Table 3.3.2: Statement showing excess payment due to non-repairing of dual desk

Sl. No.	School Name	No. of dual desks repaired as per	
		Payment Voucher	Headmaster
1	Olamara GHS, Olamara	80	0
2	Shitala Govt. HS, Khuluda	40	20
3	Agarwala Simanta GHS, Gobarghata	40	0
4	MCSN GHS, Chhamouj	40	23
	Total	**200**	**43**

(Source: Records of BDO, Jaleswar and information furnished by the concerned schools)

Audit also observed that the BDO, Jaleswar had engaged the two private agencies for repair of the dual desks in 12 schools, although no such service requests had been made by the concerned Headmasters. The BDO released (May 2022) the payments of ₹4.95 lakh against the invoices raised by the service provider without confirming the fact from the concerned Headmasters regarding actual number of desks repaired by the agencies.

Thus, suspected fraudulent payment of ₹ 4.95 lakh was done (May 2022) by the BDO, Jaleswar, by falsely showing the repair of dual desks, despite no such repair works having actually been carried out, as per the information furnished by the concerned HMs.

The Department stated (October 2025) that corrective actions were being taken to address the issue raised in the observations.

3.3.2.4 Other instances of suspected fraudulent payments and procurements

Apart from the cases of suspected fraudulent payments/ procurements of goods or services discussed in the preceding paragraph, Audit noticed suspected fraudulent payments/ procurement of goods or services as discussed in **Table 3.3.3**.

Table 3.3.3: Statement showing suspected fraudulent payments in procurement of items

Name of the Executing Agency	Amount (₹ in lakh)	Remarks
BDO, Hatadihi, Keonjhar	1.56	Payment was made (November 2024) for supply, fitting and fixing of three iron gates in Gadachandi High School, Sundarpal. During JPI (12 February 2025), the Headmaster of the school stated that the existing gates had only been refixed. The BDO stated (February 2025) that the matter would be inquired and recovery would be effected from the Junior Engineer/ executant, in case of any discrepancy/ defects noticed.
BDOs of Ullunda, Birmaharajpur, Binika, Dunguripalli, Tarava, Nuapada, Bhandaripokhari	6.62	Procurement of items like notice boards, podiums, sports equipment, science items (lab chemicals, magnetic needle, bar magnets, *etc*.), K-Yan Projector, *etc*., and repair of genset had been reportedly done at a cost of ₹ 9.92 lakh between June 2021 and April 2023. On JPI (November 2023 to January 2024) of the schools, items worth ₹ 6.62 lakh were not found in the schools. This included expenditure incurred on repair of gensets, which had actually not been repaired, as intimated by the Headmasters.
BDO, Ullunda	1.08	BDO, Ullunda had procured (February 2022) stabilizer and batteries for ₹ 1.08 lakh and shown them as supplied to the Panchayat High School, Ullunda. However, during JPI (November 2023), it was found that the same were not supplied to the school.
BDOs of Bhandaripokhari and Bonth	0.32	91 items related to science laboratory and sports had been procured (October 2021 and April 2023) at ₹ 0.89 lakh. However, the total cost of these items as per the Maximum Retail Price (MRP) was found to be ₹ 0.57 lakh. Thus, there was an excess payment of ₹0.32 lakh, compared to the MRP.
BDO, Jaleswar	10.07	The quoted price for procurement of furniture/ podiums had included GST amount. However, while submitting the bills/ invoices, the suppliers claimed GST extra over the quoted price. The concerned BDOs while making payment did not examine this issue and made payment as per the invoice amount. Consequently ₹10.48 lakh was paid extra to the suppliers. BDO Nuapada while noting the audit observation stated (February 2024) that excess payment would be recovered from
BDO, Nuapada	0.41	

Name of the Executing Agency	Amount (₹ in lakh)	Remarks
		the supplier. BDO, Jaleswar did not furnish any reply.
BDO, Balasore Sadar	1.47	The accepted quoted price of Public Address System for 14 schools was ₹ 4.89 lakh, as seen from Running Account Bills, against which payment (January & July 2023) of ₹ 6.36 lakh was made, without any recorded reason.
Total	**21.53**	

(Source: Verification of records at Executing Agency level and JPI conducted at School level)

Thus, there were fraudulent transactions/ doubtful expenditure of ₹21.53 lakh by the BDOs in procuring goods for schools under HSTP, raising the risk of suspected misappropriation of programme funds.

3.3.3 Irregularities in procurement of goods and services under HSTP

3.3.3.1 Procurement without adhering to the laid down tendering procedure

Guidelines for Procurement of Goods, issued (February 2012) by the Finance Department, GoO stipulate that purchase of goods costing (i) ₹ 0.15 lakh to less than ₹ 1 lakh may be made on the recommendations of a Local Purchase Committee, (ii) ₹ 1 lakh to less than ₹ 5 lakh, through limited tender and (iii) ₹ 5 lakh and above, through open tender advertised in local and national newspapers.

Audit noticed that the executing agencies (schools/ BDOs/ DEOs) had not followed the prescribed guidelines in procurement of goods and equipment like furniture, water purifier, science lab items *etc*., required for the schools under HSTP as discussed below:

- During the period 2021-24, purchase of goods worth ₹ 49.82 lakh, each costing ₹ 0.15 lakh to ₹ 1 lakh was made in 13 sampled schools by the executing agencies. The schools/ BDOs had not constituted Local Purchase Committees for procuring goods, as required under the guidelines. Instead, procurement of these goods was made directly from the vendors. The basis of selection of the vendors was not on record.

- Twelve sampled schools had procured (2021-24) goods costing above ₹ 1 lakh and up to ₹ 5 lakh on each occasion, with a total cost of ₹58.38 lakh, without resorting to limited tender enquiry.

- Goods worth ₹ 12.47 crore, costing above ₹ 5 lakh on each occasion, were procured by 13 sampled executing agencies without publishing advertisements in newspapers. Instead, selection of suppliers was made through formal Quotation Call Notice or through direct purchase.

Procurement of materials without following the tendering procedure raises the risk that most competitive and fair prices had not been obtained and also indicates lack of transparency in the procurement process.

The Department stated (October 2025) that corrective measures were being taken to address the issue raised in the observations.

3.3.3.2 Excess expenditure due to procurement from non-EPM rate contract holders/ outside GeM platform

The Directorate of Export Promotion and Marketing (EPM), Odisha enters into rate contracts with medium and small enterprises for different items. Paragraph 5 of the Guidelines for Procurement of Goods provides that purchase of goods by all Government Departments, quasi-Government agencies and State-owned Corporations should be made from the EPM rate contract holders. Later, in February 2019, the Finance Department mandated (February 2019) procurement of goods and services through the Government e-Marketplace (GeM), citing that the goods and services on GeM are available at substantially lower rates compared to prevailing market rates.

Audit noticed that the Directorate of EPM had made rate contracts for supply of two-seater Compact desk-cum-bench (Dual Desk) with specified covered designs, dimensions, materials, manufacture and finish for students up to Class-X. The highest specification of Dual Desk was priced (excluding GST at a rate of 18 *per cent*) at ₹2,496 up to November 2021 and ₹ 4,102 thereafter. Contrary to the provisions of the Procurement Guidelines and instruction of the Finance Department to purchase from GeM platform, 16 sampled executing agencies procured dual desks for ₹ 42.71 crore from different agencies, through either quotation call notices or nomination basis. The prices at which dual desks had been procured were higher by ₹760 to ₹7,907 per desk, from the EPM rate contract prices. This had led to excess expenditure of ₹24.30 crore (***Appendix 3.3.1)***.

The Department stated (October 2025) that procurement of dual desks was made from the Odisha Small Industries Corporation (OSIC) and another agency in Jajpur district, considering factors such as children's safety in classrooms, better material standards and durability. In Keonjhar district, branded OEM bench-desks were procured. In Cuttack district, the procurement was done through local vendors based on the decisions of the DLC meeting.

The reply is not acceptable, as the procurement of dual desks from agencies other than the EPM rate contract holders violated the procurement guidelines issued by the Finance Department, resulting in an excess payment of ₹24.30 crore.

3.3.3.3 Wasteful expenditure due to excess procurement of hardware and software for smart classrooms

Rule 9 of OGFR Volume I provides that expenditure should not be *prima facie* more than the occasion demands.

Audit noticed that SME Department had decided (February 2019) that Central Public Sector Undertakings/ Central Government Organisations with large execution experience in the school education, would be engaged by inviting Expression of Interest (Eol), for delivery of Smart Class Technology based hardware. Without inviting EoI, the District Level Academic Enrichment Committee (DLAE), Jajpur selected (September 2021) M/s EdCIL (India) Ltd. (a GoI undertaking) for supplying multi-functional digital devices for smart classrooms. An agreement was signed (September 2021) between the District Collector and M/s EdCIL to supply Smart Classroom devices which included e-Content[109] as per Odisha Board in regional language for 65 schools at a cost of ₹ 1.31 crore. The delivery of smart classroom devices by M/s EdCIL to 65 schools was completed by 21 November 2021.

In the meantime, the SME Department intimated (November 2021) all District Collectors that Request for Proposal (RFP) had been floated to augment the availability of up-to-date, state-of-the-art e-content and supplementary materials, including videos, digital books and audio files for smart classes. The Department also intimated (December 2021), all Collectors/DEOs/BEOs that the first delivery of e-content through the RFP was expected by 31st December 2021.

Audit noticed that OSEPA had supplied the e-content along with external hard disk drives (HDDs) to the DEO-cum-DPCs of all 30 districts under HSTP, which included 430[110] secondary schools of Jajpur District.

Despite prior intimation of the SME Department in November 2021 regarding the development of e-content through the RFP process, the District level committee of Jajpur district placed supply order with M/s EdCIL for supply of 365 e-content in three phases[111] for the schools in the district. Delivery of items by M/s EdCIL was completed by 30 September 2023. These 365 e-contents had been procured in addition to the supplies made by the OSEPA for all the 430 schools in the district.

Audit observed that there was apparent absence of co-ordination between OSEPA and the District Administration in the matter of procurement of e-content for smart classrooms, leading to duplication of procurement. Further, after receipt of e-content for all the schools of the district from OSEPA, there was no reason for procuring the same from M/s EdCIL.

During JPI (November 2023) of eight sampled schools in Jajpur district, Audit noticed in six schools that the e-content provided by OSEPA was being used in Smart Classrooms and e-Libraries and the remaining two schools were using the e-content supplied by M/s EdCIL.

Thus, lack of co-ordination between OSEPA and the District Administration of Jajpur coupled with avoidable procurement of 365 e-content despite supply of the same by OSEPA, resulted in wasteful expenditure of ₹ 7.39 crore.

The Department stated (October 2025) that e-content was procured for two rooms in each school and payment had been made as per bills preferred by M/s EdCIL. Hence, no excess payment was made.

The reply is not tenable as procurement had been made from M/s EdCIL despite prior intimation by the SME Department regarding development of e-content through RFP process, and the schools were using either of the two e-content provided by the OSEPA and M/s EdCIL, as was noticed by Audit during JPI.

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[109] (i) Multimedia Educational content as per Odisha Board in Regional Language, (ii) Science Videos and Virtual Experiments & (iii) English Text Book Content-Odisha state board specific digitised

[110] By 20 August 2022: 259 schools and by 12 June 2023 in 171 schools

[111] 16 December 2021: for 195 schools; 4 February 2023: 86 schools; 12 June 2023:84 schools

3.3.4 Ineffective implementation of "Technology" and "Transformation" components of 5T charter

Transformation of key infrastructure in the secondary schools by introducing modern technologies was the aim of 5T charter of HSTP. In this regard, Audit, on JPI (October 2024 to March 2025) of 54 sampled schools, noticed that the desired transformation had not taken place under HSTP in some of the sampled schools, as elaborated below:

- ***Smart class rooms*****:** In six out of 54 sampled schools, Audit found that smart classrooms were non-functional due to non-installation/ defective smart panels or want of electrification.
- ***Science Laboratory*****:** In five schools, required equipment and chemicals were not available. In 19 schools, the laboratories were not equipped with water/ gas connections, hindering experiments. Overall, 32 schools had non-functional science labs.
- ***e-Library*****:** Internet access was not available in 13 schools, limiting possibility to explore e-books or learn online. In 19 schools, e-libraries lacked e-book content, reducing their effectiveness as learning resources. Additionally, some e-libraries were being used for unrelated purposes such as staff common rooms or stores and were not accessible to students, photographic evidence of which is given in **Pictures 3.3.1 and 3.3.2.**

Picture 3.3.1: E-library used as store room in NTR Bidyapitha, Tangarbantala (Champua Block) (06 March 2025)

Picture 3.3.2: E-library being used as staff common room in Panchayat Hingula High School, Antia (Dharamsala Block) (01 November 2024)

The above indicated that the intended transformation of the schools had not been achieved fully under HSTP, thereby defeating the core objective of the initiative.

The Department while noting the audit observation for future guidance stated (October 2025) that concerned administrative and school authorities were responsible for upkeep and utilisation of the infrastructure created under HSTP.

SPORTS AND YOUTH SERVICES DEPARTMENT

3.4 Construction, Maintenance and Utilisation of Sports Infrastructure

The Sports and Youth Services (S&YS) Department, Government of Odisha is responsible for the development and promotion of sports and administration of youth affairs in the State. During the last three years from 2021-22 to 2023-24, the Department had provided ₹2,760.38 crore for the development of sports infrastructure like construction of Multi-purpose Indoor Hall, Hockey stadium, mini hall, *etc.,* in the State. Out of this, the Department had incurred ₹ 2,444.54 crore on sports infrastructure during the period 2021-2024.

A compliance audit of the Department was conducted during September to November 2024, covering the period from 2021-22 to 2023-24 with the objective of verifying whether sports infrastructure had been constructed/ maintained and was being utilised for the intended purposes.

The Audit findings are discussed in the succeeding paragraphs.

3.4.1 Construction of Mini-stadiums

The Department had launched (February 2013) a scheme, namely, 'Construction of Mini-stadiums at Block level', for sports and youth activities in rural areas. Under the scheme, Mini-stadiums were to be constructed in each of the 314 Blocks of the State, with an estimated cost of ₹ 25 lakh per stadium. The Department would provide ₹ 20 lakh and ₹ 5 lakh was to be met from the MP/MLALAD funds. Later in September 2015, the scheme was extended to urban areas of the State with the stipulation that Mini stadiums were to be developed in the existing play fields of Government organisations and institutions. The works were to be executed by the Block Development Offices in rural areas and Urban Local Bodies in urban areas.

Audit noticed that the Department had sanctioned construction of 463 Mini stadiums (Rural: 314 and Urban: 149) during 2013-18 and released ₹92.60 crore to the District Collectors for constructing the stadiums. Out of these, 389 stadiums had been completed incurring ₹77.80 crore, as of November 2024. The unspent amount of ₹14.80 crore was lying with the Collectors. The Department, however, instructed (July 2020) the Collectors to remit the unspent amount into Government Account. In response, only ₹1.40 crore released for seven stadiums was refunded by two districts (Ganjam and Sundargarh) and the balance amount of ₹13.40 crore was lying with the District Collectors, as of June 2025.

Regarding construction of remaining 67 stadiums[112], Audit observed the following:

- Construction work for 24 Mini stadiums had not commenced as of November 2024 ***(Appendix 3.4.1)***, despite the fact that ₹ 4.80 crore had been released during 2014-18 to the District Collectors for these works. The reasons for non-commencement of construction were non-identification of sites (five stadiums), land dispute (one stadium)

[112] Sanctioned: 463 *less* 396 (Completed: 389 + Funds refunded: 7)

and non-completion of tendering process (two stadiums). In case of the remaining 16 stadiums, the reasons were not on record.

- Construction of 43 Mini stadiums was in progress as of November 2024, for which ₹8.60 crore had been released during 2013-18 to the district authorities. Although the Department while sanctioning funds, had instructed the districts to utilise the funds within the year of sanction, yet no timeline was fixed by the Collectors for completion of the stadiums. As such, these stadiums were lying incomplete, even after 6-10 years of release of funds, which also indicated lack of monitoring by the Department. The reasons for non-completion of the stadiums were not available at the Department level. However, in test-checked districts, Audit noticed that four stadiums could not be completed due to land dispute (one), local disputes (two) and insufficient funds (one). Neither these issues had been sorted out nor were funds made available for completion of the works.

The S&YS Department admitted (June 2025) the fact of non-utilisation of ₹4.80 crore by the District Collectors and executing agencies and stated that they had been requested to refund the amount. The reply is suggestive of lack of planning and monitoring on the part of the Department in construction of Mini stadiums, due to which 24 stadiums could not be constructed and 43 remained incomplete even after lapse of 6 to 10 years of sanction of the projects.

3.4.1.1 Completed Mini stadiums lacked mandatory sports infrastructure

As per the scheme guidelines, the unit cost of ₹ 25 lakh per stadium included construction of mandatory/ ancillary sports infrastructure like boundary wall and gate to prevent encroachment and criss-crossing of vehicles, proper ground levelling, grass-turfing and drainage system to avoid stagnation of water on the field.

As discussed in the preceding paragraph, 389 mini stadiums had been completed as of November 2024, as reported by the Department. To ascertain the actual status of completed stadiums, Audit conducted joint physical inspection (JPI) of 45 out of 107 Mini stadiums, constructed in eight test-checked districts along with the representatives of the concerned executing agencies and concerned District Sports Officers (DSOs), during July-September 2024. It was noticed during JPI that the Mini stadiums lacked mandatory/ ancillary sports infrastructure like perimeter security walls (24 stadiums), drainage facility (41 stadiums), ground surfacing (29 stadiums) and grass turfing (34 stadiums).

Non-construction of these components was mainly due to want of additional funds. A few such instances are discussed below:

- In Sunabeda Municipality, only three sides of the boundary wall had been completed while utilising the full allocated amount of ₹ 20 lakh. Non-completion of the boundary wall raised the risk of encroachment and intrusion of public disturbing sports activities.
- In Basta and Nilagiri Blocks, gate, drainage and watering facilities had not been constructed, even after utilisation of the allocated amount of

₹24 lakh and ₹ 20 lakh, respectively. Similarly, in Bhogarai Block, gates and drainage systems were not constructed although the total amount of ₹ 30 lakh had been utilised. Non-construction of these drainage facilities raised the risk of water stagnation on the field, affecting sports activities.

- In Bahanaga Block, watering facility and drainage systems were not constructed, despite a sum of ₹ 5.66 lakh out of allocated amount ₹ 20 lakh, remaining unutilised.

Regarding mobilisation of additional funds for completing the Mini stadiums, Audit observed that ₹ 23.15 crore[113] was to be arranged from the MPLAD/ MLALAD funds. Although there was no data available with the Department regarding fund mobilisation, in case of the test-checked 45 Mini stadiums, Audit noticed that MPLAD /MLALAD funds amounting to ₹43 lakh were received only in eight cases. Further, no other additional funds were sought by the district administration/ executing agencies from the Department. Thus, the Department as well as the district administrations failed to mobilise the required amounts to complete the stadiums with all the required components.

The S&YS Department, while admitting the fact stated (June 2025) that the funds provided were inadequate to complete the Mini stadiums, as costs varied depending on site conditions. The reply is not tenable, as additional funds to complete the stadiums had not been sought by the executing agencies. The Department had also not given assurance about the steps that would be taken for constructing the incomplete infrastructure of the Mini stadiums.

3.4.1.2 Non-construction of Open Gym, Mini Hall and Toilet in completed Mini Stadiums

In addition to release of funds for construction of Mini stadiums, the Department had also released ₹18.90 crore to the Collectors during 2017-18 to construct open gym, mini hall and toilets in 126 out of 389 completed Mini stadiums. The construction of these infrastructure in the stadiums was to be completed by the end of 2017-18, at a cost of ₹ 15 lakh per Mini stadium.

Audit noticed that construction works of this infrastructure had been completed in 79 Mini stadiums, whereas works had not commenced in 29 Mini stadiums (as of November 2024). In the remaining 18 cases, works had not been completed, despite lapse of six years of release of funds. Therefore, construction of this additional infrastructure (open gym, mini hall and toilets) had not been completed in 47 stadiums, despite release of ₹ 7.05 crore to the Collectors/ executing agencies by the S&YS Department. Reasons for non-completion/ non-commencement of works were not on record.

During JPI (July 2024 to September 2024) of eight Mini stadiums, where open gym, mini hall and toilets had been constructed, it was noticed that the open gym equipment was either improperly installed or, was in damaged condition or covered with grass and weeds ***(Appendix 3.4.2)***, as can be seen from ***Picture 3.4.1***,

Picture 3.4.1: Open Gym at Bhairab-ground in Kotpad Block, Koraput (Date: 18.09.2024)

[113] at the rate of ₹5 lakh for 463 stadiums

making the stadium unsuitable for sports activities.

Thus, the initiative of the Department to equip the Mini stadiums with necessary facilities like open gym, mini hall and toilets had not been achieved in as many as 37 *per cent*[114] cases.

The S&YS Department stated (June 2025) that the concerned District Collectors/executing agencies had been requested to refund the unutilised funds of ₹4.35 crore relating to 29 Mini stadiums, where works had not commenced. The reply does not address the problem of non-completion of these works, which has led to the objective of creating sports infrastructure and associated facilities for the youth, remaining unachieved.

3.4.2 Utilisation of sports infrastructure

The S&YS Department had constructed (2021-25) 88 Multi-Purpose Indoor Halls[115] (MPIH) across 89 Urban Local Bodies of the State at a cost of ₹ 706.98 crore, to enhance sports coaching, promote health and fitness, act as shelter during disaster, support various community functions *etc*., for the local youth and budding sports persons. The Department had issued (December 2022) a Standard Operating Procedure (SOP) outlining responsibilities of all stakeholders, *i.e*., various departments of the Government and functionaries of the S&YS Department, for the smooth functioning of the MPIHs. As per the SOP, the coach deployed by the S&YS Department in the MPIHs would act as the Centre Co-ordinator, besides providing coaching to all enrolled players.

Audit, however, observed the following deficiencies in functioning of the MPIHs:

3.4.2.1 Non-engagement of trainers/ coaches in MPIHs

The Department engaged (March 2024) two private agencies for providing sports related services, *i.e*., trainers and coaches to the 88 MPIHs.

Audit observed that while there were no shortages of coaches in sports disciplines like badminton and gym in the MPIHs, there were shortages of coaches for sports disciplines like table tennis (18 *per cent*), weight lifting (94 *per cent*) and yoga (100 *per cent*). In absence of coaches for different sports discipline, the objective of promoting sports, health and fitness of the youth remained unachieved. Besides, the sports facilities created in MPIHs for these disciplines remained idle, due to the non-availability of coaches/ trainers.

The S&YS Department stated (June 2025) that steps were being taken for engagement of the coaches as per the requirement.

3.4.2.2 Non-engagement of trainers in Jagannath Stadium and Sports Complex, Puri

The S&YS Department constructed Shree Jagannath Stadium, Puri, at a cost of ₹34.91 crore by engaging the Water and Power Consultancy Services Limited (WAPCOS)[116]. The stadium was handed over to the District Sports Officer (DSO), Puri in May 2023. The stadium had several facilities like table

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[114] 47 (work not commenced: 29 and work not completed: 18) out of 126 Mini stadiums
[115] Municipal Corporations/ Municipalities: 34; Notified Area Councils: 54
[116] A public sector undertaking, under the Ministry of Jal Shakti, GoI

tennis, swimming pool, gymnastic centre and a 100 bedded sports hostel. On JPI (21 August 2024) of the facilities, Audit noticed that the sports complex had dedicated halls for yoga and table tennis. However, trainers for these two disciplines had not been engaged, as of June 2025. Besides, necessary equipment for table tennis had not been provided (**Picture 3.4.2**). As a result, the facilities created for these sports disciplines were either not fully utilised by the local youth or remained idle.

Picture 3.4.2: TT hall without equipment **(Dated: 21 August 2024)**

The S&YS Department stated (June 2025) that steps would be taken for engagement of trainers for weight lifting, table tennis and yoga.

3.4.2.3 Deficient infrastructure in Sports Hostel, Koraput

The S&YS Department launched the 'Sports Hostel Scheme' in Odisha in 1985 with the objective of identifying and nurturing young talents aged between 8 and 14 years, for providing systematic coaching and support in various sports disciplines. Selected athletes would receive free accommodation, nutritious meals, sports kits, uniforms and access to education and medical care. As of September 2024, 16 Sports Hostels were operating in 15 districts, under the S&YS Department.

Audit test-checked the records related to sports hostel at Koraput and observed the following:

- ***Non-availability of Archery ground*:** As a part of 'Reorganisation and Strengthening' of professional coaching programme in sports hostels, archery discipline was introduced in 2022-23, with a sanctioned strength of 50 trainees, even though no archery field was available for practice in the sports hostel, Koraput. Despite having no such facility in Koraput, all the 50 archery trainees of Malkangiri sports hostel, which had a dedicated archery ground, were shifted to the sports hostel at Koraput from September 2022, the reasons for which were not on record. As a result, the archery ground at Malkangiri remained unutilised and the archery trainees at Koraput sports hostel were deprived of proper archery training facilities for practice, reflecting poor planning by the Department.

The S&YS Department stated (June 2025) that Administrative Approval for ₹8.31 crore for construction of the said ground at Koraput had been accorded

(April 2025) and upon completion, the ground would be used by the students of the archery discipline. The reply is not tenable as the archery trainees who had been shifted without any planning and arrangement for archery ground by the Department could not be provided training since 2022.

3.4.3 Non/ improper maintenance of sports infrastructure

Regular maintenance of the sports facilities was essential for smooth conduct of different sports activities. The S&YS Department had not framed any guidelines for maintenance of sports infrastructure, like provision of funds and allocating maintenance responsibility to designated functionaries, *etc.,* for keeping the sports facilities functional. The executing agencies, after completion of 389 Mini stadiums, had not handed over the same to the S&YS Department for their use. In absence of ownership of the stadiums, the Department also did not pay attention to the maintenance of these assets.

Picture 3.4.3: Uneven and unmaintained surface of Mini stadium at Pipili (Date: 22 August 2024)

As such there was no arrangement for maintenance of the Mini stadiums, and the sports facilities were found inadequately maintained and issues like leaking roofs, soaking walls, absence of sporting gears for table tennis, yoga, gym, *etc*., were noticed during JPIs conducted during July-August 2024. The sports fields were found to be overgrown with weeds and grasses, indicating their non-utilisation, as can be seen from **Picture 3.4.3.** The details of the deficiencies noticed by Audit are given in ***Appendix 3.4.3.*** Further, instances of use of Mini stadiums for commercial activities like shopping melas and *Jatra* purposes were also noticed, which were not permissible under the scheme guidelines.

The S&YS Department stated (June 2025) that the repair and maintenance work of a sports facility was not immediately possible at any time since it did not have a dedicated engineering wing. However, based on the observations of Audit, rectification measures had been taken in some cases. The reply is not convincing as there was no proper arrangement in place for the regular repair and maintenance of sports infrastructure, to enable constructive utilisation of the same for conduct of sports and community activities, as envisaged in the scheme guidelines.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.5 Procurement and distribution of Drugs by OSMCL

The Odisha State Medical Corporation Limited (OSMCL) was incorporated in November 2013 under the Companies Act, 1956, to act as an independent procurement agency for the Health and Family Welfare (HFW) Department, Government of Odisha. It procures medicines, surgical, equipment, instruments, furniture, *etc*., for eventual distribution to Government-run healthcare institutions. The Company is managed by a Board of Directors and headed by a Managing Director (MD). The MD, who is the Chief Executive Officer (CEO) of the Company, is assisted by the General Managers for day-to-day operations of the Company. The Company monitors distribution and stock position of drugs centrally through the *e-Niramaya* application system for ensuring uninterrupted supply of medicines at healthcare institutions.

Different Directorates of the HFW Department, *i.e*., Director of Health Services (DHS), National Health Mission, Chief District Medical Officers, *etc*., place indent for drugs/ equipment and deposit required amount with the Company. During 2018-19 to 2024-25 (up to January 2025), the OSMCL received ₹ 6,960.11 crore and expended ₹ 6,299.59 crore out of this fund towards procurement of drugs and equipment.

A Compliance Audit was conducted from January 2025 to April 2025 covering the period from April 2019 to January 2025, with the objective of assessing the extent of adherence to the guidelines/ instructions on procurement of drugs. Based on this, the Audit findings arrived at, are discussed in the following paragraphs.

3.5.1 Wasteful expenditure of ₹ 16.49 crore on purchase of excess quantity of Casirivimab and Imdevimab vials

To combat the menace of the COVID-19, different categories of medicines proved beneficial at different times. Cocktail of Casirivimab and Imdevimab-120 mg/ml vials was one such combination for countering the epidemic. Government of India (GoI) supplied (19 July 2021) 446 vials of Casirivimab and Imdevimab-120 mg/ml free of cost to the Government of Odisha (GoO). Subsequently, the HFW Department, on the recommendations of its Technical Committee (TC)[117], procured additional 4,550 Cocktail vials in three tranches through OSMCL, as detailed in **Table 3.5.1** below:

Table 3.5.1: Quantity and cost of cocktail vials procured and expired

Sl. No.	Date of recommenda-tion of TC	Date of Purchase Order	Cocktail Vials purchased	Cost per cocktail vial (₹)[118]	Total cost (₹ in crore)	Expiry date	Unutilised vials subsequently expired	Cost of vials expired (₹ in crore)
1	27-07-2021	23-08-2021	300	1,09,940	3.30	28-02-2023	38	0.42
2	07-10-2021	11-10-2021	2,250	1,09,940	24.74	28-02-2023	2,000	21.99
3	03-01-2022	10-01-2022	2,000	1,09,940	21.99	31-03-2023	1,801	19.80
	Total		**4,550**		**50.03**		**3,839**	**42.21**

(Source: Records of OSMCL)

[117] Members: Director of Public Health, Director of Health Services and Director of Medical Education and Training

[118] The unit cost is inclusive of GST at the rate of 12 *per cent* (₹ 98,160 x 112 *per cent* = ₹1,09,940)

It can be seen from the table above that only 711 vials[119] could be utilised and 84 *per cent* of the procured vials, costing ₹ 42.21 crore (84 *per cent*) had not been utilised, and eventually expired. From the proceedings of the TC and requisitions of DHS for the cocktail vials, Audit noticed the following:

- The TC, while deliberating (27 July 2021) upon the procurement of 300 vials had taken note of the stock of 345 vials in hand (expiring on 30 September 2021), out of the 446 vials received from GoI. Therefore, the Committee recommended for procuring only 100 vials before 30 September 2021 and the balance in phases, depending upon the urgency. OSMCL, however, procured (23 August 2021) entire 300 vials for ₹ 3.30 crore.
- For procurement of next tranche of cocktail vials, the TC estimated the monthly requirement at 9,000 dosages, *i.e.,* 4,500 vials (as one vial is administered in two dosages) per month, based on the demand for cocktail vials for administering to the patients. Accordingly, it recommended (7 October 2021) for initial procurement of 4,500 dosages, *i.e*., 2,250 vials. Based on such recommendation, OSMCL placed purchase order for 2,250 vials on 11 October 2021 for ₹ 24.74 crore.
- The TC (3 January 2022) further deliberated on the procurement of cocktail vials. The TC, placing reliance on various literature publications, noted that cocktail therapy was not very effective against variant of concern (OMICRON) and, therefore, the drug vials should be procured depending on utilisation. The TC noted the stock in hand as on 1 January 2022 was 2,407 vials and recommended on 3 January 2022 for procurement of additional 500 vials. It also recommended that additional quantity might be procured upon utilisation of 40 *per cent* of the available stock. Based on the recommendation, Director of Health Services (DHS) placed (3 January 2022) requisition[120] for 500 vials with OSMCL. However, subsequently on 10 January 2022, the DHS placed a revised requisition[121] to OSMCL for purchase of 2,000 vials, based on another recommendation of the TC[122] (3 January 2022). Accordingly, OSMCL placed PO on the same day for the enhanced quantity of 2,000 vials for ₹ 21.99 crore.

In this regard, Audit observed that:

- During the period 27 July 2021 to 2 January 2022, *i.e*., from the decision of the TC to procure 300 cocktail vials in the first tranche to the day before the date of decision to procure the third and final tranche, 2,550 vials had been procured by the Department through OSMCL, out of which only 143[123] vials had been utilised (6 *per cent*), leaving balance stock of 2,407 vials on 3 January 2022. Thus, during a period of six months amid high COVID-19 surge, use of only 143 vials was

[119] 4550 - 3839
[120] Letter no. 28 dated 3 January 2022 of DHS
[121] Letter no. 436 dated 10 January 2022 of DHS
[122] The TC had revised their recommendations to 2,000 as noticed from another Minutes of meeting of the TC of the same date (3 January 2022)
[123] The balance stock at the time of procurement of third batch was 2,407 vials. Hence only 143 vials (2,550 - 2,407) were used.

necessitated. As such, the recommendation of the TC to procure additional 2,000 vials on 3 January 2022 was unwarranted.

- The TC, after taking note of the stock (January 2022) of 2,407 vials, had recommended for procurement of 500 vials with rider that additional quantity should be procured after utilising 40 *per cent* of the stock. The same was stated to have been revised to 2,000 vials by the Technical Committee. The reason for such revision was not on record. Thus, the recommendation of the TC to procure 2,000 vials instead of 500 vials was imprudent and unwarranted in view of meagre utilisation of available vials. Had the procurement been limited to 500 vials, the loss sustained due to expiry of drugs could have been avoided to the extent of cost of 1,500 vials, costing ₹ 16.49 crore[124].

Thus, imprudent and unwarranted revision of the procured quantity from 500 to 2,000 vials, resulted in wasteful expenditure of ₹ 16.49 crore.

In reply, OSMCL cited (June 2025) four studies indicating effectiveness of Casirivimab and Imdevimab cocktail against COVID-19. It was added that, in view of the demand for this drug and in order to minimise the gap between demand and supply of these vials, 2,000 vials had been recommended for purchase.

The reply is not convincing in view of the fact that only 143 vials had been utilised during span of six months from 27 July 2021 to 2 January 2022, indicating lesser demand for these drugs. Furthermore, in order to manage supply, the TC had recommended for purchase of additional batch upon utilisation of 40 *per cent* of the existing stock. However, this batch of 2,000 vials was procured when the actual utilisation from the existing stock was only 6 *per cent*. Thus, from both the counts, *i.e.*, demand/ effectiveness of the drug and minimising the gap between demand and supply, purchase of 1,500 vials was not prudent.

3.5.2 Wasteful expenditure of ₹5.21 crore in procurement of Amphotericin-B-Liposomal 50 mg vials

The Ministry of Health and Family Welfare, Government of India issued (13 July 2021) guidelines on Buffer Stock Management for COVID-19. Mucormycosis (skin disease) was one of the illnesses associated with COVID-19. For treatment of Mucormycosis two medicines namely, Amphotericin B Deoxycholate Injection 50 mg and Posaconazole injection 300 mg were prescribed in the applicable guidelines.

Audit noticed that the DHS, for treatment of Mucormycosis, had procured Amphotericin B Deoxycholate Injection 50 mg, Posaconazole Injection 300 mg and Amphotericin-B- Liposomal 50 mg, through OSMCL[125]. With regard to procurement of Amphotericin-B-Liposomal 50 mg, Audit noticed that GoI had allocated 3,310 vials to the GoO, to be procured from empanelled vendors. Accordingly, OSMCL had procured 3,310 vials costing ₹ 1.74 crore during May 2021 to July 2021. This procurement had been made before issue of Guidelines by the GoI for maintaining buffer stock of medicines. In addition, the DHS placed (May 2021) an indent for 50,000 vials with OSMCL. The latter, however,

[124] (₹21.99 crore/2,000) * 1,500

[125] 13,580 vials of Amphotericin Deoxycolate and 17,540 vials of Posaconazole during June 2021 to August 2021

procured (July 2021) 10,000 vials (with expiry date of 30 June 2023 and 31st July 2024) costing ₹ 5.51 crore. The reasons for procuring 10,000 vials against indented 50,000 vials, were not on record. Further, only 550 vials from the procured 10,000 vials were utilised and 9,450 vials costing ₹5.21 crore remained unutilised, as of 31 July 2024.

Audit observed that Amphotericin-B-Liposomal 50 mg was not an enlisted drug of which buffer stock was required to be maintained, as per the guidelines issued by GoI. Therefore, the quantity of Amphotericin-B- Liposomal 50 mg to be procured should have been decided based on the stock in hand and its utilisation trend. As 3,310 vials had already been procured out of the allotment made by GoI and were available in the stock, there was no justification for placing an indent for additional 50,000 vials by DHS. Though, OSMCL restricted the procurement to 10,000 vials, even this could not be utilised and 95 *per cent* of it expired. Thus, the action of the DHS in placing indent for Amphotericin-B-Liposomal 50 mg without fair assessment of the need, resulted in wasteful expenditure of ₹5.21 crore.

OSMCL stated (June 2025) that the purchase was made as per the advice (May 2021) and indent of the State Technical Committee, for immediate treatment and preparedness for COVID-19 management in the interest of public health.

The reply is not acceptable as GoI, in its guidelines (issued on 13 July 2022) had not included Amphotericin-B-Liposomal 50 mg as one of the drugs, for which a buffer stock was required to be maintained. Therefore, DHS should have reassessed the necessity of procuring the same. In the absence of revised assessment, especially in view of GoI allocation, purchase order for 10,000 vials was placed on 21 July 2021, out of which 9,450 vials remained unutilised and subsequently expired.

3.5.3 Wasteful expenditure of ₹ 32.29 crore in procurement of drugs with shorter shelf-life and without requirement.

The Procurement Guidelines of the OSMCL requires that drugs to be procured should have at least 5/6th (83 *per cent*) of shelf-life at the time of the supply.

Audit noticed that 15.43 crore units of 700 categories of drugs worth ₹ 167.91 crore and sanitary napkins worth ₹ 94.05 lakh expired during the period from April 2019 to January 2025. The value of drugs expired included drugs worth ₹ 68.90 crore, received as donation from different entities and balance drugs worth ₹ 99.01 crore that had been procured by the Company. The procured drugs that had expired included Casirivimab and Imdevimab-120 mg/ml vials (discussed in ***Paragraph 3.5.1***) and Amphotericin-B-Liposomal 50 mg (discussed in ***Paragraph 3.5.2***). Audit analysed circumstances leading to expiry of the drugs and sanitary napkins and observed that drugs worth ₹32.29 crore had expired due to receipt of drugs with shorter shelf-life and procurement of new stock despite no apparent requirement, as discussed below:

- The Company had procured 2,339 vials of Casirivimab and Imdevimab-120 mg/ml during August 2021 to January 2022 at a cost of ₹22.96 crore. By the time the vials were received, the shelf-life period of these drugs was between 60 and 63 *per cent*, against the shelf life period of 83 *per cent*, as required under the Procurement Guideline of the Company. Thus, acceptance of drugs with lesser shelf-life was against the procurement guidelines and should have been returned to the suppliers.

- The company purchased 1,716 units of Tocilizumab worth ₹2.40 crore during October 2021 to February 2022 in three batches. The shelf-life period of the medicine purchased was 57 to 82 *per cent* against the required 83 *per cent*. Besides, a batch of 504 units of the Tocilizumab Injection donated by M/s HLL LIFECARE Limited, Kerala worth ₹ 32.67 lakh was received on 02 June 2021 (with an expiry date as June 2023), but the same was not taken into account while purchasing the additional 1,716 units. As DHS had not assessed the available stock prior to indenting the drugs, 1,709 units of medicine worth ₹2.39 crore expired during the period from April to June 2023.
- A batch of 500 units of Injection Methyl Prednisolone was purchased in September 2021 when 1.02 lakh units were already in stock, *i.e.,* 206 times of the new procurement units. Similarly, a batch of 1.71 lakh units of Injection Enoxaparin was purchased in September 2021, when 2.82 lakh units were already in stock. Stock-in-hand, quantity procured and expired in respect of the two drugs are shown in **Table 3.5.2.**

Table 3.5.2: Stock-in-hand, quantity procured and expired in respect of Injection Methyl Prednisolone and Injection Enoxaparin

Particulars	Injection Methyl Prednisolone			Injection Enoxaparin		
	Date	Quantity (units)	Value (₹ in lakh)	Date	Quantity (units)	Value (₹ in lakh)
Stock in hand	8 September 2021	1,02,750	82.20	29 September 2021	2,82,045	118.45
Procurement	8 September 2021	500	0.40	29 September 2021	1,71,760	262.79
Expired	April 2023	460	0.37	August 2023	1,71,760	262.79

(Source: Records of OSMCL)

Audit observed that the procured drugs could not be used and expired in April 2023 and August 2023, respectively. This indicated that the procurement of drugs was done without imminent requirement, resulting in wasteful expenditure of ₹2.63 crore.

- Audit also observed that 10.99 crore units of antibiotic Norfloxacin valuing ₹14.87 crore had been procured during November 2019 to September 2022. Similarly, 9.28 crore units of antibiotic Cefadroxil valuing ₹9.28 crore had been procured during May 2019 to March 2023. Of these, 1.49 crore units (14 *per cent*) of Norfloxacin worth ₹ 2.05 crore and 0.60 crore units (6 *per cent*) of Cefadroxil worth ₹ 1.32 crore expired during April 2019 to January 2025, due to improper inventory management leading to their non-utilisation and subsequent expiry.
- OSMCL had procured 21.79 lakh units of sanitary pads worth ₹94.05 lakh in 2020 and 2021 under the scheme KHUSHI, wherein free sanitary napkins were distributed to the school girls. However, the sanitary pads had expired, as the same could not be distributed, the reasons for which were not on record.

Thus, procurement of drugs having less than $5/6^{th}$ of the shelf-life, improper inventory management and procurement without apparent requirement, led to expiry of drugs worth ₹ 32.29 crore.

In reply, OSMCL stated that majority of expired drugs and consumables were procured during the unprecedented COVID-19 public health emergency which has posed numerous operational and logistical challenges. Further, GoI had advised states to create sufficient buffer stock of critical medicines. The reply is not acceptable as the medicines like Norfloxacin and Cefadroxil were not COVID-19 medicines. Further, the medicines had been procured imprudently without assessing the available stocks, and sanitary napkins had expired due to non-distribution in time, leading to wasteful expenditure.

COMMERCE & TRANSPORT AND PARLIAMENTARY AFFAIRS DEPARTMENTS

3.6 Irregularities in hiring and utilisation of aircraft and helicopter

Government of Odisha (GoO) had framed rules[126] governing the use of government owned aircraft/ helicopter for official use. As per Rule 4(a), seven types of functionaries[127] were entitled to use government owned aircraft. Besides, other Government functionaries, *viz*., officers of the State and Central Governments and State Public Sector Undertakings, above the rank of Joint Secretary, could use the aircraft, subject to approval of the State Government[128].

In order to undertake air travel for official works, GoO was availing the services of a private service provider. Audit scrutinised the records (for the period from April 2019 to March 2024) relating to selection of this private operator and expenditure incurred towards air travel *via* the State hired aircraft and helicopter. Findings in this regard are discussed in the subsequent paragraphs.

3.6.1 Selection of agency for providing aircraft services

During the period from 23 October 2020 to 22 April 2021 (extended up to 22 June 2021)**,** air services to the GoO were being provided by M/s Jet Serve Aviation Private Limited (M/s Jet Serve) for a monthly charge of ₹29 lakh. Consequent upon expiry of the contract period with this agency on 22 April 2021, the Commerce and Transport Department (C&T), GoO, floated (April 2021) a tender, inviting bids for providing aircraft services. However, the tender was eventually cancelled on the grounds of being a single-tender[129]. Subsequently, a fresh tender was floated in May 2021 and in response, seven bidders[130], including M/s Jet Serve furnished bids. The technical evaluation of the bids was carried out (28 May 2021) by the Technical Scrutinising Committee, constituted by the C&T Department, where five bids were rejected

[126] Rules governing the use of the Government owned aircraft, amended in September 1985

[127] Chief Minister, Ministers in the Government, Judges of Orissa High Court, (Deputy) Chairman of the State Planning Board, Chief Secretary, Development Commissioner and Member of Board of Revenue

[128] Chief Minister's Office was granting such approvals

[129] Two bidders viz. M/s Jet Serve Aviation Pvt. Ltd. and M/s Red Bird Pvt. Ltd. submitted bids and the later was adjudged technically disqualified

[130] M/s OSS Air Management; M/s Pinnacle Air Pvt. Ltd.; M/s Jet Serve Aviation Pvt. Ltd.; M/s Flap Aviation Pvt. Ltd.; M/s Arrow Aircraft Sales & Charters Pvt. Ltd.; M/s Red Bird Airways Pvt. Ltd.; and M/s Dhillon Aviation Pvt. Ltd.

on grounds of having old aircrafts (two bids), not being NSOP[131] holders (two bids) and non-submission of required documents (one bid). The bid submitted by the previous service provider, *i.e.*, M/s Jet Serve, was rejected on the ground that one of its aircrafts had met with an accident (7 May 2021). Thus, only one bid submitted by M/s OSS Air Management Private Limited (M/s OSS) was considered technically qualified. The service contract was eventually awarded (28 June 2021) to it for a monthly charge of ₹92 lakh for an aircraft for the period from 1 July 2021 to 30 June 2022.

Audit scrutinised the transparency and fairness in the selection process and observed the following irregularities:

- The terms and conditions of the tender included, *inter alia*, a condition that "preference" would be given to operators with a record of no major accident in last 10 years. Thus, based on the accident record of M/s Jet Serve, its bid was rejected. However, Audit found that M/s OSS had entered (December 2022) into an agreement with the same technically non-qualified operator M/s Jet Serve, to use one of the aircrafts (tail sign: VT-RSN). Based on the flight operation data of VT-RSN made available to Audit, this particular aircraft was utilised by M/s OSS in the service of the GoO for 38 sorties[132] during January 2023 to November 2023. Thus, rejecting the bid of M/s Jet Serve company on the grounds of safety record, did not serve its purpose because ultimately one aircraft of the same company was used by the new bidder, M/s OSS.
- Audit also found from the agreement between M/s OSS and M/s Jet Serve that M/s OSS was to pay ₹ 53.10 lakh per month (including GST) for using the aircraft VT-RSN. On the other hand, M/s OSS was paid ₹ 92 lakh per month for one aircraft (including GST) by the Government of Odisha. This substantial price difference highlights that the Government failed to obtain the most competitive market rates for aircraft services by going with a single bidder (M/s OSS).

Thus, the process of selection of the agency for providing air services to the State Government was non-transparent/irregular and the possibility of the contractual rate with M/s OSS being higher than fair market price, cannot be ruled out. Despite this, the tenure of the contract with M/s OSS was extended from time to time and the Agency was continuing to provide services, as of August 2024.

The C&T Department stated (January 2025) that M/s Jet Serve had been rejected not solely for its accident record but for its adverse track record in providing service during earlier occasions. The reply is not convincing as this reason was not recorded anywhere and the bid was rejected based on the accident record.

[131] NSOP: Non-Scheduled Operator's Permit is a license issued by the Directorate General of Civil Aviation, GoI, allowing to conduct non-regular passenger or cargo operations including chartered flights

[132] Sortie denotes a single operational flight by an aircraft

Apart from the above irregularities in the selection process, Audit also observed that the monthly committed flying hours stipulated in the tender conditions were unreasonably high, as discussed below:

3.6.2 Unreasonable minimum committed flying hours fixed

Monthly charges payable for use of aircraft as per the contracts with GoO and actual usage of aircraft for the period from January 2019 to June 2022 (extended up to 31 August 2024) are shown in **Table 3.6.1.**

Table 3.6.1: Names of suppliers, price terms and actual usage of Aircrafts from January 2019 to March 2024

Sl. No.	Name of the aircraft provider	Period of contract	Fixed monthly charges (₹ in lakh)	Committed flying hours	Actual flying duration[133]
1	M/s OSS Air Management Private Limited, New Delhi	01 January 2019 to 22 October 2020	91.52	440 (for 22 months)	122.10 hrs
2	M/s. Jet Serve Aviation Private Limited, Gurugram, Haryana	23 October 2020 to 22 April 2021	29.00	120 (six months)	32.11 hrs
3	M/s OSS Air Management Private Limited, New Delhi	01 July 2021 to 30 June 2022[134]	92.00	300 (for 12 months)[135]	77:15 hrs
		01 July 2022 to 30 September 2022	92.00	75 (for three months)	33:10 hrs
		01 October 2022 to 31 March 2023	92.00	150 (for six months)	125:25 hrs
		01 April 2023 to 30 June 2023	92.00	75 (for three months)	79:30 hrs
		01 July 2023 to 30 September 2023	92.00	75 (for three months)	32:10 hrs
		01 October 2023 to 31 December 2023	92.00	75 (for three months)	44:50 hrs
		01 January 2024 to 31 March 2024	92.00	75 (for three months)	103:30 hrs
		Total		**1,385 hours**	**650:11 hrs**

(Source: Records of Commerce & Transport Department)

As can be seen from the above table that in the previous two contracts for the period from January 2019 to October 2020 and November 2020 to April 2021 (28 months), total actual flying hours undertaken were 154:21 hours (27.54 *per cent*), against 560 committed flying hours. In the subsequent period *i.e.*, from 01 July 2021 to 31 March 2024, the actual flying duration was only 496:30 hours (60 *per cent*) against 825 committed flying hours.

Audit observed that stipulating minimum annual 240 flying hours (which was increased to 300 hours during negotiation with the bidder), as a tender condition, was not justified, since any increase in the duration of minimum flying hours would increase the fixed monthly charges, quoted by the bidder. Thus, the minimum flying hours should have been arrived at on a rational

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133 The actual flying duration data for the period 01-04-2024 to 31-08-2024 was not available. The committed flying hours for these five months was 125 hours

134 Extended up to 31 August 2024

135 Increased from 240 to 300 hours during negotiation without extra charges

basis based on the actual flying time for which the plane was used in the previous contracts, instead of escalating it to 240 hours. Fixation of minimum annual flying hours at 240, which subsequently increased to 300 hours, lacked any justification. However, as price quotations towards monthly fixed charges had not been invited for different durations of minimum committed flying hours, the extent of additional expenditure on this account could not be worked out by Audit.

The C&T Department stated (August 2024) that the minimum committed flying hours had been fixed based on usage in the previous years and the usage of aircraft had been affected due to COVID. It was added that variable operational costs like fuel cost, crew salary, maintenance, landing charges, hanger fees *etc*., only have a bearing on flying duration. These costs would not have impacted on the bid price much by lowering the committed flying hours.

The actual flying duration *vis-à-vis* the available committed flying hours does not support the plea advanced by the Department as the actual usage during the pre-contract period was only 28 *per cent* and under the contract, from 01 July 2021 to 31 March 2024, the same was only 60 *per cent*.

3.6.3 Hiring of chartered aircraft despite availability of hired aircraft

With reference to the award of contract to M/s OSS (in effect from 1 July 2021), the conditions of the corresponding tender that was invited in May 2021 included, *inter alia*, that the selection of the bidder would be on the basis of aircraft safety, comfort, speed and flying charges. The scope of services included carrying VVIPs to places within and outside the State. M/s OSS had been selected based on these terms of service.

Audit noticed that though flying outside the State was included under the scope of the service, stipulation regarding maximum flight duration without refueling was not included as a condition in the tender. This condition was required because flying outside the State could involve longer flying duration and consequent refueling. Due to the absence of such condition, the maximum flight endurance of the aircraft[136] of M/s OSS was only 1 hour 30 minutes, which was not optimum for long distance inter-State journeys. Consequently, the State Government hired chartered aircrafts on 22 occasions[137] during the period from January 2019 to November 2023, incurring an expenditure of ₹ 6.91 crore towards hire charges ***(Appendix 3.6.1),*** despite having unutilised 751.34 flying hours in the already hired aircraft (with M/s OSS), during the same period.

The C&T Department stated (August 2024) that the chartered aircrafts were hired for faster, more comfortable and safer journeys. The attributed reasons are not acceptable in view of the fact that the basis of selection of the aircraft of M/s OSS was speed, safety and comfort, and thus, there should not have been any need to hire chartered aircrafts for the same reason by incurring additional expenditure.

[136] Beechcraft Superking Air B-200 GT
[137] Destinations: Mumbai, Delhi, Bangalore, Hyderabad

3.6.4 Utilisation of helicopter

In addition to availing aircraft services, GoO also availed helicopter services from private operators. Tenders for selection of aircraft and helicopter service providers were invited[138] separately by the State Government. However, the same vendor, M/s OSS, was also selected for providing helicopter services. A contract to that effect was entered into (July 2018) for one year, starting from 1 August 2018. The contract was renewed thrice thereafter, as per mutually agreed terms and conditions, as shown in **Table 3.6.2.**

Table 3.6.2: Helicopter: Names of suppliers and price terms

Sl. No.	Period of contract	Fixed monthly charges (₹ in lakh)	Hourly flying charges (₹ in lakh)	Ground handling charges (per handling)	Refueling charge (per refueling)
1	01 August 2018 to 31 July 2019	38.00	1.15	₹ 10,000 or actual, whichever is less	₹ 10,000 or actual, whichever is less
2	01 November 2019 to 31 October 2021 (Extended thrice up to 30 April 2024)	57.00	1.30	₹ 15,000 or actual, whichever is less	₹ 15,000 or actual, whichever is less

(Source: Records of Commerce & Transport Department)

Audit observations on improper use of helicopters are discussed below:

3.6.4.1 Avoidable expenditure due to use of helicopter, despite availability of committed flying hours of aircraft

As stated in ***Paragraph 3.6.3***, there were unutilised flying hours of the hired aircraft. Thus, it would have been prudent to prioritise use of aircraft for conducting journeys to places having airstrip, over use of helicopter, to minimise expenditure.

Audit noticed that helicopter service had been availed for 100.90 flying hours on 29 occasions, for conducting journeys to places within the State having airstrip length 3,000 feet or more, during the period from 5 September 2019 to 21 March 2023. A sum of ₹ 1.30 crore had been paid towards flying hour charges[139] of the helicopter (***Appendix 3.6.2)***. During the same period, the unutilised committed flying hours of the hired aircraft were 566.44 hours, which could have been utilised instead, and thereby expenditure of ₹ 1.30 crore could have been avoided.

The C&T Department stated (August 2024) that helicopter was used as per the requirement of the requisitioner as they could land directly on the meeting site, saving time. It was also stated that serviceability of airstrip and weather conditions on the given day were also the other factors for opting for helicopter over aircraft. The reply is not convincing as the stated reasons could be possible on a few occasions, while the helicopter was used on 29 occasions for travelling to the places having operational airstrips. Moreover, there were

[138] Date of tender in respect of the contract period (Reference **Table 3.6.2**) from 1 August 2018 to 30 July 2019 was not available in the records. For the contract period from 1 November 2019 to 30 April 2014, the tender had been invited on 23 July 2019.

[139] Exclusive of GST and monthly fixed charges

no recorded facts stating paucity of time or any other urgency, warranting the use of helicopter to attend such meetings.

3.6.5 Limitation to Audit

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

Despite the above statutory provisions, the following records/ information on hiring of aircraft and helicopters, requisitioned during audit were not shared with Audit, by both C&T and PA Departments, even after repeated reminders:

- Requisitions made by the user Departments for the use of helicopter/ aircraft.
- Aircraft technical Logbook.
- Register of availability/ stationing of aircraft / helicopter at the Biju Pattanaik Airport.
- Bills of helicopter and aircraft sent to Departments other than the PA Department; and
- Insurance copy of the hired aircraft to ascertain its age.

Non-production of records to Audit violated Section 18 of the CAG's (DPC) Act.

REVENUE & DISASTER MANAGEMENT DEPARTMENT

3.7 Short realisation of Stamp Duty and Registration Fee on Lease Deeds

Non-consideration of Security Deposit and erroneous calculation of Annual Average Rent resulted in short realisation of Stamp Duty and Registration Fee to the tune of ₹19.02 lakh on Lease Agreement instruments.

As per Section 27 of Indian Stamp (IS) (Odisha Amendment) Act, 1899, the consideration (if any) and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth therein. As per Article 35(a) (vi) of Schedule-I-A of the Act, ibid, where the lease purports to be for a term of 30 years, but not exceeding 100 years, Stamp Duty (SD) shall be chargeable the same as a conveyance under Article 23 for a consideration, equal to four times the amount or value of the Average Annual Rent (AAR) reserved. Further, Article 35 (c) *ibid* stipulates that where the lease is granted for a fine or premium, or for money advanced in addition to rent reserved, the SD shall be leviable with the same duty as a conveyance for a consideration equal to the amount or value of such fine or premium or advance, as set forth in the lease in addition to the duty covered under Article 35 (a) *i.e.* one time, two times, three times and four times of the amount or value of the AAR reserved, for the lease purported to be for a term 5-10 years, 10-20 years, 20-30 years and 30-100 years respectively. Further, the Steel and Mines Department, Government of Odisha, notified (13 January 2012) that the items of (i) preliminary expense, (ii) security deposits, (iii) surface rent, along with (iv) higher between Dead rent and Royalty, shall be taken into account for valuation of SD on mining lease. The SD shall be chargeable at the rate of five *per cent* of the amount or value of the consideration vide Revenue and Disaster Management Department's Order dated 05 August 2008. The Registration Fees (RF) at the rate of two *per cent* of the value or consideration shall be payable for the purposes, as specified in Section 78 of the Registration Act, 1908.

Audit test-checked (June 2023 to January 2024) lease agreements registered (between January 2016 to March 2023) in seven Registration Offices[140] and observed that in 30 cases, there was short-levy of SD and RF amounting to ₹19.02 lakh due to erroneous calculation of AAR and non-consideration of security deposits for calculating consideration value during assessment of SD and RF. Of these 30 cases, in five cases, IDCO had granted[141] lease in favour of M/s OPGC Limited, for a term of 90 years on payment of land premium, annual rent, cess and other charges. Accordingly, SD and RF were to be levied on land premium, other charges and four times of annual rent and cess. However, Audit noticed that SD and RF were levied on the consideration amount that was calculated at the rate of one time of the annual rent and cess. As a result, there was short realisation of SD and RF amounting to ₹8.82 lakh in these five lease cases (***Appendix 3.7.1***). Further, in the other 25 cases of minor mineral lease agreements executed between the lessors (Tahasildars) and the lessees in accordance with the provision of the Odisha Minor Mineral Concession Rules 2016, the Registering Authorities (RAs) registered these documents on realisation of SD and RF based on the consideration value set forth in the documents that did not include Security Deposit paid by the concerned lessees. Audit collected the information about Security Deposit, deposited in minor mineral lease cases from the concerned Tahasil Offices and found that Security Deposit amounting to ₹1.45 crore was realised in the aforesaid lease cases. However, the incident of payment of security deposit was not included in the calculation of consideration amount for assessing the SD and RF by the RAs. This resulted in the loss of SD and RF amounting to ₹10.20 lakh (***Appendix 3.7.2)***.

The matter has been reported (June 2024) to the Inspector General of Registration; reply is awaited (October 2025).

3.8 Short realisation of Stamp Duty and Registration Fee on Power of Attorney instruments

Non-imposition and realisation of Stamp Duty and Registration Fee on Power of Attorney instruments as per the provisions of the Indian Stamp Act, resulted in short realisation of Government revenue of ₹ 2.37 crore.

As per the explanation to Article 23 of Schedule 1-A of Indian Stamp (IS)

[140] DSR Angul, DSR Mayurbhanj, SR Talcher, SR Sukinda, SR Bamanghaty, DSR Keonjhar and SR Lakhanpur

[141] one in November 2020 and four in March 2022

Act, 1899 (as amended in Odisha Amendment Act, 2014), a Power of Attorney (PoA) under Article 48 (f) of IS Act, authorising a person other than family[142] in relation to the executant, to sell immovable property situated in Odisha, shall be deemed to be a conveyance. Accordingly, the Stamp Duty (SD) at the rate of five *per cent* on the amount of the consideration as set forth in the deed or market value of the property, whichever is higher, shall be payable on the instrument on the basis of the market value of the property. The rate of SD was, however, reduced to two *per cent* with effect from 5 October 2021. In addition to SD, Registration Fee (RF) at the rate of two *per cent* of the value of documents shall also be payable for the purposes, as specified in Section 78 of the Registration Act, 1908. In case of PoA in favour of family members, SD payable was ₹ 1,000 as per Article 48 (h) of the Act.

Audit test-checked (January 2023 to March 2024) PoA documents of 52 properties in 10 District Sub-Registrar/ Sub-Registrar Offices[143] and noticed that 28 PoA documents were registered (between January 2015 and March 2023) after realisation of nominal amounts of SD and RF. The realised amount of SD ranged from ₹ 500 to ₹ 2,010 and RF at a rate of ₹ 250 in each case. Thus, the total amount of SD & RF realised was ₹ 0.38 lakh.

Audit observed that in none of the 28 cases, the PoA holders were falling under the definition of 'family', as defined under Article 48 of the IS Act. The attorney holders of these 28 PoAs were authorised to sell immovable properties, measuring a total of 48.195 acres of land. Hence, the documents were to be classified as conveyance, falling under Article 48 (f), on which, SD should have been imposed at the prevailing rate of five or two *per cent* of the consideration value or market value, whichever was higher. Likewise, RF should have been imposed at the rate of two *per cent*, as per the provisions of the Registration Act. However, the rates of SD and RF imposed by the 10 Registering Offices were neither in accordance with Article 48 (f) nor Article 48 (h). Further, the basis on which the SD and RF had been imposed at such a rate was not on record and was thus, arbitrary.

Audit further observed that the Benchmark Value[144] of these 52 properties was ₹ 35.75 crore on which imposable amounts of SD and RF worked out to be ₹ 2.37 crore against which, only ₹ 0.38 lakh had been realised by the concerned Registering Authorities. As a result, there was loss of revenue of ₹ 2.37 crore to the Government ***(Appendix 3.8.1)***.

The matter has been reported (November 2024) to the Government; reply is awaited (October 2025).

[142] Father, mother, wife, husband, son, daughter, brother or sister, daughters-in-law, grandson, grand-daughter, grand-father and grand-mother

[143] **District Sub-Registrar Offices**: Jharsuguda and Keonjhar; **Sub-Registrar Offices**: Nandapur, Khandagiri, Berhampur-I, Berhampur-II, Bamanghaty, Barbil, Satyabadi and Dolipur

[144] The value of an individual immovable property fixed/ revised by the Valuation Committees is termed as its 'Benchmark Value'. The Benchmark value is based on the market value and therefore represents market value

3.9 Short realisation of Government revenue, amounting to ₹ 1.93 crore

Short-levy of Stamp Duty and Registration Fee on Lease Agreements executed to let out or sub-let the immovable property on rent for commercial use led to loss of revenue amounting to ₹ 1.93 crore.

Explanation to Article 35 of the Indian Stamp (IS) Act, 1899, Odisha Amendment (OA), states that when a lessee undertakes to pay any recurring charge, such as Government revenue, the landlord's share of cesses or the owner's share of municipal rates or taxes, which is by law, recoverable from the lessor, the amount so agreed to be paid by the lessee shall be deemed to be part of the rent. Further, as per Article 35 (a) (iii) to (vi) of the Act, when the lease is for a period, varying from 5 to 100 years, Stamp Duty (SD) is to be imposed on a consideration equal to one to four times[145] the value of the Average Annual Rent (AAR) reserved. Further, where the lease is granted for a fine or premium, or money advanced in addition to rent, the SD shall be leviable as per the Article 35(c) of the IS Act at the rate, same as conveyance for a consideration equal to the amount or value of such fine or premium, or advances set forth in the lease, in addition to SD levied under clause (a) of the said Article. In terms of the Article 23 of Schedule I-A of the Act, SD is to be chargeable at the rate of five *per cent* of the amount or value of the consideration. In terms of the notification (January 2001) of the Revenue and Disaster Management Department, Registration Fee (RF) at the rate of two *per cent* of the value of the consideration of the documents is to be imposed.

Audit test-checked (May 2023 to March 2024) lease deeds in 14 District Sub-Registrar (DSR) and Sub-Registrar (SR) offices[146] and observed that in 64 cases, lease agreements were registered (December 2018 to March 2023) to let out or sub-let the property for commercial purpose for tenures ranging from 7 to 41 years. In terms of the agreements, the lessees were to pay monthly rent with annual escalation of 5 to 20 *per cent* (except in one case, where annual escalation of rent was 94 *per cent*), along with Goods and Services Tax[147] (GST) on the rent and security deposit, at the prescribed rate.

Thus, as per the provisions of the IS Act, AARs were to be calculated considering rent (inclusive of GST) and tenure of lease. Therefore, for the purpose of levying SD and RF, the total considerations should be the sum of AAR and security deposit.

Audit observed that the sampled DSRs and SRs did not consider GST, amounting to ₹ 4.98 crore and also ignored security deposit amounting to ₹ 21.10 crore, for arriving at the total consideration to determine the amounts of SD and RF.

Audit worked out the total consideration in the test-checked 64 cases as ₹ 144.77 crore, on which the SD and RF payable were ₹ 7.22 crore and

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145 Lease period for five to 10 years - one time, 10 to 20 years - two times, 20 to 30 years - three times and 30 to 100 years - four times.

146 **DSRs**: Angul, Jharsuguda, Jajpur, Khurda, Keonjhar, Mayurbhanj and Sambalpur
SRs: Barbil, Balianta, Berhampur-1, Khandagiri, Nandapur, Sukinda and Talcher

147 The Goods and Services Tax (GST) at the rate of 18 *per cent* shall be payable by the Lessee in addition to Rent on the property, rented for commercial purpose.

₹ 2.90 crore, respectively. Against this, the SD and RF imposed and realised were ₹ 5.80 crore and ₹ 2.39 crore respectively, resulting in short imposition of Government revenue of ₹ 1.93 crore.

Thus, due to erroneous assessment of SD and RF, there was short realisation of government revenue, amounting to ₹ 1.93 crore in 14 DSR & SR offices during the period from December 2018 to March 2023.

Accepting the audit observations, the DSRs of Angul, Jharsuguda, Jajpur, Khurda, Keonjhar, Mayurbhanj and Sambalpur and SRs of Barbil, Balianta, Berhampur-I, Khandagiri, Nandapur, Sukinda and Talcher stated (May 2023 to February 2024) that demand notices would be issued to the concerned parties for realisation of deficit SD and RF.

The matter has been reported (November 2024) to the Revenue and Disaster Management Department; reply is awaited (October 2025).

3.10 Loss of revenue due to short-levy of Stamp Duty and Registration Fee on Agreement to Sell

Registration authorities, while assessing Stamp Duty and Registration Fee on Agreement to Sell documents had erred in applying the provisions of the Indian Stamp Act. Consequently, there was short realisation of Government revenue of ₹1.03 crore.

As per the provisions of Article 23 of the Indian Stamp (IS) Act, 1899, an Agreement to Sell involving delivery of possession of any immovable property shall be deemed to be a conveyance and accordingly Stamp Duty (SD) shall be payable on the instrument on the basis of the market value of the property, provided that the SD already paid on such Agreement to Sell shall, at the time of execution of the sale deed by the same person in pursuance of such agreement, be adjusted towards the total amount of such duty chargeable on the conveyance. Further, as per Clause (b) of the above Article, SD shall be charged at five *per cent* of the amount or value of the consideration for such conveyance as set forth therein or market value of the property, whichever is higher, which was subsequently revised to two *per cent* with effect from 05 October 2021. Besides this, Registration Fees (RF) at the rate of two *per cent* was payable on the consideration value or market value of the property, whichever was higher. Revenue & Disaster Management Department was responsible for fixation of Benchmark Value, based on the prevailing market value.

Audit test-checked (May 2023 to January 2024) documents relating to Agreement to Sell in three registration offices[148] and noticed that in five cases of Agreement to Sell (registered between October 2019 and November 2022), the land-owners had handed over the physical possession of properties to the purchasers. Thus, the agreements were to be treated as conveyance, as per the provision of Article 23 of the IS Act and SD and RF were to be levied on consideration set forth in the deed or, the market value of the property, whichever was higher. Audit noticed that the assessment of SD and RF was erroneous in all the five cases, resulting in short realisation of SD and RF amounting to ₹1.03 crore, as detailed in ***Appendix 3.10.1.***

[148] DSR Khurda, DSR Jharsuguda and SR Brahmapur-II

In this regard, Audit observed the following:

- Regarding imposition of SD, only in one case (Sl. No.2 of the ***Appendix 3.10.1***), the SD had been correctly imposed at the prevailing rate of two *per cent* on the market value, which was higher than the consideration value. In another case (Sl. No. 3), SD had been imposed at the rate of two *per cent* on the amount of advance paid by the purchaser. In two other cases (Sl. Nos. 1 and 4), nominal amount of SD (₹ 35 and ₹ 100 respectively) had been imposed, which had no justification. In the remaining case (Sl. No.5), SD had been imposed at the prevailing rate of two *per cent* on the consideration value (₹ 3.22 crore) despite the market value (₹ 6.08 crore) being higher. As a result, there was short realisation of SD amounting to ₹ 68.71 lakh.
- On imposition of RF, the same had been imposed at the prescribed rate of two *per cent* on the amount of advance paid by the purchasers, in four cases (Sl. Nos. 1 to 4 of ***Appendix 3.10.1***) instead of the consideration or market values, whichever was higher. In the remaining one case (Sl.No.5), the same had been imposed on the consideration value (₹ 3.22 crore) despite the market value (₹ 6.08 crore) being higher. Consequently, there was short realisation of RF amounting to ₹ 33.81 lakh.

It would be evident from the above that the Registering authorities were grossly wrong in applying the provisions of the IS Act as either the rate of the SD had been applied incorrectly or the value for the purpose of SD/ RF had been adopted erroneously. Due to such erroneous actions, there was short realisation of Government revenue of ₹1.03 crore towards the SD (₹68.71 lakh) and RF (₹33.81 lakh)

The District Sub-Registrars of Khurda, Jharsuguda districts and Sub-Registrars of Brahmapur-II, while accepting the audit observations, stated (May 2023 to January 2024) that demand notices would be issued to the parties concerned for the realisation of Government revenue.

The matter has been reported (May 2024) to Inspector General of Registration, reply is awaited (October 2025).

3.11 Non/ Short-realisation of differential Stamp Duty and Registration Fee on enhanced production quantity

Despite enhancement of production level of mines, the differential Stamp Duty and Registration Fees had not been levied and realised on the enhanced production level, resulting in non-realisation of Government revenue of ₹148.46 crore.

As per Article 35 (a) of Schedule I-A of Indian Stamp Act (Odisha Amendment), 1899, in a lease, if the rent is fixed and no premium is paid or delivered and the lease purports to be for a term exceeding five years or any indefinite term, the Stamp Duty (SD) shall be leviable at the rate same as a conveyance for a consideration equal to the amount or value of the average annual rent (AAR) reserved, as prescribed in sub-clause (iii) to (viii) of this Article[149].

The Steel and Mines Department, Government of Odisha, notified (13 January 2012) that the items of (i) Preliminary expense, (ii) Security deposit, (iii) Surface rent, (iv) Dead rent or Royalty, whichever is higher, shall be taken into account for valuation of SD. The notification further stipulated that for calculating the anticipated royalty, the highest annual production planned in the mining plan/mining scheme of the lessees shall form the basis of assessment of SD. In case the production level is enhanced through modification of mining plan in the later years, the SD shall be reassessed on the differential production level and the lessee shall deposit the differential SD before such enhancement is actually carried out. These guidelines shall also be made applicable to the leases already executed, wherever the applicant paid SD on the basis of royalty, calculated on a production level lower than that approved by the appropriate authority in the mining plan. As per the notification (5 August 2008) of the Revenue and Disaster Management Department, SD was to be charged at the rate of five *per cent* and RF at the rate of two *per cent*.

Audit examined (June-July 2023 and November 2023) mining lease deeds registered at two District Sub-Registrar (DSR) offices at Keonjhar and Jajpur, pertaining to the period from January 2019 to March 2023 and cross verified the respective mining plans and production levels from the Office of the Deputy Director of Mines (DDM) at Keonjhar and Jajpur under the Steel and Mines Department. Audit noticed (July-November 2023) from the records of the Offices of the DDM, Keonjhar and DDM, Jajpur that the annual production levels of major minerals of three mines *viz.*, Nuagaon Iron Ore Mines, Gandhamardhan Iron Ore Mines and Kaliapani Chromite Mines, had been enhanced, after modifying mining plans. However, SD and RF on the enhanced production quantities, amounting to ₹ 148.28 crore had not been realised, as shown in ***Table 3.11.1*** and ***Appendix 3.11.1***.

Table 3.11.1: Unrealised Stamp Duty and Registration Fees on the enhanced production level

Sl. No.	Name of the Mine Block	DSR	Annual production quantity (MT)		Quantity enhanced	Unrealised SD and RF (₹ in crore)
			Original	Enhanced		
1	Nuagaon Iron Ore Block over an Area of 776.969 Hectares.	DSR, Keonjhar	75,90,258	2,00,00,000	1,24,09,742	147.76
2	Gandhamardhan Iron Ore Mines, Block-B over an Area 1590.8673 Hectares.		91,15,680	91,20,000	4,320	0.05

[149] SD, if, lease period (Sub-clause iii) exceeding 5 years, but not exceeding 10 years, on the AAR; (Sub-clause iv) exceeding 10 years, but not exceeding 20 years, on twice of the AAR; (Sub-clause v) exceeding 20 years, but not exceeding 30 years, on thrice of the AAR; (Sub-clause vi) exceeding 30 years, but not exceeding 100 years, on four times of the AAR; (Sub-clause vii) exceeding 100 years or on perpetuity, on one-sixth of the rent to be delivered in the first 50 years; (Sub-clause viii) not for a definite period, on three times of the AAR to be delivered for the first 10 years

Sl. No.	Name of the Mine Block	DSR	Annual production quantity (MT)		Quantity enhanced	Unrealised SD and RF
3	Kaliapani Chromite Mines over an Area of 89.00 Hectares.	DSR, Jajpur	2,03,860	2,15,000	11,140	0.65
	Total				**1,24,25,202**	**148.46**

(Source: Records of the Offices of DDM, Keonjhar and Jajpur)

Audit observed that:

- In case of Nuagaon Iron Ore Block, the maximum annual production had been fixed at 75,90,258 MT, as per the lease deed entered into (June 2020) between the Steel and Mines Department and M/s JSW Steel Limited. The terms of the lease provided, *inter alia,* that the lessee was to execute an amended lease deed in the event of enhancement of the annual production limit. As per the revised mining plan for the period 2020-21 to 2024-25, approved (October 2020) by the Indian Bureau of Mines, the highest level of annual production was 2,00,00,000 MT. Thus, SD and RF on the enhanced permissible production quantity of 124,09,742 MT was to be realised from M/s JSW. Accordingly, the DDM, Keonjhar had requested (November 2020) the DSR, Keonjhar to re-assess the SD and RF on the enhanced production quantity of 124,09,742 MT. Although the DSR, Keonjhar had re-assessed the SD and RF at ₹294.53 crore, the same was found to be erroneous in Audit[150], and was worked out to be ₹ 228.87 crore. Out of this, the DDM, Keonjhar had collected only ₹ 81.11 crore from M/s JSW. Thus, there was short realisation of SD and RF amounting to ₹ 147.76 crore.

- In case of other two mines *i.e.,* Gandhamardhan Iron Ore Mines and Kaliapani Chromite Mines, the DDMs concerned had not even attempted to refer the matter of enhancement of annual production quantities to the Registering authorities concerned for re-assessment of the SD and RF, for realising the differential amount from the lessees. In one case, Annual Production Quantity had enhanced from 91,15,680 MT to 91,20,000 MT i.e., an increase of 4,320 MT, resulting in AAR of ₹ 0.72 crore. In another case, it had enhanced to 11,140 MT, resulting in AAR of ₹ 9.33 crore. Audit worked out the amount of non-realisation of SD and RF as ₹ 0.05 crore from Gandhamardhan Iron Ore Mines and ₹ 0.65 crore from Kaliapani Chromite Mines.

Thus, despite enhancement of production quantities of three mines in Keonjhar and Jajpur, the differential SD and RF had not been levied and realised, resulting in non-realisation of Government revenue of ₹ 148.46 crore.

The matter has been reported (December 2024) to the Government; reply is awaited (October 2025)

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150 The DSR, Keonjhar had assessed SD and RF by wrongly considering the amount deposited towards Surface Rent and SD, instead of considering royalty on the enhanced quantity only.
Production level enhanced from 75,90,258 to 2,00,00,000 MT; therefore, differential production level = 1,24,09,742 MT. On this, SD & RF was wrongly assessed by DSR Keonjhar as ₹ 2,94,53,44,617 (considering Surface Rent + SD, instead of royalty).

3.12 Improper valuation of buildings for realisation of Stamp Duty and Registration Fee

Negligence of the Registering Authorities in adhering to the building valuation guidelines for valuing buildings for the purpose of assessing Stamp Duty and Registration Fee, there was loss of Government revenue amounting to ₹ 27.42 lakh.

As per Section 27 of the Indian Stamp (IS) Act, 1899, (Odisha Amendment, 1987) read with Section 3 of the Act. *ibid*, the consideration (if any), the market value of the property and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth in the document. Revenue & Disaster Management Department (RDM), Government of Odisha, issued (May 2019) revised guidelines, indicating cost per square feet of floor area of buildings, tiles/ boundary walls, electrical installations and sanitary fittings to be taken for valuation of buildings for the purpose of levy of Stamp Duty (SD) and Registration Fee (RF). The guidelines also prescribed that the depreciation of building value may be claimed by the executant at the rate of 1.5 to 10 *per annum* according to the categories of building and based on the year of construction. The Registering Authorities (RA) were instructed (October 2017) to insist upon production of the approved plan of the competent authority of building/superstructure before registration of the instruments. Rates for levy of SD and RF applicable to conveyance deeds were fixed at five and two *per cent* respectively. In case of female buyer, the rate of SD and RF were four *per cent* and two *per cent* respectively with effect from 29 November 2016.

Audit test-checked Sale deeds (October 2019 to March 2023) in four Registration Offices, *viz*., District Sub Registrar (DSR) Keonjhar, DSR Balasore, DSR Sambalpur and Sub Registrar (SR) Nandapur. It was noticed that the value of the buildings had been understated in the Sale deeds by ₹ 3.46 crore[151], leading to loss of SD and RF amounting to ₹ 27.42 lakh, as detailed in (***Appendix 3.12.1***).

- In seven cases (Sl. No.1, 2, 4, 5, 6, 7, 8 of the Appendix 3.12.1), the rates of cost of construction considered for arriving at the value of the building were less than the notified rate by ₹84 to ₹1589 per square feet resulting in under valuation of the building.
- In one case (Sl. No. 5 of Appendix 3.12.1), the value of the building had been arrived at on the basis of valuation made by the Balasore (R&B) Division-1, (under Works Department) on request of the DSR, Balasore. The rate of construction cost adopted by the Division was, however, found to be less than the notified rate. Since the valuation of the buildings was to be done on the basis of the notified rates issued by the RDM Department, the DSR should not have got the building valued through the R&B Division. Thus the guidelines issued by the RDM Department for ensuring fairness and maintaining uniformity in valuation of buildings were violated by the DSR.

[151] ₹1,462.96 lakh – ₹1,117.31 lakh = ₹345.65 lakh (₹3.46 crore)

- The RDM guidelines (May 2019) prescribed that for residential buildings, 10 *per cent* of the plinth area rate was to be added for internal electrical installations and 15 *per cent* towards internal sanitary fittings. However, in two instances (Sl. No. 3 and 5 of Appendix 3.12.1), the value of sanitary fittings and electrical installations had not been added to the cost of buildings. Similarly, in another instance (Sl. No. 9), the value of such electrical installations and sanitary fittings had been taken at the rate of 20 *per cent* of the cost of the building against the stipulated rate of 25 *per cent* (10+15).
- As the guidelines allowed depreciation on the cost of the building at a rate of 1.5 to 10 *per cent* per annum depending upon the classification and the year of construction of the building, the recitals should disclose the year of construction. However, in six cases (Sl. No. 1, 3, 6, 7, 8 and 9), no such disclosure had been made. In two cases (Sl. No. 4 and 5), the depreciation at higher rate than the admissible rate applicable to the particular class of building was allowed on the basis of the valuation report submitted by the R&B Division-1, Balasore. Apart from the instances enlisted in the Appendix 3.2.1, in two other instances[152], Audit noticed that despite disclosure of year of construction of buildings, depreciation had not been factored into valuation of buildings. This indicated that the Registering Authorities were not ensuring adherence to guidelines in drawing recitals.

Audit observed from the above instances that the Registering Authorities had not exercised due diligence in adhering to the building valuation guidelines, issued by the RDM Department in May 2019, in order to check pilferage of Government revenue. Such negligence of the Registering authorities, resulted in loss of revenue of ₹ 27.42 lakh to the Government.

The matter has been reported (December 2024) to the Inspector General of Registration; reply is awaited (October 2025).

It is recommended that RDM Department should exercise adequate oversight over the functioning of the Registering authorities in regard to valuation of buildings, on the basis of the extant guidelines

EXCISE DEPARTMENT

3.13 Non-realisation of ₹ 1.02 crore for extra hours of Operation Charges

Despite provisions in the Odisha Excise Rules, an amount of ₹1.02 crore towards extra hour operation charges was not demanded by District Excise Officer, Ganjam from M/s ASCIL, which operated the distillery for 3,404 extra hours.

Rule 79 of the Odisha Excise Rules (OER), 2017, stipulates eight hours per day as the operational duration of a distillery or any other production unit. However, the licensee may continue operations beyond eight hours per day, subject to prior

[152] (a) SR, Bamanghati, Document ID No.1272000391, dated: 11.12.2020, Year of Construction: 1958; (b) DSR, Jajpur, Document ID No. 781901696, dated: 23.10.2019, Year of Construction: 2003 and 2015

approval of the Excise Commissioner. In the event of operation beyond eight hours, additional Excise Staff would need be posted therein and the licensee would have to pay ₹ 3,000 for each extra hour of operation.

During the Audit of the District Excise Office, Ganjam, it was observed (December 2023) that M/s Aska Co-operative Sugar Industries Limited (ASCIL), a manufacturer of spirit, operated its unit for 3,404 extra hours over 476 days during the period 2021-22 to 2022-23, for which no permission was sought from the Excise Commissioner. Audit also noted that though M/s ASCIL had not sought permission, the Excise authority had posted additional Excise staff therein to oversee the operations during these extra hours. It was, however, noted that no demand towards extra hour operation charges were raised against M/s ASCIL, which worked out to be ₹ 1.02 crore.

Thus there was an administrative lapse on the part of the Excise authorities as they allowing ASCIL to operate beyond the prescribed hours without obtaining the required prior approval. Besides this, they also failed to raise the necessary demand against ASCIL, for deployment of additional staff during these extended operational hours.

The Superintendent of Excise, Ganjam stated (December 2023) that the observations of Audit would be verified for further action.

The matter has been reported (May 2024) to the Excise Commissioner; their reply is awaited (October 2025).

3.14 Inaction of the District Excise Officers in recovery of licence fees

Failure of the District Excise Officers in taking timely steps for recovery of Licence Fees from the licensees of the retail shops led to non-realisation of Government revenue amounting to ₹53.27 lakh.

As per Rule 34 (1) of the Odisha Excise Rules, 2017, Consideration Money[153] for retail sale of country liquor or India Made Foreign Liquor (IMFL) or Beer or any intoxicating drug is to be paid by the licensee. Rule 34 (2) provides that such licence fee shall be deposited by the licensee (a) in advance, for two months or for a longer period not exceeding six months as may be specified in each case by the Collector and (b) in addition to the advance, a month's licence fee on the first-day of every month must also be deposited. This procedure of realisation of Consideration Money ensures that the entire amount is recovered during the currency of the license so that no amount would be left outstanding. Rule 52 (1) (u) provides that the authority competent to grant licence can revoke/ suspend the same in the event of non-payment of fees.

Section 31 of the Odisha Excise, Act 2008 envisages that dues payable to the Government under the Excise Act shall be recovered in a manner as if they were land revenue. On the matter of recovery of land revenue, the administrative Department concerned of the Government of Odisha *i.e.*, Revenue and Disaster Management (RDM) Department notified (November 2010) that arrears of land revenue would be recovered along with penal interest at a rate of 12 *per cent* per annum.

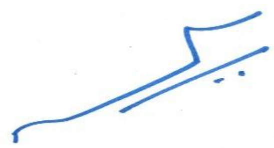
[153] The fee in consideration of grant of exclusive privileges to the licensees of IMFL/Beer/Country Liquor and any other intoxicant retailer

During scrutiny of records of District Excise Offices, Angul (September 2023) and Jajpur (January 2024), Audit noticed that six retail shops of country liquor/ OS, whose licences had expired at different dates between March 2020 and March 2022, had defaulted in payment of Consideration Money amounting to ₹ 42.96 lakh (***Appendix 3.14.1).*** As such, the six defaulted licensees were liable to pay penal interest at a rate of 12 *per cent*, amounting to ₹10.31 lakh on the deficit amount of licence fee, as of March 2024.

Audit observed that the District Excise Officers (DEO) concerned, in exercise of power conferred upon them under Rule 52 (1) (u) had not taken any steps against the defaulted licensees for realisation of Government dues. Only DEO, Angul had issued (August 2022) notices to two retail shops demanding outstanding licence fees. After being pointed out in Audit, DEO, Jajpur issued (February 2024) show-cause notices to four licensees on short deposit of Consideration Money.

Audit also observed that no action had been taken by the DEOs concerned to effect recovery of the outstanding amount as per the provision of the notification issued by the RDM Department in November 2010. Thus, the absence of timely action by the DEOs against the licensees for securing deposit of the Consideration Money, led to non-realisation of Government revenue amounting to ₹53.27 lakh.

The Department stated (February 2025) that certificate cases have been initiated to realise outstanding revenue.



Bhubaneswar
The 29 JUNE 2026

(SUBU R.)
Principal Accountant General (Audit-I)
Odisha

Countersigned

New Delhi
The 06 JULY 2026

(K. SANJAY MURTHY)
Comptroller and Auditor General of India