

CHAPTER-V

**FINANCIAL ASSISTANCE TO
LOCAL BODIES AND OTHERS**

SECTION-A

PANCHAYATI RAJ DEPARTMENT

5.1 RURAL HOUSING SCHEME

With a view to help construction/upgradation of dwelling units by providing assistance to the Below Poverty Line (BPL) rural house holds belonging to Scheduled Castes/Tribes and Freed Bonded labourer categories, several Rural Housing Schemes viz. (i) Indira Awas Yojana (IAY), (ii) Pradhan Mantri Gramodaya Yojana (Gramin Awas), (iii) Credit-cum-Subsidy Scheme (CCSS), (iv) Samagra Awas Yojana (SAY) and (v) Rural Building Centre (RBC) launched by the Government of India (GOI) are being implemented. IAY was started from 1985-86 and other schemes from 1999-2000.

Highlights

❖ Central Assistance of Rs.47.41 crore was lost because of the failure to fulfill the prescribed conditions depriving 23,702 poor persons of housing benefits. Disregarding GOI guidelines, State share under IAY was kept in PL Account/Current Account/DCR resulting in loss of interest of Rs.1.04 crore for the scheme.

{Paragraphs 5.1.1.4 and 5.1.1.4 (i)}

❖ Huge advances of Rs.23.48 crore against IAY beneficiaries were awaiting adjustment.

{Paragraph 5.1.1.4 (iii)}

❖ Utilisation Certificates (UCs) for Rs.284.84 crore under IAY were pending in 9 DRDAs test-checked, while Rs.170.40 crore released by 7 DRDAs to Blocks was shown as final expenditure without ensuring their actual utilisation.

{Paragraph 5.1.1.4 (iii)(v)}

❖ Houses under 'normal' category were provided only to 68 per cent of the targeted beneficiaries whereas it was only 34 per cent in cyclone affected districts despite availability of funds. 72613 houses were allotted in the name of male instead of female members or in the joint name of both husband and wife.

{Paragraphs 5.1.1.5 (i) and 5.1.1.9 (iii)}

- ❖ 1892 houses remained incomplete rendering the expenditure of Rs.2.22 crore infructuous.
{Paragraph 5.1.1.5 (iii)}
- ❖ Out of total 4.66 lakh houses constructed, smokeless chulha and sanitary latrines were not provided to 4.01 lakh and 3.71 lakh houses respectively.
{Paragraphs 5.1.1.7 and 5.1.1.8}
- ❖ Only 44 *per cent* of funds for infrastructure under Pradhan Mantri Gramodaya Yojana was utilised.
(Paragraph 5.1.2.1)
- ❖ 23307 out of 29458 houses reported complete under Credit-cum-Subsidy Scheme were actually incomplete.
(Paragraph 5.1.3.2)
- ❖ Subsidy components of Rs.19.73 crore under Credit-cum-Subsidy Scheme were not adjusted against loan accounts of beneficiaries.
{Paragraph 5.1.3.2 (i)}
- ❖ Rural Building Centres did not come up owing to lack of proper planning.
(Paragraph 5.1.4)

5.1.1 Indira Awas Yojana

5.1.1.1 Introduction

Indira Awas Yojana (IAY) was launched in 1985-86. The main objective was to provide dwelling houses to households Below Poverty Line (BPL) living in rural area. 60 *per cent* of the allocation was to be utilised for construction of houses of SC/ST category households. IAY benefits were also extended to the families of ex-servicemen and paramilitary forces killed in action. Three *per cent* of the houses under IAY were to be reserved for BPL and physically and mentally challenged persons in rural area.

5.1.1.2 Organisational set-up

The funding and monitoring of the scheme were vested in the Ministry of Rural Development (RD) of Government of India at Central level and Panchayati Raj Department of Government of Orissa at State level. The District Rural Development Agencies (DRDAs) were to co-ordinate and monitor the programme at district level while Block Development Officers (BDOs) implemented the scheme at field level.

5.1.1.3 Audit coverage

Implementation of the programme during 1997-2002 was reviewed through test check of records in Panchayati Raj Department of Government of Orissa,

9¹³ of 30 DRDAs and 43 of 138 Blocks in the 9 DRDAs during November 2001 to June 2002.

5.1.1.4 Funding of the scheme

The release of fund and expenditure status were as shown below:

(Rupees in crore)

Year	Opening balance	Receipt ¹⁴	Total availability of funds	Expenditure	Closing balance
(a) Construction including up-gradation and additional for flood					
1997-98	5.85	98.16	104.02	88.45	15.57
1998-99	15.57	125.63	141.20	106.08	35.12
1999-2000	35.12	81.31	116.42	118.65	(-)2.23
2000-01	(-) 2.23	73.65	71.42	66.16	5.26
2001-02	5.26	189.70	194.96	89.16	105.80
Total (a)		568.45	574.30	468.50	105.80
(b) Cyclone (additional)					
1999-2000	Nil	45.97	45.97	Nil	45.97
2000-01	45.97	374.90	420.87	284.82	136.04
2001-02	136.05	404.13	540.18	236.85	303.33
Total (b)		825.00	825.00	521.67	303.33
Grand Total (a) + (b)		1393.45	1399.30	990.17	409.13

Central Assistance of Rs.47.41 crore were lost due to non-fulfillment of prescribed conditions

GOI deducted Rs.47.41 crore due to non-fulfillment of prescribed conditions viz - excess carryover balance (Rs.24.35 crore), late receipt of proposal (Rs.12.46 crore), short release of State share (Rs.6.41 crore) and others (Rs.4.19 crore). Loss of this Central Assistance deprived 23,702 beneficiaries from getting IAY houses.

Audit scrutiny also revealed the following:

State share of Rs.139.56 crore were kept under Civil Deposit/PL account

(i) Funds earmarked for the scheme, both Central and State shares were to be deposited in interest bearing savings banks accounts. Instead, the following amounts were kept as follows:

(a) State's share of IAY funds amounting to Rs.130.38 crore in respect of 9 DRDAs kept in PL account (Public Account).

(b) Rs.5.57 crore drawn by State Government in March 1999 and March 2000 kept in civil deposit in Public Account of Orissa.

(c) State's share of IAY amounting to Rs.3.61 crore in respect of 11 Panchayat Samities kept in PL account (Public Account).

(d) State's share of IAY funds amounting to Rs.2.17 crore in respect of 3 Panchayat Samities kept in current account and DCRs in commercial banks.

¹³ Cuttack, Ganjam, Jagatsinghpur, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Puri and Sundergarh

¹⁴ Receipts include Central and State releases and other receipts under the scheme accounted for by DRDAs

This led to loss of interest of Rs.103.83 lakh (Rs.72.40 lakh for DRDAs, Rs.16.06 lakh for Panchayat Samities and Rs.15.37 lakh at Government level). The Department stated (June 2002) that to safeguard the ways and means position of the State, funds were kept temporarily in civil deposit as advised by the Finance Department.

(ii) The State share was to be released within one month of the receipt of Central Assistance. Test check revealed delays ranging from 13 to 272 days which was attributed to the poor ways and means position of the State.

Advance of Rs.23.48 crore against beneficiaries were awaiting adjustment

(iii) Payments were to be made to the beneficiaries on staggered basis depending on the progress of work. Check of records revealed that advance of Rs.23.48 crore were outstanding against beneficiaries (March 2002). This indicated that adjustment of advance was not properly monitored and possibility of misuse or loss of funds could not be ruled out. Year-wise analysis of such advance was not available with the department. Further, Rs.170.40 crore released by 7 DRDAs to Blocks during 1997-2001 were shown as final expenditure without receipt of adjustment account and UCs from Blocks. This was inflated reporting of expenditure.

IAY fund of Rs.1.21 crore were diverted for other purpose

(iv) Rs.1.21 crore were irregularly diverted (May 1999) by DRDA, Mayurbhanj towards expenditure on drought mitigation measure. Of the said amount, Rs.12.61 lakh remained un-recouped as of March 2002. The PD, DRDA, Mayurbhanj stated that the amount was diverted as per instruction of PR Department to the Collector, Mayurbhanj.

UC for Rs.284.84 crore were pending with 9 DRDAs test-checked

(v) Utilisation Certificates for Rs.284.84 crore were pending as on 31 March 2002 with 9 DRDAs test checked.

5.1.1.5 Programme Management

The physical target and reported achievements for the entire State were as follows:

Year	Target	Achievement		No. of houses under construction
		No. of houses	Houses completed	
(a) Construction including upgradation and additional for flood				
1997-98	45483	50023	110	18924
1998-99	67684	50671	75	38541
1999-2000	55221 (normal) 11612(upgraded)	53328 2861	97 25	40,000 -
2000-01	21889(normal) 10944(upgraded)	37173 26870	170 246	104483 ¹⁵ 3732
2001-02	50640(normal) 25320(upgraded) 100000(flood)	27394 12857 2519	54 51 3	26132 8925 6592
Total (a)	388793	263696	68	41649
(b) Cyclone (additional)				
1999-2000	50,000	Nil	0	NA
2000-01	1,50,000	75518	50	NA
2001-02	4,00,000 (against cyclone backlog 2,00,000 – 75518)	32850 93868	8 75	263645 29731 (out of 2 lakh)
Total (b)	6,00,000	202236	34	293376
Grand Total (a) + (b)	9,88,793	4,65,932	47	3,35,025

Specific targets for different categories of beneficiaries, i.e. SC/ST, freed bonded labourers, non-SC/ST household, physically handicapped and widow of war personnel were not fixed. Only a mention was made in the sanction order that sixty *per cent* of the total expenditure should be incurred on houses for SC/ST categories. Thus, decision (March 1997) of GOI to earmark IAY fund for physically challenged persons was not given effect to. Eligible persons were also not identified at field level.

Only 68 per cent of targeted houses under normal category were completed

(i) Against 3.89 lakh houses targeted for construction including upgradation of kutchha houses under normal category during 1997-2002, only 2.64 lakh houses (68 *per cent*) were reportedly complete and 0.42 lakh houses were under construction as of March 2002. There were 54 to 97 *per cent* achievements in respect of construction of houses and between 25 and 51 *per cent* under up-gradation. Construction of large number of houses (0.83 lakh) was not taken up at all although there was no constraint of funds. In 9 test-

¹⁵ Separate figures for normal and cyclone categories were not available with the Department.

checked DRDAs, 1.12 lakh houses were completed and 0.15 lakh houses were under construction against the target of 1.63 lakh houses during the period.

Achievement in Cyclone affected districts was only 34 per cent

6 lakh houses were allotted for the victims of Super Cyclone of 1999. Against this, only 2.02 lakh houses (34 *per cent*) were reported complete and 2.93 lakh houses were reportedly under construction. Out of Rs.825 crore, Rs.521.67 crore were spent as of March 2002. In 6 test-checked cyclone affected districts (Cuttack, Ganjam, Jagatsinghpur, Keonjhar, Mayurbhanj and Puri), 1 lakh houses were completed and 1.39 lakh houses were under construction against the target of 3.08 lakh houses. The Government attributed the shortfall to higher target for cyclone affected areas, non-availability of building materials, labourer and mason. In order to mitigate the difficulties of the victims and deprived, the Government will have to speed up the process.

Wrong reporting of achievements

(ii) Physical achievement of 110 *per cent* under normal category was not correct as large number of houses remained incomplete/under construction. Further, the reported achievements also included the achievement made against backlog of previous years. Similarly, in respect of upgradation of kutcha houses, the reported achievement of 246 *per cent* during 2000-2001 was found to be fictitious since test check revealed that up-gradation of 7628 houses were reported to the GOI in respect of 6 DRDAs (Cuttack, Ganjam, Jagatsinghpur, Keonjhar, Mayurbhanj and Puri) though no up-gradation was actually done nor reported by the concerned DRDAs.

Infructuous expenditure of Rs.2.22 crore due to non-completion of houses for years

(iii) Test check of records and information furnished to audit revealed that 1892 houses taken up in 37 blocks¹⁶ for construction during 1990-99 had remained incomplete as of March 2002 after incurring expenditure of Rs.2.22 crore. No action had been initiated against defaulting beneficiaries for non-completion of houses or for recovery of advances. Reasons for non-completion of houses were not enquired by the BDOs/PD, DRDAs. Failure to complete the houses for many years points to misappropriation/misapplication of funds.

5.1.1.6 Irregular construction of IAY houses through external agency/contractor

354 IAY houses were entrusted for execution through external agency/contractor

Test check of records of DRDA, Jagatsinghpur revealed that Rs.5.55 lakh were placed with a Hyderabad based voluntary organisation AWARE in July 2000, as first instalment for construction of 111 houses in the village Ambiki under Erasama Block at an estimated cost of Rs.32,000 per house of which Rs.22,000 was to be met from IAY fund and balance to be borne by the organisation. Due to delay in construction, the DRDA asked the organisation on 22 January 2001 to refund the money forthwith. But the organisation submitted (25 January 2001) a revised estimate of Rs.30,000 per house to be financed by Rs.22,000 from IAY fund, Rs.3,000 by the organisation and Rs.5,000 to be contributed by the beneficiary for acceptance. No action was taken by the DRDA nor was the money refunded by the organisation as of

¹⁶ Balikuda, Balishankara, Barasahi, Betonati, Boriguma, Champua, Chatrapur, Cuttack Sadar, Dharmagarh, Erasama, Ganjam, Ghasipura, Ghatagaon, Hatadihi, Jagatsinghpur, Jashipur, Jeypore, Jhumpura, Junagarh, Kakatpur, Kaptipada, Kuarmunda, Kujang, Kukudakhandi, Lathikata, Narla, Niali, Nimapara, Nischintakoili, Rajgangpur, Rangeilunda, Salipur, Similiguda, Sundargarh, Tangi- Choudwar, Tirtol and Udala

January 2002. DRDA stated (January 2002) that Government had been moved in the matter. There was no further development in the matter as of September 2002.

Similarly, 243 houses were executed through contractor in 6 Blocks¹⁷ at a total cost of Rs.28.71 lakh in violation of guidelines.

The guidelines further stipulated minimum plinth area of 20 sq.mts. In the Cyclone affected districts, the plinth area of IAY houses ranged between 11 to 15 sq.mts. with one room only which was not adequate to meet the minimum requirements with regard to kitchen, sanitary facility and community preference.

5.1.1.7 Non-provision of smokeless chulha

Smokeless chulha were not provided in 4.01 lakh houses

The IAY scheme envisaged that each IAY house including kutcha houses converted to pucca houses should be provided with smokeless chulha. Audit scrutiny disclosed that out of total 4.66 lakh houses reported constructed in the State during 1997-2002, only 0.65 lakh houses (14 *per cent*) were provided with smokeless chulhas.

It was further observed that smokeless chulhas as per approved specification and design were not installed but portable chulhas without chimney were supplied to the beneficiaries which were not smokefree.

5.1.1.8 Non-construction of sanitary latrine

Sanitary latrines were not provided in 3.71 lakh houses

Construction of sanitary latrine was mandatory in new and upgraded houses. The unit cost of each IAY house also included cost of sanitary latrine.

Scrutiny of records revealed that out of total 4.66 lakh houses reported constructed (1997-2002), only 0.95 lakh houses (20 *per cent*) had been provided with sanitary latrine.

Test check of records further revealed that in the name of sanitary latrine, the houses were provided with Barpali Latrine Pan at a cost of Rs.270 to 280 against Rs.2250 available for sanitary latrine.

Non-construction of 3.71 lakh sanitary latrines in the IAY houses of the entire State in violation of guideline despite utilisation of full unit cost amounted to denial of facility to the beneficiaries apart from possible health hazard to the beneficiaries as well as the environment.

5.1.1.9 Irregular allotment of houses

IAY houses allotted to 252 beneficiaries not in BPL list

i) As per guidelines, beneficiaries were to be member of BPL households. Test check revealed that 252 persons in 17 blocks¹⁸ whose names

¹⁷ Balikuda, Champua, Chatrapur, Jhumpura, Kukudakhundi and Niali

¹⁸ Balishankara (8), Betonati (5), Champua (18), Chatrapur (8), Cuttack Sadar (23), Ghasipura (28), Ghatagaon(4), Hatadihi (19), Jashipur (17), Jhumpura (17), Kaptipada (6), Kukudakhundi (6), Puri (1), Salipur (57), Tangi-Choudwar (5), Tirtol (19) and Udala (11)

did not appear in the BPL list, were allotted the houses. Thus, expenditure of Rs.48.01 lakh incurred on these houses was irregular and inadmissible.

IAY houses allotted to 25 beneficiaries in disregard of eligibility criteria

ii) According to guideline, the eligibility criteria in the cyclone affected districts for IAY house were that (a) the beneficiary family should not have a pucca house (b) the beneficiary should not have got any pucca house from other source and (c) no member of family of the beneficiary should be working in Government/Semi Government/private company.

Test check, however, revealed that in Jagatsinghpur district on re-verification conducted (April 2002) by the Project Director and Additional Project Director, DRDA, Jagatsinghpur, it was found that 25 beneficiaries of 3 Blocks (Raghunathpur, Kujang and Tirtol) were allotted IAY houses on the recommendation of verifying officer although 22 had pucca houses, one was a driver and two beneficiaries were ineligible for other reasons. It was ordered to recover the amount from the ineligible beneficiaries and initiate proceedings against nodal officer who conducted verification. Recovery of amount and initiation of proceedings were awaited (May 2002).

iii) IAY guidelines provide for allotment of a house in the name of female member or alternatively in the joint name of both husband and wife. Scrutiny of records revealed that 72,613 houses other than additional houses for cyclone affected districts, were allotted in the name of male members of household.

5.1.1.10 Other points of interest

Reduced benefit of Rs.15.41 crore was given to 58,614 beneficiaries

(i) From 1 August 1996, the cost norm was revised to Rs.20,000 for plain area and Rs.22,000 for hilly and difficult area. Construction assistances were given to 58614 beneficiaries at rates less by Rs.400 to Rs.9,500 than the prescribed norm resulting in reduced benefit of Rs.15.41 crore to the beneficiaries in 7 DRDAs¹⁹.

Exemption of Central Excise Duty and Orissa Sales Tax on building materials amounting to Rs.16.10 crore not availed of

(ii) In 14 Cyclone affected districts of Orissa, GOI and the State Government granted exemption, for cement and steel rods from payment of Central Excise Duty (CED) and Orissa Sales Tax (OST) from 18 August 2000 and 9 October 2000 respectively until July 2003. Exemption from CED and OST were to be extended by the manufacturers on receipt of certificate issued by the Secretary, PR Department.

The State Government appointed (March 2001) 13 PDs, DRDAs of Cyclone affected districts as Indenting Officers for procuring cement from M/s IDCOL Cement Ltd., Bargarh, M/s OCL India Ltd., Rajgangpur, M/s L&T Ltd., Jharsuguda and steel rods from M/s SAIL through their branch office at Bhubaneswar. The materials were to be delivered at block level.

2.02 lakh additional IAY houses completed by March 2002 in Cyclone affected districts required 3.54 lakh MT cement and 0.26 lakh MT steel rod against which only 2,00,079.48 MT cement and 2892 MT steel rod were

¹⁹

Ganjam, Jagatsinghpur, Kalahandi, Keonjhar, Koraput, Mayurbhanj and Sundergarh.

procured (by March 2002) at duty/tax exempted rates. Non-procurement of balance 1,53,833.52 MT cement and 23398.7 MT steel rod at duty/tax exempted rates led to non-availment of duty/tax exemption of Rs.16.10 crore (CED -Rs.9.95 crore and OST -Rs.6.15 crore) by the concerned DRDAs.

(iii) As per cost analysis of SAIL, the cost price of M.S Tor steel for delivery at block points was Rs.16,145 per MT. Since the steel rod supplied for IAY houses were exempt from CED and OST, the cost price reduced to Rs.13,552. It was however seen in audit that M/s SAIL charged Rs.14,534 per MT and was paid Rs.28.40 lakh in excess on purchase of 2892 MT steel rods by 54 blocks in 11 districts between January 2001 and March 2002.

(iv) Records of 9²⁰ out of 43 blocks test checked revealed that 6628 bags of cement valued at Rs.7.29 lakh were found clodded and became useless due to lack of storage facility. 195 houses could have been completed with this cement.

Disaster resistant houses not constructed

(v) According to the specification approved by the State Government in Panchayati Raj Department and communicated (May 2000) to DRDAs, 4.9 qtl. of steel rods were required for construction of each house with frame structure having pillars designed to resist cyclone. Test check of records of 7 blocks²¹ revealed that only 0.60 qtl (Ghasipura block in Keonjhar district) to 3.50 qtl. steel rods (Kakatpur block of Puri district) per house were issued by the BDOs. This indicated that the houses constructed were not disaster resistant.

Inventory of houses not maintained

(vi) Details like name, occupation and category of beneficiary, date of start, date of completion and cost of the house, name of village and block in which the house is situated and acknowledgements from the beneficiary are to be maintained by the implementing agencies. Test check of block records revealed that inventory register was not maintained in the absence of which authenticity of physical progress could not be ensured.

It was also required to fix IAY logo after completion. According to information furnished and on test check of records it was revealed that only 2 out of 43 blocks test checked followed the system of displaying IAY logo.

5.1.1.11 Monitoring

Monitoring of the scheme was not satisfactory and no mechanism existed to verify correctness of data furnished by field offices

The IAY guidelines stipulated a schedule of inspection from State to Block level to be drawn up and strictly adhered to. But no such schedule of inspection was drawn nor any inspection report in support of field visit could be shown to audit.

The State Level Coordination Committee (SLCC) had only three meetings under the Chairmanship of the Chief Secretary and discussion on IAY was held only in two meetings. Thus, monitoring by SLCC was not very effective. Though periodical reports and returns were sent to GOI on the basis of reports from DRDAs, no mechanism existed to verify the correctness of data

²⁰ Jagatsinghpur, Biridi, Balikuda, Tirtol, Erasama, Kujang, Niali, Kakatpur and Ghasipura

²¹ Balikuda, Ghasipura, Hatadihi, Jagatsinghpur, Kakatpur, Niali and Tangi - Chowdwar

furnished. Test check of records of Blocks revealed that base records on which monthly progress reports were prepared were not maintained. Guidelines provided that suitable Non-Government Organisations (NGOs) with proven track record should be entrusted with the task of guidance and monitoring of construction of IAY houses especially for motivating beneficiaries regarding use of sanitary latrine and smokeless chulha. However, no NGO was associated with the IAY programme.

5.1.1.12 Evaluation

Evaluation Report not received

Guidelines provided for conducting periodic evaluation through reputed institutions and for taking remedial measures. It was stated (June 2002) by the State Government that the evaluation was entrusted to the State Institute of Rural Development (SIRD) but the report was awaited.

5.1.2 Pradhan Mantri Gramodaya Yojana (Gramin Awas)

The Pradhan Mantri Gramodaya Yojana (Gramin Awas) was launched by the GOI from 1 April 1999 to supplement the IAY. The scheme was fully funded by GOI and 10 per cent was earmarked for infrastructure like road, drainage, drinking water, plantation etc. and upto 20 per cent of proposed fund was to be utilized for the conversion of kutcha houses into pucca houses. Rs.25.82 crore were released by GOI during 2000-2002 of which Rs.19.31 crore were spent.

5.1.2.1 Physical target and achievement

The physical target vis-à-vis achievements were as indicated below:

Year	Spill over	Target for the year (No. of houses)	Total target	Houses completed (Nos.)	Percentage of achievement	Incomplete houses
2000-01	--	6315	6315	368	6	5947
2001-02	5947	4722	10669	6693	63	3976

Following observations were made in audit.

Poor utilisation of funds under infrastructure

Though 10 per cent of the allocation was for infrastructure, no information was available regarding expenditure on infrastructure development during 2000-01. As intimated (June 2002) by the State Government, Rs.2.56 crore was available under infrastructure during 2001-02, against which expenditure was Rs.1.12 crore (44 per cent) on internal road, drainage and drinking water leaving unspent balance of Rs.1.44 crore.

5.1.3 Credit-cum-Subsidy Scheme

Fund was not allocated for conversion of kutcha house into pucca house

The Credit-cum-Subsidy Scheme for rural housing was launched by the GOI from 1 April 1999 to provide loan and subsidies to the rural households having an annual income upto Rs.32,000 for construction of dwelling houses. 60 per cent of the total subsidy allotted was to be utilised for houses of Scheduled Caste, Scheduled Tribe and freed bonded labourers. The allocation of subsidy

was to be shared on 75:25 basis between the Centre and States. The ceiling of subsidy was fixed at Rs.10,000 per household with maximum loan amount of Rs.40,000. In Orissa, the scheme was implemented by Government in Panchayati Raj Department through Orissa Rural Housing Development Corporation Ltd.(ORHDC).

5.1.3.1 Funding

Funding details were as follows:

(Rs. in lakh)

Year	No. of units allocated	Allocation of fund			Release			Expenditure
		Central	State	Total	Central	State	Total	
1999-2000	17871	1335.20	445.06	1780.26	667.60	--	667.60	561.79
2000-2001	11655	874.12	291.38	1165.50	812.06 ^A	222.53 ^B	1034.59	1107.55
2001-2002	2931	219.85	73.28	293.13	--	270.69 ^C	270.69	303.54
Grand Total	32457	2429.17	809.72	3238.89	1479.66	493.22	1972.88	1972.88

Short release of funds against units allocated during 1999-2001

Against total requirement of Central Assistance of Rs.22.14 crore (Rs.7,500 X 29,526) for 29,526 units targeted to be covered during 1999-2001, Rs.14.80 crore were released by GOI resulting in short release of Rs.7.34 crore with consequent short release of State matching share amounting to Rs.2.45 crore (Rs.2,500 X 29,526 - 493.22).

Funds against allocation for 2001-02 not released

Central Assistance (subsidy) was not released during 2001-2002 due to failure of State Government to supply the required information regarding quantum of loan, loaning institution, rate of interest, progress report and UC of previous year. In reply, it was stated by the State Government that though the ORHDC was reminded time and again, no information was furnished. Since ORHDC was a Government owned Corporation, inability of the Government to elicit information was unacceptable.

5.1.3.2 Physical targets and achievements

The physical targets and achievements were as follows:

^A Included Rs.375 lakh pertaining to 1999-2000
^B Pertaining to 1999-2000
^C Includes Rs.125 lakh towards State share against (2nd instalment) for 1999-2000 and balance Rs.145.69 lakh relates to 2000-2001.

Year	Annual target	Houses completed	Houses under construction
1999-2000	17871	14981	2457
2000-2001	11655	13601	876
2001-2002	--	876	--
Total	29526	29458	

Incomplete houses were reported complete

It was stated (June 2002) by the ORHDC in reply to an audit query that of the 29458 houses reported complete, 23307 houses were constructed upto lintel level and above. Thus, completion of 29458 houses reported in the Progress Report of ORHDC was not factually correct.

(i) Non-adjustment of subsidy against loan account

Subsidy component of Rs.19.73 crore not adjusted against loan accounts of beneficiaries

According to the modality decided by the Government in Panchayati Raj Department, subsidy was to be adjusted against the loan account of the beneficiary after completion of the houses. Though expenditure of Rs.19.73 crore was reportedly incurred by ORHDC on subsidy (March 2002) and stated to have been adjusted in the loan account of the beneficiaries, test check of records of district offices of ORHDC (Cuttack, Puri and Ganjam) disclosed that no adjustment of subsidy had been carried out as of March 2002. It was stated by the District units of ORHDC that it was in progress in the ORHDC headquarter. The ORHDC headquarter also could not furnish district-wise details of adjustment of subsidies. In the absence of timely adjustment of subsidies in the loan account of beneficiaries, the BPL persons were burdened with extra interest charges.

(ii) Non-provision of sanitary latrine and smokeless chulha

Sanitary latrines and smokeless chulha not provided in the houses

According to the guidelines, houses constructed under the scheme should be provided with sanitary latrine and smokeless chulha. But no such facilities were provided. ORHDC agreed to examine the matter.

5.1.4 Rural Building Centre

The scheme of Rural Building Centre (RBC) was launched by the GOI from 1 April 1999. The primary objectives were technology transfer and information dissemination, skill upgradation through training and production of cost effective and environmental friendly materials. This scheme was funded by the GOI (Ministry of Rural Development) through the HUDCO at the rate of Rs.15 lakh for each RBC.

RBCs did not come up despite availability of funds

The ORHDC received (August 2001) Rs.30.00 lakh from HUDCO as first instalment to set up 5 RBCs at Kishore Nagar (Cuttack district), Mahakalpada and Marshaghai (Kendrapara district), Balipatna (Khurda district) and Erasama of Jagatsinghpur district. The money was distributed to NGOs for utilisation at the rate of Rs.6 lakh (Rs.1.50 lakh on land development and Rs.4.50 lakh on building infrastructure). The RBCs were not set up as of

February 2002. Delay was attributed to land disputes. Due to delay, the Corporation also could not avail itself of full assistance of Rs.15 lakh for each RBC. Thus, release of funds without finalisation of site with consequential delay on setting up of RBC resulted in blockage of Rs.30 lakh and non-achievement of the desired objective.

The matter was referred demi-officially to the Secretary to the Government, Panchayati Raj Department in July 2002 and was followed by a demi-official reminder in September 2002. No reply had been received (October 2002).

5.2 SWARNJAYANTI GRAM SWAROZGAR YOJANA

To overcome the inherent problems¹⁰ of Integrated Rural Development Programme (IRDP) and allied programmes, Government of India (GOI) consolidated these programmes, restructured and rechristened as Swarnjayanti Gram Swarozgar Yojana (SGSY) from 1 April 1999. SGSY aimed at bringing every assisted family above the poverty line in three years with focus on group approach. Number of Below Poverty Line (BPL) families identified in 1997 was 45.03 lakh in the State. No resurvey was done thereafter. The implementation of the programme was poor and less than 2 per cent BPL beneficiaries were covered each year against desired coverage of 6 per cent. There was no effective monitoring and verification of assets through regular field visits by the Departmental Officers.

Highlights

❖ Central Assistance of Rs.30.93 crore was lost due to shortfall in State share, delayed submission of proposal etc.

(Paragraph 5.2.4.1)

❖ Rs.3.99 crore were irregularly diverted towards administrative expenses.

(Paragraph 5.2.4.3)

❖ Coverage of BPL families was less than 2 per cent per annum against target of 6. Coverage of women, SC and ST beneficiaries fell short by 9 to 38 per cent.

(Paragraphs 5.2.7 and 5.2.7.1)

❖ Selection of Key Activities for the beneficiaries was faulty and participatory process was not followed. Line departments and financing banks were not involved in preparation of Project Reports.

{Paragraph 5.2.8 (i)(ii)}

❖ There was delay of 2 to 7 months in disbursement of bank loan. Loan of Rs.46.32 lakh released to beneficiaries was actually retained in fixed deposits/S.B. Accounts.

(Paragraph 5.2.9.1)

❖ Assets valued at Rs.2.19 crore were either not existent or partly existent.

(Paragraph 5.2.9.2)

¹⁰ Lack of proper social intermediation, absence of desired linkages among Integrated Rural Development and allied programmes, non-focussing on the substantive issue of sustainable income generation etc.

❖ Out of 27461 SHGs formed in 8 districts, only 1485 SHGs (5 per cent) could take up economic activity. Revolving Fund of Rs.4.39 crore was not utilised by March 2002.

(Paragraph 5.2.9.5)

❖ SGSY funds of Rs.2.07 crore were irregularly spent in 6 DRDAs for creation of general infrastructure/inadmissible work.

{Paragraph 5.2.9.6 (ii)(iii)}

❖ Training fund of Rs.4.81 crore remained unutilised in 8 districts and shortfall in training programme was 64 per cent in four of these districts.

{Paragraph 5.2.9.7(i)(ii)}

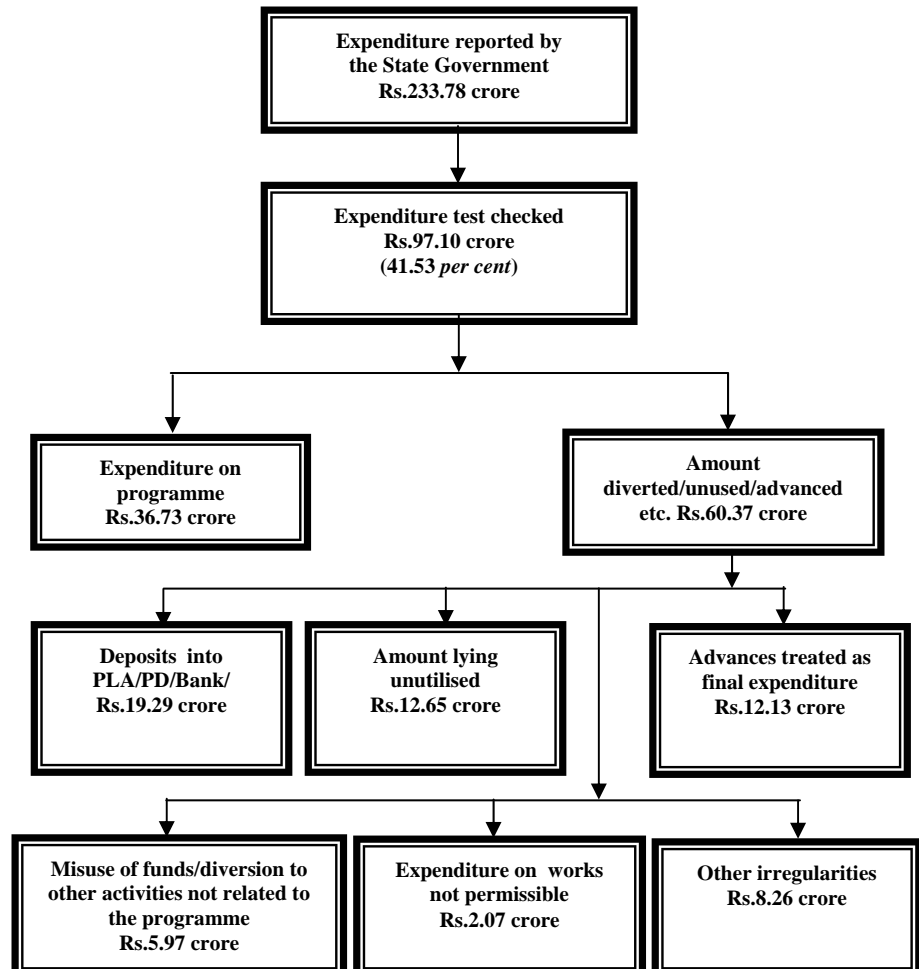
❖ District level authorities in the 8 districts test checked did not take any initiative for providing market support to beneficiaries.

(Paragraph 5.2.9.9)

❖ There was lack of proper planning, mobilisation and monitoring of the programme.

(Paragraph 5.2.10)

A summarised position of the utilisation of funds is shown in the following diagram:



5.2.1 Introduction

SGSY, a Centrally sponsored self employment programme was implemented from April 1999 through District Rural Development Agencies (DRDAs) involving both assistance from Government (GOI/State) and loan from banks. Government assistance was shared between the GOI and the State Government in the ratio of 75 per cent and 25 per cent. GOI share was released direct to the DRDAs. This money was to be utilised by the DRDAs for training (10 per cent), revolving fund (10 per cent), infrastructure (20 per cent) and subsidy for economic activities (60 per cent). Subsidy under SGSY would be 30 per cent of the project cost subject to maximum of Rs.7500. However, in respect of Scheduled Caste (SC)/Scheduled Tribe (ST) beneficiaries (swarozgaris), it was 50 per cent of the project cost subject to maximum of Rs.10,000 whereas for Groups of Swarozgaris (SHG), it was 50 per cent subject to a ceiling of Rs.1.25 lakh. However, there would be no monetary limit on subsidy for irrigation projects.

5.2.2 Organisational set up

Government in Panchayati Raj (PR) Department is in overall charge of the programme. The programme was monitored by the State Level SGSY (SLSGSY) Committee chaired by the Chief Secretary and the District Level SGSY (DLSGSY) Committee. The programme was implemented at Block level by the Block level SGSY (BLSGSY) Committee and credit financing was made by the Public Sector and Rural Banks under a lead bank in each district. The selection of Key Activities was done by the BLSGSY Committee and approved by the DLSGSY Committee in consultation with experts and line departments. Selections of cluster/villages/beneficiaries is done by the BLSGSY Committee in association with the banks and the Panchayat Samities.

5.2.3 Audit coverage

Execution of the programme during 1999-2002 was reviewed in audit by test check of records in PR Department at Government level, 8¹¹ out of 30 DRDAs, 34¹² Blocks, 34 financing banks and 38 Gram Panchayats. Total expenditure covered in audit was Rs.97.10 crore.

¹¹ (i) Bolangir, (ii) Balasore, (iii) Dhenkanal, (iv) Ganjam, (v) Jajpur, (vi) Kalahandi, (vii) Khurda and (viii) Mayurbhanj

¹² Deogaon, Titilagarh, Patnagarh, Agalpur, Balasore, Baliapal, Soro, Remuna, Khaira, Nilgiri, Jaleswar, Dasarathpur, Binjharpur, Odapada, Hindol, Chatrapur, Purushottampur, Dhenkanal, Sanakhemundi, Sorada, Buguda, Digapahandi, Rangeilunda, Bhawanipatna, Kesinga, Junagarh, Bangiriposi, Bisoi, Jashipur, Betanoti, Kaptipada, Khurda, Begunia and Tangi

5.2.4 Funding

The funding position (both GOI share and State share) as reported by the State Government was as follows:

(Rupees in crore)

Year	Opening balance	Receipts*	Total	Expenditure	Closing balance
1999-2000	27.80	103.93	131.73	74.58	57.15
2000-2001	44.67	68.51	113.18	97.81	15.37
2001-2002	14.99	42.76	57.75	61.39	(-)3.64
Total				233.78	

* includes Central and State shares and other receipts accounted for by the DRDAs during the relevant year(s).

Government stated (September 2002) that the discrepancies between closing balance of the previous year and the opening balance of the following year were due to transfer of Million Well Scheme funds from SGSY to Employment Assurance Scheme and reconciliation of discrepancies in the opening balance of 2 DRDAs (Kalahandi and Jharsuguda). As regards excess expenditure by the end of March 2002, Government stated that accounts were under reconciliation.

Even though the guidelines provided for maintenance of separate accounts under Infrastructure Fund, Training Fund, Revolving Fund and Subsidy Fund, no separate accounts were maintained.

5.2.4.1 Loss of Central Assistance

State Government lost Central Assistance of Rs.30.93 crore due to shortfall in budgeting State share

GOI released funds in two instalments, first by end of May and second on receipt of intimation regarding budget allocation by the State to ensure that the State allocated the proportionate share subject to submission of proposals in time etc. Audit scrutiny revealed that the State Government lost Central Assistance of Rs.30.93 crore during 1999-2002 due to short allocation, delayed submission of proposals and excess opening balance at the beginning of the year. Government accepted (July 2002) the factual position.

5.2.4.2 Loss on account of interest on overdraft

PD, DRDA, Mayurbhanj maintained SB Accounts at Baitarani Gramya Bank (BGB), Baripada. The Bank debited Rs.2.03 crore to the said account towards subsidy disbursed during 23 March to 29 May 2000 which exceeded the balance in the account by Rs.1.16 crore until August 2000. The Bank charged interest of Rs.6.42 lakh on this overdraft which was ultimately met from subsidy account. Had IRDP funds of Rs.1.78 crore available in other Bank accounts been transferred to SGSY accounts, as required, the above overdraft and interest could have been avoided.

5.2.4.3 Diversion of SGSY Funds

SGSY fund of Rs.3.99 crore was diverted for administrative purposes

8 test checked DRDAs diverted Rs.3.90 crore from SGSY funds to meet staff salaries, travelling expenses, contingencies etc. Similarly, 4 DRDAs¹³ diverted Rs.9.46 lakh for purchase of computers.

5.2.4.4 Irregular parking of funds in PL Account

SGSY funds were kept in PL Accounts for 2 to 575 days

Government directed DRDAs to credit the SGSY amount to the PL Account of DRDAs (instead of depositing in the SB Account). Consequently, 8¹⁴ DRDAs kept the State share of Rs.17.57 crore in their PL Accounts during 1999-2002 for periods ranging between 2 and 575 days.

5.2.4.5 Retention of funds relating to erstwhile schemes under Civil Deposit

The unspent balance of erstwhile self employment schemes were to be transferred to SGSY funds. But Rs.15.66 crore (IRDP: Rs.15.03 crore + TRYSEM: Rs.0.63 crore) were not transferred.

5.2.5 Outstanding advance

Advance of Rs. 9.85 crore reported as final expenditure

Audit scrutiny revealed that advance of Rs.9.85 crore paid to the BDOs/Executing Agencies during 1999-2002 were exhibited in DRDAs' monthly reports as final expenditure pending adjustment of such advance as of March 2002.

5.2.6 Non-submission of Utilisation Certificates

UCs for Rs.7.10 crore were wanting as of March 2002

Utilisation Certificates (UCs) for Rs.7.10 crore were not submitted by the Executing Agencies in 8 test checked DRDAs as of March 2002.

5.2.7 Physical performance

Coverage of BPL families was less than 2 per cent against desired coverage of 6 per cent per annum

30 per cent of the Swarozgaris were to be covered in a period of 5 years which meant 6 per cent in each year whereas the actual coverage ranged between 1.3 per cent and 1.9 per cent per annum during 1999-2002. The physical targets fixed and achieved were as under.

Year	Total No. of BPL families	Target to be fixed as per norms (@ 6 per cent)	Target fixed	Shortfall in fixation	Achievement	Shortfall in achievement	Percentage of coverage of BPL families (Col.6 to Col.2)
1	2	3	4	5	6	7	8
STATE LEVEL							
1999-2000	45,02,809	270168	99583	170585 (63%)	74633	24950 (25%)	1.7
2000-2001		270168	99094	171074 (63%)	86171	12923 (13%)	1.9
2001-2002		270168	53755	216413 (80%)	59233	NIL	1.3

¹³ Dhenkanal, Ganjam, Kalahandi and Mayurbhanj

¹⁴ Balasore, Bolangir, Dhenkanal, Jajpur, Mayurbhanj, Kalahandi, Khurda and Ganjam.

Despite less targeting, achievements fell short of the target by 13 to 25 per cent

Shortfall in fixation of targets ranged between 63 and 80 per cent and even the reduced targets were not achieved to the extent of 25 and 13 per cent during 1999-2000 and 2000-01 respectively. Reasons therefor were not furnished by the Government (October 2002).

5.2.7.1 Shortfall in coverage of women and SC/ST swarozgaris

40 per cent of the swarozgaris covered should be women and 50 per cent from SC/ST category. This was not so and achievements were as follows:

A. Women category

Coverage of women and SC/ST beneficiaries fell short by 16 to 38 and 9 to 11 per cent respectively

Year	Total Achievement	Number of women swarozgaris to be covered as per norm (40 per cent)	Number of women swarozgaris actually covered	Shortfall in coverage	Percentage of shortfall in coverage
1999-2000	74633	29853	21626	8227	28
2000-2001	86171	34468	21347	13121	38
2001-2002	59233	23693	19842	3851	16

B. SC/ST category

Year	Total achievement	Number of SC/ST swarozgaris to be covered as per norms (50 per cent)	Number of SC/ST swarozgaris actually covered	Shortfall in coverage	Percentage of shortfall
1999-2000	74633	37317	33272	4045	11
2000-2001	86171	43086	39058	4028	9
2001-2002	59233	29616	43071	--	--

5.2.8 Planning

The scheme envisaged detailed planning at DRDA level for Key Activity (KA) selection, identification of swarozgaris and making provision for skill upgradation, technology transfer and market support. As per guidelines, stress should be on cluster approach in selection of KA and the choice should not be arbitrary. Further, there should be a Project Report (PR) for each key activity indicating *inter alia*, various elements required such as training, credit, technology, infrastructure, marketing and number of people that could be covered economically in a block. The annual plans were prepared at DRDA. Test check of records in audit revealed the following deficiencies:

Tentative selection of key activities without any base work

(i) Report on selection of KA was not available nor the records based on which each KA was selected, were available. In 3 DRDAs (Ganjam, Jajpur and Khurda), records did not indicate selection of KA through participatory process with village Sarpanch and group of rural poor. The PD, DRDA, Ganjam stated (May 2002) that selection of KA was a type of opinion survey and selections were based on local resources. The selected KAs were not reviewed/re-evaluated with ground experience at the end of every two years in 4 DRDAs (Jajpur, Khurda, Kalahandi and Mayurbhanj). DRDA, Ganjam stated that formal review was made, no review report was, however, available. Though the DLSGSY Committee was to select not more than 4-5 KAs per

block, the KAs selected in 6 blocks (Agalpur, Deogaon, Patnagarh, Dasarathpur, Kuliana and Betonati) ranged between 6 and 14.

(ii) Line departments were not involved in preparation of PRs as verified from 10 out of 22 PRs of test checked districts. In 14 PRs, the number of beneficiaries to be covered under each KA was not indicated and there was no evidence of involvement of financing banks in preparation of 20 PRs. In 4 districts (Ganjam, Jajpur, Khurda and Mayurbhanj), elements like 'Training', 'Credit', 'Technology' and 'Marketing' were not discussed in 18 PRs.

Due to lack of proper planning and co-ordination, assistance was sanctioned to less beneficiaries than viable

(iii) In 3 districts (Balasore, Bolangir and Ganjam), key activities for 51861 beneficiaries were considered viable against which only 34715 cases (67 per cent) were sanctioned assistance. This indicated lack of proper co-ordination with financing banks.

5.2.9 Programme implementation

5.2.9.1 Assistance to individuals

(i) Non-disbursement of sanctioned loans to the beneficiaries

Bank loans were not disbursed/short-disbursed to the beneficiaries in 2/7 blocks

As per the physical verification conducted (May 2001) in 2 blocks (Bangiriposi and Remuna), loans of Rs.5.25 lakh sanctioned (December 2000-March 2001) in favour of 21 swarozgaris were not disbursed (May 2001). In 7 blocks¹⁵, physical verification conducted by the block officials (October 2000 - June 2001) revealed that against sanctioned loan of Rs.51.45 lakh, only Rs.36.02 lakh were disbursed to 231 swarozgaris. Reasons for non-disbursement of balance amount were not on record.

(ii) Delay in disbursement of loans by banks

Disbursement of loans by banks delayed by 2 to 7 months

In 7¹⁶ blocks delay in payment of loans to 346 swarozgaris by the banks during 2000-01 ranged between 2 and 7 months.

(iii) Irregular retention of loan in FDR and SB Accounts

Bank loans were retained in SB Account or Fixed Deposits instead of disbursing to the beneficiaries for generation of income

In 5 test-checked blocks¹⁷, Rs.46.32 lakh relating to 438 swarozgaris were retained by the banks either in fixed deposit or in SB Account for 15 to 870 days. The SB account pass books and loan pass books were reportedly not made over to at least 51 swarozgaris by the financing banks (BOI, Similipal) under Jashipur block and were also not allowed to withdraw the loan. Similarly, in Kaptipada block, 13 beneficiaries financed by 4 banks were not permitted to withdraw the loan.

¹⁵ Balasore, Jaleswar, Remuna, Bhawanipatna, Golamunda, Kesinga and Junagarh.

¹⁶ Balasore, Bangiriposi, Betonati, Jashipur, Kaptipada Sadar, Kuliana and Remuna

¹⁷ Bangiriposi, Bisoi, Jashipur, Kaptipada and Kuliana.

5.2.9.2 Asset management

Assets valued Rs.2.19 crore were non-existent/partly existent

(i) PD, DRDAs, Bargarh/Nayagarh released Rs.20.97 lakh in favour of 569 beneficiaries. Physical verification (September 1999) by BDO, Ranapur and PD, DRDA, Bargarh, however, revealed that assets were not in existence.

In 3 blocks¹⁸ Asset Register was not maintained despite expenditure of Rs.13.43 crore. In 15 blocks¹⁹, assets valued at Rs.1.77 crore were either not created or partly created by 961 swarozgaris while 113 assets created in Chatrapur block at a cost of Rs.21 lakh were in a damaged/defunct condition, thereby reducing income generation.

5.2.9.3 Defaulters in repayment of loans

There was default in repayment of loan of Rs. 1.96 crore in 4 districts

Test check in 18 banks in 4 districts²⁰ revealed that 576 beneficiaries defaulted in repayment of loan of Rs.1.96 crore as of March 2002.

5.2.9.4 Income Generation

The net monthly income of the swarozgary was targeted to be not less than Rs.2000 per month, after repayment of bank loan. In May 2002, DRDAs, Jajpur and Ganjam stated that the swarozgaris achieved the desired level of income whereas DRDAs, Balasore and Kalahandi stated that the swarozgaris achieved it partially. DRDA, Mayurbhanj stated that the swarozgaris did not achieve the targeted income.

Swarozgaris did not achieve monthly income of Rs.2000 and generally it was below Rs.1000

Scrutiny of 140²¹ beneficiary assessment reports obtained by audit disclosed that none of the swarozgaris had achieved the desired monthly income of Rs.2000. In 3 blocks²² verification by the BDOs revealed the monthly income to be between Rs.200 and Rs.1800 and generally did not exceed Rs.1000.

5.2.9.5 Self Help Group (SHG)

Against 27461 SHGs formed in 8 districts, only 1485 SHGs (5 per cent) could take up economic activity

For coverage under the programme SHGs would go through three stages of evolution viz. Group Formation (stage-I), Capital Formation through the Revolving Fund and Skill Development (stage-II) and taking up economic activity for income-generation (stage-III). As against 27461 SHGs formed in 8 test-checked districts, only 7993 (29 per cent) reached Group-I stage of which only 2818 SHGs reached Group-II stage and finally 1485 SHGs (only 5 per cent of SHGs formed) had taken up economic activity (Group-III stage).

Audit observed that grading of SHG was done by the BDO/CDPO and not by any independent agency as indicated in guidelines.

As per the guidelines, greater emphasis should be on group approach. In 4 districts²³, the number of beneficiaries (4709) covered under SHG were 12 per

¹⁸ Begunia, Khurda and Purushottampur.

¹⁹ Begunia, Bhawanipatna, Chatrapur, Golamunda, Hindol, Jashipur, Jaipatna, Junagarh, Kaptipada, Kesinga, Khaira, Khurda, Nilgiri, Odapada and Remuna.

²⁰ Balasore, Bolangir, Dhenkanal and Mayurbhanj.

²¹ Mayurbhanj-6, Dhenkanal-20, Bolangir-40, Ganjam-20, Kalahandi-33, Balasore- 7, Khurda -4, Jajpur-10.

²² Hindol, Khaira and Begunia.

²³ Balasore, Dhenkanal, Kalahandi and Mayurbhanj.

cent of total beneficiaries (39963) which indicated that group approach was neglected.

Revolving fund of Rs.4.39 crore not utilised in 8 districts

In 8 test checked districts, Rs.7.07 crore were allotted towards revolving fund of which only Rs.2.68 crore (38 per cent) were utilised. Poor utilisation of revolving fund indicated little emphasis on group approach.

5.2.9.6 Infrastructure creation

Out of Rs.17.47 crore in infrastructure fund, Rs.15.71 crore were utilised in 8 test checked districts. Following points were noticed:

(i) 151 infrastructure activity/projects for which funds of Rs.6.82 crore were released remained incomplete for 1 to 3 years.

SGSY fund of Rs. 78 lakh spent for inadmissible works

(ii) According to Government of Orissa's instructions (October 1999/May 2001), Lift Irrigation Projects could be taken up under SGSY only by way of subsidy with mandatory credit linkage. In disregard of the instructions, PD, DRDA, Khurda expended Rs.78 lakh on 12 LIPs without the mandatory credit linkage during 2000-2002 on the plea that the credit component was high in case of LIPs and the expected return might not be adequate to meet the interest burden. The financing of LIP without credit linkage was irregular.

SGSY funds of Rs.1.29 crore irregularly spent for creation of general infrastructure

(iii) Infrastructure created at a cost of Rs.1.29 crore by 5 DRDAs were for general purposes and not for identified KA as detailed below:

Name of the DRDA (Key Activities)	Name of the infrastructure	Amount involved (Rupees in lakh)
Mayurbhanj (Paddy processing, Irrigation and farm mechanism including Dairy development)	Construction of Training centre and Godown	23.50
	Construction of cattleshed (Animal Hat) in Saraskana block	3.05
Balasore (Integrated farming, paddy processing, Agro service centre, Dairy)	Construction of Godown and purchase of computers	61.29
Dhenkanal (Dairy, Goatary, Poultry, Paddy Processing, Mushroom cultivation)	Construction of 15 live stock centres in 8 blocks	12.75
	Development of Sadar fish farm	4.43
	Establishment of Capital Nursery	2.07
	Provision of Block level Fishery minikits	2.08
Bolangir (L.I point, brick making, Dairy, weaving, Rice processing)	Construction of five Onion storage godowns	14.46
Kalahandi (Minor Irrigation, Brick making, Dairy, Banana cultivation, Goatary)	Expansion of ginning unit at Konark Cotton Growers Co-operative Spinning Mill	5.00
Total		128.63

The PD, DRDA, Mayurbhanj stated (January 2002) that construction of Training Centre and Godown was as per the decision of DLSGSY committee whereas the PD, Balasore stated (December 2001) that the godown construction /purchase of computers was approved in governing body meeting. PD, Bolangir stated that the infrastructure was created to provide market support to avoid loss on prices of onion. The replies were not acceptable since scheme guidelines prohibited such infrastructure development. PD, Kalahandi stated that cotton cultivation was taken up by the swarozgaris which was, however, not supported by records.

(iv) Under the erstwhile IRDP scheme, Rs.30.73 lakh were placed (March 1994) by the PD, DRDA, Mayurbhanj with the Orissa Rural Development and Marketing Society (ORMAS) towards infrastructure development activities. ORMAS could spend only Rs.9.16 lakh and refunded the unspent amount of Rs. 21.57 lakh in July 2000 after lapse of more than 6 years. Due to late refund of the balance amount, Government sustained loss of Rs. 6.74 lakh towards interest (upto June 2000).

(v) The Chief District Veterinary Officer (CDVO), Mayurbhanj submitted a Project proposal (January 2001) on infrastructure development for Breeding programme and Dairy development at an estimated cost of Rs. 64 lakh. DLSGSY Committee approved it for (December 2000) Rs.18 lakh, but Rs.45.10 lakh was released to OMFED, Bhubaneswar resulting in unauthorised expenditure of Rs. 27.10 lakh. Rs.45.10 lakh released (upto November 2001) included cost of 4 bulk coolers and equipment valued at Rs.15.80 lakh meant for Milk Chilling Plants at Karanjia and Rairangpur. Scrutiny revealed that 2 bulk coolers installed (June 2002) in Karanjia and Rairangpur were non-operational for want of power supply. The remaining 2 coolers transferred to VASs Kosta and Badasahi were either defective or non-operational. These bulk coolers were procured in April/November 2001, but Milk Chilling Plants had not been set up as of September 2002 resulting in idle investment.

(vi) Managing Director (MD), OMFED, Bhubaneswar had received Rs.10.84 crore from 26 DRDAs between December 2000 and December 2001 towards creation of infrastructure facilities for dairy development. Of this, Rs.9.56 crore was reported as utilised as of October 2002 and Rs.1.85 lakh was refunded to 3 DRDAs (Jharsuguda, Deogarh and Malkangiri) while Rs.1.26 crore was kept in Fixed Deposit/Current Account (October 2002).

Audit scrutiny revealed that even though utilisation certificates, accounts and completion reports for Rs.70.64 lakh were awaited (June 2002) from Gajapati Milk Union, UC was submitted by OMFED.

It was further seen that 14 works valued at Rs. 1.57 crore were yet to be completed in 11 districts²⁴ as equipment were not installed but UCs were submitted by the MD, OMFED to the Government.

²⁴ Balasore, Bhadrak, Boudh, Dhenkanal, Jajpur, Kendrapara, Keonjhar, Nayagarh, Nuapada, Sambalpur and Sonepur

5.2.9.7 Training

(i) Rs.5.75 crore were allotted (1999-2002) to the 8 test-checked districts towards training fund, of which only Rs.0.94 crore (16 *per cent*) were utilised during the period.

Huge shortfall in training programme in 4 districts

(ii) In 4 districts (Mayurbhanj, Jajpur, Bolangir and Ganjam), only 15905 persons (36 *per cent*) were trained during 1999-2002 against target of 44604 persons although funds were not a constraint.

(iii) Training expenses were not to exceed Rs.15 per trainee. Test check revealed that 37398 beneficiaries were imparted training during 1999-2002 at a cost of Rs.90.23 lakh against Rs.5.61 lakh admissible. No reason was assigned by the DRDAs for the excess expenditure of Rs.84.62 lakh.

5.2.9.8 Technology management

Technology management was very poor

The effort under SGSY was to ensure development of sustainable micro-enterprises. Information from 8 test checked districts revealed that 3 DRDAs²⁵ had not spent any amount for Technology creation.

5.2.9.9 Market support

No market survey was conducted and district level authorities did not take initiative for providing market support to beneficiaries

In Jajpur district, no market survey was conducted before selection of Key Activities to ensure the marketability of the goods produced. In Khurda district, the goods were not marketed in urban outlets and outside the district despite existence of District Supply and Marketing Society (DSMS). The beneficiaries in Balasore and Jajpur districts were deprived of marketing support due to shifting of the DSMS to Rayagada district from Balasore and non-existence of DSMS in Jajpur while the DRDA, Bolangir stated that the goods marketed by swarozgaris were not qualitative.

Due to inaction of the district level authorities in providing adequate marketing support, the swarozgaris evidently did not get reasonable prices for their goods produced thereby reducing their income.

5.2.9.10 Special Project under SGSY

Special Project for marketing rural products could not be implemented despite availability of funds

GOI approved (March 2001) a special project "Creation of Integrated Network for Marketing of Rural products" (cost Rs.14.83 crore), at Rs.9.83 crore to be shared between Centre and State in the ratio of 75:25 with facility to obtain bank loan of Rs.5 crore by the beneficiaries. The project was to operate in 10 tribal districts²⁶ to cover 1.80 lakh families in 2000 villages in two years from the date of sanction. GOI released Rs.3.68 crore towards first instalment of Central share in favour of ORMAS in March 2001.

The SLSGSY committee decided (February 2002) to transfer unutilised funds of Rs.1.50 crore under the scheme "Strengthening of Training Infrastructure

²⁵ Balasore, Khurda and Mayurbhanj.

²⁶ Koraput, Rayagada, Malkangiri, Nowarangpur, Kalahandi, Nuapada, Bolangir, Sonepur, Phulbani and Boudh.

under TRYSEM (Mini ITIs) available with 7 districts²⁷ towards State share but ultimately 5 DRDAs²⁸ transferred (April/May 2002) only Rs.1.01 crore to ORMAS. Against availability of Rs.4.90 crore (including interest of Rs.21.09 lakh) with ORMAS, Rs.2.23 crore were advanced to DSMS by June 2002. Out of this, Revolving Fund was created (2001-02) with Rs.83 lakh and expenditure on the project (2001-02) was Rs.15.02 lakh leaving a balance of Rs.1.69 crore.

It was observed in audit that:

(i) The State share was delayed until April/May 2002 by which time more than half of the project period was over.

Unutilised Central Assistance of Rs.75.75 lakh was transferred towards State share for the special projects

(ii) The earlier Scheme under TRYSEM (Mini ITIs) from where the unutilised balances were transferred towards State share was also funded by both Central and State Governments in the ratio of 75:25. As such, Rs.75.75 lakh out of Rs.1.01 crore was GOI funds. Thus, the actual release by the State Government was only Rs.25.25 lakh.

(iii) The special project started (May 2001) in Phulbani district, was closed in February 2002 after an expenditure of Rs.2.30 lakh, which proved unfruitful. Besides, Rs.3 lakh placed with the DSMS, Phulbani towards revolving fund (August 2001) was also not returned to/ recovered by ORMAS.

(iv) Utilisation certificates were not received from DSMS as of June 2002 against advances paid and as such actual utilisation of money could not be ascertained.

(v) Against targeted formation of 2000 SHGs for special projects, only 635 SHGs were formed but none of the groups crossed the first stage of demonstrating the potential viability of the group to enter the second stage and receive the revolving fund. Though 300 targeted groups were allotted to the Self Help Promoting Institutions (SHPIs) in Nowrangpur/Malkangiri districts, the District Co-ordination Committee of ORMAS had not selected the SHPIs even after one year of the project period.

5.2.10 Monitoring and evaluation

Poor monitoring of the programme

Audit scrutiny revealed that monitoring of the programme was very poor in as much as the State Headquarters officials associated with SGSY implementation did not visit the districts to verify the assets created and maintained by the swarozgaris to ensure generation of incremental income. Neither the District Collector nor the Project Director, DRDA prescribed any schedule of visits for line department officials. No field visits were undertaken by the BDOs/ABDOs in 8²⁹ of 34 test checked blocks. No co-ordinated efforts were made to interact with the swarozgaris by the various agencies regarding

²⁷ Khurda(Rs.52.46 lakh), Jharsuguda (Rs.3.99 lakh), Mayurbhanj (Rs.21.14 lakh), Dhenkanal (Rs.22.15 lakh), Phulbani (Rs.25.30 lakh), Angul (Rs.19.55 lakh) and Sambalpur (Rs.5.54 lakh).

²⁸ Khurda, Jharsuguda, Dhenkanal, Phulbani and Sambalpur.

²⁹ Agalpur, Balasore, Deogaon, Digapahandi, Soro, Purusottampur, Rangeilunda and Surda.

technical and marketing support needed by them to achieve the desired level of income generation.

Evaluation of the programme was not done by the State Government

As of June 2002, 5³⁰ out of 8 test checked districts were reported to be under concurrent evaluation by three³¹ Delhi based institutions. However, physical verification reports revealed that the income generated by the swarozgaris were between Rs.200 and Rs.1800 per month and in large number of cases, it did not exceed even Rs.1000 per month. Thus, swarozgaris continued to be BPL due to indiscriminate selection of key activities which reduced the capability of local market to absorb the output of the swarozgaris and due to internal competition.

The matter was demi-officially referred to the Commissioner-cum-Secretary to the Government, Panchayati Raj Department in July 2002 followed by reminder in September 2002. No reply was received (October 2002).

³⁰ Balasore, Bolangir, Jajpur, Khurda and Mayurbhanj.

³¹ Socio-economic Research Centre, Development Facilitators and Locus Research and Consultants.

SECTION-B
FINANCE DEPARTMENT

5.3 GENERAL

5.3.1 Financial Assistance

(i) Government provided financial assistance of Rs.994.45 crore during 2001-02 by way of grants and loans to various non-Government bodies, as per details given below:

Sl. No.	Category of Bodies/Institutions	Amount of assistance paid (Rs. in crore)
1.	Educational Institutions (Aided Schools, Private Colleges, Universities)	251.06
2.	District Rural Development Agency	302.67
3.	Municipalities, Corporations, District Councils, Development Authorities etc.	40.96
4.	Panchayati Raj Institutions viz. Panchayat Samities, Zilla Parishads & Gram Panchayats	119.80
5.	Command Area Development Authorities	18.97
6.	Co-operative Societies & Institutions	2.78
7.	Integrated Tribal Development Agencies	106.21
8.	Non-Government Organisations	19.72
9.	Western Orissa Development Council	50.00
10.	Orissa State Disaster Mitigation Authority	15.42
11.	Chilika Development Authority	6.26
12.	Other Institutions	60.60
	Total	994.45

The financial assistance of Rs.994.45 crore provided during the year 2001-02 formed 10.06 per cent of total revenue expenditure (Rs.9881.73 crore) of Government.

(ii) **Outstanding Utilisation Certificates**

Under the Financial Rules, Utilisation Certificates (UC) showing that the grants have been utilised for the purpose for which they are given are required to be furnished by the Departmental Officers to the Accountant General within a reasonable time as prescribed in the orders sanctioning the grants-in-aid.

Audit of 120 institutions/autonomous bodies conducted during 2001-02 revealed that UCs for Rs.1023.88 crore relating to 119 units (95 Panchayat Samities: Rs.464.41 crore, 10 DRDAs: Rs.536.56 crore, 8 ITDAs: Rs.16.19 crore and 6 others: Rs.6.72 crore) were outstanding vide Appendix-XXX. This included Rs.802.79 crore for which year-wise details were not available.

The huge growth in pendency was mainly due to absence of suitable mechanism for watching timely receipt of UCs and further release of grants by the Government as a matter of routine without insisting on furnishing of UCs for earlier grants which is a condition stipulated in the sanction orders.

(iii) Delay in submission of accounts

Mention was made in para 5.1.1(III) of the Audit Report(Civil) of the C & AG of India for 2000-01 about non-receipt of information from Departments of Government regarding grants & loans given to various bodies/authorities so that the applicability of Section 14 of the Comptroller and Auditor General's (Duties, Power & Conditions of Service) Act, 1971 could be decided. Even though the Finance Department agreed (May 1988) to furnish such details by end of June each year, such details were not furnished as of October 2002.

5.3.2 Audit of Autonomous Bodies

During the year ended 31 March 2002, audit of accounts of 120 Autonomous Bodies of the Departments of Panchayati Raj (105), School & Mass Education (4), Scheduled Tribes & Scheduled Castes Development Department (8), Higher Education Department (1) and Agriculture Department (2) was conducted under Section 14 of the Comptroller & Auditor General's (DPC) Act, 1971. During the period covered by audit, the bodies received financial assistance of Rs.869.40 crore. Important points noticed during audit are brought out in the following paras:

(i) Unspent balance of grants

The financial rules of Government require that the grants should be utilised within one year from the date of sanction unless otherwise specified. The unspent balances are to be refunded to Government immediately after the time allowed for utilisation unless permitted by Government for utilisation later. These provisions were not followed by the bodies receiving grants and the unspent balances were being carried over to subsequent years as a matter of routine. The unspent balances were Rs.175.71 crore as indicated below in respect of bodies at the end of the year for which audit was conducted.

Sl. No.	Name of the Body	No. of Bodies	Year upto which audited	Unspent balance as on 31 March of the year covered in audit (Rs. in crore)
1.	Panchayat Samities	2	1998-99	2.07
		10	1999-2000	16.96
		83	2000-01	100.70
2.	DRDAs	10	2000-01	35.65
3.	ITDAs	8	1999-2000	13.75
4.	CADA	2	1999-2000	2.81
5.	Other Bodies			
(i)	Z.S.S	3	2000-01	2.28
(ii)	Jagannath Sanskrit University	1	1999-2000	1.49
	Total	119		175.71

It was noticed that the above institutions were not maintaining the prescribed register of Grants-in-Aid to record the expenditure incurred sanction-wise and scheme-wise for each year against the funds received. As a result, the periods to which the unspent balances related and reasons for non-utilisation were not available with them.

(ii) Outstanding Advances

According to Orissa Zilla Parishad & Panchayat Samiti Accounting Procedure Rules, 1961, payment of advances is generally prohibited except in case of works expenditure and the amounts advanced are to be regularly and promptly adjusted.

However, advances aggregating to Rs.50.41 crore were outstanding in the accounts audited (Rs.31.93³² crore in respect of 95 Panchayat Samities and Rs.18.48 crore in respect of 25 other bodies).

Stringent measures are called for to adjust or recover these advances in order to avert possible loss with lapse of time.

³² Upto 1998-99 (2), 1999-2000 (10) and 2000-01 (83) were Rs.0.51 crore, Rs.5.22 crore and Rs.26.20 crore respectively.

**SCHEDULED TRIBES AND SCHEDULED CASTES
DEVELOPMENT DEPARTMENT/HOUSING AND URBAN
DEVELOPMENT DEPARTMENT**

**5.4 National Scheme of Liberation and Rehabilitation of
Scavengers**

5.4.1 Introduction

The Government of India (GOI) launched (1980-81) a Centrally Sponsored National Scheme of "Liberation and Rehabilitation of Scavengers" (NSLRS) to liberate scavengers and their dependents from the existing hereditary obnoxious and inhuman occupation of manually removing night soil and filth and to provide for and engage them in alternative and dignified occupations. The main components of the scheme were a time bound programme for identification of scavengers and their dependents for alternative trade through a survey, training in identified areas at institutions/centres of various departments of State/Central Government and other Semi-Government and Non-Government Organisations (NGOs) and rehabilitation of scavengers in various trades and occupations.

At the State level, rehabilitation of scavengers was implemented by the Scheduled Tribes and Scheduled Castes Development (STSCD) Department through the Orissa Scheduled Caste and Scheduled Tribe Development Finance Co-operative Corporation Ltd. (OSCSTDFC) and the District Managers (DM), Orissa, Scheduled Caste Finance Development Corporation (OSCFDC) at the field level the Housing and Urban Development (H&UD) Department was the nodal agency for "Liberation of Scavengers" by conversion of dry latrines into flush latrines which was implemented through Urban Local Bodies (ULBs).

5.4.2 Audit Coverage

Test check of records for 1997-2002 was conducted in audit during November 2001 to May 2002 in the H&UD/SCSTD Departments at Government level, OSCSTDFC headquarters, 8³³ of 30 District Managers, OSCFDC and 18³⁴ of 104 ULBs. The points noticed in audit were as follows:

³³ Khurda, Berhampur, Cuttack, Koraput, Puri, Balasore, Keonjhar and Dhenkanal

³⁴ Khurda, Jatni, Berhampur, Chatrapur, Aska, Polsara, Bhanjanagar, Belguntha, Cuttack, Choudwar, Jeypore, Puri, Balasore, Keonjhar, Dhenkanal, Koraput, Jaleswar and Anandar.

5.4.3 Funding of the Scheme

Funds of Rs.4.02 crore under Rehabilitation Programme remained unutilised since 1998-99

(i) Under rehabilitation of scavengers, expenditure on training and subsidy was to be borne by the GOI whereas the margin money was to be shared between the Central and the State Government in the ratio of 49:51. The scheme provided for funding the projects with Margin Money Loan (MML) to the extent of 15 *per cent* and subsidy was to be 50 *per cent* of the project cost upto a maximum of Rs.10,000. Balance was to be met from bank loan. The reported financial assistance received, expenditure and balance in respect of rehabilitation of scavengers were as follows:

(Rupees in lakh)

Year	Opening Balance		Receipt			Expenditure			Balance at the end of the year		
	MML	Subsidy/ Training	MML	Subsidy/ Training	Total	MML	Subsidy/ Training	Total	MML	Subsidy/ Training	Total
1992-93	Nil	Nil	112.50	352.87	465.37	0.28	10.08	10.36	112.22	342.79	455.01
1993-94	112.22	342.79	Nil	Nil	455.01	5.37	60.34	65.71	106.85	282.45	389.30
1994-95	106.85	282.45	Nil	119.00	508.30	6.94	87.58	94.52	99.91	313.87	413.78
1995-96	99.91	313.87	Nil	Nil	413.78	11.13	53.17	64.30	88.78	260.70	349.45
1996-97	88.78	260.70	19.60	443.26	812.34	14.79	100.03	114.82	93.59	603.93	697.52
1997-98	93.59	603.93	Nil	106.94	804.46	13.80	123.31	137.11	79.79	587.56	667.35
1998-99	79.79	587.56	Nil	589.73	1257.08	32.67	135.11	167.78	47.12	1042.18	1089.30
1999-2000	47.12	1042.18	Nil	Nil	1089.30	64.06	181.80	245.86	-16.94	860.38	843.44
2000-2001	-16.94	860.38	Nil	Nil	843.44	36.03	217.67	253.70	-52.97	642.71	589.74
2001-2002	-52.97	642.71	Nil	Nil	589.74	16.45	170.92	187.37	-69.42	471.79	402.37
Total			132.10	1611.80	1743.90	201.52	1140.01	1341.53	(-)69.42	471.79	402.37

It was observed in audit that no separate account of the above scheme was maintained by the OSCSTDFC. The OSCSTDFC had also not maintained separate account of Central and State funds and interest receipts. It was reported (April 2002) to the State Government that unspent Central Assistance was Rs.5.31 crore on 31 March 2002 whereas the closing balance furnished (May 2002) to audit was Rs.4.02 crore including both Central and State funds. The discrepancy remained unreconciled.

(ii) Under MML the excess expenditure of Rs.69.42 lakh was met by diversion from subsidy fund account.

(iii) The scheme of liberation of scavengers was funded by the Central and the State Governments in the ratio of 45:50 and the balance of 5 *per cent* was to be borne by the beneficiaries. The Central share was treated as subsidy to the beneficiaries and State share was a loan. The Central fund was routed through HUDCO and the State Government also made arrangements with the HUDCO to provide loans to ULBs equal to the State Government shares.

Detailed account of the amounts released as Central and State share (loans by HUDCO to ULBs) were not available either with the Government or with the HUDCO. However, HUDCO reported that a sum of Rs.6.07 crore (comprising Central share of Rs.3.40 crore and loans to ULBs of Rs.2.67 crore) had been released between November 1991 and March 1997. The expenditure upto 31 March 2002 was only Rs.5.01 crore, leaving a balance of Rs.1.06 crore with the ULBs. A part of this balance was actually lying with Sulabh International to whom such fund had been advanced by the ULBs. The State's and the Centre's shares being in the ratio of 50:45, HUDCO should have released Centre's share of only Rs.2.40 crore against State share of Rs.2.67 crore which was advanced as loans to ULBs. HUDCO could not indicate how the excess amount of Rs.1 crore was released as Centre's share. Further, according to the State Government HUDCO released Rs.5.57 crore to ULBs and not Rs.6.07 crore. The discrepancy of Rs.0.50 crore remained to be reconciled.

5.4.4 Survey and identification

The scheme stipulated that the survey for identification of scavengers would be completed by June 1992. Records in support of completion of survey were not available. However, during 1992-93, only 28643 scavengers were identified and subsequently on the basis of supplementary survey conducted by the ULBs at the instance of State Government (December 1999), further 6406 scavengers were identified making a total of 35049 scavengers.

During the survey, alternative occupational suitability was determined on the basis of willingness of the scavengers to take up a particular trade. However, no profile in respect of each scavenger and his dependents had been prepared with details of training requirement.

5.4.5 Training

Training was to be organised as per TRYSEM norms through Central and State level institutes and NGOs. However, no reputed training institutes had been identified at any level. Against 35,049 identified scavengers, target for training was 26,000, but only 6099 scavengers were reportedly trained at a cost of Rs.2.87 crore. Thus, 77 per cent of the targeted number of scavengers were not trained. The shortfall was attributed (May 2002) by the OSCSTDFC to non-availability of adequate training institutions. However, the facilities of TRYSEM centres could have been availed of for this training but that was not done. Further, the Industrial Training Institutes and Polytechnics were not contacted for imparting the training. The OSCSTDFC had not constituted State level and district level co-ordination committee on the TRYSEM pattern to monitor the training programme.

5.4.6 Rehabilitation

(i) No registers/records about identified scavengers indicating the training imparted, nature of training and those rehabilitated were available with ULBs/DMs, OSCFDC. The OSCSTDFC had not prepared any shelf of projects after carrying out detailed feasibility studies of different trades for rehabilitation of scavengers.

Shortfall under training programme was 77 per cent

Detailed profile of identified scavengers was not maintained and shelf of projects not prepared

Against 35,049 identified scavengers, only 11,463 scavengers (33 per cent) were rehabilitated during 1992-2002

(ii) Applications for rehabilitation of identified scavengers were sponsored to banks by ULBs. Out of 35049 identified scavengers, only 11463 (33 per cent) were rehabilitated during 1992-2002 at the cost of Rs.15.79 crore (subsidy: Rs.7.93 crore, margin money loan: Rs.2.02 crore and bank loan: Rs.5.84 crore) as reported by the OSCSTDFC at an average cost of Rs.13,775 per head. Shortfall in achievement was attributed to non-sanction of loans by the bank due to earlier defaults by beneficiaries and non-existence of manual scavenging after establishment of water borne flush latrines.

MML of Rs.2.02 crore was not recovered

(iii) The margin money loan was to be recovered from the beneficiaries in 36 instalments with interest at 4 per cent per annum. Though Rs.2.02 crore had been released to 11463 beneficiaries, no amount was recovered (March 2002).

5364 scavengers (47 per cent) were rehabilitated without basic training

(iv) While 11,463 identified scavengers were reported to have been rehabilitated during 1992-2002, only 6099 scavengers had been imparted training. Thus, 5364 scavengers (47 per cent) were rehabilitated without any basic training in the trades.

(v) The scavengers were also proposed to be rehabilitated by providing them assistance for setting up sanitary mart which could serve as a shop and service centre with 50 per cent subsidy and 15 per cent MML subject to maximum of Rs.10000 and Rs.3000 respectively and balance as loan (Rs.7000). However, the project cost for a co-operative organisation consisting of 25 scavengers would be Rs.5 lakh.

Funds of Rs.45 lakh released for rehabilitation through sanitary mart remained unutilised

The National Safai Karmachari Finance and Development Corporation (NSKFDC), New Delhi released (August 2000) Rs.17.50 lakh to OSCSTDFC. The OSCSTDFC released (February to December 2001) Rs.45 lakh (subsidy: Rs.22.50 lakh, MML: Rs.6.75 lakh, NSKFDC term loan: Rs.15.75 lakh) to 7 district branches for establishment of 9 sanitary marts in 7³⁵ districts. Audit scrutiny revealed that not a single sanitary mart was established in any district owing to (i) non-selection of site, (ii) non-identification of scavenger group, (iii) non-preparation of project report etc. Consequently, the entire amount of Rs.45 lakh remained unutilised. The DM, OSCFDC, Balasore however, submitted utilisation certification for Rs.5 lakh without actual utilisation of the amount.

OSCSTDFC refunded (by June 2002) Rs.6.87 lakh including interest of Rs.1.28 lakh, liquidity damages Rs.0.02 lakh and non-utilisation charges of Rs.2.07 lakh to NSKFDC. Obtaining loan without proper planning resulted in wasteful expenditure of Rs.3.37 lakh as of June 2002.

Funds of Rs.46.35 lakh for infrastructure were not utilised

(vi) The OSCSTDFC released (March 1995 to March 2000) Rs.46.35 lakh to 14³⁶ District Managers of OSCFDC for placing with 16 ULBs and one marketing society to construct infrastructure like Kiosks, cattle shed and work shed facilities for 385 scavengers. Money was released before selection of

³⁵ Balasore, Cuttack, Dhenkanal, Jagatsinghpur, Jajpur, Keonjhar and Puri

³⁶ Cuttack, Koraput, Ganjam, Phulbani, Sundargarh, Rayagada, Nowrangpur, Keonjhar, Khurda, Malkangiri, Gajapati, Sonapur, Angul and Jajpur

beneficiaries, possession of land etc. Neither district branches nor the concerned ULBs had submitted utilisation certificates or progress report of the works so far. It was observed in audit that 3 works (Rs.6 lakh) were under progress and 14 works (Rs.40.35 lakh) had not started as of October 2002.

Rehabilitation fund of Rs.5.45 lakh diverted for inadmissible purposes

(vii) The District Manager, OSCFDC, Berhampur released (May 1996) Rs.1.50 lakh to the Executive Officer, Polosara NAC for construction of 10 Kiosks for rehabilitation of 10 scavengers which was diverted for staff salary.

The NSKFDC, New Delhi released (August 2000) Rs.82.83 lakh to OSCSTDFC being 85 *per cent* of the estimated cost of Rs.97.45 lakh as long term loan to safai karmacharis for implementation of self employment scheme with the condition that the OSCSTDFC and the promoter would bear the balance of 10 *per cent* and 5 *per cent* of the cost respectively. The OSCSTDFC released (October 2001 to March 2002) Rs.35.64 lakh as loan along with subsidy of Rs.3.95 lakh to 67 safai karmacharis treating them as scavengers. As safai karmacharis were specifically excluded from the scheme, diversion of subsidy of Rs.3.95 lakh to them was irregular.

5.4.7 Liberation of scavengers

Against target of 50,913 flush latrines under Liberation of Scavengers, achievement was only 23,067 (45 *per cent*)

(i) No survey was conducted to ascertain the requirement of conversion of dry latrines into flush latrines. Year-wise position of targets and achievements could not be furnished by the Department. However, 50,913 latrines (conversion: 11,456 and new construction:39,457) were proposed to be completed at a cost of Rs.5.69 crore (loan: Rs.2.42 crore, subsidy: Rs.3.15 crore and beneficiaries contribution: Rs.0.12 crore). Against this, only 23,067 latrines (conversion: 9,278 and new construction: 13,789) were completed (May 2002) at a cost of Rs.5.19 crore. The shortfall was attributed by the Government to the unwillingness of the beneficiaries. Physical verification report on construction of flush latrines as per instruction (July 2000) of the Government was also not available. Non-construction of sanitary latrines under Indira Awas Yojana has been commented in paragraph 5.1.1.8.

Rs.4.19 crore were deducted from the grants receivable by ULBs due to default in repayment of loans

(ii) HUDCO released loan of Rs.2.67 crore to 62 ULBs for conversion of 10,556 latrines and construction of 39,809 latrines. As the ULBs failed to repay the loan and interest, the Government deducted (May 2000 to March 2002) Rs.4.19 crore from the grants-in-aid sanctioned to the concerned ULBs and paid to HUDCO. Government stated (June 2002) that the ULBs failed to enforce recovery of loan and interest from the beneficiaries.

Further, the basis of selection of beneficiaries for new construction of latrines and list of beneficiaries were not available with the Government or with ULBs.

5.4.8 Utilisation Certificates

Utilisation Certificates for Rs.6.93 crore against expenditure under rehabilitation were not furnished

Against receipt of Rs.17.44 crore under rehabilitation programme, Rs.13.42 crore were spent during 1992-2002. But Utilisation Certificates (UCs) for only Rs.6.49 crore were submitted as of March 2002. Non-submission of UCs were attributed by the Government to non-submission of UCs by the OSCSTDFC, Bhubaneswar. The UCs along with audited statement of accounts were not sent to GOI as of June 2002.

Utilisation Certificates for Rs.4.58 crore under 'liberation' were not furnished

Similarly, against Rs.6.07 crore released (1991-97) under liberation of scavengers, Rs.5.01 crore was reported as expenditure, but UCs for only Rs.42.56 lakh had been received by HUDCO from 9 ULBs which were not sent to the GOI as of June 2002. Year-wise position of pending UCs was not available with OSCSTDFC/HUDCO/Government.

State level and District level Monitoring Committees for 'Rehabilitation' programme were non-functional

5.4.9 Monitoring and evaluation

The State level monitoring committee under the Chairmanship of the Chief Secretary was required to meet once in three months to review the progress. The monitoring committee had never met (June 2002). The District Level Monitoring Committees (DLMC) were reconstituted only in January 1997 in 16 out of 30 districts. No reports from the DLMCs were received.

Evaluation study of 'Rehabilitation' programme indicated unsatisfactory performance and little impact in improvement of socio-economic condition of scavengers

The State Government had not evaluated the programme through any independent agency. According to evaluation study made by the GOI through Sulabh International Social Service Organisation, New Delhi in Puri and Cuttack districts during 1999-2000, the scheme had little impact on the socio-economic condition of the scavengers. According to the study most of the beneficiaries spent the financial assistance in social ceremonies and purchase of household items in Puri district and the training programme by the various NGOs were not satisfactory. In the absence of any monitoring mechanism by the State/OSCFDC authorities, the district officials did not show any interest in the implementation of the scheme for the liberation of scavengers.

5.4.10 Conclusion

As against 35,049 identified scavengers, only 11,463 scavengers were reportedly rehabilitated during 1992-2002 of whom 5364 scavengers (47 per cent) had not been imparted the basic training. Against 50,913 flush latrines targeted under liberation of scavengers, achievement was only 23,067. There was large shortfall under training programme and OSCSTDFC had not prepared any shelf of projects for rehabilitation of scavengers. Thus, the scheme had not made much headway in the last 10 years.

The matter was demi-officially referred to the Government in July 2002 followed by reminder in September 2002. No reply had been received (October 2002).

PANCHAYATI RAJ DEPARTMENT

5.5 Irregular expenditure under the Employment Assurance Scheme

EAS funds of Rs.4.22 crore were spent without creating any asset (Rs.1.49 crore) and without generating employment potential (Rs.2.28 crore) as per norm. At least 3.22 lakh mandays employment was lost.

Employment Assurance Scheme (EAS), a Centrally Sponsored Scheme, aimed at providing wage employment to rural poor and only labour intensive works of productive nature which would create durable community, social and economic assets for sustained employment and development, were to be undertaken under the scheme. No repair/renovation work could be taken up under the scheme. Further, as per the guidelines, 60 per cent of the amount spent on EAS should be on wage component. Test check of records of executing agencies revealed (April/May/October 2001) the following irregularities in execution of the scheme:

Sl. No.	Executing Agencies	Amount spent (Rs. in crore)	Period of expenditure	Remarks
(i)	Executive Engineer (EE), Rural Works (RW)/Roads & Buildings/Minor Irrigation Divisions, Bhawanipatna, Assistant Soil Conservation Officer, Bhawanipatna/Dharmagarh and Block Development Officer (BDO), Bhawanipatna under District Rural Development Agency (DRDA), Kalahandi	1.49	1996-2000	Money was irregularly spent on 87 inadmissible works like renovation of tanks, improvement to existing roads, repair/improvement to minor irrigation projects and maintenance/renovation of Water Harvesting Structures without creation of any new or additional assets.
(ii)	EE, RW Division, Cuttack, BDOs, Kesinga/Jaipatna/Junagarh	2.28	1995-2000	Wage component on 88 works was Rs.0.36 crore resulting in excess expenditure of Rs.1.01 crore on material component and denial of employment opportunity to the extent of 3.22 lakh mandays to rural poor.
(iii)	DRDA, Nayagarh, Divisional Forest Officer, Coastal Shelter Belt Afforestation Division, Puri and Deputy Director, Social Forestry Project, Bhubaneswar	0.45	1999-2001	No record of generation of employment was available since 20.25 lakh seedlings were procured from private nursery growers. There was also no evidence on record regarding utilisation of the seedlings.

Government stated (March 2002) in respect of (i) above that employment oriented works were taken up as per annual action plan approved by the DRDA governing body to arrest migration of local people due to drought situation. The reply was not acceptable since execution of labour intensive works of productive nature which would create durable community assets could have been taken up for execution during the drought situation. No reply was received in respect of (ii) and (iii) above, which were referred to the Government demi-officially in May 2002, followed by reminders in June 2002.