SUPREME AUDIT INSTITUTION OF INDIA
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Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India on Performance Audit of Implementation of Pradhan Mantri Khanij Kshetra Kalyan Yojana including functioning of District Mineral Foundations in Odisha for the year ended March 2024

Government of Odisha

Report No. 7 of the year 2026

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Comptroller and Auditor General of India
on
Performance Audit of
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Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2024 has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution of India, for being laid before the Legislature of the State.

This Report contains significant results of the Performance Audit of 'Implementation of Pradhan Mantri Khanij Kshetra Kalyan Yojana including functioning of District Mineral Foundations in Odisha', covering the period 2015-16 to 2023-24.

The instances mentioned in this Report are among those which came to notice during the course of test Audit. Instances relating to the period subsequent to 2023-24 have also been included wherever necessary.

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

Executive Summary

Executive Summary

The Ministry of Law and Justice (Legislative Department), Government of India (GoI), amended (27 March 2015) the Mines and Minerals (Development & Regulation (MMDR) Act, 1957 (effective from 12 January 2015) introducing a new section 9B which provided for establishment of the District Mineral Foundation (DMF) to benefit people and areas in the districts affected by mining operations. The MMDR Amendment Act mandates that DMFs would be setup as non-profit trusts in every mining district, covering, major minerals such as iron, manganese, coal, lignite, bauxite, and minor minerals. The mine leaseholders deposit DMF contribution in the designated bank accounts of DMF Trust (DMFT), paying 10 *per cent* of the royalty for leases granted on auction after 12 January 2015, and 30 *per cent* in respect of other leases. In case of minor mineral, the payment shall be 10 *per cent* of the royalty for auctioned cases and 30 *per cent* of the royalty for non-auctioned cases. Basing on the above amendment, the Government of Odisha (GoO) framed (18 August 2015) Odisha District Mineral Foundation Rules, 2015 to regulate the composition, functions and manner of working of the DMFs. As per instruction of GoI, it was amended in January 2016 on incorporating the provisions of *Pradhan Mantri Khanij Kshetra Kalyan Yojana* (PMKKKY) notified by GoI (September 2015) with the objectives to ensure welfare of areas and people affected by mining related operations. It was further amended in February 2016 and 20 September 2018. DMFs were established in all the 30 districts of the State during January and February 2016 under the Chairmanship of each Collector and Managing Trustee of the concerned district.

(Paragraph 1)

GoO issued (October 2017) institutional mechanism for implementation of programmes/ schemes/ projects/ works out of DMF fund. Similarly, GoO issued (August 2020) Office Memorandum on fund flow for implementation and monitoring of DMF projects, wherein, the roles and responsibilities of DMF and executing agencies, financial terms and conditions, and other conditions were elaborated. An amount of ₹26,602.66 crore was received by the 30 DMFs towards DMF contribution from the mining leaseholders during 2015-16 to 2023-24 and ₹25,969.87 crore was sanctioned for implementation of projects. In six test-checked DMFs ₹22,568.17 crore was received towards DMF contribution including interest (₹1,772.66 crore) during 2015-16 to 2023-24, out of which ₹20,947.52 crore (92.80 *per cent*) was sanctioned for implementation of 17,435 projects and ₹10,092.53 crore (48.18 *per cent*) was spent as of March 2024.

(Paragraph 1.1)

The Planning and Convergence (P&C) department of GoO is the nodal agency which coordinates with the various DMFs in the State. The Deputy Directors of Mines (DDMs)/ Mining Officers (MOs) are responsible for assessment, demand and collection of DMF contribution. The ODMF Rules stipulate that payments towards contribution to the DMFs shall be made along with payment of royalty and the amount payable to each DMF shall be credited into its bank account in the manner specified by the Government.

(Paragraph 1.2)

The implementation of works/ projects under this scheme was carried out through Line Departments/ Implementing Agencies (IAs) such as, Block Development Officers (BDOs); Executive Engineers (EEs), Road & Building (R&B) Division; EEs, Rural Water Supply & Sanitation (RWSS) Divisions; Minor Irrigation Divisions; Districts Education Offices, Divisional Forest Officers *etc*. The P&C department compiles and updates the status of PMKKKY projects based on data received from 30 DMFs in Odisha.

(Paragraph 1.2)

The Performance Audit (PA) on 'Implementation of the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) including functioning of the District Mineral Foundation Trusts (DMFTs)' was taken up for the period from 2015-16 to 2023-24. The PA was conducted based on PMKKKY guidelines, Mines and Minerals (Development and Regulation) (MMDR) Amendment Act, 2015 and Rules thereof, Odisha District Mineral Foundations (ODMF) Rules, 2015, and other relevant criteria. The objectives of the PA were to review the planning and institutional arrangements of DMFs, fund management by DMFs, mechanism of the assessment and collection of DMF contribution, implementation of the PMKKKY projects and monitoring mechanism in place. Audit examined the records of the P&C department and six sampled DMFs of Dhenkanal, Jajpur, Keonjhar, Mayurbhanj, Nabarangpur, Sundargarh along with IAs for the performance review of the effectiveness of implementation of PMKKKY scheme in the State of Odisha. Audit conducted Joint Physical Verification (JPV) of selected projects/ assets created out of DMF funds with representatives of the audited units to ascertain the performance.

(Paragraphs 1.3, 1.4 and 1.5)

Legal Framework

Based on the amendment of the MMDR Act 1957 and introduction of Section 9B, the Government of Odisha (GoO) framed (18 August 2015) the Odisha District Mineral Foundation (ODMF) Rules, 2015 to regulate the composition, functions and manner of working of the DMFs. These rules included various provisions related to composition of DMF Board of Trustees (BoT), Executive Committee (EC), provisions for collection of Trust funds, operations, expenditure, Accounts and Audit *etc*.

DMF Board of Trustees (BoT) was to consist of Revenue Divisional Commissioner or Collector as Chairperson, Additional District Magistrate and district level officers of Steel and Mines, Forest and Environment, Rural Development, Works, Schedule Tribe and Schedule Caste Development and Health and Family Welfare Departments and of such other Departments as the Government may specify, as members, member of the Lok Sabha and Odisha Legislative Assembly (OLA) in whose constituency any major mineral concession is situated, shall be ex-officio members. A member of the Zilla Parishad and not exceeding three members of the Panchayati Raj Institutions (PRI) or, Urban Local Bodies (ULBs) from the area in which any major mineral concession was situated would be nominated by the Government as members and the Project Director (PD), District Rural Development Agency (DRDA) or such other person as may be decided by the Government would be the Chief Executive Officer (CEO) of the Trust.

The BoT had powers to approve the annual budget and action plan for the Trust. The Board would also decide the priority areas and sectoral allocation, besides approving the Master/ Perspective Plans. The Board was to meet at least twice in a financial year.

DMF Executive Committee (EC) of the Trust would consist of Collector as Chairperson and District level officers of Rural Development, Works, Forest and Environment and Steel and Mines Departments as members; and the PD, DRDA as member and the CEO of the Trust.

The EC was responsible for monitoring the day-to-day management and supervision of the activities of the Trust including award of works and payments therein, project supervision, preparation of perspective plan, budget *etc.* The EC was to meet at least once every quarter and more frequently if required.

(Paragraph 2.1 and 2.2)

Collection of DMF contributions

Audit findings revealed significant systemic shortcomings in assessment, collection, and monitoring of DMF contributions in test-checked mining circles and works divisions. Incorrect application of prescribed DMF contribution rates, failure to reassess contributions after final royalty assessments, and non-levy of interest on delayed payments collectively resulted in substantial loss in DMF collections.

Discrepancies between DMF collections recorded by concerned Mining Offices and audited reports of DMFs accounts indicated weak reconciliation and deficient internal controls. Also, application of incorrect rate of DMF contribution in unauthorised extraction cases of minor minerals has compounded the shortfall.

(Paragraphs 3.1 and 3.2)

Planning and institutional arrangements for the management of DMFs

Even after framing of ODMF Rules since August 2015, Government of Odisha (GoO) had not notified the accounting procedure to be followed by the DMFs of the State for maintenance of accounts in respect of the collection and utilisation of DMF contributions. Similarly, no investment guidelines for investment of the surplus funds of DMFs were issued by the GoO.

(Paragraph 4.1)

Although six DMFs collected ₹22,568.17 crore towards DMF contribution including interest, and 17,435 projects worth ₹20,947.52 crore had been sanctioned out of DMF funds during 2015-16 to 2023-24, none of the six DMFs prepared Perspective Plan and Master plan.

(Paragraph 4.2)

Out of the selected six DMFs, only two DMFs namely Keonjhar and Sundargarh had updated their list of direct and indirect affected areas with the assistance of Odisha Space Applications Centre (ORSAC) with delays ranging from 61 and 62 months respectively from the date of issue of instructions.

(Paragraph 4.3.1)

Out of the six test-checked DMFs except Jajpur, none of the other five DMFs had identified the affected people in the affected areas due to mining operations to be resettled or rehabilitated. None of the DMFs had created endowment fund although ₹20,795.51 crore towards contribution of DMF and ₹1,772.66 crore towards interest were received during the period 2015-16 to 2023-24.

(Paragraphs 4.3.2 and 4.3.3)

In two DMFs Keonjhar and Sundargarh, 9,739 projects worth of ₹17,926.79 crore were sanctioned during 2015-16 to 2023-24. Out of this, expenditure of ₹983.32 crore was made towards implementation of projects in 976 non-affected villages, whereas not a single project was implemented in 488 directly affected villages and 96 indirectly affected villages.

(Paragraph 4.3.5)

Disproportionate utilisation of funds between directly and indirectly affected areas was noticed. Out of ₹1,164.43 crore utilised in DMF, Jajpur, ₹507.02 crore (43.54 *per cent*) was utilised in indirectly affected areas which exceeded the prescribed limit of 40 *per cent.* Further in DMFs, Keonjhar and Sundargarh, although the sanctioned amount was below 40 *per cent* in indirectly affected areas, 30.67 *per cent* and 22.67 *per cent* of the sanctioned amount respectively was shown under a category “common affected area” which has not been defined in ODMF Rules or in PMKKKY guidelines.

(Paragraph 4.3.6)

In DMF, Keonjhar, during the period 2015-24, out of 3,269 sanctioned projects worth ₹9,733.37 crore, 757 projects (23 *per cent*) were implemented without approval of EC/ BoT. 170 projects with sanctioned cost of ₹329.80 crore were accorded sanction by BoT after a period extending up to 24 months of execution in which 44 projects with sanctioned cost of ₹164.82 crore were approved after six months**.** In Sundargarh DMF, five projects worth ₹102.71 crore were sanctioned without approval. Similarly, 26 projects were approved for execution in Scheduled areas without considering 620 projects submitted after approval from Grama Sabha of respective panchayats.

(Paragraph 4.3.8)

Management of DMF Funds

Out of six selected DMFs, DMFs Mayurbhanj, Dhenkanal and Nabarangpur had not opted for flexi deposit/ auto sweep account for surplus DMF fund during 2015-2024 for which there was loss of interest of ₹9.49 crore. DMF Keonjhar did not invest the funds in fixed deposits. Owing to imprudent investment decision, DMF, Keonjhar had to bear loss of interest amounting to ₹84.51 crore.

(Paragraph 5.2)

In DMFs of Jajpur, Keonjhar and Sundargarh in violation of the Ministry of Rural Development, GoI ₹171.79 crore was released out of DMF Fund to the Director, MGNREGS towards payment of additional wages to the job seekers.

(Paragraph 5.3.1)

Expenditure of ₹1.02 crore out of available project funds was irregularly incurred by the PA, ITDA, Sundergarh on miscellaneous items such as hiring charges of vehicles, supervision charges by deploying different supervision staff, tent house charges, supply of POL charges to TDCCOL, Sundargarh, supply of mrudanga baja, khanjani, white gamuchha for tribal dance troupe, supply of GI welded wire mesh as well as deposit of CGST, SGST and IT on previous bills for plantation scheme.

(Paragraph 5.3.2)

Out of total administrative expenditure of ₹99.81 crore in DMF, Sundergarh, ₹25.01 crore was irregularly utilised for other than administrative expenditure, like engagement of vehicle for police patrolling, renovation of municipality office, renovation of reading room at Collector's residence, inauguration charges and organisation of school function *etc.*

(Paragraph 5.3.3)

₹2.65 crore was irregularly paid out of DMF Funds by the DMF, Sundergarh towards Covid incentives to 62 doctors and other regular/ outsourced medical staff and one Covid Hospital instead of making the expenditure out of CMRF.

(Paragraph 5.3.4)

One vehicle was procured irregularly for ₹16.56 lakh in DMF, Jajpur and in DMF, Sundargarh ₹4.63 crore was released to Superintendent of Police, Rourkela for procurement of 25 patrolling vehicles which was re-deposited without interest of ₹22.53 lakh.

(Paragraph 5.3.5)

In DMFs Jajpur, Keonjhar and Sundergarh, implementing agencies had not returned unspent amount of ₹470.25 crore and interest earned thereof amounting to ₹26.51 crore to the DMFs after completion of the projects. Implementing agencies of Dhenkanal and Mayurbhanj had not returned interest amount of ₹87 lakh to respective DMFs.

(Paragraph 5.4.1)

All the six DMFs, were established during January-February 2016 and registered under Societies Registration Act, 1860 during October 2019 to May 2020 after a delay ranging from three years ten months to four years five months and due to delay in registration with the Income Tax authorities for tax exemption, there was non-refund of TDS of ₹52.09 crore by Income Tax Department to DMFs Jajpur, Keonjhar and Sundargarh.

(Paragraph 5.6)

Implementation of Projects

In DMFs Keonjhar and Jajpur, M/s E&Y LLP, was engaged as consultant for establishment of Planning and Monitoring Units. TDS of GST and IT on payment of professional fees to the agency amounting to ₹75.77 lakh in DMF, Keonjhar and ₹13.81 lakh in DMF, Jajpur had not been deducted from the payments made to the agency for the period from May 2017 to December 2024 and August 2018 to March 2020 respectively.

(Paragraph 6.1)

In DMFs Sundargarh and Keonjhar, inspite of delay in execution of projects, compensation amounting to ₹74.09 crore and ₹3.47 crore respectively was not realised from the contractors by implementing Agencies.

(Paragraph 6.2)

Instead of stipulated provision of payment of service charge not exceeding one *per cent* for supply of goods to Government Institutions, District Education Officer, Keonjhar had paid excess service charges amounting to ₹78 lakh at the range of 1.5 *per cent* to 5 *per cent.*

(Paragraph 6.3)

Integrated Tribal Development Agency, Sundargarh had splitted five repair and renovation works at an estimated cost of ₹6.19 crore to 131 works with estimates ranging between ₹1.86 lakh to ₹5 lakh per work and executed the same by inviting quotations instead of inviting tender. Two BDOs under DMF, Dhenkanal splitted the works to facilitate departmental execution instead of tender.

(Paragraph 6.4)

Implementation of ineligible projects out of DMF funds

Owing to this the amendment of ODMF Rules, 2015 on 20 September 2018, in deviation to the provisions of PMKKKY guidelines, in DMFs Jajpur, Dhenkanal, Keonjhar, Nabarangpur and Sundargarh, 317 projects worth ₹679.14 crore under various sectors/ activities were sanctioned beyond norms of PMKKKY guidelines during 2018-19 to 2023-24.

(Paragraph 6.5)

Expenditure of ₹136.77 for construction of Hockey stadium out of DMF fund by the DMF, Sundergarh was irregular as the said project does not come under any activities permissible under PMKKKY guidelines.

(Paragraph 6.5.1)

DMF, Sundargarh approved project for supply of PPE kits to labour working in the industries at the cost of ₹18.83 crore. PPE Kits were supplied to 44,120 workers/ labourers engaged in mines and industries owned by private/ PSU organisations with an expenditure of ₹59.13 crore.

(Paragraph 6.5.2)

Environment Preservation and Pollution Control Measures

Inadmissible expenditure in DMFs, Jajpur and Keonjhar for 126 projects (Jajpur-52 + Keonjhar-74) under the activities like "Construction of Model Rural Parks/ Gram Udayan Park/ Van Vatikas/ Eco-retreat centers" under "Environment Preservation" and "Livelihood" worth of ₹51.71 crore remained incomplete and defunct. As the activities did not fall in any of the permissible activities defined in extant provisions, the expenditure was inadmissible.

(Paragraph 6.5.3)

Healthcare

DMF, Sundargarh decided to implement the project 'Mobile Medical Van (MMV) Service' in Sundargarh District. 15 MMVs were deployed, which was further increased to 25, in which 78 MOs were engaged out of which 54 MOs have furnished registration certificates. The agency deployed 24 MOs without valid credentials in violation of agreement conditions and received ₹7.44 crore towards salary of these MOs which was irregular.

(Paragraph 6.5.4.1)

DMF, Keonjhar approved and sanctioned ₹7.12 crore for provision of diet for the attendants of Indoor Patient Department (IPD) patients out of which ₹4.53 crore was released and ₹3.19 crore was spent in violation of ODMF rules and PMKKKY guidelines.

(Paragraph 6.5.4.2)

In three DMFs, private hospitals were hired to provide health care services for COVID-19 affected patients and ₹145.06 crore was paid. There were no instructions for hiring of beds in private hospitals in PPP mode, payments were made against permanently reserved seats in these hospitals and resulted in irregular expenditure of ₹145.06 crore.

(Paragraph 6.5.4.3)

In DMF, Sundargarh an amount of ₹109.45 crore paid to M/s Jai Prakash Hospital and Research Centre Private Limited, Rourkela for Bed charge, special consultation, special investigation charges, food expenses against requisite payment of ₹98.85 crore resulted in excess payment of ₹10.60 crore.

(Paragraph 6.5.4.3)

Education

DMF, Keonjhar approved ₹6.06 crore for students to pursue Master of Professional Engineering (Mining) course at Curtin University, Australia out of which ₹2.57 crore was spent leaving unspent balance of ₹3.49 crore without disbursement. This indicates that the amount was not required for immediate expenditure. DMF approved and sanctioned ₹14.83 crore for provisioning of free textbooks and uniforms to all students of Classes IX and X. Out of this ₹10.32 crore was released against which UC for ₹9.33 crore were submitted in contravention to the provisions of ODMF Rules and PMKKKY guidelines.

(Paragraph 6.5.5.1 and 6.5.5.2)

DMF, Jajpur signed MoU with CESDP for private residential medical coaching for 30 under privileged students and ₹70.76 lakh was spent. Further, 40 students at Akash Institute, Bhubaneswar, and 367 students at Career Point, Jajpur Road were also selected (2022-24) for imparting medical coaching with payment of ₹3.59 crore. Out of total 437 students only six students could qualify for admission in medical colleges. Instead of creating educational infrastructure, incurring the expenditure of ₹4.30 crore on medical coaching in private coaching centers, out of DMF funds was irregular as it violated PMKKKY guidelines and ODMF rules.

(Paragraph 6.5.5.3)

DMF, Keonjhar sanctioned and released ₹138.77 crore (March 2019 and March 2023) to Odisha Small Industries Corporation through the DEO, Keonjhar for seven projects for purchase of furniture for secondary schools and OAVs and Hostels of Keonjhar district. Out of this, UCs were submitted for ₹100.51 crore as of November 2023 leaving unspent balance of ₹38.26 crore. During JPV it was noticed that furniture supplied to the hostels were found to be dumped in the classrooms as the hostels were not handed over to the school authorities.

(Paragraph 6.5.5.4)

Irregularities in implementation of projects out of DMF funds

Three Mega Piped Water Supply (PWS) project funded under Odisha Mineral bearing Areas Development Corporation (OMBADC) with the estimated cost of ₹232.75 crore were taken up during March 2018 to November 2019 to cover 108 mining affected villages and were completed as of November 2021. Despite this, DMF, Jajpur had taken up six Rural Piped Water Supply (RPWS) projects in Sukinda block during 2017-18 to 2018-19 out of the DMF funds with estimated cost of ₹3.58 crore, which were completed with an expenditure of ₹3.37 crore. Audit noticed that four out of six projects with an expenditure of ₹1.36 crore were found to be defunct/ non-operational and the projects had not been handed over to the concerned Gram Panchayats (GPs) for maintenance and operation.

(Paragraph 6.6.1)

In DMF, Sundargarh and Keonjhar during January 2018 to March 2024, 98 doctors and dentists were engaged on contractual basis with remuneration ranging from ₹60,000 to ₹1,50,000 per month and 83 Specialists were engaged with the remuneration ranging from ₹1,00,000 to ₹3,00,000 lakh per month, beyond the rates fixed by the GoO for contractual Doctors which resulted in excess payment of ₹43.79 crore.

(Paragraph 6.6.2)

Expenditure of ₹2.18 crore incurred for purchase of different equipment for establishment of Neonatal Intensive Care Unit (NICU) and Paediatric Intensive Care Unit (PICU) from DMF funds at DHH, Keonjhar remained idle due to non-deployment of medical staff/ doctors through DMF funds or State Budget.

(Paragraph 6.6.3)

At DHH, Sundargarh expenditure of ₹1.32 crore incurred for procrement of Digital Medical Record (DMR) system remained non-functional and idle resulting in entire expenditure infructuous.

(Paragraph 6.6.4)

In DMF, Keonjhar due to non-deployment of required manpower and infrastructure, construction of eight hostels for Odisha Adarsha Vidyalays worth ₹9.17 crore and purchase of furniture worth ₹2.09 crore resulted in idle expenditure of ₹11.26 crore

(Paragraph 6.6.5)

In DMF, Jajpur, due to non-handing over of the hostel buildings in time the created infrastructure was lying idle depriving the students of the accommodation facilities and resulting in blockage of DMF funds to the tune of ₹4.34 crore.

(Paragraph 6.6.6)

In DMF, Keonjhar due to imprudent procurement 1,061 Motorised Wheelchairs with joysticks costing ₹5.68 crore, were lying idle with DSSO, Keonjhar at the Advanced Rehabilitation Centre, resulted in blockage of ₹5.68 crore of the DMF funds.

(Paragraph 6.6.7)

DMF, Jajpur made irregular payment of ₹2.54 crore without verifying the factual records on skill development training programmes and without ensuring the employment of the trained candidates. Similarly, DMF, Keonjhar made a payment of ₹5.24 crore to three training institutes in contradiction to stipulation of 70 *per cent* employment in MoU, as only 235 candidates (38 *per cent*) got employment out of 618 candidates.

(Paragraph 6.6.8)

In DMF, Jajpur one wholesale market complex and one Mission Shakti Cafe at Jajpur Road constructed at a cost of ₹6.39 crore remained defunct and resulted in infructuous expenditure.

(Paragraph 6.6.9)

In DMF, Sundargarh due to lack of co-ordination among different implementing agencies and monitoring, Bee keeping Mega Apiculture (Honey Production) programme at the estimated cost of ₹12.12 crore remaind unfruitful after expenditure of ₹11.18 crore.

(Paragraph 6.6.10)

Due to non-provision of funds from DMF in DMF, Sundargarh towards human resource and capacity building, all the 19 garbage collection units of ₹1.61 crore, at block level and GP levels were lying abandoned and resulted in infructuous expenditure.

(Paragraph 6.6.11)

In DMF, Jajpur the project Construction of houses under settlement colony for Mankedia tribes in Sukinda Block worth ₹2.81 crore remained incomplete and abandoned, despite lapse of six years.

(Paragraph 6.6.12)

Due to non-follow up action by the Agency engaged and DMF, Sundergarh and non-repair of 34 High Mast Illumination System (HMIS) by the agency within the defect liability period, expenditure on 34 non-functional HMIS valuing ₹2.49 crore became wasteful. Similarly, in DMF, Marurbhanj 1,713 out of 2,320 Street light/ HMIS were defunct which were not rectified/ repaired within the defect liability period resulted in wasteful expenditure of ₹5.53 crore.

(Paragraph 6.6.13)

In DMF, Jajpur eight projects for raising 10 lakhs of six-months-old seedlings and 20 lakhs of 18 months old seedlings at the sanctioned cost of ₹8.48 crore and expenditure of ₹2.54 crore remained doubtful due to non-maintenece of connected records, such as records for distribution of seedlings and records indicating land details, address, location and site visit.

(Paragraph 6.6.14)

In DMF, Sundergarh, out of eight Kalyan Mandaps constructed in five GPs, two were in abandoned stage, one without electricity connection and water supply and one used for other purpose resulting in idle expenditure of ₹1.94 crore.

(Paragraph 6.6.15)

Monitoring and evaluation of projects

An integrated PMU structure with a State PMU and District PMU at five major DMF districts for seamless flow of information and better coordination for project planning and implementation had not been established. Appointment of full-fledged Chief Executive Officers of major DMFs districts *viz*, Angul, Jajpur, Jharsuguda, Keonjhar and Sundargarh had not been made, leading to inadequate planning and monitoring of projects. Linking the DMF Portals with WAMIS had not been fully operational for monitoring the physical and financial progress of the projects taken up by the Implementing Agency.

(Paragraph 7.1)

The information furnished by the selected six DMFs revealed that during 2015-16 to 2023-24, there was shortfall in BoT meetings ranging from 07 to 12 (39 to 67 *per cent*) and EC meetings ranging from 11 to 36 (31 to 100 *per cent*). Non-conduct of BoT and EC meetings regularly as prescribed in the

ODMF rules, had affected timely sanction and implementation of projects defeating the objectives of PMKKKY.

(Paragraph 7.2)

Non-preparation of Annual Audited Reports and Annual Reports as well as hosting in public domain in timely manner by the respective DMFs, could not ensure transparency in sharing of DMF activities with the stakeholders in contravention of the provisions of the ODMF Rules and instructions of GoO. In none of the sampled DMF portals, details of progress of work including description of works, estimated cost and name of implementing agencies, commencement and completion of work were indicated. Similarly, details of individual beneficiaries and the extent of assistance sanctioned and disbursed to them were also not indicated.

(Paragraph 7.3)

Records of the sampled six districts revealed that the asset registers of projects implemented by various implementing agencies were neither maintained by the IAs nor by the DMFs resulting in non-monitoring and non-supervision of the projects created out of the DMF fund.

(Paragraph 7.5)

Recommendations:

With an aim to improve the functioning of the DMFs and implementation of PMKKKY in the State in an efficient and effective manner; Audit recommends that the State Government may:

1. ***strengthen assessment and reconciliation of variations in DMF contributions.***
2. ***enhance monitoring of unauthorised extraction from minor minerals sairat sources.***
3. ***integrate automated validation and alert mechanisms in the i3MS system with DMF accounts to enable real-time monitoring and timely corrective action on payment of DMF contributions by lessees.***
4. ***ensure the timely collection of all outstanding DMF contributions, along with the applicable interest, in line with the Rules.***
5. ***avail the assistance of Odisha Space Application Centre for updating the list of directly and indirectly affected areas by mining operations.***
6. ***ensure the preparation of list of affected people in affected areas with the help of Grama sabhas/ elected representatives in accordance with the ODMF Rules.***
7. ***involve local bodies/ gram sabhas for identification and prioritising of developmental schemes/ works/ projects from DMF Funds.***
8. ***establish a system to identify projects that address the needs of the people of mining affected areas, ensuring the timely and effective utilisation of DMF contributions.***

9. ***ensure refund of unspent balances of completed projects to the respective DMFs by the implementing agencies.***
10. ***ensure proper maintenance of accounts of DMF funds as per the codal provisions and refund of accrued interest thereon by the implementing agencies.***
11. ***review and investigate all cases of inadmissible/ irregular expenditure from DMF Funds made in contravention of PMKKKY guidelines and ODMF Rules, fix responsibility on the erring officials, and recoup ineligible expenditure, to the respective DMFs.***
12. ***ensure timely completion of projects sanctioned and full utilisation of funds released within the financial year and submission of utilisation certificates.***
13. ***conduct regular monitoring of the projects being implemented to identify and remove difficulties, if any.***
14. ***ensure the preparation of Annual Report and Audited Accounts by DMFs and their submission on time to the State Legislative Assembly, with steps taken to assess the effectiveness of the projects.***
15. ***ensure intended use of assets created out of DMF fund.***

Chapter - I

Introduction

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District Mineral Foundations

The Ministry of Law and Justice (Legislative Department), Government of India (GoI), amended (27 March 2015) the Mines and Minerals (Development & Regulation) (MMDR) Act, 1957 (effective from 12 January 2015) introducing a new section 9B which provided for establishment of the District Mineral Foundation (DMF) to benefit people and areas in the districts affected by mining operations. The MMDR Amendment Act mandates that DMFs would be setup as non-profit trusts in every mining district, covering major minerals such as iron, manganese, coal, lignite, bauxite and minor minerals. Every holder of a mining lease was to pay in addition to the royalty, an amount as prescribed by the Central Government to the DMF of the district in which mining operations are carried out.

DMFs were established in all the 30 districts of the State during January and February 2016.

Pradhan Mantri Khanij Kshetra Kalyan Yojna (PMKKKY)

For the welfare and development of local people, the District Mineral Foundations should implement a development programme for mining affected areas that includes a certain minimum provision for the social and infrastructure needs of the population and area. The Central Government has, accordingly, framed (September 2015) the Pradhan Mantri Khanij Kshetra Kalyan Yojana to be implemented by the District Mineral Foundations from the funds accruing to them.

The scheme guidelines as framed by GoI, aimed to facilitate synergy in utilisation of DMF fund across the state for ensuring welfare of areas and persons affected by mining-related operations with the objective of implementing various developmental and welfare projects/ programs in mining-affected areas. These projects/ programs were to complement the existing ongoing schemes/ projects of State and Central Government. The scheme also strived to minimise/ mitigate adverse impacts, during and after mining, on the environment, health and socio-economic status of people in mining districts; and to ensure long-term sustainable livelihoods for the affected persons in mining areas.

1.1 Collection and utilisation of DMF contributions

As per the information furnished by the Planning and Convergence (P&C) department, ₹26,602.66 crore was received by 30 DMFs in the State towards DMF contributions from mining leaseholders during 2015-16 to 2023-24[1] and ₹25,969.87 crore was sanctioned for implementation of projects, but

[1] From year of inception of DMFTs up to 2023-24.

₹15,817.56 crore *i.e.,* only 59.46 *per cent* was spent as detailed in the **Table 1.1**.

Table 1.1: DMF contribution received and utilised in the State during 2015-24

Sl. No.	Financial Year	Collection of DMF funds (₹ in crore)	Funds sanctioned (₹ in crore)	Expenditure incurred on all projects (₹ in crore)	Percentage of funds sanctioned out of funds collected	Percentage of funds utilised out of funds collected
A	*B*	*C*	*D*	*E*	*F*	*G*
1	2015-16	4,305.16*	2,512.00	485.84	58.35	11.29
2	2016-17					
3	2017-18					
4	2018-19	2,600.33	5,341.07	900.52	205.40	34.63
5	2019-20	3,079.28	2,120.46	2,068.75	68.86	67.18
6	2020-21	2,528.59	3,853.90	2,639.34	152.41	104.38
7	2021-22	5,393.97	3,411.62	2,968.91	63.25	55.04
8	2022-23	4,112.55	4,796.07	3,728.10	116.62	90.65
9	2023-24	4,582.78	3,934.75	3,026.10	85.86	66.03
	Total	**26,602.66**	**25,969.87**	**15,817.56**	**97.62**	**59.46**

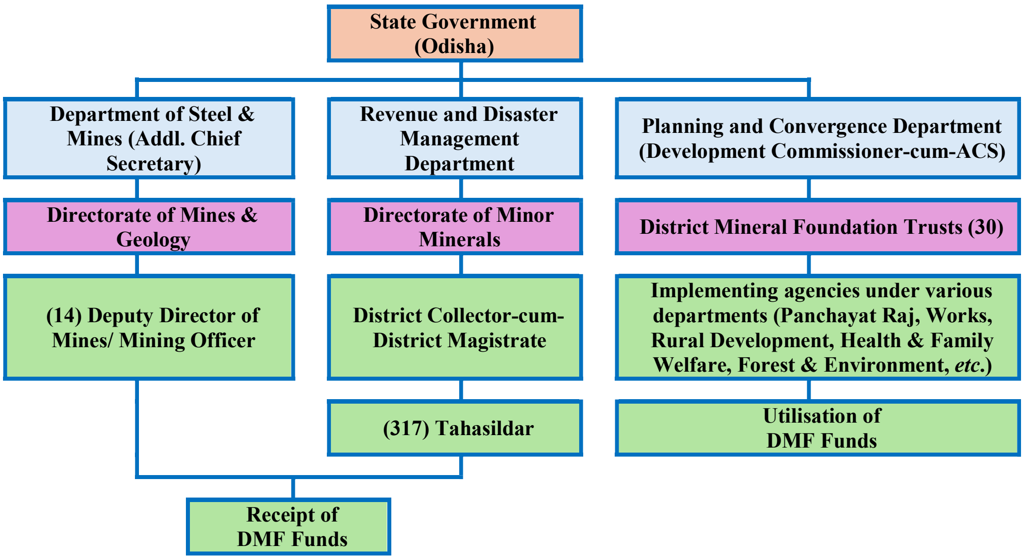
(Source: Information furnished by the P&C Department)

**P&C department could not furnish year-wise fund collection and sanction for these years*

1.2 Organisational structure

The organisational structure with reference to the operation of DMFs is shown in **Chart No.1.**

Chart 1: Organisational structure



The Steel and Mines (S&M) Department headed by the Additional Chief Secretary was the apex body for assessment, demand and collection of DMF receipts. There were 14 Mining Circles[2] (MCs) functioning for major minerals at the district level, each headed by the Deputy Director of Mines (DDMs)/

[2] (1) DDM, Jajpur, (2) DDM, Joda, (3) DDM, Koira, (4) DDM, Rourkela, (5) DDM, Sambalpur, (6) DDM, Koraput, (7) DDM, Talcher, (8) MO, Phulbani, (9) DDM, Keonjhar, (10) DDM, Cuttack, (11) DDM, Berhampur, (12) DDM, Bhawanipatana, (13) DDM, Bolangir, and (14) DDM, Baripada

Mining Officers (MOs), under the control of Director of Mines & Geology (DoMG). In addition to these, minor minerals like sand, gravel, stone products, other than the specified minor minerals[3], were regulated by the Revenue and Disaster Management (R&DM) Department under which one Directorate of Minor Minerals (DoMM) was functioning to regulate quarry leases of minor minerals in 317 Tahasils of the State up to 31 January 2023. Since 01 February 2023, all the minor mineral *sairat* sources[4] were transferred from R&DM department to the S&M department for administration of quarry leases.

Organisational set up for utilisation of funds: The P&C Department was the Nodal department under which Collectors of the 30 districts in the State were responsible for management of DMF funds. The PDs of all DRDAs were delegated as CEOs for functioning of the DMFs. Implementation of works/ projects under the PMKKKY guidelines were carried out by the DMFs through line departments/ Executive Agencies (EA) such as, Block Development Officers (BDO); Road & Building (R&B) Divisions; Rural Water Supply & Sanitation (RWS&S) Divisions; Integrated Tribal Development Agencies (ITDAs); Project Director (PD) Watershed; District Project Coordinators (DPCs), Sarva Shiksha Abhiyan (SSA); Divisional Forest Officers (DFOs); Municipalities; Chief District Medical and Public Health Officers (CDM&PHOs), *etc.,*

1.3 Audit objectives

The objectives of the Performance Audit were to assess:

- Whether the system of assessment, demand and collection of receipts for DMFs was reliable and efficient.
- Whether there were effective planning and institutional arrangements in place for the implementation of the PMKKKY guidelines.
- Whether fund management of DMF was economical and efficient and the Scheme was implemented effectively to achieve desired outcomes in the affected areas.
- Whether monitoring and evaluation of the implementation of the Scheme was adequate and effective.

1.4 Audit criteria

The audit observations were benchmarked against criteria derived from the following:

- PMKKKY guidelines, 2015 (GoI);
- MMDR Amendment Act, 2015 (GoI);

[3] Specified Minor Minerals like decorative stones, quartz and quartzite *etc*. are regulated by Steel and Mines Department.

[4] Sairat sources primarily refer to Government-controlled natural resource locations, such as riverbeds for sand, stone, and other minor minerals, which are leased out or auctioned by local government bodies (like Tahasildars in Odisha) to collect revenue.

- ODMF Rules, 2015 (as amended February 2016 and October 2018) (GoO);
- Mineral Concession Rules 1960 (GoI);
- Odisha Minor Minerals Concession Rules, 2016 (GoO);
- Mines and Minerals (Contribution to DMF) Rules, 2015 & Amendment 2021 (GoI);
- Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (R&R Act) (GoI);
- Norms and standards set by the State Government and other standard setting authorities in respect of implementation of projects;
- Provisions of the Odisha General Financial Rules (OGFR), Odisha Treasury Code (OTC), Delegation of Financial Powers Rules, Public Procurement Guidelines (PPG) 2012, Finance Department (FD) guidelines (26 September 2011); and
- Any other circular, notification and guidelines of both Central and State Government.

1.5 Audit scope and methodology

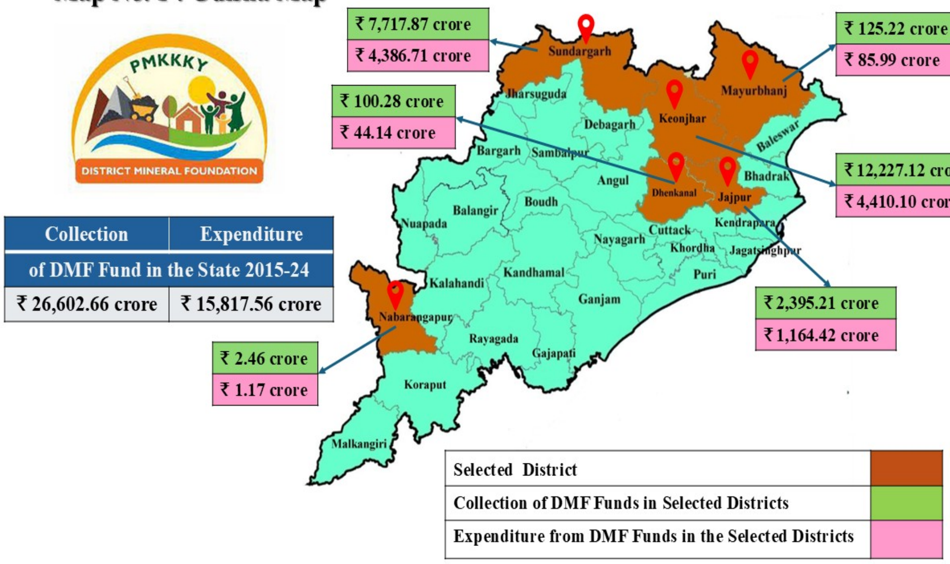
This Performance Audit was conducted during September 2024 and May 2025, covering the period from FY 2015-16 to FY 2023-24. For the assessment, demand and collection of the mining revenues including the DMF contributions, the Steel and Mines (S&M) Department is the apex body represented by the DDMs/ MOs at the executive level. Hence, for Receipt Audit, with regard to assessment, demand and collection of DMF funds, records of seven[5] out of 14 DDMs for Major Minerals and six[6] out of 30 MOs for Minor Minerals, were test-checked. These units were selected on the basis of collection of DMF contributions to the six selected DMFs.

Details of receipts, sanction and expenditure of six test checked districts during 2015-16 to 2023-24 out of DMF funds for implementation of welfare projects in directly and indirectly mining affected areas under PMKKKY scheme are given in **Map 1**.

[5] (i) DDM, Jajpur road; (ii) DDM, Baripada; (iii) DDM, Keonjhar; (iv) DDM, Koira; (v) DDM, Rourkela; (vi) DDM, Talcher; and (vii) DDM, Joda.

[6] (i) MO (Minor Minerals), Baripada. (ii) MO (Minor Minerals), Dhenkanal; (iii) MO (Minor Minerals), Jajpur Town, (iv) MO (Minor Minerals), Keonjhar, (v) MO (Minor Minerals), Nabarangpur, and (vi) MO (Minor Minerals), Sundargarh.

Map No. 1 : Odisha Map



Similarly, for Expenditure Audit, six[7] out of the 30 DMFs were selected- three districts from high scoring category, one each from low and medium scoring categories formed on the basis of risk scores in respect of three parameters - amount collected, amount spent and Tribal Population through stratified random sampling. Mayurbhanj district was additionally selected from the higher strata category in view of recent media reports of fraud and misappropriation of DMF funds.

In addition, three Blocks were selected in each sampled District in total 15 Blocks[8], except Nabarangpur district as projects were not executed in any Block. Two Blocks having the largest number of projects; and one Block through random sampling were selected for audit. Three to five Gram Panchayats were selected in each Block through random sampling for joint physical verification of projects (JPV).

Besides, records of 32 implementing units under various departments like School & Mass Education; Works; Panchayati Raj & Drinking Water; Health & Family Welfare; Rural Development *etc.* as listed in ***Appendix-I*** were also test checked.

The audit methodology included scrutiny of physical and computerised records, as well as joint physical verification (JPV) of projects/ assets by the audit team, alongwith representatives of the audited units. Further, 15 to 25 beneficiary interviews under each selected GP were also conducted, and a total of 1,390 beneficiaries were interviewed as part of the audit.

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7 Dhenkanal, Jajpur, Keonjhar, Mayurbhanj, Nabarangpur and Sundargarh.

8 (i) Danagadi, (ii) Jajpur, (iii) Sukinda Sadar, (iv) Champua, (v) Banspal, (vi) Hatadihi, (vii) Hemgiri, (viii) Lahunipada, (ix) Koira, (x) Parjang, (xi) Bhuban, (xii) Dhenkanal Sadar, (xiii) Kusumi, (xiv) Rairangpur, and (xv) Jashipur.

An Entry Conference was held on 20 August 2024, with the Development Commissioner-cum-Additional Chief Secretary (DC-cum-ACS), P&C Department, GoO in which the audit objectives, criteria, scope and methodology, were discussed. An Exit Conference was held with the Government (P&C Department, Steel and Mines Department and Chairpersons-cum-Managing Trustees of six selected DMFs) on 22 January 2026 wherein the compliance to the audit observations was discussed and response of the Government has been suitably incorporated in the report.

1.6 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the DC-cum-ACS, P&C Department; Steel and Mines Department and all the test-checked units, in furnishing records and information during the conduct of the Performance Audit.

Chapter - II

Legal Framework

Chapter - II *Legal framework*

2.1 Legal basis for establishment of DMFs

Based on the amendment of the MMDR Act 1957 and introduction of Section 9B, the Government of Odisha (GoO) framed (18 August 2015) the Odisha District Mineral Foundation (ODMF) Rules, 2015 to regulate the composition, functions and manner of working of the DMFs. These rules included various provisions related to composition of DMF Board of Trustees (BoT), Executive Committee (EC), provisions for collection of Trust funds, operations, expenditure, Accounts and Audit *etc*.

2.2 Composition and functions of DMF Boards of Trustees and Executive Committees

There was to be constituted for each District of Odisha a Board of Trustees to be known as the District Mineral Foundation for the said District. The Board would have overall control and monitoring over the management and functioning of the Trust. It had powers to approve the annual budget and action plan for the Trust. The Board would also decide the priority areas and sectoral allocation, besides approving the Master/ Perspective Plans. The Board was to meet at least twice in a financial year.

The DMF Board of Trustees (BoT) was to consist of members; namely: (i) Revenue Divisional Commissioner or Collector, as may be decided by the Government, who shall be its Chairperson; (ii) Collector, if he is not the chairperson (iii) Additional District Magistrate; and (iv) district level officers of Steel and Mines, Forest and Environment, Rural Development, Works, Schedule Tribe and Schedule Caste Development and Health and Family Welfare Departments and of such other Departments as the Government may specify, as members; (v) Each Member of the Lok Sabha and Odisha Legislative Assembly (OLA) in whose constituency any major mineral concession is situated, shall be ex-officio members of the DMF Board; (vi) A member of the Zilla Parishad and not exceeding three members of the Panchayati Raj Institutions (PRI) or, Urban Local Bodies (ULBs) from the area in which any major mineral concession was situated would be nominated by the Government as members. Besides the above, the Project Director (PD), District Rural Development Agency (DRDA) or such other person as may be decided by the Government would be the Chief Executive Officer (CEO) of the Trust.

Similarly, the Executive Committee (EC) of the Trust would consist of the following members, namely: the Collector, who shall be the Chairperson; District level officers of Rural Development, Works, Forest and Environment and Steel and Mines Departments as members; and the PD, DRDA as member and the CEO of the Trust. The EC was responsible for monitoring the day-to-day management and supervision of the activities of the Trust including award of works and payments therein, project supervision, preparation of perspective plan, budget *etc.* The EC was to meet at least once every quarter and more frequently, if required.

2.3 Provisions for DMF contributions

The mine leaseholders must deposit DMF contribution in the designated bank accounts of DMF Trust (DMFT), paying 10 *per cent* of the royalty for leases granted through auction after 12 January 2015, and 30 *per cent* in respect of other leases. Further, in case of leases granted under Section 10(A)(2)(c) of the Act, DMF contributions at the rate of 30 *per cent* of royalty was applicable with effect from 28th March 2021, as per notification of Ministry of Mines, GoI (25 June 2021). In case of minor mineral, the applicable rate of DMF contributions was 10 *per cent* of the royalty for auctioned cases and 30 *per cent* of the royalty for non-auctioned cases.

2.4 Assessment and collection of DMF contributions

Under Section 9 (B) of MMDR Act, 2015 (as amended) read with Rule 9 and 18 (1) of ODMF Rules, 2015, every lessee was to remit the DMF contribution at the prescribed rate into the bank account of the DMF of the district, on the same day on which the royalty was payable to the Government. The lessee was also to intimate the officer concerned regarding payment of DMF contribution. Further, according to Rule 18 (2) of ODMF Rules, 2015, the competent authorities (*viz*., Deputy Directors of Mines, Mining Officers, Divisional Officers/ public works authorities) were authorised to collect royalty and maintain a register of the amount payable and paid to the DMFs by each lessee. The competent authorities were also responsible for furnishing the monthly consolidated statement thereof to the Chief Executive Officer of the Executive Committee of DMF at the end of every month.

2.5 Provisions for utilisation of DMF funds in compliance with PMKKKY Guidelines

In compliance with the PMKKKY Guidelines, the ODMF Rules were amended in January 2016, February 2016 and September 2018 to incorporate the overall objectives of PMKKKY as listed below:

(a) to implement various developmental and welfare projects/ programs in mining affected areas, wherein these projects/ programs would aim to complement the existing schemes/ projects of the State and Central Government;

(b) to minimise/ mitigate adverse impacts of mining on the environment, health and socio-economic living conditions of people in mining districts; and

(c) to ensure long-term sustainable livelihoods for affected people in mining areas.

As per the PMKKKY Guidelines issued (September 2015) by the Ministry of Mines, GoI the funds available could be utilised for the following kinds of main activities:

- **High Priority areas**

At least 60 *per cent* of PMKKKY funds were to be used for high priority areas such as drinking water supply, environment preservation and pollution control measures, health care, education, welfare of women and children, welfare of aged and disabled people, skill development for livelihood support, income generation and economic activities for local eligible persons; and sanitation.

- **Other Priority areas**

Similarly, up to 40 *per cent* of the PMKKKY funds were to be utilised for other Priority areas such as: creation of physical infrastructure like roads, bridges, railways and waterways projects, developing alternate sources of irrigation, adoption of suitable and advanced irrigation techniques, development of alternate sources of energy (including micro-hydel) and rainwater harvesting system, development of orchards, integrated farming and economic forestry and restoration of catchments. Besides, any other measures for enhancing environmental quality in mining district could also be taken up under this category.

Further, GoI revised the PMKKKY guidelines with effect from 15 January 2024 which was incorporated in the ODMF (Amendment) Rules 2024 effective from 06 May 2025.

GoO issued (October 2017) 'Institutional Mechanism' for planning and allocation of DMF funds, for the permissible activities as well as preparation of project proposals by the line departments through local level consultation. Similarly, GoO issued (August 2020) an Office Memorandum on fund flow for implementation and monitoring of DMF projects, wherein, the roles and responsibilities of DMFs and executing agencies, financial terms and conditions, and other conditions were elaborated.

2.6 Provisions for Accounts and Audit of DMF funds

As per Rule 14 of ODMF Rules, 2015, the accounts of the Trust shall be maintained in accordance with such accounting procedure as the Government may notify in the official gazette. The investments from the funds of the Trust shall be made in accordance with such guidelines as the Government may notify in the official gazette.

Similarly, as per Rule 15 of rules *ibid,* the accounts of the Trust shall be audited every year by the Chartered Accountant appointed by the Board, or in such other manner as the Government may specify, and the report thereof shall be placed in the Board alongwith the Annual Report and shall also be placed in the public domain.

As per para 9 of PMKKKY revised (15 January 2024) guidelines and Rule 15 (a) of ODMF (Amendment) Rules, 2024 (06 May 2025), the accounts of the DMF shall be audited by the Comptroller and Auditor General (CAG) of India as per the schedule decided by the CAG.

Chapter – III

Collection of DMF Contributions

Chapter - III *Collection of DMF contributions*

3.1 Provisions for collection and remittance of DMF contributions to DMFs

Under Section 9(B) of MMDR Act, 2015 (as amended) read with Rule 9 and 18 of ODMF Rules, 2015, every lessee was to remit the DMF contribution at the prescribed rate into the bank account of the DMF of the district, on the same day on which the royalty was payable to the Government. The lessee was also to intimate the officer concerned regarding payment of DMF contribution. As per applicable rules, competent authorities (*viz.*, Mining Officers, Divisional Officers/ public works authorities) were authorised to collect royalty and maintain a register of the amount payable and paid to the DMFs by each lessee. The competent authorities were also responsible for furnishing the monthly consolidated statement thereof to the Chief Executive of the Executive Committee of DMF at the end of every month.

3.2 Assessment, demand and collection of DMF contributions

Audit test checked assessment records related to both major and minor minerals in the six sampled districts. Audit findings based on this test-check have been discussed in the following paragraphs.

3.2.1 Short collection of DMF contributions

Section 9B (5) of MMDR Amendment Act, 2015 provides that the holder of a mining lease granted on or after the date of commencement of the Act, shall, in addition to the royalty, pay to the District Mineral Foundation an amount which is equivalent to such percentage of the royalty as may be prescribed by the Central Government. As per notification of the Ministry of Mines, GoI (17 September 2015) DMF contribution shall be paid at the rate of 10 *per cent* of the royalty in respect of mining leases granted on or, after 12 January 2015 and 30 *per cent* of the royalty paid in respect of mining leases granted before 12 January 2015. Further, leases granted under sub-Section 10(A)(2)(c)[9] of the Act, were liable to contribute 30 *per cent* of the royalty with effect from 28 March 2021 (Notification of 25 June 2021 of Ministry of Mines).

Rule 45 of Mineral Conservation and Development Rules (MCDR), 1988 provides that the owner of every mine engaged in trading or storage or end-use or export of minerals mined in the country, shall cause himself to be registered with the Indian Bureau of Mines (IBM). For the purposes of reporting and correspondence connected therewith and monthly returns shall be submitted before the 10th of every month in respect of preceding month in the prescribed Form. The IBM issues State-wise Average Sale Price (ASP) of minerals by Grades to be used by the mine owners/ lease holders.

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9 Cases where approval for grant of mining lease has been communicated before the commencement of MMDR Amendment Act, 2015 and lease was granted after amendment of the Act.

- During scrutiny of lease files and DMF assessment records in seven test checked mining circles, Audit noticed that in Joda mining circle, two mine leases[10] were granted under section 10A(2)(c) of the MMDR (Amendment) Act, 2015. However, DMF contribution was assessed at the rate of 10 *per cent* instead of 30 *per cent* of the royalty during the year 2021-22 resulting in short collection of DMF contribution amounting to ₹6.13 crore.
- In case of two other mines[11] of the same circle, DMF contribution was assessed and collected during two quarters (October-December 2016 and January-March 2017) on the basis of provisional royalty assessment orders. After publishing of ASP of minerals by the IBM, the assessing authorities re-assessed (March and June 2017) the royalty at the prescribed rates. However, the DMF contribution was not re-assessed to incorporate the increase due to change in IBM rates. This resulted in short collection of DMF contribution amounting to ₹4.27 crore.

Thus, incorrect assessment by DDMs resulted in short collection of DMF contribution of ₹10.40 crore as detailed in ***Appendix-II***.

In reply, the Government stated (January 2026) that collection of DMFs contribution from mining leases shall be strictly in accordance with the provisions of the ODMF Rules, 2015.

However, as noted by Audit the assessment of DMF contribution at lower rate and non-assessment of increased rates of IBM, resulted in short collection and loss to Government.

3.2.2 Non-levy of interest on delayed payment of DMF contribution

Under Rule 64(A) of the Mineral Concession (MC) Rules 1960, a State Government may charge simple interest at the rate of 24 *per cent* per annum on any royalty due to the Government from the sixtieth day of the expiry of the date fixed by the State Government until payment of such royalty is made. Further, based on a judgement of the Supreme Court of India in case No. WP(C) 43/2016, dated 13 October 2017, those holders of mining leases who had not made full contribution to DMF funds, were allowed to pay the dues by 31 December 2017 failing which interest was leviable on delayed payment at the rate of 15 *per cent* per annum from the due date.

Scrutiny of DMF assessment records revealed that in three mining circles[12] mining leaseholders of 11 mines had paid arrears of DMF contributions during September 2021 to December 2024 with a delay ranging from 23 to 2,474 days[13] from the due date of payment. It was observed that the interest

[10] Khandbandh Iron ore Mine to M/s. Shree Metallics Limited and Nayagarh Iron ore Mine to M/s. K.C. Pradhan

[11] (i) Thakurani Iron mines of M/s. Kaypee enterprises, , (ii) Jurudi Iron Ore Mines of M/s. Kalinga Mining Corporation

[12] DDMs, Baripada, Keonjhar, Joda

[13] Suleipat iron ore mines under Baripada Circle-7 years, Khandbandh and Nayagarh Iron ore mines under Joda Circle – 3 years each

at the rate of 24 or 15 *per cent* as applicable for such periods of delay was neither levied by the Assessing Authorities (AA), nor the concerned lessees had paid resulting in non-levy of interest of ₹9.33 crore as detailed in ***Appendix-III.***

In reply, the Government stated (January 2026) that collection of DMFs contribution from mining leases shall be strictly in accordance with the provisions of the ODMF Rules, 2015.

However, as seen during audit, interest at the prescribed rates on delayed payment of DMF contribution was neither paid by the lessees nor levied by the AA, resulting in non-levy of interest.

3.2.3 Non-reconciliation of variations in DMF remittance and collection as recorded in other related records

Rule 18 (1) and (2) of Odisha DMF Rules 2015 stipulates that every lessee shall remit the DMF amount payable into the credit of such bank account as the Trust may specify, under intimation to the officer to whom the royalty is payable. Further, every such officer, authorised to collect royalty shall maintain a register of the amount payable and paid by each lessee and furnish a monthly consolidated statement to the Executive Committee of the concerned DMF, at the end of every month. Further, Rule 15 of ODMF Rules, 2015 provides that every year the accounts of the DMF shall be audited by a Chartered Accountant appointed by the Board and the report along with the Annual Report thereof should be placed before the Board and in public domain.

3.2.3.1 Cross verification of DMF receipts as per assessment records in seven test checked DDMs, with the audited accounts of the concerned DMFs, revealed discrepancies in the amount accounted for. Audit noticed that in Koira (Sundargarh district) and Joda (Keonjhar district) mining circles, the DMF assessment records in respect of 17 lessees showed that these lessees had paid an amount of ₹927.28 crore to the DMFs of Sundargarh and Keonjhar districts as DMF contributions during the period between 2016-17 and 2023-24[14]. However, the audited accounts of DMFs of Sundargarh and Keonjhar for the related years, showed receipt of DMF contributions from these lessees as ₹886.54 crore. This indicated variations of ₹40.74 crore between the receipts shown in audited accounts of DMFs and DMF contributions paid as per assessment records as detailed in ***Appendix-IV***. This variation was not reconciled till the date of audit (March 2025). There was ample scope of short deposit by the lessees to prevent which, the concerned DDMs were required to take suitable action.

3.2.3.2 As per rule 18(2) of ODMF Rules, 2015 read with rule 2(c) of OMMC Rules 2016 the officers of the DoMG were authorised to collect royalty and maintain a register of the DMF contribution amounts payable and paid by each lessee. Audit noticed that the authorised officers had not maintained any register of the amount payable and paid by each lessee for the

[14] Different years during the period from 2016-17 to 2023-24

period 2015-24. In addition, they had also not furnished the monthly consolidated statement of amount received as DMF contribution to the Executive Committee at the end of every month. Analysis of DMF payment particulars available in i3MS[15] and receipt details as maintained by DMFs in DMF databases, revealed the following discrepancies:

- ***Doubtful remittance of DMF funds***: Scrutiny of DMF payment particulars available in i3MS of sampled DDMs revealed that in 39 cases involving nine lessees, in three out of the six sampled DDMs, the lessees had deposited ₹14.92 crore towards payment of DMF contributions in the concerned DMFs' accounts. However, in support of the payments, the lessees had uploaded irrelevant documents such as NMET challan slip, assessment order, *etc*. in lieu of uploading scanned copies of e-receipt/ counterfoil of deposit slip in PDF format into the i3MS. Without ensuring the genuineness through cross verification and relevance of the supporting documents, DDMs had accepted the payments and issued transit passes for transportation of the minerals. In the absence of relevant supporting documents towards payment of DMF contributions, Audit could not vouchsafe the genuineness of the payments as uploaded in i3MS.

  Thus, due to non-verification of the genuineness of payment records every month by DDMs as stated in the circular of DoMG (2016) and non-reconciliation of the amounts remitted but not credited in bank accounts as per rule 18 of the ODMF Rules, there was doubtful remittance of DMF funds amounting to ₹14.92 crore as detailed in ***Appendix-IV(A).***

In reply, the Government stated (January 2026) that reconciliation is an ongoing process, and that it had stressed on timely reconciliation between DMF receipts and corresponding Bank accounts by engaging Chartered Accountant Firms. However, Audit noted that non-verification of the genuineness of payment records every month by DDMs resulted in doubtful remittance of DMF contributions.

- ***Suspected short remittance of DMF contributions***: Scrutiny of payment particulars in respect of DMF contributions available in i3MS for the period 2015-24 revealed that in nine cases, six lessees under two DDMs[16] had deposited an amount of ₹7.09 crore towards DMF contributions. The lessees had uploaded the documents (scanned copies of e-receipt/ counterfoil of deposit slip in PDF format) in i3MS in support of the remittances, which were approved by the DDMs. However, it was noticed from DMFs bank statements that the lessees had deposited only ₹5.52 crore against the amount of ₹7.09 crore as shown in ***Appendix-IV(B)***.

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15 Integrated Mines and Mineral Management System or i3MS is the system designed to automate all processes as per the Central Acts and State Rules and also shares data in real time with Ports, Railways, Commercial Tax, Income tax, Treasury and Surface transport database *etc*. Also, the system facilitates multiple departments to play their respective part in updating valuable information that helps in curbing down any illegality/ irregularity.

16 Rourkela and Joda

Thus, this indicates that the DDMs had approved the payment without verifying the genuineness and relevance of the supporting documents and issued transit passes for transportation of minerals resulting in suspected short remittance of DMF contributions of ₹1.57 crore and loss to the State Exchequer as detailed in ***Appendix-IV(B).***

In reply, the Government stated (January 2026) that reconciliation is an ongoing process, and they had stressed on timely reconciliation between DMF receipts and corresponding Bank accounts by engaging Chartered Accountant Firms.

The reply is not satisfactory as Audit noted that non-verification of the uploaded documents in i3MS and issue of transit passes by the DDMs resulted in suspected short remittance of DMF contributions.

It may be pertinent to mention that during the period 2019-23, in 13 cases involving three lessees in two DDMs[17], Audit noted that the DMF contribution of ₹11.06 lakh was recorded to be deposited in the bank accounts of the concerned DMFs, as per i3MS data. However, the same was not found to be credited into the bank accounts of the concerned DMFs. After this was pointed out by Audit (August and September 2025), the lessees immediately deposited the amount in the same months to the concerned DMF bank accounts. Although the recovery was made at the instance of Audit, it indicated systemic deficiency and non-reliability of the i3MS data.

Non-reconciliation of variations by the DDMs between different sets of information (*viz*., i3MS data and DMFs Bank statements) with regard to payment of DMF contributions by the lessees, resulted in suspected non-collection of ₹16.49 crore and possible loss to the State Exchequer.

In reply, DDM, Joda stated (November 2025) that the lessees had been directed to pay the short deposited DMF amount. The replies of other DDMs were awaited (January 2026).

3.2.4 Non-adherence of extant rules/ instructions led to non/ short recovery of DMF contributions by Works Department

Rule 9 (2) and (3) of ODMF Rules, 2015 provides that all holders of minor mineral leases shall, in addition to the royalty, pay DMF contributions on the same day on which such royalty was payable to the Government (a) an amount equal to 30 *per cent* of the royalty, if the lease has not been granted through auction or (b) 10 *per cent* of the royalty, if the lease has been granted through auction. Further, as per Rule 58 (1) (4) (5) of OMMC Rules, 2016, no authority in-charge of execution of public work shall pass any bill for reimbursement of royalty paid on any minor mineral unless the person claiming such reimbursement produces a valid transit pass. In case the executant fails to produce transit pass and money receipt in support of the payment of royalty, the public works authority shall deduct the royalty and remit it to the Government account in the Government Treasury. The Revenue

[17] Baripada and Koira

and Disaster Management Department clarified (November 2022) that the works and engineering departments may realise the DMF contributions on the minor minerals used in the projects.

During scrutiny of Running Account (RA) bills of contractors in 23 Divisions of Works Department in five sampled districts, with the VLC data [obtained from Office of the Pr. Accountant General (A&E), Odisha] in respect of the period 2022-24[18], Audit observed that the concerned Divisional Officers had recovered royalty from the RA bills of contractors due to non-submission of necessary Transit Passes (TPs) appended to the Running Account (RA) bills in support of the supply and use of minor minerals. As non-submission of necessary TPs implied procurement of minor minerals from unauthorised sources (*i.e.,* non-auctioned quarries), hence, DMF contribution at the rate of 30 *per cent* of the royalty along with the royalty amount was to be recovered from the contractors' bills.

Audit noticed that in 17 out of 23 test checked public works divisions, the Divisional Officers had recovered the DMF contributions at the rate of 10 *per cent* of royalty instead of the applicable 30 *per cent*. In the remaining six test checked Divisions, the Divisional Officers did not recover the DMF contributions from the RA bills pertaining to the period 2022-24 as summarised in **Table 3.1**.

Table 3.1: Details of non/ short-recovery of DMF contributions from the RA Bills by 23 Divisional Officers

(₹in lakh)

No. of Divisions	Year	Royalty recovered	DMF contributions		
			Recoverable (30% of royalty)	Recovered	Short recovered
17 Divisions	2022-23	4,747.59	1,424.28	0.00	1,424.28
	2023-24	10,275.45	3,082.63	169.85	2,912.78
6 Divisions	2022-23	139.02	41.70	0.00	41.70
	2023-24	197.74	59.32	0.00	59.32
Total		**15,359.80**	**4,607.93**	**169.85**	**4,438.08**

Source: Compiled by Audit from the information furnished by Divisions

Thus, non-compliance with extant rules/ departmental instructions, by the Divisional Officers, resulted in non-collection of DMF contributions amounting to ₹44.38 crore in 23 divisions during 2022-24, as detailed in ***Appendix-V.***

In reply, the Government stated (January 2026) that the challenges persist in the case of minor minerals as it was previously under R&DM Department, GoO. However, as observed, non-compliance with extant rules/ departmental instructions by the Divisional Officers resulted in non-collection of DMF contributions.

[18] The period up to 2021-22 has been covered in C&AG Report No.12 of the year 2024 on Performance Audit of 'System and Controls in Assessment and Collection of Revenue from Minor Minerals for the year ended March 2022', Government of Odisha.

3.2.5 Short assessment of DMF contributions on excess extraction of minor minerals

Rule 32 (4) of the Odisha Minor Mineral Concession Rules 2016 provides that in case the extraction of minor minerals exceeds the Minimum Guaranteed Quantity (MGQ), such mineral can be removed from the lease area only after payment of royalty, additional charge, contribution payable to DMF *etc*.

Audit noticed that the Tahasildars/ Mining Officers, after conducting drone surveys and inspections, noticed that in 11 quarries under four Mining Offices (Minor Minerals)[19], the lessees had extracted the minor minerals (Black stone) of 25,92,348 cum. during 2015-24, which was in excess of the quantity permitted in the Mining Plans. In nine cases, the concerned officers (Tahasildar/ Mining Officer) raised demand (2023-24) for payment of royalty and other dues including DMF contributions. However, in the remaining two cases, neither any demand for royalty or DMF contributions *etc*., was raised nor was any other action taken. Further, Audit also observed that in all the cases of unauthorised/ excess extraction in these 11 quarries, DMF contributions were to be assessed and demanded at the rate of 30 *per cent* of the royalty payable in accordance with Rule 9(2) of OMMC Rules, 2016, as the extraction was not covered under lease provisions. The short/ non-assessment therefore resulted in short demand of DMF contribution of ₹9.06 crore in these 11 quarry leases as detailed in ***Appendix-VI.***

In reply, the Government stated (January 2026) that collection of DMFs contributions from mining leases shall be strictly in accordance with the provisions of the ODMF Rules, 2015.

The reply is not tenable as audit observed that short assessment of DMF contributions on excess extraction of minor minerals had resulted in short collection and loss to the Government.

3.2.6 Short collection of DMF contribution on excess extraction of sand and stone under quarry permits

Rule 9 (2) of ODMF Rules, 2015 provides that all holders of minor mineral leases shall, in addition to the royalty, pay DMF at the rate of 30 *per cent* of the royalty, if the lease has not been granted through auction or 10 *per cent* of the royalty, if the lease has been granted through auction.

Scrutiny of lease records revealed that 26 quarry permits[20] in respect of eight quarries under four Mining Offices[21] for mining of 1,72,904 cum of minor minerals were granted during 2020-21 to 2023-24 to the project proponents for public purposes under Rule 34 of OMMC Rules 2016[22]. The concerned

[19] Jajpur, Keonjhar, Baripada and Nabarangpur

[20] Quarry permits are granted for a period of three months and may be extended upto one year for procuring minerals to be used in the Government works.

[21] Keonjhar, Dhenkenal, Nabrangpur and Baripada

[22] An application for grant of quarry permit shall be made to the Competent Authority in Form-Q and shall be accompanied by requisite documents, provided that no quarry permit shall be granted to anybody other than the State Agencies or Project Proponents for public purposes.

Mining Officers assessed and collected DMF contribution of ₹37.65 lakh at the rate of 10 *per cent* instead of ₹91.38 lakh at the rate of 30 *per cent* of the royalty payable in those cases since these quarry permits were granted on non-auction basis for which the rate of DMF contributions was 30 *per cent* under Rule 9(2) of OMMC Rules 2016. This resulted in short assessment and collection of DMF contributions amounting to ₹53.73 lakh as detailed in ***Appendix-VII***.

In reply, the Government stated (January 2026) that collection of DMFs contributions from mining leases shall strictly be in accordance with the provisions of the ODMF Rules, 2015. However, Audit noticed that in some cases of 2023-24 the concerned officers had demanded/ collected DMF contributions for the excess extracted quantity, at the rate of 30 *per cent*, which corroborated the audit observation.

Chapter – IV

Planning and institutional arrangement for the management of DMFs

Chapter - IV *Planning and institutional arrangements for the management of DMFs*

As per PMKKKY guidelines, the objective behind setting up the DMFs was to safeguard the interests of, and to benefit persons and areas affected by mining or mining related operations. Audit observed that improper planning by the DMFs resulted in shortcomings in identifying affected areas, affected people, shortcomings in allocation of funds, implementation of projects, besides cases of idle and infructuous expenditure, non-utilisation of assets created *etc.,* as discussed in the following paragraphs:

4.1 Non-notification of accounting procedure and investment guidelines

As per the Rule 14(1) and (2) of the ODMF Rules, 2015 the accounts of the Trust shall be maintained in accordance with such accounting procedure as the Government may notify in the official gazette. The investments from the funds of the Trust shall be made in accordance with such guidelines as the Government may notify in the official gazette.

Audit noticed that the GoO had not notified the accounting procedure to be followed by the DMFs of the State for maintenance of accounts in respect of the collection and utilisation of DMF contributions. GoO circulated (October 2017) among all the departments and DMFs, the Institutional Mechanism for implementation of Programmes/ Schemes/ Projects/ Works out of DMF Trust Funds. Further, an Office Memorandum was issued (August 2020) to lay down the procedure for flow of funds, accounting, reporting and monitoring of projects/ works/ schemes executed through Line Departments under their administrative control, but as noted above, the detailed accounting procedures, format of accounts were not notified. Similarly, no investment guidelines for investment of the surplus funds of DMFs were issued by the GoO.

4.2 Non-preparation of annual action plans and perspective plans

As per Rule 6(2)(f) of ODMF Rules, 2015 the EC shall be responsible for preparation of Perspective Plan, budget *etc.,* for approval of the Board and as per Rule 5(1)(a)(b) rules *ibid*, the Board of Trust shall be responsible for the approval of annual budget and action plan, Perspective Plan or Master plan.

Scrutiny of records and information furnished by the selected six DMFs, revealed that during 2015-16 to 2023-24, ₹22,568.17 crore was collected towards DMF contribution including interest, and 17,435 projects worth ₹20,947.52 crore had been sanctioned out of DMF funds but without the preparation of Perspective Plan and Master plan.

Thus, non-preparation of Perspective and Master plans resulted in non-execution and non-completion of projects in a timely, planned manner. Except

2023-24, during 2015-23, 12,992 projects worth ₹16,681.82 crore were sanctioned, out of which 3,350 projects with sanctioned cost of ₹10,964.21 crore were on-going, 543 projects with sanctioned cost of ₹257.70 crore could not be started and 42 projects with sanctioned cost of ₹108.55 crore were dropped/ cancelled after spending of ₹60 lakh as of March 2024.

In reply, the Government stated (January 2026) that Annual Action Plans and long-term Perspective Plans have not been prepared by the major DMFs. It was also added that all DMFs have been directed to prepare Annual Action Plans along with Perspective Plans, reflecting the long-term developmental vision for DMFs.

4.3 Deficiencies in identification of affected areas, affected people, priority sectors

Para 11(1) and (2) of ODMF Rules, 2015, stipulated that the DMF of each district would identify, prepare and maintain a list of directly and indirectly affected areas[23] and affected people. In this exercise, as instructed by the P&C Department in the circular (16 October 2017) prescribing "Institutional Mechanism for implementation of Programmes/ Schemes/ Projects/ Works out of DMF funds", all Collectors and Chairperson-cum-Managing Trustees of DMF Trusts may take assistance of the Odisha Space Application Centre (ORSAC) to identify, prepare and maintain a list of directly affected areas for preparation of Geographic Information System (GIS) based map of the directly affected areas which is to be displayed in the DMF website for information to public.

Scrutiny of records and information furnished by the selected six DMFs revealed irregularities in identification of affected areas and affected people as discussed below.

4.3.1 Delay in identification of affected areas

In five DMFs[24] out of the six test-checked, identification of directly and indirectly affected areas was done during the period August 2016 to August 2018 with delays ranging between seven to 30 months[25] from the date of establishment of DMFs (between January 2016 and February 2016). In case of the sixth DMF *i.e.,* Nabarangpur, no identification and notification of the list of affected areas in the district was carried out. The delay in identification of directly and indirectly affected areas resulted in delays in planning,

[23] ***Directly affected area:*** where direct mining related operations such as excavation, mining, blasting, beneficiation and waste disposal are located; and
Indirectly affected area: where local population is adversely affected on account of economic, social and environmental consequences due to mining-related operations such as deterioration of water, soil and air quality, reduction in stream flows and depletion of ground water, congestion and pollution due to mining operations, transportation of minerals, increased burden on existing infrastructure and resources.

[24] Jajpur, Keonjhar, Mayurbhanj, Sundargarh and Dhenkanal

[25] Mayurbhanj-30 months, Dhenkanal-29 months, Sundargarh-21 months, Keonjhar-19 months and Jajpur-7 months

implementation and completion of projects in the areas under these DMFs, as discussed in subsequent paragraphs.

With regard to updation of the lists of directly and indirectly affected areas with the assistance of ORSAC, Audit noticed that only two DMFs namely, Keonjhar and Sundargarh had updated their list by using the services of ORSAC, that too with delays ranging between 61 and 62 months respectively from the date of issue of instructions.

Thus, due to delays in identification of affected areas in the districts, prescribed ratio of implementation of projects in directly affected areas (60 *per cent*) and indirectly affected areas (40 *per cent*); and the overall planning and implementation of the developmental projects for welfare of the affected people were also delayed.

In reply, the Government stated (January 2026) that in DMF Jajpur, ORSAC has been asked in April and May 2025 to identify affected villages. In case of Keonjhar and Sundargarh, ORSAC had furnished the list of affected villages in November 2017 and October 2022 which has been approved by the DMFs. However, as pointed out by Audit, it is a fact that delay in identification of affected villages, delayed the planning and implementation of welfare projects in these areas.

4.3.2 Non-identification of affected people

Under Rule 11(1) and 11(3) of ODMF Rules, DMF of each district had to identify, prepare and maintain a list of affected people. This was to be done to ensure long term sustainable livelihood projects for affected people due to mining activities. During the period 2015-24, only one (Jajpur) out of the six test-checked DMFs had identified the affected people while others had not identified people affected either directly or indirectly by the mining operations. Thus, due to non-identification of affected people, rehabilitation and resettlement of such people could not be ensured by the DMFs and uploaded on the website for information to the public.

In reply the Government stated (January 2026) that the process of identification of affected people is ongoing.

4.3.3 Non-creation of Endowment Fund for providing sustainable livelihood support to affected people

As per Rule 11A(10) of ODMF Rules, 2015, a reasonable sum of the annual receipts of DMF as decided by the Board, may be kept as an endowment fund for providing sustainable livelihood to affected people.

Scrutiny of records in the six test-checked districts revealed that the DMFs had not created the required endowment funds from the amount of ₹20,795.51 crore received as DMF contribution and ₹1,772.66 crore received as interest earned on unspent balances during the period 2015-16 to 2023-24. The Government also had not issued any appropriate directions/ notifications outlining the modalities for creation of endowment funds by DMFs. Non-creation of endowment funds by the respective DMFs, defeated the purpose of providing sustainable development for livelihood support to the affected and displaced people, which is one of the important objectives of PMKKKY.

In reply the Government stated (January 2026) that a committee has been formed to recommend the modalities for creation and utlisation of endowment funds. However, the fact remains that the endowment funds to take up measures and schemes for the welfare of affected people had not been created by the DMFs, despite lapse of 10 years since the implementation of the Scheme.

4.3.4 Non-identification of affected people for resettlement and rehabilitation of families displaced by mines

For the purpose of resettlement and rehabilitation of the people affected by the mining operations, Rule 11(3) of ODMF Rules 2015 provides that the DMF Boards were to identify, prepare and maintain a list of affected people which include affected families, displaced families and the people who have legal and occupational rights over the land being mined including the people with usufruct traditional rights *i.e.,* for grazing, collection of minor forest produce *etc*.

None of the six test-checked DMFs, except Jajpur, had identified, prepared and maintained a list of families displaced by mines which were to be resettled or rehabilitated. DMF, Jajpur had identified only 18 affected families under Kaliapani GP of Sukinda Block, during 2023-24 and sanctioned ₹90 lakh for construction of houses in the Sukrangi village identified for their resettlement and rehabilitation. Although the funds were released (11 October 2023) to BDO, Sukinda, but houses were not constructed till January 2026 for these affected families, which indicated that the affected families had not been rehabilitated even after lapse of two years from the date of release of funds.

Non-identification of the affected people by the five test-checked DMFs indicate that no welfare activity for the resettlement and rehabilitation of the displaced families was taken up in these districts. Further, despite identification of displaced families by DMF, Jajpur, houses have not been constructed for rehabilitation of these people, which indicated the non-preparedness of the DMF.

Accepting the audit observation, the Government stated (January 2026) that in the major mining affected districts, the DMFs will identify, prepare and maintain a list of affected people for resettlement. However, as highlighted by Audit, this action should have been taken immediately after the establishment of the DMFs.

4.3.5 Planning and implementation of projects in non-affected villages

As per Rule 10(D) of ODMF Rules 2015, not more than 40 *per cent* of funds were to be utilised for taking up activities in the indirectly affected areas. In other words, 60 *per cent* or more funds were to be utilised for activities in the directly affected areas. However, the Rules did not provide for utilisation of DMF funds for projects in the non-affected areas.

Scrutiny of records and information furnished by the two DMFs[26] revealed that 9,739 projects worth ₹17,926.79 crore were sanctioned during 2015-16 to 2023-24. Out of this, expenditure of ₹983.32 crore was made towards implementation of 2,224 projects such as Construction of bridges; Lift irrigation projects; Expansion of single lane road to intermediate lanes; Construction of staff quarters; Construction of block level mini stadium; Construction of additional classrooms, smart learning labs, science labs, boundary walls, toilets in high schools; Digitalisation of hospitals, *etc.,* in 976 non-affected villages. Instead of executing these projects from the State budget, these projects were planned and implemented in non-affected villages by the respective DMFs while in 488 directly affected villages and 96 indirectly affected villages no project through DMF funds was implemented. As a result, people of these villages were deprived of the benefits of the DMF funds as detailed in ***Appendix - VIII***.

During JPV conducted in three directly affected villages[27] under two Blocks[28] of two DMFs, it was found that 49 projects were proposed by the Gram Sabha and communicated to the respective BDOs during 2016-17 to 2022-23. However, not a single project out of these proposals was implemented in these directly affected villages. Audit did not find any reasons on records for rejection/ non-implementation of the projects proposed by the stakeholders.

In reply, the Government stated (January 2026) that in Hemgir block, 622 projects were sanctioned based on priority accorded by the DMF Sundargarh, and 12 projects were implemented in larger public interest at the block level. Further, DMF, Keonjhar, has prioritised the implementation of key projects in directly mining-affected villages to ensure sustainable development and improved quality of life for the affected communities.

However, Audit noticed that in 488 numbers of directly and 96 indirectly affected villages, no projects were implemented through DMF funds whereas 2,224 projects were implemented in non-affected villages.

4.3.6 Disproportionate utilisation of funds between directly and indirectly affected areas

As per rule 10(D) of ODMF Rules, 2015, not more than 40 *per cent* of the funds may be utilised for taking up activities in the indirectly affected areas.

Scrutiny of records and information furnished by selected six DMFs revealed that ₹20,947.52 crore was sanctioned for implementation of projects in

26 DMFs of Keonjhar and Sundargarh. DMF, Nabrangpur has not identified affected areas and there were no such cases of project implementation in non-affected areas depriving affected areas in case of DMFs of Jajpur, Dhenkanal and Mayurbhanj.

27 Ostali and Biswanathpur village (JPV on 27.11.2024) under Hemgir GP and Hemgir Block of Sundargarh District and Lata village (JPV on 09.04.2025) under Karangadihi GP under Banspal Block under Keonjhar Block.

28 Hemgir Block of Sundargarh district and Banspal Block of Keonjhar district.

directly and indirectly affected areas during 2015-16 to 2023-24, out of which ₹13,160.84 crore was released and ₹10,104.28 was utilised as detailed in **Table 4.1**.

Table 4.1: Details of DMF funds utilised in directly, indirectly and "common" affected areas

Sl. No.	Name of the DMFs	Funds Sanctioned	Funds Released	Funds Utilised	Funds utilised (₹ in crore) /(*Percentage*)		
					Directly affected areas	Indirectly affected areas	Common affected areas
1	Jajpur	2,848.77	1,514.89	1,164.43	426.11 (36.60%)	507.02 (43.54%)	231.30 (19.86%)
2	Keonjhar	9,733.37	5,701.34	4,410.10	2,395.71 (54.32%)	661.61 (15.01%)	1,352.78 (30.67%)
3	Mayurbhanj	109.17	98.64	85.99	72.26 (84.03%)	13.73 (15.97%)	0.00 --
4	Sundargarh	8,193.42	5,788.32	4,386.71	2,583.67 (58.90%)	808.38 (18.43%)	994.65 (22.67%)
5	Dhenkanal	61.62	56.48	55.89	Directly and Indirectly affected areas not identified by these DMFs.		
6	Nabrangpur	1.17	1.17	1.17			
	Total	**20,947.52**	**13,160.84**	**10,104.28**	**5,477.75**	**1,990.72**	**2,578.73**

(Source: Information furnished by the DMFs)

As can be seen from the table that:

- In DMF, Jajpur, an amount of ₹1,164.43 crore was utilised, out of which ₹507.02 crore (43.54 *per cent*) was utilised in indirectly affected areas which exceeded the prescribed limit of 40 *per cent* in deviation to ODMF Rules without any justification. Further, as against the prescribed provision of 60 *per cent* of total utilisation of ₹1,164.43 crore, an amount of only ₹426.11 crore (36.60 *per cent*) was utilised for implementation of projects in directly affected areas.
- In DMFs, Keonjhar and Sundargarh, although the utilised amount was below the threshold limit of 40 *per cent* in Indirectly affected areas, 30.67 *per cent* and 22.67 *per cent* of the sanctioned amount respectively was shown to have been spent under a new category called "Common affected areas" which was not defined in the ODMF Rules or in the PMKKKY guidelines. Addition of amount spent in such areas to the amount utilised for Indirectly affected areas, increased it beyond the stipulated limit to 45.68 *per cent* in DMF, Keonjhar and 41.10 *per cent* in DMF Sundargarh. Similarly, in DMF, Jajpur, 19.86 *per cent* was spent under "Common affected areas". This indicated that the creation of the new category was only to accommodate ineligible utilisation within the prescribed limits.

Further scrutiny of records revealed that DMF funds amounting to ₹4,541.66 crore were sanctioned for execution of 1,114 projects in Common affected areas in case of three DMFs (Jajpur, Keonjhar and Sundargarh). Of this, funds amounting to ₹2,578.73 crore were utilised without any Rule provision. This indicated that the DMFs failed to limit and prioritise expenditure between identified Directly and Indirectly affected areas as prescribed in the applicable Rules.

In reply, the Government stated (January 2026) that all DMFs have been directed to implement the projects maintaining the ratio as prescribed in the rules. The reply is not acceptable because as pointed out by Audit, the utilisation of DMF funds in non-affected areas by creation of a new category "Common affected areas" was in violation of the provisions of ODMF Rules as well as PMKKKY guidelines.

4.3.7 Irrational allocation of funds for projects under high priority and other priority activities

As per Para 2.1 of PMKKKY guidelines, at least 60 *per cent* of PMKKKY funds[29] were to be utilised for high priority activities like drinking water supply, environment preservation and pollution control measures, Health care, Education, Welfare of Women and Children, Welfare of aged and disabled people, Skill development and Sanitation. Similarly, for other priority activities – up to 40 *per cent* of the PMKKKY funds could be utilised under Physical infrastructure, Irrigation, Energy and Watershed Development and any other measures for enhancing environmental quality in mining district. Accordingly, Rule 10(C) of ODMF Rules, 2015 also stipulated that as far as possible, not less than 60 *per cent* of the funds may be utilised for 'high priority activities' and up to 40 *per cent* of the funds may be utilised for 'other priority activities'.

Scrutiny of records and information furnished by the six test-checked DMFs revealed that Jajpur and Nabarngpur DMFs had allocated lesser amounts of funds *i.e.*, 45.49 and 48.72 *per cent* against the stipulated share of 60 *per cent* of total amount allocated, for projects sanctioned under high priority activities respectively as detailed in **Table 4.2.**

Table 4.2: High priority and other priority activities-wise allocation of funds

(₹ in crore)

Sl. No.	Name of the District	Total projects approved	Total amount allocated	High priority activities			Other priority activities		
				Total projects sanctioned	Amount allocated	Percentage of allocation of funds	Total projects sanctioned	Amount allocated	Percentage of allocation of funds
1	Jajpur	6,414	2,848.76	4,000	1,295.81	45.49	2,414	1,552.95	54.51
2	Nabarangpur	7	1.17	4	0.57	48.72	3	0.60	51.28
3	Dhenkanal	623	61.62	460	50.76	82.38	163	10.86	17.62
4	Keonjhar	3,269	9,733.37	2,588	5,851.10	60.11	681	3,882.26	39.89
5	Mayurbhanj	652	109.16	602	83.80	76.77	50	25.36	23.23
6	Sundargarh	6,470	8,193.42	5,613	7,175.45	87.58	857	1,017.97	12.42

(Source: Information furnished by six test-checked DMFs)

From the above table it can be seen that three DMFs, namely, Sundergarh, Dhenkanal and Mayurbhanj had allocated substantial portion of funds towards high priority activities. However, DMFs, Jajpur and Nabarangpur had allocated lesser funds for high priority activities whereas higher funds were provided in other priority activities such as Construction of water fountain,

[29] As per the PMKKKY Guidelines, the scheme was to be implemented by utilisation of DMF funds collected under the provisions of Section 9B of the MMDR Act 2015, hence, the term 'PMKKKY funds' used in the guidelines denote the DMF funds.

town hall, auditoriums; construction/ improvement of roads, bathing ghats, market complexes, Building for Shelf Help Groups, Gate for Gram Panchayat office and Religious buildings; and Renovation of ponds, culverts, drains; Ecotourism development and construction of mini park *etc*., in the district deviating prescribed norms.

Thus, such irrational allocation of funds adversely affected the implementation of developmental projects with regard to high priority areas such as drinking water supply, environment preservation, health care, education, *etc*.

The Government while accepting the observation stated (January 2026) that in case of DMF, Jajpur, the other priority project "Tomaka-Mangalpur Road Project" valued at ₹566.71 crore has been put on hold and the EC will prioritise high priority sector projects until the ratio is balanced. With regard to Nabarangpur**,** such allocation was made based on local needs and livelihood support requirements of the local tribal population.

4.3.8 Sanction of projects without approval by Boards of Trustees/ Gram Sabha

As per Rule 5(e) of ODMF Rules, 2015, the Board of Trustees (BoT) shall grant administrative sanction of individual projects exceeding the estimated cost of ₹10 crore. Similarly, Rule 6(2) (b) of Rules *ibid,* stipulated that the Executive Committee (EC) shall grant administrative sanction of individual projects with the estimated cost not exceeding ₹10 crore. In Scheduled Areas[30], approval of the Gram Sabha will be required for all plans, programs and projects as per Rule 12 (2) (i) of ODMF Rules, 2015.

- In DMF, Keonjhar, 11 meetings of BoT were conducted between February 2016 and November 2022 during the period 2015-24 wherein 2,480 projects worth ₹12,441.73 crore were approved. Similarly, 14 meetings of the EC were conducted between October 2016 and January 2024 during the period 2015-24 and 32 projects were approved. Further, audit scrutiny of records revealed that during the said period, 3,269 projects worth ₹9,733.37 crore were sanctioned by the Collector and Chairperson-cum-Managing Trustee (Collector) for execution, resulting in 757 {3,269-(2,480+32)} projects (23 *per cent*) being implemented without approval of EC/ BoT as detailed in ***Appendix-IX***.

  In violation of the provisions regarding prior approval of projects by BoT/ EC, post facto approvals for 170 projects with a sanctioned cost of ₹329.80 crore, were accorded by BoT of DMF, Keonjhar, after a period ranging between 6 days and 24 months from the date of sanction by Collector. Out of these projects, 44 projects with sanctioned cost of ₹164.82 crore were approved by BoT after a period beyond six months of sanction by the Collector.

30 Scheduled areas are declared by GoI, under fifth schedule of constitution, considering (i) preponderance of tribal population; (ii) compactness and reasonable size of the area; (iii) a viable administrative entity such as a district, block or taluk; and (iv) Economic backwardness of the area as compared to the neighboring areas.

Further, out of the 3,269 projects sanctioned by the Collector, Keonjhar, 2,704 projects worth ₹8,718.08 crore were required to be approved by the Gram Sabha also as the projects were to be executed in Scheduled Areas under the DMF, Keonjhar. Audit scrutiny revealed that 1,730 projects worth ₹2,984.28 crore were executed in Scheduled areas without the approval of the respective Gram Sabhas in violation of Rule 5(e) of ODMF Rules, 2015.

- Under DMF, Sundargarh five projects worth ₹102.71 crore were approved by the Collector and executed without BoT approval. Further, 620 projects were submitted to the Collector for approval of BoT, by the Block Development Officer, Hemgir Block (Scheduled Area under DMF, Sundargarh) after approval by the Gram Sabhas (June 2022) of respective panchayats, but the BoT did not consider the proposed projects and approved another 26 projects for execution in scheduled areas, without the approval of the Gram Sabhas.

Thus, execution of projects without prior approval of BoT/ EC/ Gram Sabha was irregular as there was no provision for post facto approval in ODMF Rules, 2015.

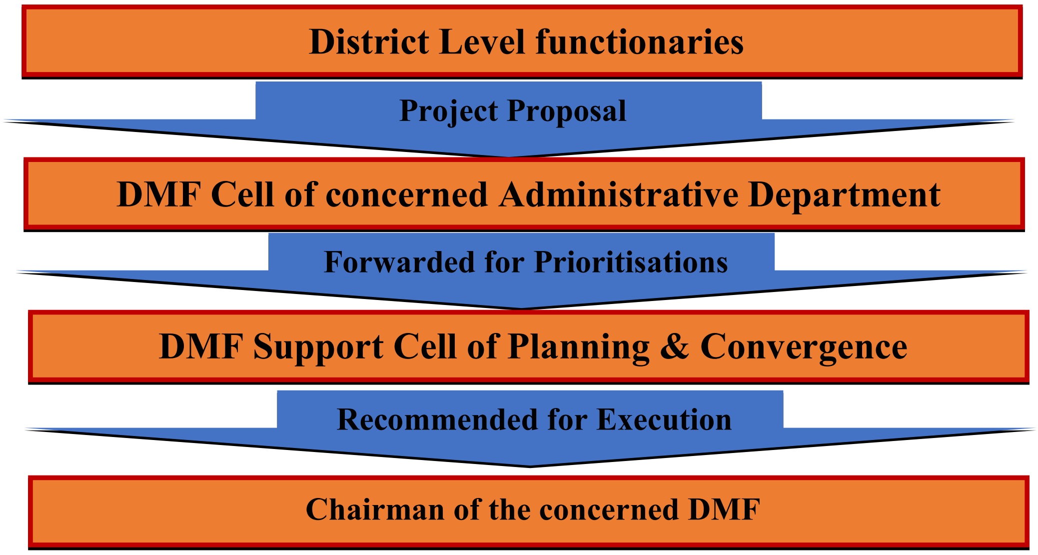
In reply, the Government stated (January 2026) that every project sanctioned under DMF, Keonjhar has received due approval from the BoT. In case of DMF, Sundergarh, (i) projects previously approved by the BoT, (ii) projects recurring in nature approved on a yearly basis, (iii) projects that were urgent due to a time-bound activity or seasonal activity were identified for post-facto approval.

However, the Government reply with regard to DMF, Keonjhar was not based on facts as, no meeting of BoT/ EC was conducted for approval of projects after November 2022, but despite this, 757 projects were sanctioned for implementation. Regarding DMF, Sundargarh, the reply was not tenable as there is no such exception for obtaining post facto approvals of BoT/ EC and Gram Sabhas in the extant provisions.

4.4 Implementation of projects in non-affected areas due to improper prioritisation

Planning and Convergence Department (P&C Department) in October 2017 issued the "Institutional Mechanism for implementation of projects out of DMF funds". As per para 9 to 13 of the Institutional Mechanism, the district level functionaries were required to formulate and submit project proposals to their administrative departments for prioritisation, de-duplication and convergence with other funding sources by their respective dedicated DMF cells, before submission of the same to DMF Support Cell of P&C Department. After approval of schemes/ projects/ works by the P&C Department, the same was to be transmitted to the Chairman of the concerned BoT for approval and entrustment of execution of scheme/ project by the concerned department/ agency.

Flow chart in respect of process of prioritisation of projects



During scrutiny of records, it was, however, noticed that implementing agencies (Line departments) did not examine applicability/ feasibility and maintenance of the projects proposed and BoT also did not review the suitability of those proposals before approval which resulted in approval of projects in non-affected areas.

Scrutiny of records of the six test-checked DMFs and the P&C Department revealed that 19 Departments of the State had set up dedicated DMF Cells in their departments. However, the district level functionaries of these departments had not submitted project plans/ proposals to their respective administrative departments for onward submission to DMF Support Cell of P&C Department for clearance. Non-submission of project proposals through respective administrative departments for prioritisation of projects and subsequent non-approval by DMF Support Cell of P&C department resulted in implementation of projects in 976 villages under Keonjhar and Sundargarh districts which were neither directly nor indirectly affected areas, while not a single project was implemented in the 488 directly affected and 96 indirectly affected villages during 2015-16 to 2023-24, violating the prescribed norms.

In reply, the Government stated (January 2026) that all projects outside the core high-priority list were undertaken in the interest of holistic development and equitable outreach, following the requisite approvals. The decision to cover these additional needs was guided by ground-level consultations and the goal of leaving no community behind. The reply of the Government was not in tune with the instructions contained in the P&C Department's office memorandum on Institutional Mechanism and PMKKKY guidelines, under which the projects out of the DMF funds were meant for implementation in affected areas.

Due to improper prioritisation of projects, the DMF funds were utilised in inadmissible projects, and there was wasteful, idle and infructuous expenditure, *etc.* as discussed in **Chapter VI**.

Chapter - V

Management of DMF Funds

Chapter - V *Management of DMF Funds*

As per the mandate under the Odisha DMF Rules, 2015, the funds of the DMFs were to be utilised for the high priority and other priority activities in directly and indirectly affected areas through Line Departments and Subordinate Offices/ State Level PSUs/ Autonomous Agencies under their administrative control. As per the GoO instructions on fund flow for DMF projects, implementation and monitoring, DMFs were to place funds with the IAs, in three installments of 30, 40 and 30 *per cent* of the total allocated amount over the project implementation period subject to submission of Utilisation Certificates (UCs) by the IAs for the 75 *per cent* of previously released amount. Any principal amount remaining unspent, or interest earned on the fund parked in bank accounts of implementing agencies, should be duly returned to DMFs at the end of the financial year or expiry of one year from the date of sanction, whichever is earlier.

5.1 DMF contributions received and utilised by the six selected DMFs

Scrutiny of records and the information furnished by the six test-checked DMFs revealed that ₹22,568.17 crore was received towards DMF contributions including interest (₹1,772.66 crore) earned thereon during 2015-16 to 2023-24. Out of this, ₹20,947.52 crore (92.82 *per cent*) was sanctioned for implementation of 17,435 projects by various implementing agencies during the period 2015-16 to 2023-24. During this period against sanctioned amount of ₹20,947.52 crore, an amount of ₹13,160.75 crore was released and ₹10,092.53 crore (79.69 *per cent*) was spent (as of March 2024), as detailed in the **Table 5.1** below.

Table 5.1: DMF-wise contribution received and utilised during 2015-24

(₹ in crore)

Sl. No	Name of DMF	Total Collection of funds	Funds sanctioned	Funds released	Amount utilised	*Percentage* of funds utilised out of funds released
1	Dhenkanal	100.28	61.62	56.39	44.14	78.28
2	Jajpur	2,395.21	2,848.77	1,514.89	1,164.42	76.86
3	Keonjhar	12,227.12	9,733.37	5,701.34	4,410.10	77.35
4	Mayurbhanj	125.22	109.17	98.64	85.99	87.18
5	Nabarangpur	2.47	1.17	1.17	1.17	100.00
6	Sundargarh	7,717.87	8,193.42	5,788.32	4,386.71	75.79
Total		**22,568.17**	**20,947.52**	**13,160.75**	**10,092.53**	**76.69**

(Source: Information furnished by six selected DMFs)

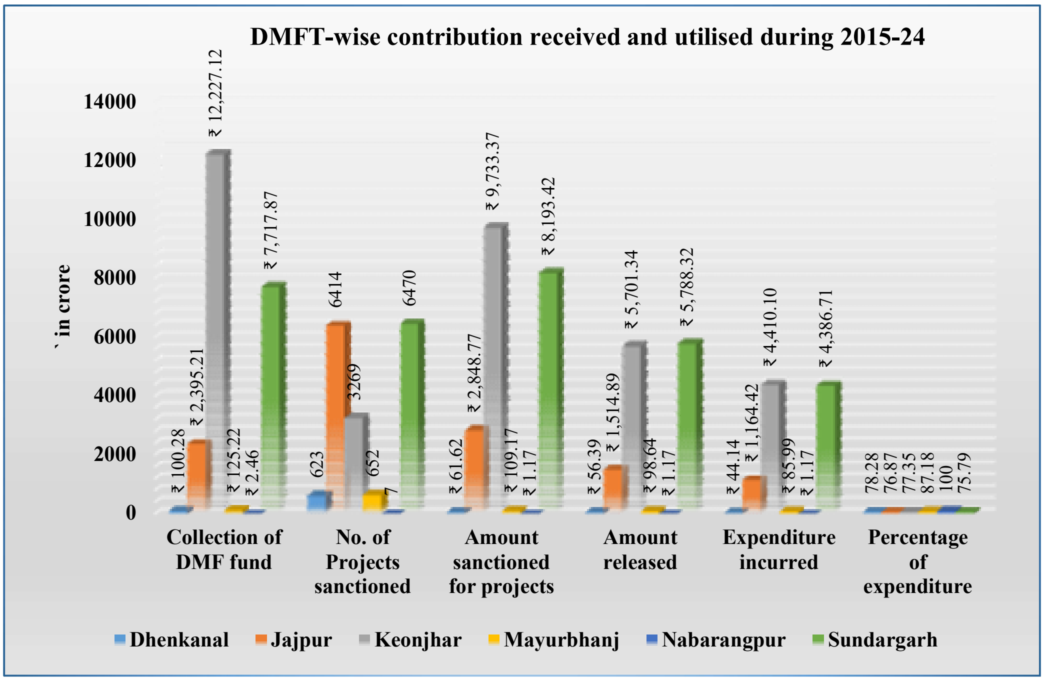
Table 5.2: DMF-wise status of implementation of projects during 2015-24

(₹ in crore)

Sl. No	Name of DMF	No. of Projects sanctioned	Completed projects		Ongoing projects		Projects not started/ dropped	
			No. of Projects	Percentage	No. of projects	Percentage	No. of Projects	Percentage
1	Dhenkanal	623	350	56.18	257	41.25	16	2.57
2	Jajpur	6,414	2,994	46.68	2,946	45.93	474	7.39
3	Keonjhar	3,269	1,023	31.29	1,745	53.38	501	15.33
4	Mayurbhanj	652	208	31.90	413	63.34	31	4.75
5	Nabarangpur	7	7	100.00	-	0.00	-	0.00
6	Sundargarh	6,470	5,108	78.95	1,190	18.39	172	2.66
Total		**17,435**	**9,690**	**55.58**	**6,551**	**37.57**	**1,194**	**6.85**

(Source: Information furnished by six selected DMFs)

Chart 2 : DMF-wise contribution received and utilised during 2015-24



As can be seen from the above tables and chart, out of 17,435 projects sanctioned during the period, approximately half *i.e.*, 9,690 projects (55.58 *per cent),* were completed, while 6,551 projects (37.57 *per cent)* were on-going and 1,194 projects (6.85 *per cent*) had not been started during 2015-24 due to various reasons like pending administrative approval, land disputes, delay in processes related to estimation/ agreement/ tender stage *etc*. The number of projects completed by DMF, Keonjhar was 1,023 (31.29 *per cent),* followed by Mayurbhanj 208 projects (31.90 *per cent)*, Jajpur 2,994 projects (46.68 *per cent)*, Dhenkanal 350 projects (56.18 *per cent*) and Sundergarh 5,108 projects (78.95 *per cent*.)

In case of Sundargarh district, as on date of audit (11 February 2025) out of the 1,190 ongoing projects, 1,144 projects which were scheduled to be completed between 31 August 2017 to 08 January 2024, remained incomplete with delays ranging from one to 89 months. Remaining 46 projects were scheduled to be completed beyond date of Audit (11 February 2025). In respect of the remaining five districts, scheduled dates of completion were not made available. In respect of all DMFs, reasons for non-completion were not found on record. Further, 1,194 projects were not started due to pending administrative approval, land disputes, projects still at estimation/ agreement/ tender stage *etc*.

Due to non-completion of projects, the funds released to the IAs could not be fully utilised and except DMF, Nabarangpur, the utilisation in other five DMF districts ranged from 75.79 to 87.18 *per cent*.

5.2 Loss of interest due to non-availing of flexi interest for balance funds in bank accounts

Rule 8(4) of the ODMF Rules, 2015 stipulates that funds not required for immediate disbursement may be deposited in fixed deposits or flexi deposits, following a transparent and competitive invitation of offers from eligible scheduled banks or may be invested in appropriate instruments, as may be directed by the Government. The minimum rate of interest during 2015-16 to 2023-24 in the flexi deposit was 6.75 *per cent*, as offered by the State Bank of India (SBI).

During scrutiny of records of six selected DMFs, Audit observed that three DMFs[31] had not opted for flexi deposit/ auto sweep facility in case of funds that were not required for immediate disbursement during 2015-2024. Instead, the DMFs kept the funds in savings accounts, due to which there was loss of interest of ₹9.49 crore[32] as detailed in ***Appendix-X.***

In case of DMF, Keonjhar, competitive bids were invited from different banks for the rate of interest to be offered on fixed deposits. The Bank of India (BoI) offered (September 2022) a rate of interest of 6.86 *per cent* per annum for the fixed deposits for more than ₹10 crore (from one to two years) to the DMF. However, it was noted that DMF Keonjhar did not invest the funds in fixed deposits. Instead, during 2016-25 (up to January 2025), in 333 cases, DMF, Keonjhar kept DMF funds of more than ₹10 crore for periods ranging between one and seven years in auto sweep flexi accounts and earned interest amounting to ₹745.07 crore, with rates of interest ranging between 2.8 to 7.55 *per cent* per annum. Audit observed that had DMF, Keonjhar invested these funds in the fixed deposits with the same bank for the same period, it could have earned interest at the rate of 6.86 *per cent* amounting to ₹829.58 crore. Owing to imprudent investment decision DMF, Keonjhar had to bear loss of interest amounting to ₹84.51 crore.

Thus, there was a total loss of interest amounting to ₹94 crore in the four test-checked DMFs (DMF, Dhenkanal: ₹2.44 crore; DMF, Mayurbhanj ₹6.85 crore; DMF, Nabarangpur ₹0.20 crore; and DMF, Kenonjhar ₹84.51 crore) during the period 2015-16 to 2023-24 due to imprudent financial management by DMFs.

31 Mayurbhanj, Dhenkanal and Nabarangpur

32 Computed taking into account the minimum balance available during a year and minimum flexi rate of interest allowed by the SBI

In reply, the Government stated that the investment of accumulated funds was managed prudently in fluctuating market conditions and the funds have earned a net positive return of about ₹30 crore. The reply is not tenable as there was no uniform investment policy notified by the Government and the DMF Trusts had independently invested the funds in random instruments which resulted in lower yield of interest as pointed out by Audit.

5.3 Irregular expenditure/ diversion of DMF fund

Proviso to sub-section (3) of Section 9B of the MMDR (Amendment) Act 2015 states that the Central Government may give directions regarding composition and utilisation of funds by the District Mineral Foundations. In addition, no funds shall be transferred in any manner from the DMFs to the State exchequer of State level funds by whatever name called. However, Audit noticed deviations to the above provisions which have been discussed in the following paragraphs.

5.3.1 Diversion of DMF funds towards payment of additional wages under MGNREGS

As per Clause 9.1 of the Annual Master Circular (AMC) 2020-21, issued by the Ministry of Rural Development, GoI under the Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA), the Central Government would follow section 6(1) of the Act and notify wage rates for each financial year. States may notify a higher wage rate and pay the difference of amount from their own funds. Audit noticed that the Ministry of Rural Development, GoI, vide Extraordinary Gazette notification dated 23 March 2020 fixed the wage rate payable under MGNREGA Act for Odisha as ₹207 per day with effect from 01 April 2020. However, GoO notified to pay the minimum wages under MGNREGA Act at ₹ 303.40 with effect from 01 April 2020 and ₹308.05 with effect from from 01 October 2020.

(a) During scrutiny of records of selected six DMFs, it was noticed that in three DMFs[33], the Panchayati Raj and Drinking Water Department (PR&DW), GoO instructed/ notified (June 2020 to March 2022) the DMFs to pay all job seekers under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) additional wages over and above wage rates notified by GoI, out of DMF funds instead of the State's own funds. Accordingly, ₹171.79 crore was released by these three DMFs out of DMF Funds in favour of the Director, Special Projects, PR&DW Department, GoO (State Employment Guarantee Fund) towards payment of additional wages[34] to job seekers under MGNREGS of the districts. Such diversion of DMF funds for bearing the State's responsibilities was against the spirit of PMKKKY and was irregular as provisions of both the ODMF Rules and PMKKKY Guidelines do not provide for such expenditure under any activity.

(b) Similarly, in another instance, scrutiny of Chartered Accountant Report and Bank Statement of DMF, Jajpur for the period 2016-17 revealed

[33] Jajpur, Keonjhar and Sundargarh
[34] ₹91.00 per day in Jajpur, ₹96.40 per day in Keonjhar and ₹101.05 per day in Sundargarh

that ₹10 lakh was diverted and transferred (29 September 2016) by DMF, Jajpur to the Chief Minister Relief Fund in violation of the ODMF Rules.

In reply the Government stated (January 2026) that the expenditure incurred on non-admissible activities shall be reimbursed by the concerned line Departments from their State budget allocations.

5.3.2 Diversion of DMF funds for miscellaneous expenditure

Scrutiny of records of the Project Administrator (PA), Integrated Tribal Development Agency (ITDA), Sundargarh revealed that during the period 2015-24, an amount of ₹136.72 crore was released by DMF, Sundargarh to ITDA for implementation of 99 projects relating to construction and repair of school buildings, library, reading rooms, toilet and dining halls at schools, hostels, bridges, check dams, Anganwadi centres, development of Zilla Sanskruti Bhawan, Chickpea cultivation and farming. Out of this, ₹123.93 crore was spent as of March 2024 leaving an unspent balance of ₹13.22 crore, including interest of ₹0.43 crore. Out of the 99 projects, 65 projects had been completed as of date of audit (March 2025) with an expenditure of ₹44.01 crore, while the remaining 34 projects were yet to be completed due to non-finalisation of tenders and delay in work progress.

Although ITDA had not received separate funds for contingency expenditure from DMF, Sundargarh, it was revealed that, during the period from April 2022 to the date of Audit (March 2025), out of available project funds of ₹13.65 crore, expenditure of ₹102.36 lakh[35] was incurred on miscellaneous items like hiring charges of vehicles, supervision charges by deploying different supervision staff, tent house charges, supply of Petrol, Oil, and Lubricant (POL) charges to Tribal Development Co-operative Corporation Limited (TDCCOL), Sundargarh, supply of mrudanga baja, khanjani, white gamuchha for tribal dance troupe, supply of GI welded wire mesh as well as payment of CGST, SGST and Income Tax on previous bills for Wadi plantation scheme[36]. It was noted by Audit that as per DMF Rules these items were unauthorised as these were not approved for expenditure out of the DMF funds allotted by the DMF, Sundargarh.

The Department in reply (January 2026) stated that explanations have been called for from ITDA regarding utilisation of the funds out of the project funds allotted. The reply itself highlights poor monitoring and lack of financial control over the utilisation of DMF funds.

[35] Hiring of vehicle - ₹27,95,029, Supervision Charges - ₹20,51,182, Tent house charges - ₹27,29,280, Supply of POL charges TDCCOL - ₹16,22,529, For Tribal dance troupe - ₹2,58,810, For Wadi plantation-₹7,79,238

[36] Wadi is a kind of tree-based farming system to promote agroforestry and has been practiced traditionally in India. The concept of Wadi includes an integrated approach of agriculture, horticulture and forestry systems and aims at promoting socioeconomic empowerment of the communities as well as conservation of soil and water resources.

5.3.3 Irregular expenditure out of administrative expenditure fund

As per Rule 11(A)(4) of the Odisha District Mineral Foundations Rules, 2015, an amount not exceeding five *per cent* of the annual receipts of the Trust or such other limit not exceeding five *per cent*, as may be fixed by the Government, may be utilised for administrative, supervisory and overhead costs of the Trust.

Scrutiny of records and information furnished by DMFs, Sundergarh and Keonjhar revealed that during 2017-18 to 2023-24, out of total ₹99.81 crore booked as administrative expenditure, ₹25.01 crore was utilised for purpose other than administrative expenditure like, engagement of vehicles for police patrolling, renovation of municipality office, renovation of reading room at the Collector's residence, inauguration charges related to school programme and organisation of school function *etc.*

Incurring expenditure out of the administrative funds of the Trusts for other than administrative, supervisory and overhead costs was irregular and indicated lack of financial discipline along with violation of ODMF rules and PMKKKY Guidelines.

In reply the Government stated (January 2026) that the cost associated with police vehicles has been recouped, while the renovation of the Collector's residence was part of an education programme directly benefitting citizens arriving for grievance redressal, Further, it was added that inauguration charges and organisation of school function, was part of IEC activities. Reply of the Government was not tenable as these expenses do not fall within the ambit of priority activities for the welfare of mining affected areas or people, as defined in the PMKKKY guidelines.

5.3.4 Irregular payment towards COVID-19 incentives to doctors and staff

As per the Ministry of Mines, GoI letter (March 2020) and subsequent clarification issued by the Planning & Convergence Department, GoO (May 2020, June 2020, September 2021) DMF funds could be utilised to combat COVID-19. Accordingly, funds from DMF could be utilised towards (i) treatment of patients, (ii) creation of medical infrastructure, (iii) food distribution to poor people; and (iv) purchase of approved medicines and other consumables for treatment of COVID-19 in Government Hospitals, if other funds are not sufficient as certified by District Magistrates.

Further, the Health and Family Welfare (H&FW) Department and General Administration (GA) Department, GoO, approved (20 July 2020, 17 August 2020, 13 January 2021 and 22 August 2022) payment of incentives to Doctors, Paramedics, Radiographers and class IV employees (20 July 2020) including Regular and contractual Ayush interns (17 August 2020 and 13 January 2021) and staffs deployed as part of Rapid Response Teams (RRTs) (22 August 2022). It was also specified that the expenditure towards payment of these incentives was to be met out of the Chief Minister's Relief Fund (CMRF) only.

During scrutiny of records of six selected DMFs, it was noted that during 2021-23, DMF, Sundargarh, paid ₹2.65 crore out of DMF Funds towards Covid incentives to 62 doctors and other regular/ outsourced medical staff under CDMO and other Health institutions of, Sundargarh district and Staffs of one Covid Hospital (Hi-tech Covid Hospital). Instead of incurring the expenditure out of CMRF, the payments were irregularly made out of DMF funds, based on approval accorded by the DMF, Sundargarh.

In reply the Government stated (January 2026) that, expenditure towards incentives will be recouped to DMF from CMRF.

5.3.5 Irregular expenditure on purchase of Government vehicle out of DMF funds

As per Rule 11A(5) of ODMF Rule 2015, the DMFs shall require prior approval of the Government for purchase of vehicles through DMF funds.

Scrutiny of records of the DMF, Jajpur revealed that the BoT of DMF Jajpur approved (October/ November 2017) purchase of one vehicle[37] out of DMF funds and the same was sent (December 2017) for approval to the P&C Department of the GoO. However, pending receipt of approval from the Government, procurement was made (January 2018) at an expenditure of ₹16.56 lakh[38] in violation of ODMF guidelines.

Similarly, on request of the Superintendent of Police (SP), Rourkela the Collector and Chairperson, DMF, Sundargarh, released (December 2019) ₹4.63 crore for procurement of 25 patrolling vehicles without obtaining approval of the P&C Department. On a later occasion, under the instructions of Collector and Chairperson DMF, the Land Acquisition Officer, Sundargarh deposited (July 2021) the same amount into DMF account.

The release of funds to the SP, Rourkela for procurement of patrolling vehicles, without approval of BoT was irregular and against the provisions of Rule 11A(5) of ODMF Rules 2015 under which the government approval for purchase of vehicles was to be obtained.

Further, this payment of ₹4.63 crore out of DMF funds to SP, Rourkela and refund of the amount after keeping it for 592 days[39] was not only indicative of financial indiscipline but also resulted in loss of ₹22.53 lakh[40] as interest that could have been earned on DMF funds.

In respect of purchase of vehicle by DMF, Jajpur, Government stated (January 2026) that vehicle worth ₹16.56 lakh was purchased out of DMF contingency fund with the approval of the Board of Trustees. The reply is not acceptable as the vehicle was purchased without approval of the P&C department.

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37 Mahindra Scorpio, S11 model

38 ₹15.05 lakh for cost of vehicle and ₹1.51 lakh for registration of vehicle

39 From 02.12.2019 to 16.07.2021

40 The fund was transferred from SBI a/c No: 00000035519362362 (flexi account) with applicable interest rate of three *per cent* as per interest at which the fund was kept by DMF, Sundargarh.

In respect of the funds released to SP, Rourkela, the Government stated (January 2026) that loss towards interest amounting to ₹22.53 lakh will be recouped to DMF, Sundargarh.

5.4 Non-refund of unspent DMF funds and interest by the Implementing Agencies (IAs)

As per Para 2(b)(v) of the Office Memorandum issued (August 2020) by the P&C Department, any principal amount remaining unspent or interest earned on the funds parked in bank account, shall be duly returned to DMF at the end of the financial year or, after expiry of one year from the date of sanction, whichever was earlier, if the amount is not required any longer for the purpose for which it was sanctioned.

In this context, scrutiny of records and information furnished by the selected DMFs revealed discrepancies as discussed in the succeeding paragraphs.

5.4.1 Non-refund of unspent balance of funds and interest earned thereon by implementing agencies on completion of projects

During the period 2015-16 to 2023-24, an amount of ₹13,160.75 crore was released by the six test-checked DMFs to various implementing agencies for projects related to various developmental activities. In case of three DMFs, it was observed that even after completion of projects, the implementing agencies had not returned the unspent amount of ₹470.25 crore to the DMFs as on 31 March 2024 as detailed in **Table 5.3** below.

Table 5.3: Details of unspent balances of completed projects not refunded to DMFs by the IAs

(₹in crore)

Name of the DMF	No. of projects sanctioned (2015-2024)	No. of projects completed with unspent balance lying with IAs	Amount released against completed projects	Amount utilised for completed projects	Unspent amount against completed projects
Jajpur	6,414	359	285.69	254.85	30.84
Keonjhar	3,269	370	380.50	316.69	63.81
Sundaregarh	6,470	806	1,749.25	1,373.64	375.60
Total	**16,153**	**1,535**	**2,415.44**	**1,945.18**	**470.25**

(Source: Information collected from DMFs)

It was noted that the concerned DMFs did not monitor the utilisation of funds or take any action to ensure that unspent, balance funds were refunded by the implementing agencies.

Audit observed that the unspent funds amounting to ₹470.25 crore were kept in the bank accounts by the 43 implementing agencies, and on this an interest amounting to ₹26.51 crore[41] was earned during the period 2015-24. However, Audit observed that the implementing agencies had neither refunded the unspent balance nor the interest amount to the related three DMFs as of March

[41] Jajpur-₹9.33 crore, Keonjhar-₹1.50 crore and Sundargarh-₹12.29 crore

2024. In addition, in case of eight implementing agencies under DMF, Dhenkanal and Mayurbhanj, where the allotted funds had been fully utilised, interest amounting to ₹87 lakh[42] earned on those funds during the period of execution of the projects, had not been refunded to the concerned DMFs.

The Government accepted the observation and stated (January 2026) that earnest efforts are being made by DMFs to ensure refund of unspent funds by IAs.

5.5 Cash Management by DMFs

The Department of Planning and Convergence, GoO issued an OM dated 31 August 2020 vide which procedures for fund flow for DMF Project Implementation and Monitoring has been laid down. As per the OM, the Line Departments, Heads of the Departments, Subordinate Offices and State Level PSUs or Autonomous Agencies under their administrative control, entrusted with the execution of DMF Projects /works/ schemes, shall have the responsibility of compliance to Central/ State laws as applicable in context of the projects as applicable in the context of quality control of the project and any decision of the Board of Trustees in relation to the project shall be final. SR 37(ii) of the Odisha Treasury Code (OTC) Vol.-I, provides that all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office. As per SR 37(iv) of OTC Vol.-I, at the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect. As per Government of Odisha Finance department OM (August 2017), balances shown in the Cash Books should be reconciled with balances of the bank pass books/ statements and in case of discrepancy the same should be reconciled. Violation of these provisions were noticed by Audit in the following cases:

5.5.1 Non-reconciliation of Cash Book balance of ₹10.92 crore with the bank balance

Scrutiny of the cash book and related records of SE, RWSS Division, Chandikhole revealed that the Cash Book was updated up to September 2024 and two bank accounts (Axis Bank A/c No.917010020647047 and State Bank of India A/c No. 36120945654) were maintained for DMF funds. During the period 2015-16 to 2023-24 (as of 30 November 2024), as per the Cash Book of DMF funds, the RWSS division had received ₹81.01 crore between 2015-24 from DMF, Jajpur. On this, an interest of ₹5.12 crore had been earned by the Division, which should therefore have led to a closing balance (CB) of ₹16.36 crore (as of November 2024). In contrast, the closing balance as per the two bank account's statements was ₹5.44 crore only, as of November 2024. This indicated an excess debit of ₹10.92 crore from the bank accounts in comparison to the Cash Book.

Thus, lack of regular verification of Cash Book by the head of the Office had led to risk of embezzlement/ misappropriation of the DMF funds. The missing

[42] Dhenkanal-₹0.17 crore and Mayurbhanj-₹0.70 crore

balance of ₹10.92 crore from the two Bank accounts need to be investigated by SE, RWSS, Chandikhole and action should be taken against the responsible persons.

In reply, the Government stated (January 2026) that the cash book has been updated with all receipts and expenditures. Daily reconciliation between cash book and bank statement has also been ensured. However, the detailed bank reconciled statement along with updated cash book had not been furnished to Audit in support of the reconciliation of differential amount.

5.5.2 Irregular transfer of ₹3.26 crore from DMF account to other accounts of DDO and non-reconciliation of bank balance

Review of cash book and cheque issue registers of SE, RWSS division, Chandikhole revealed that while passing the bills of contractors engaged in execution of projects under DMF, during March 2018 to March 2024, ₹3.26 crore was deducted towards Goods and Service Tax (GST), Income Tax (IT), security deposits (SD), royalty and penalty. The deducted amounts were to be remitted to the appropriate authorities like GST and Income tax authorities, royalty on used minor minerals, penalty on the work to State Treasury of GoO and Security Deposit (SD) to be retained in DMF accounts. However, instead of being remitted to the appropriate accounts the above amount was transferred to two separate bank accounts, operated by the Drawing and Disbursing Officer (DDO), RWSS division, Chandikhole, in State Bank of India and Axis Bank.

Further, scrutiny of the Cash Book of Executive Engineer, RWSS, Chandikhole relating to DMF funds for the period March 2018 to March 2024 revealed that an amount of ₹3.26 crore was deducted from the bills of contractors and was shown as transferred to DDO's accounts (as of 31 March 2024). However, the total fund available in both of bank accounts of DDO (RWSS division) Chandikhole, was shown as ₹2,72,78,963 resulting in missing credits of ₹53,63,528. The reason for this difference was not on record. This indicates that the balances of cash book and bank statement were not reconciled on monthly basis as required. The matter needs to be investigated and action against the responsible persons needs to be taken.

In reply, the Government stated (January 2026) that the difference pointed out has been fully reconciled through verification of interest accrual, statutory deductions, and surrender of funds. However, the detailed bank reconciled statement along with updated cash book and bank statements had not been furnished to Audit in support of the reconciliation of the differential amount.

5.6 Non-availing of income tax exemption due to delay in registration of DMF Trusts under Societies Registration Act

As per the P&C Department instructions (17 August 2017) read with Finance Department circular letter (17 July 2015), DMFs were required to register under the Societies Registration Act, 1860 and apply for registration with Commissioner, Income Tax for exemption of income tax on interest accrued to the DMF funds kept in bank accounts. Further, the Central Government notified (September 2020), 151 DMFs including eight from Odisha[43] as 'class of Authority', for exemption of income tax on all receipts and interest from bank accounts with effect from the assessment year 2018-19 (financial year 2017-18).

Scrutiny of records of six test-checked DMFs revealed that although these DMFs were established between January and February 2016, they had been registered under Societies Registration Act, 1860 during October 2019 to May 2020, after delays ranging between 46 months to 53 months. Out of these six DMFs, only three DMFs[44] were registered with the Income Tax authorities for tax exemption on 10 September 2020 with delays of 9 to 10 month from the date of registration under societies Act.

It was also noticed that during the period 2016-17 to 2023-24, significant amounts had been deducted towards payment of income tax by the bank authorities, on the interest earned in bank accounts of DMF funds. Due to delays in registration under the Societies Registration Act 1860 and delay in registration with the IT authorities for exemption, three DMFs[45] could not claim refund of ₹52.09 crore for the years 2017-18 to 2019-20. Even after the specific notification by the income tax department for exemption with effect from the financial year 2017-18, refund of ₹52.09 crore could not be availed by the DMFs.

In reply, the Government stated that the DMF Sundargarh has consistently and diligently pursued the matter with IT Department for refund of deducted TDS. The reply is not tenable as due to non-fulfilment of the conditions for availing the exemption, the refund of TDS could not be claimed. In case of Jajpur and Keonjhar, the Government reply is silent.

5.7 Non-submission of utilisation certificates by the implementing agencies

As per Para 2(vii) of the Office Memorandum issued (31 August 2020) by the P&C Department, Utilisation Certificates (UCs) in respect of utilisation of DMF funds for execution of projects, were to be furnished by the concerned Administrative Departments in the prescribed format by the end of the financial year.

Scrutiny of records and the information furnished by six sampled DMFs revealed that DMFs released ₹13,160.75 crore to IAs for execution of projects as of March 2024. Out of this, the IAs had utilised ₹10,092.53 crore and had submitted UCs of ₹9,545.65 crore as indicated in the **Table 5.4**.

[43] DMFs of Angul, Bolangir, Bargarh, Jajpur, Jharsuguda, Keonjhar, Koraput and Sundargarh

[44] Jajpur, Keonjhar and Sundargarh

[45] **DMF Jajpur**- 2017-18 (₹41.96 lakh) and 2018-19-(₹50.52 lakh), **Total- ₹92.48 lakh, DMF Keonjhar** -2017-18 (₹12.35 crore), 2018-19 (₹5.03 crore), and 2019-20 (₹28.23 crore): **Total-₹45.61 crore** and **DMF Sundergarh**-2017-18 **(₹5.56 crore)**

Table 5.4: Status of submission of UCs as of March 2024

(₹in crore)

Name of the DMFT	Funds released to IAs	Funds utilised by the IAs	Amount of UCs submitted by IAs	Non/ excess submission of UCs	Percentage of submission of UCs
Dhenkanal	56.39	44.14	4.26	39.88	9.65
Jajpur	1,514.89	1,164.42	1,177.19	(+)12.77	101.10
Keonjhar	5,701.34	4,410.10	3,711.29	698.81	84.15
Mayurbhanj	98.64	85.99	81.92	4.07	95.27
Nabarangpur	1.17	1.17	0.77	0.40	65.81
Sundargarh	5,788.32	4,386.71	4,570.22	(+)183.41	104.18
Total	**13,160.75**	**10,092.53**	**9,545.65**		

(Source: Information furnished by DMFs)

It can be seen from the table above that, the DMF-wise submission of UCs was ranged between 9.65 *per cent* to 95.27 *per cent* in DMFs Dhenkanal, Keonjhar, Mayurbhanj and Nabarangpur. Besides in case of DMFs of Jajpur and Sundergarh, the amount of funds utilised was less than the amount for which UCs were submitted, leading to UC submission of 101.10 and 104.18 *per cent* respectively. This indicated that the UCs submitted by the IAs to the DMFs Jajpur and Sundargarh were not based on actual utilisation of funds.

A review of overall status of submission of UCs by the IAs in all six test checked DMFs revealed that against the utilisation of ₹10,092.53 crore during 2016-24, the IAs had submitted UCs in respect of ₹9,545.65 crore. No UCs for the funds utilised amounting to ₹546.88 crore were submitted by the IAs, which indicated lack of financial monitoring by the DMFs.

The Government did not provide any specific reply about non-submission of UCs by the concerned administrative departments of the IAs. However, the DMFs of Jajpur and Keonjhar stated that the matter will be pursued using reminders, follow-up meetings *etc*.

Chapter-VI

Implementation of projects

Chapter - VI *Implementation of projects*

During the period 2015-24, the District Mineral Foundations of six test-checked districts had approved 17,435 projects with an overall sanctioned amount of ₹20,947.52 crore and utilised an amount of ₹10,092.53 crore on these projects. Of the sanctioned projects, as of March 2024, 9,690 projects were completed, 6,551 were on-going, 1,151 numbers of projects had not been started and 43 were cancelled. However, while executing the projects the DMFs did not follow the norms as stipulated in ODMF Rules and PMKKKY guidelines with regard to implementation of projects. Audit findings in this regard are summarised in the following paragraphs:

6.1 Non-deduction of TDS of GST/ IT from the payments made to PMUs

As per paragraph 8 of the Institutional Mechanism issued (October 2017) by the P&C Department for implementation of Programmes/ Schemes/ Projects out of DMF funds, all DMFs had to set up a Programme Management Unit (PMU) to support the Trust. The PMU had to serve as a "Secretariat" of the DMF and work under the overall control, supervision and guidance of the District Collector, the Chairman and Managing Trustee of DMF. The PMU had the responsibility of identification of critical gaps for prioritised action, evaluation of proposals submitted to DMF, planning, implementation and monitoring of projects, convergence with various line departments for co-ordinated and concerted action, identification and promotion of innovative solutions, demonstrating the effectiveness of DMF activities through effective communication, capacity building activities *etc*.

However, out of six test-checked districts, only three DMFs *i.e.*, DMFs Keonjhar, Jajpur and Sundargarh accorded approval for the establishment of PMU. Audit examination in this regard revealed the following:

DMF, Keonjhar: Based on approval accorded in Keonjhar, a Request for Proposal (RFP) was floated (December 2016) by the Collector and Chairperson, DMF, Keonjhar for "Selection of Consultant for establishment and running of the PMU" for increasing the efficiency and effectiveness of DMF, Keonjhar. The Tender Committee recommended award of contract to M/s E&Y LLP.

DMF, Jajpur: In December 2018, DMF, Jajpur awarded the contract for the establishment and operation of a PMU in the district to increase the efficiency and effectiveness of the DMF. Based on the RFP floated in April 2017, M/s E&Y LLP was appointed as PMU for the DMF Jajpur for the period of three years from June 2018.

Section 51 of the CGST Act 2017 provides for deduction of tax by government agencies from the payment made to the supplier of taxable goods or services where total taxable supply exceeds ₹2.5 lakh, excluding GST. The deducted TDS amount would then be deposited by the Tax Deductor in the

Government account (OGST/ CGST / IGST), within 10 days after the end of the month in which such deduction was made.

Audit observed that a payment of ₹28.51 crore to the PMU was made in case of DMF Keonjhar and ₹11.06 crore with respect to DMF, Jajpur. However, TDS related to GST and Income Tax on payment of professional fees to agencies amounting to ₹75.77 lakh in DMF, Keonjhar and ₹13.81 lakh in DMF Jajpur had not been deducted from the payments made to the agency for the period from May 2017 to December 2024 and August 2018 to March 2020 respectively, in violation of the extant provisions of the Acts, leading to possible loss to the Exchequer.

In reply, the Government stated that Income Tax is now being deducted, and appropriate steps will be taken for the TDS towards GST in consultation with the competent authority.

However, non-deduction of statutory dues from the professional fees paid during the period 2017 to 2024, extended undue benefit to the agency.

6.2 Non-realisation of compensation from the contractors for the delay in execution of projects

As per the OM (August 2020) of P&C Department on "Fund Flow for DMF Project Implementation and Monitoring", the line departments shall execute projects as per the timelines prescribed. Any extension of time shall require prior approval from the Board of DMF Trust or, the Executive Committee as the case may be, in accordance with the cost of work.

As per the Clause 2(a) of the agreements executed for different welfare projects related to DMF works between implementing agencies and work contractors, the contractor shall pay as compensation, an amount equal to half *per cent* of the amount of the estimated cost of the work for every day of delay when the project remains unfinished. The overall compensation amount was, however, restricted to 10 *per cent* of the estimated cost of the project.

Scrutiny of records and information furnished by the four IAs[46] in Sundargarh district revealed that, 1,475 projects, related to various works such as construction of CC roads, additional class rooms of Primary and High schools, Anganwadi Centres, renovation of tanks *etc.,* were taken up at an estimated cost of ₹779.43 crore, during the period 2016-17 to 2023-24. These projects were to be completed between 2017-18 and 2023-24. However, it was noted that out of 6,470 projects, 1,475 project had been completed with delays ranging between one and 2,639 days. Despite these delays, compensation amounting to ₹74.09 crore was not realised from the contractors till date (January 2024), although neither any extension of time was sought by the contractors nor was any sanction accorded by BoT or, the Executive Committee of DMF, Sundargarh.

[46] 1. Block Development Officer, Hemagiri, 2. Block Development Officer, Lahunipara, 3. Block Development Officer, Koira and 4. District Project Co-ordinator, Samagra Sikshya, Sundargarh

Similarly, scrutiny of records at DEO, Keonjhar revealed that MoUs were signed (May 2019, December 2020 and August 2021) with the Odisha Small Industries Corporation (OSIC), Cuttack by the DEO for implementation of projects under the "Transformation of Schools" initiative of the State Government. As per MoUs, in case of non-completion of projects within the given time period *i.e.*, March 2020 to January 2024, OSIC was liable to pay appropriate penalty at the rate of 0.10 *per cent* per week of delay, and such penalty should not in any case exceed two *per cent* of the total estimated cost of the project. A comparison between the compensation clause in the MOUs with OSIC and the compensation provisions included in the agreements executed by the IAs with contractors, revealed that the rate of compensation included in the MOUs did not have parity with the rate of compensation in the agreements, and unduly favoured OSIC.

Moreover, it was noticed that DEO, Keonjhar released ₹173.73 crore to OSIC for 10 projects, related to supply and installation of furniture and science equipment in the 404 Secondary Schools, 419 Government Aided schools and 2,518 Elementary schools of Keonjhar district. However, OSIC did not comply with the stipulated schedule of completion (March 2020 and January 2024). Further, EoT was also not applied for by the OSIC, yet penalty of ₹3.47 crore applicable was not realised by the DEO and the projects were still ongoing (as of April 2025).

In reply, the Government stated (January 2026) that preliminary explanation has been received from one of the concerned IA citing the unprecedented challenges posed by the COVID-19 pandemic. In case of Keonjhar, OSIC has refunded the balance fund to the DMF. Therefore, there was no outstanding amount on which to claim compensatory penalties and all contractual adjustments had been settled through the receipt of the refund.

However, the reply did not address the issue that compensation was not realised from contrctors, in violation of the conditions of agreements. Besides, refund of the unutilised funds by OSIC was not relevant to the audit point of non-imposition of penalty for delay in completion of projects.

6.3 Excess payment of service charges of ₹78 lakh

As per the Para 7.3(b) of the Micro, Small, and Medium Enterprises (MSME) Development Policy, 2009 issued by the Industry Department, OSIC shall be entitled to service charges from the concerned units for supply of goods to Government Institutions not exceeding one *per cent* of the order value.

Scrutiny of records at DEO, Keonjhar revealed that against this provision, in the MoUs signed by DEO with OSIC between May 2019 and August 2021 for the supply of furniture and Science Lab equipment, service charge was fixed in the range of 1.5 to 5 *per cent* instead of one *per cent.* Due to inclusion of higher rate of service charges in the MOUs, the DEO paid service charges of ₹2.52 crore to OSIC during May 2019 to January 2024, which resulted in excess payment of service charges of ₹78 lakh on these Purchase Orders.

In reply, the Government stated (January 2026) that ₹78 lakh in question was paid as part of valid contractual service agreements for project management, consultants, or other third-party services and approved by the Trust Board as part of the overall project costs. However, the reply did not provide any reasons for inclusion of defective provision for payment of service charges in excess of the prescribed rates of the Government.

6.4 Irregular splitting of works

As per para 3.5.24 of the Odisha Public Works Department (OPWD) Code, splitting up of a work, at the time of tender, was a measure which should be justified by circumstances and must be in the interest of work. It must not be resorted to with a view to evade the operation of any prescribed limit. Further paragraph 3.5.9 of the OPWD code stipulated that the tenders should invariably be invited publicly for all works costing more than ₹5 lakh.

- Scrutiny of records at ITDA, Sundargarh revealed that five repair and renovation works related to reading rooms, computer labs, library halls, science labs *etc.,* in schools, with an estimated cost of ₹6.19 crore were split into 131 works, with estimates ranging between ₹1.86 lakh to ₹5 lakh per work. The works were then executed by the implementing agencies by inviting quotations. Further, although quotations were invited between the period September 2020 to September 2021 from four agencies, 54 works were awarded to one agency[47]. Audit also noted that the justification and approval of the competent authority *i.e.*, DMF, Sundergarh for splitting of works were not on record.

Similarly, as per PR&DW Department circular (13 July 2018**)**, works costing more than ₹10 lakh should be taken up through *e*-tendering process, and in line with the procedures laid down in OPWD code/ Odisha Panchayat Samiti Accounting Procedure Rules/ OGFR. It further provides that the works upto ₹10 lakh can be executed departmentally.

- Scrutiny of records at BDO, Dhenkanal Sadar revealed that construction works of Dokra Museum at village Patrabhag under Saptasajya GP at an estimated cost of ₹30 lakh was executed departmentally by splitting it into three works of ₹10 lakh each, without inviting tender leading to irregular execution of works.

- Similarly in case of BDO, Parjang, 19 works related to construction of additional classrooms, boundary walls, culverts *etc.,* of more than ₹10 lakh each with total worth ₹3.41 crore were executed departmentally without inviting tenders as required under PR&DW Department circular, resulting in irregular execution of DMF project works.

Thus, absence of specific reason for splitting of the construction works, and non-tendering of works led to works being executed in violation of the provisions of OPWD code, which was irregular.

The Government did not respond to the audit observation (January 2026).

[47] Maa Shiv Sai construction, Jharsuguda

6.5 Implementation of ineligible projects out of DMF funds

The Ministry of Mines, GoI (September 2015), while circulating the PMKKKY guidelines directed the State Governments to incorporate the said Guidelines into the rules framed by them for the operation of DMFs and implementation of the Scheme. As per Para 2(2)(c) of PMKKKY Scheme guidelines, the projects for development of common infrastructure like, construction of roads and bridges *etc*., can be taken up from DMF funds.

Scrutiny of projects implementation records and the information furnished by the five DMFs[48] revealed that, 317 projects worth ₹679.14 crore under various sectors/ activities were sanctioned beyond the norms prescribed in the PMKKKY guidelines, during 2018-19 to 2023-24.

Against the above mentioned sanction amount, ₹486.58 crore was released and ₹373.09 crore was spent (as of March 2024) by five DMFs for implementation of 317 projects in different places of the concerned districts, as detailed in the **Table -6.1.**

Table 6.1: Details of Sector-wise sanction of ineligible projects during the period 2018-19 to 2023-24

(₹ in crore)

Sl. No.	Sector	No. of Projects	Amount sanctioned	Amount released	Amount spent
1	Education	210	236.49	162.55	146.02
2	Environment	10	95.47	68.72	67.32
3	Health & Sanitation	13	170.14	169.15	104.20
4	Infrastructure	63	101.69	32.53	18.64
5	Livelihoods	8	29.29	13.35	9.70
6	Skill Development	4	8.92	8.98	5.82
7	Sanitation	3	20.00	15.57	14.83
8	Watershed	2	16.32	15.39	6.22
9	Others	4	0.82	0.34	0.34
Total		**317**	**679.14**	**486.58**	**373.09**

(Source: Information furnished by five DMFs)

Thus, sanction of projects like Construction of office buildings (Dhenkanal) at a cost of ₹0.49 crore; Construction of District Headquarters Hospital (cost of ₹43.43 crore) in areas unaffected by mining operations; Establishment of Science Academy in Panikioli (Jajpur), at an expenditure of ₹113.65 crore; Construction/ development of Gram Panchayat level Khel Padia in 113 villages costing ₹53.66 crore; and Construction of truck parkings in four blocks (Keonjhar) at ₹63.95 crore *etc.* in deviation of the provisions of PMKKKY guidelines, defeated the objectives of scheme to implement projects for the interest and benefit of persons and areas affected by mining activities as well as to ensure long-term sustainable livelihoods for them.

Details of some projects executed beyond norm were as discussed in subsequent paragraphs.

[48] Jajpur, Dhenkanal, Keonjhar, Nabarangpur and Sundargarh

6.5.1 Construction of the International Hockey Stadium at Rourkela

As per Para 2(1)(d) of PMKKKY Scheme guidelines for utilisation of funds in high priority areas under "Education" activity provides "construction of school buildings, additional class rooms, laboratories, libraries, art and crafts room, toilet blocks, drinking water provisions, residential Hostels for students/ teachers in remote areas, sports infrastructure, engagement of teachers/ other supporting staff, e-Learning setup, other arrangements of transport facilities (bus/ van/ cycles/ rickshaws *etc*.) and nutrition related programs."

Scrutiny of records at DMF, Sundargarh revealed that the Sports & Youth Services (S&YS) Department, GoO, decided (14 December 2020) to construct a new International Hockey Stadium (Birsa Munda Hockey Stadium) at Rourkela, which was to be executed through IDCO, with an estimated cost of ₹404.74 crore. The S&YS Department decided, without obtaining consent/ approval of the administrative department of the DMFs, *i.e.*, the P&C Department, that the concerned DMF will share the burden of ₹136.83 crore and the balance amount would be shared out of the State Budget. Accordingly, the Collector and Chairman-cum-Managing Trustee, DMF, Sundargarh approved (January 2022) the estimates of ₹136.83 crore and released the funds during January to September 2022, out of which, ₹136.77 crore was spent for the construction of Stadium. The stadium was functional as found on the date of JPV during January 2025.

It may be mentioned that the construction of an international hockey stadium out of DMF funds does not come under any activities of PMKKKY since it is mostly used for national and international level matches and is of very limited/ no use to people directly or indirectly affected by mining activities in the district. Therefore, incurring expenditure for construction of the international Hockey stadium out of DMF funds was irregular and defeated the very purpose of the collection of funds for the welfare of the affected people in the mining affected areas.

In reply, the Government (January 2026) stated that as this was a critical project in the larger public interest, permission was sought from the Sports and Youth Services (S&YS) Department, GoO. However, the reply was not tenable as the S&YS Department was not empowered to take a decision on the utilisation of DMF funds for construction of an international hockey stadium which does not come under any permissibe activities under PMKKKY. Hence, the expenditure was irregular and resulted in inadmissible utilisation of DMF funds.

6.5.2 Procurement of Personal Protective Equipment and essential articles

In Sundargarh District, it was noticed that the Collector and Chairperson-cum-Managing Trustee, DMF Sundargarh decided (June 2021) to supply Personal

Protective Equipment (PPE)[49] kits to labourers who were at risk of injury for their day-to-day work in mines and in different hazardous locations (Factories) of affected blocks of Sundergarh district. The project was *post facto* approved in the 10th BoT meeting (31 August 2023). However, before the said approval, the Collector had already invited RFP (June 2021) for supply and delivery of PPE kits[50]. The Tender committee finalised (July 2021) the cost per kit as ₹13,400, and three bidders were selected for supply of the same. Accordingly, agreements were finalised (August 2021) with the three agencies, based upon item-wise lowest value quoted by them.

The proposal to cover 14,050 workers at the cost of ₹18.83 crore was approved by the Collector, DMF Sundergarh (September 2021). Scrutiny of invoices and payment records made available to Audit revealed that 44,120 workers/ labourers were supplied PPE kits during November 2021 to December 2023 with an expenditure of ₹59.13 crore incurred out of DMF funds.

Audit noted that as per Section 7A(1) of the Factory Act 1948, every occupier[51] shall ensure, so far as is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory. Thus, the supply of PPE kit to these workers/ labourers, working at mines and industries owned by private/ PSU organisations, was to be made by the occupier of the mine/ industry (factory) as per the provisions of the Factories Act 1948. However, the Collector, Sundargarh, instead of insisting on or ensuring compliance to the provisions regarding safety of the workers by the occupiers of the mines/ industries, took over the responsibility and incurred an expenditure of ₹59.13 crore out of the DMF funds towards supply of PPE and essential articles.

In reply, the Government stated (January 2026) that the project has been formulated for the welfare of the mining affected workers.

However, as observed, the supply of PPE kit to the workers/ labourers working at mines and industries owned by private/ PSU organisations was in violation of rule 10(A) of ODMF Rules, 2015.

(a) Environment preservation and pollution control measures

Under Rule 10(A)(ii) ODMF Rules 2015, the DMF funds were to be utilised for high priority activities like environment preservation and pollution control, which would include measures for controlling air and dust pollution caused by mining operations, mining related pollution of drainage systems, installation of preventive technologies to control mining related pollution *etc.*, and measures for working or abandoned mines and other air, water and surface

49 Safety shoes & socks, safety glasses, safety helmet (yellow), safety hand gloves (nylon), Safety Hand gloves (rubber), Gum boot Rubber, Hearing protection (Ear plug), Respiratory protection Mask, safety Harness, Safety Jacket

50 Plastic mat, mosquito net, solar torch, tiffin box, water bottle, outer bag, galvanised trunk, first aid kit and raincoat

51 As per Section 2(n) of the Factories Act 1948, "occupier" of a factory means the person who has ultimate control over the affairs of the factory.

pollution control mechanisms required for environment-friendly and sustainable mine development. In addition, Rule 10(A)(x) of the ODMF Rules specified "livelihood programmes" as another high priority area wherein activities could be taken up for support of livelihood, income generation *etc*.

6.5.3 Construction of model rural parks/ van vatikas/ eco-retreat centers

(i) In DMFs of Jajpur and Keonjhar, Audit noticed that 126 projects (Jajpur-52, Keonjhar-74) like "Construction of Model Rural Parks/ Gram Udayan Park/ Van Vatikas/ Eco-retreat centers" under "Environment Preservation" and "Livelihood" were sanctioned by the Collector and Managing Trustee, DMF of respective districts for ₹101.17 crore for implementation during 2020-21 and 2023-24. These were created with the objective of conservation of Bio-diversity, development of children playing area/ open gymnasium, reduction of impact of growing industrialisation on the locality, creation of recreational facilities through landscaping and plantation in village gardens *etc*. Out of this, ₹65.37 crore[52] was released to the implementing agencies *viz*; DFO, Cuttack and BDOs of Bansapala/ Champua/ Hatadihi/ Harichandanpur/ Joda/ Sadar Block, Divisional Manager (DM), OFDC, Bhubaneswar and Executive Officer (EO) of Keonjhar/ Barbil Municipalities up to December 2024 by DMFs, Jajpur and Keonjhar. Though ₹51.71 crore was spent as of January 2025, none of these 126 projects were completed/ made functional (March 2025). The reasons for non-completion of projects were not on record.

The execution of these 126 projects was neither under "environment preservation activity" or "livelihood programmes, nor under any other permissible activities under the ODMF Rules. Hence, the expenditure incurred out of DMF funds was inadmissible as it violated the provisions of Rule 10(A) of ODMF Rules, 2015 and PMKKKY scheme.

During JPV of 13 projects (two Rural Parks, two Gram Udayan Park, eight Van Vatikas and one Eco-retreat center) in three forest ranges under DFO, Cuttack (Jajpur) and BDO, Champua (Keonjhar), conducted between January and March 2025, it was noticed that in one Rural Park and one Gram Udyan Park under DMF Keonjhar, plantation work and installation of gym equipment had not been completed. Similarly, in case of the remaining 11 projects under DMF Jajpur also, installation of gym equipment/ water supply system, building works *etc*., remained incomplete. The photographs of defunct projects are given below.

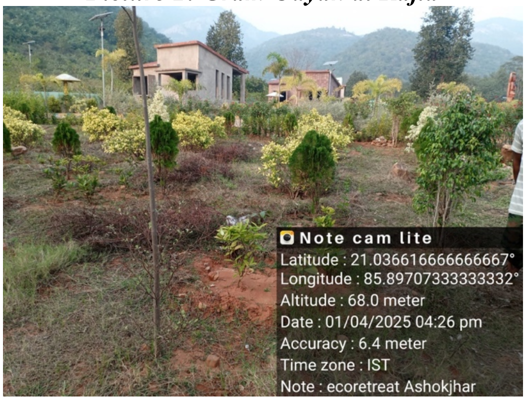
[52] Released ₹52.88 crore to DFO, Cuttack by DMF, Jajpur for implementation of 52 projects and ₹12.49 crore by DMF, Keonjhar to nine implementing agencies (Block Development Officers Banspal, Champua, Harichandanpur, Hatadihi, Joda, and Sadar; Divisional Manager OFDC Bhubaneswar; Executive Officers Barbil Municipality and Keonjhar Municipality)

Images of the defunct projects implemented under DMFs, Jajpur and Keonjhar

Picture 1: Model Rural Park at Bhanda

Picture 2: Gram Udyan at Rajia

Picture 3: Van Vatika at Chingudiapal



Picture 4: Eco-Retreat Centre, Ashokjhar

(ii) Similarly, scrutiny of records at three DMFs[53], revealed that 122 projects had been sanctioned out of DMF Funds by concerned DMFs under different activities like infrastructure/ education/ health, *etc.,* during 2015-24 for ₹61.33 crore. Out of the sanctioned funds, ₹31.12 crore was released to implementing agencies *viz*; BDOs, Executive Officers of Municipalities, Divisional Forest Officers *etc.,* under three DMFs and of this only ₹16.54 crore (53.15 *per cent*) was spent as of March 2024. The reason for the slow progress of these works was not on record. Further, Audit observed that all the 122 sanctioned projects were in contravention to the Rule 10 (A) and (B), as DMF funds instead of being used for activities under environment preservation and pollution control measures and livelihood programmes, were being used for inadmissible purposes like construction of office building, *Bhagabat*a mandap[54], *Astaprahari* mandap, boundary wall, cottages, dining hall, beautification of dam, development of temple, park, ecotourism centre, picnic spot, water bodies and swimming pool.

In reply, the Government stated (January 2026) that instructions have been issued to ensure completion of all non-structural components of the projects, and deployment of staff and management agencies for upkeep and maintenance.

[53] Dhenkanal (95), Nabarangpur (02) and Sundargarh (25).
[54] *Bhagabata* Mandap and *Astaprahari* mandap are places for local religious activities.

However, as noted the very sanction of these ineligible projects, defeated the objectives of PMKKKY.

(b) Healthcare Sector

6.5.4 Irregular expenditure out of DMF funds in public health projects

Rule 10(iv) of ODMF Rules, 2015 specifies that under high priority activities, the funds of the Trust may be utilised for Health sector activities. Under this, the focus must be on creation of primary or secondary health care facilities in the affected areas and emphasis should be laid not only on the creation of health care infrastructure, but also on provision of necessary staffing, equipment and supplies required for making such facilities effective.

6.5.4.1 Irregular expenditure on deployment of unregistered doctors

As per section 34 of the National Medical Commission Act 2019, no person other than a person who is enrolled in the State Register or National Register of Medical Council of Odisha and Medical Council of India respectively, as the case may be, be allowed to practice medicine as a qualified medical practitioner.

Audit noted that DMF, Sundargarh decided (3rd meeting of Board of Trustees on 29 April 2017) to implement a project 'Mobile Medical Van (MMV) Service' for (i) rendering Medical & Health care services; (ii) organising Health Camps; (iii) organising Integrated Village Health and Nutrition Day & Routine Immunisation to provide medicines free of cost to the needy residents residing in and around the villages of directly and indirectly affected areas in Sundargarh District out of DMF funds.

Audit scrutiny revealed that, as per agreement (March 2017) between DMF, Sundargarh and the service providing agency[55], 15 MMVs were deployed in Sundargarh district during the period 2017-18, and this increased to 25 during 2018-19 to 2023-24. As per the agreement, each MMV was to be provided with one Medical Officer (MOs), one Auxiliary Nurse cum Midwife, one Pharmacist and one driver. Audit noticed that out of 78 MOs engaged for operation of the MMVs, during 2017-18 to 2023-24, 54 had furnished registration certificates from the Odisha Council of Medial Registration (OCMR) and 24 MOs had furnished registration certificates from the State Councils of Medical Registration (SCMR) of Madhya Pradesh, Bihar and Chhattisgarh.

On cross verification (April 2025) of names and Registration numbers/ year *etc*., with the data available in OCMR, Bhubaneswar / NMC/ other SCMR, Audit observed that in case of nine MOs, the names and registration numbers of the Doctors did not match the names and registration numbers appearing on the OCMR website. This fact was further corroborated by OCMR, Bhubaneswar during March and May 2025, where it was stated that these nine MOs were not registered with OCMR.

[55] Community Action Through Motivation Programme (CAMP), Bhopal, Madhya Pradesh.

Thus, the agency deployed MOs for operation of MMVs, without verification of validity of their credentials, in violation of the National Medical Commission Act 2019, depriving the population living in remote and inaccessible areas of safe and quality health care through certified and qualified medical personnel. Also, the payment of ₹7.44 crore to CAMP towards MMV charges on deployment of doctors who were not authorised for medical practice, over a period of seven years from 2017-18 was irregular.

Accepting the observation of Audit, the Government stated (January 2026) that necessary action shall be initiated by the CDMO, Sundargarh as per the report.

6.5.4.2 Payment for diet of patient's attendant

The provision of supplementing the dietary needs of a patient's attendant (through DMF funding), is not covered under any provision of the PMKKKY guidelines and ODMF rules.

DMF, Keonjhar approved a project for provision of diet for the attendants of Indoor Patient Department (IPD) patients in DHH, SDHs, CHCs and PHCs. Accordingly, ₹7.12 crore was sanctioned between October 2022 to December 2024, out of which ₹4.53 crore was released in four instalments to the Chief District Medical and Public Health Officer (CDM&PH), Keonjhar for the years 2022-23 and 2023-24. Out of these funds ₹3.19 crore was spent as per UCs submitted up to November 2024, however, the unspent balance of ₹1.34 crore was still lying with the CDMO & PHO, Keonjhar till the date of Audit (March 2025).

The expenditure of ₹3.19 crore was irregular as the provisions of ODMF rules and PMKKKY guidelines do not permit implementation of such schemes out of DMF funds.

In reply, the Government stated (January 2026) that recognising an urgent need, the Trust Board approved a novel health welfare project for providing free, nutritious meals to attendants of IPD patients at Hospitals.

However, Audit opines that utilisation of DMF funds on this project was arbitrary and irregular as PMKKKY guidelines as well as ODM Rules do not permit such expenditure under health care activities.

6.5.4.3 Irregular expenditure towards reserving ICU and General beds for COVID-19 patients in hospitals

The Ministry of Mines, GoI, with the intention of combating the COVID-19 pandemic, issued (28 March 2020) instructions for utilising DMF funds for supplementing and augmenting facilities of medical testing, screening *etc*. Besides, funds were to be utilised for purchase/ installation of necessary medical equipment or creation of medical infrastructure, purchase of face masks, soaps, sanitizers and food distribution to poor people, purchase/ installation of protective equipment *etc.*

Audit noticed that in three DMFs[56], private hospitals were hired through Public Private Partnership (PPP) mode by the decision of the respective Collector and Chairperson-Cum-Managing Trustee to provide health care services for COVID-19 affected patients. The rates of ICU and general beds were finalised by the DMFs as per the rates offered by the private hospitals. Negotiations of rates, if any, were not found on records. The DMFs paid ₹145.06 crore towards booking of ICU and general beds between April 2020 to March 2022 to these hospitals as detailed in the **Table 6.2** below.

Table 6.2: Payment made to private hospitals towards booking of ICU and general beds

Name of the District	Name of the hospital	Period of engagement	ICU beds		General beds		Amount paid (₹ in crore)
			Number of beds	Charges per day per bed (₹)	Number of beds	Charges per day per bed (₹)	
Jajpur	Bhoomika Multi Specialty Hospital at Kuakhia, Jajpur	24.05.2021 to 23.08.2021	50	17,000 (5,000 and consumables 12,000)	150	3,000 per day and consumables 1,750	9.70
Sundargarh	Jai Prakash Hospital and Research Centre Private Limited, Rourkela	25.08.2020 to 09.03.2022	10 to 200	17,000 (5,000 and recurring charges 12,000)	20 to 80	3,000	109.45
Keonjhar	Utkal Hospital Private Limited, Bhubaneswar at Ranki, Keonjhar	06.04.2020 to 28.02.2022	14 to 44	5000 and consumables as per actual	36 to 106	3,000	25.91
Total							**145.06**

(Source: Information furnished by three DMFs)

Although there were no instructions of GoI for hiring of beds in private hospitals in PPP mode, the DMFs had decided to reserve the above beds in anticipation of number of patients and accordingly, payments were made for permanently reserving these hospitals. This resulted in irregular expenditure of ₹145.06 crore out of the DMF funds.

In DMF, Sundargarh it was also noticed that M/s Jai Prakash Hospital and Research Centre Private Limited (JP Hospital), Rourkela was eligible for a total payment of ₹98.85 crore[57] for the period from 25 August 2020 to 09 March 2022. However, the cash book of DMF, Sundargarh indicated that JP Hospital was paid ₹109.45 crore during September 2020 to June 2023. In the absence of the invoices raised by the hospital, Audit could not check the basis for making the excess payment amounting to ₹10.60 crore to JP Hospital. The matter needs to be investigated/ reconciled and appropriate recovery made from the hospital.

[56] Jajpur, Keonjhar and Sundargarh.

[57] Bed charges of ₹95.87 crore, special consultation and special investigation charges of ₹2.78 crore, food expenses of ₹0.19 crore and consumables cost for general bed ₹0.01 crore. All charges as claimed/ allowed except bed charges, which have been calculated by Audit on the basis of rates as agreed upon in the Agreement and the days and number of beds booked.

Thus, the projects of hiring of hospital beds were executed in violation of norms and defeating the objectives of the PMKKKY scheme with regard to development of health care infrastructure for mining affected people.

In reply, the Government stated (January 2026) that all decisions were made in consultation with the Health Department and approved by the Trust Boards.

The reply of the Government was not tenable, as Audit was not provided with any records relating to consultation (if any) with the Health Department. Further, to implementat these decisions, the concerned DMFs had executed MoUs with the hospitals, without any involvement of the Health Department of the State.

(c) Education Sector

6.5.5 Implementation of projects not permissible under education sector

Rule 10(A)(iv) of ODMF Rules, 2015 provides that DMF funds may be utilised for projects related to educational activities like construction of school buildings, additional class rooms, laboratories, libraries, art and crafts room, toilet blocks, drinking water provisions, providing residential hostels for students or teachers in remote areas, establishing sports infrastructure, engagement of teachers or other supporting staff, e-learning set up, other arrangement of transport facilities (bus or van or cycles or rickshaws *etc.*) and nutrition related programs. Further, there is no provision in both the PMKKKY guidelines or in ODMF Rules for, (i) sponsoring higher studies, in foreign countries, for benefiting select students; (ii) payment of scholarships and incentives to students and teachers; (iii) distribution of free uniforms and books; (iv) incurring expenditure towards free medical coaching to students; and (v) purchase of furniture for schools.

The audit findings in this regard are discussed in the following paragraphs.

6.5.5.1 Irregular expenditure out of DMF funds towards sponsoring higher studies in a foreign country

In Keonjhar district, Audit noticed that the DMF approved a proposal of the Principal, Government College of Engineering (GCE) for funding five students who were selected to pursue Master of Professional Engineering (Mining) course at Curtin University, Australia. Accordingly, the funds of ₹6.06 crore were sanctioned by DMF, Keonjhar on 12 August 2023 towards course fee, health insurance, living cost *etc.,* without approval of the BoT/ EC of the DMF and the said amount was released (14 August 2023). As per the UCs submitted by the Principal, GCE, ₹2.57 crore was spent as of December 2024 leaving an unspent balance of ₹3.49 crore against the released amount of ₹6.06 crore which was transferred to four Term Deposit accounts of the GCE College in December 2024.

Thus, instead of creating educational infrastructure for the general benefit of a larger number of beneficiaries in the mining affected area, payment for higher studies in foreign countries for a select group of students was sanctioned, even though this was not permissible under PMKKKY guidelines and did not fall under any of the components of educational activities as stipulated under ODMF Rules.

Further, transfer of ₹3.49 crore to Term Deposit accounts indicates that the amount had remained unutilised for 19 months (*i.e.,* from August 2023 to March 2025) and was not required for immediate expenditure. As a result of this, the DMF had potentially lost interest of ₹37.91 lakh[58], as of March 2025.

In reply, the Government stated (January 2026) that these expenditures were made in good faith to empower local youth, in line with Sustainable Development Goals and DMF objectives. However, the reply was not tenable as payment for higher study in foreign countries did not fall under any of the components of educational activities as stipulated under ODMF Rules and PMKKKY guidelines.

6.5.5.2 Expenditure towards supply of free uniform and textbooks

Similarly, in violation of provisions of PMKKKY and ODMF rules, the Collector and Managing Trustee, Keonjhar approved (02 May 2020) a project for providing free textbooks and uniforms to all students of Class IX and X of Keonjhar district. Funds of ₹14.83 crore were sanctioned by DMF, Keonjhar between January 2021 and January 2025 for this scheme, out of which ₹10.32 crore was released up to 09 November 2023. Utilisation Certificates for an amount of ₹9.33 crore were submitted by DEO, Keonjhar as of January 2025. The remaining amount of ₹99 lakh was lying unused with the DEO, Keonjhar.

As per Paragraph 2(2)(a) of PMKKKY Guidelines and Rule 11(A)(3) of the ODMF rules, expenditure of DMF funds for such activities should have been done for supplementing or in convergence of any State or GoI scheme. Taking over the whole burden and releasing ₹10.32 crore to the DEO, for supply of textbooks and uniforms out of DMF funds, was irregular, as it should have been done under the State budget.

In reply, the Government stated (January 20216) that free uniform and textbook initiative was implemented to address a critical barrier to secondary education in Keonjhar and to fill the gap after upper primary, thereby supporting the transition to higher classes. However, as noted by Audit, the expenditure on supply of textbooks and uniforms should have been met out of the State budget, instead of DMF.

6.5.5.3 Expenditure towards providing private medical coaching out of DMF funds

In DMF, Jajpur a MoU was signed (August 2018) with the Center for Educational and Social Development–Pathsala (CESDP)[59] for residential medical coaching of 30 under privileged students of Jajpur district at a cost of ₹2.50 lakh per student. The selection of candidates was to be done by the

58 ₹3.49 crore x 6.86 *per cent* (rate of interest for fixed deposits) /12 ×19
59 A non-government, non-profit, charitable organisation.

Implementing Agency CESDP out of the meritorious students of economically weaker sections of Jajpur district. The students of +2/ 12th standard with PCB combination in last three academic years, annual income of ₹6 lakh, obtaining 70 *per cent* in case of CBSE/ ICSE and 60 *per cent* in case of State Board had to apply in the online portal. On the basis of a written test of NEET pattern and interview, 30 students were selected and admitted for the coaching and ₹70.76 lakh was spent in 2018-19. Further, 40 students of Jajpur district at Akash Institute, Bhubaneswar[60] in 2019-20 and 367 students of Jajpur district at Career Point, Jajpur Road[61] in 2022-24 were also selected by the Implementing Institutes and admitted for imparting medical coaching with payment of ₹3.59 crore out of DMF funds by DMF Jajpur.

It was also noticed that no one from the directly affected (Sukinda) and indirectly affected (Danagadi) blocks of Jajpur district were selected for such training during 2018-19.

It is also pertinent to mention that out of a total 437 students who were imparted coaching during 2018-20 and 2022-24, only six students qualified the entrance examination for admission into different Medical Colleges. This indicates that the outcomes/ achievements were miniscule as compared to the expenditure incurred.

Moreover, instead of creating educational infrastructure, incurring an expenditure of ₹4.30 crore on medical coaching in private coaching centers out of DMF funds was irregular as it violated PMKKKY guidelines and ODMF rules.

In reply, the Government stated (January 2026) that at the request of the Director (Human Resources Department), Odisha Power Transmission Corporation Limited, Bhubaneswar meritorious students from economically weaker sections of Jajpur were sponsored for free medical coaching. However, the justification given in the reply was not tenable as there was no provision in the ODMF rules for incurring such expenditure on the request of a State PSU which has no role in mining activities and has its own CSR budget for such social welfare activities.

6.5.5.4 Purchase of furniture for schools

For implementation of High Schools transformation programme under GoO's "5T Initiative"[62], the Collector, Keonjhar finalised (June 2021) 22 components of the programme in which teachers' furniture along with dual bench and desks were included. Further, in another meeting held under the chairmanship of Collector, Keonjhar (on 08 July 2022), it was decided that procurement of furniture for the functioning of boys' hostels in Odisha Adarsh Vidyalayas

[60] A private coaching institute

[61] A private coaching institute

[62] Odisha's 5T initiative is a governance model focusing on Teamwork, Transparency, Technology, and Time, leading to Transformation aiming for citizen-centric services and efficient public delivery.

(OAVs)[63] would be done through the OSIC. The DEO was to submit the budget requirement for approval of DMF, Keonjhar.

Accordingly, DMF, Keonjhar sanctioned and released ₹138.77 crore (March 2019 and March 2023) to DEO, Keonjhar for seven projects for purchase of furniture for secondary schools, OAVs and Hostels of Keonjhar district. Further, DEO, Keonjhar engaged OSIC and the Roads & Buildings (R&B) Division, Keonjhar, of the Works Department for supply and installation of furniture at Schools. Accordingly, an amount of ₹138.77 crore was released by the DEO, Keonjhar between March 2021 and May 2023 to OSIC. Against the amount of ₹138.77 crore released, UCs for ₹100.51 crore were submitted by OSIC and R&B division to DEO, Keonjhar as of November 2023, leaving an unspent balance of ₹ 38.26 crore.

During JPV of the three OAV hostel projects (Telkoi, Lahanda and Talachampei) with the departmental officials on 17 and 22 April 2025, Audit found that the furniture supplied to the hostels from April 2023 were dumped in classrooms of OAVs and not installed, at either the intended hostels or class rooms, since May 2023. Further, the hostels had also not been handed over by the Rural Works Divisions, RD Department to the School authorities for their operation. The relevant photographs are given below.

Photographs showing furniture dumped in the classrooms of two OAVs and two locked hostels at Telkoi and Lahanda

Picture 5 : Classroom in OAV, Telkoi

Picture 6 : Classroom in OAV, Lahanda

Picture 7 : Locked Hostel under OAV, Telkoi

Picture 8 : Locked Hostel under OAV, Lahanda

[63] Odisha Adarsha Vidyalayas are high quality English Medium Schools with CBSE affiliation and having state of art infrastructure at par with Kendriya Vidyalayas from classes VI to XII.

The expenditure of ₹100.51 crore on purchase of furniture for secondary schools, OAVs and Hostels out of DMF funds was against the ODMF Rules and PMKKKY guidelines. Further, non-installation and non-utilisation of the furniture thus purchased, led to wasteful expenditure as the usable life of furniture items will expire with passage of time. Alternatively, these funds could have been utilised for welfare projects of mining affected people.

Similarly, in Jajpur district DPC, SSA, Jajpur with the approval of DMF (January 2020) issued supply order (July 2020) to OSIC for providing 19,810 dual desks to 318 Schools at a cost of ₹17.03 crore. OSIC supplied 19,810 dual desks along with almirahs, tables and chairs for teachers to schools in Jajpur during November and December 2020. On the same lines, in Mayurbhanj district, based on the MoU signed with OSIC (July 2020) by the DMF, Mayurbhanj, 14,644 dual desks and benches were supplied by OSIC (during July 2021 to September 2021) at a cost of ₹12.35 crore. These desks and benches were supplied to the primary and upper primary Government aided schools as well as High schools of Mayurbhanj district.

Thus, a total expenditure of ₹129.89 crore[64] was incurred towards purchase of furniture for schools in the three districts, but the same was irregular as it contravened the provisions of the PMKKKY guidelines and ODMF Rules. This expenditure should have instead been met out of the funds for High Schools Transformation programme under "5T Initiative" of the Government of Odisha, rather than from DMF, which was earmarked for use in specific welfare activities for mining affected areas.

In reply, the Government stated (January 2026) that the decision to purchase furniture was driven by the needs identified during the High School Transformation Programme. DMF had authorised these funds and all purchases were in keeping with the goal of enhancing the learning environment for students. Although the Government has justified the need of furniture in the schools, but the fact remains that the High Schools Transformation Programme was to be implemented out of the budgetary provisions under "5T Initiative" of Government of Odisha, rather than from DMF funds.

6.6 Irregularities in implementation of projects permissible under DMF funds

The District Mineral Foundations in the selected six districts implemented welfare projects by utilisation of DMF funds. In addition to the ineligible projects as discussed above, Audit noticed irregularities in implementation and management of projects permissible under high and other priority activities as defined in PMKKKY Guidelines and ODMF Rules.

I High Priority Activities

As per Rule 10(A) of the ODMF Rules, 2015, 60 *per cent* of the DMF funds were to be utilised for implementing the PMKKKY under high priority

[64] Keonjhar : ₹100.51 crore; Jajpur : ₹17.03 crore; and Mayurbhanj : ₹12.35 crore.

activities, namely i) Drinking water supply, ii) Environment preservation and pollution control measures, iii) Health care, iv) Education, v) Welfare of Women and Children, vi) Welfare of aged and disabled people, vii) Skill development, viii) Sanitation, ix) Housing, x) Livelihood programmes, and xi) Road connectivity.

(a) Drinking Water Supply

6.6.1 Idle expenditure on Rural Water Supply projects

Scrutiny of implementation records of DMF, Jajpur based on the projects approved by the Trust and information furnished by the SE, RWSS Division, Chandikhole, revealed that three Mega Piped Water Supply (PWS) projects funded under the Odisha Mineral bearing Areas Development Corporation (OMBADC) with an estimated cost of ₹232.75 crore to cover 108 mining affected villages were taken up during March 2018 to November 2019 and completed as of November 2021. Under these, water was supplied to all households of the Block through piped water supply system, but despite this six additional Rural Piped Water Supply (RPWS) projects in Sukinda block were taken up during 2017-18 to 2018-19 out of the DMF funds with estimated cost of ₹3.58 crore. These six RPWS projects were executed by the Executive Engineer (RWS&S) Division, Chandikhole simultaneously with the execution of the three mega projects. Audit noticed that as of March 2019, ₹3.37 crore was spent on completion of these projects.

During JPV (17 December 2024) Audit noticed that out of six, four projects were completed during 2017-18 and 2018-19 with an expenditure of ₹1.36 crore. However, these were found to be defunct/ non-operational and the projects had not been handed over to the concerned Gram Panchayats (GPs) for maintenance and operation. It may be pertinent to mention that all these works were executed by the same RWSS Division, Chandikhole.

This indicates the lack of proper planning and coordination in selection of the projects by DMF, Jajpur and non-consideration of the ongoing water supply projects, which resulted in duplication of work and wasteful expenditure.

In reply, the Government stated (January 2026) that steps have already been undertaken by the SE, RWS&S, Chandikhole to make the RPWS projects functional. However, the DMF, Jajpur should verify these projects and ensure the functionality to Audit.

(b) Healthcare Sector

As per rule 10A(iii) of ODMF Rules, 2015 in high priority activities under Health care:

(a) The focus must be on creation of primary or secondary health care facilities in the affected areas and the emphasis should not be only on the creation of the health care infrastructure, but also on provision of necessary staffing, equipment and supplies required for making such facilities effective.

(b) To that extent, the effort should be to supplement and work in convergence with the existing health care infrastructure of the local bodies, State and Central Government.

(c) The expertise available with the National Institute of Miners' Health may also be drawn upon to design special infrastructure needed to take care of mining related illnesses and diseases.

(d) Group Insurance Scheme for health care may be implemented for mining affected persons not covered under other schemes.

6.6.2 Excess expenditure on doctor's remuneration over prescribed rate

The Health and Family Welfare (H&FW) Department, GoO prescribed (October 2014) rates for consolidated monthly remuneration of doctors engaged on contractual basis, against vacant posts in different health institutions of the State. These rates of contractual remuneration were enhanced (29 June 2018) from ₹35,000 to ₹55,000 per month for Assistant Surgeons and from ₹50,000 to ₹60,000 per month for Specialists.

DMF, Sundargarh and Keonjhar in their Board of Trust meetings (29 April 2017 and 27 June 2018 respectively) decided to hire contractual doctors under DMF to fill the existing vacancies of different health institutions in mining affected areas.

Scrutiny of records and information furnished by DMF, Sundargarh and Keonjhar revealed that during January 2018 to March 2024, 98 doctors and dentists were engaged on contractual basis with remuneration ranging from ₹60,000 to ₹1,50,000 per month and 83 Specialists were engaged with the remuneration ranging from ₹1,00,000 to ₹3,00,000 per month. It was noted that the justification for fixation of varied remuneration, far beyond the rates fixed by the GoO, was not found on records. It was further noticed that remunerations fixed for doctors with the same qualifications in the same area of expertise varied between ₹ one lakh and ₹ three lakh. Thus, due to random fixation of remuneration, there was excess payment of ₹43.94 crore as detailed in ***Appendix-XI***.

The Government replied (January 2026) that in respect of DMF Sundargarh, due to remote location and competitive market for medical professionals, it was extremely difficult to attract MBBS Doctors/ Dentists to serve in these specific areas. In respect of DMF Keonjhar, it was stated that in situations where very experienced specialists were needed urgently, marginally higher rates were offered to attract them to underserved areas. The reply was not tenable as fixation of higher remuneration beyond the rates fixed by the H&FW Department, without any declared/ publicised policy was against the principles of equal opportunity and lacked transparency in engagement of medical professionals.

6.6.3 Idle expenditure of ₹2.18 crore towards establishment of ICUs

Scrutiny of records revealed that DMF, Keonjhar approved and paid ₹2.18 crore during (December 2021 to June 2022) for purchase of different medical equipment like, Universal ventilator, Patient Monitor, LED Phototherapy dual surface, Defibrillator, PICU motorised bed, Electrical suction, Fetal Doppler *etc*., for establishment of one dedicated Neonatal Intensive Care Unit (NICU) and Paediatric Intensive Care Unit (PICU) to meet the health challenges of COVID-19 pandemic at the District Headquarter Hospital (DHH) in Keonjhar.

As per information furnished by the Chief District Medical and Public Health Officer (CDM & PHO), Keonjhar, this equipment was procured in January and February 2022 and installed in March 2022. Joint Physical Verification (29 April 2025) of NICU and PICU revealed that despite lapse of three years since installation, the units had not been made operational, and equipment were not in use. Neither DMF nor the CDM & PHO had taken any steps for deployment of medical staff/ doctors through DMF funds or State Budget for operationalisation of these units, due to which the expenditure of ₹2.18 crore incurred on establishment of NICU and PICU from DMF funds in the DHH remained idle.

In reply, the Government stated (January 2026) that these assets significantly bolstered the district's healthcare infrastructure during a crisis, aligning with both PMKKKY's and ODMF's healthcare objectives.

The reply did not address the audit point about the healthcare infrastructure not being used for more than three and half years (as of January 2026) for the purpose for which these were purchased and installed, resulting in idle expenditure.

6.6.4 Infructuous expenditure on establishment of Digital Medical Record system

Scrutiny of records of CDM & PHO, Sundargarh revealed that a Digital Medical Record (DMR) system[65] was set up in three hospitals[66] in Sundargarh District at a cost of ₹1.32 crore with the funding from DMF Sundargarh. For implementation of this project, DMF Sundargarh had sanctioned (November 2017) an amount of ₹1.52 crore and released ₹1.33 crore to the CDM & PHO, Sundargarh. An agency[67] was engaged for supply of 100 Tablets and installation of related software along with accessories required for operationalisation of DMR system. The agency was paid ₹1.32 crore between November 2019 and July 2020. The supply of the system came with a proviso that the agency would provide three years onsite product warranty support and

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65 The Digital Medical Record system was to replace manual registration and data entry of patients, to keep track of the patient's entire health and medical history including pathology/ microbiology reports in a computerised electronic format which can be assessed and viewed for medication, generate different reports and maps for analysis by health care hospitals.

66 DHH, Sundargarh, SDH, Bonai and Government Hospital, Rourkela

67 M/s. Maxworth Electronic Systems Private Limited (MESPL)

arrange to repair/ replace defective devices. The DMR system and accessories were installed in Sub-Divisional Hospital (SDH), Bonai in September 2019 and in District Headquarters Hospital (DHH), Sundargarh and Government Hospital (GH), Rourkela in November 2019. Out of the 100 Tablets supplied by the agency 20 Tablets were issued to SDH, Bonai and 40 Tablets each to DHH, Sundargarh and GH, Rourkela.

Audit noticed that the DMR system was operational only up to 25 February 2020 in DHH, Sundargarh and GH, Rourkela, and up to 28 December 2020 in SDH, Bonai due to compatibility issues with the newly implemented Odisha e-hospital Management System (OEHMIS) by GoO.

During the JPV of DHH, Sundargarh (04 March 2025), it was noticed that DMR system was non-functional since 26 February 2020. It was also noticed that out of the 40 Tablets issued to DHH, Sundergarh only 16 Tablets were put to use and the remaining 24 Tablets were lying idle, in packed condition in the hospital store.

Thus, the system stopped working only after 147 days to 262 days from the date of installation in these three hospitals. Despite the fact that the onsite warranty period was applicable up to November 2022, no efforts were made (with the supply agency) to resolve compatibility issues and make the DMR system functional. Hence the entire expenditure of ₹1.32 crore became infructuous.

In reply, the Government stated (January 2026) that the DMR software and equipment have been non-functional since March 2020. Efforts were made by the CEO-DMF, Sundergarh to understand the compatibility issues with Odisha e-Hospital Management Information System (OeHMIS) software but there was no positive response from the vendor.

(c) Education Sector

6.6.5 Idle expenditure on construction of hostels

Scrutiny of records and information furnished by the IAs[68] as well as the DMF, Keonjhar revealed that construction of 100 seated Boys/ Girls Hostel buildings at eight Odisha Adarsh Vidyalayas (OAVs)[69] was approved by the DMF Trust Board on 31 May 2016. Accordingly, ₹10.34 crore was sanctioned (March 2017 and October 2017) by DMF, Keonjhar out of which ₹9.17 crore was spent (September 2018 to July 2023) by three RW Divisions[70] for execution of said projects. DMF, Keonjhar also sanctioned and released an additional ₹ 9.69 crore (September 2022 and March 2023) to the DEO,

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68 RWD No. I and II Keonjhar and RWD, Anandpur

69 Champua (Sanctioned ₹120.38 lakh), Harichandanpur (Sanctioned ₹150.00 lakh), Khendra (Sanctioned ₹119.45 lakh), Lahanda (Sanctioned ₹121.87 lakh), Oriya (Sanctioned ₹122.59 lakh), Saharapada (Sanctioned ₹117.63 lakh), Talachampei (Sanctioned ₹144,16 lakh) and Tikiria (Sanctioned ₹137.59 lakh).

70 i) RWD No.I, Keonjhar (Hostels at Saharapada and Tikiria); ii) RWD No. II, Keonjhar (Champua, Khendra, Lahanda, Oriya and Talachampei); and iii) RWD, Anandpur (Harichandanpur)

Keonjhar for purchase and supply of furniture by 23 March 2023 through OSIC for these hostels.

During JPV, conducted in April 2025 by Audit, all the eight hostels were found to be non-functional, since completion (between December 2019 and December 2023). The hostel buildings remained idle due to non-deployment of required manpower by DEO, Keonjhar for their functioning. Further, furniture like cots, beds, tables and almirahs worth ₹2.09 crore purchased by DEO, Keonjhar were also found dumped in the school buildings.Thus, funds were allotted by DMF, Keonjhar for construction of hostel buildings and purchase of furniture etc., without ensuring deployment of manpower for management of these hostels, due to which the infrastructure created after an expenditure of ₹11.78 crore, remained idle. This indicated poor planning due to non-provision of manpower and other ancillary instruments as well as non-coordination with the line departments for optimum utilisation of the deployed resources.

In reply, the Government stated (January 2026) that DMF, Keonjhar had sanctioned construction of hostels in affected areas to improve educational infrastructure and idle funds was due to the phased nature of construction. However, as noted during JPV, these hostels were not functional even after lapse of two to seven years since completion, due to non-provision of required manpower/ Infrastructure.

6.6.6 Idle expenditure on construction of boys and girls hostels

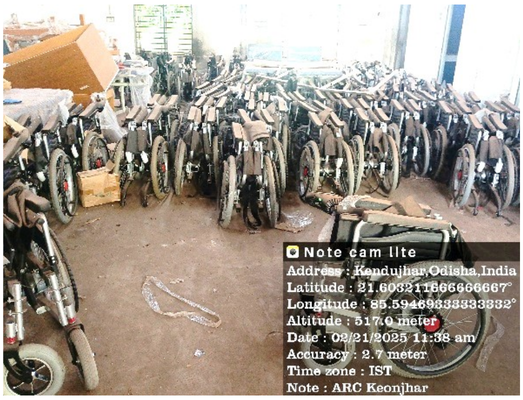
In case of DMF, Jajpur, it was noticed that two 100 seated boys and girls' hostels each, at Deogan village of Sukinda Block were approved by the DMF, Jajpur and constructed by R&B Division, Panikoili at a cost of 4.34 crore. As per the completion certificate, the hostels were completed on 16 July 2022 by the Executive Engineer (R&B) Division, Panikoili but were not handed over to the user agency *i.e.,* Education Department for utilisation towards accommodation of students. No reasons for non-handing over were found on record during audit. However in response to the audit enquiry, it was stated that the essential services, specifically water and electricity supply arrangements were pending. During JPV (10 December 2024) it was observed that the hostels had remained non-functional for a period of more than two years as on the date of audit (December 2024). Due to non-handing over of the hostel buildings in time, the created infrastructure was lying idle while depriving the students of accommodation facilities and resulting in blockage of DMF funds of ₹4.34 crore.

In reply, the Government stated (January 2026) that once the critical utilities are in place, the hostels will be handed over to the BDO, Sukinda. However, the fact remains that the hostels have not been functional for three and half years since their completion.

(d) Welfare of Aged and Disabled People

6.6.7 Imprudent purchase of wheelchairs blocked DMF funds

Scrutiny of records and information made available by the DMF, Keonjhar revealed that BoT in its 9th meeting approved (02 May 2020) the establishment of an Advanced Rehabilitation Centre (ARC) at Keonjhar with the objectives of producing and providing artificial appliances for persons with disability (PwDs). Accordingly, District Social Security Officer (DSSO), Keonjhar executed an agreement (13 January 2021) with M/s B. R. Biomedical Private Limited, New Delhi for 'Supply and installation of equipment for establishment of the ARC for PwDs'. Audit noticed that three Purchase orders of (50 MWs+100 MWs+3,000 MWs) were issued during March 2021 to September 2022 by DSSO, Keonjhar for supply of 3,150 Motorised Wheelchairs (MWs) with joystick at CGHS rates *plus* discount. The agency accordingly supplied 3,150 MWs between June 2021 and February 2024. The DSSO released payment of ₹16.90 crore to the agency against the supply made.



Picture 9: Motorised Wheelchairs lying idle in ARC, Keonjhar

Audit further noticed that the order of 3,150 MWs was placed by the DSSO without any need assessment or identification of disabled persons for distribution of wheelchairs as nothing in this regard was found on record. The stock register of MWs showed that the MWs were distributed to the PwDs at the ARC and sent to the BDOs for further distribution. Despite bulk supply to the BDOs, the available stock at the ARC was of 1,061 MWs (as of 18 February 2025), which clearly indicates that the orders for supply of MWs were placed imprudently without considering the requirement.

During Joint Physical Verification (21 February 2025) at the ARC Keonjhar, Audit noted that 1,061 MWs with joysticks costing ₹5.68 crore, were lying idle with DSSO, Keonjhar in the ARC, as can be seen from the given photograph. Non-distribution/ utilisation of the MWs after lapse of one to four years from the date of purchase resulted in blockage of ₹5.68 crore of the DMF funds.

In reply, the Government stated that the cost incurred on these wheelchairs has strengthened mobility and inclusion for PwDs in mining-affected areas and should be viewed as a legitimate developmental investment.

However, the reply was not acceptable as the purchases were made without assessing the actual requirement owing to which 1,061 MWs were lying unused for more than a year with the DSSO resulting in blockage of funds.

(e) Skill Development and Livelihood Programmes

6.6.8 Unfruitful expenditure towards skill development training

Rule 10(A-VII) of the ODMF Rules, 2015, stipulates that that the DMF funds may be utilised on skill development projects for livelihood support, income generation and economic activities for local eligible persons. The projects or schemes may include training, skill development centre, self-employment, support to Self Help Groups with provision of forward and backward linkages for such self-employment economic activities.

(i) During scrutiny of records of six sampled DMFs, Audit noticed that in DMF, Jajpur, one MoU was signed with a private institute, namely Skill Council for Mining Sector[71] (SCMS), New Delhi (November 2022) at a cost of ₹2.54 crore, to conduct two skill development training programmes for upskilling of existing workers (Recognition of Prior Learning) and residential skill development programme (Short Term Training) for fresh local youth in mining sector. The anticipated expenditure on the training programmes included the cost of 110 days for a 'Short Term Training (STT)' programme for 210 candidates and costs related to a three days 'Recognition of Prior Learning (RPL)' programme for 1,000 candidates. While the STT training programme was for fresh local youths (individuals with prior learning experience/ skills engaged in unregulated sector) in the mining sector to enhance their employability skills, the other programme *i.e.,* RPL, was a three days' programme for existing workers.

As per the conditions of MoU, the SCMS had to ensure 70 *per cent* placement of the STT candidates certified as per National Skill Qualification Framework[72] (NSQF), within three months of the completion of the on Job Training/ Apprenticeship. During the period November 2022 to December 2023, SCMS trained 210 candidates under the STT training programme. SCMS intimated (October 2023) DMF, Jajpur that they had completed placement of 148 out of the 210 candidates (70.47 *per cent*). However, on verification by DMF (November 2023), the confirmed placement was only 79 candidates (37.62 *per cent*). Hence, Collector, Jajpur called for an explanation from SCMS. In response, the SCMS reiterated (December 2023) that 152 candidates had got placement under different agencies and provided a list of these candidates to DMF Jajpur. Based on this, DMF Jajpur, without any further verification of placement of candidates, released the last and final installment of ₹63 lakh out of the total payable amount of ₹2.54 crore.

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71 Skill Council for Mining Sector (SCMS), is a not-profit company incorporated under section 8 of the Companies Act 2013 and having registered office at B-311, Okhla Industrial Area Phase-1, New Delhi

72 The National Skills Qualification Framework (NSQF) notified by Government of India is India's competency-based framework that standardises skill levels from 1 (entry-level) to 10 (highly specialised), linking school, vocational, and higher education with industry needs for flexible learning, multiple entry/ exit points, and improved employability.

Audit observed that the DMF, Jajpur did not incorporate any assessment or verification mechanism in the MoU to ensure the achievement of the objectives of the training programmes. Thus, without verifying the factual records on skill development training programmes and relying upon the claims of the SCMS about the employment of the trained candidates, the payment of ₹2.54 crore was made, which was irregular.

(ii) Similarly, in DMF, Keonjhar, four MoUs were signed with four training institutes[73] during 2018-23 for providing skill development training to youth in the mining affected blocks of Keonjhar district, through medium and long-term courses. As per clause 3.7 of the agreement with the four institutions, upon submission of the placement details by the Second Party (Institution), the first party (DMF, Keonjhar) could conduct necessary placement verification to establish the genuineness of such placements. As per clause 3.11 of the agreement, failing to place atleast 70 *per cent* of the trained candidates with a gross remuneration of atleast ₹10,000 per month would result in action against the second party which may include imposition of penalty and future blacklisting of the second party. As per Clause 4.3.1, 4.3.2 and 4.3.3 of the agreement, 1st installment of 30 *per cent* of the total fee was payable on batch freezing and commencement of training, 2nd instalment of 50 *per cent* of the total fee was payable to second party on successful completion of the course and placement and 3rd installment of 20 *per cent* after prescribed period of tracking of the candidates, post placement.

Audit noticed that 1,208 candidates of mining affected areas were enrolled in different skill development training programmes in these institutes during 2018-24. An expenditure of ₹13.45 crore was incurred by the DMF, Keonjhar on the training programmes in these institutes. Out of these 1,208 candidates, 618 candidates were enrolled in three institutes[74] and only 235 candidates (38 *per cent*) got employment contrary to the stipulation of 70 *per cent* employment in MoU. While, in respect of Institute of Hotel Management (IHM), all enrolled 15 candidates got employment during 2018-24.

Although there was provision for imposing penalty for non-achievement of target of 70 *per cent* placement of enrolled candidates, the three under achieving institutes were paid full amount of ₹5.24 crore[75] without imposing any penalty. Besides, placement verification by DMF, Keonjhar to establish the genuineness of such placement, was not on record. Thus, despite expenditure of ₹5.24 crore towards payment to those training institutes the

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73 (i) Central Institute of Petrochemicals Engineering and Technology (CIPET) (ii) Central Tool Room and Training Centre (CTTC) (iii) Institute of Hotel Management (IHM), Bhubaneswar (iv) State Institute of Hotel Management (SIHM), Bolangir

74 CTTC, Bhubaneswar; SIHM, Bolangir; and CIPET, Bhubaneswar

75 Central Tool Room and Training Centre, Bhubaneswar (₹3.17 crore), State Institute of Hotel Management, Bolangir (₹0.22 crore) and Central Institute of Petrochemicals Engineering & Technology, Bhubaneswar (₹1.85 crore)

desired objective of providing employment to 70 *per cent* of the enrolled candidates could not be achieved.

In reply, the Government stated that after DMF's verification and further scrutiny, an updated placement report showing 160 placements (76.19 *per cent*) was accepted. In case of Keonjhar, the engagement was intended to equip local youth with employable skills relevant to the district's economic needs.

The reply is not tenable as it was noted that payment was made without further verification of placement of candidates, as no such supporting records were available. Further, in the case of Keonjhar, the payments were released to the agencies without ensuring 70 *per cent* placement of candidates.

6.6.9 Idle expenditure on Mission Shakti café and market complex established in Jajpur

Scrutiny of records and the information furnished by the DMF, Jajpur revealed that wholesale market complex and Mission Shakti Cafe[76] at Vyasanagar, Jajpur Road was sanctioned during 2021-22 and 2022-23 respectively and completed at a cost of ₹6.39 crore and handed over (February and November 2023) to the user agencies, namely Junior Engineer (JE) and Secretary of Kalinga Nagar Development Authority (KNDA), Vyasnagar, Jajpur respectively. However, Audit noted that the projects had been implemented without ensuring feasibility and had therefore not been allotted to intended beneficiaries as noticed during the JPV (November 2024). As a result the completed projects were lying defunct and were not put to use by the User agencies. This indicates lack of coordination between the DMF and the User agencies in planning and selection of projects without ensuring the utilisation of the infrastructure so created. Due to all these reasons, intended objectives of the project could not be achieved and expenditure ₹6.39 crore became infructuous.

In reply, the Government stated (January 2026) that the construction was completed, and the facility was handed over to the Kalinga Nagar Development Authority (KNDA) on 25 November 2023 for operationalisation and further management. However, as noted by Audit the projects were lying defunct and the expenditure on them had become infructuous.

6.6.10 Wasteful expenditure on implementation of Bee keeping project

As per Rule 10(A)(x) of ODMF Rules, 2015, under high priority activities, projects for 'livelihood programmes' like support for livelihood, income generation and economic activities were to be implemented out of DMF funds.

[76] The Mission Shakti Café project in Odisha is a state-led initiative, empowering Women Self-Help Groups (WSHGs) by establishing, managing, and operating cafes at block headquarters and public offices, serving nutritious food.

Scrutiny of records of the DMF, Sundargarh revealed that a project 'Bee keeping Mega Apiculture (Honey Production) Programme' was to be implemented in five Blocks[77] for 2,650 beneficiaries with estimates of ₹7.02 crore, as approved (27 October 2020) by the P&C department. The objectives of the project were to provide i) self-employment and livelihood support to rural inhabitants; ii) assistance to ST&SC beneficiaries in a sustained manner; and iii) assistance on priority basis to women member of SHG *etc.* Five blocks were selected for the project, based on the availability of flora and fauna and the fact that most of the farmers in those areas were engaged in production of different horticulture and agriculture crops, which facilitate bee keeping activity. A District Level Committee (DLC) under the Chairmanship of Collector, co-chairmanship of PD, DRDA, Sundargarh and eight members[78] was constituted to select interested beneficiaries of concerned villages for the schemes. The Committee was also responsible for overall monitoring, supervision and implementation of project. Day-to-day supervision was to be carried out by the GM, District Industries Centre (DIC), Sundagarh and Regional Industries Centre (RIC), Rourkela with the help of Horticulture department.

The implementation of the project was enhanced to eight[79] blocks in the first DLC meeting (November 2020), with a target of covering 2,650 beneficiaries over a two year period, at a funding of ₹12.12 crore[80]. The project components included training to beneficiaries, five bee boxes[81], one honey extractor[82], one smoker[83], one Bee colony[84] *etc.,* to each beneficiary.

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77 Kutra, Lephripada, Balisankara, Rajgangpur and Bisra.

78 Representative of i) Odisha Forest Development Corporation; ii) District Horticulture Office (DHO); District Project Manager, Odisha Livelihood Mission (OLM); District Social Welfare Office (DWSO); District Welfare Officer (DWO); Odisha Rural development and Marketing Society (ORMAS); Odisha Khadi & Village Industries Board (OK&VIB) and General Managers of Regional Industrial Centre (RIC), Rourkela/ District Industrial Centre (DIC), Sundargarh.

79 Kutra, Hemgir, Bonei, Lahunipada, Koira, Kuaramunda, Rajgangpur and Gurundia

80 Bee Boxes - 13,250 nos. for ₹4,90,11,750, Honey Extractor - 2,650 nos. for ₹50,32,500, Smoker - 2,650 nos. for ₹17,19,850, Bee Colony - 13,250 for ₹5,03,36,750, Misc. expenditure for ₹13,25,000, Sugar - ₹11,92,500, Training to 2,650 beneficiaries - ₹93,55,500 and Manpower - ₹32,40,000 (Total ₹12,12,13,850)

81 A bee box, or beehive, is a man-made structure (usually stacked wooden boxes) designed to house a honeybee colony, providing a protected space for them to raise young bees, store honey, and build their honeycomb on removable frames, making management and honey harvesting easier for beekeepers

82 A honey extractor is a mechanical, food-grade device (usually stainless steel or plastic) that removes honey from beehive frames using centrifugal force

83 A smoker is a vital tool that produces cool smoke to calm honey bees during hive inspections by masking their alarm pheromones and triggering a natural response to gorge on honey, making them docile and less likely to sting, thus allowing beekeepers to safely manage the colony

84 A honeybee colony is a complex, perennial, and highly organised social unit acting as a single entity. It consists of a single fertile queen, thousands of sterile female worker bees and, seasonally a few hundred male drones. These insects function cooperatively to raise brood, build wax combs, and store food, with populations ranging from 10,000 to over 60,000 members.

- Accordingly, training for 2,650 beneficiaries was conducted by the PD, DRDA, Sundargarh during February to March 2021 at an expenditure of ₹93.56 lakh. However, as intimated (20.03.2021) by the National Bee Board, Ministry of Agriculture, GoI, the persons engaged by the PD, DRDA for imparting training on bee keeping awareness were not technically competent and inadequacies in training duration rendered the expenditure of ₹93.56 lakh unfruitful.

  Further, an agreement was signed (06 April 2021) by the DMF, Sundargarh with the selected bidder namely M/s Nayak Associates, Cuttack after finalisation (17 February 2021) of tender, for supply of bee boxes and tools within one year *i.e.*, by April 2022. Accordingly, a purchase order was issued (26 April 2021) by the GM, DIC, Sundargarh to the agency and 13,250 bee boxes as well as tools worth ₹5.58 crore were supplied to 2,650 beneficiaries (five bee boxes – ₹18,495 + Extractor – ₹1,899 + Smoker – ₹649 = ₹21,043 per beneficiary) between April to November 2021. Similarly, as per agreement, purchase order was issued (12 April 2021) by GM, RIC, Rourkela to the same agency for supply of 13,250 bee colonies at the rate of ₹3,799 per colony within a period of one year from the date of issue of the purchase order. It was noted that the agency supplied only 10,187 bee colonies from 06 July 2021 to 10 January 2023 with payment of ₹3.87 crore. As the agency did not supply 3,063 bee colonies, expenditure of ₹1.29 crore towards bee boxes and tools became wasteful. Further, no penal action (forfeit of performance security) was taken as per clause 6 of the agreement against the delinquent agency.

***Picture 10: Bee boxes and equipment are kept unused at Kahuchuan village of Chhatam GP of Rajgangpur Block*.**

- Audit further noticed that the DMF, Sundargarh signed an agreement (23 December 2021) with the above agency for Annual Maintenance Charges (AMC) of bee boxes including use of accessories (Bee veil[85] and hand gloves) at a cost of ₹999 and ₹350 respectively, at a total of ₹1.78 crore for 13,250 bee boxes. As per clause 7 of the agreement, the payment of 1st installment, after three months was equivalent to 25 *per cent* of AMC charges and 100 *per cent* of the cost of accessories, the 2nd installment, to be paid after six months was 25 *per cent* of AMC amount, and the 3rd installment was 25 *per cent* of AMC (after nine months). The 4th installment, which was to be paid after 15 months of

[85] A bee veil is a piece of protective headgear, usually made of fine, black, or white mesh, designed to protect a beekeeper's face and neck from bee stings

the agreement, was 25 *per cent* of AMC charges. Despite non-supply of 3,063 bee colonies relating to 612 beneficiaries[86], the agency supplied all 13,250 bee veils and hand gloves worth ₹46.38 lakh for all 2,650 beneficiaries at eight Blocks during 04 December 2021 to 04 April 2022. However, without considering that all the bee boxes had not been supplied (nor consequently, the maintenance taken place), the DMF paid the entire 1st installment of 25 *per cent* of AMC charges for all bee boxes and cent *per cent* of accessories cost at a total ₹79.38 lakh (cost of accessories ₹46.38 lakh + ₹33 lakh *i.e.,* 25 *per cent* of AMC of ₹1.32 crore) in June 2022 to the agency. The Agency subsequently claimed (01 March 2023) 2nd and 3rd installments of AMC of ₹33 lakh each which were not paid by the DMF till date of Audit and the reasons for such non-payment was not on record.

As per project viability report, 13,250 bee colonies were to produce 53,000 kg of honey in 1st year, 79,500 kg in 2nd year and 1,06,000 kg in 3rd year. Audit noticed that the honey bee cultivation report submitted (January 2024) by District Project Manager (DPM), Odisha Livelihood Mission (OLM), Sundargarh for two years *i.e.,* 2022-24 to DMF revealed that out of 10,100 bee colonies, 4,165 (41.23 *per cent*) bee colonies relating to 833 beneficiaries were found live with production of 1,681 kg (1.26 *per cent*) of honey against the stipulated 1,32,500 kg. The fact of failure of the project was also corroborated in the JPV conducted on 03 March 2025 with three SHGs of Rajgangpur Block wherein bee boxes were kept unused as bees escaped or, there was infestation by wasps/ *birudi* as reported by beneficiaries. Further, any supervision reports carried out by the GM, DIC/ RIC, were not found on record.

Thus, due to implementation of the project in an unplanned manner and absence of coordination among implementing authorities, only 1.26 *per cent* of honey was produced which defeated the achievement of self-employment and livelihood support objectives, and resulted in wastage of ₹11.18 crore[87] of DMF funds.

In reply the Government stated (January 2026) that survival report on the status of bee colonies was 41.26 *per cent* and 1,500 kg of honey was produced by the beneficiaries. A committee was formed with all stakeholders for mobilisation, training of beneficiaries, collection of honey and marketing. The reply is not tenable as the project suffered multiple irregularities like deficiencies in training due to engagement of incompetent trainers, supply of bee boxes without supply of bee colonies, payment to AMC even without supply of bee colonies and ensuring maintenance of bee boxes.

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[86] 3,063 bee colonies / five bee colonies per beneficiary = 612 beneficiaries

[87] Cost of training - ₹0.94 crore, bee boxes and bee colonies - ₹9.45 crore and AMC - ₹0.79 crore

(f) Sanitation

6.6.11 Infructuous expenditure towards construction of garbage collection unit

As per Rule 10(c)(viii) of ODMF Rules 2015 and amendment thereof in 2018, Sanitation projects were one of the high priority activities that could be taken up from DMF. Under this category sanitation activities like collection, transportation and disposal of waste, cleaning of public places *etc.,* could be sanctioned.

Picture 11: Abandoned Block level garbage collection unit at Hemgir Block

Scrutiny of records at DMF, Sundargarh and BDO, Hemgiri revealed that a project titled ***"Amma Sundargarh, Swachch Sundaragh"*** for Solid waste management, plastic waste management *etc.*, under the Swachha Bharat Mission-Grameen (SBM-G) was to be implemented by the district administration. As per the project proposal approved by the Collector, Sundargarh on 10 May 2021 this project was to be executed in convergence with DMF funds (49.91 *per cent*), while the remaining 50.09 *per cent* funds were to be met from different sources of funding as detailed in **Table 6.3**:

Table 6.3: Details of funding arrangements for implementation of the project *"Amma Sundargarh, Swachch Sundaragh"*

Source	Contribution *(per cent)*	Activities
DMF funds	49.91	Wages, capacity building, IEC material, campaign launch, hired vehicles, Block level garbage storage and Operation & Management
Rurban[88] Mission	13.00	Infrastructure and Machinery at Kuaramunda
Swachch Bharat Mission-Grameen	21.57	IEC activities
SBMG-Central Finance Commission	8.09	Tricycle, GP level garbage storage
United Nations Development Programme	7.43	One full time consultant and technical support from UN documentation.
Total	**100**	

(Source: Records furnished by DMF, Sundargarh)

88 The Shyama Prasad Mukherji Rurban Mission (SPMRM), launched in 2016, aims to develop 300 "rurban" clusters-rural areas with urban amenities-to bridge the rural-urban divide. By providing infrastructure like roads, digital connectivity, and skill training, it stimulates local economic growth across 28 states and 6 union territories.

The project was approved by the BoT of DMF, Sundargarh (31 July 2021) and sanctions were accorded for ₹1.64 crore (22 April 2022) for construction of one garbage storage unit at each of the 18 GPs and one block level garbage storage unit at Hemgiri Block (₹20 lakh). However, this was in violation of the approved project proposal of ₹1.44 crore. Also, as per the project proposal, GP level garbage storage units were to be constructed out of the SBMG-CFC funds and not from DMF Fund. Hence, construction of garbage storage units in GPs by DMF funds was contrary to the stipulations.

All the 19 units (18 GP level units and one block level unit) were completed between May and December 2022 at an expenditure of ₹1.61 crore. It was, however, noted that no funds were provided by DMF, Sundargarh for deployment of human resources at the Block and GP Level Garbage storage units (as required under the funding arrangement of the scheme), and for capacity building, wages and operation and maintenance, despite requests made by BDO, Hemgiri (25 August 2022). During JPV of garbage storage units at sampled five GPs[89], it was observed that the Block level and four GP level garbage storage units were abandoned from the date of completion.

Thus, due to absence of plans for day-to-day operation and management of units and non-provision of funds from DMF, all the 19 units at block level and GP levels were lying abandoned and there was infructuous expenditure of ₹1.61 crore.

In reply, the Government stated (January 2026) that action would be taken to make the garbage units functional.

However, this does not divert from the fact that garbage units had been non-functional since the date of completion, which defeated the objectives of the scheme.

(g) Housing

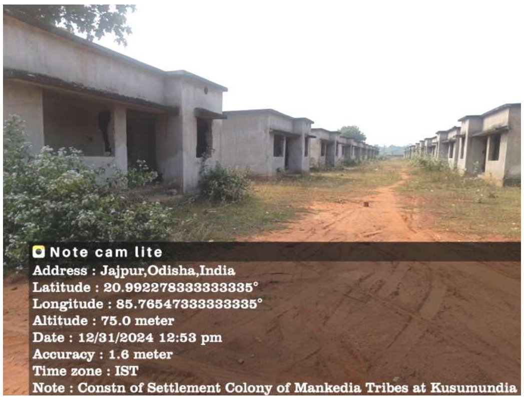
6.6.12 Construction of houses under settlement colony for Tribes remained incomplete despite lapse of six years

As per rule 10A(ix) of ODMF Rules, 2015 in high priority activities under Housing, schemes for providing shelter to persons not having pucca houses including group housing schemes, individual houses, old age homes *etc.,* were to be implemented.

Scrutiny of records at the Rural Works Division-I, Jajpur revealed that 87 two-roomed houses, 87 individual toilets/ bathrooms and one community centre were to be constructed to provide habitable dwellings for people of Mankedia tribe in Kusumundia village of Sukinda Block (directly affected area) out of DMF funds. DMF, Jajpur accorded (November 2017) Administrative

[89] JPV of Block level Garbage collection unit at Hemgiri GP (27 November 2024) and GP level garbage collection units at Tumulia GP (28 November 2024), Kanika GP (29 November 2024), Gopalpur GP (30 November 2024) and Duduka GP (02 December 2024) under Hemgiri Block.

Approval (AA) for construction of the settlement colony with February 2019 as the scheduled date of commencement and February 2020 as the completion date. The estimated cost of the project was ₹3.99 crore.



Picture 12: Abandoned settlement colony for Mankedia Tribes at village Kusumdia

Audit noted that the project was abandoned mid-way (April 2021) by the contractor after executing work worth ₹2.81 crore (including GST). The Executive Engineer (EE) submitted (September 2021) the closure proposal to the Chief Engineer (CE) for approval due to delay in completion of the work by the contractor. The CE approved (October 2021) the proposal, with levy of 20 *per cent* penalty on the left-over work as per the conditions of the agreement. Accordingly, the EE recovered (February 2023) the penalty of ₹15.12 lakh from the contractor after final measurement of the work. The fact that the work was abandoned without completion was also corroborated during JPV (31 December 2024) wherein it was noticed that the settlement colony remained incomplete and abandoned as on the date of Audit.

Thus, the desired objective of providing habitable dwelling to the tribal population of the mining affected areas could not be achieved as the project of construction of settlement colony was not completed.

In reply, the Government stated (January 2026) that the project has not been abandoned but is being implemented in a phased manner following re-approval and fund release. However, as noted by Audit the work had not been restarted despite lapse of six years since its stoppage (April 2021) and therefore the desired objective of providing habitable dwelling to Tribes of the mining affected areas could not be achieved.

II Other Priority Activities

As per Rule 10(B) of the ODMF Rules, 2015, 40 *per cent* of the DMF funds were to be utilised for implementing the PMKKKY under other priority activities, namely i) Physical infrastructure, ii) Irrigation, iii) Energy and Watershed Development, and iv) Afforestation.

(h) Energy and Watershed Development

6.6.13 Non-maintenance of High Mast/ Street light Illumination Systems

Scrutiny of records at DMF, Sundargarh revealed that one private agency[90] was engaged by the Collector and Chairperson-cum-Manging Trustee DMF,

[90] M/s Green Innovative Power Private Limited

Sundargarh at a cost of ₹50.82 crore for supply and installation of High Mast Illumination Systems (HMIS) in Sundargarh district. The equipment came with a five year' warranty clause and an applicable defect liability period of five years, from the date of completion of installation.

Audit noticed that 860 HMIS were purchased between July 2020 to September 2021 and installed during July 2020 to June 2022 with payment of ₹50.82 crore to the engaged agency by DMF, Sundargarh. However, between August 2023 to January 2025, the Joint Commissioner, Rourkela Municipal Corporation (RMC); Executive Officer (EO), Rajgangpur Municipality and BDO, Tangerpalli reported that 17 HMIS were partially functioning or not functioning for want of repair. During JPV of three[91] selected Blocks between November 2024 and February 2025, it was noticed that 17 HMISs in these Blocks were also non-functional or partially functional.

Due to non-repair of the 34 (17 as reported by RMC, EO and BDO plus 17 found during JPV) non-functional/ partially functional HMIS by the agency even during the defect liability period, the objective of street lighting could not be achieved and expenditure of ₹2.49 crore became wasteful. One showcause notice was issued (September 2023) to the private agency for non-maintenance of the HMIS, but no action was taken by the agency for repair of the HMIS.

As per clause 28 of the agreement signed between the DMF, Sundargarh and the agency, if defects or shortcomings found during the five years' period from completion of the entire work were not attended to by the agency within 10 days, the DMF could get such rectification works carried out through any other firm and expenditure incurred would be recovered from any money due to the contractor. However, Audit noted that the same had not been done by DMF, Sundargarh. This indicated that the DMF had neither monitored the status of work nor did it ensure repair and maintenance of the HMIS.

Similarly, DMF, Mayurbhanj engaged OSIC, a Government of Odisha Undertaking, as an implementing agency for purchase and installation of 2,351 numbers of Solar/ Electrical/ High Mast streetlights at the cost of ₹18.94 crore. Between July 2020 and February 2021, 2,320 lights were installed in three blocks[92] (as of February 2021) on payment of ₹17.20 crore. The lights purchased came with a defect liability period of five years from the date of commission.

As reported (July 2024) by three BDOs, 1,713 out of 2,320 Street light/ HMIS were defunct, but these were not rectified/ repaired by OSIC within the defect liability period in violation of clause 4 of the agreement. Thus, non-repair and maintenance of lights, on the part of the DMF and OSIC, resulted in wasteful expenditure of ₹5.53 crore, calculated proportionately[93] by Audit.

91 Koira in November 2024; Hemgiri and Lahunipara during December 2024

92 Kusumi, Rairangpur and Jashipur

93 Solar Street Light at the rate of ₹33,967 X 733, Electric Street light at the rate of ₹80,004 X 725 nos, and High Mast Light at the rate of ₹2,16,901 X 255 Totalling cost ₹13.82 crore/5 years defect liability period (assured service) * 2 years of non-functionality =₹5.53 crore

Accepting the audit observation, the Government stated (January 2026) that a show-cause notice had been issued to M/s. Green and the agency will be blacklisted. Further, OSIC has been intimated to repair the lights.

(i) Afforestation

6.6.14 Expenditure of ₹2.54 crore towards raising and distribution of seedlings without proper records

Rule 10(B)(iv) of ODMF Rules, 2015, provides for "other priority activities", permissible under DMF, which includes "Afforestation" such as plantation of trees, regeneration of degraded forests, soil conservation measures *etc.*

Audit noticed that DMF, Jajpur sanctioned (19 March 2020) eight projects for ₹8.48 crore for raising 10 lakh of six months old seedlings to be distributed to the local people for plantation to help improve tree cover, and 20 lakh of 18 months old seedlings to be utilised for plantation in mining affected areas of Sukinda and Danagadi Blocks, during 2020-21. Accordingly, ₹8.48 crore was released by the DMF, Jajpur to DFO, Cuttack for implementation of these projects. DFO, Cuttack spent ₹8.13 crore (₹1.16 crore for 10 lakh six months old and ₹6.97 crore for 20 lakh 18 months old seedlings) on raising the seedlings as of March 2021.

It was noticed that the six-month-old 10 lakh seedlings were shown to have been distributed by the Forest Ranges to GPs, schools and public but without obtaining any land details/ address and location where the said seedlings were to be planted. Besides, no site visit for monitoring the status of survival of the planted seedlings was undertaken by the Forest Range Offices, as per records provided.

Also, 13,29,033 seedlings of 18 months old were distributed to public by the Range Officers during 2021-23 out of which 7,29,034 seedlings had no records of distribution. Only 6,28,567 seedlings were planted by the Forest Ranges during 2021-22 and 2022-23 although plantation of total 20 lakh seedlings was to be done by the department. It was also noticed that preliminary works related to raising of seedlings like bed/ soil preparation, purchase and use of manure, polythene bags were done between December 2019 and January 2020 which was prior to submission of proposal (February 2020) by the DFO, Cuttack and sanction of project (March 2020) by the DMF, Jajpur. Thus, the expenditure of ₹2.54 crore on raising and distribution of 7,29,034 seedlings of 18 months old was doubtful.

In reply, the Government stated (January 2026) that raising and distribution of seedlings was aimed at improving tree cover in mining-affected areas. They also added that documentation gaps, if any, are being addressed. However, distribution of seedlings without maintaining any records resulted in doubtful expenditure.

III General Activities in Affected Areas

As per Rule 11(A)(8) of the ODMF Rules, 2015, the DMF funds were to be utilised for implementing the PMKKKY projects for development of common social and economic infrastructure like projects of importance to the district.

6.6.15 Idle expenditure on construction of Kalyan Mandaps

Scrutiny of records of the BDO, Koira under DMF, Sundargarh revealed that a Project proposal (October 2016) for the construction of Kalyan Mandaps at nine Gram Panchayats (GPs) for ₹4.50 crore was approved in April 2017 and October 2022 with due date of completion between October/ November 2017 and April 2023. These Mandaps were to be used for organisation of social functions like marriage, engagement, festivals and get-togethers, as well as to be utilised as centres for dissemination of information on government schemes and programmes *etc*. The GPs were to manage this infrastructure thus created, by collecting user fees from people who would use these Mandaps.

Audit noticed that eight Kalyan Mandaps were completed as of August 2019 at a total cost of ₹3.71 crore. During JPV of projects at five GPs[94] (November 2024), it was found that two Kalyan Mandaps constructed at Patmunda and Malda GPs under BDO, Koira were lying abandoned and being used unauthorisedly by unknown persons. The Kalyan Mandap at Koira GP was being used as a Hostel for local ITI college in contravention of the project's objectives of use for social functions and dissemination of information. In Kalta GP, the Kalyan Mandap had been constructed at a distance of 1.5 kms from GP Headquarters and had no electricity connection and water supply.

Thus, four Kalyan Mandapas were not being used till date for the intended purpose and resulted in idle expenditure of ₹1.94 crore.

The Government stated (January 2026) that after obtaining the reply from BDO, Koira, the same will be furnished to Audit. However, as noted during Audit, since their completion, the Kalyan Mandaps had not been functional for periods ranging between two to nine years.

[94] Dengula, Kalta, Koira, Malda and Patamunda.

Chapter- VII

Monitoring and Evaluation of Projects

Chapter - VII *Monitoring and Evaluation of Projects*

A monitoring mechanism is intended to provide reasonable assurance of proper enforcement of Act, Rules, guidelines and departmental instructions. It also helps in the prevention and detection of irregularities. An efficient monitoring mechanism also assists in the creation of reliable financial, as well as management information systems, for prompt and efficient utilisation of funds. It was, therefore, the responsibility of the Department to ensure that a proper monitoring structure was in place and effectively implemented.

Based on the test-check of units, Audit noticed the following discrepancies with regard to monitoring of DMF funds:

7.1 Monitoring of projects executed out of DMF funds by the State Level Monitoring Committee

Rule 18B of ODMF Rules, 2015 stipulates the constitution of a State Level Monitoring Committee (SLMC) to monitor and review the functioning of DMF trusts. The Committee, headed by the Chief Secretary and comprising of Secretaries of the line departments, can call for reports and returns from the Trusts and issue directives or advisories. The Committee's purpose was to ensure the effective implementation of DMF activities and convergence with State and District plans, benefiting people affected by mining operations.

Audit noted that 17 SLMC meetings were held between 10 May 2017 and 21 August 2023. These meetings were chaired by the Chief Secretary and had participation from representatives of 17 line Departments and the Chairperson and Managing Trustees of DMFs. Analysis of records related to SLMC meetings revealed the following issues:

- As decided in the SLMC meeting held on 20 February 2018, an integrated PMU structure with a State PMU and District PMUs at five major DMF districts[95] for seamless flow of information and better coordination for project planning and implementation, was to be put in place. Audit noticed that no integrated PMU was set up nor was any follow up action taken in subsequent SLMCs to set up PMU at the DMF level. During audit of DMFs it was noticed that only three of the six test-checked DMFs had in fact, set up PMUs, as pointed out in para 6.1.

- Similarly, a decision was taken in the same SLMC meeting for the appointment of a full-fledged CEO to monitor and supervise the day to day activities of each DMF. However, as noted by Audit the appointment of these CEOs for major DMFs *viz:* Angul, Jajpur, Jharsuguda and Keonjhar (except Sundargarh) had not been made (as

[95] Angul, Jajpur, Jharsuguda, Keonjhar and Sundargarh.

of April 2025), leading to inadequate planning and monitoring of projects.

- During the SLMC meeting in May 2017, it was decided that the DMF website should be updated regularly and would be made citizen centric. Audit examination revealed that none of the websites of selected DMFs had been updated with relevant details of the DMF scheme such as complete list of directly and indirectly affected areas, list of affected people, quarterly details of contributions received from lessees, details of projects sanctioned, annual and long-term perspective plans *etc.*

- It was decided in the SLMC meeting held on 30 June 2018 to link the DMF Portals with WAMIS for monitoring the physical and financial progress of projects taken up by the executive agencies and to generate Management Information System (MIS) Reports. Despite this decision, Audit noticed that the linkage of both the portals had not been done (as of January 2026) to enable effective monitoring of the physical and financial progress of projects taken up by the Implementing Agency out of DMF funds.

In reply, the Government stated (January 2026) that the observations have been noted, and henceforth, efforts shall be made to comply with the recommendations.

7.2 Shortfall in meetings of the Board of Trustees (BoT) and Executive Committee (EC)

As per Rule 5(1) and 6(2) of ODMF Rules, 2015, the overall control and management of the Trust was with the DMF Board, while the day-to-day functioning/ management of the Trust and its monitoring was the responsibility of the Executive Committee. Similarly, Rule 4(4) and 6(3) of the ODMF Rules *ibid*, stipulated that the BoT was to meet at least twice in a financial year, and the EC was to meet at least once every quarter, and more frequently, if required.

Scrutiny of relevant records and information furnished by the selected six DMFs revealed that during 2015-16 to 2023-24, there was shortfall in BoT meetings ranging between 7 to 12 (39 to 67 *per cent*), and EC meetings ranging from 11 to 36 (31 to 100 *per cent*). Non-conduct of BoT and EC meetings regularly, as prescribed in the ODMF rules, affected timely sanction and implementation of projects, thus defeating the objectives of PMKKKY.

In reply, the Government stated (January 2026) that the shortfall in meetings was situational and not due to negligence.

However, non-conduct of BoT and EC meetings, as prescribed, raises the risk of delays in project sanction, implementation and their regular monitoring.

7.3 Delay in audit of Annual Accounts and preparation of Annual Reports

As per Rule 15 and 16 of the ODMF Rules, 2015, the accounts of the Trust shall be audited every year by a Chartered Accountant appointed by the Board. Further, within three months from the date of iclosure of accounts, the Board shall cause to prepare an Annual Report on the activities of the Trust for the respective year. Both these Reports (Annual Audit Report and the Annual Report) shall then need to be placed in the public domain. Further, to streamline the process and to bring transparency, the Additional Secretary to the Government in the P&C Department directed (02 August 2017) all Collectors to ensure audit of the respective DMF's accounts by CAG empaneled Chartered Accountants each year and to complete this within three months from the closure of the financial year.

Scrutiny of records and examination of details furnished by the six sampled DMFs revealed that submission of Annual Audit Reports (AARs) by CAs to DMFs during 2015-16 to 2023-24 was delayed up to 36 months (1,077 days). Similarly, the preparation of Annual Reports (ARs) of DMFs was delayed between two to 64 months (1,942 days).

Thus, non-preparation/ delay in preparation of AARs and ARs as well as their non-disclosure in the public domain by the respective DMFs, was not just against stipulated ODMF rules and instructions of the Government, but it also led to DMF activities not being fully made available, in a transparent manner to all stakeholders.

Accepting the observation, the Government stated (January 2026) that the delays were caused by exceptional and unavoidable circumstances and not due to negligence and henceforth, efforts shall be made to comply.

7.4 Deficiency of information on DMF portals

As per Rule 17 of the ODMF Rules, 2015, the Trust shall maintain transparency with respect to its activities for which it shall have a website on which the following information, *inter-alia*, will be hosted and kept updated, namely; details of composition of the Board and the Executive Committee; list of areas and people affected by operation of mines; quarterly details of all contributions received from lessees and others; perspective plan, budget, work orders, annual report; details of progress of works including description of work, estimated cost, name of implementing agencies, expected date of commencement and completion of work, financial and physical progress *etc*., and details of individual beneficiaries and the extent of assistance sanctioned and disbursed.

Scrutiny of DMF portals of six sampled DMFs on different dates[96] revealed that three districts *i.e.,* Dhenkanal, Mayurbhanj and Nabarangpur were only in the primary stages of uploading data onto their DMF portals. The other three

[96] Dhenkanal on 15.01.2025; Jajpur on 12.12.2024; Keonjhar on 01.04.2025; Mauyrbhanj on 24.03.2025; Nabarangapur on 29.04.2025 and Sundargarh on 22.03.2025

DMFs namely Jajpur, Keonjhar and Sundargarh, had started the updation of data in DMF portals, but failed to keep up the pace as detailed below.

i) None of the six districts were able to update/ disclose essential data like directly affected areas and indirectly affected areas in the district web portal and synchronise it with the State as well as the national portal. In Keonjhar, although the name of the Block, GP and Villages affected by Mines were posted on the website, there were no distinctions between directly and indirectly mining affected villages. In Sundargarh, the complete list of directly/ indirectly affected Blocks, GPs were not published on the website. In Jajpur, there was only one block which was directly affected *i.e.,* Sukinda and one indirectly affected block *i.e.,* Danagadi but the website of DMF, Jajpur displayed 10 blocks as mining affected blocks. List of identified people affected by mines was also not available in any of the district web portal.

ii) Mine-wise contributions received from lessees and others were not posted on the websites of Jajpur, Keonjhar and Sundargarh. Only month-wise funds collection data was available on the websites. The perspective plans, budgets, work orders, and annual reports had also not been posted on the websites.

iii) In none of the DMF portals, details of progress of work including description of work, estimated cost and name of implementing agencies, commencement and completion of work were indicated. Similarly, details of individual beneficiaries and the extent of assistance sanctioned and disbursed to them were also not indicated.

Lacunae in updating the DMF portals, restricted the stakeholders' involvement in the planning process and execution of different projects undertaken, as well as maintenance of transparency in the utilisation of DMF funds.

In reply, the Government stated (January 2026) that the IAs have been repeatedly trained in maintenance and uploading of required data. However, as noted by Audit, despite such training information/ data was being uploaded in a patchy, incomplete manner.

7.5 Non-maintenance of project asset registers of the completed projects

As per Para 3(vi)(vii) of OM dated 31 August 2020 issued by the P&C Department, GoO a record of any permanent or semi-permanent asset created out of the funds provided by the DMF for the project should be maintained and audited by the agency or the Department in terms of the extant rules and procedures. The term assets include immovable and movable property of a capital nature. Further, all public assets created from DMF funds shall be the property of the concerned Department of the State Government and may be placed with any public utility or autonomous agency for construction, operation and management of these assets. Such assets shall not be disposed of, encumbered or utilised for purposes other than for which funds have been provided by DMF. In case the project is implemented through agencies other than a State Department, the public utility or autonomous agency entrusted with construction and management of such assets shall hand over the assets along with drawing designs, if any, to the concerned Government Department/ Public Utilities or Autonomous Agency for use and proper maintenance.

Scrutiny of project implementation records and information furnished by the sampled six districts revealed that the asset registers of projects implemented out of DMF funds by various implementing agencies were neither maintained by the IAs nor by the DMFs resulting in non-monitoring and non-supervision of the projects created out of the DMF funds.

In the absence of asset registers, the overlapping of the expenditure with different scheme funds could not be ruled out. Moreover, doubts could be raised on existence of the assets created through implementation of the projects.

Accepting the Audit observations, the Government stated (January 2026) that Project Asset Registers are being compiled and maintained progressively. Necessary instructions have already been issued to all Project Implementing Agencies (PIAs) to update and submit the details of assets created under DMF funds and also, steps have been initiated for consolidation of asset information received from PIAs into the central Asset Register.

7.6 Non-possession of records by the test-checked units

As per the notification (November 2022) by the General Administration and Public Grievance (GA&PG) Department, GoO, the item "Minor Minerals" was transferred from the Revenue and Disaster Management (R&DM) Department to the Steel and Mines (S&M) Department of the State Government. The administrative control of the Directorate of Minor Minerals was also transferred to the Steels and Mines Department with effect from 01 February 2023. Accordingly, the responsibility of assessment and collection of mineral revenue from minor minerals including other levies like contribution to DMFs/ NMET *etc*., also shifted to S&M Department.

In this context, during the course of audit (October 2024 to May 2025), in five minor mineral circles,[97] records related to minor mineral files, legacy files of operational/ non-operational sources, copies of Money Receipts, Challans in support of deposit of payments made by the lessees into DMF *etc.,* were not furnished as the related records had not been handed over from the erstwhile Administrative Department (R&DM). In the absence of these records, the veracity of related transactions could not be verified by Audit. The Department should have ensured proper handing over of documents at the time of transfer, for monitoring of revenues from Minor Mineral sources.

[97] DDM (Minor Mineral), Rourkela, Baripada, Keonjhar, Dhenkanal and Nabarangpur

Chapter- VIII

Conclusion and Recommendations

Chapter - VIII *Conclusion and Recommendations*

8.1 Conclusion

The Ministry of Law and Justice (Legislative Department), Government of India (GoI), amended (27 March 2015) the Mines and Minerals (Development & Regulation (MMDR) Act, 1957 (effective from 12 January 2015) introducing a new section 9B which provided for establishment of the District Mineral Foundation (DMF) to benefit people and areas in the districts affected by mining operations. The MMDR Amendment Act mandates that DMFs would be setup as non-profit trusts in every mining district, covering, major minerals such as, iron, manganese, coal, lignite, bauxite, and minor minerals. The mine leaseholders deposit DMF contribution in the designated bank accounts of DMF Trust (DMFT), paying 10 *per cent* of the royalty for leases granted on auction after 12 January 2015, and 30 *per cent* in respect of other leases. In case of minor mineral, the payment shall be 10 *per cent* of the royalty for auctioned cases and 30 *per cent* of the royalty for non-auctioned cases. Basing on the above amendment, the Government of Odisha (GoO) framed (18 August 2015) Odisha District Mineral Foundation Rules, 2015 to regulate the composition, functions and manner of working of the DMFs. As per instruction of GoI, it was amended in January 2016 on incorporating the provisions of *Pradhan Mantri Khanij Kshetra Kalyan Yojana* (PMKKKY) notified by GoI in (September 2015) with the objectives to ensure welfare of areas and people affected by mining related operations. It was further amended in February 2016 and 20 September 2018. DMFs were established in all the 30 districts of the State during January and February 2016 under the Chairmanship of each Collector and Managing Trustee of the concerned district.

GoO issued (October 2017) institutional mechanism for implementation of programmes/ schemes/ projects/ works out of DMF fund. Similarly, GoO issued (August 2020) Office Memorandum on fund flow for implementation and monitoring of DMF projects, wherein, the role and responsibilities of DMF and implementing agencies, financial terms and conditions, and other conditions were elaborated. An amount of ₹26,602.66 crore was received by the 30 DMFs towards DMF contribution from the mining leaseholders during 2015-16 to 2023-24 and ₹25,969.87 crore was sanctioned for implementation of projects. In six test-checked DMFs ₹22,568.17 crore was received towards DMF contribution including interest (₹1,772.66 crore) during 2015-16 to 2023-24, out of which ₹20,947.52 crore (92.80 *per cent*) was sanctioned for implementation of 17,435 projects and ₹10,092.53 crore (48.18 *per cent*) was spent as of March 2024.

The Planning and Convergence (P&C) department of GoO is the Nodal agency which coordinates with the various DMFs in the State. The Deputy Directors of Mines (DDMs)/ Mining Officers (MOs) are responsible for assessment, demand and collection of DMF contribution. The ODMF Rules stipulate that payments towards contribution to the DMFs shall be made along with payment of royalty and the amount payable to each DMF shall be credited into its bank account in the manner specified by the Government.

Audit findings revealed significant systemic shortcomings in assessment, collection, and monitoring of DMF contributions in test-checked mining circles and works divisions. Incorrect application of prescribed DMF contribution rates, failure to reassess contributions after final royalty assessments, and non-levy of interest on delayed payments collectively resulted in substantial loss in DMF collections.

Discrepancies between DMF collections recorded by concerned Mining Offices and audited reports of DMFs accounts indicated weak reconciliation and deficient internal controls. Also, application of incorrect rate of DMF contribution in unauthorised extraction cases of minor minerals has compounded the shortfall.

Even after framing of DMF Rules since August 2015, Government of Odisha (GoO) had not notified the accounting procedure to be followed by the DMFs of the State for maintenance of accounts in respect of the collection and utilisation of DMF contributions. Similarly, no investment guidelines for investment of the surplus funds of DMFs were issued by the GoO.

Although six DMFs collected ₹22,568.17 crore was towards DMF contribution including interest, and 17,435 projects worth ₹20,947.52 crore had been sanctioned out of DMF funds during 2015-16 to 2023-24, none of the six DMFs prepared Perspective Plan and Master plan.

Out of the selected six DMFs, only two DMFs namely Keonjhar and Sundargarh had updated their list of direct and indirect affected areas with the assistance of ORSAC with delays ranging from 61 and 62 months respectively from the date of issue of instructions.

Out of the six test checked DMFs except Jajpur, none of the other five DMFs had identified the affected people in the affected areas due to mining operations to be resettled or rehabilitated. None of the DMFs had created endowment fund although ₹20,795.51 crore towards contribution of DMF and ₹1,772.66 crore towards interest were received during the period 2015-16 to 2023-24.

In two DMFs, Keonjhar and Sundargarh, 9,739 projects worth of ₹17,926.79 crore were sanctioned during 2015-16 to 2023-24. Out of this, expenditure of ₹983.32 crore was made towards implementation of projects in 976 non-affected villages, whereas not a single project was implemented in 488 directly affected villages and 96 indirectly affected villages.

Disproportionate utilisation of funds between directly and indirectly affected areas was noticed. Out of ₹1,164.43 crore utilised in DMF, Jajpur, ₹507.02 crore (43.54 *per cent*) was utilised in indirectly affected areas which exceeded the prescribed limit of 40 *per cent.* Further in DMFs, Keonjhar and Sundargarh, although the sanctioned amount was below 40 *per cent* in indirectly affected areas, 30.67 *per cent* and 22.67 *per cent* of the sanctioned amount respectively was shown under a category “common affected area” which has not been defined in ODMF Rules or in PMKKKY guidelines.

In DMF, Keonjhar, during the period 2015-24, out of 3,269 sanctioned projects worth ₹9,733.37 crore, 757 projects (23 *per cent*) were implemented without approval of EC/ BoT. 170 projects with sanctioned cost of ₹329.80 crore were accorded sanction by BoT after a period extending up to 24 months of execution in which 44 projects with sanctioned cost of ₹164.82 crore were approved after six months.

In Sundargarh DMF, five projects worth ₹102.71 crore were sanctioned without approval. Similarly, 26 projects were approved for execution in Scheduled areas without considering 620 projects submitted after approval from Grama Sabha of respective panchayats.

Out of six selected DMFs, DMFs, Mayurbhanj, Dhenkanal and Nabarangpur had not opted for flexi deposit/ auto sweep account for surplus DMF fund during 2015-24 for which there was loss of interest of ₹9.49 crore. DMF, Keonjhar did not invest the funds in fixed deposits. Owing to imprudent investment decision, DMF, Keonjhar had to bear loss of interest amounting to ₹84.51 crore.

In DMFs of Jajpur, Keonjhar and Sundargarh in violation of the Ministry of Rural Development, GoI ₹171.79 crore was released out of DMF Fund to the Director, MGNREGS towards payment of additional wages to the job seekers.

Out of total administrative expenditure of ₹99.81 crore in DMF, Sundergarh, ₹25.01 crore was irregularly utilised for other than administrative expenditure, like engagement of vehicle for police patrolling, renovation of municipality office, renovation of reading room at Collector’s residence, inauguration charges and organisation of school function *etc.*

One vehicle was procured irregularly for ₹16.56 lakh in DMF, Jajpur and in Sundargarh ₹4.63 crore was released to Superintendent of Police, Rourkela for procurement of 25 patrolling vehicles which was re-deposited without interest of ₹22.53 lakh.

In DMFs Jajpur, Keonjhar and Sundergarh, implementing agencies had not returned unspent amount of ₹470.25 crore and interest earned thereof amounting to ₹26.51 crore to the DMFs after completion of the projects. Implementing agencies of Dhenkanal and Mayurbhanj had not returned interest amount of ₹87 lakh to respective DMFs.

All the six DMFs were established during January-February 2016 and registered under Societies Registration Act, 1860 during October 2019 to May 2020 after a delay ranging from three years ten months to four years five months and due to delay in registration with the Income Tax authorities for tax exemption, there was non-refund of TDS of ₹52.09 crore by Income Tax Department to DMFs Jajpur, Keonjhar and Sundargarh.

In DMFs Sundargarh and Keonjhar, inspite of delay in execution of projects, compensation amounting to ₹74.09 crore and ₹3.47 crore respectively was not realised from the contractors by IAs.

ITDA, Sundargarh had splitted five repair and renovation works at an estimated cost of ₹6.19 crore to 131 works with estimates ranging between ₹1.86 lakh to ₹5 lakh per work and executed the same by inviting quotations instead of inviting tender. Two BDOs under DMF, Dhenkanal splitted the works to facilitate departmental execution instead of tender.

Owing to this amendment of ODMF Rules, 2015 on 20 September 2018, in deviation to the provisions of PMKKKY guidelines, in DMF Jajpur, Dhenkanal, Keonjhar, Nabarangpur and Sundargarh, 317 projects worth ₹679.14 crore under various sectors/ activities were sanctioned beyond norms of PMKKKY guidelines during 2018-19 to 2023-24.

Expenditure of ₹136.77 crore for construction of Hockey stadium out of DMF funds by the DMF, Sundergarh was irregular as the said project does not come under any activities permissible under PMKKKY guidelines.

DMF, Sundargarh approved project for supply of PPE kits to labour working in the industries at the cost of ₹18.83 crore. PPE Kits were supplied to 44,120 workers/ labourers engaged in mines and industries owned by private/ PSU organisations with an expenditure of ₹59.13 crore in violation of Rule 10(A) of ODMF Rules, 2015.

Inadmissible expenditure in DMFs, Jajpur and Keonjhar for 126 projects (Jajpur-52 + Keonjhar-74) under the activities like "Construction of Model Rural Parks/ Gram Udayan Park/ Van Vatikas/ Eco-retreat centers" under "Environment Preservation" and "Livelihood" worth of ₹51.71 crore remained incomplete and defunct.

DMF, Sundargarh decided to implement the project 'Mobile Medical Van (MMV) Service' in Sundargarh District. 15 MMVs were deployed, which was further increased to 25, in which 76 MOs were engaged out of which 52 MOs have furnished registration certificates. The agency deployed MOs without valid credentials in violation of agreement conditions and received ₹7.44 crore towards salary of MOs which was irregular.

DMF, Keonjhar approved and sanctioned ₹2.62 crore (2022-23) and ₹4.49 crore (2023-24) for provision of diet for the attendants of Indoor Patient Department (IPD) patients out of which ₹4.53 crore was released and ₹3.19 crore was spent in violation of ODMF rules and PMKKKY guidelines.

In three DMFs, private hospitals were hired to provide health care services for COVID-19 affected patients and ₹145.06 crore was paid. There were no instructions for hiring of beds in private hospitals in PPP mode, payments were made against permanently reserved seats in these hospitals and resulted in irregular expenditure of ₹145.06 crore.

In DMF, Sundargarh an amount of ₹109.45 crore paid to M/s Jai Prakash Hospital and Research Centre Private Limited, Rourkela for Bed charge, special consultation, special investigation charges, food expenses against requisite payment of ₹98.85 crore resulted in excess payment of ₹10.60 crore.

DMF, Keonjhar approved ₹6.06 crore for students to pursue Master of Professional Engineering (Mining) course at Curtin University, Australia out of which ₹2.57 crore was spent leaving unspent balance of ₹3.49 crore without disbursement. This indicates that the amount was not required for immediate expenditure.

DMF sanctioned ₹14.83 crore for provisioning of free textbooks and uniforms to all students of Class IX and X. Out of this ₹10.32 crore was released against which UC for ₹9.33 crore were submitted in contravention to the provisions of ODMF Rules and PMKKKY guidelines.

DMF, Jajpur signed MoU with CESDP for residential medical coaching for 30 under privileged students and ₹70.76 lakh was spent. Further, 40 students at Akash Institute, Bhubaneswar, and 367 students at Career Point, Jajpur Road were also selected (2022-24) for imparting medical coaching with payment of ₹3.59 crore. Out of 437 students, only six students qualified the entrance examination for admission into different Medical Colleges during 2018-20 and 2022-24.

DMF, Keonjhar sanctioned and released ₹138.77 crore to Odisha Small Industries Corporation through the DEO, Keonjhar for seven projects for purchase of furniture for secondary schools and OAVs and Hostels of Keonjhar district. Out of this, UCs were submitted for ₹100.51 crore leaving unspent balance of ₹38.26 crore. During JPV it was noticed that furniture supplied to the hostels were found to be dumped in the classrooms as the hostels were not handed over to the school authorities.

Although three Mega Piped Water Supply (PWS) projects funded under Odisha Mineral bearing Areas Development Corporation (OMBADC) with the estimated cost of ₹232.75 crore to cover 108 mining affected villages were taken up during March 2018 to November 2019 and completed as of November 2021 as well as water was supplied to all households of the Block through pipe water supply system, DMF, Jajpur had taken up six Rural Piped Water Supply (RPWS) projects in Sukinda block during 2017-18 to 2018-19 out of the DMF funds with estimated cost of ₹3.58 crore and completed with an expenditure of ₹3.37 crore. Audit noticed that four out of six projects with an expenditure of ₹1.36 crore were found to be defunct/ non-operational and the projects had not been handed over to the concerned Gram Panchayats (GPs) for maintenance and operation.

In DMF, Sundargarh and Keonjhar during January 2018 to March 2024, 98 doctors and dentists were engaged on contractual basis with remuneration ranging from ₹60,000 to ₹1,50,000 per month and 83 Specialists were engaged with the remuneration ranging from ₹1,00,000 to ₹3,00,000 per month, beyond the rates fixed by the GoO for contractual Doctors which resulted in excess payment of ₹43.79 crore.

In DMF, Keonjhar due to non-deployment of required manpower and infrastructure, construction of eight hostels for Odisha Adarsha Vidyalays worth ₹9.17 crore and purchase of furniture worth ₹2.09 crore resulted in idle expenditure of ₹11.26 crore.

In DMF, Jajpur, due to non-handing over of the hostel buildings in time the created infrastructure was lying idle depriving the students of the accommodation facilities and resulting in blockage of DMF funds to the tune of ₹4.34 crore.

In DMF, Keonjhar due to imprudent procurement 1,061 Motorised Wheelchairs with joysticks costing ₹5.68 crore, were lying idle with DSSO, Keonjhar at the Advanced Rehabilitation Centre, resulted in blockage of ₹5.68 crore of the DMF funds.

DMF, Jajpur made irregular payment of ₹2.54 crore without verifying the factual records on skill development training programmes and without ensuring the employment of the trained candidates. Similarly, DMF, Keonjhar made a payment of ₹5.24 crore to three training institutes in contradiction to stipulation of 70 *per cent* employment in MoU, as only 235 candidates (38 *per cent*) got employment out of 618 candidates.

In DMF, Jajpur one wholesale market complex and one Mission Shakti Cafe at Jajpur Road constructed at a cost of ₹6.39 crore remained defunct and resulted in infructuous expenditure.

In DMF, Sundargarh due to lack of co-ordination among different implementing agencies and monitoring Bee keeping Mega Apiculture (Honey Production) programme at the estimated cost of ₹12.12 crore were remaind unfruitful after expenditure of ₹11.18 crore.

Due to non-provision of funds from DMF in DMF, Sundargarh towards human resource and capacity building, all the 19 garbage collection units constructed at a cost of ₹1.61 crore, at block level and GP levels were lying abandoned and resulted in infructuous expenditure.

In DMF, Jajpur the project Construction of houses under settlement colony for Mankedia tribes in Sukinda Block worth ₹2.81 crore remained incomplete and abandoned.

Due to non-follow up action by the Agency engaged and DMF, Sundergarh and non- repair of 34 High Mast Illumination System (HMIS) by the agency within the defect liability period, expenditure on 34 non-functional HMIS valuing ₹2.49 crore became wasteful. Similarly, in DMF, Mayurbhanj 1,713 out of 2,320 Street light/ HMIS were defunct which were not rectified/ repaired within the defect liability period resulted in wasteful expenditure of ₹5.53 crore.

In DMF, Jajpur eight projects for raising 10 lakh of six-months-old seedlings and 20 lakh of 18 months old seedlings at the sanctioned cost of ₹8.48 crore and expenditure of ₹2.54 crore remained doubtful due to non-maintenece of connected records.

In DMF, Sundergarh, out of eight Kalyan Mandaps constructed in five GPs, two were in abandoned stage, one without electricity connection and water supply and one used for the other purpose resulting in idle expenditure of ₹1.94 crore.

One integrated PMU structure with a State PMU and District PMU at five major DMF districts for seamless flow of information and better coordination for project planning and implementation had not been established. Appointment of full-fledged Chief Executive Officers of major DMFs districts *viz:* Angul, Jajpur, Jharsuguda and Keonjhar had not been made, leading to inadequate planning and monitoring of projects. Linking the DMF Portals with WAMIS had not been fully operational for monitoring the physical and financial progress of the projects taken up by the Implementing Agency.

Non-preparation of Annual Audited Reports and Annual Reports as well as hosting in public domain in timely manner by the respective DMFs, could not ensure transparency in sharing of DMF activities to the stakeholders in contravention to the provisions of the ODMF Rules and instructions of GoO. In none of the sampled DMFs portals, details of progress of work including description of works, estimated cost and name of implementing agencies, commencement and completion of work were indicated. Similarly, details of individual beneficiaries and the extent of assistance sanctioned and disbursed to them were also not indicated.

8.2 Recommendations

With an aim to improve the functioning of the DMFs and implementation of PMKKKY in the State in an efficient and effective manner; Audit recommends that the State Government may consider to:

- ***strengthen assessment and reconciliation of variations in DMF contributions.***
- ***enhance monitoring of unauthorised extraction from minor minerals sairat sources.***
- ***integrate automated validation and alert mechanisms in the i3MS system with DMFs accounts to enable real-time monitoring and timely corrective action on payment of DMF contributions by lessees.***
- ***ensure the timely collection of all outstanding DMF contributions, along with the applicable interest, in line with the Rules.***
- ***avail the assistance of Odisha Space Application Centre for updating the list of directly and indirectly affected areas by mining operations.***
- ***ensure the preparation of list of affected people of affected areas with the help of Grama sabhas/ elected representatives in accordance with the ODMF Rules.***
- ***involve local bodies/ gram sabhas for identification and prioritising of developmental schemes/ works/ projects from DMF Funds.***
- ***establish a system to identify projects that address the needs of the people of mining affected areas, ensuring the timely and effective utilisation of DMF contributions.***
- ***ensure refund of unspent balances of completed projects to the respective DMFs by the implementing agencies.***
- ***ensure proper maintenance of accounts of DMF funds as per the codal provisions and refund of accrued interest thereon by the implementing agencies.***
- ***review and investigate all cases of inadmissible/ irregular expenditure from DMF funds made in contravention of PMKKKY guidelines and ODMF Rules, fix responsibility on the erring officials, and recoup ineligible expenditure, to the respective DMFs.***
- ***ensure timely completion of projects sanctioned and full utilisation of funds released within the financial year and submission of utilisation certificates.***

- ***conduct regular monitoring of the projects being implemented to identify and remove difficulties, if any.***

- ***ensure the preparation of Annual Reports and Audited Accounts by DMFs and their submission on time to the State Legislative Assembly, with steps taken to assess the effectiveness of the projects.***

- ***ensure intended use of assets created out of DMF fund.***

अतुल प्रकाश

Bhubaneswar
The 12 AUG 2026

(ATUL PRAKASH)
Accountant General (Audit-II), Odisha

Countersigned

New Delhi
The 20 AUG 2026

(K SANJAY MURTHY)
Comptroller and Auditor General of India

Appendices

Appendix-I

(Refer paragraph- 1.5)

List of the Units of the implementing agencies test-checked

Sl. No.	Department	Units	District/ Block/ Division
1.	School and Mass Education Department	Three District Education Officers (DEOs)	Jajpur; Keonjhar; and Mayurbhanj
2.		Two District Project Coordinators (DPCs)	Jajpur; and Sundargarh
3.	Works Department	Five Road and Bridges Divisions (R&B)	Panikoili; Keonjhar; Sundargarh; Dhenkanal; and Rairangpur
4.	Panchayati Raj and Drinking Water Department	Five Rural Water Supply and Sanitation Divisions (RWS&S)	Chandikhole; Keonjhar; Sundargarh; Dhenkanal; and Rairangpur;
5.	Health and Family Welfare Department	Four Chief District Medical and Public Health Officers (CDM&PHOs)	Jajpur; Keonjhar; Sundargarh; and Mayurbhanj
6.	Rural Development Department	Four Rural Works Divisions (RWDs)	RWD-I, Jajpur; RWD-II, Keonjhar; RWD, Kamakhya Nagar; and RWD, Sundargarh
7.	Forest, Environment & Climent change Department	Two District Forest Officers (DFOs)	Cuttack and Nabrangpur
8.	Housing & Urban Development Department	Two Municipalities	Dhenkanal Municipality and Baripada Municipality
9.	Agriculture & Farmers' Empowerment Department	Horticulturist and Project Director, Watersheds	Jajpur
10.	Water Resources Department	Minor Irrigation Division,	Jajpur
11.	Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare Department	Integrated Tribal Development Agency (ITDA)	Sundargarh
12	Sports and Youth Services Department	District Sports Officer	Sundargarh
13		Director of Sports	Bhubaneswar
		32 Units	

Appendix-II
(Refer Paragraph No. 3.2.1)
Short collection of DMF contributions

(In ₹)

Sl. No.	Name of Lessee & Mine	Period (Quarter Ending)	Royalty assessed	Royalty assessable	DMF due	DMF assessed by DDM	Differential DMF leviable
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*
1	Khandbandh Iron Mines, Shree Metalicks Limited	Jun-21	22,44,91,932	22,44,91,932	6,73,47,580	2,24,49,193	4,48,98,387
2	Nayagarh Iron Mines (24.570 hects) of K. C. Pradhan	Jun-21	3,55,39,212	3,55,39,212	1,06,61,764	35,53,921	71,07,843
		Sep-21	4,62,39,513	4,62,39,513	1,38,71,854	46,23,951	92,47,903
						Sub total	**6,12,54,133**
3	Kaypee enterprises, Thakurani Iron mines	Mar-17	22,08,52,806	33,53,15,437	10,05,94,631	6,62,55,842	3,43,38,789
4	Jurudi Iron Ore Mines of M/s Kalinga Mining Corporation	Dec-16	2,98,53,260	5,08,46,967	1,52,54,090	89,55,978	62,98,112
		Mar-17	4,63,14,985	5,32,70,711	1,59,81,213	1,38,94,495	20,86,718
						Sub total	**4,27,23,619**
					Grand Total		**10,39,77,752**

Appendix-III

(Refer Paragraph No. 3.2.2)

Statement showing non-levy of interest on delayed payment of DMF contribution

(In ₹)

Sl. No.	Name of the lessee (M/s.)	Month of DMF	Due date of payment of DMF including grace period (15+59=74 days)	DMF delay paid/ not paid	Date of payment of arrear DMF	Delay (in days)	Rate of interest in percent	Interest payable
				DDM, Joda				
1	Katamati Iron Mines of M/s Tata Steel Limited	March 2021	13.06.2021	3,63,98,306	02.09.2021	81	24	19,38,584
		June 2021	12.09.2021	10,94,62,753	01.11.2021	50	24	35,98,775
		September 2021	13.12.2021	8,97,37,352	10.01.2022	28	24	16,52,151
		Total		**23,55,98,411**				**71,89,510**
2	Guali Iron Mines of Sri R. P. Sao	December 2020	15.03.2021	1,82,53,013	15.11.2021	245	24	29,40,485
		Total		**1,82,53,013**				**29,40,485**
3	Murgabeda Iron Mines of Sri D. R Patnaik	June 2021	12.09.2021	2,83,95,553	30.10.2021	48	24	8,96,210
		Total		**2,83,95,553**				**8,96,210**
4	Unchabali Iron & Mn Mines of Smt. Indrani Patanaik	March 2021	13.06.2021	12,91,38,072	06.10.2021	115	24	97,64,961
		Total		**12,91,38,072**				**97,64,961**
5	Joda East Iron Mines of Tata Steel Limited	March 2021	13.06.2021	13,70,63,991	03.09.2021	82	24	73,90,190
		September 2021	13.12.2021	12,03,53,176	20.01.2022	38	24	30,07,181
		Total		**25,74,17,167**		1	24	**1,03,97,371**
6	Khandbandh Iron Ore Mines of M/s Tata Steel Limited	March 2021	13.06.2021	13,05,45,313	09.09.2021	88	24	75,53,745
		September 2021	13.12.2021	10,91,37,478	12.01.2022	30	24	21,52,849
		Total		**23,96,82,791**				**97,06,594**
7	Tiringpahar Iron Mines of M/s OMC Ltd.	September 2021	13.12.2021	84,80,408	19.01.2022	37	24	2,06,318
		Total		**84,80,408**				**2,06,318**
	Sub Total			**1,69,65,415**				**4,11,01,449**
				DDM, Keonjhar				
1	M/s. Prakash Industries Ltd	March 2021	13.06.2021	16,54,524	14.09.2021	93	24	1,01,175
		April 2021	13.07.2021	35,99,996	14.09.2021	63	24	1,49,129
		May 2021	13.08.2021	49,17,582	14.09.2021	32	24	1,03,471
		June 2021	12.09.2021	36,50,098	05.10.2021	23	24	55,201
		August 2021	13.11.2021	94,30,173	12.10.2021	27	24	1,67,418
	Sub Total			**2,32,52,373**				**5,76,394**
				DDM, Baripada				
1	M/s B C Dagara, Suleipat	January 2016	13.05.2016	35,03,582	20.02.2023	2474	15	35,62,135
	Sub Total			**35,03,582**				**35,62,135**

Sl. No.	Name of the lessee (M/s.)	Month of DMF	Due date of payment of DMF including grace period (15+59=74 days)	DMF delay paid/ not paid	Date of payment of arrear DMF	Delay (in days)	Rate of interest in percent	Interest payable
1	Khandbandh Iron Mines, M/s Shree Metalicks Limited	June 2021	12.09.2021	4,48,98,386	31.12.2024	1,206	24	35,603,805
	Sub Total			**4,48,98,386**				**3,56,03,805**
1	Nayagarh Iron Mines (24.570 hects) of M/s K. C. Pradhan	June 2021	12.09.2021	71,07,842	31.12.2024	1,206	24	5,636,422
		September 2021	13.12.2021	92,47,903	31.12.2024	1,114	24	6,774,025
	Sub Total			**1,63,55,745**				**1,24,10,447**
	Grand Total			**1,00,49,75,501**				**9,32,54,230**

Appendix-IV

(Refer Paragraph No. 3.2.3.1)

Statement showing non-reconciliation of variations in DMF remittance and collection

(in ₹)

Sl. No.	Year/ Period	As per Charted Accountant Report					As per assessment record		
		Block	Name of the mines	Name of the Minerals	Name of the Company/ Lessee	Receipt shown	Name of Mines	Receipt shown	Difference
DDM, Koira Circle									
1	2022-23	KOIRA		Iron Ore	Essel Mining & Ind Ltd.	1,65,39,676	Koira Iron Mines Essel Min Ind	**4,07,54,286**	2,42,14,610
2	2022-23	KOIRA		Iron Ore, Bauxite	S N Mohanty/ Prabodh Mohanty	58,86,90,096	Nuagaon I&Mn, Prabodha Mohanty	27,92,971	3,51,297
							KJST Jaldihi I& Mn, SN Mohanty	58,62,48,422	
								58,90,41,393	
3	2022-23	KOIRA		Iron Ore, Bauxite, Manganese	Rungta Sons Pvt. Ltd.	2,76,55,27,510	Oraghat IOM of Ms Rungta Sons	1,19,60,00,119	4,37,11,502
							Sanindpur Iron & Bxt. of Rungta	1,61,32,38,893	
								2,80,92,39,012	
4	2022-23	KOIRA		Iron Ore	Geeta Rani Mohanty	52,29,33,808	Raikela IO of Geetarani Mohanty	**52,51,60,519**	22,26,711
5	2023-24	KOIRA	Raikela Tantra Iron Mines	Iron Ore	Penguin Trading Agency	34,89,64,550		**38,13,53,000**	3,23,88,450
6	2023-24	KOIRA	Raikela Iron Mines, Adaghat Iron Mines	Iron Ore	National Enterprises	17,30,03,591	Raikela IO	4,12,71,167	2,29,41,174
							Sanindpur IO	9,19,60,165	
							Adaghat IO	6,27,13,433	
								19,59,44,765	
7	2023-24	KOIRA	Nuagaon Iron & Mn Mines, KJST (Jaldihi) Iron Mn, Bxt Mines	Iron Ore, Bauxite	S N Mohanty/ Prabodh Mohanty	61,78,00,936	KJST(Jaldihi)	65,27,34,991	4,84,08,286
							Nuagaon IO	1,34,74,231	
								66,62,09,222	
8		KOIRA	Bandhal Mn Mines	Manganese	Kanakdhara Mining	41,969		**52,881**	10,912
9	2023-24	KOIRA	Narayanposhi Iron & Mn Mines & Gonua Iron & Mn Mines	Iron Ore	JSW Steel Ltd.	40,94,81,982	Gonua IO	3,96,50,457	14,08,887
							Narayanposhi IO	37,12,40,412	
								41,08,90,869	

Sl. No.	Year/ Period	As per Charted Accountant Report					As per assessment record		
		Block	**Name of the mines**	**Name of the Minerals**	**Name of the Company/ Lessee**	**Receipt shown**	**Name of Mines**	**Receipt shown**	**Difference**
10	2023-24	KOIRA	Kolmong Mn Mines	Manganese	Yazdani Steel & Power	6,38,710		**6,41,827**	3,117
11	2023-24	KOIRA	Nadidihi Iron Mines	Iron Ore	Electrosteel / ESL Steel Ltd.	23,42,19,760	Nadidiha IO 117.206 ha	9,96,70,468	16,26,568
							Nadidiha IO 74.50	13,61,75,860	
								23,58,46,328	
DDM, Koira Circle Sub Total						**5,67,78,42,588**		**5,85,51,34,102**	**17,72,91,514**
DDM, Joda Circle									
12	2016-17		Rungta Mines Ltd.			1,14,09,23,203	Jajang Iron & Mn Mines of Rungta Mines Ltd.	1,14,82,04,303	72,81,100
13	2016-17		Mangilal Rungta			89,44,121	Siljora Kalimati Iron &Mn Mines of M.L Rungta	99,07,424	9,63,303
14	2016-17		Mideast Integrated Steels Ltd.			23,56,27,015	Roida-I Iron Mines of M/s Mideast Integrated	23,59,49,619	3,22,604
15	2016-17		KJS Ahluwalia			67,34,13,544	Nuagaon Iron Mines of M/s KJS Alhuwalia	67,46,04,621	11,91,077
16	2019-20		Ramesh Prasad Sao			94,60,54,699	Guali Iron Mines of R.P. Sao	94,72,95,692	12,40,993
17	2020-21		Serajuddin and co			16,00,12,337	Balda Iron Block of Serjuddin & Co	35,82,39,904	19,82,27,567
18	2020-21		Kaypee Enterprises			2,25,65,694	Thakurani Iron Mines of Kaypee Enterprises	4,34,97,451	2,09,31,757
	Joda Circle Sub Total					**3,18,75,40,613**		**3,41,76,99,014**	**23,01,58,401**
	Grand Total					**8,86,53,83,201**		**9,27,28,33,116**	**40,74,49,915**

Appendix-IV(A)

(Refer Paragraph No. 3.2.3.2)

Statement showing doubtful remittance of DMF funds

(In ₹)

Sl. No.	Year	Name of the Circle	Lessee Name	Ref. Id. as per the i3MS database	Date of Payment of DMF as per i3MS data	DMF due and paid as per i3MS	Actual payment as per Bank statement	DMF Remittances as per i3MS	Remarks
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*
1	2019-20	Koira	Feegrade and Company Pvt. Ltd.	CTJ0096373	21.03.2020	14,85,279	0.00	14,85,279	Uploaded irrelevant documents
2	2020-21	Koira	JSW Steel Ltd.	22614936131022601846784	17.08.2020	1,66,057	0.00	1,66,057	Uploaded irrelevant documents
3	2018-19	Koira	Aryan Mining and Trading Corporation Pvt. Ltd.	Not available	08.01.2019	11,91,651	0.00	11,91,651	No document furnished to ensure actual remittance.
4	2019-20	Koira	Aryan Mining and Trading Corporation Pvt. Ltd.	Not available	11.05.2019	15,63,796	0.00	15,63,796	No document furnished to ensure actual remittance.
5	2019-20	Rourkela	MCL	936564	17.01.2020	1,57,50,000	0.00	1,57,50,000	No document furnished to ensure actual remittance.
6	2020-21	Rourkela	MCL	164216	28.09.2020	2,17,46,171	0.00	2,17,46,171	No document furnished to ensure actual remittance.
7	2020-21	Rourkela	MCL	164264	26.02.2021	47,16,812	0.00	47,16,812	No document furnished to ensure actual remittance.
8	2020-21	Rourkela	MCL	164264fg	26.02.2021	2,02,31,719	0.00	2,02,31,719	No document furnished to ensure actual remittance.
9	2021-22	Rourkela	MCL	164270 and 164278	30.04.2021	5,50,51,583	0.00	5,50,51,583	No document furnished to ensure actual remittance.
10	2021-22	Rourkela	MCL	164302	28.09.2021	19,45,295	0.00	19,45,295	No document furnished to ensure actual remittance.
11	2021-22	Rourkela	MCL	164353	30.03.2022	41,59,299	0.00	41,59,299	No document furnished to ensure actual remittance.
12	2023-24	Rourkela	MCL	A2273	28.11.2023	29,46,894	0.00	29,46,894	No document furnished to ensure actual remittance.
13	2023-24	Rourkela	MCL	A2285	25.12.2023	51,72,253	0.00	51,72,253	No document furnished to ensure actual remittance.

Sl. No.	Year	Name of the Circle	Lessee Name	Ref. Id. as per the i3MS database	Date of Payment of DMF as per i3MS data	DMF due and paid as per i3MS	Actual payment as per Bank statement	DMF Remittances as per i3MS	Remarks
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*
14	2023-24	Rourkela	MCL	A2300	26.02.2024	44,80,305	0.00	44,80,305	No document furnished to ensure actual remittance.
15	2018-19	Rourkela	R.A. Jalan	Not available	18.02.2019	11,296	0.00	11,296	No document furnished to ensure actual remittance.
16	2019-20	Rourkela	R.A. Jalan	P20031912822283	19.03.2020	2,286	0.00	2,286	No document furnished to ensure actual remittance.
17	2019-20	Rourkela	R.A. Jalan	P20031912822284	19.03.2020	4,518	0.00	4,518	No document furnished to ensure actual remittance.
18	2019-20	Rourkela	R.A. Jalan	P20031912822285	19.03.2020	4,518	0.00	4,518	No document furnished to ensure actual remittance.
19	2019-20	Rourkela	R.A. Jalan	P20031912822279	19.03.2020	4,526	0.00	4,526	No document furnished to ensure actual remittance.
20	2019-20	Rourkela	R.A. Jalan	P20031912822288	19.03.2020	4,526	0.00	4,526	No document furnished to ensure actual remittance.
21	2019-20	Rourkela	R.A. Jalan	P20031912822280	19.03.2020	6,770	0.00	6,770	No document furnished to ensure actual remittance.
22	2019-20	Rourkela	R.A. Jalan	P20031912822278	19.03.2020	6,810	0.00	6,810	No document furnished to ensure actual remittance.
23	2019-20	Rourkela	R.A. Jalan	P20031912822287	19.03.2020	11,296	0.00	11,296	No document furnished to ensure actual remittance.
24	2022-23	Rourkela	R.A. Jalan	802210163	09.05.2022	33,750	0.00	33,750	No document furnished to ensure actual remittance.
25	2018-19	Rourkela	NTPC Dulanga Coal Mining Project	9897833	20.09.2018	55,909	0.00	55,909	Uploaded irrelevant documents
26	2019-20	Rourkela	NTPC Dulanga Coal Mining Project	990039	23.12.2019	7,33,040	0.00	7,33,040	Uploaded irrelevant documents
27	2019-20	Rourkela	NTPC Dulanga Coal Mining Project	990042	03.01.2020	6,28,320	0.00	6,28,320	Uploaded irrelevant documents
28	2020-21	Rourkela	NTPC Dulanga Coal Mining Project	89518	20.06.2020	10,47,200	0.00	10,47,200	Uploaded irrelevant documents
29	2020-21	Rourkela	NTPC Dulanga Coal Mining Project	12345	29.07.2020	92,943	0.00	92,943	Uploaded irrelevant documents
30	2022-23	Rourkela	NTPC Dulanga Coal Mining Project	90157	30.06.2022	26,53,000	0.00	26,53,000	Uploaded irrelevant documents

Sl. No.	Year	Name of the Circle	Lessee Name	Ref. Id. as per the i3MS database	Date of Payment of DMF as per i3MS data	DMF due and paid as per i3MS	Actual payment as per Bank statement	DMF Remittances as per i3MS	Remarks
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*
31	2018-19	Joda	K.J.S. Ahluwalia	N0101901876430421	28.01.2019	1,15,558	0.00	1,15,558	No document furnished to ensure actual remittance.
32	2017-18	Joda	Kaypee Enterprises	150735192	11.12.2017	3,24,450	0.00	3,24,450	No document furnished to ensure actual remittance.
33	2016-17	Joda	Kaypee Enterprises	20114689431	20.12.2016	8,20,800	0.00	8,20,800	No document furnished to ensure actual remittance.
34	2019-20	Joda	Kaypee Enterprises	672675439	01.07.2019	1,95,432	0.00	1,95,432	No document furnished to ensureactual remittance.
35	2017-18	Joda	Kaypee Enterprises	149261231	25.11.2017	4,81,878	0.00	4,81,878	Uploaded irrelevant documents
36	2017-18	Joda	Kaypee Enterprises	153644887	06.01.2018	2,92,500	0.00	2,92,500	Uploaded irrelevant documents
37	2020-21	Joda	Kaypee Enterprises	NIL3	03.06.2020	5,27,738	0.00	5,27,738	Uploaded irrelevant documents
38	2020-21	Joda	Kaypee Enterprises	NIL4	04.06.2020	5,27,738	0.00	5,27,738	Uploaded irrelevant documents
39	2017-18	Joda	Mid East Int. Steel Ltd.	PUNBH17345420298	20.12.2017	23,690	0.00	23,690	Uploaded irrelevant documents
Total						**14,92,17,606**	**0**	**14,92,17,606**	

Appendix-IV(B)

(Refer Paragraph No. 3.2.3.2)

Statement showing suspected short remittance of DMF contributions

(In ₹)

Sl. No.	Year	Name of the Circle	Lessee Name	Ref. Id. as per the i3MS database	Date of payment of DMF as per i3MS data	DMF due and paid as per i3MS	Actual payment made as per Bank statement	Short remittance of DMF contribution
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*
1	2017-18	Rourkela	MCL	636368	28.07.2017	4,79,81,326	4,64,10,862	15,70,464
2	2018-19	Rourkela	MCL	789312	15.10.2018	1,41,59,952	64,31,922	77,28,030
3	2019-20	Rourkela	NTPC Dulanga Coal Mining Project	990032	05.12.2019	4,57,520	4,00,330	57,190
4	2019-20	Joda	Indrani Patnaik	119222801	10.09.2019	7,53,291	7,50,519	2,772
5	2016-17	Joda	Indrani Patnaik	28466095	25.03.2017	4,00,653	3,57,003	43,650
6	2016-17	Joda	Indrani Patnaik	28466262	25.03.2017	1,05,435	98,685	6,750
7	2020-21	Joda	Indrani Patnaik	66488719	15.04.2020	9,010	601	8,409
8	2018-19	Joda	Serajuddin and Co Balda Iron Mines	UCBAH19073024138	14.03.2019	26,13,375	2,61,375	23,52,000
9	2017-18	Joda	Kaypee Enterprises	149269396	25.11.2017	12,68,100	4,88,219	7,79,881
10	2016-17	Joda	Serajuddin and Co Balda Iron Mines	UCBAH17061688778	02.03.2017	29,27,925	0	29,27,925
11	2016-17	Joda	Rungta Mines Ltd.	ICNB5210935995	22.03.2017	2,25,225	0	2,25,225
Total						**7,09,01,812**	**5,51,99,516**	**1,57,02,296**

Appendix-V

(Refer Paragraph No. 3.2.4)

Non-adherance of the extant rules/ instructions led to non/ short recovery of DMF contributions by Works Department

(In ₹)

Name of the District	Name of the Division	Year	Total Royalty collected	DMF due (@ of 30% of royalty collected)	Total DMF collected	Loss of DMF
A	*B*	*C*	*D*	*E*	*F*	*G*
Mayurbhanj	R&B Division, Baripada	2022-24	19,53,35,914	5,86,00,774	3,14,264	5,82,86,510
	RW Division, Baripada		20,18,55,159	6,05,56,548	31,35,268	5,74,21,280
	Irrigation Division, Baripada		5,98,68,889	1,79,60,667	11,32,902	1,68,27,765
	NH Division, Baripada		7,53,624	2,26,087	7,139	2,18,948
	Four divisions	**Sub-total**	**45,78,13,586**	**13,73,44,076**	**45,89,573**	**13,27,54,503**
	M.I. Division, Dhenkanal	2022-24	1,13,17,511	33,95,253	96,723	32,98,530
	R&B, Division, Dhenkanal		21,33,91,135	6,40,17,341	23,85,725	6,16,31,616
	RW Division, Dhenkanal		5,91,88,078	1,77,56,423	9,29,748	1,68,26,675
	RW Division-II, Dhenkanal		4,33,57,486	1,30,07,246	11,01,635	1,19,05,611
	O/o FA&CAO, Dhenkanal		2,30,20,262	69,06,079	0	69,06,079
	RWS&S, Division, Dhenkanal		28,21,238	8,46,371	0	8,46,371
	Six divisions	**Sub-total**	**35,31,17,554**	**10,59,35,266**	**45,13,831**	**10,14,14,882**
Nabarangpur	M.I. Division, Nabarangpur	2022-24	53,60,502	16,08,151	44420	15,63,731
	R&B, Division, Nabarangpur		14,69,73,554	4,40,92,066	18,07,195	4,22,84,871
	RW Division-I, Nabarangpur		4,14,08,565	1,24,22,570	9,06,948	1,15,15,622
	RW Division-II, Nabarangpur		5,96,07,641	1,78,82,292	13,96,640	1,64,85,652
	RWS&S, Division, Nabarangpur		4,80,993	1,44,298	0	1,44,298
	Irrigation Division, Nabarangpur		66,17,928	19,85,378	75,964	19,09,414
	Six divisions	**Sub-total**	**26,04,49,183**	**7,81,34,755**	**42,31,167**	**7,39,03,588**
Keonjhar	R&B, Division, Keonjhar	2022-24	12,07,50,102	3,62,25,031	7,68,486	3,54,56,545
	RW Division, Anandpur		5,96,04,588	1,78,81,376	3,43,857	1,75,37,519
	RW Division-II, Keonjhar		7,92,32,840	2,37,69,852	4,77,463	2,32,92,389
	RWS&S, Division, Keonjhar		15,62,291	4,68,687	0	4,68,687
	Four divisions	**Sub-total**	**26,11,49,821**	**7,83,44,946**	**15,89,806**	**7,67,55,140**
Sundargarh	R&B, Division, Sundargarh	2022-24	12,69,02,016	3,80,70,605	20,49,988	3,60,20,617
	RW Division, Sundargarh		7,61,40,086	2,28,42,026	50,000	2,27,92,026
	RWS&S, Division, Sundargarh		4,30,907	1,29,272	0	1,29,272
	Three divisions	**Sub-total**	**20,34,73,009**	**6,10,41,903**	**20,99,988**	**5,89,41,915**
	Grand Total		**1,53,60,03,153**	**46,08,00,946**	**1,70,24,365**	**44,37,70,028**

Appendix-VI

(Refer Paragraph No. 3.2.5)

Statement showing short assessment of DMF contributions on excess extraction of minor minerals

(In ₹)

Sl. No.	Name of the Mining Office	Name of quarry/ source & Permit holder	Sairat Case No/ Quarry Permit No.	Period	Un-authorized extraction/ Permissible quantity (TQP) (in Cum)	Royalty Chargeable	DMF Chargeable @ 30 *per cent*	Action Taken	DMF demanded	DMF contribution short demanded
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*
1	Jajpur	Dankari Black Stone Quarry No.1/4	39/2015-16	2016-17 to 2022-23	15,25,732	36,61,75,680	10,98,52,704	Tahasildars and Mining Officers had demanded the Royalty and DMF	3,66,17,568	7,32,35,136
2		Sahanidiha Black Stone Quarry No.1	15/2016-17	2015-16 to 2023-24	68,050	2,19,80,150	65,94,045		21,98,015	43,96,030
3		Anjira BSQ No 7	07/2017-18	2017-18 to 2023-24	2,45,404	6,13,51,000	1,84,05,300		61,35,100	1,22,70,200
4	Nabarangpur	Khatubai stone quarry	14/ 2020	2021-22 to 2022-23	16,080	22,67,280	6,80,184		2,26,728	4,53,456
5		Muliaguda	06./2020	2020-21 to 2024-25	2,900	3,77,000	1,13,100		37,700	75,400
6	Baripada	Sukuapada stone hill-11	52/2015	2015-16 to 2019-20	572	1,02,388	30,716		10,235	20,481
7		Sukuapada stone hill-13	54/2015	2015-16 to 2019-20	1,584	2,24,928	67,478		22,493	44,985
8		Sukuapada stone hill-12	53/2015	2015-16 to 2019-20	2,309	3,74,058	1,12,217		37,412	74,805
9		Sukuapada stone hill-4	46/2015	2015-16 to 2019-20	1,294	3,89,494	1,16,848		38,955	77,893
10	Keonjhar	Rutisila Stone Quarry of M/s Sri Venkateswar Constructions	06/2017-18	2018-19 to 2022-23	6,19,738	9,85,38,342	2,95,61,503	Tahasildars and Mining Officers had not demanded the Royalty and DMF	0	0
11		Raghunathpur stonequarry I &II	08/2020-21 & 02/2020-21	2020-21 to 2024-25	1,08,685	1,41,28,920	42,38,676		0	0
Total of Unauthorised Extraction					**25,92,348**	**56,59,09,240**	**16,97,72,772**		**4,53,24,206**	**9,06,48,386**

Appendix-VII

(Refer Paragraph No. 3.2.6)

Statement showing short collection of DMF contribution on excess extraction of sand and stone under quarry permit

(In ₹)

Sl. No.	Name of the Mining Office	Name of quarry/source & Permit holder	Sairat Case No/ Quarry Permit No.	Period	Permissible quantity (TQP) (in Cum)	Rate of Royalty	Royalty assessed	DMF due @ 30 *per cent*	DMF Paid	Short realization of DMF
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*
1	Keonjhar	Khajurijuani stone quarry-1 & Shivam Condev Pvt. Ltd.	2562/01/2023-24, dtd 11.07.2023	90 days from date of quarry permit	10,000	298	29,80,000	8,94,000	2,98,000	5,96,000
2			519/03/2022-23/ dtd.15.02.2023		10,000	298	29,80,000	8,94,000	2,98,000	5,96,000
3			3801/02/2022-23, dtd.28.09.2022		10,000	298	29,80,000	8,94,000	2,98,000	5,96,000
4			1657/01/2022-23, dtd.13.05.2022		5,000	298	14,90,000	4,47,000	3,57,600	89,400
5			2885/01/201-22, dtd.17.11.2021		12,000	298	35,76,000	10,72,800	3,57,600	7,15,200
6	Dhenkanal	Babandha BSQ 4/M/S Gayatri Projects Ltd. Dhenkanal	3/07.10.2020	90 days from date of quarry permit	5,000	130	6,50,000	1,95,000	1,56,000	39,000
7		Babandha BSQ 4 /M/S CP Arora engineers Contractors Pvt. Ltd. Dhenkanal	1/09.08.2023		13,827	130	17,97,510	5,39,253	1,67,990	3,71,263
8		Nihalprasad Road Metal Quarry-V /Jagabandhu Entreprises Pvt. Ltd	02/28.07.2021		11,111	130	14,44,430	4,33,329	4,11,107	22,222
9			02/04.02.2022		10,000	130	13,00,000	3,90,000	3,70,000	20,000
10		Barihapur Stone Quarry /NCC Ltd. Muktapasi	7/2021 dtd. 04.03.2021		8,051	130	10,46,630	3,13,989	2,01,275	1,12,714

Sl. No.	Name of the Mining Office	Name of quarry/source & Permit holder	Sairat Case No/ Quarry Permit No.	Period	Permissible quantity (TQP) (in Cum)	Rate of Royalty	Royalty assessed	DMF due @ 30 *per cent*	DMF Paid	Short realization of DMF
11	Nabarangpur	Siuni Stone Quarry / Sri Vempali Srinivas Rao Project Manager of NKC Project PVT. Ltd.	2384/2022 dtd. 13.07.2022	90 days from date of quarry permit	1,000	130	1,30,000	39,000	14,000	25,000
12			4473/2022 dtd. 31.12.2022		1,000	130	1,30,000	39,000	7,000	32,000
13			08./2022-23 dtd. 16.01.2023		10,000	130	13,00,000	3,90,000	70,000	3,20,000
14			10./2022-23 dtd. 18.03.2023		5,000	130	6,50,000	1,95,000	35,000	1,60,000
15			13/2022-23 dtd 23.05.2023		5,000	130	6,50,000	1,95,000	35,000	1,60,000
16			15/2022-23 dtd. 08.08.2023		5,000	130	6,50,000	1,95,000	35,000	1,60,000
17		Chakachhapar Stone Quarry / Sri Bimal Krushna Pal, Project Manager of ARCONS Infrastructures & Constructions (P) Ltd.	478/2022 dtd. 10.02.2022	90 days from date of quarry permit	1,000	130	1,30,000	39,000	13,000	26,000
18			00/2022 dtd. 11.05.2022		5,000	130	6,50,000	1,95,000	65,000	1,30,000
19			03/2022 dtd. 2.8.2022		9,665	130	12,56,450	3,76,935	1,25,645	2,51,290
20			05/2022 dtd 26.09.2022		20,000	130	26,00,000	7,80,000	2,60,000	5,20,000
21			2878/2022 dtd. 30.08.2022		1,000	35	35,000	10,500	4,000	6,500
22		Churahandi Sand Quarry / Sri Vempali Srinivas Rao Project Manager of NKC Project PVT. Ltd.	4475/2022 dtd. 31.12.2022	90 days from date of quarry permit	1,000	35	35,000	10,500	2,000	8,500
23			543/2023 dtd 10.02.2023		5,000	35	1,75,000	52,500	10,000	42,500
24			878/2022 dtd 18.03.2023		1,000	35	35,000	10,500	2,000	8,500
25			12/2023 dtd 18.05.2023		5,000	35	1,75,000	52,500	10,000	42,500
26	Baripada	Nafri Stone Quarry-II/ Sanjay Ku. Agarwal	02/2022-23 dtd. 28.02.2023		2,250	549	16,15,707	4,84,712	1,61,571	3,23,141
Total of Quarry Permit					**1,72,904**	**0**	**3,04,61,727**	**91,38,518**	**37,64,788**	**53,73,730**

Appendix-VIII

(Refer Paragraph No. 4.3.5)

Non-implementation of projects in directly and indirectly affected villages by DMFs of Keonjhar and Sundargarh districts during 2015-24

(₹ in crore)

Sl. No.	Name of the District	Number of IAs executing projects	Allocation of Funds	Number of projects sanctioned	Total number of Villages	Number of directly affected Villages	Number of indirectly affected Villages	Number of Non-affected villages	Number of directly affected villages not covered under DMF	Number of indirectly affected villages not covered under DMF	Number of non-affected villages covered under DMF	Number of projects implemented in non-affected villages	Amount spent on projects implemented in non-affected villages
A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*	*M*	*N*
1.	Keonjhar	86	9,733.37	3,269	2,190	595	0	1,595	256	0	500	981	452.00
2.	Sundargarh	90	8,193.42	6,470	1,731	891	314	526	232	96	476	1,243	531.32
	Total	**176**	**17,926.79**	**9,739**	**3,921**	**1,486**	**314**	**2,121**	**488**	**96**	**976**	**2,224**	**983.32**

(Source: Information furnished by the concerned DMFs)

Appendix-IX

(Refer Paragraph No. 4.3.8)

Excess sanction of projects over and above the projects approved by Board of Trustees, Keonjhar

(₹ in crore)

Projects approved by Trust Board			No. of Projects sanctioned as per the information furnished to Audit		Projects not sanctioned in BoT and EC	
Trust Board Meeting	**No. of Projects**	**Amount**	**No. of Projects**	**Amount**	**Differential excess (-)/ less (+) number of projects sanctioned**	**Differential excess (-) / less (+) amount sanctioned**
1st	0	0	0	0.00	0	0.00
2nd	459	378.89	435	758.00	24	-379.11
3rd	467	0	39	1,530.54	428	-1,530.54
4th	217	209.24	88	112.32	129	96.92
5th	9	0	6	1.90	3	-1.90
6th	371	1,988.14	175	1,016.48	196	971.66
7th	57	114.02	301	1,474.83	-244	-1,360.81
8th	52	1,219.97	68	924.76	-16	295.21
9th	64	0	374	820.34	-310	-820.34
10th	250	1,932.61	697	1,481.71	-447	450.90
11th	534	6,598.86	1,068	1,595.43	-534	5,003.43
No TB mentioned	0	0	18	17.05	-18	-17.05
Total	2,480	12,441.73	3,269	9,733.37	-789	2,708.37
8^{th} EC	32	43.42	0	0	32	43.42
Total	**2,512**	**12,485.15**	**3,269**	**9,733.37**	**-757**	**2,751.79**

(Source: Information collected from the DMF, Keonjhar)

Appendix-X

(Refer Paragraph No. 5.2)

Statement showing loss for non-adoption of Flexi Account

Period	Bank/A/c No.	Actual interest earned	Interest @ 6.75% on Flexi A/c	Differential Interest
2015-16	Bank of India, Nawarangpur/ 558210210000021	0	1,482	1,482
2016-17		0	1,95,457	1,95,457
2017-18		0	5,41,921	5,41,921
2018-19		3,77,483	7,66,817	3,89,334
2019-20		3,02,534	5,06,356	2,03,822
2020-21		1,58,763	3,33,022	1,74,259
2021-22		52,281	1,08,980	56,699
2022-23		1,33,153	2,91,146	1,57,993
2023-24		2,87,412	6,46,113	3,58,701
2015-16	State Bank of India Main Branch (Dhenkanal)/ 35564945985	0	0	0
2016-17		92,104	1,55,057	62,953
2017-18		45,264	80,242	34,978
2018-19		52,290	1,03,039	50,749
2017-18	Bank of Baroda, Dhenkanal/ 30180100006271	41,219	76,463	35,244
2018-19		13,01,145	55,93,256	42,92,111
2019-20		34,19,873	62,07,242	27,87,369
2020-21		38,40,740	75,02,383	36,61,643
2021-22		27,10,293	51,39,447	24,29,154
2022-23		32,69,567	78,77,753	46,08,186
2023-24		51,51,142	89,28,188	37,77,046
2019-20	Central Bank, Dhenkanal/ 3732377167	1,66,999	2,77,730	1,10,731
2020-21		3,50,299	9,52,038	6,01,739
2021-22		3,94,662	8,25,169	4,30,507
2022-23		5,29,896	12,86,913	7,57,017
2023-24		6,00,787	13,21,136	7,20,349
2016-17	Bank of India Lal Bazar (Baripada)/ 550110510002988	0	21,75,097	21,75,097
2017-18		53,93,510	85,56,801	31,63,291
2018-19		1,04,58,903	1,77,95,974	73,37,071
2019-20		1,82,03,759	3,11,26,106	1,29,22,347
2020-21		1,74,06,957	3,77,13,471	2,03,06,514
2021-22		59,00,835	1,38,30,650	79,29,815
2022-23		68,08,405	1,43,54,550	75,46,145
2023-24		55,90,686	1,26,73,866	70,83,180
Total		**9,30,40,961**	**18,79,43,865**	**9,49,02,904**

Appendix-XI

(Refer Paragraph No. 6.6.2)

Statement showing details of MBBS/ Dental and Specialist engaged and paid in Sundargarh and Keonjhar district

Sl. No.	Name of the district	Category of Medical Officer	Number of Medical Officer	Amount due	Actual amount paid to MOs/ specialists MOs	Excess amount of remuneration paid during 2015-24
1	Sundargarh	Specialist	28	8,89,36,632	28,83,50,000	19,94,13,368
2	Keonjhar	Specialist	55	8,64,74,270	25,20,02,015	16,55,27,745
3	Sundargarh	MBBS/Dental	40	9,07,55,668	13,20,42,600	4,12,86,932
4	Keonjhar	MBBS/Dental	58	6,98,38,389	10,30,47,484	3,32,09,095
Total			**181**	**33,60,04,959**	**77,54,42,099**	**43,94,37,140**

Glossary

Glossary of Abbreviations

Sl. No.	Abbreviations	Descriptions
1.	A&E	Accounts & Entitlement
2.	AA	Administrative Approval
3.	AARs	Annual Audit Reports
4.	AMC	Annual Master Circular
5.	AMC	Annual Maintenance Charges
6.	ARC	Advanced Rehabilitation Centre
7.	ARs	Annual Reports
8.	ASHA	Accredited Social Health Activists
9.	ASP	Average Sale price
10.	BDO	Block Development Officers
11.	BoI	Bank of India
12.	BoT	Board of Trust
13.	CAG	Comptroller and Auditor General
14.	CAMP	Community Action Through Motivation programme
15.	CAs	Chartered Accountants
16.	CB	Closing Balance
17.	CC	Cement Concrete
18.	CDM&PHOs	Chief District Medical and Public Health Officers
19.	CEO	Chief Executive Officer
20.	CESDP	Center for Educational and Social Development–Pathsala
21.	CGHS	Central Government Health Scheme
22.	CGST	Central Goods and Service Tax
23.	CIPET	Central Institute of Petrochemicals Engineering and Technology
24.	CMRF	Chief Minister Relief Fund
25.	COVID-19	Corona Virus Disease 2019
26.	CTTC	Central Tool Room and Training Centre
27.	DC-cum-ACS	Development Commissioner-cum-Additional Chief Secretary
28.	DDM	Deputy Director of Mines
29.	DDO	Drawing and Disbursing Officer
30.	DEOs	District Education Offices
31.	DFO	Divisional Forest Officer
32.	DHH	District Headquarter Hospital
33.	DIC	District Industries Centre
34.	DLC	District level Committee
35.	DM	Divisional Manager
36.	DMF	District Mineral Foundation
37.	DMFT	District Mineral Foundation Trust

Sl. No.	Abbreviations	Descriptions
38.	DMR	Digital Medical Record system
39.	DoMG	Director of Mines & Geology
40.	DoMM	Directorate of Minor Minerals
41.	DOs	Divisional Officers
42.	DPCs	District Project Coordinators
43.	DPM	District project Manager
44.	DRDA	District Rural Development Agencies
45.	DSSO	District Social Security Officer
46.	DWO	District Welfare Officer
47.	E&Y LLP	Ernst & Young Limited Liability Partnership
48.	EA	Executive Agencies
49.	EC	Executive Committee
50.	EE	Executive Engineers
51.	EO	Executive Officer
52.	FD	Finance Department
53.	FY	Financial Year
54.	GA	General Administration Department Government of Odisha
55.	GA&PG	General Administration and Public Grievance Department, Government of Odisha
56.	GCE	Government College of Engineering
57.	GI	Galvanized Iron
58.	GIS	Geographic Information System
59.	GM	General Manager
60.	GoI	Government of India
61.	GoO	Government of Odisha
62.	GPs	Gram Panchayats
63.	GST	Goods and Service Tax
64.	H&FW	Health and Family Welfare Department Government of Odisha
65.	HMIS	High Mast Illumination System
66.	i3MS	Integrated Mines and Minerals Management System
67.	IA	Implementing Agencies
68.	IBM	Indian Bureau of Mines
69.	ICU	Intensive Care Unit
70.	IDCO	Odisha Industrial Infrastructure Development Corporation
71.	IPD	Indoor Patient Department
72.	IT	Income Tax
73.	ITDAs	Integrated Tribal Development Agencies
74.	ITI	Industrial Training Institute
75.	JPV	Joint Physical Verification
76.	KIIT	Kalinga Institute of Industrial Technology

Sl. No.	Abbreviations	Descriptions
77.	MC	Mineral Concession Rules 1960
78.	MCs	Minning Circles
79.	MESPL	Maxworth Electronic Systems Private Limited
80.	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
81.	MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
82.	MGQ	Minimum Guaranteed Quantity
83.	MMDR	Mines and Minerals Development & Regulation Act
84.	MMV	Mobile Medical Van
85.	MOs	Mining Officers
86.	MOs	Medical Officer
87.	MoU	Memorandum of Understanding
88.	MSME	Micro, Small, and Medium Enterprises
89.	MT	Managing Trust
90.	NHM	National Health MIssion
91.	NICU	Neonatal Intensive Care Unit
92.	NMC	National Medical Commission
93.	NSQF	National Skill Qualification Framework
94.	NTPC	National Thermal Power Corporation
95.	O&M	Operation & Maintenance
96.	OAVs	Odisha Adarsh Vidyalayas
97.	OCMR	Odisha Council of Medial Registration
98.	ODMF	Odisha District Mineral Foundation Rules
99.	OFDC	Odisha Forest Development Corporation
100.	OGFR	Odisha General Financial Rules
101.	OLA	Odisha Legislative Assembly
102.	OLM	Odisha Livelihood Mission
103.	OM	Office Memorandum
104.	OMBADC	Odisha Mineral Bearing Areas Development Corporation
105.	OMMC	Odisha Minor Minerals Concession Rules, 2016
106.	OPWD	Odisha Public Works Department Code
107.	ORSAC	Odisha Space Application Centre
108.	OSIC	Odisha Small Industries Corporation
109.	OTC	Odisha Treasury Code
110.	P & C	Planning & Convergence Department
111.	PD	Project Director
112.	PDF	Portable Document Format
113.	PDs	Project Directors
114.	PICU	Paediatric Intensive Care Unit
115.	PMKKKY	Pradhan Mantri Khanij Kshetra Kalyan Yojana
116.	PMU	Programme Management Unit

Sl. No.	Abbreviations	Descriptions
117.	PPE	Personal Protective Equipment
118.	PPG	Public Procurement Guidelines 2012
119.	PPP	Public Private Partnership
120.	PR&DW	Panchayati Raj and Drinking Water Department Government of Odisha
121.	PRI	Panchayati Raj Institution
122.	PSU	Public Sector Undertaking
123.	PWDs	Persons with Disability
124.	PWS	Piped Water supply
125.	QCBS	Quality and Cost Based Selection
126.	R&B	Road & Building
127.	R&DM	Revenue and Disaster Management
128.	RA	Running Account
129.	RFP	Request for Proposal
130.	RGH	Rourkela Government Hospital
131.	RIC	Regional Industries Centre
132.	RICs	Rural Industries Centre
133.	ROB	Rail Over Bridge
134.	RPL	Recognition of Prior Learning
135.	RPWS	Rural Piped Water Supply
136.	RRTs	Rapid Response Teams
137.	RWD	Rural Works Division
138.	RWSS	Rural Water Supply & Sanitation
139.	S&M	Steel & Mines Department Government of Odisha
140.	S&YS	Sports & Youth Services
141.	S&YS	Sports & Youth Services Department, Government of Odisha
142.	SB	Saving Bank
143.	SBI	State Bank of India
144.	SBM-G	Swachha Bharat Mission-Grameen
145.	SCMR	State Councils of Medical Registration
146.	SCMS	Skill Council for Mining Sector
147.	SD	Security Deposits
148.	SDH	Sub Divisional Hospital
149.	SE	Superintending Engineer
150.	SGST	State Goods and Service Tax
151.	SHG	Self Help Group
152.	SLMC	State Level Monitoring Committee
153.	SP	Superintendent of Police
154.	SR	Subsidiary Rules
155.	SSA	Sarva Shiksha Abhiyan
156.	ST & SC	Scheduled Tribes & Scheduled Caste
157.	STT	Short Term Training

Sl. No.	Abbreviations	Descriptions
158.	TD	Term Deposit
159.	TDCCOL	Tribal Development Co-operative Corporation Limited
160.	TDS	Tax Deducted at Source
161.	TP	Transit Pass
162.	UCs	Utilisation Certificates
163.	ULB	Urban Local Bodies
164.	UNDP	United Nation Development Programme
165.	VLC	Voucher Level Compilation
166.	WAMIS	Works and Accounts Management Information System

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