Report of the
Comptroller and Auditor General of India

General and Social Sector

for the year ended March 2012

Government of Odisha

Report No. 2 of the year 2012

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Appendices

Preface

This Report on the audit of expenditure incurred by the Government of Odisha has been prepared for submission to the Governor under Article 151 of the Constitution. The Report covers significant matters arising out of the compliance and performance audits of various departments/activities. Audit observations on the Annual Accounts of the Government would form part of a Report on State Finances, which is being presented separately.

The Report starts with an introductory Chapter 1 outlining the audit scope, mandate and the key audit findings which emerged during the audit exercise. Chapter 2 of the Report covers performance audits while Chapter 3 discusses material findings emerging from compliance audit.

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 2011-12 as well as those which had come to notice in earlier years but could not be dealt with in previous reports; matters relating to the period subsequent to 2011-12 have also been included wherever necessary.

Chapter 1
Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) on Government of Odisha relates to matters arising from Performance Audit of selected programmes and activities and Compliance Audit of Government departments and Autonomous Bodies.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus contributing to better governance.

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable Rules, Laws, Regulations and various orders and instructions issued by the competent authorities are being complied with.

Performance audit examines the extent to which the objectives of an organisation, programme or scheme have been achieved economically, efficiently and effectively with due regard to ethics and equity.

This chapter provides the audited entity's profile, the planning and extent of audit, a synopsis of the significant audit observations. Chapter 2 of this Report deals with the findings of Performance Audits and Chapter 3 deals with Compliance Audit of various departments and Autonomous Bodies.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2011-12 as well as those which had come to light in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2011-12 have also been included, wherever necessary.

1.2 Audited entity's profile

There were 38 departments in the State at the Secretariat level headed by Additional Chief Secretaries / Principal Secretaries / Commissioner-cum-Secretaries, assisted by Directors and Sub-ordinate Officers. Of these, 24 Departments including PSUs / Autonomous Bodies / Local Bodies coming under these Departments are under the audit jurisdiction of the Accountant General (General and Social Sector Audit).

The comparative position of expenditure incurred by the Government of Odisha during 2011-12 and in preceding two years is given in **Table 1.1**.

Table 1.1: Comparative position of expenditure

(₹in crore)

Particulars	2009-10			2010-11			2011-12		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
Revenue Expenditure									
General Services	80.83	9204.32	9285.15	78.77	9858.00	9936.77	80.38	10848.20	10928.58
Social Services	3236.51	6601.70	9838.21	4249.09	7672.92	11922.01	5568.84	8769.23	14338.07
Economic Services	2297.75	3464.65	5762.40	3064.81	4012.75	7077.56	4070.54	4661.93	8732.47
Grants-in-aid	#	405.82	405.82	#	431.61	431.61	#	661.11	661.11
Total	**5615.09**	**19676.49**	**25291.58**	**7392.67**	**21975.28**	**29367.95**	**9719.76**	**24940.47**	**34660.23**
Capital Expenditure									
Capital Outlay	3256.76	391.12	3647.88	4156.51	128.59	4285.10	60.66	4435.43	4496.09
Loans and Advances disbursed	23.98	88.50	112.48	205.67	109.02	314.69	2.34	618.67	621.01
Repayment of Public Debt	#	#	1488.69	#	#	2083.58	#	#	2327.76
Public Account disbursement	#	#	9849.43	#	#	11407.85	#	#	14022.62
Total	**3280.74**	**479.62**	**15098.48**	**4362.18**	**237.61**	**18091.22**	**63**	**5054.1**	**21467.48**
Grand Total	**8895.83**	**20156.11**	**40390.06**	**11754.85**	**22212.89**	**47459.17**	**9782.76**	**29994.57**	**56127.71**

 # Figures for plan and non plan not available in the Finance Accounts
(Source: Finance Accounts of the respective years)

1.3 Authority for audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971. CAG conducts audit of expenditure of the departments of Government of Odisha under section 13[1] of the CAG's (DPC) Act 1971. CAG is the sole auditor in respect of 42 Autonomous Bodies[2] which are audited under section 20 (1) and 19 (3) of the said Act. Audit of Government companies were also conducted under Section 19(1) of the DPC Act. In addition, CAG conducts audit of 184 other Autonomous Bodies substantially funded by the State Government. CAG's audit jurisdiction also covers the Urban Local Bodies (ULBs) and Panchayati Raj Institutions (PRIs) as the State Government had entrusted (July 2011) audit of such bodies on CAG and to provide Technical Guidance and Support (TGS) to the Local Fund Audit for audit of ULBs and PRIs. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts 2007 issued by the CAG.

[1] Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts

[2] 30 District Legal Services authorities, one State Legal Services Authority and one Odisha Forestry Sector Development Corporation, Odisha State Commission for Women and nine Development Authorities

1.4 Organisational Structure of the Accountant General (General and Social Sector Audit), Odisha

As a part of restructuring of State Audit Offices by the CAG, erstwhile office of the Accountant General (Civil Audit), Odisha became the Principal Auditor of the General Services and Social Services Departments of the Government of Odisha and was renamed as Accountant General (General and Social Sector Audit), Odisha from 2 April 2012. After restructuring, Audit of accounts of State Departments / Agencies / Public Sector Undertakings / Autonomous Bodies grouped under "General Sector" and "Social Sector" along with Technical Guidance and Support(TGS) functions relating to Audit and Accounts of Local Bodies remained under the purview of the Accountant General (General and Social Sector Audit), Odisha.

1.5 Planning and conduct of audit

Audit process starts with the risk assessment of the Department / Organisation as a whole and that of each unit based on expenditure incurred, criticality / complexity of activities, level of delegated financial powers, and assessment of internal controls, concerns of stakeholders and the likely impact of such risks. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An Annual Audit Plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the entities. The entities are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports which are submitted to the Governor of Odisha under Article 151 of the Constitution of India.

1.6 Significant observations of Performance Audits

This report contains two Performance Audits. The focus has been auditing the specific programmes/schemes and offering suitable recommendations, with the intention to assist the Executive in taking corrective action and improving service delivery to the citizens. Significant audit observations are discussed below:

1.6.1 Resources and Revenue sharing arrangement in PPP model Port projects in the State

Performance audit of 'Resources and Revenue sharing arrangement in PPP model Port projects in the State' revealed that five Minor Port projects (Astaranga, Chudamani, Dhamra, Gopalpur, and Subarnarekha) were taken up by Government for development through Public-Private Partnership (PPP) during 1998-2012 with a projected private sector investment of ₹ 12594.02

crore. Audit noticed several deficiencies in policy formulation, implementation, institutional arrangements, design and enforcement of the concession agreement, revenue model etc. Despite requirement under the Port Policy, Odisha Maritime Board (OMB) was not constituted to plan and act for maritime development in the State as well as to monitor the Port projects in PPP model. Though two out of the five Port projects with project cost of each exceeding ₹ 500 crore were taken up after the High Level Clearance Authority (HLCA) was set up and Concession Agreements were executed, yet approval of HLCA was not obtained, that too when private promoters were selected in these cases through MoU route. Out of five Port projects, in only one case (Gopalpur) private promoter was selected on competitive bidding route though the Port policy also permits for adopting International Competitive Bidding for selection of private Developers. In this case also, the revenue sharing was accepted at 0 to 7.5 *per cent* which was below the reserve percentage of five to eight *per cent* and Developer with no experience in core sector was selected.

There was delay in obtaining environmental clearance leading to delay in completion of projects. In case of Dhamra Port, the commencement date was fixed after 13 months of due date on the ground of delay in handing over of acquired land though such delay was attributable solely to the Developer as land acquisition process in 66 villages lapsed due to non-payment of the cost of compensation in time as well as delay in taking over possession of acquired land despite repeated requests. This led to an extra expenditure of ₹ 30.86 crore. Due to delay in execution of Dhamra Port, Government was deprived of revenue share of ₹ 99.26 crore.

Provisions of Model Concession Agreement (MCA) prescribed by the Planning Commission in January 2008 was not followed though no State specific MCA was prepared and the PPP cell of Planning and Co-ordination Department viewed that MCA should be treated as a Guiding document and so to avoid duplication State specific MCA is not required to be prepared. Concession period of three ports were allowed to be 34 years without examining the Return on capital employed, traffic trend and expected break-even point, Internal Rate of Return etc. against the recommended period of 30 years in MCA, which resulted in extension of undue benefit to the Developers. Contrary to the provisions of Concession Agreement, major partners exited during the lock-in-period selling their shares to other partners and other companies. Neither Independent Engineers were engaged excepting in case of Gopalpur to oversee drawing and design as well as quality parameters nor Financial and Operational Auditors were engaged by the Government to validate the gross revenue generated and Government's revenue share as intimated by the port. Escrow account was not maintained by the Developer of Dhamra Port while such provision was not even included in the Concession Agreements of other ports.

Fixation of tariff was left to the Developer at Dhamra Port and tariffs fixed were found to be 153 to 799 *per cent* higher than that prescribed by Tariff Authority for Major Ports and charged by Paradip Port Trust. Monitoring of implementation of PPP projects was poor as Project Monitoring Units as well as Performance Review Unit were not set up at Project / Government level. Despite provision in the Concession Agreement for allowing inspection to

Government whenever required during construction and operation stages, yet Developer of Dhamra Port did not allow joint inspection of the Ports premises by the Government representative and Audit (October 2012).

(Paragraph 2.1)

1.6.2 Implementation of Integrated Action Plan (IAP) in the State

Performance Audit of Integrated Action Plan (IAP) revealed that the projects were selected in consultation with line departments and local MPs and MLAs without taking any input from Gram Panchayat (GP) level institutions such as Gram Sabhas/ Palli Sabhas. Critical gaps were not properly assessed. 249 projects with an estimated cost of ₹ 35.18 crore were cancelled as they were finalised without proper examination of their feasibility and ground reality. Instructions of Planning Commission for inclusion of livelihood projects was not carried out by all test checked districts excepting Koraput though ₹440 crore was received by eight districts and 8040 projects were planned during 2010-12. Eight District Level Committees undertook 602 inadmissible projects with estimated cost of ₹ 20.90 crore under IAP, of which an amount of ₹ 13.86 crore was spent as of March 2012.

Out of the total 8040 projects sanctioned in the test checked districts, 2256 projects (28 *per cent*) were not completed by March 2012. The incomplete works included 592 projects which were sanctioned during 2010-11 and not completed even after lapse of one year

Sixty six projects having road and minor irrigation works with an estimated value of ₹ 8.21 crore were executed in non-Left Wing Extremism (LWE) affected GPs under four blocks of Nuapada district which were subsequently stopped leading to unfruitful expenditure of ₹ 2.61 crore and 28 projects were abandoned after incurring expenditure of ₹ 1.47 crore.

Though periodic monitoring of the programme was being made by Planning Commission and the State Government, physical inspection of the works by the State level officers remained inadequate.

(Paragraph 2.2)

1.7 Significant audit observations of compliance audits

1.7.1 Procurement and distribution of dal under Supplementary Nutrition Programme (SNP) and Mid Day Meal (MDM) scheme

Review of 'Procurement and distribution of *dal* under Supplementary Nutrition Programme (SNP) and Mid-Day Meal (MDM) scheme' revealed that household survey was not carried out every year for assessment of the actual number of beneficiaries to be covered under the SNP programme. The projected figure of 2010-11 of the Department for budget preparation and coverage under SNP included 3.66 lakh non-existent beneficiaries. The decentralised system for procurement of dal involving village level organisations, local bodies, SHGs etc. as envisaged in scheme guidelines was unreasonably delayed and *dal* was procured at district level through tender process up to March 2011in deviation from the scheme guidelines.

The Government fixed the ceiling price of ₹ 75 per kg for the best quality of *arhar dal* without, however, defining the specification for 'best quality' *dal.* We found that 12 districts procured *arhar dal* at the ceiling price of ₹ 75 per kg and 11 districts procured dal at marginally less than the price of ₹ 75 per kg. Collectors of the six test checked districts mentioned this ceiling price as the Government fixed price in tender call notices for procurement of *dal*. In three out of six test checked districts, even the bidders were asked not to quote any rate but to submit samples only. Invitation of tender at such ceiling price negated competitive price discovery.

The Department did not take any step for revision of prices despite the fact that the ceiling price of ₹ 75 per kg fixed under SNP was valid for six months (March 2010) and the wholesale market price of *arhar dal* consistently remained below ₹ 75 per kg during January 2010 to March 2011. This helped the bidders to quote higher price than the prevailing market price causing loss of ₹ 43.61 crore to the state exchequer, calculated on the basis of highest wholesale market price (₹ 62.09 per kg) prevailing during January 2010 to March 2011 as per the records of Food Supplies & Consumer Welfare Department. The loss would be ₹ 65.75 crore, if we consider average annual wholesale market price (₹ 56.99 per kg) of the said period.

The lowest bidder for supply of *dal* was not selected in Khordha district on the ground that the cooked *dal* of highest bidder "tasted better", though quality testing by taste of the cooked food was not a prescribed test even under Prevention of Food Adulteration (PFA) Act and this led to an irregular and avoidable expenditure of ₹ 0.76 crore.

Before finalisation of tender, the tender committees had neither conducted the seven tests prescribed under PFA Act nor conducted all the four tests prescribed by the Department. In absence of conducting requisite tests, there was no evidence on record about purchase of 109357.24 quintals of best quality 'arhar *dal*' in six test checked districts during 2009-11 at the district level. In Mayurbhanj district, the suppliers selected (October 2007) for supply of *arhar dal* under SNP and MDM programme were permitted (February 2010) to supply *arhar dal* at the rate ₹ 75 per kg up to March 2011without fresh tendering.

There was also short supply of *arhar dal* resulting in interruption of feeding programme and damage of *dal* at feeding centres. It was noticed that weighing machines were not available in all the feeding centres for measurement and cross checking the quantity of *dal* received from the suppliers.

The monitoring and supervision in implementation of the programmes was not adequate and effective for ensuring supply of the 'best quality *dal*' to the beneficiaries.

(Paragraph 3.1)

1.7.2 Functioning of Blood Banks in the State

Blood Banks (BB) / Blood Storage Centres (BSC) were largely not available in rural areas. About 84 *per cent* of BBs both in Government, PSUs and private sector were functioning without valid license for years together as the licenses were not renewed and joint inspections by Drug Controller and Central License Approving Authority were not conducted even once in five years. Donor safety was compromised. Blood was collected from ineligible donors while data on age, weight, hemoglobin content etc were not recorded in the donor's records in many cases. Quality Assurance Managers were not posted in major Blood Banks to exclusively deal with quality parameters. Calibration of equipment were not ensured at regular intervals. Department of Transfusion Medicine was not established in any of the three Government Medical Colleges of the State. Separate cadre for Blood Transfusion Service was not created. Vigilance Cell as well as separate Blood Bank Cell with trained officers and Inspectors for proper inspection of BBs was not set up. Internal Audit system was not introduced in BBs. Although specific rules were framed for ensuring the safety of blood donors, a majority of the BBs test checked in audit flouted the rules. Non-compliance with the Rules and ineffective monitoring by Drug Inspectors had resulted in several deficiencies, which may endanger the safety of both the donor and the patients.

(Paragraph 3.2)

1.7.3 Functioning of Trauma Care Centres on National Highways

Setting up Trauma Care Centres (TCCs) in State hospitals situated near National Highways progressed in the State in snails' pace. There was delay ranging from two to five years in completion of civil works of three TCCs. Besides, two TCCs remained incomplete even after lapse of more than four years of sanction and utilising ₹ 97 lakh thereon as of March 2012. Contrary to the terms of sanction and MoU signed with the GoI, ₹ 39.62 lakh was utilised for routine expenditure not connected with the TCCs. Departmental prorata charges of ₹51.16 lakh was charged by Public Works Divisions on works fully funded by Central Government. Out of ₹ 14.29 crore released by GoI during 2003-12 for procurement of equipment, while ₹ 7.01 crore remained unutilised as of March 2012, there was delay in procurement of equipment worth ₹ 7.28 crore. Utilisation of TCC grants of ₹ 1.87 crore for purchase of inadmissible equipment (worth ₹ 0.81 crore) and excess number of equipment (worth ₹ 1.06 crore) were also noticed.

(Paragraph 3.3)

1.7.4 Functioning of Eklavya Model Residential Schools in the State

No survey was conducted to identify the beneficiaries, location, curriculum and level of schools etc. There was four to nine months delay in release of funds to the Project Implementing Agencies (PIAs). Utilisation of funds during 2007-12, ranged from 16 *per cent* to 54 *per cent* of the total funds available during the years. Utilisation Certificate (UC) for ₹ 21.47 crore was submitted to GOI as against the actual expenditure of ₹ 12.71 crore. Inadequate class rooms, non-availability of cots in hostels, non-maintenance of the schools and hostels, poor sanitation condition in hostels, student staying in class rooms due to non-completion of hostel buildings etc came to notice in audit. Pass out rate in these schools though remained above the State average, yet were found to be below that of nearby schools.

(Paragraph 3.4)

1.7.5 Diversion of TPDS rice

Under the Centrally-sponsored Targeted Public Distribution System, rice allotted by GoI for BPL families at the scale of 35 kilogram/month during 2002-12 was distributed at reduced scale of 25 kilogram depriving the BPL families 10 kilogram of rice every month leading to diversion of central subsidy of ₹ 2655.61 crore.

(Paragraph 3.5)

1.8 Recommendations

This report contains specific recommendations on a number of issues involving non-observance of the prescribed internal procedure and systems, compliance with which would help in promoting good governance and better oversight on implementation of departmental programmes and objectives at large. The State Government is impressed to take cognizance of these recommendations in a time bound manner.

Chapter 2
Performance Audits

This chapter contains the findings of Performance Audits on Resources and Revenue sharing arrangement in PPP model Port projects in the State (2.1), and Implementation of Integrated Action Plan in the State (2.2).

COMMERCE AND TRANSPORT DEPARTMENT

2.1 Resources and Revenue sharing arrangement in PPP model Port projects in the State

Executive Summary

The Government took up five Minor Port projects (Astaranga, Chudamani, Dhamra, Gopalpur and Subarnarekha) for development through Public-Private Partnership (PPP) during 1998-2012 with a projected private sector investment of ₹ 12594.02 crore. We conducted the Performance Audit of "Resource and Revenue sharing arrangement in PPP model Port projects in the State" during May to June 2012 covering the period 1997-98 to 2011-12 and noticed several deficiencies in policy formulation, implementation, institutional arrangements, design and enforcement of the concession agreement, revenue model etc. Despite requirement under the Port Policy, Odisha Maritime Board (OMB) was not constituted to plan and act for maritime development in the State as well as to oversee the implementation of the Port projects in PPP model. Though four out of the five Port projects with project cost of each exceeding ₹ 500 crore were taken up and Concession Agreements were executed, yet approval of the High Level Clearance Authority was not obtained, that too when private promoters were selected in three cases through MoU route. Out of five Port projects, in only one case (Gopalpur) private promoter was selected on competitive bidding route. The Port policy permits adoption of International Competitive bidding route or MoU route for selection of private developers. The views of Law Department to go for competitive bidding as the same would be legally tenable, and would ensure maximum participation and fair selection process was ruled against. In case of Gopalpur, a Developer with no experience in infrastructure sector was selected and the revenue sharing was accepted at 0 to 7.5 per cent which was below the reserve percentage of five to eight per cent.

There was delay in obtaining environmental clearance leading to delay in completion of projects. In case of Dhamra Port, the commencement date was fixed after 13 months of due date on the ground of delay in handing over of acquired land though such delay was attributable solely to the Developer as land acquisition process in 66 villages lapsed due to non-payment of the cost of compensation in time as well as delay in taking over possession of acquired land by the Developer despite repeated requests. This led to an

extra expenditure of ₹ 30.86 crore. Due to delay in execution of Dhamra Port, Government was deprived of revenue share of ₹ 99.26 crore.

Provisions of Model Concession Agreement (MCA) prescribed in January 2008 by the Planning Commission was not followed though PPP cell of Planning and Co-ordination Department treated it as a guiding document for preparation of CAs. Concession period of three ports were allowed to be 34 years against the recommended 30 years in MCA and that too without analysing investment proposed to be made, volume of traffic trend projections, fixed and operation and maintenance costs, revenue inflow and outflow streams, return on investments, the Government share of revenue, expected breakeven period etc. This resulted in extension of undue benefit to the Developers, as handing over of the Port would be delayed by four years and the Developer would reap the benefit for this period. Contrary to the provisions of Concession Agreement, major partners exited during the lock-in-period selling their shares to other partners and other companies. Neither Independent Engineers were engaged to oversee drawing and design as well as quality parameters nor Financial and Operational Auditors were engaged by the Government to validate the gross revenue generated and Government's revenue share calculated by the Port authorities. Escrow account was not maintained by the Developer of Dhamra Port while such provision was not even included in the Concession Agreements of other Ports.

Fixation of tariff was left to the Developer at Dhamra Port and tariffs fixed were found to be 153 to 799 per cent higher than that prescribed by Tariff Authority for Major Ports (TAMP) and charged by Paradip Port Trust. Monitoring of implementation of PPP projects was poor as Project Monitoring Units as well as Performance Review Unit were not set up at Project and Government level. We further noticed that despite provision in the Concession Agreement for allowing inspection to Government whenever required during construction and operation stages, yet Developer of Dhamra Port did not allow joint inspection of the Ports premises by the Government representative and Audit (October 2012).

2.1.1 Introduction

In view of shortage of public funds to cover investment needs in the area of creating public infrastructure and to increase the quality and efficiency of public services, the Government of India, in early nineties, introduced Public-Private Partnerships (PPP) arrangement for development of infrastructure projects by deploying private capital through a Concession Agreement[1]

[1] **"Concession agreement"** is an agreement with the private developer where in concession i.e. exclusive license is granted by the Concessioning Authority to the Concessionaire for designing, engineering, financing, constructing, equipping, operating, maintaining, replacing the Project / Project Facilities and Services.

between the private entrepreneur and Government. PPP projects are aimed at providing efficient services at competitive costs and empower the concessionaire to use public assets for building infrastructure projects and also to levy and collect user charges for the use of such public assets. In such arrangement, it is equally important to protect the public exchequer from any unintended misuse or claims from concessionaires and avoid windfall profits to the private concessionaire, by exercising adequate due diligence in sharing risks associated with the project. The GoI with the above objectives prescribed the 'Guidelines for bidding process for PPP projects' in December 2007. Further, the GoI, through the Planning Commission of India, prescribed (January 2008) a Model Concession Agreement (MCA) for Port sector[2] containing provisions for safeguarding the interests of the Government and other stakeholders. MCA serves both as a guideline and a template document for drafting concession agreements and with certain modifications was to be applied to PPP for building new Ports on Build, Operate and Transfer (BOT) basis. Guidelines for monitoring the PPP projects were prescribed by GoI in May 2009. While Major Ports are under the jurisdiction of Central Government, Minor Ports are under the jurisdiction of concerned State Government and are governed by policy and directives of respective State Government. These Guidelines, though, mandatory for all Central Government Departments / Undertakings and statutory bodies, acts as guiding document for the States to be followed, as best practice.

In Odisha, the Planning and Co-ordination Department viewed the MCA prescribed by GoI, as a guiding document for preparation of CAs and opined that a State specific MCA for Minor Ports , was not necessary.

Odisha, a principal maritime State, has a coastline of 480 Kilometers endowed with conducive natural and strategic location for Ports. The development of these locations to Minor Ports is affected due to Government's own budgetary constraints. Therefore, to attract private investors for development of these locations as possible Minor Ports, the Government preferred the PPP route. Government took up five Minor Port projects (Astaranga, Chudamani Dhamra, Gopalpur and Subarnarekha,) for development through Public-Private Partnership (PPP) during 1998-2012 with a projected private sector investment of ₹ 12594.02 crore. MoUs were signed with four private players during March 1997 to October 2009 for developing four Ports viz. Astaranga, Chudamani, Dhamra and Subarnarekha and followed Competitive Bidding Process (CB) for selection of Developer of the other Port (Gopalpur). However, Concession Agreements (CA) were signed with four of them during April 1998 to November 2010 for developing the Ports on Build, Own, Operate, Share and Transfer (BOOST) basis. CA with the Developer of Chudamani Port proposed to be developed on Build, Own and Operate (BOO) model as per MoU, has not been signed (September 2012). Details of the Memorandum of Understanding (MoU) / Concession Agreements (CA) signed by the Government during this period are as under.

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2 PPP projects in major ports, new terminals in existing ports. With some modifications, it can also be applied to PPPs for building new ports on BOT basis, as mentioned in the 'Overview of the framework on MCA'

Table 2.1: Status of Port projects of Odisha in PPP mode as on 31 March 2012

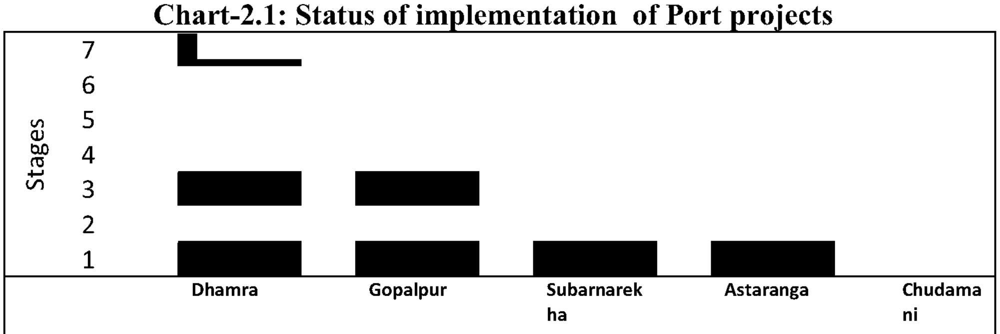
Name of the Port (District)	Name of the Concessionaire	Date of signing of MoU/ Bidding	Date of signing of CA	Estimated cost (₹ in crore)	Model of PPP	Concession period (in years)
Dhamra (Bhadrak)	Dhamra Port Company Limited (DPCL)	31 March 1997	02 April 1998	2464.00	BOOST	34 (including maximum 4 years construction period)
Gopalpur (Ganjam)	Gopalpur Port Limited (GPL)	Bidding process on 14 August. 2003	14 September 2006	1212.55	BOOST	30 (including construction period of phase-II)
Subarnarekha (Balasore)	Creative Port Development Private Limited (CPDP)	18 December 2006	11 January 2008	2345.00	BOOST	34 (including maximum 4 years construction period)
Astaranga (Puri)	Navayuga Engineering Company limited (NEC)	22 December 2008	22 November 2010	6500.00	BOOST	34 (including maximum 4 years construction period)
Chudamani (Bhadrak)	Essel Mining & Industries Limited (Aditya Birla Group)	22 October 2009	Not yet signed	72.47 (Phase I)	BOO	Concession Agreement not yet signed as the matter is sub-judice

(Source: Commerce & Transport Department)

On being asked about the justification for allowing BOO model for Chudamani Port, the Department stated (July 2012) that initially it was decided to develop Chudamani as a captive Port on BOO basis. It , however, assured that a time frame would be fixed for transfer of assets to the Government, at the time of signing of the CA.

As of July 2012, only Dhamra Port was made operational during May 2011. Gopalpur Port after being made operational for four years, stopped operation from October 2010 for construction of Phase-II of the Port. Construction of other two Ports (Astaranga and Subarnarekha) had not commenced (September 2012). Status of implementation of these projects as of March 2012 is depicted in the chart 2.1.

Chart-2.1: Status of implementation of Port projects



Different stages

1. **CA signed**
2. **DPR prepared by the concessionaire**
3. **Land acquisition completed**
4. **Environmental clearance**
5. **Financial closure achieved**
6. **Work commenced**
7. **Project completed**

(Source: Information furnished by Commerce & Transport Department)

2.1.1.1 Organisational set-up

The Principal Secretary, Commerce & Transport (C&T) Department is the overall in-charge of the development and construction of Ports in PPP mode in the State. The Secretary is assisted by Additional Secretary (Ports), one Deputy Secretary and one Under Secretary. Technical issues in environmental clearance, related studies, valuation of assets and liabilities etc. are managed by Director (Ports and Inland Water Transport) and two Executive Engineers stationed at Cuttack and Berhampur.

2.1.1.2 Audit Objectives

Performance Audit was conducted to assess whether:

- the State Government had a well defined policy for development of its Port sector in PPP mode;
- Process of selection of private partner was transparent and competitive;
- Efforts were made to optimise the revenue sharing under PPP mode and due diligence was carried out while fixing the revenue share;
- 'Concession Agreement' was properly structured and key issues like fixing of the concession period as well as commencement date, revenue share, acquisition and leasing of land etc. were addressed in a balanced and systematic manner between the State Government and the private partner-Concessionaire;
- PPP projects were completed and operationalised in an economic, efficient and effective manner addressing the protection of environment issues;
- Monitoring mechanism was in place and was adequate and effective to provide efficient services at competitive cost.

2.1.1.3 Audit Criteria

The criteria for the audit were drawn from the following documents:-

- State Port Policy 2004;
- State PPP Policy 2007;
- Model Concession Agreement prescribed by the Planning Commission for Major Ports / Port sector;
- GoI guideline on bidding process for PPP projects;
- Guidelines on monitoring of PPP projects prescribed by GoI / Planning Commission;
- Best practices in Central PPP projects;
- Concession Agreements.

2.1.1.4 Audit scope and methodology

Performance Audit commenced with an entry conference conducted on 16 May 2012 with the Principal Secretary, C&T Department wherein the audit objectives, scope, methodology and criteria were discussed and agreed to. Performance Audit was taken up during May-June 2012 through examination of records available with the C&T Department covering the period from 1997-98 to 2011-12. Concession Agreements signed for four Port projects awarded to the private sector partners through PPP route were also examined in audit.

In the course of our Audit, we requested (September 2012) the Government to arrange for a joint physical inspection of assets and facilities available in Dhamra Port including land leased out by Government to the Port. Though the Government agreed for the same and deputed a representative for such joint inspection along with the Audit yet the Port authorities did not agree for the same. The actual creation of assets worth ₹ 3317.84 crore, being the final project cost, as claimed by the Developer of Dhamra Port as on 31 March 2012 could not, therefore, be vouchsafed in Audit.

The audit findings were discussed with the Additional Chief Secretary and Commissioner-cum-Secretary, C&T Department in an exit conference on 12 November 2012. The replies of the Department received in November 2012 were incorporated in the report at appropriate places.

Audit Findings

2.1.2 Policy framework and institutional arrangements

The State Government framed the 'Port Policy 2004' for development of Minor Ports through PPP mode with the objective of increasing the State's share in the export and import sector as well as to decongest the exiting Major Ports in the eastern coast. The said policy was placed on the Department website on 31 January 2004. One of the key strategy identified in the PPP Policy was establishing Odisha Maritime Board (OMB) through a State legislation, vesting it with the authority and power to plan and act for maritime development of State through public-private participation; identifying new Port sites for development; facilitating private participation either through International Competitive Bidding (ICB) or through Memorandum of Understanding (MoU) route. Subsequently, the Government framed and notified the PPP Policy in August 2007, which, *inter alia*, required constitution of Empowered Committee on Infrastructure (ECI) headed by the Chief Secretary with power to approve projects with investment up to ₹ 500 crore and a High Level Clearance Authority (HLCA) under the Chairmanship of Chief Minister with Ministers of Finance, Rural Development, Works, Housing, Revenue, Food supplies and Consumer Welfare, Chief Secretary, Law Secretary, Finance Secretary etc. as other members to consider and approve PPP projects with investment above ₹ 500 crore. Both the HLCA and ECI, as required under PPP Policy, were set up in September 2007.

Odisha Maritime Board which was to plan and act for balanced and orderly maritime development in the State was not formed, though required as per the Port Policy of 2004

Odisha Maritime Board (OMB) not constituted: Audit noticed that even after nine years of framing the Port Policy, the OMB had not been constituted as of November 2012. As a result, neither Integrated Maritime Master Plan as envisaged in the policy was prepared nor fixation of tariff by the Developers was monitored. Besides, equity participation of 11 *per cent* by a statutory body in the four PPP Port projects for which CAs were signed was not ensured (September 2012), though the same was required under the said policy. Also, uniform provision in Concession Agreements in conformity with MCA was not ensured as discussed in succeeding paragraphs.

The Commissioner-cum-Secretary stated (November 2012) that draft Odisha Maritime Board Bill had been approved by the State Cabinet and the Union Ministry of Shipping but was pending before the State Legislature. The Secretary also stated that the existing institutional mechanism i.e., Directorate of Inland Water Transport with its field functionaries were responsible for Technical Reports, Detailed Project Reports (DPR) and regular monitoring of Port projects. The reply regarding monitoring by Director was not acceptable as no such monitoring report could be produced to Audit and the Director was entrusted with such monitoring only in April 2012.

Approval of HLCA and ECI was not taken while finalising selection of Developers and signing CAs with them though the proposed investment was above ₹ 500 crore in case of four ports

PPP Port projects not approved by HLCA/ ECI: Both the HLCA and ECI, as required under PPP Policy, were set up in September 2007. We noticed that:

- CAs of two PPP Port projects (Astaranga and Subarnarekha), each with proposed investment above ₹ 500 crore, were signed in January 2008 and November 2010 i.e. after constitution of HLCA in September 2007. However, approval of HLCA was not sought by the C&T Department in both these cases while selecting the Developers and signing Concession Agreements with the Developers based on *suo-motu* application.
- Similarly, in case of Chudamani Port with proposed investment of ₹ 72.47 crore, approval of ECI was not taken though required under the PPP Policy and MoU was signed (October 2009) with the private Developer.
- In case of Dhamra Port with proposed investment exceeding ₹ 500 crore, though the CA was signed (April 1998) prior to constitution of HLCA but the commencement date of CA (September 2008) was after constitution of HLCA. The matter was not put up to the HLCA while fixing the commencement date as September 2008 by the C&T Department .
- In case of Gopalpur Port with proposed investment exceeding ₹ 500 crore, Developer was selected and CA was signed (September 2006) before the HLCA was constituted in September 2007 and the CA came in to effect from 30 October 2006.

As selection of Developers for Astaranga, Chudamani and Subarnarekha Ports were not routed through the HLCA / ECI, checks like due diligence in selection of Developers, uniformity in Concession Agreements, timely execution of projects, ascertaining financial soundness and capabilities of the Developers etc. were not exercised properly.

The Commissioner-cum-Secretary stated (November 2012) that as the Port Policy empowers OMB to enter into MoUs and Concession Agreements with the approval of the Government in absence of OMB the Department entered in to MoUs and CAs with the Developers with the approval of Government and due vetting by Law and Finance Department. The Secretary also stated that the PPP policy and the Port Policy are meant to complement each other and did not over-ride or supersede the provisions of Port Policy 2004 and that Department adhered to the provisions of Port Policy for undertaking the development of Minor Ports in the State. The Secretary also stated that the ECI reviewed the Port projects once in December 2010.

The reply is not tenable as HLCA, the apex policy making and approving body for MoU based projects were never consulted.

Selection of private partner and award of project

2.1.3 Transparency and fairness in award of Port projects to Developers

The Port Policy (2004) of the State provided for facilitating private participation either through International Competitive Bidding (ICB) or through Memorandum of Understanding (MoU). The same was placed in the official web-site on 31 January 2004. However, PPP Policy (2007) required that in case the Detailed Project Report (DPR) was to be prepared by the Project Developer, the Developer was to be selected through Competitive Bidding Process. Besides, as per MCA (Clause-11.2), the Concessionaire shall ensure that the applicant / members of the Consortium maintain management control at least until expiry of the exclusivity period (where there is no exclusive period, maximum three years from the date of commercial operation) and also maintain their equity holding in the Concessionaire such that the members of the consortium legally and beneficially hold not less than 51 *per cent* of its paid up equity capital until three years after date of commercial operation and not less than 26 *per cent* of its paid up equity capital during the balance concession period.

We examined the transparency and fairness in selection of Developers and award of Port projects of all the five minor ports and noticed several irregularities as discussed in suceeding paragraphs.

2.1.3.1 Award of PPP Port projects through MoU route

Out of five Port projects proposed under PPP mode, in four cases the Developers were selected on MoU mode based on *suo-motu* offers despite Law Department recommending for International Competitive Bidding

Award of PPP Port projects through MoU route: We noticed that while one Developer (for Gopalpur port) was selected based on Competitive Bidding process, Developers for other four PPP projects (Astaranga, Chudamani Dhamra and Subarnarekha) were entertained through MoU route based on *suo-motu* offers from these private companies. While a single *suo-motu* offer was received in each case of three ports (Chudamani, Dhamra and Subarnarekha), two offers were received for Astaranga Port. The grounds indicated by the applicants in the *suo-motu* offers were past experience in successful implementation of Minor Ports elsewhere, execution of several prestigious projects as well as being marine construction and iron ore mining companies. The Government took the MoU route on the ground that bidding process required more time to select the Developers and initial investment in preparation of techno-economic feasibility report, bid document etc. through the consultant would be expensive. There was nothing on record in the files of the C&T Department to indicate as to whether the Department had made any effort to ascertain about other players who would be interested for these projects.

The Commissioner-cum-Secretary stated (November 2012) that the Port Policy 2004 also allows MoU route in addition to International Competitive Bidding (ICB) route and added that the Port Policy was available in public domain since January 2004 and two investor meets were also conducted at New Delhi during 2004-06, one of which was organized under the aegis of the Planning Commission, where tentative location of port sites were highlighted to invite private investment for Ports in the State. The Secretary further stated that after two and half year of advertisement of the Port Policy in web-site, only three Developers had given their proposal for development of Astaranga, Chudamani and Subarnarekha i.e. single proposal for each location and no other party came forward to develop these Port locations for which Government signed MoUs with the Developers of these Port projects.

The reply is not acceptable as these procedures are not substitute for competitive bidding. Besides, while investor meets are mechanisms for making possible bidders aware about the offer, a tender for competitive bidding expresses the intention of the Government to get into legally valid and enforceable contractual relationship. Besides, no effort was made to ascertain availability of other interested parties for these ports which can only be possible through competitive bidding process and wide publicity. In case of Gopalpur Port, 14 bidders showed their interest when ICB route was adopted. So, the Government should have gone for ICB in case of, Astaranga, Chudamani and Subarnarekha Ports excepting for Dhamra Port for which MoU was signed in March 1997, when neither Port Policy nor PPP Policy was prescribed.

2.1.3.2 Dhamra Port

For developing Dhamra Port on PPP basis, the Government constituted (January 1997) a Committee[3] to examine the procedure followed in other maritime States and to give its recommendations on the procedure to be followed in Odisha for award of PPP Port projects. The Committee recommended (January1997) the Government to sign the MoU with a sound internationally reputed organisation for developing the project on the ground that Competitive Bidding route though transparent, but was time consuming and expensive. Government also engaged RITES[4] (a Government of India Undertaking), as the Transaction Advisor in this matter. RITES also recommended (March 1997) for signing an MoU with International Sea Ports Private Limited (ISPL) for development of this Port project, which was then approved by the Cabinet. Government, thereafter, signed (31 March 1997) an

[3] comprising Managing Director, Odisha Industrial Infrastructure Development Corporation and Chief Construction Engineer, Gopalpur port.

[4] Rail India Techno Economic Services

MoU with ISPL for development of the Port on BOOST basis. CA was also signed (2 April 1998) between the Government and ISPL. The Port started its operation on 6 May 2011. We however noticed the following irregularities:

Exit of key partner: As per Clause 2.4 of CA of Dhamra Port, ISPL had to promote a Special Project Company and each of the partners (SSA International Inc., Seattle, Precious Shipping Company Limited, Bangkok) and Larsen and Toubro Limited (L&T), Mumbai would hold not less than 17 *per cent* of total equity capital subscribed which was to be locked till in-operation date. Thus, no partner of the Consortium should exit within this lock-in-period. We, however, noticed that International Sea Ports Private Limited (ISPL) was a joint venture company promoted by SSA International Inc., Seattle and Precious Shipping Company Limited, Bangkok (a company of G Premjee Group) each holding 33.23 *per cent* shares in the Consortium while remaining 33.54 *per cent* was held by L&T. The main partner ISPL, who signed the CA and holding 66.46 *per cent* shares in the Consortium through its two foreign promoting companies (SSA International Inc., Seattle and Precious Shipping Company Limited) exited in 2002 from the project, that too within the lock-in-period contrary to the provisions[5] of CA. Due to such exit, the other partner L&T with remaining 33.54 *per cent* shares was only left paving the way for others to come in. TISCO joined in 2004 with 50 *per cent* share holding and L&T raised its shares to 50 *per cent*. The State Government approved participation of TISCO in September 2004. The Department had not taken any step to enforce the provision of the CA for maintaining the equity holding and management control by this major partner of the Consortium (ISPL) during the lock-in-period.

The Commissioner-cum-Secretary stated (November 2012) that ISPL exited due to irreconcilable difference between business partners and TATA Steel, a major industrial house joined and Dhamra Port had completed its Phase I successfully. The reply is not acceptable as exit of key partners, based on whose strength and capabilities the project was awarded to the ISPL led Consortium, that too during the lock-in-period was contrary to the provisions of the CA and Department did not enforce the provisions of CA and the project got delayed by over 13 years.

Delay in acquisition of land attributable to the Developer

As per Clause 4.13 of CA of Dhamra Port, additional tenanted land required for the project work was to be acquired and owned by the Government, the cost of which was to be initially borne by the Developer and the same was to be adjusted against payments due to Government on account of its' revenue share within 15 years from the commencement date, in annual equal installments without interest. This stipulation was later included in the Port Policy 2004 also.

We noticed that there was delay in acquisition of land due to non-depositing of the cost of compensation by the Developer in 2000 due to which land

[5] As per CA of Dhamra port, lock- in-period of the Special Purpose Company (SPC) was till in-operation date i.e. 6 May 2011

acquisition (LA) proceeding for 2579.96 acres of land in 66 villages lapsed and fresh LA were initiated during 2003-06.

As against the estimated compensation of ₹ 25.89 crore demanded for 1821.16 acre land in these 64 villages based on market value of land on the date of earlier 4(1) notification (February 2000 to November 2001), the same was subsequently revised to ₹ 53.94 crore based on market value of land on the date of fresh 4(1) notification (June 2005 to August 2005 and October-November 2007) leading to extra expenditure of ₹ 30.86 crore (₹ 28.05 crore towards extra compensation and 10 *per cent* supervision charges paid to IDCO[6], Government agency for land acquisition) which was irregularly included in the cost to be adjusted from revenue share of the Government by the Developer as indicated at ***paragraph 2.1.4.6***.

Avoidable extra cost due to acquisition of excess land: We noticed that no scale was prescribed for assessing the land requirement for Minor Ports. Whatever land the Developer requested was agreed to by the Government. We noticed that for construction of 62.5 Kms of railway corridor, the Developer requested in 1999 for 2851.65 acres of land and finally reduced the same to 2094 acres of land, which was acquired and provided to the Developer. We also found that for construction of such corridor over a length of 75 km, the Developer of Astaranga Port had requisitioned only 1696.842 acres of land. Based on the *prorata* land requirement per kilo-meter of rail corridor as required by Developer of Astaranga Port, requirement for 62.5 km of rail corridor for Dhamra Port worked out by us to 1414.035 acres[7] of land. This led to excess acquisition of 679.965 acres of land and extra expenditure of ₹ 28.40 crore[8] for acquisition thereof, which initially paid by the Developer would also be adjusted from revenue share of Government. The market value of such excess acquired land worked out to ₹ 82.47 crore[9].

In reply, the Commissioner-cum-Secretary stated (November 2012) that requirement of land for rail and road corridor cannot be uniform at two different locations having different geographical condition such as soil, contour and topography, drainage requirement etc.

The reply was not tenable as land provided to Dhamra Port for rail corridor was 33 *per cent* higher than the per kilometer requirement of land for Astaranga Port and the Developer of Dhamra Port initially requiring land for 200 metre width corridor later reduced it to 125 metre. Besides, vast land was laying vacant on both sides of the rail corridor (October 2012).

2.1.3.3 Gopalpur Port

The C&T Department decided (August 2003) to go for competitive bidding process for selecting the private partner for Gopalpur Port and entrusted

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6 Odisha Industrial Infrastructure Development Corporation

7 For construction of 75Km of railway line land required by Astaranga port= 1696.842 Ac. Land required for 62.5Km of railway line for Dhamra port=1696.842 Ac / 75 Km X 62.5 Km=1414.035Ac

8 For acquiring 2094Ac cost involved was ₹ 87.45 crore. For 679.965 acres of excess land=₹ 87.45 crore / 2094 Ac. X 679.965 Ac=₹ 28.40 crore

9 Market value of 2094 acres of acquired land ₹ 253.97 crore X excess land 679.965 acre/ 2094 acre=₹ 82.47 crore

(October 2003) the process of bid management to RITES. However, no time frame was fixed by the Department for finalisation of the process. RITES, after a lapse of two years, recommended (November 2005) Orissa Stevedores Limited (OSL) as the successful bidder. The Department fixed the reserve percentage of revenue share between five *per cent* and eight *per cent* of gross revenue but decided not to disclose the same to the bidders.

We noticed the following deficiencies in bidding process:

- ***Requisite technical parameters relaxed***: Experience of the bidders in Port sector or construction of core infrastructure sector was not considered. Only cargo handling experience was approved (December 2004) by the Department as a pre-requisite for the private participants in the Request for Qualification (RFQ) document. Both RITES and the Department had ignored the basic fact that cargo handling experience and Port construction experience were not alike.

- ***Parties not experienced in Port construction participated***: Relaxation of criteria in technical qualification had encouraged entities not experienced in the Port construction works to participate in the bidding process such as Consortium of ILFS & HILLI Company Limited (managing the container terminal), BHP Billiton Minerals Private Limited (operating terminals and cargo handling) and Orissa Stevedores Limited (Stevedores and Shipping agent).

  We found that out of 14 firms that obtained the RFQ documents, only five responded. Among these five companies, only three companies[10] (BHP, IB and OSL) submitted their Request for Proposal (RFP). But two firms (BHP and IB) did not qualify in the technical evaluation on the ground of non-furnishing of bid security (BHP) and withdrawal of one member from the Consortium (IB). Therefore, the Consortium led by OSL emerged as the single qualified bidder. RITES recommended (November 2005) OSL as the successful bidder to the Department .

  The Department stated (July 2012) that during 2004-05 when bid process management was undertaken, only one model bid document prepared by Infrastructure Development Finance Company (IDFC) for private sector projects in Major Ports was available. Accordingly, RFQ was prepared (March 2000) considering the said model which provided only Port operation as an eligible experience.

  The reply of the Department was not tenable as the model RFQ prepared by IDFC was applicable for private sector projects in Major Ports which had existing infrastructure facilities but not in case of Gopalpur Port as the project involved construction and development of the Port in phase-II. Therefore, experience in construction of Port or in core sector was necessarily required as per the technical experience prescribed (December 2007) by the GoI in Ministry of Finance.

- ***Allowing revenue share much below the reserve price:*** While communicating the name of OSL, RITES had recommended that the

[10] **BHP**:. BHP Billiton minerals Pvt. Ltd, **IB**: Integrax Berhad, **OSL**:. Orissa Stevedores Ltd.

offer may be accepted, if it matches with the reserve percentage share fixed by the Department or otherwise, negotiation should be made with OSL to match the reserve percentage share. The revenue percentage quoted (0 to 5.25 *per cent*) by the OSL was much less than the reserve price (5 to 8 *per cent*) and also that adopted for other Minor Ports[11] of the State (5 to 12 *per cent*). On negotiation, the same was only increased to 0 to 7.5 per cent. The Cabinet Sub- committee accepted the offer and recommended to award the project to OSL, when the Internal Rate of Return calculated on discounted cash flow basis was 15.2 *per cent* for this Port as calculated by the Developer in the Detailed Project Report. Instead of negotiating to raise the revenue share up to 15 *per cent* or at least to the reserve percentage, the offer of single bidder was accepted.

The Commissioner-cum-Secretary stated (November 2012) that as the bids were obtained through ICB, reserve price fixed by the Government was not disclosed, therefore price quoted by the Developer was based on their analysis of the project, It also stated that as the offered rate was less than the reserve percentage, Government made two rounds of negotiation and accepted the increased revenue share below the reserve percentage to avoid retender as the Port was closed for more than three years since 2003 seriously affecting employment and other economic opportunities which was a major concern of the Government. The Secretary further stated that there was no guarantee of getting higher price on re-tender.

The reply was not tenable as the fixation of reserve percentage was defeated by awarding at lower percentage.

- ***Exit of lead partner***: Clause 4.1 and 4.2 of CA of Gopalpur Port signed with OSL on 14 September 2006 *inter alia* provided that paid up equity share capital to be held by the members in the Consortium should not be less than 51 *per cent* until expiry of three years from the operative date of Phase II of the project and not less than 26 per cent of the paid up equity share capital until expiry or termination of the CA.

  We noticed that Noble Group, Hong Kong holding 33 *per cent* equity share capital departed from the consortium in April 2010 that too within the lock-in-period[12], which was irregular. It appears that Noble Group confined itself only to lend the company's name to the consortium for participating in the bidding process and the consortium comprising OSL, SIL[13] and Noble Group was formed only with the intention to bid for the Gopalpur Port. After winning the bid, Noble Group exited (April 2010) from the consortium. The Department / RITES did not plug such action by adequate safety provisions in the RFQ for disqualification and also even did not enforce the provisions of CA, requiring no exit by any partner before three years of completion of Phase II of the Port.

  The Commissioner-cum-Secretary stated (November 2012) that Noble Group wanted to exit due to delay in progress of work because of environmental clearance and business difference with other partners and the same was agreed

[11] Astaranga, Dhamra and Subarnarekha
[12] 30 October 2010
[13] SIL- Sara International Limited.

by the Board of Directors of Gopalpur Ports Limited and also vetted by Law and Finance Department. The Secretary also stated that in a business environment, exit of investors depending on their perception of business risk was not uncommon and such exit was not in violation of the provisions of CA.

The reply was not acceptable as such exit was contrary to the provisions of CA as the investor exited during the lock-in-period and the Department could not enforce the provisions of CA, specially when the annual turnover of Noble Group ($ 6 billion) was taken into consideration while evaluating the RFQ document.

2.1.3.4 Subarnarekha Port

Creative Port Development Private Limited (CPDP) *suo-motu* offered (November 2005) for selection/ nomination as the Developer of Astaranga Port. Subsequently, it applied (September 2006) for Subarnarekha port. The Government allowed CPDP for developing Subarnarekha Port. The Department stated (August 2012) that since CPDP was the only company that expressed its' interest for development of this port, Government decided to award the same to CPDP on MoU basis. We further examined the matter and noticed following irregularities:

Views of Law Department for selection of Developer through competitive bidding process over-ruled by the Government : On selection of Developers of this Port through MoU route and to vet the draft MoU, it was decided to obtain the views of Finance and Law Department. While Finance Department concurred the draft MoU with modifications, the Law Department while vetting the draft MoU opined (December 2006) that out of two methods of participation (Competitive Bidding and MoU), Competitive Bidding route was legally tenable as there would be maximum participation and fair selection process, keeping in view of the provision of equality envisaged under Article 14 of the Constitution of India. But, the Principal Secretary of the Department, indicating that as a single party had applied for developing this Port, there was no 'element of discrimination' and 'arbitrariness' in selection of the Developer, proposed (13 December 2006) to over-rule the views of Law Department. Based on further recommendation of the Chief Secretary, the views of Law Department for Competitive Bidding was over ruled. The Government, thereafter entered (December 2006) into an MoU with CPDP for developing the Port on BOOST basis. CA was signed in January 2008 but the construction of the Port had not commenced as of November 2012.

The Commissioner-cum-Secretary stated (November 2012) that as Government had not deprived / denied any person of equality before law, development of Ports through MoU route was not in violation of Article 14 of Constitution of India and hence the Government had rightly over-ruled the views of the Law Department. The Commissioner-cum-Secretary also cited the judgment dated 27 September 2012 of the Apex Court to the effect that auction was not the only permissible method for disposal of natural resources across all sectors and in all circumstances and concluded that MoU route adopted by the Government was not illegal or arbitrary.

The reply is not acceptable as the Department had neither invited bids nor made public its decision to awards this Port project under PPP route on the e-procurement portal of the Government for wide publicity. Though one party with *suo-motu* offer was available in each case, yet bidding was not done and other parties who did not know of such award of Port projects were deprived of equal opportunity. Besides, as discussed in ***paragraph 2.1.3.3***, bid for the Gopalpur Port project invited in December 2004 had attracted 14 parties, both national and international, and there was no reasonable and exceptional grounds subsequent to this event that could warrant the Department to reach a conclusion that there may not be takers for Ports whose MoUs were finalised.

Thus, decision of the Government in approving selection of Developer through MoU route over-ruling the views of the Law Department for Competitive Bidding was arbitrary and inappropriate.

Exit of key partner for a consideration: As per the CA, the equity base of the Developer was not to be less than 51 per cent and the lock-in-period was till the date of operation. We noticed that SREI Venture Capital Limited (SERI), the main Developer exited in August 2010 taking consideration of ₹ 52.50 crore as against equity and other investment of ₹ 2.60 crore, that too within the lock-in-period.

The Commissioner-cum-Secretary stated (November 2012) that there was dispute between partners due to default in meeting financial obligations and breach of Investment Agreement. On the matter being moved to Company Law Board (CLB), it ordered for transfer of share to other partners which was also upheld (July 2010) by the Apex Court. The Secretary also stated that despite exit of SREI, environmental clearance had been obtained and land acquisition is in advance stage of finalisation. The reply is not tenable as the Developer had not yet deposited the cost of land acquisition. Besides, Government could not enforce compliance with the provisions of CA and the Developer on whose financial strength the Consortium was selected was allowed to exit.

Delay in land acquisition and handing over of Port land: The MoU and CA for this Port were signed on 18 December 2006 and 11 January 2008 respectively. We noticed that the process of acquisition of private land (1593.940 Ac) and alienation of Government land (961.18 Ac) for Subarnarekha Port was under progress. The estimated cost for acquisition of land had not yet been deposited (September 2012) by the Developer of the Subarnarekha Port. Besides, Port land was also not handed over.

The Department stated (September 2012) that land acquisition was delayed due to change made in the shareholding pattern of the Developer. The reply is not tenable as despite expiry of more than four years after signing of the CA, even the cost of land acquisition had not been deposited by the Developer and the Government had not taken steps to expedite handing over of the Port land.

2.1.3.5 Astaranga Port

Navayuga Engineering Company Limited (NEC) *suo-motu* offered (December 2006) for selection/ nomination as the Developer of Astaranga Port. The Government entered (December 2008) into an MoU with NEC for developing the Port on BOOST basis. CA was signed in November 2010 but construction of the Port had not been commenced. The land acquisition process for

2435.867 acres of private land was stated by the Government to be under progress (September 2012).

2.1.3.6 Chudamani Port

Essel Mining & Industries Limited (EMIL)) *suo-motu* offered (November 2005) for selection as the Developer of Chudamani Port. The Government entered (October 2009) into an MoU with EMIL for construction of a Captive Port at Chudamani (Bhadrak District) on Build, Own and Operate (BOO) basis. However, CA has not been signed as the Finance Department declined to vet the CA as the Developer was not selected through Competitive Bidding process.

On being asked about the justification for allowing BOO model for Chudamani Port, the Department stated (July 2012) that initially it was decided to develop Chudamani as a Captive Port on BOO basis. It, however, assured that a time frame would be fixed for transfer of assets to the Government, at the time of signing of the CA.

Finance Department opined for Competitive Bidding and did not vet the CA: The Principal Secretary, Finance Department observed (October 2011) that mere provision in the Port Policy is not an adequate justification to opt for MoU route instead of Competitive Bidding. He had further observed that in the matter of public procurements and award of concession by Government, Competitive Bidding is the preferred norm. He opined that in the absence of Competitive Bidding, it could not be ascertained with any degree of confidence that the State Government would not have received any better financial offer than the offer through MoU route. He had opined that the proposal to sign CA by dispensing with Competitive Bidding without proper justification would certainly violate the provisions of Rule 18 of Odisha General Financial Rules (OGFR) and so declined to vet the CA. The Finance Minister also concurred (October 2011) with the above views.

The Commissioner-cum-Secretary stated (November 2012) that Rule 18 of OGFR has not been flouted as this rule provides for general principles for guidance of authorities that have to enter in to contracts or agreements involving expenditure out of Consolidated Fund of the State and for development of Minor Ports, no expenditure is incurred by Government.

The Port policy of the Government allowing MoU route as well as award of Port projects to private Developers in potential Port sites through MoU instead of Competitive Bidding process, was challenged (2011) in the Hon'ble High Court of Odisha. The Court directed (May 2012) the State Government to proceed with MoU / Concession Agreement of Chudamani Port but not to take final decision without leave of the Court. The matter remained sub-judice (November 2012).

Thus, award of Port projects of Astaranga, Chudamani and Subarnarekha Ports to Developers entertained through MoU route was, thus irregular.

2.1.4 Revenue sharing

In a PPP infrastructure project, particularly of the BOOST model, that the Government had adopted in Port sector, the sponsoring Department was required to exercise due diligence in determining an appropriate revenue model for the project, based on a mutually acceptable level of Internal Rate of Return (IRR) and fixing of minimum reserve percentage of 'revenue share' taking the total concession period into account, before going in for selection of private partners either through Competitive Bidding or through MoU route.

Attempt was made to assess whether during selection of Developers as well as construction and operation phases, the interest of the Government and its revenue has been protected. The deficiencies noticed are discussed in subsequent paragraphs.

2.1.4.1 Revenue share: Absence of requisite due diligence

Revenue sharing is a major bidding parameter to ensure that the parties willing to share the highest revenue, would get selected. Audit noticed that, the Department did not exercise adequate due diligence in fixing the reserve percentage share of 'gross revenue' in respect of all Port projects awarded through MoU or Competitive Bidding route. We noticed that the Department neither prepared the Detailed Project Reports (DPRs) on its' own nor carried out any independent due diligence of the reasonableness of the Internal Rate of Return (IRRs) / Rate of Return (RORs) projected by the prospective concessionaire before entering into MoU with the Developers. We also noticed that IRR of the Ports, as assessed in the DPRs, were neither considered while fixing the revenue share nor any attempt was made by the Department to negotiate to increase the revenue sharing ratio to IRR level as DPRs containing IRR were prepared by the Developer after signing of the MoUs.

Dhamra port: Revenue share of Government was fixed at 5 to 12 *per cent* and no IRR was calculated. This was based on the initial revenue sharing ratio indicated in the CA of Krishnapatnam Port of Andhra Pradesh furnished by RITES.

Gopalpur port: Against the IRR of 15.2 *per cent* calculated by the Developer, the revenue share of Government was fixed on negotiation to 0 *per cent* in first year to 7.5 *per cent* in the last year of Concession period against the reserve price of 5 to 8 *per cent.*

Subarnarekha port: Though IRR of this Port was calculated in the DPR prepared by the Developer as 19.6 per cent, yet revenue share of Government was fixed as only five *per cent* in first year to 12 *per cent* in the last year of concession period.

Astaranga port: The IRR of this Port was 12.67 *per cent* as per information furnished by the Government. However, revenue share of Government was fixed as only 5 *per cent* in first year to 12 *per cent* in the last year of Concession period similar to that of Dhamra and Subarnarekha.

Thus, adequate due diligence was not carried out while fixing the revenue sharing ratio.

The Principal Secretary accepted (July 2012) that IRR for Dhamra Port was not calculated as there was no such guideline available at that time and that the IRR for Gopalpur, Subarnarekha and Astaranga Ports were 15.2 *per cent*, 19.6 *per cent* and 12.67 *per cent* respectively. However, the Commissioner-cum-Secretary stated (November 2012) that as no grant/ incentive was given by the Government and the DPR was prepared by the concessionaire after determining the revenue share, which, as a percentage of gross revenue of the Port, was independent of whether the Port made net profit or loss, the IRR considered for project viability and feasibility, was of no relevance to the Government but to the Developer.

The reply is not acceptable in audit as the IRR indicates the cash flow to the Concessionaire during the entire concession period, thereby reflecting the profitability of the project and the profit being allowed to the concessionaire. IRR was also to be used as a tool to negotiate with the Concessionaire for increase in revenue sharing.

2.1.4.2 Absence of requisite due diligence for fixing minimum revenue sharing with Government

The Model Concession Agreement (MCA) envisaged guaranteed annual cargo handling by the Concessionaire for ensuring guaranteed revenue share.

Provisions relating to minimum guaranteed cargo handling was absent in the CAs though the same was required under MCA

We noticed that in the CA of four Ports signed up to March 2012, there was no provision regarding minimum guaranteed cargo. Department could not ensure optimum revenue sharing for the State, considering the fact that there was no Competitive Bidding for these Port projects.

In reply, the Department stated (April 2012) that for Dhamra Port, they had appointed RITES as a consultant and that the relevant clauses of the Concession Agreement were genuine and authentic. The reply was not tenable, as neither the Government nor RITES had included the above provisions of MCA in the CA of concerned Ports. Besides, there was nothing on Department records to indicate the inputs and data that were considered before arriving at the figure of five to 12 *per cent* as revenue share.

2.1.4.3 Fixation of high tariffs by the Concessionaire due to delegation of absolute power to fix tariff

As OMB was not formed, fixation of tariff was left to the Developer of Dhamra Port who charged 153 *per cent* to 799 *per cent* higher tariff than that prescribed by TAMP and followed by Paradip Port Trust

The user charges for the facilities provided by an infrastructure port project under the PPP arrangement should be regulated by an independent authority like the NHAI (for National Highway projects), TAMP (Tariff Authority for Major Ports) or by the Government Department under the relevant statute.

Non-constitution of Tariff regulatory body: In Odisha, the Port Policy 2004 requires to vest the OMB with powers to impose, review and modify the existing Port charges in the Minor Ports, with the approval of Government. However, OMB has not yet been constituted due to which such Port charges and tariff were fixed by the concerned Developers.

Full freedom to Developers for fixing and revising tariff: We noticed that the CAs of four ports (Astaranga, Dhamra, Gopalpur and Subarnarekha) provided that the Developers would be free to fix the tariff of their own and full freedom would be given to the Developer for fixation and revision of tariff.

Thus, the Department had given away (March 1998) this right to the private partner (Developer of Dhamra Port) through the CAs for fixing and revising tariff for all Port related services, though Port Policy requires imposition and modification of Port related charges by the Government through OMB.

***Recommendations of the Empowered committee ignored*:** MoU for development of Dhamra Port was signed in March 1997 when neither the Port Policy nor PPP Policy was framed. The Government set up an Empowered Committee[14] for framing the CA of Dhamra Port. The Committee suggested (October 1997) that Government should retain the power for notification of Port related tariff as and when required and also drafted the required clause for CA as " ISPL shall have right to levy charges for port services on Port premises and ISPL shall also have full freedom of fixing and revising of tariff for various port services on the premises. Notification, as required for the purpose will be done by the Government, as and when required". But, when the opinion of the Developer was invited (March 1998), the Developer insisted for non-inclusion of the suggestions of the Empowered Committee and of the sentence "Notification, as required for the purpose will be done by the Government, as and when required" in the final CA. However, the Law Department on being requested to give its' views, suggested not to include this provision in the CA, as the Government had committed in the MoU already accepted (March 1998), to give full freedom to the Developer for fixing and revising tariff for all Port related services. Such a view was expressed despite the Joint Secretary, Law Department being a member of the Empowered Committee that had recommended otherwise. Therefore, the private partners got the absolute power to fix user charges and tariff. In absence of any regulatory mechanism in place for fixation of tariff, Developer of Dhamra Port fixed exorbitant user charges for its vessel and cargo related charges.

Charging higher tariff: A comparison of user charges fixed by TAMP and that fixed by the Developer of Dhamra Port during 2011-12 revealed that Dhamra Port was charging user charges at 153 *per cent* to 799 *per cent* (***Appendix 2.1.1***) more than the rates prescribed by TAMP and followed by Paradip Port Trust in the State under various heads / areas. In case of cargo related charges also, Dhamra Port charged ₹ 230 to ₹ 320 per tonne whereas tariff of cargo handled at Paradip Port was ₹ 135.79 per tonne only between 2008-09 to 2010-11. Due to this huge difference, Developer of Dhamra Port collected ₹ 84.67 crore [15] extra in handling 60.82 lakh tonnes of cargo during May 2011 to May 2012.

Escalated project cost attracting higher tariff We also noticed that the project cost of Dhamra Port was escalated from originally estimated ₹ 2464 crore to ₹ 3317.84 crore in 2011-12. The possibility of higher tariffs due to the escalated cost cannot be ruled out. Thus, one of the intended purposes of the PPP infrastructure Port project in the State which was to provide better quality services and facilities at a reasonable and affordable price, is diluted. In case

[14] Comprising of: Additional Secretary, Commerce, Addl. Secy, Finance and Joint Secretary, Law Department .

[15] Excess charge per ton=Average ₹ 275 less ₹ 135.79=₹ 139.21 per tone, Extra payment= ₹ 139.21 X 60.82 lakh ton= ₹ 84.67 crore

of Gopalpur Port, the project cost of ₹ 720 crore was also escalated to ₹ 1212.55 crore by April 2010. In case of Subarnarekha and Astaranga Ports, as the construction work had not been started, there is possibility of cost escalation and recovery of the escalated cost through higher tarriff.

The Commissioner-cum-Secretary stated (November 2012) that as per the provisions of CA, tariff is to be fixed by the Developer depending upon market conditions. He also stated that Major Ports incur not only Port charges but also many other expenditure like stevedoring, intra-port transaction etc. which are over and above the Port tariff where as Dhamra Port charge a comprehensive tariff for host of all services. The Department also stated that there was increased cost to Dhamra for maintaining deeper drafts and mechanised handling which resulted in increased benefit to the users in terms of larger ships and lesser dwell time of ships. The Department contended that it was only after finding that total logistic cost per ton in Dhamra was lesser than in other Ports that a user would come to Dhamra.

The reply was not tenable as the Port Policy 2004 required that OMB would be vested with powers to impose, review and modify the existing Port charges in Minor Ports subject to approval of Government. Besides, 'Overview of the framework of MCA' provided that tariff shall be based on the rates to be notified by the Government. Unless the tariff is regulated, there is a possibility of the Concessionaire getting more returns on its investment than what is projected in the DPRs. Also, Government itself considered the highest revenue per tonne of Paradip Port Trust for projecting tariff of Chudamani Port (not yet operational) after comparing per tonne revenue of last three years of Paradip Port, Visakhapatnam Port and Chennai Port.

2.1.4.4 Undue favour to Developer and loss of ₹19.50 crore due to lower rate of revenue sharing

Due to fixing lower revenue sharing ratio in Gopalpur Port than that of Dhamra port, there was a projected loss of ₹ 19.50 crore

Developer of Gopalpur Port, after negotiation, agreed for a revenue share between 0 to 7.5 *per cent* against the reserve share of five to eight *per cent* fixed by the Government and the revenue share agreed to for Astaranga, Dhamra and Subarnarekha Ports, which ranged from five to 12 *per cent*. Acceptance of lower rate of revenue share offered by the Developer of Gopalpur Port compared to the reserve percentage share led the Department to forgo additional revenue share of ₹ 5.13 crore (***Appendix 2.1.2)*** for the total Concession period (30 years) based on the gross revenue earned during the first four years of Port operation assuming that there is no increase in revenue. Compared to the revenue sharing ratio adopted for Astaranga, Dhamra and Subarnarekha Ports, the Government had to forgo a share of ₹ 19.50 crore (***Appendix 2.1.3***) by adopting a different rate for Gopalpur Port. Besides, undue favour was also extended to the Developer of Gopalpur Port by same amount.

In reply, the Department stated (July 2012 and November 2012) that as the price in percentage quoted by OSL (for GPL) was less than the percentage of reserve price fixed by the Government and the price obtained was market determined, so should not be compared with price agreed to by Developers through MoU route. The Secretary also stated that the Government had no option but to negotiate with the bidder as re-tendering would have delayed the entire process of development. The reply of the Department is not tenable as a greenfield ports like Astaranga, Dhamra and Subarnarekha offered revenue share between five to 12 *per cent* and a different rate was adopted for Gopalpur Port, where facilities and infrastructure were partly available.

2.1.4.5 Non-payment of ₹ 1.44 crore to the ex-chequer due to suspension of Port operation by Gopalpur Port limited

Port operation at Gopalpur remained suspended during construction of Phase II

The Gopalpur Port suspended its anchorage Port operation for construction of phase-II of the project since October 2010 and failed to remit any revenue share to the Government from the fifth year onwards. The Department issued (May 2012) a demand notice of ₹ 72.14 lakh towards revenue share for 2010-11 which accumulated to ₹ 1.44 crore during 2011-12. The same was not realised as of September 2012. We are of the view that the Department did not foresee such a common and routine eventuality and failed to include a penalty or minimum guaranteed revenue share or minimum guaranteed cargo in the CA similar to Clause 7(xii) of MCA, to safeguard the interests of the Government. Due to suspension of Port operation by the Concessionaire, the State exchequer could not realise ₹ 1.44 crore towards its revenue share for fifth and sixth year based on revenue share of fourth year.

On this being pointed out, the Commissioner-cum-Secretary stated (November 2012) that stringent punitive action against the Developer had already been initiated in October 2012.

2.1.4.6 Revenue share from the Developer of Dhamra port

Mention was made at paragraph 2.1.5.1 of Audit Report (Civil) for the year ended 31 March 2011 regarding extension of undue favour of ₹ 14.30 crore to the Developer of Dhamra Port due to application of Industrial Policy Resolution (IPR) retrospectively superseding the provisions of CA and payment of lease charges for Government land at concessional rate instead of at fair market value as required under Clause 7.2 of the CA.

As per Clause 4.13 of CA of Dhamra Port signed in April 1998, additional tenanted land required for the project work was to be acquired and owned by the Government, the cost of which is to be initially borne by the Developers and the same was to be adjusted against payments due to Government on account of its revenue share within 15 years from the commencement date, in annual equal installments without interest. This stipulation was later included in the Port Policy 2004 also. Besides, Clause 11.4 of CA of Dhamra Port confers on Government the right to conduct or get conducted, operational and financial audit of the Port to ensure accuracy of the income to the Developer of which it gets a share. Operational audit would also check upon compliance with the approved and agreed plans for development and operation of the Port and maintenance of the Port facilities and assets.

Excess adjustment towards cost of acquisition: We noticed that the Profit and Loss Account of Dhamra Port for the year 2011-12 showed a gross revenue of ₹ 197.80 crore. Against a revenue share of ₹ 9.75 crore payable to the Government at the rate of five *per cent* (Clause 7.3), the Port authorities had provided a liability for ₹ 4.11 crore (excess by ₹ 19 lakh) after deducting ₹ 5.83 crore being one fifteenth of the cost of acquisition (₹ 87.45 crore) paid by it on land acquisition, which was to be adjusted annually in 15 years. As discussed in paragraph 2.1.3.2 due to fault of the Developer, extra expenditure of ₹ 30.86 crore was incurred on acquisition of land for which no clause safeguarding the interest of the Government was included in the CA. The extra cost of ₹ 30.86 crore is being reimbursed, which could have been avoided had a suitable clause for recovering the same from the Developer been included in the CA and only ₹ 56.59 crore (₹ 87.45 crore less ₹ 30.86 crore) would have been adjusted from revenue share of Government in next 15 years at ₹ 3.77 crore per annum. As a result, ₹ 2.06 crore was adjusted in excess during 2011-12 and it would have a recurring impact on revenue share of Government for 15 years.

Independent Auditor was not appointed to audit the correctness of gross revenue reported by DPCL

Non-conducting financial and operational Audit: The Government had not engaged any Auditor to validate the gross revenue generated by the Dhamra Port during 2011-12 but relied on the report of the Statutory Auditor. The Department had also not carried out any operational audit as required under Clause 5.8 of CA as of September 2012.

The Commissioner-cum-Secretary stated (November 2012) to have initiated action for appointment of Independent Auditor after due vetting by the Finance Department and that verification of assets created under Phase I had already been conducted by the Director (P&IWT). However, audit by Independent Auditor and Operational Audit were awaited (November 2012). Though the Department stated that assets were verified by the Director, P&IWT, yet no documentary evidence in support of such asset verification could be furnished to audit. In absence of an Independent Engineer, it was not understood how these assets were valued and their quality was certified.

2.1.4.7 Bank Guarantee for revenue sharing not insisted upon

As per Clause 7.5 of the Concession Agreement, Developer of Dhamra Port was required to submit bank guarantee equal to 1.5 times of the annual revenue share on assessment after one year of completion of Port operation as a security. It was observed that though one year operation period was over in May 2012, there was no recorded evidence regarding realisation or even raising the demand by the Department for deposit of Bank Guarantee (BG) amounting to ₹ 16.17 crore[16] from the Developer.

The Department accepted the audit observation and stated (July 2012) that the Developer had been directed (June 2012) to furnish Bank Guarantee for ₹ 16.17 crore. The Commissioner-cum-Secretary stated (November 2012) that Developer had already given a Bank Guarantee for ₹ five crore and additional Bank Guarantee for ₹ 88 lakh was under process. The Secretary also stated that the quantum of BG to be furnished by the Developer was under examination at Law and Finance Department and after the final amount is decided, the Developer would be asked to pay the same.

[16] Revenue share for first year = ₹197.80 X 12 /11 X5% =₹ 10.78 crore
Bank Guarantee required= ₹ 10.78 crore X 1.5 =₹ 16.17 crore

2.1.4.8 Detailed Project Report

Detailed Project Report (DPR) is an important document as it indicates the financial viability and feasibility of the project, expected revenue earning, profitability of the project, IRR and ROR as well milestone for construction and operation of the Port project. We found that preparation of the DPRs was left to the private partner in case of development of all the five PPP Port projects and DPRs were prepared by the Developers much after signing of the MoU and CA. These DPRs were approved by Government in a routine manner without excercising due diligence on the IRR and ROR allowed to the Developers, to optimise the revenue share of Government. Besides, as these reports were prepared much after signing of the CA, IRR and RORs were not considered for fixing the revenue share of the Government, especially when Port projects were awarded in four out of five cases through MoU route.

The Commissioner-cum-Secretary stated (November 2012) that since development of Ports was undertaken through private participation and MoU route, the DPRs of the Port projects were prepared by the Developers and approved by the Government after scrutiny.

The reply is not acceptable as no due diligence was excercised while approving the DPRs and as in case of two Ports, same revenue sharing ratio (five to 12 *per cent*) was agreed to when IRR was 12.67 *per cent* (Astaranga) and 19.6 *per cent* (Subarnarekha).

Structure of Concession Agreement

2.1.5 Concession Agreement

Though CA of Astaranga Port was signed much after the MCA was prescribed by the GoI, yet provisions of MCA were not included in the CA to safeguard the interest of the Government and stakeholders

In PPP arrangements, Concession Agreements (CAs) indicating the concession period, rights of the Developer, revenue share of Government, force majeure, auditing and inspection arrangements etc plays a vital role. It should be well drafted as in such arrangement, it is equally important to protect the public exchequer from any unintended misuse or claims from Concessionaires by exercising adequate due diligence in sharing risks associated with the project. Besides, the five critical elements that were to be considered while drafting such Concession Agreement under PPP are expected cargo to be handled, tariffs, commencement date, concession period and capital costs. Considering all these aspects, the Planning Commission had also prescribed (January 2008) a Model Concession Agreement for major Ports, which was to be referred as a standard document while drafting CAs. Audit examined the Concession Agreements of Dhamra (April 1998), Gopalpur (September 2006), Subarnarekha (January 2008) and Astaranga (November 2010) Ports and noticed that though CA of Astaranga Port was signed (November 2010) much after the MCA was prescribed (January 2008) by GoI; yet provisions of MCA were not incorporated.

The Commissioner-cum-Secretary stated (November 2012) that provisions of MCA were not applicable for greenfield Ports and so were not incorporated.

The reply is not tenable as MCA at Chapter "Overview of the framework" indicated that the MCA 'can also be applied to PPPs for building of new Ports on BOT basis' with some modifications. Besides, on being enquired in Audit, about non-preparation of a State specific MCA, the P&C Department stated

(June 2012) that as the secretariat for infrastructure of Planning Commission has published a MCA document for Ports, there was no requirement for preparation of a State specific MCA document for Minor Ports by the Department to avoid unnecessary duplication.

On comparison of the CAs of these four Ports, we noticed wide variations which are discussed in succeeding paragraphs.

2.1.5.1 Commencement dates not uniform in the Concession Agreements (CA)

Commencement date was not uniform in all the CAs signed and all differed from MCA

As per Clause 2.2 of MCA, the commencement date of CA should be from the date of award of concession during which the Concessionaire is authorised and obliged to implement the Project and to provide Project Facilities and Services in accordance with the provisions thereof. However, following deviations were noticed.

Astaranga Port: Though CA of Astaranga Port was signed on 22 November 2010 i.e. after the MCA was prescribed, yet the commencement date was indicated in Clause 2.1 of CA as "the date on which the physical possession of land of Port premises and land required for the economic corridor including road and rail facilities and way side amenities would be given by the Government". As per MCA, commencement date should have been from the date of award. As a result, the Developer delayed depositing funds for land acquisition and delayed the project. We also noticed that the acquisition process for 2435.867 acres of private land is under progress (September 2012) though CA was signed in November 2010. As land had not been handed over, the CA was actually in an inoperative stage (October 2012). It would have subsequent impact on cost escalation of the .project which would *interalia* result in fixing higher tariff to recover the said extra cost.

Dhamra port

Developer reaping the benefit of Commencement date clause as the same was inserted ignoring the views of Law Department: CA of Dhamra Port was signed on 2 April 1998, which at Clause 2.1 described the 'commencement date' as "the date on which the physical possession of land of port premises and land required for the economic corridor including road and rail facilities and way side amenities would be given by the Government". We noticed that the Developer (ISPL) insisted for inclusion of commencement date clause during the process of finalisation of Concession Agreement. We also noticed that the Law Department advised (November 1997) not to include the commencement date clause, as the same would unnecessarily delay the project. However, it was agreed (November 1997) to include the same clause (Clause 2.1) in the agreement. We further noticed that after signing of the Concession Agreement in April 1998, the Developer took complete benefit of this commencement date allowed by the Department to be 30 September 2008 when land for rail corridor was ready for handing over during June to November 2007 and Port land was handed over in January 2004. Consequently, the Developer got over 10 years to arrange fund, make financial closure and developing the port, while being in custody of the Port site all these years.

Commencement date was fixed as September 2008 irregularly: We also noticed that the delay in land acquisition was due to failure of the Developer in depositing the cost of compensation in time for which the acquisition proceeding for 2579.96 acres of land in 66 villages lapsed in 2000 and were initiated afresh in 2003-06 after three years with an extra cost of ₹ 30.86 crore[17] and about 13 months delay in taking over possession of the acquired land despite request (September 2007) of the Collector, Bhadrak and the requisitioning officer (IDCO) that land was ready for handing over in September 2007. Deed of agreement for 2027.63 acres of acquired land was signed between IDCO and the Collector during June to November 2007. Thus, it is evident that land was ready by September 2007 and delay in taking over was attributable to the Developer for which there was no justification for fixing the commencement date till September 2008 i.e. 13 months after the due date which was irregular.

In reply, the Commissioner-cum-Secretary while admitting (November 2012) that during 2000-2004, the company went on restructuring which involved exit of foreign partner and entry of TATA Steel also stated that the delay was due to reduction of land requirement for which a re-notification was made in 2005. The Secretary further stated that the last batch of acquired land was handed over to the Developer in January 2010.

The reply is not tenable in audit as the records of Special Land Acquisition Officer, Bhadrak revealed that due to non-depositing the cost of acquisition, acquisition proceeding already initiated for 2579.96 acres of land in 66 villages lapsed as the award could not be passed within two years of notification due to this reason. Besides, while Port land was handed over in 2004, acquired land was ready for handing over by September 2007, but the Developer did not respond to the request of the Collector and IDCO and delayed taking over of land.

Loss of revenue share to Government due to delay in execution and fixing commencement date arbitrarily: The CA for Dhamra Port was signed in April 1998 and the scheduled commencement was the date of actual handing over of all land. The commercial operation of the Port started only from 6 May 2012. As per the Project Implementation Schedule attached to CA, one year was required for land acquisition and four years was for construction of the Port. Allowing this time limit of five years for land acquisition and construction of the Port, there was eight years (April 2003 to April 2011) delay in making the Port operational. As a result, Government was deprived of earning revenue share of ₹ 99.26 crore[18], calculated at its revenue share percentage on the gross revenue of ₹ 197.80 crore earned during the 11 month period of May 2011 to March 2012 as Internal Rate of Return for this Port was not calculated by the Department / Developer. Besides, such delay had also impact on revenue share of Government as it would start earning the revenue only from 2011-12 to 2016-17 at five *per cent* and so on against seven *per cent*, but for the delayed execution of the Port. This also indicated that though the concessionaire was responsible for the delay in land acquisition, yet they got advantage due to one-sided commencement clause in the CA in favour of the Concessionaires.

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17 Total cost of compensation paid ₹ 87.45 crore less ₹ 56.59 crore required earlier

18 (5 per cent of ₹ 197.80 crore X12/11x 5 years) plus (7 per cent of ₹ 197.80 crore X12/11x 3 years) =₹53.95 crore + ₹ 45.31 =₹ 99.26 crore

In reply, the Principal Secretary stated (May 2012) that the commencement date was 30 September 2008. The Department also stated (April 2012) that Dhamra Port project involved acquisition of land from 74 villages which was a herculean task in the present day circumstances and that the Government had monitored the progress of the work of the Port project, as a result of which the Port had completed the phase-I development of the Port which was appreciable.

The reply of the Department is not tenable as besides delay over nine years, this had also adverse impact on the revenue share to the Government. Further, decision of fixing the commencement date to 30 September 2008 was taken hurriedly in the review meeting (April 2012) ignoring the fact that major portion of acquired land (2027.63 acre) was ready for handing over by June 2007 to November 2007 and further delay in taking over was attributable to the Developer.

Gopalpur Port: Clause 2 of CA of Gopalpur Port provided that "commencement date was the later of date on which the Government hand over the physical possession of assets already created". Assets like jetties, ware houses, cranes, buildings etc. earlier created by Government was handed over to GPL on 30 October 2006 and the commencement date was treated as 30 October 2006.

Subarnarekha Port: Para 2.1 of CA of Subarnarekha Ports provided that "commencement date would be the date on which the physical possession of land of port premises and land required for the economic corridor including road and rail facilities and way side amenities would be given by the Government". We also noticed that the process of acquisition of private land (1593.940 Ac) and alienation of Government land (961.18 Ac) for Subarnarekha Port was under progress (September 2012). The estimated cost for acquisition of land had not yet been deposited (September 2012) by the Developer and the Department had not pursued the matter. As a result, the Developer delayed the execution of project after signed the CA in January 2008.

Astaranga port: The commencement date of CA of this Port signed on 22 November 2010 is similar to that of Subarnarekha port. In this case also, acquisition of private land of 2435.867 acre was under progress and so the CA is in inoperative stage.

Thus, commencement date was not made uniform in all CAs, thereby giving scope for delayed construction of projects due to delay in land acquisition etc. and even depositing the land acquisition cost. Also, due to insertion of such Clause, not only the execution of the projects (Subarnarekha and Astaranga) are getting delayed with cost over-run but also had subsequent impact on the revenue share of the Government.

2.1.5.2 Undue favour due to grant of longer Concession period than that prescribed in MCA without adequate due diligence

The Model Concession Agreement (MCA) in its 'Overview of the framework' stipulated that "the guiding principle for determining project specific concession period should normally be the capacity of respective Port terminal to handle the expected cargo at the end of the proposed concession period". Therefore, the tenure of the concession period would be dependent upon the investment proposed to be made, volume of traffic trend projections, fixed and operation and maintenance (O&M) costs, revenue inflow and outflow streams, return on investments, the Government share of revenue, and expected break-even period, amongst other technical and financial parameters. All these factors should be captured in the matrix of Internal Rate of Return (IRRs) or Return on Investment (ROI) calculated for each of these Port projects in the DPRs. However, the Department could not provide to Audit any evidence which would indicate that these project specific inputs were considered and evaluated by the Department while fixing the concession period. The very fact that the Government approved the DPRs with varying IRRs and Rate of Return (RORs) for the three projects (Astaranga: 16.67 *per cent*, Gopalpur: 15.2 *per cent* and Subarnarekha: 19.60 *per cent*) indicated that the Department did not carry out the requisite due diligence to allow only a reasonable rate of return on investment to the Concessionaire. It thus, allowed uniform tenure of 34 years to all the MoU partners where as it would have been different had a reasonable ROR been fixed for these concessionaires.

The MCA had also prescribed (January 2008) that unless there are reasons for making an exception, the Concession Period (CP) should normally be fixed at 30 years. This was inclusive of the construction period. We noticed that while concession period of 30 years was allowed in the CA of Gopalpur Port, yet the same was allowed to be 34 years (including maximum four years construction period) in the CAs of three other Ports (Astaranga, Dhamra and Subarnarekha). In such cases, the Ports would be handed over to the Government after 34 years and the Developer would be benefited by retaining the net revenue that would be earned during these extra four year period.

On examination of discounted net cash flow, arrived by the Developers of Astaranga and Subarnarekha Ports in the DPRs for calculation of IRR which were furnished to Audit by the Department, the gross revenue projected by the Concessionaires to be earned during last four years (thirty-first to thirty fourth year of the Concession period, O&M expenses, net cash flow, revenue share of Government projected to be paid and net return to be received by the Concessionaire are indicated in the table below.

Table 2.2: Table showing cash inflow to Developers during last four years of Concession period

(₹ in crore)

Name of the port	*Total cash inflow projected in the DPR (Gross revenue)*	*Cash out flow on O&M Expenses*	*Cash outflow other expenses*	*Net cash inflow (Net revenue)*	*Government revenue share on gross revenue to be paid, as projected*	*Net cash flow that the Concessionaire would get after payment of revenue share*	*IRR*
Astaranga	18150.38	3940.77	3731.99	10477.62	2199.40	8278.22	12.67
Subarnarekha	6820.00	843.20	0.00	5976.80	818.40	5158.40	19.60
Total	**24970.38**	**4783.97**	**3731.99**	**16454.42**	**3017.80**	**13436.62**	

(Source: DPR of the Ports prepared by the concessionaires and furnished by the Department to Audit)

However, in case of Dhamra port, as the IRR as well as discounted cash flow for the Concession period has not been calculated in the DPR, we are unable to ascertain the net benefit that the Concessionaire would get during the last four years of CP.

In reply, the Principal Secretary stated (May 2012) that the Concession period of 34 years included maximum of four years for construction. He further stated that as the construction of Dhamra Port being completed on 5 May 2011 and put to commercial operation from 6 May 2011, the agreement would be valid for only 30 years from the date of operation i.e. up to 31 May 2041. The reply is not tenable as the total Concession period mentioned in the CA is 34 years and no documentary evidence could be shown about the modification / amendment of the CA.

Besides, the Commissioner-cum-Secretary stated (November 2012) that non-compliance with the provisions of MCA suggested by Planning Commission was not tenable as in the MCA at Chapter 'Overview of the framework', it was stated that "the same is applicable for building and operating of Port terminals on BOT basis". The Secretary further contended that MCA was applicable only for PPP projects for creating additional infrastructure in the existing Major Ports, where risk factor was less where as in case of green field projects, the Developer had to establish the whole Port. The Secretary further stated that the development of a terminal in a Major Port was an one time project where as development of a greenfield project was a multi-phased project and therefore concession periods for the two could not be the same. The Secretary added that as legislative stipulation did not exist for non-major ports, hence a maximum period of four years for development and construction plus a period of 30 years of concession was provided by the Government in the CAs of greenfield port projects and cited four ports of Andhra Pradesh, Pondichery and Kerala where concession period allowed was 50 years.

The reply is not tenable as MCA at Chapter "Overview of the framework" indicated that the MCA 'can also be applied to PPPs for building of new ports on BOT basis with some modifications'. Besides, on being enquired in Audit about non-preparation of a State specific MCA, the P&C Department stated (June 2012) that as the secretariat for infrastructure of Planning Commission had published a MCA document for port sector, hence there was no requirement for preparation of a State specific MCA document by the P&C Department to avoid unnecessary duplication and that MCA of the Planning Commission could be followed as a guiding document. In the absence of any State specific policy or Model Concession Agreement prepared by the Department, Audit had to rely on the MCA and its 'Overview of the framework' which overwhelmingly prescribed a maximum period of 30 years for such CAs. In case of greenfield projects, though different type of clearance and land acquisition and rehabilitation issues were involved, yet the same were to have been factored in while preparing the DPRs while at the same time, keeping the time schedule.

Though legislative stipulation did not exist for non-Major Ports to restrict the concession period to 30 years, yet the Department allowed the concession period as 34 years including maximum four year construction period without carrying out adequate due diligence regarding the extent of Concession period required based on technical and financial parameters such as traffic projection and trend, expected breakeven period, reasonable return on investment / IRR etc. The contention of the Government that 30 year Concession period plus four year construction period was provided in the CA is not correct, as a total Concession period of 34 years was mentioned in the CA en-block and is therefore, legally enforceable. Further, no documentary evidence could be shown to Audit about the Developers agreeing to 30 year concession from the date of operation.

2.1.5.3 Non-uniformity in Performance Guarantee

Against the requirement of providing 5 *per cent* of the estimated cost of construction of the project towards Performance Guarantee as per MCA, only one to 1.65 *per cent* was provided in the CAs

MCA at Clause 4.1 prescribed for Performance Guarantee (PG) equivalent to five *per cent* of the estimated project cost to be given by the concessionaire to the Concessioning Authority during the construction phase. We, however noticed that the CA of Astaranga Port provided for PG of one *per cent* of the estimated project cost against five *per cent* required as per MCA. CAs of Astaranga, Dhamra and Subarnarekha provided for PG at one *per cent* of the estimated project cost, during the construction phase. In case of Gopalpur Port, the Department had realised PG of ₹ 20 crore which constituted 1.65 *per cent* of estimated project cost of ₹ 1213 crore. As of September 2012, against ₹ 133.09 crore due towards Performance Guarantee as per CA by four Ports, only ₹ 44.64 crore was given by two Ports resulting in short-deposit of Performance Guarantee by ₹ 88.45 crore as indicated in table below.

Table 2.3: Table showing less Performance Guarantee (PG) claimed

(₹in crore)

Name of the Port	Project cost	PG to be given as per MCA as percentage of project cost	PG to be given as per CA as percentage of project cost	PG as per MCA	PG due as per CA	PG actually given	Shortfall from PG due as per MCA
Astaranga	6500	5 *per cent*	1 *per cent*	325.00	65.00	0.00	260.00
Dhamra	2464	5 *per cent*	1 *per cent*	123.20	24.64	24.64	98.56
Gopalpur	1212.55	5 *per cent*	₹ 20 crore	60.63	20.00	20.00	40.63
Subarnarekha	2345	5 *per cent*	1 *per cent*	117.25	23.45	0.00	93.80
Total				**626.08**	**133.09**	**44.64**	**492.99**

(Source: Records of C&T Department)

As per MCA, ₹ 626.08 crore was payable, while the same as per CA worked out to ₹ 133.09 crore which was ₹ 492.99 crore less.

The Commissioner-cum-Secretary stated (November 2012) that whether Performance Guarantee (PG) for five *per cent* would be reasonable or one *per cent* would be reasonable would depend on the size of the project and other circumstances. The Secretary further stated that in case of a greenfield port where investment and risks were much higher in order, less PG was agreed in the CAs.

The reply is not acceptable as adequate PG is required for providing safeguard against inefficient and improper performance including during the construction phase. Besides, gross amount of PG can be different depending on the size of the project and investments made, but not percentage value which should be uniform as per the MCA.

2.1.5.4 *Non-opening of Escrow Accounts*

Neither the CA provided for the Escrow Account nor the same was opened for any project.

MCA at Clause 9.5 provided for opening of an escrow account in a bank by the private Developer by entering into Escrow agreement with the financiers. All the cash flow of the project was to be accounted for in it. No such provision was available in all the four CAs signed by the Department with the Concessionaires. In the absence of an Escrow Account, the Department was not aware of the amount of equity and debt inflow into the project and expenditure made there from and also booking of the expenditure of the project by the Concessionaire of all the four ports. Thus, the chances of less accounting of the gross revenues, a part of it was to be shared with Government, was high. The Government did nothing to insulate itself against such an eventuality.

In reply, the Department stated (July 2012) that the Government was examining the issue for providing Escrow Account mechanism in the Concession Agreements. Subsequently, the Commissioner-cum-Secretary stated (November 2012) that Escrow Account is not required as the revenue share of the Government is protected through Bank Guarantee.

The reply is not acceptable as Escrow Account was a safety mechanism for the Government to ensure that the first charge on the revenues of the Port was the States' own revenue share irrespective of whether the Port made a profit or not. In the absence of Independent Engineers and Independent Auditor by Government, this was all the more necessary.

Completion of PPP projects

2.1.6 Independent Engineers not appointed

In CA of two out of five ports, there is no provision for appointment of Independent Engineer, which is contrary to the provisions of MCA

MCA at Clause 5.1 required selection of an 'Independent Engineer (IE)' following a tender process, in order to exercise oversight on the Master Development Plan of the port, design and construction activity and to assure the quality of construction through tests. The IE was to be engaged from the date of award of CA to six months of the commercial operation. The cost and expenses of the IE was to be shared by both the parties. As per the GoI 'Guidelines for monitoring of PPP projects', the IE was to submit monthly / quarterly report of construction activity to the Government and certify the date of commencement and in-operation date of the Port.

The Concession Agreement signed with Creative Port Development Private Limited (Subarnarekha port) and Navayuga Engineering Company (Astaranga Port) did not provide for appointment of IE at all, though such provision was to be made for Astaranga Port whose CA was signed much after the MCA was prescribed. Though the Concession Agreements signed with the Developer of Dhamra Port and Gopalpur Port provided for appointment of IE, but the method of appointment was not made on Competitive Bidding Process. As per the CAs, the facility agent was to appoint the IE for Dhamra Port in consultation with the Department and Developer, whereas in case of Gopalpur Port, the panel of firms would have to be provided by the Developer and Government in turn to appoint the IE. Thus, no uniformity was noticed in appointment of IE. Despite provision in the Concession Agreement, IE was not appointed in respect of Dhamra Port as of September 2012. In Gopalpur Port, though, IIT, Chennai was engaged (November 2011) as the IE, yet terms of reference /agreement is under finalisation (November 2012). Though the Dhamra Port started operation in May 2011, the Department was in dark as to the design and quality of construction due to non-engagement of IE. The Department had thus not assured itself about the quality of the construction undertaken by the private Concessionaire and actual status in the operation and maintenance of the Ports. Actual project cost of Dhamra Port was also not certified by any independent body / consultant.

The Department stated (June 2012, November 2012) that IIT Madras was informally carrying out the responsibility of IE, in case of Gopalpur Port while in Dhamra actual project cost was certified by the IE of the Lender (Consortium of eight banks led by IDBI). It also stated that in respect of Subarnarekha and Astaranga Ports, action would be taken for signing of supplementary agreement with the Developers for engagement of IE as per MCA.

Environment protection issues

2.1.7 Delays in obtaining environmental clearances by the Concessionaires and non-fulfilling the conditions imposed

There was delay ranging from 46 to 59 months in getting environmental clearances by two PPP Port projects

The responsibility and risk of obtaining environmental clearance lay with the private partners in respect of four ports for which Concession Agreements were signed. The present status of obtaining environmental clearance for five ports under PPP mode was indicated in table below.

Table 2.4 : Status of environmental clearance by ports under PPP mode

Name of the Project	Date of signing of CA	Date of applying for environment clearance	Response o MoEF	Date of MoEF approval	Present status of compliance
Dhamra	2 April 1998	Not available	2 April 1998 (MoST)	Approval from MoST[19] (4 January 2000)	Complied by Dhamra Port.
Gopalpur	14 September 2006	21 May 2007	14 October 2009	30 March 2011	Data not available in the Department
Subarnarekha	11 January 2008	9 April 2007	April-December 2011	21 March 2012	Data not available in the Department
Astaranga	22 November 2010	Not yet applied	Not applicable	Not applicable	Not applicable

(Source: Records of Commerce and Transport Department)

19 Ministry of Surface Transport

As may be seen from the above table, there was delay of 46 months and 59 months in getting environmental clearances in respect of two Ports viz Gopalpur and Subarnarekha respectively. Due to delay in getting environmental clearance, Government was compelled to grant two years extension for operative date of the phase-II of the Gopalpur Port project. The phase-II of the project though was to be completed by 30 October 2010 as per Clause 6.4 (B) of the CA, yet due to grant of such extension, the scheduled date of completion of the project shifted to 29 March 2013 indicating a delay of 29 months for completion of the project.

Conditions laid down by GoI while issue of environmental clearance was not complied by two Ports viz Gopalpur and Subarnarekha

Besides, environmental clearance by the Ministry of Surface Transport (MoST) and Ministry of Environment and Forest (MoEF), the guidelines, stipulated, *inter alia*, creation of an environmental cell in each Port and maintenance of green belt. The Subarnarekha Port had not complied with the same.

The Department , stated (July 2012) that the Gopalpur Port applied for environmental clearance to MoEF and to Odisha State Coastal Zone Management Authority (OSCZMA) in May 2007 and June 2008 respectively which was recommended to the MoEF (October 2009) for consideration and delay in obtaining environmental clearance is not attributable to the project proponent. The reply is not acceptable as the Developer applied to MoEF and OSCZMA after a delay of eight to 21 months. The Commissioner-cum-Secretary assured (November 2012) that the Developer of Subarnarekha Port would be asked to comply to the environment conditions laid by MoEF.

2.1.8 Inadequate and ineffective monitoring

2.1.8.1 Inadequate monitoring

Project Monitoring Unit (PMU) at the project level and Performance Review Unit (PRU) at Government level

Planning Commission in the 'Guidelines for monitoring of PPP projects' prescribed in 2009, recommended a two-tier PPP monitoring and reporting structure, i.e. establishment of PPP Project Monitoring Unit (PMU) at the project level with an officer at least of the rank of Director / Deputy Secretary/ Superintending Engineer as the head of the PMU and a Performance Review Unit (PRU) at Government level. PMU was to regularly submit monthly reports to the next higher tier on key project parameters in formats specified. PRUs were to review all PPP projects within its jurisdiction. PPP PRU was to be headed by an officer not below the rank of Joint Secretary of the State Government. The PRU could also hire consultants, wherever necessary.

Neither the PMU at the project level nor the PRU at the Department level were constituted to monitor the Port projects in PPP mode. PPP cell was constituted in February 2012 in the Department headed by Director of Ports and Inland Water Transport instead of the Joint Secretary of the Department. Monthly / quarterly reports on progress of construction were not received by the Department for any Port.

The Commissioner-cum-Secretary stated (November 2012) that Government is monitoring the development of Port projects through the Director, P&IWT, as and when asked for. The reply is not acceptable as no such record could be produced to audit and neither PMU nor PRU were set up in Port project / Department level (November 2012).

2.1.8.2 Right to Inspection

Despite the CA providing for right to inspection to Government, joint inspection of assets by the Government and Audit was not allowed by the Developer of Dhamra Port

Clause 4.5 of the CAs signed with Concessionaires of Dhamra, Subarnarekha and Astaranga provided that Government would reserve the right to inspect the project work including the implementation of all construction work and monitor compliance against the approved design. This was very important considering that the ownership of all these projects would stand transferred to Government after the expiry of the concession period of 34 years. In the absence of a Government appointed Independent Engineer, the quality of construction, compliance with approved design and type of technology used remained unmonitored. This indicated failure on the part of the Department to exercise adequate oversight over the Concessionaires. We tried to conduct a Joint inspection of assets along with the Government representative, but did not succeed as the Port authorities did not agree for the same.

In reply, the Department stated (August 2012) that an Independent Engineer had already been appointed for Gopalpur Port and steps were being taken to engage Independent Engineers for Subarnarekha and Astaranga Ports which would be in place before starting of construction activity.

In respect of Dhamra Port, the Department stated (April 2012) that the concerned authorities of Railways and Director General, Shipping were in a better position to assess the quality and fitness of the installations meant for rail and Port operation and that there was no reason to assume that the IE appointed by the financer having direct interest in ensuring that the loan was properly utilised, was unreliable.

This reply of the Department is not acceptable as in the absence of an IE and PMU at the project level, monthly and quarterly reports on the progress and quality of construction and adherence to the approved design could not be reviewed at the Department level effectively. Besides as per Clause 4.5 of CA, Government has the right to conduct inspection of the Port assets / operation at any time. Audit requested (September 2012) Government for joint verification of assets and land allotted by Government for the project which the Department acceded (October 2012) but the Port authorities did not allow such joint verification. This being irregular and a breach of CA, Government needs to take stringent action on the Port authorities.

The Director P& IWT had been authorised (April 2012) to conduct monitoring meetings after completion of Dhamra Port project. Reports of the engineer appointed by the financers could not be relied upon as they may look at the short term viability and efficiency of the project i.e. till recovery of their loan fully but IE appointed by the Department would have look, beyond the completion of the contract period to the long-term health of the project. Besides, if every aspect of monitoring was to be left to the Concessionaire, there would be no need to incorporate such provisions in the CA at all. Even the guidelines framed by the GoI had not prescribed such a mechanism. In such case, the Government should have made clear to the Concessionaire that they (the Concessionaires) would be held squarely responsible for occurrence of any grave untoward incident during the period of construction and even thereafter.

2.1.9 Conclusion

The State Government commenced award of Port projects in PPP mode in 1997 without working out any effective modalities and without any plan or framing of any Port and PPP policies. Projects were largely awarded through MoU route based on single *suo-motu* offer instead of Competitive Bidding route which raised issues of arbitrariness, lack of competitiveness and optimal value for money. Due diligence exercise on the revenue model before award of each project to the private partners was largely non-existent. Key partners of the Consortiums were allowed to exit during the lock-in-period contrary to the provisions of CA. Longer concession period was allowed than that prescribed in MCA. Commencement date of one Port was unduly postponed on ground of delay in land acquisition and also incurring of extra cost despite the fact that the Concessionaire was fully responsible for the same. Excess land was allotted beyond requirement. Performance Guarantee fixed was not adequate to ensure timely completion of the projects. Effective safeguards were not incorporated in the agreements against closure of Port operation after commissioning. Environmental issues such as setting up of Environment Cell and green belt were not enforced by the Department. Monitoring of execution of the projects by the Department was virtually non-existent. The Department extended undue benefit to the Concessionaires by fixing the Concession period to be 34 years. The Government suffered a loss of ₹ 159.96 crore due to deficiencies in the Concession Agreements.

2.1.10 Recommendations

- Odisha Maritime Board may be constituted immediately to plan, direct and implement maritime development in the State with private sector participation in an orderly fashion.
- Due diligence needs to be enforced, if necessary, with the help of reputed consultants, in strategic planning, revenue and expenditure estimations of Port projects in the PPP model.
- Land being a scarce resource, excess land alienated beyond requirement should be resumed by the Government / Department.
- The advice of the Law Department in selection of private partner through Competitive bidding needs to be given due cognizance.
- Prescribed institutional mechanism for monitoring should be strengthened and enhanced to fully safeguard the interest of the Government, particularly after expiry of the agreement period with the Concessionaires.

PLANNING AND CO-ORDINATION DEPARTMENT

2.2 Implementation of Integrated Action Plan (IAP) in the State

Executive Summary

The programme 'Integrated Action Plan' was implemented in 60 identified tribal and backward districts of the Country including 15 districts of Odisha from December 2010, with the objective to bring about perceptible improvement in infrastructure and other facilities in these districts. It also aimed to create appropriate livelihood programmes for the young people in these regions, so that they are weaned away from Left Wing Extremism (LWE) activities common in these areas. The programme was extended to three more districts of the State during 2011-12. The Government of Odisha received ₹ 915 crore from the Government of India for implementation of programme of which ₹ 564.75 crore (62 per cent) was utilised by these districts up to 31 March 2012.

Though the District Level Committee headed by the Collector had the flexibility to spend the funds according to need assessed by it, the fund was utilised like any untied fund. Proposals sent by the District and Block level officers of different line Departments were approved without pre-evaluating the intended outcomes. Shelf of projects were prepared without identifying critical gaps in infrastructure and services in these areas / regions. Bottom up as well as participatory planning approach for identification of projects and assessment of need was totally absent. Performance indicators / outcomes of the programme were also not clearly spelt out. Effective Programme implementation was marred by abandonment of projects after partial execution, non-implementation of skill development and livelihood programmes for unemployed youths and non- prioritisation of LWE-affected areas in allocation of resources. Though periodic monitoring of the programme was being made by Planning Commission and the State Government, physical inspection of the work sites by the State-level officers was inadequate.

2.2.1 Introduction

The programme 'Integrated Action Plan (IAP)' was launched (December 2010) by the Government of India (GoI) as a component of 'Backward Regions Grant Fund (BRGF)' in 60 identified tribal and backward districts of the Country including 15 districts[20] of Odisha. The programme was extended to another three districts (Ganjam, Jajpur and Nayagarh) during 2011-12.

[20] Bolangir, Deogarh, Gajapati, Kalahandi, Kandhamal, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nawarangpur, Nuapada, Rayagada, Sambalpur, Subarnapur and Sundargarh

The main objective of the programme was to create need based projects that can show result in the short term and bring about perceptible improvement in public infrastructure and services in the inaccessible pockets of the identified districts. It was also intended to formulate appropriate livelihood programmes with skill development and skill up-gradation training options for young people in naxal affected districts so as to ensure that youngsters in these regions are weaned away from left-wing extremism.

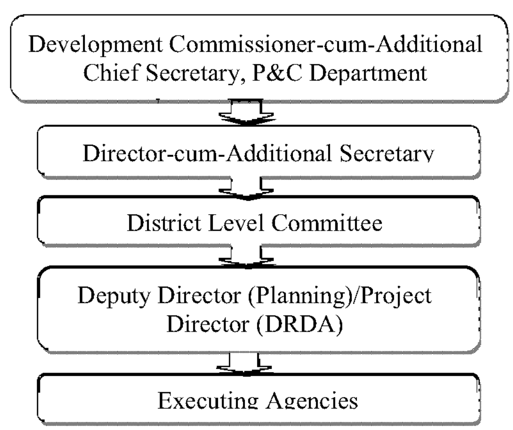
To implement the programme in the selected districts, the Government of Odisha (GoO) received ₹ 915 crore[21] during 2010-12 from the GoI under IAP out of which ₹ 564.75 crore (62 *per cent*) was utilised during the said period.

2.2.1.1 Why we conducted this audit?

Even after implementation of IAP in the State, Left Wing Extremism (LWE) activities were increasing as brought out in our Performance Audit on "Modernisation of Police Forces[22]" in Audit Report (Civil) for the year ending March 2011. Besides, the low pace of utilisation and misutilisation of fund figured in the public domain and was a cause of concern triggering the need for a Performance Audit on implementation of the IAP programme.

2.2.1.2 Organisational set up

The Planning and Co-ordination (P&C) Department headed by the Development Commissioner-cum-Additional Chief Secretary is the nodal authority and responsible for scrutiny of the expenditure and monitoring of the scheme in the State. As per the guidelines, the programme at the district level is implemented by a District Level Committee (DLC) headed by the District Collector with the Superintendent of Police (SP) and Divisional Forest Officers (DFO) of the district as the members. The Collector is assisted by the Deputy Director (Planning) / Project Director, DRDA of concerned districts in preparation of planning, management of funds and implementation of the programme through different line Department executing agencies in the district. The organisational chart is given below.



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[21] ₹ 915 crore= ₹ 25 crore X 15 districts (2010-11)+ ₹ 30 crore X 18 districts (2011-12)

[22] Paragraph 2.2.1 at page 49 of Audit Report (Civil) on Government of Odisha which was laid in the State Legislature on 29 March 2012

2.2.1.3 Audit objectives

The Audit objectives were to examine whether:

- Planning was timely, adequate, effective, bottom up as envisaged in the guidelines and took into account the needs of LWE affected blocks / Gram Panchayats / areas within a district;
- Selection of projects was need based and designed to show results in the short term;
- Fund management was efficient and effective;
- Programme management was economic, efficient, effective and geared towards deriving intended benefits by obtaining convergence of different schemes / projects within a district;
- Inspection, monitoring and evaluation mechanism was in place, adequate and effective and that results of such inspection / meetings / evaluation were used to bring out necessary mid-course corrections;
- Performance indicators were fixed and outcome of the programme was evaluated

2.2.1.4 Audit criteria

The Audit Criteria were drawn from:

- Guidelines issued by the Planning Commission / GoI;
- Instructions issued by the GoI / Planning Commission / State Government from time to time;
- Odisha General Financial Rules, Odisha Treasury Code, Odisha Public Works Department Code, Odisha Analysis of Rates and Schedule of Rates and related Indian Standards (IS-456:2000);
- Prescribed monitoring mechanism.

2.2.1.5 Scope and methodology of Audit

Out of 15 districts covered under the programme during 2010-11, four (25 *per cent*) districts (Koraput, Rayagada, Subarnapur and Sundargarh) were selected on the basis of Stratified Random Sampling Without Replacement (SRSWOR) method based on Human Development Index[23] as the size measure. Apart from above, four more districts (Gajapati, Kalahandi, Malkangiri and Nuapada) were selected as additional samples based on our risk perception[24] (growing left wing extremism (LWE) activities) as many of the blocks in the above districts were largely affected by LWE. We conducted audit of Planning and Co-ordination Department, eight district level offices (PD DRDA / Deputy Director Planning) and 19 executing agencies (***Appendix 2.2.1***) between October 2011 and March 2012 and during July 2012 covering the

[23] Human Development report 2004 of the Government of Odisha

[24] Growing left wing extremism activities, low human development index :Gajapati (28), Malkangiri (30) and spending efficiency as on March 2011 Kalahandi being the lowest (00) and Nuapada the highest (₹17.43 crore)

period 2010-12. We also conducted joint physical inspection of 154 assets[25] and took photographs where considered necessary.

2.2.1.6 Entry and Exit Conference

The audit objectives, criteria, scope and methodology were discussed in an entry conference held on 10April 2012 with the Officer on Special Duty, Planning & Coordination Department and Director-cum-Additional Secretary of the Department. Audit findings were also discussed with the Departmental Officers in an exit conference held on 31 July 2012. The reply of the Department on the draft report was received (November 2012) and the same was suitably incorporated in this report.

Audit Findings

2.2.2. Planning

As per the guidelines, the district was to consider concrete proposals for public infrastructure services like school buildings, Anganwadi Centres (AWCs), Primary Health Centres (PHCs), drinking water supply, village roads, electric lights in public places etc. which should show results in short term. However, we observed that planning was inadequate and deficient as bottom up planning through participation of locals was not made, the need of the people was not assessed taking into account ground realities, critical gaps in infrastructure were not assessed, convergence of other schemes was not obtained and inclusion of livelihood programmes were not emphasised in planning as discussed in subsequent paragraphs.

2.2.2.1 Absence of bottom up approach and need assessment in planning

It was insisted (January 2011) by the Planning Commission to ensure participatory planning with bottom up approach in consultation with the villagers and other stakeholders to finalise the plans in the districts covered under this programme. It was also instructed to formulate action plans on assessment of ground realities to achieve the desired outcome.

In eight test checked districts, 8040 projects were sanctioned under the programme at an estimated cost of ₹ 444.83 crore[26] during 2010-12. The sector-wise allocation of funds is given in the Chart 2.2:

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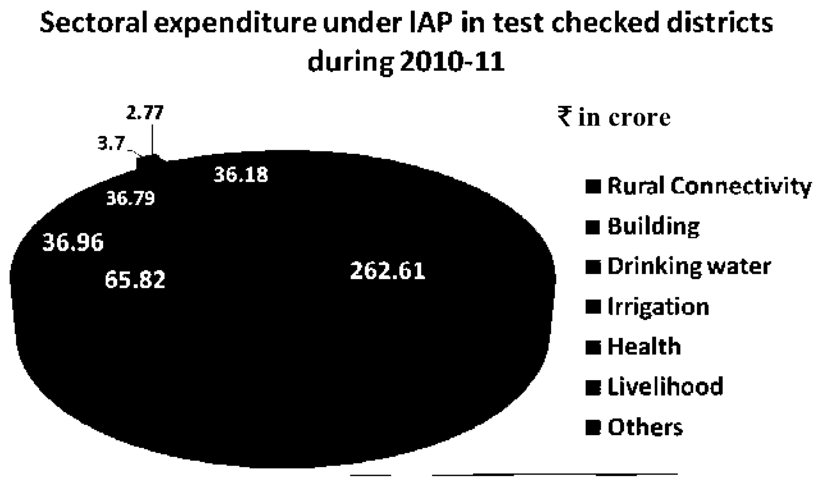
[25] Assets 24 (Gajapati), 28(Kalahandi), 37 (Koraput), 13(Malkangiri) 21 (Nuapada), 16 (Rayagada), 6 (Subarnapur) and 9(Sundargarh)

[26] Though the eight DLCs received₹440 crore from GoI, the sanctioned amounts for projects was₹444.83 crore

Chart 2.2



Projects were approved without need assessment

We found that none of the DLCs in the test checked districts conducted any need assessment to identify the projects in consultation with the villagers in preparation of plans. The projects were selected in consultation with line Departments and local MPs and MLAs without taking any input from Gram Panchayat level instit utions such as Gram Sabhas / Palli Sabhas. The projects finalised, thus, were not based on the felt need of the common people of the locality. This was fraught with the risk of such projects remaining unused and becoming wasteful after their completion.

The Department stated (November 2012) that the District Magistrates involved in planning process were well aware of the needs of the district through field visits and feedbacks received from the field officers. The reply was not acceptable as the Gram Sabhas / Palli Sabhas at the grass root level were not consulted to spell out their needs though the same was required under 'Manual of Integrated District Planning' prescribed by the Planning Commission.

2.2.2.2 Convergence of different schemes / projects not obtained

In the video conference of January 2011, the Member Secretary, Planning Commission instructed to take up only those projects for which funding was not forthcoming from other ongoing schemes. So, while taking up a project, it should be ensured by the DLC that the said project was not covered under other normal / flagship schemes. For this, co-ordination with other line Departments and convergence with other schemes / programmes was necessary.

We noticed that convergence of IAP funds with other schemes / programme funds was taken up in Koraput district. Execution of projects which are usually covered under other ongoing schemes, duplication of projects and cancellation of projects due to duplication were discussed in succeeding paragraphs.

The Department stated (November 2012) that each scheme had its own set of guidelines which do not permit the desired design, quality and facilities of a project for convergence as per the need. The converging / dovetailing of IAP funds with other schemes was neither normally desirable nor advisable though Koraput and Subarnapur districts had taken up some bridge works with convergence of funds. The reply was not acceptable as Planning Commission has instructed for utilisation of IAP funds to fill the critical gaps which are beyond normal schemes.

2.2.2.3 Critical gaps not properly assessed

The Member Secretary, Planning Commission in the video conference (January 2011) clarified to the concerned Collectors, that IAP funds should be utilised optimally to fill the critical gaps which are beyond normal schemes and those projects should be taken up under IAP which are not admissible under different on-going schemes.

Critical gaps in infrastructure and services were not identified

Audit scrutiny revealed that, four[27] out of eight test checked districts incurred expenditure of ₹ 3.13 crore on purchase of movable assets like hospital beds, medical equipment, weighing machines, dual desks, library books etc. based on proposals from district level officers, though these movable assets were usually being supplied under GoI flagship schemes like National Rural Health Mission (NRHM), Sarva Sikshya Abhiyan (SSA) and other non-plan schemes under education and health sectors. Consequently, the programme funds were used as a kind of viability gap fund to substitute State / other scheme funds instead of giving immediate benefit to rural people. Critical gaps, thus, were not properly assessed due to lack of convergence approach.

The Department stated (November 2012) that adequate funds were not provided under other regular / departmental schemes in time for which critical gaps were covered under special schemes like IAP as per felt need of the people / area. Further, the ultimate decision on assessment of critical gaps lies with the DLC as per the clarification made by Planning Commission (October 2011). The replies were not convincing since the critical gaps of concerned districts were not assessed and above purchases were of routine nature which could have been met from other ongoing schemes.

2.2.2.4 Improper planning

The Chief Secretary, Odisha instructed (December 2010) the DLCs to prepare Annual Action Plan (AAP) for 2010-11 and to ensure preparatory action by the Executing Agencies (EAs) for quick implementation of the projects.

We found that, though the test checked districts prepared the AAPs/shelf of projects during 2010-12, the projects were finalised without proper examination of their feasibility and ground reality due to which many projects proposed/taken up were subsequently cancelled. In all the test checked districts, the DLCs cancelled 249 projects with an estimated cost of ₹ 35.18 crore (***Appendix 2.2.2***) due to lack of feasibility for execution (109 projects), anticipating future coverage under Thirteenth Finance Commission and other scheme (29), local problems (73), execution of more need based projects (8) and other (30). Thus, the planning for projects were made without any survey

[27] Rayagada (₹158.41 lakh), Nuapada (₹50 lakh), Koraput (₹78.65 lakh) and Malkangiri(₹25.52 lakh)

and in consultation with the villagers which were finally cancelled rendering the planning process largely confined to paper work only.

The Department stated (November 2012) that the projects were selected in consultation with the stakeholders and some projects could not be taken up due to binding constraints. The reply was not tenable as the DLCs approved projects, some of which were less need based and were not feasible which were to be cancelled later.

2.2.2.5 Key Performance Indicators not prescribed

For any scheme to be successful and to enable monitoring the outcome, it is desirable that Key Performance Indicators (KPIs) / bench marks should be prescribed.

Key Performance Indicators not prescribed and funds were treated almost as untied funds

Audit noticed that while planning was limited to preparation of AAPs / shelf of projects, even these looked more like annual construction wish-lists. Neither long term goals and benchmarks were spelt out in any form in these Plans nor pre-defined KPIs like all weather road connectivity to all villages, projects to be completed per month per executing agency, unemployed youths to be trained and provided livelihood support per month/per annum etc. were prescribed.

In the absence of such indicators and benchmarks, monitoring and control of the scheme was not possible / feasible any time even at a later stage. Programme funds were being treated as untied funds which could be spent for any purpose as per the direction of the DLC.

The Department stated (November 2012) that no such performance indicators for assessing the critical gaps had been envisaged in the guidelines for implementation of IAP. The reply does not address the issue raised by audit. Such KPI could have been fixed by the State Government as an internal monitoring mechanism.

2.2.2.6 Non-inclusion of livelihood programmes in the plans for creation of self-employment opportunities

The State Government instructed (December 2010) the District Collectors to devise and implement appropriate livelihood projects under IAP to bring substantial improvement in household income of marginalised households particularly of ST and SC community. Besides, Member Secretary, Planning Commission also instructed (January 2011) to formulate appropriate livelihood programmes with skill development and skill up-gradation training options for young people in naxal infested areas, so that youngsters are weaned away from extremism.

Self employment opportunities and livelihood programmes were not identified and incorporated in the AAPs

We found that, all test checked districts excepting Koraput had not included any livelihood projects though ₹ 440 crore was received by eight districts and 8040 projects were approved for execution during 2010-12. Only the DLC, Koraput planned for 44 livelihood projects with an estimated cost of ₹ 2.77 crore on the projects like tailoring centres, gunny bag preparation, spice / curry powder unit, lemon grass, fly ash brick, paper carry bags, detergent making, atta besan, leaf plate making, honey processing etc. which constituted only 0.6 *per cent* of the total projects finalised under IAP. Even 44 livelihood projects though sanctioned in October 2011, 42 projects were not started by July 2012 after a lapse of nine months. The remaining 7996 projects related to construction of buildings (1162), road connectivity (3252), drinking water (1773), irrigation (587), health (203) and others (1019). This clearly indicated that the DLCs did not lay emphasis on livelihood projects.

The Department stated (November 2012) that creation of self-employment opportunities and livelihood programmes was not in the guidelines but was subsequently suggested. It further stated that 1140 projects were taken up with ₹ 89.44 crore constituting 10% of the total allocation of ₹ 915 crore in 15 districts. The reply was not convincing as most of the projects (out of list of 1140 projects furnished by the Department) related to minor irrigation which were not generating any livelihood through skill development.

Thus, the main objective of ensuring that youngsters are employed in some gainful occupations that provides succour and livelihood support to them and, therefore, stay away from extremism remained, largely unfulfilled.

2.2.2.7 LWE affected areas were not given priority

The Planning Commission in January 2011 and the Chief Minister, Odisha in April 2011 specifically instructed the District Authorities to take up all projects in LWE affected Gram Panchayats (GPs) of the identified district.

We observed that during 2010-12 altogether 8040 projects were approved by the eight test checked DLCs for execution, of which 5698 projects related to LWE areas of the districts. While the DLCs of four districts (Gajapati, Koraput, Malkangiri and Sundergarh) sanctioned projects in LWE affected / disturbed areas which ranged from 74 to 100 *per cent,* in other four districts (Kalahandi, Nuapara, Rayagada and Subarnapur), the sanctioned projects ranged from 21 to 64 *per cent* involving estimated outlay of 27 to 60 *per cent* only for LWE areas as indicated in the table 2.5.

Table 2.5: Execution of projects in LWE affected areas in test checked districts

(Amount: ₹ in crore)

Name of the District	**Total projects sanctioned (2010-12)**	**Estimated cost**	**Number of projects sanctioned for LWE areas (*per cent*)**	**Cost of the projects (*per cent*)**
Gajapati	865	53.93	865(100)	53.93 (100)
Kalahandi	1414	55.00	292(21)	14.51 (27)
Koraput	1124	55.00	963(86)	40.18 (73)
Malkangiri	1968	55.00	1968(100)	55.00 (100)
Nuapada	566	55.10	304(54)	30.35 (55)
Rayagada	977	54.71	630(64)	32.79 (60)
Subarnapur	517	59.28	225(43)	22.76 (38)
Sundargarh	609	56.81	451(74)	39.37 (69)
Total	**8040**	**444.83**	**5698**	**288.89**

(Source: Approved project list furnished by the Collectors of the test checked districts)

It could be seen that the DLCs of Kalahandi and Subarnapur sanctioned insignificant number of projects in the LWE affected areas. The number of projects sanctioned in the non- LWE affected areas ranged between 79 and 57 *per cent* respectively of the total number of projects sanctioned by the DLCs.

The Department stated (November 2012) that it might be too ambitious to treat the development funds under IAP as security related expenditure for reduction of LWE activities.

The reply was not acceptable in view of instructions of Planning Commission (January 2011) to take up all projects in LWE affected Gram Panchayats (GPs) of the identified district which was followed by similar instruction from the Chief Minister in April 2011. Besides, 66 works undertaken under Nuapada district were stopped (May 2011) as these works were taken up in non-LWE areas as discussed in ***Paragraph 2.2.4.3.***.

2.2.2.8 Incorrect planning leading to duplication of projects

The GoI guidelines provided that expenditure under the projects was to be over and above the expenditure being incurred under regular State / Central, Centrally Sponsored Schemes and the DLCs should ensure that there was no duplication of expenditure on the same project.

It was noticed that some proposals for construction of Anganwadi Centre (AWC) buildings, construction of ghat portion and roads were included based on proposals submitted by district level officers of three test checked districts (Gajapati, Kalahandi and Koraput), though funds for these works were placed under GoI and State Government schemes. This led to duplication of same projects (29) from different sources whereof in 10 cases, a part expenditure has already been incurred as indicated below:

- One IAP project viz. "Improvement of ghat portion and repair and renovation of road from Serengo to Nuagada" with estimated cost of ₹35 lakh under Gajapati district was stopped after incurring an expenditure of ₹ five lakh as the said project had already been included in the list of projects to be developed by the Ministry of Road Transport and Highways.
- Similarly, in Nuagada block under Gajapati district, eight roads for black topping (BT) were cancelled after utilisation of IAP fund of ₹ 67 lakh as the projects were included under Pradhan Mantri Gram Sadak Yojana (PMGSY).
- The DLC, Koraput sanctioned one IAP project (Construction of forest road from Kandulbeda to Mathapada) at an estimated cost of ₹ 2.67 crore, though a portion of the road i.e. from Kandulbeda to Sribeda was already sanctioned under PMGSY and executed by Rural Works Department. The project was cancelled (April 2012).

The above instances indicated that the P&C Department being the nodal Department of the IAP failed to put suitable mechanism in place for preventing duplication of same projects from different sources.

The Department while stating (November 2012) that no such cases of duplication and switching between funds from two different sources for the same / similar kind of projects had come to its' notice, assured to examine for validating the proposals by the concerned Administrative Departments. The reply was not acceptable as Planning Commission had already instructed (January 2011) to utilise IAP funds to fill up critical gaps which were beyond normal schemes and as the Department had not taken any step for non-recurrence of such duplication even after the same was pointed out in Audit in July 2012.

2.2.2.9 Deficient planning through inclusion of inadmissible projects

As per guidelines and instructions issued from time to time, the DLCs should draw up plans to take up projects on public infrastructure and services such as AWCs, Primary Health Centers, drinking water supply, village roads, electric lights in public places etc. During the video conferences conducted (December 2010) by the Chief Minister and the Development Commissioner (April 2011), the Collectors were instructed not to take up lift irrigation projects, renovation of water bodies and drawing up of low tension electric lines or their up gradation under IAP.

Audit scrutiny revealed that 602 projects with estimated cost of ₹ 20.90 crore were taken up by the eight test checked DLCs (***Appendix 2.2.3***) which was not admissible under IAP. Out of the above estimated cost, ₹ 13.86 crore was already spent on inadmissible projects as of March 2012. These projects included installation of lift irrigation projects, installation of electricity lines, construction of boundary walls and residential quarters, organisation of health camps, installation of high mast light, augmentation of transformer, renovation of water bodies and development of college etc. It was evident from the above that the DLCs mooted whatever proposals received from line Departments without any scrutiny and due diligence, thereby reducing IAP fund meant for utilisation in core activities under IAP.

The Department stated (November 2012) that considering the flexibility given to the DLCs, all other projects pointed out by audit except staff and residential quarters were admissible as they were neither individual beneficiary oriented scheme nor provided to meet the recurring expenditure. It also stated that construction of staff and residential quarters might have been taken prior to Planning Commission's video conference held on 18 January 2012 when it declared these works as inadmissible. The replies were not tenable as in the video conference held in September 2011, the Planning Commission had instructed to take up staff quarters for Health and other workers under other schemes and not under IAP. Besides, the actions of the DLCs were contrary to the instructions (December 2010 and April 2011) of the Chief Minister and the Development Commissioner. Further, there was every doubt about whether the projects were at all need based since the same were sanctioned basing on the proposals of the line Department / executing agencies.

2.2.3 Financial Management and Reporting

Under the programme, the GoI released ₹ 915 crore during 2010-12 of which the DLCs of all the 18 LWE affected districts of the State utilised

₹ 564.75 crore (62 *per cent*) leaving unspent funds of ₹ 350.25 crore as of March 2012. So also, the expenditure in eight test checked districts was 70 *per cent*
(₹ 306.45 crore) against the allocation of ₹ 440 crore to the said districts during the above period. Review of management of funds under the programme revealed the following deficiencies:

2.2.3.1 Low spending efficiency

The overall spending efficiency of the programme in the State while remained at 62 *per cent*, the same remained between 50 (Gajapati) to 82 *per cent* (Nuapada) in eight test checked districts during 2010-12 as indicated in table below:

Table 2.6: Spending efficiency in test checked districts

(₹ in crore)

District	Projects sanctioned during 2010-12	Fund received during 2010-12	Expenditure incurred during 2010-12	Spending efficiency (in *per cent*)
Gajapati	865	55.00	27.35	50
Kalahandi	1414	55.00	39.51	72
Koraput	1124	55.00	41.50	75
Malkangiri	1968	55.00	41.18	75
Nuapada	566	55.00	45.06	82
Rayagada	977	55.00	30.76	56
Subarnapur	517	55.00	40.33	73
Sundargarh	609	55.00	40.76	74
Total	**8040**	**440.00**	**306.45**	70

(Source: MPRs collected from DLCs)

We observed that Gajapati district, the most LWE affected one in with its' all seven blocks, was the lowest performer with utilisation of 50 *per cent* of total receipt under the programme.

The Department stated (November 2012) that the ground realities and binding constraints like operation of Model Code of Conduct for Panchayat Election affected the spending efficiency. The reply was not tenable as funds were received prior to December 2011 and schedule of Panchayat Election (February 2012) was known.

2.2.3.2 Irregular payment of advance

As per provisions of Orissa Treasury Code (OTC) and instruction of Finance Department (December 1986 and January 2006), advances paid to Government officers for Departmental and allied purposes were required to be adjusted within a month from the date of sanction of advance through submission of vouchers and refund of remaining unspent funds failing which the advance was to be recovered from the salary of concerned officers.

Audit scrutiny revealed that one executing agency i.e. District Programme Coordinator, Sarva Siksha Abhiyan (DPC, SSA), Koraput paid advance of ₹ 3.67 crore to 14 Departmental officials (Technical Consultants) and two other agencies during 2010-12 (2010-11 : ₹ 72.50 lakh and 2011-12 : ₹ 294.06 lakh) for construction of additional class rooms, toilet complexes and library building in primary schools etc. Out of the above amount, ₹ 2.50 lakh was adjusted in May 2011 and the remaining advance was not adjusted as of

July 2012. Neither the DLC nor the DPC could exercise any control for submission of vouchers / accounts by the Departmental officers for early adjustment of advance or recovery of the same.

The Department (November 2012) assured to enquire and take appropriate action in the matter.

2.2.3.3 Submission of Utilisation Certificates

Odisha General Financial Rules[28] (OGFR) provides that the grantee institution should submit Utilisation Certificate so as to reach the Administrative Department by 1 June of the succeeding year. Through the instrument of utilisation certificate, the grantor obtains assurance about non-diversion and proper utilisation of the funds placed at the disposal of the grantee. It was also insisted in IAP guidelines that the Collector should furnish the UCs in a prescribed format certifying that physical and financial performance was achieved as prescribed in the guidelines and the utilisation of the fund resulted in achievement of desired outcomes and outputs in verifiable and measurable terms.

We found in case of four (Gajapati, Kalahandi, Rayagada and Subarnapur) out of eight test checked districts that the P&C Department furnished UCs to GoI for the entire amount of grants received (2010-11) for ₹ 100 crore on 16 March 2012 though the Department received UC for only ₹ 48.11 crore from the concerned Collectors by the said date. This led to submission of excess UCs for ₹ 51.89 crore *{Appendix 2.2.4 (A)}* than actual utilisation. In respect of Koraput district, the GoO did not submit UCs to the GoI though the same had been received from the District Collector as of March 2012.

Similarly. we also noticed in course of test check of records of 19 EAs that, five EAs submitted UCs for ₹ 13.26 crore against actual utilisation of ₹ 10.16 crore, which resulted in submission of inflated UCs for ₹ 3.10 crore ***{Appendix 2.2.4 (B)}.*** These UCs were submitted by the EAs incorrectly even though funds (₹ 5.07 crore) were available in the cash books and bank account of the concerned executing agencies.

UCs were, thus, submitted fictitiously without verifying actual expenditure and achievement required to be found in measurable terms. It was further noticed that status of utilisation of funds and timely submission of UCs was not being monitored effectively by the District Collectors and P&C Department.

The Department assured (November 2012) to take appropriate action. On non submission of UCs, the Government stated that steps would be taken for submission of the balance UCs as expeditiously as possible.

[28] Rule 173 of OGFR

2.2.4 Programme implementation

As of March 2012, out of 8040 projects sanctioned in eight test checked districts with an estimated cost of ₹ 444.83 crore during 2010-12, 5784 (72 *per cent*) were completed and 2087 projects were under various stages of execution and ₹ 306.45 crore was utilised as of March 2012. The deficiencies noticed in implementation of the programme are discussed in the succeeding paragraphs.

2.2.4.1 Irregular execution of projects

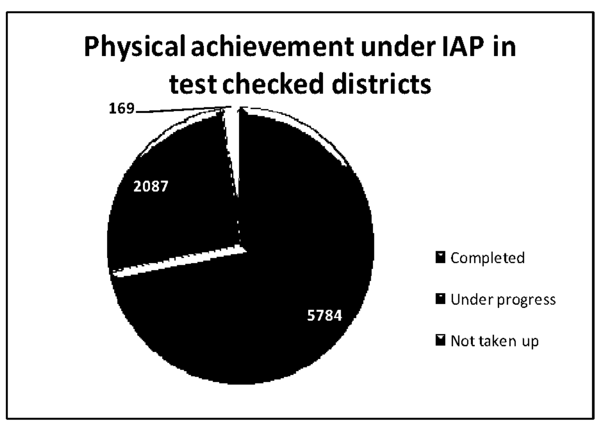
The Member Secretary, Planning Commission instructed (January 2011) that funds under the programme should be optimally utilised to fill the critical gaps which were not available under normal schemes.

We noticed in three[29] out of 19 tests checked executing agencies that, three projects which were under execution out of State / Central schemes, were subsequently taken up midway from IAP funds. The construction of Kasturba Gandhi Balika Vidyalaya (KGBV) at Koraput from Sarvasiksha Abhiyan (SSA), Repair to Gunupur-Padmapur Road (MDR) from Flood Damaged Repair (FDR) fund and Silikudar to Hatidhar bridge from GoI Special Central Assistance (SCA), after incurring expenditure of ₹ 2.58 lakh (***Appendix 2.2.5***) were later taken up under the IAP programme and ₹ 64.76 lakh was utilised for the above projects.

In reply, the Department stated (November 2012) that the concerned DLCs might have assessed these projects as important for completion for deriving the desired results which would otherwise been remained incomplete, waste of funds and unfruitful for lack of required amount from the respective programmes and this might be a case of convergence of funds from different schemes to optimise the benefits from idle investments. The replies were not tenable since DLCs used IAP funds as a substitute for State / other scheme funds, which was patently irregular and as these projects were planned and sanctioned under other schemes.

2.2.4.2 Incomplete works resulting in poor immediate visibility to Government's interventions in the LWE-affected districts

GoI guidelines read with orders of Planning Commission (December 2010) stipulated that the IAP works should be completed within a period of four to six months to provide benefit to the people in short time.



As could be seen from the pie chart, of the total 8040 projects sanctioned

[29] (i) Executive Engineer, R&B, Rayagada,(ii) DPC,SSA, Koraput and (iii) PA, ITDA, Sundargarh

in the test checked districts, 2256 projects (28 *per cent*) were not completed by March 2012. The incomplete works included 592 projects[30] which were sanctioned during 2010-11 and not completed after lapse of one year.

We conducted joint physical inspection of 154 works out of 1219 works executed by 19 test checked EAs under test checked districts which found that 57 works (37 *per cent*) like roads (25), AWC buildings (five), schools (five), irrigation (four) and others (18) sanctioned during 2010-11 and taken up during 2010-11 and 2011-12 were found to be incomplete.

The Department stated (November 2012) that only 170 projects (2 *per cent*) could not be taken up due to completion of formalities, sanction of projects at the end of the reported months and other unavoidable constraints etc. It would not be appropriate to view that the programme did not give intended visibility of Government intervention in Tribal and Backward areas. The reply was not tenable as the scheme objective was to give short term result, which was not achieved.

2.2.4.3 Cancellation of partly executed projects in non-LWE areas

The Planning Commission instruction (January 2011) and subsequent decisions (May 2011) of the Government of Odisha stipulated that all the projects under IAP should be taken up only in LWE affected GPs.

Audit found that 66 projects on road and minor irrigation with an estimated value of ₹ 8.21 crore were taken up in non-LWE affected GPs under four blocks of Nuapada district. The Revenue Divisional Commissioner (RDC) took a serious view on this as such works were in the nature of road improvement only and not taken up in LWE affected areas in contravention to IAP guidelines. In consequence to the above, the Collector, Nuapada instructed (May 2011) all BDOs to stop the works after measurement check for which, nine projects with estimated cost of ₹ one crore were not started, 29 projects with estimated cost of ₹ 3.52 crore were left incomplete after incurring an expenditure of ₹ 1.85 crore and 28 projects with an estimated cost of ₹ 3.70 crore was completed after incurring an expenditure of ₹ 2.96 crore. However, joint physical inspection of seven out of above 28 projects by Audit in presence of the Departmental officers revealed that the projects remained incomplete at different stages after utilising ₹ 76 lakh against the estimated cost of ₹ 1.15 crore. Thus, entire expenditure of ₹ 2.61 crore incurred on these 36 works were rendered unfruitful.

In reply, the Department stated (November 2012) that the instruction of the Chief Minister in the video conference of April 2011 was to focus and accord required priority to these areas. The reply was not tenable as LWE affected areas should have been given priority as per the instructions of the Planning Commission in January 2011. Abandoning projects at different stages of execution rendered the expenditure unfruitful and is against financial prudence.

[30] **592**=2256 incomplete projects-1664 projects (8040-projects taken by March 2012 less 6376 projects taken up by March 2011) addition during 2011-12

2.2.4.4 Unfruitful expenditure due to abandonment of projects

As per the Planning Commission instruction (January 2011) the ground realities should be taken into consideration in formulating action plans for implementation so as to achieve the expected outcomes.

We observed that in three out of 19 test checked executing agencies and the Collectorate, Gajapati , 28 projects with total estimated cost of ₹ 7.35 crore were left incomplete after incurring expenditure of ₹ 1.47 crore. The incomplete projects included construction of 13 schools and hostel buildings under Project Administrator, Integrated Tribal Development Agency (ITDA), Parlakhemundi due to abandonment of works by contractors, six incomplete road works by Special Officer Chokotia Bhunjia Development Agency, Nuapada district for want of forest clearance, eight road projects in Nuagada Block under Gajapati district with already covered under PMGSY and one overlapped project as detailed in ***Appendix 2.2.6.*** Consequently, the entire expenditure of ₹ 1.47 crore incurred on these projects was rendered unfruitful. It is, thus, evident that the projects were approved by the DLCs without thoroughly examining their admissibility and technical feasibility.

In reply, the Department assured (November 2012) to advise the concerned Collectors to make enquiry into the matter and take appropriate action.

2.2.4.5 Irregular utilisation of programme funds

Instruction of Planning Commission (January / February 2011) reiterated by the State Government in January 2012 provided that administrative and recurring expenses including security expenses were not admissible under IAP.

Audit scrutiny revealed that three out of 19 test checked EAs irregularly utilised ₹ 2.91 lakh on administrative and recurring expenditure such as security charges (₹ 2.04 lakh) by the DFO, Subarnapur district, publication and advertisement (₹ 0.15 lakh) by the BDO, Gosani and fuel charges (₹ 0.72 lakh) by the Executive Engineer (RWS&S), Parlakhemundi. Since, such expenditure was required to be incurred from the normal grant of the departments, the expenditure met out of IAP funds were not only irregular but also restricted the scope of works under the programme.

In reply, the Department assured (November 2012) to advise the concerned Collectors to look into the matter and take appropriate action.

2.2 4.6 Irregular execution of works through contractors in the guise of departmental execution

Works were executed through outsiders, without inviting tender, by camouflaging the same as departmental execution

Planning Commission instructed (January 2011 and March 2011) that works were to be executed through open tender process and in case of non-availability of contractors; departmental execution of works could be resorted to. The procedure for departmental execution of works *inter alia* provided for maintenance of proper accounts in respect of advances availed, invitation of tender / quotation for procurement of stores and materials, maintenance of material at site accounts, release of payment through account payee cheques etc.

We noticed that three executing agencies[31] under four test checked districts, executed 14 projects (***Appendix 2.2.7***) departmentally through Junior Engineers (JEs) / Gram Panchayat Extension Officers (GPEOs) and incurred expenditure of ₹ 1.67 crore (March 2012) against estimated cost of ₹ 1.88 crore. In none of the cases, advances were availed by the departmental officers for procurement of material and payment of wages to labourers and the expenditure was incurred by these officers out of their own resources in cash only. Payments were released by the BDOs to these officers on submission of work bills and after deduction of security deposits in the same manner as applicable to contractors. Though unskilled labourers in rural areas were receiving their wages under Mahatma Gandhi National Rural employment Guarantee Scheme (MGNREGS) through their savings bank accounts with banks and post offices, yet under IAP, wage was not disbursed through bank / postal SB accounts of the labourers and was shown to have been paid in cash.

These strongly indicated that the works were executed through contractor in the guise of departmental execution to avoid tendering process. This arrangement was thus unfair and lacked transparency in execution. This not only deprived eligible youth / tribal people / village committees of the locality from participating in tender process but also provided scopes to encourage LWE activities in these regions.

In reply, the Department assured (November 2012) to take appropriate action in the matter.

2.2.4.7 Doubtful procurement of road metal and other construction material

As per the codal provisions, construction materials for works should be procured through invitation of tender / quotation from the registered dealers and the payments in excess of ₹ 500 only should be made through account payee cheques.

Road metal and construction material were purchased from private individuals on hand receipts

Audit noticed that in eight out of 19 test checked EAs, 169 projects like CC road, hostel buildings of schools, bridges, check dams, Minor Irrigation Projects (MIPs), Cross Drainage (CD) works etc. at total estimated cost of ₹16.76 crore were executed departmentally by the concerned JEs/GPEOs. These officials had shown to have spent ₹ 3.46 crore (***Appendix 2.2.8***) towards procurement of road metal, stone products and other construction material for use in works from unregistered dealers / private individuals on hand receipts (each ranging from ₹ 0.02 lakh to ₹ 3.13 lakh) showing payment in cash. However, stone products, being chargeable under Value Added Tax (VAT) could be sold by registered dealers only. Due to non-observance of codal provisions relating to procurement process and purchase of materials on hand receipts, the actual purchase and utilisation in the work, specially where site account registers were not maintained, could not be vouchsafed. Besides, no quality test of these materials was conducted by the authorities to ensure

[31] BDO, Subarnapur, Nuapada and Gosani

utilisation of materials of approved quality. Thus, failure to adhere codal provisions indicated slack supervision of the executed works at the executing agency and DLC level.

In reply, the Department assured (November 2012) to take appropriate action in the matter.

2.2.4.8 Irregular splitting up of works worth ₹17.87 crore

Provisions of Odisha Public Works Department (OPWD) code prescribed the financial limits for Executive Engineer (EE), Superintending Engineer and Chief Engineer (CE) to accord technical sanction of the estimates[32]. The code along with GoO instructions (October 2005) prohibited splitting up of works to various reaches to avoid sanction of higher authorities and to avoid wide publicity. It also prescribes various procedures for giving wide publicity to tenders like publication of tender notices for works exceeding ₹ 50000 in two local Odia dailies, posting tenders for works costing ₹ 10 lakh or more in Government web-site, e-tendering of works exceeding ₹ 50 lakh, publication of tender notice of work costing ₹ one crore and above in one English daily in addition to one local Odia daily.

62 projects with estimated cost of ₹12.18 crore were split up to 219 reaches to avoid sanction of higher authorities and to avoid open tender process

Scrutiny of estimates, tender files and other records in five out of 19 test checked EAs revealed that 18 projects like renovation of training centre, improvement of roads, construction of side drain etc. (***Appendix 2.2.9***) with total estimated cost of ₹ 17.87 crore were split up by these executing agencies into 71 reaches involving amount from ₹ five lakh to ₹ 50 lakh to avoid sanction of higher authorities.

This vitiated the sanctity of the tender process which led to execution of works of poor quality and also deprived the local unemployed youth from participating in the process of creation of assets.

In reply, the Department assured (November 2012) to take appropriate action in the matter.

2.2.4.9 Utilisation of cement in excess of that prescribed by BIS appears doubtful in absence of quality control test reports

Bureau of Indian Standards (BIS) at IS 456:2000 prescribed for plain cement concrete (PCC) and reinforced cement concrete (RCC), the minimum cement content (CC) in 1:2:4 / M-15 per cubic meter (cum) as 280 Kg and for M 20 standard as 300 Kg of cement to achieve the required compressive strength in works. This standard was also reaffirmed by BIS in 2005.

We noticed that 124 works at an estimated cost of ₹13.41 crore involving PCC and RCC items like construction of cement concrete roads, additional class room, AWC buildings etc. were taken up in eight out of 19 test checked EAs. The estimates of these works were prepared by the EAs as per local schedule of rates with the provision of 323 Kg per cum for PCC (1:2:4) / M15 and 347 Kg per cum of RCC (1:1.5:3) / RCC (1: 2: 4) which was more than the BIS

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32 EE upto ₹50 lakh, SE above ₹50 lakh and upto ₹3 crore and CE above ₹3 crore

limit by 43 Kg and 47 Kg per cum of CC work respectively. Thus, in execution of 6728.69 cum of RCC items in these works, 291.45 MT of cement was allowed in excess of the prescribed limit (1894.62 MT) which led to incurring avoidable expenditure of ₹14.13 lakh. No quality control tests were ever carried out in support of actual utilisation of cement in these works even on a sample basis and so utilisation of such excess cement could not be vouchsafed.

In reply, the Department assured (November 2012) to take appropriate action in the matter

2.2.4.10 Irregular charging of prorata charges of ₹ 35.15 lakh on works executed under IAP

The P & C Department directed (December 2010) that provision for pro-rata/supervision charges were not to be made in execution of departmental works. Such charges were abolished by the State Government from April 2011 for all works where funds were routed through the budgetary mechanism.

We noticed in one (Subarnapur) out of eight test checked districts that such provision for *prorata* charges of ₹ 1.11 crore at 16 to 17 *per cent*[33] were provided by the Executive Engineers, Rural Works Division and Rural Water Supply and Sanitation Division in the estimates of 40 works with an estimated cost of ₹ 8 crore. As of March 2012, out of total expenditure of ₹ 2.40 crore incurred on these works, *prorata* charges of ₹ 35.15 lakh had already been recovered. Since, the *prorata* charges were ultimately to be deposited into State Government's account, action of the EEs resulted in diversion of IAP fund of ₹ 35.15 lakh to the State exchequer with consequential depletion of the resources under the programme.

In reply, the Department assured (November 2012) to take appropriate action in the matter.

2.2.4.11 Irregular payment of ₹ 32.93 lakh for execution of earth works without level section measurement

Panchayati Raj Department instructed (August 2008) all the BDOs that in all cases of earth work in excavation executed by the BDOs, initial and final levels must be recorded and volume of excavation of earth is to be computed there from, failing which the same was to be treated as misappropriation of funds.

We noticed that in one (BDO, Nuapada) out of 19 test checked executing agencies, three MI tank works were executed departmentally and ₹ 32.93 lakh was paid (March 2011 to December 2011) for 44,188.84 cum of earthwork on the basis of pit measurement instead of level section measurement. In absence of initial and final level, actual quantities of earth excavated could not be ascertained in audit.

[33] *Prorata* charges of 16 *per cent* charged by Rural Water Supply & Sanitation Divisions and 17 *per cent* charged by Rural Development Department

In reply, the Department assured (November 2012) to take appropriate action in the matter

2.2.4.12 Unfruitful expenditure due to idling of stores and buses

As per the provision of Odisha General Financial Rules, procurements should be made in accordance with the definite requirement of the public service. Audit noticed in three[34] out of 19 test checked EAs that, pipes, generator sets, pump sets, buses worth ₹ 43 lakh were procured but not put to use leading to idling of stores and assets. In RWSS, Parlakhemundi, pipes procured (May 2011) at a cost of ₹ 7.36 lakh for five Rural Piped Water Supply (RPWS) projects under three blocks could not be put to use (July 2012) as the projects had already been taken up by one Non Government Organisation (Gram Vikash) in the said areas. The EE stated that the material would be utilised in a new scheme.

The Special Officer, CBDA, Nuapada purchased (March 2011) pump sets (three), Generators (three) and other accessories at cost of ₹ 8.25 lakh for piped water supply project in Sunabeda GP (Nuapada district) which were not put to use. The Special officer replied that the project could not be completed due to Maoist activities.

Buses kept idle in DPC, SSA, Koraput

Another EA (the DPC, SSA, Koraput) incurred expenditure of ₹ 27.18 lakh on purchase of two buses including accessories like computer, LCD TV[35], generator set etc during January- May 2012 to use them as Mobile Education Buses in the district to provide education to the drop out students in rural areas at their door steps. The programme was not operationalised due to non- engagement of drivers, instructors and technicians (July 2012) resulting in idling of stores / assets of ₹ 42.79 lakh.

In reply, the Department assured (November 2012) to take appropriate action in the matter.

2.2.4.13 Non-maintenance of Asset Register

The Planning Commission insisted (November 2011) on maintenance of Block wise Asset Registers identifying each asset created with a unique code for transferring assets to GPs / Departments for proper use and maintenance at their level.

Out of 19 test checked EAs, 16 EAs had not maintained any asset register though 1134 assets were already created at a cost of ₹ 40.28 crore as of March 2012. The Collectors had also not maintained the same at their level. The assets were neither handed over to Panchayat Raj Institutions nor to user

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[34] (i) DPC, SSA,Koraput (ii) EE, RWS&S Division Parlakhemundi, and (iii) SO, CBDA, Nuapada

[35] LCD TV: Liquefied Cristal Display Television

associations for operation and maintenance (July 2012). Thus, projects were left without any provision for maintenance. In the absence of Asset Register and clear assignment of ownership, future maintenance would pose serious problems leading to gradual erosion not only in their money value but also depletion in their capacity to provide the intended level of service to the beneficiaries of such assets.

In reply, the Department stated (November 2012) that all the IAP districts had been advised several times to assign unique identification code to assets and transfer the same to the concerned GP / Panchayat Samiti / Department as per the activity mapping to ensure proper use and maintenance of the assets created. It also assured to check and ensure it on priority.

2.2.5 Inspection and Monitoring

2.2.5.1 Inadequate monitoring by DC and DLC

As per guidelines, the Development Commissioner (DC) was to monitor the implementation of the scheme in the State. Besides, the P&C Department with a view to ensuring expeditious implementation, proper co-ordination and regular monitoring directed (November 2011) six senior State level officers to visit the districts regularly, at least once in a quarter to review the progress of implementation of the programme and to suggest the measures for further improvement, if any. In the district level, the Collectors were to work out a system of quality checks, monitoring and evaluation including physical inspection of works to ensure quality of assets created.

- However, our examination at district level revealed that the DLCs of three test check districts (Kalahandi, Gajapati and Nuapada) constituted committees for monitoring and physical inspection of assets while that of two districts (Koraput and Sundergarh) assigned the responsibilities to the district level officers.

- In case of remaining three districts, no such committees were formed or entrustment made. This indicated the casualness with which such an important scheme of GoI meant for LWE affected and backward regions of the country was being dealt with by the respective Collectors of the three districts.

- We further noticed that the committee at Nuapada known as 'District Level Vigilance Squad' verified (March 2011) 13 projects out of which six projects were not conforming to prescribed standards due to use of low quality of materials and poor quality of execution. In Sundargarh district, the committee conducted (August 2011) physical inspection of 70 assets of which in two cases substandard quality of material were found to be used. Similar comments were given by the committee formed by DLC, Kalahandi.

- DLCs of Gajapati and Koraput though constituted committees, no physical inspection report was available with the DLCs. These indicated that the works were not executed as per specification due to absence of proper monitoring and supervision.

In reply the Department stated (November 2012) that the IAP scheme was intensively and closely monitored by the State Government through meetings / video conferences (30) where the Chief Minister along with Chief Secretary, other departmental secretaries, Collectors and concerned officers of the districts had participated. It further stated that the Development Commissioner-cum-Additional Chief Secretary had visited Keonjhar and Gajapati (test checked) districts out of 18 districts in spite of his pre-occupation and busy schedules and it was not humanly possible on his part to physically visit all the IAP districts.

The reply was not tenable as none of the identified officers in eight test checked districts had visited their respective districts excepting Kalahandi and that too only once (March 2012). After a lapse of more than one year of implementation of the IAP Scheme, the Government instructed (January 2012) to set fortnightly targets among the district level officers. Further, the DC directed (November 2011) that the State level officers should visit IAP districts regularly at least once in a quarter to review the progress of IAP which was not done and monitoring was restricted to video conference.

2.2.6 Conclusion

Planning was deficient and missed bottom up approach. Needs of LWE affected areas were neither assessed by discussing with villagers/stakeholders through Gram Sabhas / Palli Sabhas. As a result, many projects had to be cancelled and abandoned due to lack of feasibility and overlapping of projects etc. There was no convergence of different projects taken up within a district to avoid duplication of projects. Many projects remained incomplete and did not give return in short term though this was one of the avowed objectives of the programme, differentiating it from any other normal Government's intervention / scheme. Projects were executed ignoring instructions of Government / Planning Commission in haste to spend the funds. Main objective of development of infrastructure and self employment opportunities in LWE affected areas of the district remained unfulfilled. Also, no KPIs were prescribed to measure the output / outcome of these individual projects or the programme as a whole. Transparency in execution of projects as well as quality control was not ensured. Implementation and monitoring of the programme was finance-centric rather than deliverable specific.

2.2.7 Recommendations

The following recommendations are made.

- Critical gaps for development of LWE affected areas of IAP districts may be identified on priority through a rigorous bottom up approach and adequate stakeholder consultation process and included in the AAPs to fill up these gaps in a time bound manner;
- Emphasis may be given for skill development of unemployed youth of LWE areas and their self-employment through innovative livelihood programme;
- Monitoring of implementation of the programme by the DC may be strengthened and norm for inspection of IAP projects by State Level officers may be prescribed and enforced.
- Performance indicators may be prescribed for the programme and impact assessment may be conducted to assess whether expected outcome was achieved.

Chapter 3
Compliance Audit

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.1 Procurement and distribution of *dal* under Supplementary Nutrition Programme (SNP) and Mid-Day Meal (MDM) scheme.

3.1.1 Introduction

Integrated Child Development Services (ICDS) has six components like Supplementary Nutrition Programme (SNP), Immunisation, Health Check ups, Referral services, non-formal pre-school education, Health and Nutrition Education. The component SNP is under implementation in the State from 1975 with the objective of improving the nutritional and health status of children below the age of six years, pregnant women and lactating mothers. Similarly, the National Programme of Nutritional Support to Primary Education (NP-NSPE, commonly known as Mid-Day Meal scheme or MDM) is being implemented in the State as a Centrally Sponsored Scheme since 1997-98 with a view to enhance enrolment, retention and attendance of students and simultaneously to improve nutritional levels among students. During 2008-11; 2.75 crore beneficiaries (SNP: 1.48 crore and MDM: 1.27 crore) were covered under the above schemes with a total expenditure of ₹2392.46crore[1] which included ₹ 715.85 crore for procurement of 1457048 quintals of *dal* under SNP and MDM as per data collected from the District Social Welfare Officers (DSWOs) of the State.

The Women and Child Development (WCD) Department is the nodal Department for implementation of both the above programmes in the State during the above period. The DSWOs procure *dal* at the district level for supply to the Anganwadi Centres (AWCs) and the schools. While the Child Development Project Officers (CDPOs) supervised the feeding at AWC level, the Block Development Officers (BDOs) are responsible for supervision of the MDM at school level. Under SNP, 30 to 40 grams of *dal* per beneficiary was supplied for 'hot cooked meal' or as 'take home ration' (THR), while the same was 20 to 30 grams under MDM programme.

The WCD Department set the ceiling price in September 2009 for procurement of *arhar dal* at ₹ 75 per kilogram (kg) on the ground of rise in market price for SNP under ICDS effective from 1 October 2009 and in January 2010 for MDM. There were allegations in the print and electronic media about act of malfeasance in procurement of *dal* at higher prices and supply of sub-standard *dal* under the programmes during January 2010 to March 2011.

[1] SNP: ₹ 1004.18 crore and MDM: ₹ 1388.28 crore

3.1.1.1 Implementation arrangements

The Department has elaborate field formations with the DSWO to assist the Collector in each District and a Sub-Divisional Social Welfare Officer (SSWO) in every sub-division. Besides, there are Social Educational Organisers (SEOs) and Lady Social Educational Organisers (LSEOs) at the Block level who assist the Block Administration in implementing the social welfare programmes including MDM. Under the ICDS, there is a Project in every Community Development Block and urban areas headed by a Child Development Project Officer (CDPO). Each ICDS Project is divided into Sectors. Each sector is headed by a Supervisor, who oversees the work of AWCs.

3.1.1.2 Audit Objective

We conducted this audit with the objectives to assess whether:

- annual survey was conducted for identification of the beneficiaries and the result was considered for planning purpose;
- there was fairness and transparency in tendering, fixation of price and procurement;
- there was an efficient and effective system to ensure that the right quantity of items reached the Anganwadi Centres/ Schools at the right time;
- quality control mechanism was efficient, effective and robust at every stage of the process i.e. from purchase to the final distribution at the Anganwadi Centers/Schools;
- Inspection and monitoring mechanism for quality assurance was in place and was efficient and effective.

3.1.1.3 Audit Criteria

The criteria for this audit were derived from following documents.

- Scheme guidelines and other instructions issued by the Government of India (GoI) on Integrated Child Development Services and National Programme of Nutritional Support to Primary Education(MDM);
- Circulars and orders issued by State and Central Government;
- Odisha General Financial Rules and OPWD Code.

3.1.1.4 Scope and methodology of audit

We conducted the audit during May 2011 and October 2011 - March 2012, May 2012 and September 2012 and test checked the records of the WCD Department, six District Social Welfare Officers (DSWOs)[2], six Child Development Project Officers (CDPOs)[3], six Block Development Officers (BDOs)[4], 60 Anganwadi Centres (AWCs) and 60 Schools covering the period 2008-11. Out of 30 districts, we selected five districts through stratified

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[2] **DSWOs**:(1) Angul , (2) Balasore, (3) Ganjam,(4) Khordha (5) Mayurbhanj and (6) Rayagada

[3] **CDPOs**: (1) Angul, (2) Badasahi, (3) Bhogarai, (4) Rangeilunda , (5) Rayagada, (6) Urban, Bhubaneswar

[4] **BDOs:** (1) Angul , (2) Badasahi, (3) Bhogarai, (4) Khordha (5) Rangeilunda and (6) Rayagada,

random sampling method without replacement using IDEA software and treated Khordha district as the additional sample being the capital district. The Audit findings were discussed with the Commissioner-cum-Secretary, WCD Department in an exit conference held on 19 October 2012 and their responses were duly incorporated in the report at appropriate places.

3.1.1.5 Constraints faced in audit

During audit, we encountered inordinate delay in production of records at departmental level as indicated in **Table 3.1**

Table 3.1: Statement showing delay in production of records

Date of requisition of records	Records requisitioned	Audit check that could not be carried out as a result of such non- production	Response of the Department
19 October 2011	Intimation letter sent to WCD Department for commencement of audit.	Due diligence in price fixation, quality and monitoring aspects etc.	Although the Director, Social Welfare assured to produce the records by 24 October 2011, no records were produced till 25 October 2011. Production of records started after issue of reminder on 25 October 2011.
20 October 2011	Requisition for production of records including those relating to price fixation		
25 October 2011	Reminder for production of records		
31 October 2011	Specific requisition for records relating to fixation of price of dal	Procedure followed while fixing the ceiling price of *dal* and the observations of the State Level Monitoring Committee on implementation of the programmes.	Relevant records not produced till 7 November 2011.
8 November 2011	Reminder for production of records requisitioned on 31October 2011		No records produced till 25 November 2011.
26 November 2011	Second reminder issued for records relating to price fixation and other records relating to State / District level monitoring committees and External Evaluating Agencies etc,		No records produced till 1 December 2011.
02 December 2011	The matter regarding non production of records on price fixation was taken up through a demi-official letter with Commissioner-cum-Secretary, WCD Department by the Deputy Accountant General, Office of the Accountant General (G&SSA), Odisha		The records were produced after the issue was taken up demi-officially in the first week of December 2011.

The Department stated (October 2012) that in case of specific records which involve considerable time for retrieval; there were procedural delays, which were not intentional on the part of the Department. The reply was not tenable as all the records related to the period 2008-11 and were within their preservation period.

Audit findings

3.1.2 Survey and assessment of beneficiaries under MDM and SNP

3.1.2.1 Identification of beneficiaries under MDM

The MDM scheme envisaged coverage of students and estimation of requirement of finances with district-wise information on the average number of children who had availed of MDM in the previous year based on school level attendance register. The WCD Department projected[5] the figures of Odisha Primary Education Programme Authority (OPEPA) which were based on enrolment for coverage during the years 2008-09 to 2010-11. However, the approved number of students and the actual coverage was less than the projected students during 2008-11.

3.1.2.2 Annual survey not conducted under SNP

Beneficiary projected for coverage under SNP was not based on annual survey which included 3.66 lakh non-existent beneficiaries

As per Government of India (GoI) instructions (July 2005), the Anganwadi Worker (AWW) was required to conduct survey of all the families in the locality once in a year to identify the targeted beneficiaries. The data collected by AWWs was required to be aggregated at block, district and State level for assessment of requirement of foodstuff.

We noticed that annual survey was not conducted regularly in the test checked districts. As such, the data furnished by the AWW and compiled at CDPO / DSWO / State level were not based on actual number of beneficiaries. We also noticed that the WCD Department projected a total number of 48.79 lakh beneficiaries for the State for the year 2008-09. However, the Department projected the same number of beneficiaries (49.09 lakh) for both the years 2009-10 and 2010-11 under SNP, casting doubts on the annual survey and its reliability. After media reports on non-existing beneficiaries, the District Collectors made verification of beneficiaries and detected (January-February 2011) 3.66 lakh non-existent beneficiaries in 28 districts and 8918 left over beneficiaries in two districts[6].

The Department stated (October 2012) that after universalisation of coverage under ICDS from 2009, monthly enumeration was made, thus making annual survey redundant as there was possibility that many eligible beneficiaries would be left out.

The reply was not acceptable as household survey was required to identify eligible beneficiaries correctly and the Department had also identified 3.66 lakh non-existent beneficiaries based on such survey in the past. Further, monthly enumeration as stated by the Department was not fruitful as despite such enumeration, non-existent persons remained unidentified till door to door survey was conducted. Such assessment of eligible beneficiaries would help in planning, assessment of requirement of fund and preparation of budget estimates.

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[5] Students projected/approved/covered (Primary and Upper primary); 2008-09: 6467059 / 4410700/3059896, 2009-10: 615042/5687698/4789247 and 2010-11: 5787428/ 5700000 / 5199491

[6] Baragarh (1394) and Keonjhar(7524)

Transparency and fairness in price fixation, tendering and procurement

3.1.3 Deficiencies in the procurement process

As per the instructions issued (July 2001) by the WCD Department, the District Collectors were to procure *dal* at the district level by observing the tender procedure and complying with the financial rules. For this purpose, a Purchase Committee was to be constituted under the Chairmanship of the District Collector with Civil Supplies Officer (CSO) and Chief District Medical Officer (CDMO) or their representative as members and DSWO was to act as the Member-Convener. The Committee would finalise the bids after testing the quality of *dal*, purchase good quality *dal* and ensure distribution of quality foodstuff to the beneficiaries. The Mothers' Committee[7] formed at the feeding centre level was also to examine the quality of *dal* and give a certificate to that effect, based on which the payment to the supplier would be made. The purchase was not to be made for more than one month's requirement. The Department prescribed the "ceiling" price of *arhardal* as ₹ 75 per kg under SNP effective from 1 October 2009 and under MDM from January 2010.

Procurement of foodstuff in the feeding programmes was, however, decentralised from April 2011. Under the decentralised system, local procurement would be made by AWW and Ward member under SNP and by Self Help Groups (SHGs) / School Management Committee in case of MDM. The purchases were to be made from local shops / *haats* / retailers. The *Janch* Committee[8] would decide on the quantity, quality and the place from where the food items would be purchased.

The deficiencies noticed in the procurement process in the centralised system up to March 2011 are discussed in the succeeding paragraphs.

3.1.3.1 Deviation from the prescribed procurement system

Decentralised system for procurement of *dal* involving village level organisations was delayed by a period over six years after the order of Hon'ble Supreme Court

The MDM guidelines (paragraph 3.11) envisaged that village level Panchayati Raj Institutions were to be involved for procurement of other consumables (other consumables included "*dal*" in Odisha). Handbook of instructions (paragraph 2.1) on ICDS prescribed (December 1988) that Anganwadis, as far as possible, should be run by voluntary organisations, local bodies, Panchayats, Indian Council for Child Welfare etc by providing grant-in-aid. The Hon'ble Supreme Court of India also in their order (October 2004)[9] held that contractors were not to be used for supply of nutrition in Anganwadis and ICDS funds were to be spent preferably by making use of village communities, SHGs and *mahila mandals* for buying food grains and preparation of meals. Besides, the Chief Secretary, in the State Level

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[7] Mothers Committee were constituted at feeding centre level from among Pregnant Women and Lactating mothers, mothers of children below the age of 3 years, local ward member, NGO /*Yuvak Sangh*/ Social worker. Mothers Teachers Association were also formed under MDM for supervising the feeding at school level.

[8] Retired Government/ PSU employee, President/ Secretary of two SHGs, Chairperson of Mothers' Committee, President of Village Education Committee

[9] In the case of WP(C) No.196 of 2001 relating to implementation of ICDS

Coordination Committee (SLCC) meeting instructed (July 2007) the WCD Department to work out details for associating SHGs in the implementation of ICDS and also for direct release of funds to SHGs through CDPOs. The Revenue Divisional Commissioner (RDC), Central Division also echoed (April 2008) similar views of local supply of *dal* by SHGs.

The Secretary/Director, however, continued to issue instructions to the districts for procurement of *dal* at district level through tender process in deviation from the aforementioned scheme guidelines. Though, the WCD Department initiated action to decentralise the system in 2006 and 2008 on pilot basis (Jatni Block of Khordha district and Khallikote Block of Ganjam district); implemented in 30 headquarter blocks of the State from October 2009 and in 2900 AWCs (60 *per cent*) in Ganjam district by December 2010, yet full scale operation could materialise only from April 2011.

The Department stated (October 2012) that it implemented and decentralised procurement in 2011 after building up capabilities over a period of time, which was appreciated by different agencies including the Commissioners of the Apex Court.

The fact, however, remained that the implementation of the decentralised procurement system was unreasonably delayed by a period of over six years after the order of the Hon'ble Supreme Court in 2004. The centralised procurement system (from 2001 to March 2011) was not in accordance with the provisions of the scheme guidelines for which village level organisations, local bodies, SHGs could not be involved in the procurement process.

3.1.3.2 Invitation of tender at "ceiling" price deterred competitive price discovery

Ceiling price fixed for procurement of *dal* did not allow the most competitive price to emerge as this was misinterpreted by collectors as Government approved fixed price

The Government of Odisha in WCD Department fixed the price of *dal* from time to time and communicated the same to the districts for its procurement on tender basis. Due to spurt in prices of *arhar dal* in the market and inability of suppliers to supply *dal* at old rate, the Department decided (July 2009) to revise the price of *dal* based on the prices of the Food Supplies & Consumer Welfare (FS&CW) Department.

The price of *arhar dal* was ₹ 71.94 (July 2009), ₹ 71.42 (August 2009) and ₹ 69.86 (September 2009) as per Market Intelligence (MI) reports of FS&CW Department. The Revenue Divisional Commissioner (RDC), Southern Division and the district authorities of (Mayurbhanj and Ganjam) intimated (July 2009) the inability of the suppliers to supply *dal* at old rate due to spurt in prices of *arhar dal*. Audit noticed that the Department made a proposal, *inter alia*, for increasing the price of *dal* from ₹ 35 to a maximum of ₹ 75, which was approved by the then Minister, WCD Department and the Government (August 2009) for SNP. Accordingly, the Department issued instructions (September 2009) to the District Collectors stating that:

> "As per the revised norms of *dal,* it would be a maximum of ₹ 75 per kg at par with market rate. Therefore, the agreement should be done for

supply of *arhar dal* of best quality by fresh tender process for a period of six months".

Similarly, ceiling price of *arhar dal* under MDM was also fixed at ₹ 75 per kg in January 2010.

However, the Department did not clearly specify what would constitute as "best quality" as discussed further in ***paragraph 3.1.3.4***. We noticed that while 12 districts[10] procured *arhar dal* in the State during 2009-11 at this Government approved ceiling price of ₹ 75 per kg, 11 districts[11] procured *dal* at marginally less than ceiling price and in the rest seven districts[12] the procurement price ranged between ₹ 63 - ₹ 72 per kg though the market rate of *dal* was much less during the period as discussed at ***paragraph 3.1.3.3***. We further noticed that:

- In four[13] out of six test checked districts, the Collectors misinterpreted the ceiling price as Government fixed price for procurement of *dal* and mentioned it accordingly in the tender call notices (September 2009 and June 2010) for supply of "best quality" *arhar dal* at ₹ 75 per kg. In three such districts (Angul, Balasore and Ganjam), the bidders were asked not to quote any rate but to submit the samples. As a result, such action did not allow the most competitive price to emerge. Thus, the Government's administered ceiling price of ₹ 75 per kg was converted into a "fixed price" for *dal* instead of a "ceiling" (maximum).
- Though bids were finalised (between October 2009 and June 2010) at ₹ 75 per kg in three (Balasore, Ganjam, Mayurbhanj) of these four test checked districts, in Angul the bid was awarded (May 2010) to two bidders at ₹ 74.61 per kg ignoring the offers of four bidders who quoted between ₹ 64.71 to ₹ 67.50 on the presumption that offer below ₹ 70 per kg may not be realistic and in the process, the Department incurred an avoidable expenditure of ₹ 1.18 crore[14] .
- In the remaining two test checked districts (Khordha and Rayagada), the tenders were invited (June 2010) indicating maximum rate of ₹ 75 per kg for *arhar dal*. As a result, financial bids were received ranging from ₹ 63 to ₹ 75 per kg from five bidders in Khordha and at the rate of ₹ 75 per kg from two bidders in Rayagada. The tenders were finalised (June 2010) at the negotiated price of ₹ 74.90 per kg in Rayagada and lowest offer of ₹ 63 per kg in Khordha.

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[10] (1) Balasore, (2) Bargarh (3), Boudh ,(4) Cuttack , (5) Ganjam, (6) Kandhamal, (7)Keonjhar, (8) Koraput, (9) Malkangiri, (10) Mayurbhanj, (11) Sambalpur and (12) Subarnapur

[11] (1)Angul, (2) Deogarh, (3) Gajapati, (4) Jagatsinghpur, (5) Jharsuguda, (6) Kendrapara, (7) Nayagarh, (8) Nuapada, (9) Puri, (10) Rayagada and (11) Sundargarh,

[12] (1) Bhadrak, (2) Bolangir, (3) Dhenkanal, (4) Kalahandi, (5) Khordha, (6) Nawarangpur and (7) Jajpur

[13] Angul, Balasore, Ganjam, Mayurbhanj

[14] The purchase price finalised was ₹ 7461 per quintal as against lowest rate of ₹ 6471 (Bhanjaprava Super Bazar, Cuttack) : Differential cost= ₹ 7461-₹ 6471= ₹ 990 x 11879 quintals = ₹ 1,17,60,210

In reply, the Commissioner-cum-Secretary stated (October 2012) that fixation of ceiling price of ₹ 75 was a policy to signal that the districts should not buy at higher price and need not buy low quality *dal* at cheaper price compromising on quality. She also stated that price ceiling does not prevent competitive bidding.

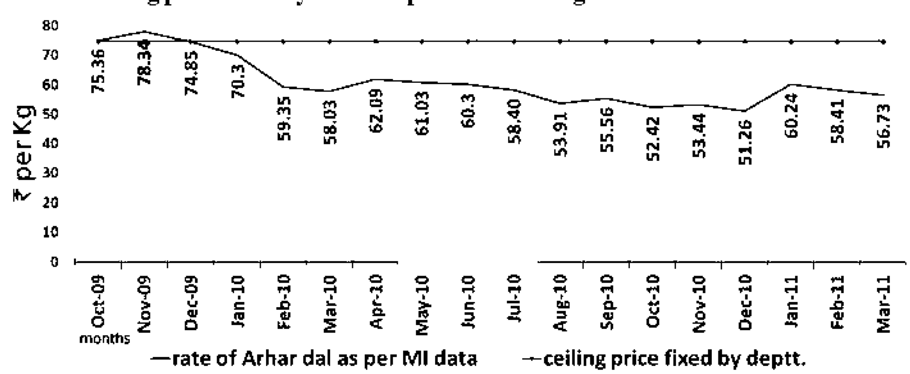
The reply was not tenable as the specification of 'best quality' *dal* was neither defined by the Government nor indicated in the tender documents. The bidders were even asked not to quote the rate and only supply best quality *arhar dal* at ₹ 75 per kg.

3.1.3.3 Avoidable loss of ₹43.61 crore

Despite consistent fall in price, the ceiling price of *arhar dal* was not revised resulting in loss of ₹ 43.61 crore

The Market Intelligence Wing of FS&CW Department collects data on wholesale prices of different commodities including pulses on month to month basis in the State. It also compiles the market price every year with the objective of providing a support system to the decision makers, policy formulators and consumers of the State, besides making available the market intelligence information to GoI and the Departments of the State Government. The 'wholesale market price' per kg of *arhar dal* during the period from October 2009 to March 2011, as per market intelligence reports, was indicated in the **chart 3.1** below:

Chart-3.1: Comparision of market price of *arhar dal* in Odisha as per MI data with ceiling price fixed by WCD department during October 2009 to March 2011



As would be seen from the above, the wholesale market price of *arhar dal* consistently remained below ₹ 75 per kg during January 2010 (₹ 70.30 per kg) to March 2011 (₹ 56.73 per kg). The Department, however, did not take any step for revision of price despite the fact that the ceiling price fixed in October 2009 under SNP was valid for six months i.e. upto March 2010 and the Secretary in his note (July 2009) opined to revise the rate after October 2009 as the price of *dal* would reduce after harvesting.

It was only after the direction (May 2010) of the Hon'ble High Court to constitute a Committee to monitor the *dal* prices, based on a writ petition seeking direction to call for fresh tender for supply of *arhar dal* as the rate of *arhar dal* had fallen down to ₹ 68 from ₹ 75 per kg, a Committee[15] was

[15] The committee consisted of Commissioner-cum-Secretaries of the Agriculture, WCD and FS&CW Departments as Chairman, Member convener and Member respectively.

constituted in July 2010 to scrutinise, verify and monitor the price and quality of *arhar dal* supplied under MDM programme. The RDC (Northern Division) also requested (November 2010) the Commissioner- cum- Secretary, WCD Department to revise the ceiling price of *dal* in consultation with FS&CW Department since the ceiling suggested (January 2010) by WCD at ₹ 75 helped the bidders to quote high price causing loss to Government. However, the first meeting of the Committee was convened only in December 2010, i.e. about six months of its formation and that too when the price of *dal* remained much below the ceiling price.

The Committee noted (December 2010) that the market price varied between ₹49 to ₹ 60 per kg at different locations and instructed (December 2010) the Collectors to renegotiate with the suppliers for downward revision of price keeping in mind the prevailing market price in the districts. However, in test checked districts, we noticed that

- In Rayagada district, the supplier did not accept (February 2011) the request of the DSWO for reduction of price of *arhar dal* at par with prevailing market rate, as the contract period was up to March 2011.
- In Balasore and Mayurbhanj districts, no requests were made to the suppliers by the DSWOs as the records were seized (January 2011-February 2011) by vigilance on the ground of irregular purchase and *dal* was not purchased at district level thereafter.
- The DSWOs, Angul and Ganjam did not attribute any reason, though specifically asked in Audit.

Further, the information collected in Audit from all the 30 districts showed that, 12 districts purchased *arhar dal* at ₹ 75 per kg due to interpretation of the 'ceiling' price as Government approved price and other 18 districts procured *arhar dal* at higher rates than the prevailing wholesale market price. As the Department did not take steps for downward revision of price of *dal* before expiry of six months contract period i.e., October 2009 to March 2010 and the contracts were renewed based on instructions (May/June 2010) of the Department, the suppliers continued to supply *dal* at higher rates till introduction of the decentralised procedure (April 2011), despite fall in market price.

Considering the highest wholesale market price (₹ 62.09 per kg) prevailing during 2010-11, there was a loss of ₹ 43.61 crore due to procurement of *arhar dal* during April 2010 to March 2011 as detailed in ***Appendix 3.1.1 to Appendix 3.1.5***. Even if, we consider the average annual wholesale market price (₹ 56.99 per kg) during the period, the loss would be ₹ 65.75 crore after taking into account the 'transport / handling costs of ₹ 75 per quintal'.

The Commissioner-cum-Secretary stated (October 2012) that as the Committee set up was mandated to meet once in six months and it met in December 2010, there was no delay on the part of the Department. She further stated that the ceiling was fixed for 'best quality *dal*' and not for the second quality *arhar dal*. The price of best quality *dal* was ruling between ₹ 82 to ₹ 84 in the markets of the State during that period as per FS&CW Department communication (February 2011). There was always a price difference of ₹ 10 between the best quality and second quality *dal* and it was not established that *dal* bought across the State was not worth the tendered price. The Department further stated that the ceiling price included transport, handling, logistics etc. The Department also stated that ₹ 7.8 crore was withheld in Ganjam (₹ 5.5 crore) and Balasore (₹ 2.3 crore) districts and ₹ 16.56 crore remained unpaid in 15 districts.

The reply was not acceptable as

- the Committee should have been convened immediately after its constitution (July 2010) as there was consistent fall in price of *dal* from January 2010.
- there was nothing on record that the Department had considered the market rate of ₹ 82 - ₹ 84 per kg specifying norms for best quality *dal* while fixing the ceiling price of ₹ 75 for the best quality *arhar dal* in September 2009. As such the contention of the Department for availability of best quality *dal* at the above rate was an afterthought in view of letter of FS&CW issued in February 2011.
- the price which was considered by WCD Department for fixing the ceiling price had fallen from January 2010 consistently and the loss was calculated taking into account the highest/ annual average of said prices only for the period i.e. April 2010 to March 2011. Hence the difference of ₹ 10 with reference to best quality *dal* for calculation of loss did not arise.
- the *dal* procured was not of best quality at the ceiling price of ₹ 75, as the two suppliers viz OCCF and Bhanjaprava placed orders for supply of good quality *arhar dal* on sub-suppliers and asked them to supply at feeding cetres under MDM and SNP. Thus, supply of best quality *dal* appears to be a misnomer, as there were no norms for good versus best quality *dal*. The report of Market Intelligence Officer (January 2011) indicated that *dal* supplied in four schools and two AWCs (Ganjam district) was worth ₹ 58 to ₹ 60 per kg against the procured price of ₹ 75 per kg.
- The offered price of approved sample of best quality *arhar dal* at ₹ 75 per kg was almost finalised by tender committee of Jajpur in July 2010 (under MDM for 2010-11). But this was reduced to ₹ 67 per kg on negotiation as the Civil Supplies Officer, Jajpur who was a member of the Tender Committee insisted for negotiation for downward reduction of the offer on the ground that market price of such variety of *dal* was much less than the rate (₹ 75) at which tenders were invited.
- Supply of poor quality *dal* was also pointed out by the State Vigilance in five districts as discussed in succeeding paragraph. The Department in its reply had stated that they had withheld the payments amounting to ₹ 7.8 crore of suppliers in Ganjam and Balasore districts as the *dal* supplied was not conforming to the standards. Besides, The Department stated (November 2012) that ₹ 8.64 crore relating to Jajpur district remained unpaid. Further the Department had also blacklisted

(February 2011) a firm for supply of poor quality of *dal* during January 2010 to March 2010 in Deogarh district based on reports of Superintendent of Police (September 2010), Vigilance and the Collector, Deogarh (November 2010).

Thus, the contention of the Department as to supply of *dal* worth the tendered price was not correct.

3.1.3.4 Specification of 'best quality' dal was not defined

Best quality *dal* was not defined though the ceiling price was fixed for it and all prescribed tests were also not conducted before procuring *dal*

As per Pulses Grading and Marking Rules 2003 enacted under Agricultural Produce (Grading and Marking) Act 1937[16] effective from 7 April 2004, branded packets of pulses containing insignia of AGMARK with the specification of grades of the commodity as 'special', 'standard' and 'general' indicate the quality of the pulse in the packet. The Rules provide that for assigning the above grading, an authorised certification agency has to undertake seven different types of tests before packing the commodity in the package. Similarly, the Prevention of Food Adulteration Act (PFA) 1954 and Rules made there under, also prescribed seven different types of tests[17] to be undertaken for assigning grade specification of the commodities to prevent use of sub-standard *dal*. The Department prescribed (September 2000) four simple tests[18] to be conducted before receiving the stock. However, it did not prescribe any standard / norm for 'best quality of *dal*'. As a result, the districts could not mention any norm / specification for the 'best quality' *dal* to be procured at the ceiling price of ₹ 75 per kg in the tender document and they did not insist the suppliers to furnish the quality certificate from the recognised food testing laboratories.

On test check of records of six DSWOs, we noticed that the tender call notices (TCNs) for procurement of *arhar dal* insisted that the tenderers were to furnish two sealed samples of the *dal* each containing 500 grams along with the tender papers and the decision of the tender committee in respect of the quality of *dal* would be final. We, however, noticed that before finalisation of tender, the tender committees of test checked districts had neither conducted seven tests prescribed under PFA Act nor conducted all the four tests prescribed by the Department as indicated in the **Table-3.2.**

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[16] A central Act

[17] Tests prescribed under PFA Act 1954: (i) Aflatoxin, (ii) Damaged grains, (iii) Foreign matter, (iv) Moisture, (v) Other edible grains, (vi) Uric acid content and (vii) Weevilled grains.

[18] (i) Visual examination to identify nature of adulteration, ii) physical inspection to know if there is any infestation causing unpleasant odour and taste or excessive moisture or damaged grains, (iii) shaking a portion of the sample with cold/warm water and treatment with hydrochloric acid to find out application of colour, (iv) boiling the sample for 30-45 minutes to estimate the quantity of uncooked portion and judge the edibility of dal.

Table-3.2: Comparison of tests conducted by the districts before finalisation of tender

Name of the district	Year of tender and scheme under which procured	Number of tests to be conducted as per PFA Act	Number of tests conducted	Shortfall	Quantity purchased (in Quintal)
Angul	2010-11 for SNP/MDM	7	2	5	11879.00
Balasore	2010-11 for SNP	7	1	6	9890.71
Ganjam	2010-11 for MDM/SNP	7	4	3	18295.60
Khordha	2010-11 - for MDM	7	4	3	8747.40
Mayurbhanj	2009-10 for SNP/MDM	7	2	5	46830.00
Rayagada	2010-11 for SNP/MDM	7	Nil	7	13714.53
Total					**109357.24**

(Source: Records of concerned DSWOs)

In absence of conducting requisite tests, there was no evidence on record about purchase of best quality *dal* of 109357.24 quintals '*arhar dal'* in these districts during 2009-11 at district level.

In reply, the Commissioner-cum-Secretary stated (October 2012) that parameters for quality testing of *dal* under MDM and SNP was prescribed in September 2000 based on PFA Act 1954 and the same was reiterated in November 2009 and 2010. She added that for PFA, the rules are for assigning grade specification of the commodity and that there is no branding of pulses in the country. She further stated that the districts were well aware of the testing guidelines and tests were conducted before taking decisions.

The reply was not tenable since Government's reference to PFA Act was erroneous as PFA is applied for preventing consumption of sub-standard quality of a food item and not for buying the 'best quality' of a produce/commodity. The earlier instructions (September 2000) of quality checking were followed without incorporating additional parameters for ensuring supply of best quality *dal*. Moreover, the tests were not conducted by the authorities in test checked districts as indicated in table above and the specifications were not prescribed for 'best quality of *dal*'. In Tamilnadu Agmark specifications were followed clearly stating the requirements and maximum limit of tolerance *per cent* by weight for the *dal* to be procured.

3.1.3.5 Avoidable expenditure of ₹0.76 crore

The rate of lowest bidder was ignored even after the *dal* sample was found to be acceptable after prescribed tests

The DSWO, Khordha invited sealed tenders (October 2007) for supply of *dal* under SNP and MDM schemes for the year 2007-08. Six bids were received of which three were rejected due to non-availability of solvency certificate and the offer price of the rest three bidders was indicated in **Table-3.3** below

Table- 3.3: ***Different rates quoted by the supplier for different types of dal in Khordha district***

Name of the bidding firm	*The rates offered by the bidders against different category of dal (in ₹per quintal)*			
	Mung dal	***Arhar dal***	***Buta dal***	
Maa Tarini Enterprises, Nuabazar, Chandikhol	3425	3445	3185	second lowest
Ramotara Agrawalla & Co, Jatni	***3231***	***3231***	***3141***	***lowest***
Durga Dutta Fakirchand, Jatni	3500	3500	3200	highest

(Source: Proceedings of tender committee of DSWO, Khordha)

The District Level Purchase Committee[19] (DPC) conducted the quality check of the *dal* samples furnished by the bidders as per Government instructions (September 2000) by carrying out prescribed four tests and found to be acceptable. But instead of considering the price of the lowest bidder (Ramotara Agrawalla & Co, Jatni.), the Committee accepted the highest bid of Durga Dutta Fakirchand, Jatni on the ground that the cooked *dal* of highest bidder "tasted better", though quality testing by taste of the cooked food was not prescribed under PFA Act. This was completely irregular and against the basic cannons of financial propriety. As a result, the Government had to incur extra expenditure of ₹ 0.76 crore[20] on purchase of *arhar dal* and *buta dal* during the period October 2007 to July 2009.

In reply, the DSWO, Khordha stated (June 2011) that the Tender Committee put emphasis on past experience, quality of *dal* and credibility of the bidder. The reply was not tenable since offer of acceptable quality of *dal* at lower rate was rejected which was in violation of the financial rules.

3.1.3.6 Supply of dal under MDM without tender

The existing suppliers were allowed to supply arhar *dal* without inviting fresh tender , thereby losing the opportunity to discover competitive market price

In Mayurbhanj district, the suppliers of *arhar dal* under SNP and MDM programme were selected (October 2007) on tender basis for 2007-08. The terms and conditions of supply by the suppliers of 2007-08 were extended up to September 2009 to ensure non-disruption of supply to feeding centres / schools. Fresh tenders were invited (September 2009) under SNP for the remaining part of 2009-10 for supply of *dal* indicating that the Government approved price was ₹ 75 per kg. The tender was finalised (October 2009) in favour of two bidders at the same price of ₹ 75 per kg. However, without any tendering, the DSWO intimated (19 January 2010) the existing suppliers for supply of *arhar dal* under MDM from February 2010. Subsequently, though the Collector approved (February 2010) to continue the supply till receipt of further instruction from Government, yet it permitted (February 2010) the suppliers to supply *arhar dal* under SNP and MDM for 2010-11. The

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[19] The district level purchase committee comprised of Collector as Chairman, DSWO as Convener and Civil Supplies Officer/District Agriculture Officer/ District Chief Medical Officer as members.

[20] (@ ₹ 269 x quantity of *arhar dal* procured under SNP and MDM (28107.95 quintal) and (@ ₹ 59 x 14.10 quintal of *buta dal* procured under SNP and MDM)

Collector also entered into an agreement (25 February 2010) with both the suppliers to supply *arhar dal* at the rate ₹ 75 per kg up to March 2011.

We further noticed that the Department instructed (June 2010) the Collectors to purchase *arhar dal* within the ceiling price of ₹ 75 per kg by inviting fresh tender. When the Collector invited (August 2010) a fresh tender for purchase of *arhar dal* during rest part of 2010-11, the supplier moved to the Court of law and the court directed (August 2010) the Collector to be bound to the terms and conditions of agreement dated 25 February 2010 till the date of its expiry on 31 March 2011.

Thus, entering in to an agreement in February 2010 with existing suppliers to supply *dal* up to 31 March 2011 under MDM without fresh bidding in January 2010 itself was irregular and arbitrary and the Collector, Mayurbhanj lost the opportunity to discover competitive market price and also violated prescribed Government procedure.

The Department stated (October 2012) that tender for MDM invited in June 2010 by the district administration could not materialise as the matter became sub-judice due to which the supplier under SNP was asked to supply *dal* under MDM also.

The reply was not tenable since the suppliers were allowed (February 2010) to supply *dal* under MDM from February 2010 and an agreement was entered in February 2010 for supply of *dal* up to March 2011 and that no tender was even initiated during January to May 2010, when the ceiling price of *arhar dal* under MDM was communicated to the districts in January 2010.

3.1.4 Ordering system

3.1.4.1 Short/ non-supply of dal to AWCs / schools

There was short/ non supply of *dal* in feeding centes. *Dal* was also found in damaged condition.

The supplier was to supply *dal* at feeding centre level (AWC/School) or block level as per agreements executed with DSWOs. The DSWOs at district level as well as the CDPOs (for SNP) /BDOs (for MDM) at the block level were responsible for ensuring continuity in supply of the right quantity of *dal* at the right time so that there was no disruption in feeding and at the same time there was no excess procurement of *dal*.

We noticed that in five out of six test checked districts, during 2008-11, the suppliers supplied *dal* at feeding centres in Angul, Balasore, Ganjam, Khordha, Rayagada and in Mayurbhanj the supplies were made at CDPO / block godown which were transported to feeding centres by engaging separate transport contractors. However, the following irregularities and deficiencies were noticed in the distribution process.

- Verification conducted (February 2011) by DSWO, Balasore revealed that there was no stock of *dal* in 798 schools and 265 AWCs out of 3416 schools and 3875 AWCs of the district. *Dal* found in 108 schools and three AWCs was reported by the DSWO to be not fit for consumption due to prolonged storage. In addition, 14.37 quintals of *dal* was found damaged in 29 schools. Admitting the facts, DSWO, Balasore stated that while *dal* was damaged due to non-issue and prolonged storage; *dal* could not be procured and supplied during

February and March 2011 due to seizure of records by Vigilance. The reply was not acceptable as the officers responsible for implementation of the scheme did not ensure supply of adequate quantity of *dal* to AWC / school as per requirement. The Collector, Balasore also observed the same and asked (February 2011) the DSWO as to why it was not brought to the notice of higher authorities. There should have been timely arrangements to avoid excess supply of *dal* / proper utilisation of balance unused *dal* and shortage of *dal* in coordination with neighbouring AWCs/schools. Further, the action taken on quantity of *dal* damaged was not stated.

- In Badasahi block under Mayurbhanj district, four quintals of *dal* was damaged due to soaking in rain water. The Collector, Mayurbhanj instructed (January 2011) to suspend the concerned Lady Social Educational Organiser (LSEO) and call for explanation from BDO for lack of supervision. Action taken in this regard could not be furnished by the DSWO (September 2012).
- Apart from the above, during test check of records of 60 Schools and 60 AWCs, we noticed interruption in feeding for months together due to non / short supply of *dal* against requirement / ordered quantity during 2008-11 as indicted in **Table 3.4** below**:**

Table 3.4: Interruption of feeding in test checked districts

Name of the district and block	*Cases where interruption noticed*		*Period of interruption in days (minimum to maximum)*	
	AWCs	*Schools*	*AWCs*	*Schools*
Angul, Sadar block	10	8	75-205	16-138
Balasore, Bhograi block	9	8	10-299	10-66
Ganjam, Rangeilunda block	9	3	57-273	18-61
Mayurbhanj, Badasahi block	1	7	27	3-74
Rayagada, Sadar block	6	1	5-81	5

(Source: Stock register of AWC/schools concerned)

Though utensils were available, there was shortage of eating plates in all test checked AWCs and schools. However, drinking water facility was available in the test checked AWCs/schools.

While CDPOs/BDOs of Angul (Sadar), Badasahi, Rangeilunda and Rayagada (Sadar) blocks did not offer any comments, the Block Development Officer, Bhograi stated that there was late/short supply of *dal* from the district office.

- We also noticed shortfall against the prescribed visit by the CDPO / BDO in Bhograi, Badasahi blocks as well as by CDPO, Sadar in Angul block and BDO, Sadar block in Rayagada district during the years 2008-11. The inspection of district level officers like DSWO / District Magistrate / Additional District Magistrate in test checked blocks of Angul, Balasore and Mayurbhanj ranged between '0 and 32 *per cent*', '10 and 18 *per cent*' and 'nil' respectively during 2008-11. We noticed that no district level officer visited the test checked AWCs and schools. Thus, the officers responsible to ensure continuous supply of foodstuff could not ensure supply of right quantity *dal*; monitoring was not efficient and well coordinated; it was not based on actual requirement.

3.1.4.2 Non-supply of weighing machine to school / AWC level

Weighing machine was not available in all the feeding centres to cross check the quantity of *dal* delivered by the suppliers

It was noticed that weighing machines were not available in all the feeding centres for measurement and cross checking the quantity of *dal* received from the suppliers. The report (April 2011) of the Monitoring Agency[21] indicated that in 119 out of 200 schools inspected in five districts[22] had short supply of *dal* ranging from one to eight kg per 50 kg bag. We also noticed that Tahasildar, Kanisi in his visit report (August 2010) of Rangailunda block (Ganjam district) has also mentioned about non-availability of weighing machine in schools. In absence of weighing machines, the AWCs/ schools were left with no scope but to accept the quantity of *dal* as supplied by the suppliers.

3.1.5 Deficiencies in quality control mechanism

3.1.5.1 System of quality check was deficient

Departmental guidelines (September 2000) required that every time before receiving the stock from the supplier, the DPC should conduct simple tests[23] in the presence of supplier or his agent by drawing random samples. After conducting the required tests, if the stock supplied was found to be of good quality and fit for human consumption, the same would be received and samples would be drawn for sending the same to the different ICDS Projects/Blocks to verify its matching with the stocks to be received at their end. The WCD Department also authorised (June 2006) Mothers' Committees (MCs) to certify quality of *dal* under both MDM/SNP schemes. It was constituted to lessen the dependence on external monitoring through supervisors / inspectors. Based on the certificate of quality from MCs, payment to the supplier was to be made.

Check of records of test checked DSWOs / CDPOs / BDOs / AWCs / Schools by us revealed the following irregularities.

- We, however ,noticed that the DPC of Angul and Mayurbhanj districts conducted such tests and sample of *dal* was provided to CDPO / BDO in Mayurbhanj, whereas there was no evidence to show that it was given to the CDPO / BDOs in Angul district. In Mayurbhanj district, although the approved samples (by DPC) were sent to CDPOs/ Blocks before effecting supply, designated officers were not sent from CDPO/ Block level to visit AWCs /Schools within two to three days to ensure

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[21] Nabakrishna Choudhury Center for Development studies, Bhubaneswar, a third party appointed by the GoI for monitoring of the MDM programme

[22] Cuttack, Jagatsingpur, Khordha, Nayagarh and Puri,

[23] (i) visual examination of the sample to identify nature of adulteration, ii) physical inspection to know if there is any infestation causing unpleasant odour and taste or excessive moisture or damaged grains, (iii) shaking a portion of the sample with cold/warm water and treatment with hydrochloric acid to find out application of colour, (iv) boiling the sample for 30-45 minutes to estimate the quantity of uncooked portion and judge the edibility of *dal*.

delivery of same quality of *dal* as instructed (August 2009) by the District Collector. No such instructions were, however, issued in Angul district. In these two districts the quality certificate from Mothers' Committee was not obtained, while making payment of ₹ 77.56 crore[24] to the suppliers[25] during 2008-11.

While DSWO, Angul stated (May 2012) to furnish a reply after examination of records, DSWO, Mayurbhanj stated (May 2012) that the CDPOs/BDOs were asked to furnish report on the number of centres in which Mothers' Committee had checked the quality of foodstuff supplied under SNP and MDM. The reply was not tenable since the DSWOs had violated the instructions of the Department (June 2006) according to which payment was to be released to suppliers based on certificate of quality from Mothers' Committee.

- Approved sample of *dal* was not made available to the Mothers' Committees to cross verify at the time of supply in Angul, Balasore, Ganjam, Mayurbhanj and Rayagada districts. In Ganjam, the approved sample of *dal* was shown in panchayat samiti meetings for information of PRI members and verification by the Mothers Committees.

There was absolutely no check of quality of *dal* from the district level to the feeding centre level in Balasore and Rayagada districts. Thus 118494 quintals of *arhar dal* supplied to the feeding centres in these two districts during 2008-11 were not tested for quality, despite Departmental guidelines (September 2000).

In reply, the DSWOs, Rayagada and Balasore (May 2012) stated that no sample was drawn by the DPCs in view of Department's clarification (June 2006) to the effect that the Mothers' Committees were authorised to certify the quality in supersession of the Department's guideline issued in September 2000 and the supplier was supposed to deliver *dal* at AWC/School.

The Department however stated that the district and block level teams visited the centres and schools and the Mothers' Committees were functional in Angul, Balasore and Rayagada districts. Their reports were compiled at block level and reviewed at the district level. The replies were not acceptable in view of the fact that DPCs did not conduct tests and supplied samples to block level teams and the responsibility for ensuring quality lies with the district level committee headed by the Collector as per instructions (September 2010) of the Department.

3.1.5.2 Non-replacement of inferior quality dal

The agreements executed with the suppliers stipulated that if the stock of foodstuff supplied at any time was found not to be of good quality, the

[24] Angul (MDM-8.21+ SNP—11.20)=₹ 19.41 crore, Mayurbhanj (MDM-21.66+ SNP--36.49)= ₹ 58.15 crore

[25] Angul: BMBP Super Bajar, Cuttack; D K Enterprisers, Bhubaneswar; NCCF, Bhubaneswar, Mayurbhanj: NCCF Bhubaneswar, OCCFBhubaneswar, Orissa Order Supplier Bhubaneswar, Sangam International Bhubaneswar;

supplier was to replace the same with prescribed quality of goods within ten days at his own cost.

Though inferior quality *dal* was detected (January 2011) in 32 schools and 11 AWCs in three districts[26], action taken for replacement of said *dal* could not be furnished by concerned DSWOs.

The Department stated (October 2012) that during January to March 2011, 100 *per cent* check was conducted in all schools and around 9000 AWCs, and district administration had withheld ₹ 5.5 crore in Ganjam district. A sum of ₹ 2.3 crore had been withheld in Balasore district. In Mayurbhanj district, the entire quantity of inferior quality *dal* was replaced by the supplier with good ones. This indicated that poor quality *dal* was supplied for which payments were withheld.

3.1.5.3 Consumption of infected dal

One quintal of *dal* infected by insects was used as Take Home Ration after washing and cleaning in Jharpada-I AWC under CDPO (Urban), Bhubaneswar during October and November 2010 under SNP. In three AWCs, viz. Nuagaon Uppersahi, Pokhariput, New Colony and Malisahi 1, 50 kg bag of *arhar dal*, though received (October 2010 under SNP) in fungal infected condition was distributed as Take Home Ration without seeking replacement. The Department stated (October 2012) that an amount of ₹ 11 lakh had been withheld from the supplier of *dal* in Khordha. Adjustment of said withheld amount was awaited (October 2012).

3.1.6 Inspection and Monitoring

The Committees constituted for monitoring programme implementation did not meet regularly

The State Level Steering-cum-Monitoring Committee (SSMC) constituted (January 2006) to monitor programme implementation, assessing the impact, taking action on reports of independent monitoring / evaluation agencies etc had to meet once in every six months. Similarly, Steering-cum-Monitoring Committees at district (DSMC) and block level (BSMC) were to be constituted and meet once in every quarter to review the programme implementation. Besides, Nabakrishna Choudhury Center for Development Studies, Bhubaneswar, a third party was appointed (2006) as a Monitoring Institute (MI) by the GoI, for monitoring of the MDM programme.

We, however, noticed in test checked districts that:

- the SSMC met only thrice (April 2006, December 2006 and September 2010) during 2006-11 since its constitution while during the period covered under audit, it met only once and even did not discuss the MI report (April 2011) though it indicated error signals like supply of short / bad quality *dal*, non-functioning of Mothers' Committees etc;
- the DSMC was not constituted in Balasore district and though formed in Mayurbhanj, it did not meet even once. In both the districts, BSMCs though formed in three to four blocks, they did not meet even once (May 2012) from the year of their formation (September 2006);

[26] Balasore: One AWC, Ganjam: 31 schools and 10 AWCs (as per observation of Tahasildars); and Mayurbhanj: One school.

- though the WCD Department instructed (June 2011) the District Collectors to furnish 'Action Taken Report' (ATR) on the MI report within a week, no ATR from the Collectors and action taken by the Department were available on record;
- internal control in the procurement of *dal* on tendering, quality check of *dal* samples of intending bidders before selecting suppliers / while effecting supply at the district, block and AWC level and in release of payment was not adequate. As per information furnished to audit by the Department, 3737 field visits to AWCs / schools were conducted by officers of ICDS / block in 30 districts during April 2010 to February 2011 wherein they found the quality of *dal* as either 'satisfactory' or 'good'. The visits were not adequate as the coverage was less than three *per cent*[27] compared to the total AWC / schools in the State. The State level officers though visited different districts during 2008-11, their visit notes did not mention any deficiency in quality control viz. non-conducting of tests before supply of *dal,* non-supply of approved *dal* sample to CDPOs/BDOs and Mothers Committees, short/non-supply of *dal* to AWCs/schools and non-availability of weighing machines at feeding centres. However, the report (January 2010) of the Director, Social Welfare in connection with enquiry relating to procurement of *arhar dal* for SNP and MDM revealed that in Deogarh district "tender procedure", "process of supply" and "process of payments" were subverted.
- there was no grievances redressal mechanism in the Department up to August 2010. We noticed that out of 693 grievances received in the Department during September 2010 to March 2011, 67 relating to SNP (25) and MDM (42) were referred by the Department to concerned District Collectors. However, Action Taken Reports from the Collectors as well as action taken by the Department thereon could not be furnished to Audit.
- The vigilance wing of the State conducted raids (in five districts, Balasore, Ganjam, Mayurbhanj, Jajpur and Deogarh) during September 2010 and January/February 2011 based on allegation of supply of poor quality *dal* and supply at higher rates on number of occasions. The Vigilance had pointed out supply of 101110 quintals of poor quality *dal* in four districts and 766 quintals of *butary dal* in place of *arhar dal* in Deogarh district. It also registered FIRs during the same period and the enquiry was under progress (October 2012).

Thus, monitoring and supervision in implementation of the programmes was not adequate and effective for ensuring supply of the 'best quality *dal*' to the beneficiaries.

The WCD Department stated (October 2012) that nationwide survey by Planning Commission had placed Odisha among the top seven best performing states in the country and ranked it as a "good performer"; such results could be achieved with constant monitoring and supervision. The reply of the

[27] Total centres= 143637 (64712 AWCs +78925 Primary and Upper Primary schools), total visits = 3737 (2.6 or 3 *per cent* of total feeding centres)

Department could not indicate the reason for poor monitoring on purchase and distribution of *dal* under SNP and MDM, as discussed in the foregoing paragraphs.

3.1.7 Conclusion

Despite requirement of GoI's guidelines meant for implementation of ICDS, no annual household survey was carried out for assessment of the actual number of beneficiaries. The projected figure included 3.66 lakh non-existent beneficiaries detected by Department during 2010-11. Fixation of ceiling price of ₹ 75 per kg of *arhar dal* as against the existing system of well-publicised bidding / tender process prescribed in the rules and even quoting this ceiling as the rate in tenders, vitiated the procurement process and acted as a deterrent to get the most competitive price which led to loss of ₹ 43.61 crore in 30 districts during April 2010 to March 2011. It was also found that this ceiling price was much higher than the wholesale price of *arhar dal*. Besides, the specification for 'best quality' *dal* as required to be purchased within this ceiling price was also nowhere defined / mentioned by the WCD Department. Tenders were finalised without conducting the prescribed quality tests. There was undue rejection of suppliers on the plea that the supplier quoting lower price than the Government ceiling price would not be able to supply best quality *dal*. While 109357.24 quintals *dal* was procured without conducting prescribed tests at the test checked district level, 118494 quintals of *dal* was supplied without obtaining the prescribed certificates from Mothers' Committees at the feeding centre level. Monitoring of the implementation of the programmes was not adequate as the State level Steering-cum-Monitoring Committee did not meet regularly. The Committees at district and block levels were either not constituted or where ever constituted, these also did not meet regularly.

3.1.8 Recommendations

- Assessment of number of beneficiaries under SNP may be made with annual household survey as prescribed by GoI under ICDS guidelines to eliminate non-existent beneficiaries.
- With procurement decentralised to AWCs (for SNP) and schools (for MDM), it must be ensured that the Mothers Committees are provided with the necessary wherewithal in the form of quality-monitoring infrastructure to assess the quality of *dal* on the spot scientifically instead of relying on mere eye estimate.
- Monitoring Mechanism at the District, Block and the feeding centre level may be strengthened and made effective to ensure supply of appropriate quantity of quality food stuff to the beneficiaries.
- AWCs (for SNP) and schools (for MDM) should be made responsible for ensuring administration of quality *dal* to the beneficiaries.
- Appropriate legal action may be taken against the suppliers of sub-standard quality of *dal* and blacklisted from supplying in any district in future and appropriate conditions incorporated in the terms and conditions of supply of *dal* by these agencies.
- Supply of quality *dal* under both the schemes may be ensured.

HEALTH & FAMILY WELFARE DEPARTMENT

3.2 Functioning of Blood Banks in the State

3.2.1 Introduction

A well organised Blood Transfusion Service (BTS) is a vital component of any healthcare delivery system. The Government of India (GoI) formulated (April 2002) National Blood Policy (NBP) for elimination of transfusion transmitted infection and for provision of safe and adequate blood transfusion services to the people through voluntary and non-remunerated blood donors. Human blood, as a substance is intended to be used in the diagnosis, treatment mitigation or prevention of any disease or disorder in human beings and thus is covered under the definition of 'drugs' under the Section 3(b) of the Drugs & Cosmetics Act 1940. So, 'Blood Banks[28](BBs) are regulated under the said Act and Rules framed there under, through issue of license by the Drug Controllers after conducting inspection along with the Central License Approving Authority.

The Commissioner-cum-Secretary, Health & Family Welfare (H&FW) Department acts as the President of the State Blood Transfusion Council (SBTC) which is entrusted with the entire range of services related to operation and requirements of BBs. The Drugs Controller, (DC) Odisha is the regulatory body under the provisions of Drugs and Cosmetics (D&C) Act 1940 for issue of license, conducting inspections jointly with the Central Drugs Standard Control Organisation, East Zone, Kolkata (CDSCO,EZ), renewing the licenses of BBs after being satisfied with the availability of required manpower and infrastructure based on such inspections. As of March 2012, 81 BBs were functioning in the State. While 57 of them were jointly managed by the State Government and Indian Red Cross Society (IRCS), other 24 BBs were run by Public Sector Undertakings (PSUs) (eight), private bodies (nine) and charitable institutions (seven).

3.2.1.1 Audit Objectives

We took up the audit with the objective of assessing whether:

- institutional arrangements to ensure availability of Blood Banks / Blood Storage facilities in all health care units exist and institutions providing surgical treatment was available, adequate and effective;
- adequate mechanism existed for extraction, testing and storage of blood under hygienic conditions to ensure availability of quality blood, safety of donors and optimal utilisation of extracted blood and blood components;

[28] Blood Bank means a place or organisation or unit or institution or other arrangements made by such organisation, unit or institution for carrying out all or any of the operations for collections, aphaeresis, storage, processing and distribution of blood drawn from donors and / or preparation, storage and distribution of blood components.

- required manpower and infrastructure were adequately available, and were managed effectively and
- the system of licensing, renewal, inspection and monitoring was efficient and effective.

3.2.1.2 Audit criteria

Audit criteria were drawn from NBP 2002, Drugs & Cosmetics Act, 1940 and Rules framed thereunder, 'Standards for Blood Bank and blood transfusion services'(2007) prescribed by the Government of India (GoI), Orissa State Integrated Health Policy 2002, instructions issued by the State and Central Government from time to time and prescribed monitoring mechanism.

3.2.1.3 Audit Scope

We reviewed the functioning of 13 Blood Banks[29] (out of total 81 operating in the State) covering the period 2009-12, during June to August 2012. Twelve BBs were selected based on Stratified Random Sampling without Replacement (SRSWOR) method[30] using IDEA considering units of blood collected during calendar year 2009-2011 as the stratification field. Apollo Hospital, Bhubaneswar was taken as an additional sample due to very high increase in blood collection during calendar year 2011over its previous year's collection.

3.2.1.4 Methodology

We examined the records of the Blood Banks and collected information through questionnaire and structured data-formats. Records of H&FW Department, SBTC, Orissa State Aids Control Society (OSACS) and Drugs Controller, Odisha were also test checked. We also conducted joint physical inspection of one out of 13 test checked Blood Banks.

Audit findings

Audit findings and observations are discussed in succeeding paragraphs.

3.2.2 Availability of Blood Banks and Blood Storage facilities

3.2.2.1 Non-availability of Blood Banks at rural areas

Odisha State Integrated Health Policy, 2002 emphasised ensuring availability and distribution of blood in rural areas. We noticed that there were 242 posts of Surgery Specialists in three Medical College Hospitals (MCHs), 30 District Headquarters Hospitals (DHHs), two special hospitals (Bhubaneswar and Rourkela), 22 Sub-Divisional Hospitals (SDHs) and 133 out of 378 Community Health Centres (CHCs) of the State as of 31 March 2012 for surgical treatment

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29 Apollo Hospital Bhubaneswar; Catholic Mission Hospital, Bargarh; Christian Hospital, Nawarangpur; CRCBB, Cuttack; Hi-tech Hospital, Bhubaneswar; Kalinga Hospital, Bhubaneswar; MKCG MCH, Berhampur; Nalco, Damanjodi; Nehru Satabdi Hospital, Talcher; ORCBB, Government Hospital Campus, Rourkela; ORCBB, SDH, Patnagarh; ORCBB SDH Rairangpur; SCB MCH, Cuttack,

30 Six (10 *per cent* of 57) under Government sector and two (25 *per cent*) each from PSU, Charitable and private category

and availability of safe blood at these hospitals. Besides, 1214 Primary Health Centres (PHCs) were also functioning in rural areas of the State.

Fifty-seven BBs in Government sector were available at Medical College & Hospital (3), District Headquarters Hospital (30), Special Hospitals at Bhubaneswar and Rourkela (2), Sub Divisional Hospitals (19), one municipal Hospital and two CHCs (Kantabanjhi and Jajpur Road), all at urban areas in 30 districts of the State. Thirteen[31] districts with population ranging between 3.12 lakh and 16.98 lakh were having only one Government Blood Bank each at the district headquarters while remaining 17 districts were having two to four Government BBs. Similarly, only four[32] out of remaining 24 other BBs (managed by PSUs, private and charitable bodies) are located at block headquarters while remaining 20 BBs are available either in District/Sub Division headquarters or in urban areas. Thus, only four BBs out of 81 BBs are available at block level in rural areas and no Blood Bank is available below block level in rural areas in the State.

We further noticed that annual average demand of blood in the State during calendar year 2009 to 2011 was 2.93 lakh units against which availability was 2.53 lakh units leading to annual average shortage of about 0.40 lakh units as detailed in the table given below.

Table 3.5: Demand of supply of blood units in the state

Year	Total demand	Total supply/availability	Shortage
2009	280000	231053	48947
2010	300000	254599	45401
2011	300000	274323	25677
Average	**293333**	**253325**	**40008**

Source: Information supplied by SBTC

Above shortage of blood units indicated that there is a emergent need for setting up more BBs in the State.

The Director, SBTC while accepting the audit observation (June 2012) stated that Blood Bank/Blood Storage Centres in each of the CHC and Block PHC could not be set up due to lack of trained personnel, constraints on space, utilisation capacity of blood and blood products, non submission of required documents and of compliance report by the centres concerned. However, the Department stated (October 2012) that the available number of BBs and 28 Blood Storage Centres (BSCs) at CHC level were able to meet the blood and blood products requirement for the State. The reply of the Department was not tenable as the availability was less than the annual demand projected by SBTC in all the three years (2009 to 2011) and Blood Banks were absent in the rural areas.

[31] Population of Bhadrak, Boudh, Deogarh, Gajapati, Jagatsinghpur, Jharsuguda, Kendrapara, Malkangiri, Nawarangpur, Nayagarh, Puri, Rayagada and Subarnapur as per Census 2011 (Provisional)

[32] Asha Kiran Hospital, Lamtaput; Christian Hospital, Bissam Cuttack; Evangelical Hospital, Khariar; and JMJ Hospital, Barapali

3.2.2.2 Non-availability of Blood Storage Centres at CHC level

Drugs & Cosmetics Rules[33] read with Indian Public Health Standards(IPHS) for Community Health Centres (CHCs) prescribed in 2007 required availability of 'Blood Storage Centres' (BSCs)[34] in each of the First Referrals Units (FRUs) and CHCs and had also prescribed the Guidelines thereof. As of March 2012, such BSCs were available in 28 out of 378 CHCs of the State.

The Department stated (October 2012) that steps have been taken under National Rural Health Mission (NRHM) to set up BSCs in all FRUs. The reply was not acceptable as BSCs are required to be set up in all CHCs as per IPHS and not only in FRUs. Besides, the State had set up 93 FRUs only as of September 2012 against a target of 145, where as BSCs are available in only 28 CHCs. This is indicative of non-availability of blood in most of the rural hospitals.

3.2.2.3 Blood Banks functioning without valid license/renewal

As blood is covered under 'drugs', BBs are regulated under the Drugs and Cosmetics Act and Rules made thereunder through grant of license for operating Blood Banks by the State Licensing and Central License Approving Authorities after being satisfied on conducting joint inspection about availability of prescribed infrastructure and manpower. The license is valid for five years after which, renewal of the same was to be made after conducting fresh joint inspection. We however, noticed that as of June 2012, 68 BBs (83.95 *per cent*) i.e. 46 BBs (67.65 *per cent*) in Government sector and 22 BBs (32.35 *per cent*) in PSUs and private sector were functioning without renewal of license. We noticed that the reason for non-renewal of licenses was non-conducting of joint inspections after expiry of licenses though the licenses expired between December 1978 and December 2011 as well as non-compliance by BBs to deficiencies reported during joint inspections. We also noticed that 27 out of above 68 Blood Banks though did not comply with the deficiencies pointed out by DC during joint inspections conducted in these BBs during October 2009 and August 2011, were still functioning without renewal of licenses (June 2012).

The Department attributed (October 2012) the reason to non-availability of sufficient staff at the Central License Approving Authority level for conducting joint inspection and assured to issue validity certificates after necessary inspection by deputing Range Drug Inspector (RDI) and DI of Odisha State Aids Control Society (OSACS) subject to fulfillment of statutory requirements and that for non-compliance with the deficiencies pointed out, show cause notice would be issued. Action in this regard was awaited (October 2012).

[33] Schedule K of Drugs & Cosmetic Rules, 1945 under Sl No.5(B) (Amended) vide Ministry of Health & Family Welfare, Department of Health vide Notification No.GSR 909(9) dated 20 December 2001

[34] Blood Storage Centres can store blood packets under prescribed conditions for issue to needy patients but can not collect blood

3.2.2.4 Non availability of networking facilities in BBs managed by PSUs and private sector

National Blood Policy envisaged that the State Government was to develop computer based information and management systems for use by all BBs regularly to facilitate networking. Quantity of different groups of blood available at any time in Government BB is accessible by public from NRHM, Odisha website. Online donor registration, status of issued blood and status of e-camp registration are other innovations under the programme which were available only in government BBs. We, however, noticed that though 56 out of 57 BBs in Government sector were networked, none of other 24 BBs (including eight BBs of PSUs) has been networked as of 31 October 2012.

The Department stated (October 2012) that all the private BBs have already been connected under e-Blood Bank system since September 2012. However, reply of the Department was not acceptable as BBs managed by PSUs and private sectors were yet to be networked as confirmed (November 2012) from e-Blood Bank system.

3.2.3 Availability of quality blood and blood components

For quality, safety and efficacy of blood and blood products, the essential requirement as set out in the National Blood Policy (NBP) was well equipped blood centers with adequate infrastructure and trained manpower. The NBP reiterates commitment of the GoI to provide safe and adequate quantity of blood, blood components and blood products to encourage appropriate clinical use of blood and blood products. We examined the compliance to the conditions prescribed in the 'Drugs and Cosmetics Rules' and 'Standard for Blood Banks and Blood transfusion Services' with regard to donor safety and collection of quality blood and noticed non maintenance of details of donors' record properly and collection of blood from ineligible donors etc. as discussed in succeeding paragraphs.

3.2.3.1 Collection of blood from ineligible donors

Drugs and Cosmetics Rules 1945 required maintenance of blood donor record in each BB *inter alia* indicating serial number, date of bleeding, name, address and signature of the donor with other particulars of age, weight, haemoglobin, blood grouping, blood pressure, signature of the Medical Officers etc. to ensure that blood is not collected from ineligible donors. Besides, to ensure availability of safe and quality blood for patients, Drugs and Cosmetic Rules 1945 as well as 'Standard for Blood Banks and Blood Transfusion Service' prescribed that blood should be accepted from voluntary, non-remunerative, low-risk, safe and healthy donors who should be within the age group of 18-65[35] years, weight should not be less than 45 kg and haemoglobin not less than 12.5 gm/dl.

[35] Published in the Gazette of India (extraordinary) part II, Section 3, subsection (i) vide Notification GSR101(E) dated 18 February 2011 of Drugs and Cosmetics (2nd Amendment) Rules, 2011, Ministry of Health and Family Welfare, GoI (Prior to 18 February 2011, upper age limit of blood donor was 60 years)

We test checked the records of 5153 (***Appendix 3.2.1***) donors of 13 test checked BBs and noticed that these standards were not complied with by many BBs and donor safety was compromised in some cases as discussed below.

Table 3.6: Stipulated conditions for the drawal of blood and audit findings

Conditions stipulated for the drawalof blood	Audit findings
Age : Donor should be within the age group of 18 to 65 years	Three[36] out of 13 test-checked BBs collected blood from five under-aged donors (less than 18 years) and two over-age (more than 65 years) donors. No age was recorded in 257 cases in seven test checked BBs;
Weight: weight of donor should not be less than 45 Kg	Two[37] out of the 13 test checked BBs collected blood from five under-weight donors (less than 45 kg) while weight was not recorded in 1027 cases (19.93 *per cent)* in nine test checked BBs
Haemoglobin content: haemoglobin content of donor's blood should not be less than 12.5 gm/dl. Persons with haemoglobin less than this cannot be treated as healthy persons for blood donation. Further, blood weak in haemoglobin content does not help in carrying oxygen to the cells of the patient.	Five[38] out of the 13 BBs test checked collected blood from 158 donors with poor haemoglobin content[39] while nine BBs did not record haemoglobin content in 4781 cases (92.78 *per cent*).

In 13[40] test checked BBs, vital data like date of bleeding (70), blood pressure (287) and blood grouping (36) was not recorded in the blood donor registers due to which the eligibility of donors could not be examined in audit. Besides, in 337 cases, signatures of the Medical Officers were also missing. A specimen of the blood donor's record is shown on next page.

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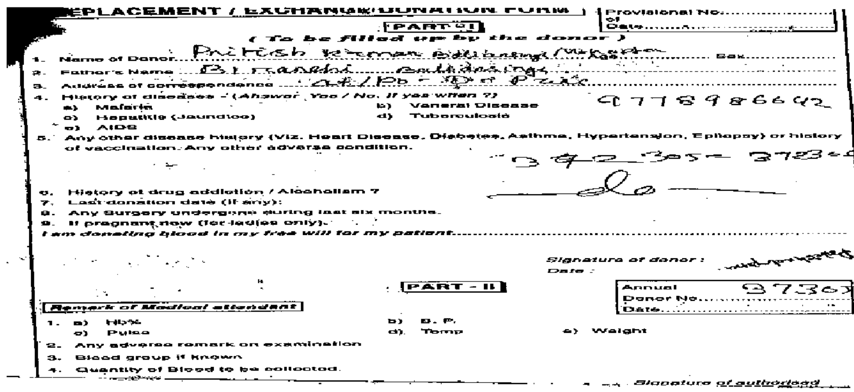
[36] Apollo Hospital, Bhubaneswar; Catholic Mission Hospital, Bargarh; Kalinga Hospital, Bhubaneswar

[37] Hi-tech Hospital, Bhubanesw ar and Kalinga Hospital, Bhubaneswar

[38] Apollo Hospital, Bhubaneswar; Catholic Mission Hospital, Bargarh; Christian Hospital, Nawarangpur; Hi-tech Hospital, Bhubaneswar and ORCBB,SDH, Patnagarh

[39] Persons with haemoglobin less than the prescribed quantity of 12.5 gm/dl were not to be treated as healthy person for blood donation. Further, blood weak in haemoglobin content does not help in carrying oxygen to cells of the patient.

[40] Apollo Hospital, Bhubaneswar; Catholic Mission Hospital, Bargarh; Christian Hospital, Nawarangpur; CRCBB, Cuttack; Hi-tech Hospital Bhubaneswar; Kalinga Hospital, Bhubaneswar; MKCG, Berhampur; NALCO Damanjodi; Nehru Satabdi Hospital, Talcher; ORCBB, Government Hospital campus, Rourkela; ORCBB, SDH, Patnagarh; ORCBB, SDH Rairangpur and SCB M&CH, Cuttack


EPLACEMENT / EXCHANGE/DONATION FORM

Provisional No.
of
Date

PART - I

(To be filled up by the donor)

1. Name of Donor ... Age ... Sex
2. Father's Name
3. Address of correspondence
4. History of diseases - (*Answer Yes / No. If yes when ?*)
   a) Malaria b) Veneral Disease
   c) Hepatitis (Jaundice) d) Tuberculosis
   e) AIDS
5. Any other disease history (Viz. Heart Disease, Diabetes, Asthma, Hypertension, Epilepsy) or history of vaccination. Any other adverse condition.
6. History of drug addiction / Alcoholism ?
7. Last donation date (if any):
8. Any Surgery undergone during last six months.
9. If pregnant now (for ladies only).

I am donating blood in my free will for my patient.

Signature of donor :
Date :

PART - II

Annual
Donor No.
Date

Remark of Medical attendant

1. a) Hb% b) B. P.
   c) Pulse d) Temp e) Weight
2. Any adverse remark on examination
3. Blood group if known
4. Quantity of Blood to be collected.

Signature of authorised

Specimen of a blood donor record of CRCBB, Cuttack where vital data (age, weight, Hb *percentage* etc.) of donor was not recorded

Blood Bank Officers attributed this to the high collection, shortage of manpower, overcrowding of patient's relations and clerical errors of staff. The reply was not convincing as failure to record such vital details was fraught with the risk of collection of inferior quality and unsafe blood.

Such irregularities remained unnoticed by the controlling authorities as regular inspection of BBs were not conducted by the Drug Inspectors (as discussed in succeeding ***paragraph 3.2.5***) since frequency of such internal inspection was not prescribed by the Drug Controller/State Government. This was fraught with the risk of putting the safety of both the donors and patients in danger.

The Department stated (October 2012) that for better maintenance of records, required registers have been printed centrally and supplied to all BBs and that under e-Blood Banking system, 348 donors have been deferred[41] from the donor questionnaire and medical examination level. Regarding collection of blood from ineligible donors, the Department while noting the observation for future guidance stated that instructions have been issued for smooth management of blood donation.

3.2.3.2 Non-conducting HIV tests due to want of ELISA Reader

Standard for Blood Banks and Blood Transfusion Service prescribed for conducting test for Human Immunodeficiency Virus (HIV) (I and II) Hepatitis C virus (HCV), and Hepatitis B Virus, Malaria and Syphilis after collection of blood but before issue to patients. These were treated as mandatory tests by the SBTC.

But, we noticed that during calendar year 2009 to 2012[42] while four BBs did not conduct such tests in respect of 24673 out of 44292 units of blood collected in emergency cases despite availability of such equipment like ELISA Reader, other four BBs did not conduct the same in respect of any of

[41] Deferred: names of donors deferred temporarily or permanently for donation of blood due to certain diseases like Hepatitis B or C, Aids related complex, abnormal bleeding, epilepsy, diabetics on insulin, cancer, thalassemia, sickle cell and anaemia etc.

[42] Figures of the year 2012 is up to the month of March

the 14750 units of blood collected during that period (as detailed in ***Appendix 3.2.2)*** on the ground of non availability of ELISA reader and other equipment required for conducting these tests. This indicates that these BBs were violating the rules in collection, storage and issue of blood which would put the patients facing the risk of low quality blood.

The Department stated (October 2012) that steps have been initiated for supply of ELISA reader to all Government sector Blood Banks and that order had been issued to all Blood Banks to carry out the test through ELISA Method.

3.2.3.3 Shortage of equipment due to non-procurement by the BBs

Drugs and Cosmetics Rules 1945 prescribed that equipment were to be made available for collection, processing, testing, storage and sale/distribution of blood and its components in Blood Bank. However, we found that in 11out of 13 test checked BBs, many of the prescribed equipment were not available with the result the quality of blood distributed by these BBs could not be ensured.

The Director, SBTC stated (October 2012) that instructions were issued to all BBs to procure necessary equipment as per D&C Act and Rules, failing which action would be taken against the erring BBs. Action in this regard was awaited.

3.2.3.4 Absence of Quality Assurance Manager

National Blood Policy (objective 3.2) prescribed for introducing a quality system scheme in all BBs. It also required for designating a Quality Assurance Manager (QAM) at any Blood Bank collecting more than 15000 units of blood per year to ensure quality of blood. 'Standards for Blood Banks and Blood Transfusion Services' prescribed for appointment of a QAM in all BBs collecting more than 10,000 units of blood per year. The QAM has to be exclusively responsible for quality assurance only.

We found that eight out of total 81 BBs of the State were collecting more than 10000 units, out of which four BBs were collecting more than 15000 units of blood per year where QAM was to be engaged. We examined the records of SBTC and found that out of these eight BBs, QAM was engaged only in one BB (Central Red Cross Blood Bank, Cuttack) and no QAM was engaged in remaining seven BBs[43].

The Department stated (October 2012) that instruction has been issued to designate one of the existing staff of each such BBs as a QAM. However, action taken by the Department was not in consonance with the guidelines of NBP 2002 as well as Standards for Blood Banks and Blood Transfusion Services that QAM will be exclusively responsible for quality assurance only.

[43] Three MCH; DHH, Angul, DHH, Balasore; Capital Hospital Bhubaneswar and Municipal Corporation Hospital, Bhubaneswar

3.2.3.5 Ineffective calibration of equipment by the Blood Banks

The Drugs & Cosmetics Rules, 1945 *inter alia* require that equipment used in collection, processing, testing, storage and sale/distribution of blood and its components are to be observed, standardised and calibrated on a regularly scheduled basis. The frequency of calibration of various equipment was also prescribed in said rule. However, we observed that available equipment were not calibrated in three[44] Blood Banks (Government: one and others: two) during 2009-12. Equipment like Refrigerated centrifuge and Autoclave in one Blood Bank (CRCBB, Cuttack) and Refrigerated centrifuge in another Blood Bank (Hi-tech Medical Hospital, Bhubaneswar) were calibrated only once during 2009-12 instead of calibration after each day of use as prescribed in D&C Rules. Annual Maintenance Contract for equipment supplied by NACO/OSACS was not also ensured.

The Department (October 2012) noted the audit findings for betterment of blood transfusion service. The point remains that many equipment remained without calibration. Absence of calibration of equipment at regular intervals is fraught with the risk of the inaccurate and unreliable results/reading which would result in unreliable quality of blood collection, storage and issue which ultimately put patients in risk.

3.2.3.6 Inadequate blood components separation units

National Blood Policy (objective 5.6) provided availability of blood components through a network of BBs by creating adequate number of blood component separation units. Such facilities are required for separation of whole blood into its constituent components – red cells, platelets and plasma for use when these specific components only are required.

We, however, noticed that only 11 BBs[45] (Government: seven, PSU and private: four) out of total 81 BBs in the State, had blood component separation facilities. We also noticed that six (sampled BBs) out of these 11 BBs did not have equipment required for extraction of safe and quality blood components (***Appendix 3.2.3***). Due to absence of such facilities in 70 out of 81 BBs in the State, blood components could not be separated from whole blood for use of specific components.

The Department stated (October 2012) that steps had been initiated to establish more number of blood component separation centres after proper identification of BBs. The reply was not tenable as only 14 *per cent* of BBs were having blood component separation facilities due to which optimal utilisation of this precious resource could not be ensured.

[44] Kalinga Hospital, Bhubaneswar; Nehru Satabdi Hospital Talcher and SCB M&H Cuttack

[45] Apollo Hospital, Bhubaneswar; CRCBB, Cuttack; Hi-tech Hospital, Bhubaneswar; IM&BTC IGH, Rourkela; Kalinga Hospital, Bhubaneswar; ORCBB DHH, Angul; ORCBB Municipal Hospital, Bhubaneswar; SCB MC&H, Cuttack, MKCG MC&H, Berhampur, ORCBB Capital Hospital , Bhubaneswar and ORCBB VSS MC&H, Burla.

3.2.3.7 Non-enactment of rules for registration of nursing homes for affiliation with a licensed Blood Bank

As per objective 8.6 of the National Blood Policy 2002, the State was to enact rules for registration of nursing homes wherein a provision for affiliation with a licensed Blood Bank for procurement of blood for their patients was to be incorporated. However, we found that Blood Bank Officers, RGH, Rourkela and Apollo Hospital, Bhubaneswar had supplied blood to 13[46] nursing homes during 2009-12 though these nursing homes were not affiliated to these Blood Banks.

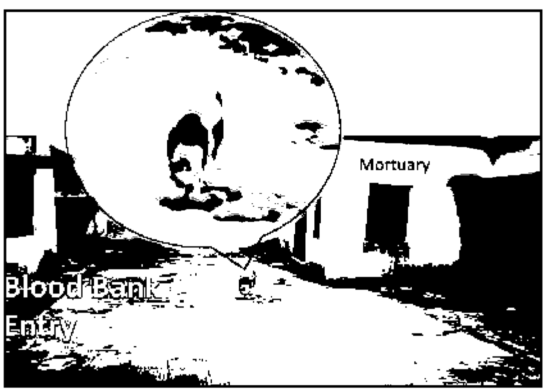
The Department assured (October 2012) to issue necessary instructions to enforce the same. It is pertinent to mention here that no rule, as required has been framed so far (October 2012).

3.2.4 Inadequate physical and human infrastructure

3.2.4.1 Inadequate physical infrastructure

As per Drugs and Cosmetic Rules 1945, the Blood Bank should be located at a place which should be away from open sewage, drain, public lavatory or similar unhygienic surroundings and the entry of insects, rodents and flies should be avoided. Drug Inspectors should examine premises, equipment, processing of blood and the professional qualification of staff before issue and renewal of licenses.

However, joint inspection of premises of SCBMCH Blood Bank, Cuttack conducted by us along with the concerned Blood Bank Officer on 16 July 2012 revealed that (a) a mortuary (dead body room) existed within the premises of the Blood Bank at a close proximity of hardly 10 metres from the Blood Bank building, (b) the premises of the Blood Bank was filled with unhygienic water and littered with garbage indicating unhygienic surroundings and (c) the clothing, pillow and other belongings soaked with organic wastes of the dead bodies were thrown inside the premises encouraging the stray dogs to enter the premises of the Blood Bank. These are depicted in the photograph.



A stray dog devouring organic wastes thrown within Blood bank premises of SCB M&H, Cuttack

The Blood Bank Officer while confirming the facts stated (July 2012) that the dead body room existed prior to shifting of BB in July 2011 and assured to take up the issue on priority basis.

[46] Rourkela: 10 (Catholic Mission Hospital Nuagaon; Purnima Nursing Home, Jhirpani; City Hospital; Goodwill Hospital, Uditnagar; Vesaj Patel Hospital; Shanti Memorial Hospital; Hi-tech College & Hospitals; Lifeline Hospital; Sudha Nursing Home; Avinash Hospital) and Bhubaneswar:3 (Sparsh, Hemalata and Care Hospitals)

The Department stated (October 2012) that all BBs are fulfilling the statutory requirement of infrastructure and noted the observation for future guidance.

3.2.4.2 Capacity building of human infrastructure

'Standards for Blood Banks and Transfusion Services' prescribed that all staff of BBs should be encouraged to participate in continuing medical education programmes and were to be provided training and facilities for implementing universal precautions for hospital acquired infections and Bio-safety Guidelines. It also required that proficiency test of all technical staff should be conducted annually to ensure reliability of their performance. Besides, in all medical colleges, a Department of Transfusion Medicine was to be established. NBP also required for creation of a separate cadre of doctors for Blood Transfusion Service. We reviewed these arrangements and found that;

- Though SBTC conducted training programme each year for clinicians and Under-graduate / Post Graduate students of three medical colleges, 53 (48 *per cent*) out of 110 doctors and staff working in 10 out of 13 test checked Blood Banks were not imparted any training on blood transfusion services ***(Appendix 3.2.4)***. In reply, the Council stated that training was imparted to all BB Officers in September 2012 and assured to provide training to remaining BB staff.
- As per objective 6.1.1 of NBP, a separate Department of Transfusion Medicine has not been established in three Government run Medical Colleges of the State as of March 2012. The Department stated (October 2012) that it had already initiated action for opening of such Department in three Government medical colleges. However, the said Department had not yet been opened.
- A separate cadre of doctors for blood transfusion services in all BBs has not been created (June 2012) in the State as required under objective 6.7 of NBP. The Department noted (October 2012) the observation.
- Corpus Fund was not made available to SBTC to facilitate research in transfusion medicine and technology related to blood banking as required under objective 7.1 of the NBP. The Department stated (October 2012) that Corpus fund was available as all the BBs were contributing an amount of rupees five for each bag to SBTC. The reply was not tenable as the SBTC stated (November 2012) that rupees five collected towards a Council Fund which was being utilised to meet day to day expenses of the establishment and the Corpus Fund was yet to be created for facilitating research in transfusion medicine.
- Multi-centric research initiatives on issues related to blood transfusion were to be encouraged as required under objective 7.3 of the NBP, the approval of which was awaited from the governing body of SBTC as of July 2012. The Department stated (October 2012) that such initiatives would be encouraged after functioning of the Department of Transfusion Medicine in three Government Medical Colleges.

3.2.5 Efficiency and Effectiveness in Inspection and Monitoring

3.2.5.1 Inefficient and ineffective inspection

The Drugs Controller of Odisha issues licenses to Blood Banks with the approval of Drugs Controller General (India), New Delhi after verification and conducting joint inspection along with the Drugs Inspectors (DI) of Central Drugs Standard Control Organisation, East Zone (CDSCO, EZ) and Orissa State Aids Control Society (OSACS). Such Joint Inspections are to be conducted before issue of license and renewal of license to ensure availability of prescribed equipment, infrastructure and man-power required for proper functioning of Blood Banks. Besides, as per Rule 52 of Drugs and Cosmetics Rules, Drug Inspectors have to inspect not less than once a year, all premises licensed for manufacture of drugs *inter alia* to satisfy that all provisions of Drugs and Cosmetics Act and Rules framed there under are complied. We, however, noticed the following irregularities.

- Inspecting authorities (DI of CDSCO, EZ, OSACS and Drugs Controller of Odisha) did not conduct any joint inspection in 43 (out of 81) BBs during 2009-12. In remaining 38 BBs, 43 inspections (11 in 2009-10, 10 in 2010-11 and 22 in 2011-12) were conducted once in 33 BBs and twice in five BBs during this period.Thus, during 2009-12, the Drug Inspectors conducted 43 inspections against 243[47] due. On scrutiny of these inspection reports, we found that out of 38 BBs inspected during 2009-12, compliance to deficiencies pointed out in 27 reports were not furnished by concerned BB to the Drugs Controller, Odisha (June 2012).

  The Department stated (October 2012) that instruction had been issued to all DIs to inspect BBs under their jurisdiction at least once in a year along with DI, OSACS or alone.

- As per Objective 3.1.4 of NBP, the Drug Controller (DC) of Odisha has to effectively monitor the functioning of Blood Banks. Besides, the SBTC has to create a vigilance cell to enforce compliance with the provisions of D&C Rules. However, vigilance cell to enforce compliance with the provisions of D&C Rules by BBs was not set up. Besides, the DC did not effectively monitor the functioning of the BBs as no norm for inspection by Drug Inspector was even prescribed. The Department stated (October 2012) that such vigilance cell would be designated in future.

- Objective 3.2.2 of NBP required for putting in place an internal audit system in BBs. However, no such internal audit system has been introduced. The Department stated (October 2012) that the same would be implemented in future.

- A separate BB cell with trained officers and inspectors was not created in the State for proper inspection of BBs and enforcement of conditions mentioned in the license despite requirement under objective 8.4 of NBP. The Department assured (October 2012) to implement the same in future.

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[47] 243 = Three years @ one inspection per year in 81 BBs

3.2.6. Ineffective monitoring

3.2.6.1 Non formation of Managing Committee for effective functioning of BBs

As per SBTC instructions (25 February 2001), the Managing Committee (MC) of BBs were to be formed. They were required to meet thrice in a year for effective management of Blood Banks. However, we found that MCs were not formed in four[48] (one Government and three private) out of 13 test checked Blood Banks as of March 2012. Though remaining nine BBs formed their MC, they did not meet regularly for effective management of Blood Banks as indicated in ***Appendix 3.2.5***. This clearly indicates the lack of monitoring in the BBs. The Department replied that it had noted the observation for future implementation.

3.2.6.2 *Non formation of Committee for scrutinising / grant/ renewal of license*

As required under objective 8.1 of NBP, SBTC instructed (25 February 2001) that a Committee comprising members from SBTC including Transfusion Medicine expert, Central and State Licensing Authorities for each BB was to be formed, which was responsible to scrutinise all applications for grant/renewal of license as per guidelines provided by the Drugs Controller of India, before submitting to the DC. However, we noticed that no such Committee was formed in the State.

The Director, SBTC stated (July 2012) that necessary steps would be taken for constitution/formation of the said Committee.

3.2.7 Conclusion

The functioning of Blood Banks in the State was not satisfactory. BB/BSC were not available in rural areas. About 84 *per cent* of BBs in Government, PSUs and private sector were functioning without valid license as the licenses were not renewed and joint inspections were not conducted even once in five years. Donor safety was compromised. Blood was collected from ineligible donors while data on age, weight, haemoglobin content etc.were not recorded in the donor's record. Quality Assurance Managers were not posted in major BBs to exclusively deal with quality parameters. Ineffective calibration of equipment did not ensure quality of blood. Department of Transfusion Medicine was not established in any of the three Government Medical Colleges of the State. Separate cadre for Blood Transfusion Service was not created. Vigilance cell as well as separate BB cell with trained officers and Inspectors for proper inspection of BBs was not set up. Internal Audit system was not introduced in BBs. Although specific rules were framed for ensuring the safety of blood donors, a majority of the BBs verified in audit flouted the rules. Non-compliance of the Rules and inadequate monitoring by Drug Inspectors resulted in several deficiencies endangering the safety of both the donor and the patients.

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[48] Christian Hospital, Nawarangpur; Hi-tech Hospital Bhubaneswar; Kalinga Hospital, Bhubaneswar and SCB MC&H, Cuttack

3.2.8 Recommendations

Based on our findings, we recommend that Government may take adequate and effective steps to:

- ensure that no BB operates without valid license or renewal of expired license and arrange for joint inspection of existing BBs whose licenses have already expired;
- enforce collection of blood from eligible donors and ensure maintenance of records of donors properly;
- ensure supply of ELISA Reader machine to all BBs and enforce screening of blood for HIV, HBV and HCV in all cases;
- ensure timely calibration of equipment and provide required equipment on priority to BBs not having the same;
- ensure posting of Quality Assurance Managers in BBs collecting more than 10000 units of blood per annum;
- provide training to all BB officers and technical staff engaged in blood banking and conduct proficiency test for all technical staff annually to ensure reliability of their performance;
- create a vigilance cell as well as separate BB cell with trained officers and Inspectors for proper inspection of BBs ;
- strengthen the monitoring mechanism by prescribing quantum of inspections of BBs to ensure proper functioning;
- tighten the regulatory mechanism and fix responsibility on all BBs those violate provisions of Drug and Cosmetics Act and rules framed there under.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Functioning of Trauma Care Centres on National Highways

3.3.1 Introduction

Government of India (GoI) introduced (November 1999) a pilot project scheme, namely, 'Upgradation and strengthening of emergency care services in State hospitals located near National Highways' to provide immediate treatment to accident victims. The scheme provides for 100 *per cent* financial assistance by the GoI for developing a network of Trauma Care Centres (TCCs) along the Golden Quadrilateral[49]. The grants covered various components like civil works, equipment, manpower, communication system, training, legal services etc depending on the level of upgradation of a particular hospital. Subsequently, GoI modified the above guidelines in July 2005 and accordingly draft Memorandum of Understanding (MoU) was to be signed between the State Government and GoI for establishment of TCCs in collaboration with National Highways Authority of India (NHAI) and Union Ministry of Road Transport.

Accordingly, Government of Odisha (GoO) signed an MoU (February 2008) with the Union Ministry of Health and Family Welfare (MoH&FW), GoI.The health care facilities along the Golden Quadrilateral were to be identified by GoO to provide trauma care services and designate them as Level-I,II and III based on the degree of facilities and infrastructure available. While the GoI committed to release funds[50] on attainment of agreed performance indicators within an agreed time, the GoO committed to ensure that the funds would be utilised to support the identified hospitals according to the action plan. The sanction orders of GoI also provided for submission of Utilisation Certificate (duly audited) to the MoH&FW within 12 months of the date of release of Funds. Besides, in case of further requirement of funds for human resources and infrastructure beyond that sanctioned by GoI, the State Government committed to provide the same. Implementation of the action plan was to be reviewed at the State level once in every two months in the first year and thereafter on a quarterly basis by the State Monitoring Committee headed by the Health Secretary of the State.

In Odisha, seven hospitals (Level-I: one; Level-II: three; Level-III: three) were selected (2003-12) for up-gradation as TCCs at a total cost of ₹ 59.35 crore[51]. As of June 2012, GoI released ₹ 23.80 crore to these hospitals. Out of these seven

[49] The Golden Quadrilateral is a highway network connecting India's four largest metropolises: Delhi, Mumbai, Chennai and Calcutta, thus forming a quadrilateral of sorts

[50] ₹ 4.80 crore for Level-III, ₹ 9.65 crore for level-II and ₹ 16 crore for Level I centres

[51] (₹ 4.80 crore x 3) + (₹ 9.65 crore x 3) + (₹ 16.00 crore x 1) =₹ 59.35 crore

hospitals, we test checked five hospitals where ₹11.18 crore was utilised out of ₹ 20.80 crore released by GoI excluding ₹ 1.31crore[52] from NRHM and GoO.

3.3.1.1 Audit Objectives

The audit objectives were to assess whether:

- grants were utilised in an economic, efficient and effective manner;
- civil works as well as procurement of equipment were made in an economic, efficient and effective manner and Trauma care centres were operationalised in time;
- system of monitoring and supervision was in place and effective.

3.3.1.2 Audit Criteria

Criteria used to benchmark the implementation of the scheme were drawn from:

- Scheme guidelines and instructions issued by the GoI from time to time;
- Norms and terms prescribed by Ministry of Health & Family Welfare, GoI for upgrading and strengthening the existing TCCs near National Highways ;
- MOU signed between Government of Odisha and Government of India.
- Provision of Odisha General Finance Rules, Odisha Treasury Code, Odisha Public Works Department Code;
- Prescribed monitoring mechanism.

3.3.1.3. Audit Scope

We conducted the audit during May to August 2012 covering the period from 2003-12 of five selected TCCs namely, Bhadrak and Khordha (Level-III), Balasore and Berhampur (Level-II) and Cuttack (Level-I) out of total seven centres[53] in the State.

3.3.1.4 Audit Methodology

Records of the TCCs were checked, information collected through questionnaire and structured data-formats. Records maintained at the Health & Family Welfare (H&FW) Department, Directorate of Health Services (DHS), Directorate of Medical Education and Training (DMET), Odisha relating to functioning of the scheme[54]were also test checked; besides records of the executing agencies for civil works. Joint physical inspection of assets created under the scheme was

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52 ₹ 1.00 crore from NRHM grants and ₹ 0.31 crore of GoO funds

53 Balasore, Berhampur, Bhadrak, Burla, Cuttack, Khordha and Rourkela

54 TCCs Balasore, Bhadrak and Khordha were to report to DHS, Odisha whereas TCCs Berhampur and Cuttack were to report to DMET, Odisha. Both DHS and DMET were to report to H&FW Department of GoO.

conducted along with the officials of the TCCs and photographs were taken, wherever necessary.

Audit Findings

3.3.2 Economy, efficiency and effectiveness in utilisation of grant

3.3.2.1 Receipt and utilisation of funds

We noticed that during 2003-12, five test checked TCCs received grants-in-aid of ₹ 22.11 crore[55] of which ₹ 11.18 crore was utilised by these centres as of August 2012 as detailed in **Table 3.7** below.

Table 3.7: Receipts and utilisation of TCC funds

(₹ in crore)

Sl. No.	Name of the TCC	Eligible amount	Amount received from GoI and others	Amount utilised	Unspent balance as of August 2012	Utilisation Certificate submitted
1	Balasore	9.65	1.80	0.32 (18 *per cent*)	1.48	0.32
2	Berhampur	9.65	4.61	0.92 (19 *per cent*)	3.69	0.92
3	Bhadrak	4.80	0.65	0.65 (100 *per cent*)	0	0.65
4	Cuttack	16.00	12.85	8.64 (67 *per cent*)	4.21	8.23
5	Khordha	4.80	2.20	0.65 (29 *per cent*)	1.55	0.65
Total		**44.90**	**22.11**	**11.18**	**10.93**	**10.77**

(Source: Records of hospitals concerned)

As may be seen from the table above, against utilisation of ₹11.18 crore, UC was submitted for ₹10.77 crore and the spending efficiency ranged between 18 and 100 per cent.

3.3.3 Irregular utilisation of TCC grants

As per the terms and conditions of the sanction order and MoU signed with the GoI, funds sanctioned were to be utilised as per the agreed financing schedule for the purpose for which it was sanctioned. It was not to be utilised for routine expenditure[56]. We observed that in all the five test checked TCCs, concerned Chief District Medical Officers (CDMOs) / Superintendents irregularly utilised TCC fund of ₹39.62 lakh on expenditure of routine nature which should have been met from State Government funds. The details of such expenditure were indicated in the **Table 3.8.**:

[55] Including ₹ 1 crore received under NRHM and ₹ 31.19 lakh received from GoO

[56] As per provisions of para 8.4 of MoU , funds (a) are to be used for financing the agreed Action Plan in accordance with the agreed financing schedule and not used to substitute routine expenditure which is the responsibility of the State Government and (b) kept intact and not diverted for meeting ways and means crisis

Table 3.8: Irregular utilisation of TCC fund

Sl. No.	Name of TCC	Purpose for which utilised	Amount (₹ in lakh)
1	Berhampur	Miscellaneous contingency charges	3.32
		Telephone charges	0.38
2	Bhadrak	Demolition of old building	0.93
3	Cuttack	Miscellaneous contingency charges	0.88
		Installation charges of 40 number AC	0.60
		Security deposit for 11 KV electrical installation	33.43
4	Khordha	Registration of ambulance	0.08
		Total	**39.62**

(Source: Records of TCCs)

In the exit conference, the Additional Secretary stated (October 2012) that the expenditure was incurred for hospital related works due to increase in seats in medical colleges and assured to recoup the diverted funds.

3.3.4 Delay in submission of audited Utilisation Certificates

While releasing funds to different levels of TCCs, the GoI stipulated that Utilisation Certificates (UCs) along with the audited accounts of the funds sanctioned and duly vetted by the State Accountant General should be submitted to the Ministry within 12 months of release of funds. The MoU also stipulated that the subsequent releases should be regulated on the basis of written report to be submitted by the State. We analysed the reasons as to why funds amounting to ₹ 24.10 crore[57] could not be released in full by GoI to the five TCCs and noticed that as against ₹ 20.80 crore released by GoI, UCs for ₹ 10.03 crore[58] were yet to be submitted by the hospitals as of August 2012. Thus, due to low utilisation and non-submission of UCs for the released amount in full, further funds of ₹ 24.10 crore were not received from GoI.

3.3.5 Irregular levy of departmental proportionate charges

The GoO does not levy any departmental/proportionate charges on works executed by its different Public Works Divisions under 100 *per cent* Central Sponsored Schemes[59] like MPLAD, IAP, BRGF and MGNREGS etc. Besides, from April 2011, the Government dispensed with such departmental charges in respect of works for which funds were routed through the State Budget. We noticed that though the scheme is 100 *per cent* centrally assisted and the works were being executed through Public Works Division of the Government, yet departmental charges of ₹ 51.16 lakh at the rate of 16 to 17 *per cent* were

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[57] Total eligible amount ₹ 44.90 crore for five test checked TCCs less ₹ 20.80 crore (₹ 22.11 crore less ₹ 1.31 crore from other source)

[58] Excluding NRHM fund of ₹ one crore and GoO fund of ₹ 0.31 crore

[59] MPLAD-Member of Parliament Local Area Development; IAP-Integrated Action Plan; BRGF-Backward Region Grant Fund; Article 275-Central grants to meet the cost of development in scheduled areas; MGNREGS-Mahatma Gandhi National Rural Employment Guarantee Scheme

recovered by the Executive Engineers in construction of buildings for three[60] out of five test checked TCCs.

In reply, CDMOs and the Superintendent agreed (July 2012) to intimate the Divisions concerned to refund or adjust the amounts recovered on this account. Action in this regard was awaited (October 2012).

3.3.6 Execution of civil works and procurement of equipment

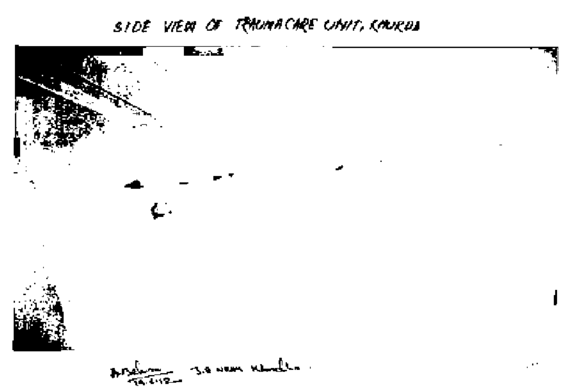
3.3.6.1 Inefficient and ineffective execution of civil works

The scheme envisaged strengthening of the existing emergency care facilities provided in Government hospitals by constructing one TCC with minimum 10,000 square feet of furnished and air-conditioned building to accommodate examination room, resuscitation, Intensive Care Unit (ICU) and burn beds (7), X-ray room, reception and doctor's operation theatres (OTs). As UCs were to be submitted within 12 months from the date of release of funds, all the civil works were to be completed within that period for considering further release of funds.

We examined the records of the five test checked hospitals and the executing agencies entrusted with execution of civil works. Civil works were completed in three TCCs (Berhampur, Cuttack and Khordha) with an expenditure of ₹3.09[61]crore with delays ranging from two years to five years while in remaining two hospitals (Balasore and Bhadrak) civil works had not been completed despite lapse of more than four years from the date of sanction and expenditure of ₹ 97 lakh[62] was incurred as of October 2012.

On examination, we further noticed following deficiencies which are discussed TCC wise.

- **TCC, Khordha**: The CDMO, Khordha received the civil construction component ₹ 65 lakh from GoI in September 2008 and deposited (June 2009) the same with the Executive Engineer, R&B Division, Khordha for construction of the TCC building. The Executive Engineer (EE) prepared an estimate for ₹ 1.25 crore for ground and first floor, but due to short receipt, took up construction work for only first floor at an estimated cost of ₹ 65 lakh.



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60 TCC, Bhadrak (₹ 13.67 lakh), TCC, Khordha (₹ 9.44 lakh) and TCC, Cuttack (₹ 28.05lakh)

61 TCC, Khordha: ₹ 65 lakh; TCC, Cuttack: ₹ 1.81 (₹ 1.50 by GoI and ₹ 0.31 crore by GoO) and TCC, Berhampur: ₹ 63 lakh

62 TCC, Bhadrak: ₹ 65 lakh ; TCC, Balasore:₹ 32 lakh

Unfruitful expenditure The work was awarded to a contractor on 4 January 2010 stipulating completion by 3 July 2010. The contractor however completed the same on 10 September 2011 after extension of time was granted with a token penalty of one *per cent*. Though the building constructed at ₹ 65 lakh was handed over to CDMO on 23 November 2011, yet the same has not been put to use as fund for purchase of equipment and instruments were released by GoI in April 2012 and the same has not been purchased (October 2012). As a result, entire expenditure of ₹ 65 lakh incurred on construction of this building was rendered unfruitful.

Substandard work: During Joint Physical inspection of the completed building by us and the representative of CDMO, we noticed several cracks on the walls and roof of the building. While the Junior Engineer, NRHM of office of the CDMO, Khordha confirmed (June 2012) the fact, the CDMO stated that the matter would be taken up with R&B authorities.

- **TCC, Bhadrak**: CDMO, Bhadrak received ₹ 65 lakh from GoI in September 2008 towards civil work component but deposited the same with the EE, R&B, Bhadrak in June 2010 i.e. after a delay of one year and nine months due to non-finalisation of place within DHH campus for the TCC. Though an estimate for ₹ 92.05 lakh was prepared for construction of a two storey building and the State Government agreed to bear the remaining cost of ₹ 27.08 lakh[63], yet this fund had not been released (October 2012). The work awarded (December 2010) to a contractor was scheduled for completion by 14 September 2011 as per the contract. However, due to non-release of ₹ 27.08 lakh as assured by the Government in Health and Family Welfare Department, the work still remained incomplete and ₹65 lakh had already been spent (October 2012) on it. Thus, due to non-release of fund by the Department despite assurance, expenditure of ₹ 65 lakh incurred on this building rendered unfruitful and the intended benefits could not be derived.

- **TCC, Balasore**: CDMO, Balasore received ₹ 80 lakh from GoI in September 2008 towards civil work component of the TCC. Besides, ₹ one crore was also released by Mission Director, NRHM, Bhubaneswar for the said purpose. An estimate was prepared for ₹ 1.80 crore for construction of the TCC as well as Diagnostic centre for DHH, Balasore through a consultant (SPIRE Consultancy, Bhubaneswar) on payment of ₹ 1.50 lakh. Remaining funds of

[63] Original estimate of ₹ 94.08 lakh minus ₹ 67 lakh (₹ 65 lakh plus accrued interest ₹ 2 lakh)

₹ 1.78 crore was released to the EE, Rural Works Division I, Balasore in July 2011. The work of 'construction of the TCC as well as Diagnostic centre for DHH, Balasore' was entrusted to a contractor at ₹ 1.37 crore on 19 November 2011 stipulating completion by 18 October 2012. The work was under progress (October 2012) and ₹ 32 lakh had been spent on the same. Joint physical inspection (27 June 2012) of the combined TCC and Diagnostic building was conducted by us and representative of the CDMO and we found that only 30 *per cent* of work had been executed. The EE stated (October 2012) that the building would be completed by June 2013 and the delay was due to delay in handing over of site by the CDMO.

In reply, the CDMO stated that the clubbing of two centres were approved by the then Collector and District Magistrate.

- **TCC, Cuttack**: GoI sanctioned ₹1.50 crore (₹63 lakh in March 2004 and ₹ 87 lakh in May 2008) for construction of ground and first floor of the TCC, Cuttack. While ₹ 63 lakh was released to the State Government through the Reserve Bank of India, ₹ 87 lakh was released (November 2008) through electronic transfer to the SCB MCH. The fund was released to the executing agency (Executive Engineer, R&B Division, Cuttack) through budgetary mechanism on 13 July 2005 (₹60 lakh), 31 March 2006 and (₹ 3 lakh) and through Bank draft in April 2009 (₹ 87 lakh). Besides, the State Government also released ₹ 31.19 lakh from its own fund for completion of these works. The work of construction of ground floor and first floor was awarded to two contractors on 10 May 2006 and 1 March 2008 stipulating completion within six months and two months respectively. The buildings were however completed at a cost of ₹ 1.81 crore and handed over to the MCH authorities in May 2010, i.e. after a delay of about two years from the stipulated date of completion. The TCC was made functional in February 2011. Further, for construction of trauma ward and up-gradation of emergency facilities, the State Government released ₹ 2.30 crore during 2010-11 (₹ 1.37 crore) and 2011-12 (₹ 93 lakh) and the works were under progress.

- **TCC, Berhampur**: The Superintendent, MKCG MCH, Berhampur received ₹ 1.50 crore in July 2006 which included civil works component for ₹ 63 lakh. The Superintendent deposited the same with the EE, CPWD, Bhubaneswar Division –III in December 2006 for construction of the TCC building. The building was completed only on 19 June 2009 at a cost of ₹ 87.38 lakh, balance amount of ₹ 24.38 lakh was not paid (October 2012) for which correspondence had been made with GoI. The building was handed over to the MCH Authorities on the same day and was left idle for about one year and nine months due to delay in procurement of equipment and instruments and was made operational in March 2011. On joint physical inspection (8 August 2012) of the TCC building by us and Officer-in-charge of TCC, Berhampur, we noticed multiple cracks on outer and inner walls of the building and leakage of water in the two bedded ICU room. We also noticed that the present building with limited space was unable to accommodate other specified rooms and ICU (20 bedded) with five burn beds as was originally planned and stipulated by CPWD, Bhubaneswar. Besides, ₹17 lakh released by GoI towards building component in March 2010, remained unutilised with the MCH (October 2012).

Due to such delay in completion of the buildings to house the TCCs in time, TCCs would not get further funds of ₹ 24.10[64] crore from GoI towards other components like equipment, manpower etc.

3.3.6.2 *Non-procurement of equipment*

We noticed that no funds for purchase of equipment were released in respect of CDMOs Balasore and Bhadrak for non-completion of civil works as of June 2012. We further observed that as against the release of ₹ 14.29 crore[65] by GoI during 2003-12 towards procurement of equipment to the remaining three hospitals, equipment worth ₹ 7.28 crore only had been purchased as of June 2012 leaving ₹ 7.01crore[66] unutilised with them as detailed in ***Appendix 3.3.1*** despite lapse of above four months to six years.

While the Superintendent, SCB Medical College and Hospital (TCC, Cuttack) stated that equipment were not purchased for want of adequate manpower, the Superintendent, MKCG Medical College and Hospital (TCC, Berhampur), attributed non-purchase of equipment to lack of sufficient space and non-functioning of TCC fully. CDMO, Khordha (TCC, Khordha) did not procure the equipment on the ground of insufficient fund. In absence of equipment, TCCs could not be strengthened and made functional to provide desired trauma care services.

3.3.6.3 Inadmissible expenditure under equipment head

We noticed in two TCCs that the Superintendents irregularly utilised TCC grants of ₹ 1.87 crore ***(Appendix-3.3.2)*** for purchase of inadmissible equipment (worth ₹0.81 crore) and excess number of equipment (worth ₹1.06 crore) than that prescribed by the GoI, as abridged in the table below, the details of which are given in the table 3.9.

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64 Bhadrak (L-III): ₹ **4.15** crore(₹ 4.80 crore minus ₹ 0.65 crore), Khordha (L-III): ₹ **2.60** crore(₹ 4.80 crore minus ₹ 2.20 crore), Balasore (L-II): ₹ **8.85** crore(₹ 9.65 crore minus ₹ 0.80cr), Cuttack (L-I): ₹ **3.46** crore (₹ 16.00 crore minus ₹ 12.54 crore) and Berhampur (L-II): ₹ **5.04** crore (₹ 9.65 crore minus ₹ 4.61 crore)

65 TCC, Khordha: ₹ 1.5 crore; TCC,Cuttack:₹ 9.96 crore; TCC, Berhampur: ₹ 2.83 crore

66 TCC, Berhampur: ₹ 2.20 crore, TCC, Cuttack: ₹ 3.31 crore and TCC, Khordha: ₹ 1.50 crore

Table 3.9: Inadmissible expenditure under equipment head (₹ in crore)

Name of TCC	Amount of inadmissible equipment purchased	Amount of excess number of equipment purchased	Total inadmissible expenditure
SCB MC&H, Cuttack	0.60	1.04	1.64
MKCG MC&H, Berhampur	0.21	0.02	0.23
Total	**0.81**	**1.06**	**1.87**

(Source: Records of TCCs)

Thus, TCCs did not follow the instructions of the GoI while procuring the equipment. Amount spent on procurement of inadmissible / excess equipment could have been utilised for purchasing other prescribed equipment.

3.3.6.4 Non-Installation of equipment

In TCC, Cuttack, equipment worth ₹ 66 lakh were purchased (March 2005) to avoid lapse of grants and were handed over to different departments of same hospital as the TCC building was not then completed. These equipment were not restored to the TCC (July 2012) though the TCC became operational from February 2011. Thus, equipment purchased for TCC were not utilised for the intended purpose.

In reply, the Superintendent stated (July 2012) that the TCC equipment would be installed and made operative soon.

3.3.7 Non utilisation and improper deployment of ambulances

As per the GoI guidelines, each TCC must have at least two ambulances in operational condition equipped with life saving apparatus and drugs, along with adequate manpower and communication system. The hospital authorities were to deploy these ambulances at strategic locations in consultation with the transport / police authorities to facilitate prompt arrival at the accident site, within the shortest possible time, for resuscitation and shifting the accident victims/patients to the emergency care centres within first hour of accident, called the golden hour. The intention was that if emergency care would be provided during this first hour of accident, the possibility of survival would be more.

Ambulance meant for TCC Khordha is not deployed in strategic location

We, however, observed the following deficiencies:

- ***Non-identification of strategic accident prone locations:*** We noticed that strategic accident prone locations for deployment of ambulances were not identified in the five districts where test checked TCCs were situated. As a result, three ambulances supplied by NHAI (TCC Balasore, Bhadrak and Khordha in March 2011) and four purchased under the scheme (two each in TCC, Cuttack and Berhamur during

May 2006 and April-June 2008) were not deployed at strategic locations.

- ***Idle ambulances*****:** The CDMOs of Balasore and Khordha though received (March 2011) well equipped ambulances, yet did not use the same at all and both remained idle (June 2012). This resulted in non fulfillment of the objectives, besides gradual deterioration of the highly expensive sophisticated instruments and vital life saving equipment for which the respective CDMOs were solely responsible. No log books and history registers of these ambulances were maintained by them.
- ***Ill-equipped ambulances:*** All ambulances were required to be equipped with life saving equipment such as flex chair, ventilator, vacuum split kit, stretcher, oxygen cylinder, suction pump, blood pressure instrument etc. We noticed that four ambulances (two each at TCC, Berhampur and Cuttack) were not equipped with life saving equipment. In TCC, Berhampur the required life savings equipment were not purchased while in TCC, Cuttack, though equipment were purchased, the same were handed over (March 2005) to other departments of the same hospital due to non-operation of TCC.

Thus, the basic objective of the scheme was defeated as none of the TCCs equipped their ambulances with life saving drugs and instruments to save the lives of accident victims while bringing them from National Highways.

In reply, the Superintendent, TCC, Berhampur agreed to purchase the required life saving equipment for the ambulances out of the unspent amount while the Superintendent, TCC, Cuttack stated(July 2012) that equipment would have been unserviceable had they not been transferred to other departments. He further added that the ambulances would be deployed at strategic points in consultation with police and transport authority in future.

3.3.8 Inadequate maintenance of data on accident victims

As per reports of Ministry of Road Transport and Highways, Odisha was the twelfth State in terms of severity of road accidents during 2010. Besides, person killed per 100 accidents during 2007 (36.5), 2008 (37.6), 2009 (39.7) and 2010 (40.8) indicated increase during these years and the same were much higher than the national average of 23.9 (2007), 24.7 (2008), 25.08 (2009) and 26.9 (2010). To assess the effectiveness of the TCC scheme in saving the lives of accident victims on National Highways, we cross checked the causality or emergency ward registers and logbooks of TCCs maintained by these hospitals. We, however, found that these registers did not exhibit the details of accident victims, whose lives were saved, due to intervention under the scheme. Therefore, it was difficult to make any linkage of accident victims with those whose lives were saved.

3.3.9 Shortage in deployment of manpower

As per the scheme guidelines, GoI would meet the expenditure on manpower exclusively required for TCCs during the first five years of their existence pertaining to the 11th Five Year Plan, after which the same would be borne by the State Government. The GoI would release ₹ 2.10 crore, ₹ 3.80 crore and ₹4.30 crore for L-III, L-II and L-I TCCs respectively for this purpose. As stipulated in the sanction orders, the State Government was to finalise the required additional manpower for each TCC within a period of 30 days of receipt of grants.

We, however, noticed that as against the entitlement of ₹16.10 crore to five TCCs towards manpower component, only ₹1.66 crore (10.31 *per cent*) was released to three TCCs (Berhampur, Cuttack and Khordha), out of which only ₹0.43 crore was utilised by two TCCs (Berhampur and Cuttack) and ₹ 1.23 crore remained unutilised as of July 2012 as detailed in ***Appendix 3.3.3.*** Due to non completion of civil works and non recruitment of manpower in time, remaining funds of ₹ 14.44 crore could not be availed by these TCCs as of March 2012. The prospect of receiving remaining grant of ₹ 14.44 crore appears to be remote as the guideline provided that GoI would meet the expenditure on manpower necessary for TCCs only upto March 2012. The project period being over since March 2012, entire fund for manpower support was to be borne by the State Government.

We further observed that the staff recruited were not as per approved norms applicable to level-I and level-II TCCs as indicated in the ***Appendix 3.3.4***.

- In the TCC, Cuttack (level-I), as against the prescribed norm of 140 staff for the hospital, only 15 staff (10.71 *per cent*) were actually recruited. We noticed that four Surgeons (two Orthopedic Surgeon, one General Surgeon and one Anesthetist) and 11 paramedics were recruited since February 2011 with no nursing staff to run the TCC against the requirement of 20 Surgeons, 84 nurses (staff nurse and nursing attendants), 12 paramedics and 24 sweepers (outsourced by Govt). Though the Superintendent submitted (October 2009) a proposal for recruitment of manpower to the Directorate of Medical Education and Training (DMET), Odisha involving an expenditure of ₹ 84 lakh per annum, yet necessary approval had not been received (June 2012). Thus, the TCC was not made fully functional (July 2012).
- Similarly, in TCC, Berhampur (level-II), as against the prescribed norm of 84, only 18 staff (21.43 *per cent*) were actually recruited. Only one Specialist (General Surgeon), 10 nurses and seven paramedics were recruited even after a lapse of more than two years since the date of receipt of funds for recruitment of manpower as against prescribed norm of 84 medical and para-medical staff.
- Further, hospital authorities recruited six[67] Data Entry Operators without recruiting adequate technical staff like staff nurse, General Surgeon,

[67] TCC: Berhampur: two and TCC, Cuttack: four

Orthopaedic Surgeon, Anaesthetists, Medical/Para Medical staff, critical for TCCs.

- A sum of ₹ 7.86 lakh[68] was paid irregularly towards payment of salary of surgeons and paramedic staff of two TCCs during April-July 2012 from the TCC grants of GoI against the stipulation (February 2008) that the GoI would bear the liability of payment of salary to approved TCC staff till the end of March 2012 only, after which the GoO would make budgetary provisions to shoulder such liability.
- No trauma-oriented training was also imparted to the staff since their recruitment.
- When the TCC was actually not in operation, deployment of 15 attendants outsourced from South Indian Security Allied Services, Berhampur and payment of ₹ 5.06 lakh during June 2011 to May 2012 needed regularisation. In reply, the Superintendent stated that he would move the DMET to accord necessary sanction.

3.3.10 Absence of communication system

As per the GoI guidelines, each TCC should have the minimum infrastructure to provide emergency care facilities like a good communication system. There should be a control room in each TCC to provide emergency care round the clock. It should co-ordinate all major emergencies and disasters in National Highways. Police wireless system, if possible, should be provided to facilitate quick relay of information regarding accidents and other emergencies. Telephone facilities should also be available. Fund provided and utilised under communication component in respect of the TCCs was as indicated in the table below.

Table 3.10: Showing provision fund and utilisation under communication component

(₹ in lakh)

Name of TCC/Level	Date of release	Amount	Total	Amount utilised	Unspent balance
Balasore/L-II	Not released	0.00	0.00	0.00	0.00
Berhampur/L-II	May 2006	1.00	2.00	0.33	1.67
	March 2010	1.00			
Bhadrak/L-III	Not released	0.00	0.00	0.00	0.00
Cuttack/L-I	March2004	1.00	2.00	1.00	1.00
	May 2008	1.00			
Khordha/L-III	March 2012	1.50	1.50	0.00	1.50
Total		**5.50**	**5.50**	**1.33**	**4.17**

(Source: Records of TCCs)

68 TCC, Cuttack:₹ 6 lakh for four Surgeons and staff; TCC: Berhampur:₹ 1.86 lakh for nine paramedical staff

On examination of records of five TCCs, we noticed that

- The Superintendent, TCC, Cuttack purchased (March 2005) 10 mobile sets at the rate of ₹10,000[69]per set utilising the fund of rupees one lakh earmarked for the purpose, out of which eight mobile sets were irregularly distributed to different departments not associated with the TCC and the same had gone defunct (October 2012); remaining two mobile sets remained idle. Thus, the total expenditure of ₹one lakh was rendered infructuous.
- Two operationalised TCC (Cuttack and Berhampur) did not have any such communication system or control rooms. The communication system between the TCC and the Police control room/PCR vans /NH patrolling vans /NHAI centres was yet to be established (July 2012).
- Grant of ₹ 1.5 lakh received (April 2012) by CDMO, Khordha on this account was not utilised as the TCC was yet to be operational.

3.3.11 Ineffective monitoring and evaluation

According to the provisions of MOU of February 2008 between MoH&FW, GoI and H&FW Department, GoO for implementation of the scheme, a Monitoring Committee (MC) was to be set up under the Chairmanship of Health Secretary of respective State Governments with Medical Superintendent of the concerned hospital, concerned officers of the State construction agency, concerned officers from State procurement agency and representative from GoI as members. The MC would meet once in every quarter to review the progress and sort out procedural bottlenecks, if any.

However, on scrutiny of the records at the TCCs, Directorates and Department, we observed that,

- No State Level Monitoring committee was set up as of September 2012. However, Review meetings were held on three occasions[70] in the chamber of Commissioner-cum-Secretary, H&FW Department, to review the progress of Trauma Care Centres.
- The respective CDMOs/Superintendents in respect of all the five test checked TCCs did not submit the quarterly reports on the progress of the scheme to the Directorate/Department. The impact of the scheme was also not evaluated by any higher authority or by any independent organisation.

The Department while admitting (June 2012) the facts stated that no internal control mechanism existed for monitoring the functioning of the TCCs. Thus, ineffective monitoring and lack of supervision resulted in not only delay in execution of civil works, but also inefficient and ineffective operationalisation of the entire scheme.

[69] Including recharge voucher for talk time valuing ₹ 6620 per set
[70] 3 August 2009, 29 October 2010 and 9 April 2012

3.3.12 Conclusion

The five TCCs sanctioned (2004-09) by GoI were either non-operational due to delay in completion of civil works or partially operational due to delay in procurement of equipment and absence of requisite trained manpower as of October 2012. This could be attributed to lack of proper monitoring and supervision at the level of CDMOs / Superintendents / Department. Thus, the objective of providing basic life support and emergency care in the golden hour i.e. first hour of journey to accident victims in the Golden Quadrilateral in the State remained unachieved even after a lapse of over four to eight years of sanction of funds by GoI.

3.3.13 Recommendations

- The State Health and Family Welfare Department must ensure that civil works are completed at the earliest by the executing agencies with adequate gap funding by State Government.
- The State Government should take immediate steps to procure essential equipment, deploy adequate manpower and ensure proper communication system with the Police system.
- Fully equipped ambulances may be deployed at strategic points to provide quick trauma services to the accident victims, especially during the golden hour.
- The State Monitoring Committee must work more effectively and efficiently to plug the deficiencies in implementation of the scheme and ensure effective functioning of all such TCCs.

ST & SC DEVELOPMENT, MINORITIES AND BACKWARD CLASSES WELFARE DEPARTMENT

3.4 Functioning of Eklavya Model Residential Schools in the State

3.4.1 *Introduction*

The Government of India (GoI) launched (1997-98) the scheme of 'Eklavya Model Residential Schools (EMRS)' with the objective of providing quality education up to higher secondary level to the students of tribal community, in remote areas of the States. The basic idea of the scheme was to enable the scheduled tribe (ST) students to avail the reservation facilities in higher and professional educational courses to facilitate getting jobs in Government, Public Sector Undertakings (PSU) / private sectors and to have access to the best opportunities in education at par with the non-tribal people. The scheme *inter alia* envisaged establishment of an Autonomous Society in every State to manage the EMRSs in the State. Accordingly, "Odisha Model Tribal Education Society (OMTES)" was set up in 1999 as a Society registered under Societies Registration Act 1860.

Secretary of the Scheduled Tribes and Scheduled Castes Development (SSD) Department acted as the Chairman of OMTES while the Director of the Department acted as the Member Secretary. The Society was responsible for establishment, management and control of the EMRSs including construction of school complexes. The schools were affiliated with the State Board of Secondary Education (BSE) (Class VI to Class X) and Council of Higher Secondary Education (CHSE) (Class XI and XII), as required. The Principal and Teachers in these schools are appointed by OMTES on contractual basis. The State Government receives grants for different schemes related to tribal development under Article 275 (1) of the Constitution of India. The guidelines of setting up of EMRSs provide that the States/UTs are free to apportion funds out of grants received under Article 275 (1) to construct and run EMRSs.

As of March 2012, 13EMRSs[71] were established in eleven districts of the State with grants received under the provisions of Article 275(1). Three additional EMRSs[72] for Bolangir, Kalahandi and Subarnapur districts proposed (May 2010) were approved by the GoI and non-recurring grant of ₹ 18 crore was received (January 2012) from the GoI for the purpose.

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[71] Bhabanipur (Sundargarh); Chandragiri (Gajapati); Dhangera (Mayurbhanj); Hirli (Nawarangapur); Laing (Sundergarh); Lahunipada (Sundargarh); Mahasinghi (Kandhamal); Malkangiri (Malkangiri); Nuapada (Nuapada); Pungar (Koraput); Rampilo (Jajpur); Ranki (Keonjhar) and Siriguda (Rayagada)

[72] Bolangir, Kalahandi and Subarnapur

3.4.1.1 Audit Objectives

The broad audit objectives of our audit were to assess whether:

- survey was conducted for identification of beneficiaries, deciding on location, curriculum and level of school and the result of the survey was used in the planning process to prioritise setting up of EMRSs;
- funds were utilised economically, efficiently and effectively;
- adequate physical infrastructure was available for academic and residential purpose in EMRSs;
- adequate manpower including qualified and trained teachers were available for imparting quality education;
- academic performance was above or at least at par with the performance of other schools in the concerned districts;
- system of inspection and monitoring was in place and effective.

3.4.1.2 Audit criteria

The following were the sources of audit criteria.

- Guidelines of EMRS issued by Government of India;
- Odisha Model Tribal Education Society (OMTES) Bye-laws, Rules and Regulations and
- Odisha General Financial Rules and Odisha Public Works Account Code.

3.4.1.3 Audit scope and methodology

We conducted test check of records of five[73] out of 13 EMRSs of the State during March to July 2012 covering the period from 2007-08 to 2011-12. These five EMRSs were selected using stratified random sampling without replacement method on the basis of funds allotted to each EMRS. We test checked the records of OMTES and five EMRSs, conducted joint physical inspection of infrastructure and facilities at all the five test checked EMRSs in the presence of representatives of concerned EMRSs and taken photographs, wherever considered necessary. We also conducted interview of students and teachers through questionnaires and incorporated the findings at appropriate places in this report. The draft report was discussed with the representatives of the Department on 12 October 2012 and the replies received (October 2012) were duly incorporated in the report at appropriate places.

[73] Dhanghera, Laing, Malkangiri, Rampilo and Ranki

Audit Findings

3.4.2 Survey and planning

3.4.2.1 Survey for prioritisation for setting up of EMRSs

The GoI guidelines envisaged quality education at middle and higher level to ST students in remote areas. The schools eligible under the scheme were to be located in scheduled or tribal areas. Thus, there was need for conducting survey to ensure availability of required number of students and prioritisation of the districts for setting up of EMRSs i.e. where concentration of ST population was more. We, however, noticed that neither any survey was conducted to identify the beneficiaries, location, curriculum and level of schools etc. nor any prioritisation of districts based on ST population and literacy ratio as per census 2001 was made for setting up of EMRSs. We examined the district wise ST population and its ratio to the total population of the districts and noticed that while EMRSs were established in Kandhamal (52 *per cent*) and Gajapati (51 *per cent*) ten years back in 2001-02, the same was established in Malkangiri (57 *per cent*) and Nuapada (35 *per cent*) only in 2011-12. Besides, three such schools were established during 2000-01 to 2002-03 in Sundargarh district with 50 *per cent* ST population. Further, during 2007-08, one such school was established in Jajpur district with ST population of eight *per cent* ignoring Deogarh, Jharsuguda and Sambalpur with more than 30 *per cent* ST population and that of another seven districts with ST population ranging between 11 and 29 *per cent* where no such school was established as of August 2012, as detailed in ***Appendix 3.4.1***. The selection of districts for coverage under the scheme and its prioritisation based on any pre-determined criteria was not evident.

The Department stated (October 2012) that survey might have been conducted at the time of submission of proposal to the Government for setting up of EMRSs. The reply is not acceptable as both OMTES and the Department could not produce any documentary evidence in support of the same, though specifically called for in Audit.

3.4.3 Financial management

3.4.3.1 Receipt and utilisation of funds

During 2007-12, the SSD Department received ₹ 94.24 crore towards construction and management of EMRSs. Out of total availability of ₹ 103.05 crore during this period, ₹ 42.74 crore (41 *per cent)* was utilised leaving ₹ 60.32 crore unutilised as of 31 March 2012 as indicated in table 3.11:

Table : 3.11 Year wise receipt and expenditure of funds received under EMRS

(₹ in crore)

Year	Opening Balance	Fund received			Total availability	Expenditure *(per cent)*	Spending efficiency *(per cent)*	Closing Balance
		GIA	Interest	Others				
2007-08	0.64	10.88	0.06	0.00	11.58	5.81	50	5.77
2008-09	5.77	8.85	0.12	0.91	15.65	8.49	54	7.16
2009-10	7.16	7.98	0.17	0.15	15.46	7.15	46	8.31
2010-11	8.31	31.40	0.36	0.38	40.45	9.47	23	30.98
2011-12	30.98	35.14	2.29	3.73	72.14	11.82	16	60.32
Total		**94.25**	**3.00**	**5.17**	**103.06**	**42.74**		

(Source: Information furnished by OMTES)

As would be seen from the above table, utilisation of funds ranged between 16 *per cent* and 54 *per cent* of the total funds available during the years.

The Department attributed (October 2012) the reasons for such unspent balance to receipt of arrear grant (₹ 7.48 crore) in 2009-10 towards salaries and allied expenditure of the EMRS made out of State resources in the initial stages, receipt of non-recurring grant of ₹ 18 crore on 31 March 2012 and procedural delays in selection of site, preparation of estimate etc. for the three new EMRSs.

3.4.3.2 Delay in release of funds to OMTES

GoI released funds to State Government under Article 275 (1) of the Constitution for setting up and management of EMRSs with the condition to release the same to Project Implementing Agencies (PIAs) within 30 days and to ensure that the grants were utilised for the purpose for which they were sanctioned. But, Audit noticed that during the period 2010-12, though GoI released funds in July 2010 (₹ 31.77 crore) and June 2011 (₹ 17.12 crore), the same was transferred to the PIA i.e. OMTES after a delay of four to nine months. As a result, utilisation of funds for the intended purpose got delayed by the same period.

The Department stated (October 2012) that the delay in release of funds beyond the time limit prescribed by GoI is mainly due to formulation of provision under the State budget and observance of other formalities after it is voted by the State Legislature. The reply is not acceptable since GoI prescribed that the funds should be released within 30 days to PIA.

3.4.3.3 Submission of UC in excess of actual expenditure

Audit noticed that the Department submitted (November/December 2011) Utilisation Certificate (UC) for ₹ 21.47 crore to GoI as against the actual expenditure of ₹12.71 crore which resulted in submission of inflated UC by ₹8.76 crore. This was mainly due to submission of UC for full non-recurring grant of ₹12 crore received from GoI during July 2010 for construction of EMRS complexes at Malkangiri and Nuapada, against expenditure of ₹ 3.46 crore as reported (June 2012) by the executants, the Orissa State Police Housing and Welfare Corporation (OPHWC).

The Department stated (October 2012) that UC was submitted as per requirement of GoI. The reply is not acceptable as the UC was to be limited to the actual expenditure and advances to executing agencies were not to be treated as final expenditure which was against the financial rules.

3.4.4 Physical Infrastructure

Guidelines provided for allocation of minimum of 20 acres of land (upto August 2010) for each school, free of cost of which up to 3.5 acres was to be used for the construction of school buildings. This limit was, however, reduced to 15 acres from September 2010. The remaining area was to be maintained properly with a reasonable portion to be earmarked for playground. Each EMRS was to have adequate number of class rooms, additional rooms for science laboratories, computer lab, recreation room / auditorium etc. as well as hostel buildings and staff quarters for teaching and non-teaching staff to ensure quality education in EMRSs.

We examined the availability of physical and human infrastructure in the test checked EMRSs and noticed the following deficiencies.

3.4.4.1 Inadequate class rooms

As per scheme guidelines, every class should have maximum 60 students, preferably in two sections of 30 students each. Thus, for every class of about 60 students, two rooms were necessary for creating better environment for education.

We found overcrowding in four[74] out of five test-checked EMRSs, where for seven classes (VI to XII) with students' strength between 40 and 65 per class, only seven class rooms were available in each of these EMRS. Due to shortage of rooms, each class could not be divided into sections. In EMRS, Ranki, Zoology laboratory was accommodated in Class VI room.

We also noticed that in EMRS, Malkangiri, despite availability of four class rooms in the temporary building, two classes (VI-VII) with student strength more than 50 in each class were accommodated in two rooms without division into sections. This resulted in overcrowding of students in a single class room which is likely to affect the quality of education as the teachers would not able to take care of every student.

57 students reading in a class room, Malkanagiri

The Department stated (October 2012) that it was decided in the eighteenth Governing Body meeting of OMTES to bifurcate classes as per revised GoI guidelines and funds were being placed with different EMRSs to meet such needs. It was also stated that steps were being taken to provide a dedicated room

[74] Dhanghera, Laing , Rampilo and Ranki

for Zoology laboratory at EMRS, Ranki and Principal, EMRS, Malkangiri has been instructed to divide Class-VI and VII into two sections each in the available building.

3.4.4.2 Boarders sleeping on the floor due to non availability of cots


Boys lying in floor, Laing


Girls lying in floor, Laing

We observed that except EMRS, Dhanghera, 19 to 82 *per cent* of the boarders of the boys and girls hostels of remaining four test checked EMRSs were sleeping on the floor due to non-supply of sufficient number of cots. We noticed availability of only 700 cots in these schools (Laing: 340, Malkangiri: 22 Rampilo: 168 and Ranki 170) against the requirement of 1380 (Laing: 420, Malkangiri : 120 Rampilo: 420 and Ranki: 420) in these schools.

Principals of the test-checked EMRSs attributed the reasons to non-receipt of funds from OMTES, despite requests. The Department, however, stated (October 2012) that necessary funds have been allotted to the Principals of each EMRS with instruction to provide cots to all students. The replies of the Principals and the Department were contradictory.

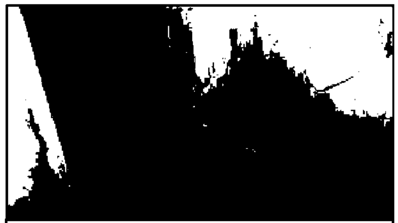
3.4.4.3 Non-maintenance of the schools and hostels

During joint physical inspection (June 2012) of the test checked EMRSs, we found that the school and hostel buildings were not maintained properly. Window glasses of almost all class rooms of test checked EMRSs except that of Malkangiri were found to be broken and had not been replaced.

Besides, piped water supply to the school buildings of Ranki and Dhanghera remained defunct. We also noticed that steel bars were posted in the stairs without fixing them to the railing in the boys' hostel at EMRS, Laing; the same posed threat to the safety of the boarders.

The Department stated (October 2012) that funds had been provided to each EMRS for all such repair works.

3.4.4.4 Poor sanitation condition in hostels



Toilet of boys' hostel, Dhanghera

On joint physical inspection of hostels of four EMRSs, (Rampilo, Ranki, Dhanghera and Laing), we found that toilets of boys hostels were not cleaned due to failure of piped water supply system to the toilets and bath rooms of the hostels, despite instructions (November 2011) of the OMTES and rupees seven per boarder per month was provided to facilitate proper cleaning of campus toilets and maintenance of sanitary items. Such un-clean toilets contributed to unhygienic atmosphere in the hostels. We observed that the boarders of the boys' hostel of EMRS, Laing were taking bath and washing their clothes using the tap of dining basin on the verandah of the dining hall. In respect of EMRS, Malkangiri, the toilets of both the boys and girls were found to be clean.

Use of the tap of dining basin for washing and bathing, Laing

The Department had stated (October 2012) that funds had been provided to EMRSs for repair works and Principals had been asked to outsource cleaning of toilets.

3.4.4.5 Students staying in class room due to non-completion of hostel building for over five years

On examination of records of OMTES, we found that in EMRS, Siriguda, the boy students were accommodated in the extra rooms available in the upstairs of academic block since last five years. This was due to delay in completion of the boys hostel building.

The work of construction of school complex including that of boys hostel was entrusted (July 2005) to 'Odisha Construction Corporation (OCC), a State Public Sector Undertaking at ₹ 2.97 crore without inviting tender. The date of commencement and scheduled date of completion of this work were 15 October 2006 and 28 May 2008 respectively as per the terms of contract (February 2007), which also did not permit any cost or time over run. But, OCC completed the required buildings except the Boys hostel and handed over (November 2007 to April 2008) the same to OMTES. The Boys hostel was not completed and OCC insisted for extra cost as the specification for the building was changed midway. OOC was paid ₹ 2.70 crore and the contract was rescinded with penalty of ₹ 3.11 lakh. Construction work of this hostel was then entrusted to Integrated Tribal Development Agency (ITDA), Rayagada and the same was not completed (August 2012).

The Department stated (October 2012) that the civil construction portion of the hostel was completed and the boys would be shifted to the hostel building only after completion of sanitation and electrical works. Proper monitoring by OMTES for timely completion of hostel building, as more than five years elapsed for completion of the civil works alone, despite availability of funds was thus lacking.

3.4.5 Irregular award of works for construction of EMRS complexes

Odisha General Finance Rules (OGFR) requires award of works on open tendering process. Besides, guidelines (July 2007) of Central Vigilance Commission issued on the basis of the Apex court's decision (December 2006), requires to treat award of contract on nomination basis as breach of Article 14 of the Constitution of India. However, we noticed that contrary to the above provisions, in two cases of construction of EMRS complexes at Nuapada and Malkangiri with estimated cost of ₹ 10.84 crore and ₹ 15.22 crore respectively, the works were awarded by OMTES to a Public Sector Undertaking i.e. Odisha State Police Housing and Welfare Corporation (OPHWC) on nomination basis, without inviting open tender. No timeline for completion of the work was also fixed. We found that though no reason was attributed for award of works of EMRS, Nuapada to OPHWC, yet in case of EMRS, Malkangiri, the reason was indicated to be difficult situation and raw material problem in Malkangiri district. We, however, noticed that

- The reason indicated for EMRS, Malkangiri was not correct as OPHWC awarded the work to a contractor (Nipani Industries, Jabalpur) on tender basis.
- As of March 2012, ₹ 3.28 crore was utilised on construction of the EMRS complex at Malkangiri.
- For EMRS, Nuapada, though the Corporation was requested (October 2011) to commence the work early, yet OMTES did neither place funds with OSPHWC despite availability of funds nor fixed any timeline for completion of this work. We noticed that as of July 2012, works valued ₹ 17.73 lakh were only executed.

The Department stated (October 2012) that the work was awarded to OPHWC as per the decision of seventeenth Governing Body meeting, keeping in view that Malkangiri was a naxal affected area and OPHWC is a Government owned corporation. The reply is not acceptable because, as per CVC guidelines, open tendering is required even in case of awarding works to government agencies, and OPHWC also sub-contracted the work on tender basis.

3.4.5.1 Non rectification of defects

Examination of handing over reports of buildings by the Orissa Industrial Infrastructure Development Corporation (IDCO) revealed that the defects in the soak-pit of girls' hostel, staff quarters, water seepage in wall and roof joint of the Principal's quarters and fixing of doors and windows of EMRS, Rampilo were not rectified (June 2012) since its handing over (August 2011) by the executants (IDCO). As per the handing over report of the buildings of EMRS, Ranki, no defect was noticed. The buildings of EMRS, Dhanghera and Laing had not been taken over by the concerned Principals (July 2012).

The Department stated (October 2012) that the buildings of EMRSs had been handed over to PA, ITDAs under whose direct supervision, these EMRSs are running and the defects as pointed out were being rectified.

3.4.5.2 Non implementation of renewable energy technologies

The GoI guidelines (June 2010) required use of fuel saving or renewable energy technologies was to be encouraged in the EMR schools by implementing schemes of the Ministry of New and Renewable Energy. But, we found that the test checked EMRSs had not availed benefit of any such fuel saving schemes. OMTES had not issued any specific instruction in this regard. In all test checked EMRSs, fire wood/coal/gas was used in kitchen for cooking of food in hostels.

The Department stated (October 2012) that instructions had been given to EMRSs to utilise fuel saving renewable energy technology in the kitchen of each EMRS.

3.4.6 Manpower: Teachers and support staff

3.4.6.1 Sanctioned strength vis-à-vis men-in-position

We noticed that against sanctioned strength of 221 teaching staff and 260 non-teaching staff, there were 193 teaching staff and 203 non-teaching staff as of October 2012 as indicated in the table 3.12 given below.

Table 3.12: Table showing sanctioned strength vis-à-vis men-in-position

Sl. No.	Name of the EMRS	Teaching staff		Non-teaching staff	
		Sanctioned Strength	Men in Position	Sanctioned Strength	Men in Position
1	Bhabanipur	17	17	20	16
2	Chandragiri	17	17	20	16
3	Dhangera	17	17	20	18
4	Hirli	17	17	20	17
5	Lahunipada	17	17	20	16
6	Laing	17	17	20	18
7	Mahasinghi	17	17	20	17
8	Malkangiri	17	3	20	7
9	Nuapada	17	3	20	7
10	Pungar	17	17	20	18
11	Rampilo	17	17	20	20
12	Ranki	17	17	20	16
13	Siriguda	17	17	20	17
Total		**221**	**193**	**260**	**203**

(Source: Information furnished by the OMTES)

Though there is no shortage of teaching staff in the schools considering that only Class VI and VII were in operation in Malkangiri and Nuapada, there was shortage in the non-teaching staff in all the 13 EMRSs. We also noticed that the guidelines provided for giving higher pay scales to the Principal and teaching staff of EMRSs than that of their counterparts in the Government schools, so that best talents would be attracted to these schools. We noticed that all the teachers in EMRSs were appointed on consolidated salary which was much less than their counterparts in Government schools as detailed in ***Appendix 3.4.2.*** Though these schools were running in residential pattern, yet full time wardens were not posted in any of these schools to look after the welfare of the students. In EMRS, Laing teachers were found holding additional charge of wardens.

The Department stated (October 2012) that it had been decided in eighteenth Board of Governors meeting to engage two wardens in each EMRS. The Department also stated that a scheme had been approved by the Government and on implementation of the same, the teachers would get salary at par with their counterparts in Government schools.

3.4.6.2 Health check up of boarders

As per the instructions (March 2009) of the SSD department, the school management committee would ensure health check up of the inmates fortnightly by the medical staff of the nearest Primary Health Centre / Community Health Centre / Government Hospital. The medical checkup of students and issue of health cards was mandatory for each boarder.

However, we found that regular health check up of the boarders of three sample EMRS (Rampilo, Ranki, Dhanghera) was done fortnightly by the doctors while in EMRS, Laing health check up of the boarders was not done every fortnight but only three to four times in a year. In EMRS, Malkangiri, health check up of the boarders by the medical staffs was not done at all.

The Department stated (October 2012) that steps have been taken in coordination with Health Department to provide health cards to each student and ensure fortnightly health check up.

3.4.7 Academic performance

The objective of the scheme was to provide good quality education which can be possible through maintaining due transparency in selection of students, imparting higher quality of teaching by the teachers in their respective subject, review of performance of the teachers including the Principal and training of teachers for capacity building and professional development. We reviewed these aspects and noticed good as well as under-performances as discussed in following paragraphs.

3.4.7.1 Selection of students

The GoI guidelines (June 2010) provided that admission to the EMRS were to be made through selection /competition. We observed that the selection of students for admission was made on merit basis through State level entrance test conducted by the EMRSs on the basis of open advertisement published by the OMTES annually for Class-VI.

3.4.7.2 Teaching aids, modules and quality of teaching

Teaching aids like maps, charts, models, articles and modules were used by the teachers in all test checked EMRSs while imparting training. Besides, notes, comparative statements, solution papers and reference books were also used by the teachers while imparting training in all test checked EMRSs. We also observed that adequate PGT, TGT, Sanskrit Teachers, Hindi Teachers, Physical Education Trainer (PET) and Laboratory Assistants were available in test checked EMRSs. Based on discussions made and interviews of teachers and Principals conducted by us in all test checked EMRSs, we are of the view that the teaching was imparted by the teachers through notes on subjects, revision of subjects taught earlier, clearance of doubts through question answers weekly/fortnightly and monthly test on different subjects and half yearly internal tests. On evaluation of the performance of the students, extra classes and remedial classes for slow learners were also taken up by the teachers for discussion of question papers available in question bank. The students confirmed that extra and remedial classes were taken up by the teachers beyond the school hours and the students had no complaint against any teacher.

The quality and performance of teachers was assessed by the Principals regularly in the Principal and Teachers meeting, checking of Teacher's lesson diaries and submission of performance reports to the OMTES.

3.4.7.3 Games, sports and co- curricular activities

Scheme guidelines provided that time table of EMRSs would be so divided that sufficient time would be available for various activities, such as games and sports, cultural activities and other extracurricular activities, so as to ensure all-round development of the students.

We noticed that though playgrounds are available in all test checked EMRSs, it was not developed in EMRS, Laing. However, the students were using the play grounds for football, volley ball, cricket, kho-kho and kabadi. Annual sports were conducted in all the EMRSs along with cultural programmes. Similarly, various competitions like debate, song, Jhoti, Science quiz, General quiz, Mathematics quiz, painting, sloka recitation, dance etc. were also conducted. Both boys and girls participated in district level and State level sports events and in all India womens' festivals as well.

3.4.7.4 Non introduction of commerce and humanities streams

As per the revised guidelines, at the higher secondary level (XI and XII) there would be three sections per class for the three streams of Science, Commerce and Humanities. We observed that, in all EMRSs, though Science stream was introduced, Commerce and Humanities streams were not introduced (October 2012) since the schools were established since 2000-01. The Department stated (September 2012) that steps would be taken to process for other two streams as well.

3.4.7.5 Performance of EMRSs in HSC and CHSE Examination

The objective of EMRS was to provide opportunities to meritorious students belonging to ST community to assess high quality education. We reviewed the performance of test checked EMRSs based on performance of Class-X and Class-XII students in Annual High School Certificate (HSC) Examination conducted by the BSE and CHSE for five years period from 2007-08 to 2011-12 and noticed that the pass percentage and students securing first division in both examinations were encouraging as indicated in table below:

Table 3.13: Performance of four[75] test checked EMRSs in HSC Examination: Class-X

Year	Total students appeared	Passed	1st Division	2nd Division	3rd Division	Percentage of pass out
2007-08	155	128	27	66	35	83
2008-09	160	145	42	69	34	91
2009-10	189	174	54	83	37	96
2010-11	199	180	63	74	43	90
2011-12	217	189	71	69	49	87
Total	**920**	**816**	**257**	**361**	**198**	

(Source: Records of concerned EMRS)

Table 3.14: Performance of four test checked EMRSs in CHSE Examination Class-XII

Year	No of students appeared	No of students Passed	1st Division	2nd Division	3rd Division	Percentage of pass out
2007-08	56	35	01	07	27	63
2008-09	170	125	04	47	74	74
2009-10	189	146	35	78	33	77
2010-11	210	191	32	106	53	91
2011-12	219	218	103	90	25	99
Total	**844**	**715**	**175**	**328**	**212**	

(Source: Records of concerned EMRS)

From the above, it was evident that during the year 2007-08, the rate of passing out was 83 *per cent* in case of Class-X which increased to 90 *per cent* in 2010-11 and then reduced to 87 *per cent* in 2011-12. Students securing first division also steadily increased. Students failed in HSC examination reduced from 17 *per cent* in 2007-08 to 13 *per cent* in 2011-12. In case of Class-XII, the passing out rate was 63 *per cent* in 2007-08 which increased to 99 *per cent* in 2011-12.

We observed that in respect of four tests checked EMRSs, 217 students appeared in HSC Examination in 2012 of which only 71 students (33 *per cent*) passed in first division. Out of 219 students that appeared in +2 Science Examinations in 2012, 103 students (47 *per cent*) passed in first division. The results of EMRSs were, however, less than the results of the other schools/colleges of the locality as detailed in the tables 3.15 and 3.16:

[75] Out of five test checked EMRSs, at Malkangiri the school is running with only Class VI and VII

Table 3.15: Table showing the school wise results of HSC Examination during 2008 – 12

Name of the block and district	Name of the schools with highest result	Percentage of results in				
		2008	**2009**	**2010**	**2011**	**2012**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mayurbhanj, Khunta	**EMRS, Dhanghera**	**92**	**98**	**92**	**96**	**94**
	B C Pur	97	93	100	97	93
	Basipitha	100	100	100	100	100
	Balimundali	89	95	100	93	100
Keonjhar	**EMRS, Ranki**	**69**	**94**	**95**	**91**	**86**
	Govt. High School, Naranpur	97	100	100	98	98
	B D High School, Kusumita	80	91	100	31	37
	N S Police High School	94	93	98	98	94
Sundargarh	**EMRS, Laing**	**85**	**85**	**100**	**88**	**92**
	St. Mary Girls High School	92	91	100	90	97
Dangadi, Jajpur	**EMRS, Rampilo**		**33**	**100**	**84**	**73**
	Jajpur Zilla School	99	93	98	99	98

(Source : Information furnished by concerned District Education Officers)

Table 3.16: Table showing the details of college-wise CHSE results during 2008 -12

Name of the district	Name of the College with highest result	Percentage of result				
		2008	**2009**	**2010**	**2011**	**2012**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mayurbhanj	**EMRS, Dhanghera**	**62**	**100**	**67**	**79.31**	**98**
	Kaptipada college, Nuasahi	Data not available	85	100	Data not available	62
	K.C College, Krushnachandrapur	Data not available	100	97	Data not available	99
Keonjhar	**EMRS, Ranki**	**Not started**	**24**	**100**	**100**	**100**
	D D College, Keonjhar	-	66	72	Data not available	56
	Women Junior College, Keojhar	-	47	50	58	Data not available
Jajpur	**EMRS, Rampilo**	**Not started**		**31**	**91**	**100**
	N C College, Jajpur	-	-	86	Data not available	81
	V N College, Jajpur Road	-	-	58	Data not available	Data not available
Sundargarh	**EMRS, Laing**	**Not started**	**93**	**90**	**Data not available**	**100**
	Nirmula Munda College, Bhalulata	-	96	96	Data not available	71
	Bansidhar College, Kenaveta	-	84	96	Data not available	76

(Source: Results published by Council of Higher Secondary Education, Odisha)

As may be seen from the above table, the performance of students of EMRS, Ranki in +2 Examinations during 2010, 2011 and 2012 remained 100 per cent. But in other test checked EMRSs, the success *percentages* were less than that of the nearby Government Schools/Colleges. However, the details of students got admitted in higher/ professional courses were not available and the same had not been maintained by OMTES.

The Department stated (October 2012) that special coaching classes on engineering were done for all students of EMRS from 2011-12 and were planned for medical classes during 2012-13. It further added that career counseling cell was functioning in each EMRS. The fact, however, remained that data on students admitted in higher/ professional courses were not available with the OMTES/ Department (October 2012) to assess the extent to which the ST students availed higher and professional education at par with the non-tribal students for getting jobs in government, public sector and private sectors.

3.4.8 Inspection and Monitoring

Since the objective of the scheme was to enable the students of EMRSs to avail of facilities of reservation in higher and professional educational courses for getting jobs in government, public sector undertakings and in private sectors, the School Management Committees and the OMTES should review the progress of academic/co-curricular/extra-curricular activities of the students, their admission into technical colleges and their placement in government/ PSU/ private sector. We examined the system of inspection and monitoring in test checked EMRSs and noticed several deficiencies as discussed in succeeding paragraphs.

3.4.8.1 Board of Governors met fewer times than required

As per the bye laws of the OMTES, the Governing Body should meet at least once in a quarter or as frequently as required in each year and if necessary more than once on such date and at such place as may be decided by the Chairman. However, we noticed from the proceedings of the Board meeting that the Board of Governors met only 18 times as of August 2012 since its inception in May 2000 against 48 times required to monitor the implementation of EMRSs. During 2007-12, it met only six times against 20 times required.

3.4.8.2 School Level Management Committee (SLMC) did not meet regularly

As per the bye laws of OMTES and Order (March 2009) of the SSD department, the Management Committee of the School should be headed by the Collector of concerned district. The Principal of the concerned School would be the Member Secretary and other members would include PA, ITDA, Inspector of Schools (Welfare), Chief District Medical Officer (CDMO) of the concerned district, Executive Engineer of the District Rural Development Agency (DRDA) and two eminent educationists of the area who look after the overall development of the school. The Committee had to look after overall development of the school and to render advice to the society, as and when necessary. The Committee had to meet every month in the school premises on any day during first week of each month under the Chairmanship of Collector.

We noticed in the test checked EMRSs that against 153 meetings[76] of such Committee required to be conducted during 2009-12, only 20 meetings[77] were held and minutes recorded. Due to shortfall in conducting these meetings, various developmental works of the school like installation of solar power system inside the campus, development of play ground, supply of bed cots to the boarder, construction of kitchen garden, purchase of generator, construction of staff quarters and addressing acute water problem, completion of compound wall, construction of class room etc. in the test checked EMRSs remained affected/deficient.

3.4.8.3 Monitoring and evaluation

We noticed that:

- the SLMCs and the OMTES did not review the progress of academic/co-curricular/extra-curricular activities of the students of EMRS and did not maintain any record to watch the admission of EMRS pass outs into technical colleges and their placements in Government/PSU/Private Sector though ERMSs were functioning in the State since 2000-2001.
- Online centralised mechanism required to be established under the scheme was yet to be operationalised (October 2012).

3.4.9 Conclusion

Neither any survey was conducted to identify the location and prioritise, nor were proposals for setting up of EMRSs sent to GoI based on any predetermined criteria. Though performance of existing EMRSs on passing out rate in HSC and CHSE examinations was satisfactory, yet it needs further improvement as it remained below that of many other schools in the locality/ district. Funds were left unutilised in bank accounts and there were instances of submission of inflated UCs. Construction works were awarded to State Public Sector Undertakings without following open tender process. Execution of works by these PSUs was not monitored which delayed completion of the works and led to time as well as cost overruns. Most of buildings of test checked EMRSs were left without any maintenance. Sanitation and hygiene in hostels was poor. School level Management Committees did not meet regularly. Further, career progressions of the passed out students by way of enrolment in higher educational/ professional courses and their appointment in Government/ PSUs / private institutions was not monitored. Monitoring of the performance of EMRSs by OMTES was poor.

[76] 36 meetings each for Dhangera, Laing,Rampilo, Ranki and 9 meeting for Malkangiri

[77] Dhangera (1), Laing (4), Rampilo (9), Ranki (6)

3.4.10 Recommendations

The Government may consider the following recommendations for effective functioning of the EMRSs:

- Required steps may be taken for opening of EMRSs in remaining 19 districts of the State to cater to the needs of ST students ;
- Construction works may be awarded to contractors based on open bidding process in compliance with the instructions of Central Vigilance Commission and ensure timely completion of works by them;
- Sanitary condition in the hostels may be improved on priority; provision for annual maintenance of school buildings, hostels and staff quarters ensured;
- Enrolment of passed students in higher educational/ professional courses and their appointment in Government/ PSUs/ Private institutions may be monitored by OMTES.
- Monitoring of the performance of EMRSs by OMTES may be strengthened.

FOOD SUPPLIES AND CONSUMER WELFARE DEPARTMENT

3.5 Diversion of TPDS rice

Under the Centrally-sponsored Targeted Public Distribution System, rice allotted by GoI to BPL families at the scale of 35 kilogram/month during 2002-12 was distributed at reduced scale of 25 kilogram and the saved rice of 26.48 lakh MT involving central subsidy of ₹ 2655.61 crore was diverted for distribution to beneficiaries not recognised by GoI.

With a view to enhancing the food security at household level, the Targeted Public Distribution System (TPDS), a centrally sponsored plan scheme was under implementation in the State with effect from June 1997. The scheme provided that Below Poverty Line (BPL) families / households were to be supplied 35 kilograms of rice per month with effect from April 2002 at the Central Issue Price (CIP) of ₹ 5.65 per kilogram. Under the scheme, Government of India (GoI) allocates a monthly quota of rice to the BPL families in the State the number of which was to be determined based on the poverty estimates of Planning Commission on the projected population of BPL families identified by the State Government whichever was less. GoI's PDS (Control) Order, 2001 prohibited the State Government from diverting food grains made available by the GoI for distribution to various categories of beneficiaries at specified scales. While the Food Corporation of India (FCI) releases a part of the allocated rice, the Odisha State Civil Supplies Corporation (OSCSC) also supplies the balance allocation out of its custom milled rice[78] at the CIP of ₹ 5.65 per kilogram. Since the CIP of such rice is less than the FCI's / OSCSC's economic cost price, the difference is reimbursed to FCI and OSCSC by the GoI as subsidy. The OSCSC was to lift the GoI allotted TPDS rice from FCI along with its own custom milled rice at the CIP.

During audit (October 2011 and June 2012) of the Food Supplies and Consumer Welfare (FS&CW) department, we noticed that the GoI allocated TPDS rice meant for BPL families to Government of Odisha ranging from 123698 metric tonnes (MTs) to 97131 MTs per month during 2002-12 for issue among 35.34

[78] Under the Decentralised Public Distribution System of GoI, the OSCSC procures paddy within the State and convert the same to custom-milled rice (CMR) through miller for supply to beneficiaries under TPDS

lakh to 27.75 lakh BPL families[79] at the scale of 35 kilograms per month per family at the CIP of ₹ 5.65 per kilogram during the above period. But since September 2002, the FS&CW department, with the approval (September 2002) of the State Cabinet, has been supplying TPDS rice allocated by GoI at the scale of 25 kilogram per month to each BPL family. This was done in order to accommodate 48.58 lakh[80] in 2002-03 to 42.32 lakh families[81] in 2011-12 identified as BPL by the State Government. When the GoO mooted a proposal (January 2002) to sell TPDS rice at the scale of 25 kilogram per BPL family, the Ministry of Consumer Affairs, Food and Public Distribution, GoI insisted (July 2002) on maintaining the distribution at the scale of 35 kilograms per BPL family. Besides, the GoI did not accede (May 2009) to the State Government's request (April 2009) for allocation of food grains to increased number of BPL families and instructed the latter to restrict the number of BPL families to the numbers accepted by GoI.

As seen (June 2012) from the records of the OSCSC, 92.69 lakh MT of TPDS rice was lifted by the Corporation during 2002-12 which was enough to cover 8.52 lakh to 27.75 lakh BPL families. This rice, however, was sold to 11.93 lakh to 38.85 lakh families during the period at the reduced scale of 25 kilogram per family/month depriving 10 kilogram of rice every month. This has resulted in irregular distribution of 26.48 lakh MT rice to 3.40 lakh to 11.10 lakh beneficiaries not approved by the GoI at the subsidised rate involving GoI subsidy of ₹ 2655.61 crore during the period, besides consequential denial of adequate food security envisaged under the central scheme to the BPL beneficiaries approved by GOI. The details are given at ***Appendix 3.5.1***. The irregularity continues (June 2012).

The Commissioner-cum-Secretary stated (July 2012) that the GoI, on the recommendation of the Lakhdawala Committee of the Planning Commission reduced the number of the BPL families of the State basing on secondary data which the State had estimated under a door to door survey during 1997-98. He

[79] This included 7.42 lakh APL families of KBK districts who are to be supplied TPDS rice at BPL rate and excluded Antyodaya Anna Yojana and Annapurna Yojana beneficiaries who are to be supplied rice at 35 kilograms per month at the subsidised BPL price as approved by GoI from April 2002

[80] 48.58 lakh as per 1997 BPL survey.

[81] 36.91 lakh BPL families plus 5.41 lakh APL families of KBK (Koraput, Bolangir and Kalahandi) districts.

further added that the GoI's reduction was difficult to implement on the ground level as no procedure for that has been prescribed by GoI.

The reply was not convincing since this argument of the Department was contrary to the PDS (Control) order, 2001 and was rejected (July 2002 and May 2009) by GoI who insisted on restricting the number of BPL families to the number accepted by GoI.

Bhubaneswar
The

(Amar Patnaik)
Accountant General (G&SSA)
Odisha

Countersigned

New Delhi
The

(Vinod Rai)
Comptroller and Auditor General of India

Appendix -2.1.1

(Refer paragraph 2.1.4.3 at page 27)

Statement showing comparison of Tariff between Dhamra Port and Paradip Port Trust

Sl. No.	Description	Tariff of Dhamra Port (in ₹)	Tariff of Paradip Port (in ₹)	Tariff of Dhamra Port expressed as % of tariff of Paradip Port
1	Port dues (per GT)	30.00	5.95	504
2	Pilotage & Towage charges (per GT)	25.00	12.52	200
3	Berth hire charge per GT per hour	0.28	0.058	483
4	Warping charges per move	87,500	12,910	678
5	Shifting charges per move per GT	12.50	6.26	200
6	Cold move charges per move per GT	125	15.65	**799**
7	Wharfage fresh water per MT	150	98.35	**153**
8	Detention charge (Pilotage) (per hour)	9400	2582	364

(Source: Commerce and Transport Department and Scale of Rates of Paradip Port Trust)

Appendix 2.1.2

(Refer paragraph 2.1.4.4 at page 28)

Statement showing loss of Revenue share due to acceptance of revenue percentage share below the reserve percentage for Gopalpur port

(in ₹)

Year (Period)	Total revenue projection based on actual up to 30 September 2010	Revenue share to be paid to Government as per CA	Revenue share as per reserve percentage share	Difference of percentage of revenue share	Differential amount
Year 1: 30 October 2006 to 30 September 2007	15,60,000	NIL	78,000 (5 *per cent*)	5	78,000
Year 2: 01 October 2007 to 30 September 2008	108,172,628	16,22,589 (1.5 *per cent*)	54,08,631 (5 *per cent*)	3.5	37,86,042
Year 3: 01 October 2008 to 30 September 2009	103,732,897	15,55,993 (1.5 *per cent*)	51,86,645 (5 *per cent*)	3.5	36,30,652
Year 4: 01 October 2009 to 30 September 2010	190,379,654	28,55,695 (1.5 *per cent*)	1,14,22,780 (6 *per cent*)	4.5	85,67,085
Year 5 and 6: 01 October 2010 to 30 September 2012	190,379,654	1,90,37,966 (5 *per cent per annum)*	2,28,45,560 (6 *per cent per annum*)	1.0	38,07,594
Year 7, 8 and 9: 01 October 2012 to 30 September 2015	190,379,654	2,85,56,949 (5 *per cent per annum*)	3,99,79,728 (7 *per cent per annum*)	2.0	1,14,22,779
Year 10 to 30: 01 October 2015 to 30 September.2036	190,379,654	29,98,47,954 (7.5 *per cent per annum*)	31,98,37,812 (8 *per cent per annum*)	0.5	1,99,89,858
Total					**5,12,82,010**

(Source: Commerce and Transport Department)

Appendix 2.1.3

(Refer paragraph 2.1. 4.4 at page 28)

Statement showing loss of revenue to Government due to acceptance of revenue share at lower rate for Gopalpur port compared to percentage of revenue share of Dhamra port

(in ₹)

Year (period)	Total revenue projection based on actual up to 30 October 2010	Revenue share to be paid to Government as per CA	Rate of Dhamra and other ports (in per cent)	Revenue share of Government that would have been at that of Dhamra Port	Differential amount
Year 1: 30 October 2006 to 30 September 2007	15,60,000	NIL	5	78,000	78,000
Year 2: 01 October 2007 to 30 September 2008	108,172,628	16,22,589 (1.5 *per cent*)	5	54,08,631	37,86,042
Year 3: 1 October 2008 to 30 September 2009	103,732,897	15,55,993 (1.5 *per cent*)	5	51,86,645	36,30,652
Year 4: 1 October 2009 to 30 September 2010	190,379,654	28,55,695 (1.5 *per cent*)	5	95,18,982	66,63,287
Year 5: 1 October 2010 to 30 September.2011	190,379,654	95,18,982 (5 *per cent*)	5	95,18,982	Nil
Year 6 to 10: 1 October.2011 to 30 September 2016	190,379,654	4,75,94,914 (5 *per cent per annum*)	8	7,61,51,861	2,85,56,947
Year 11 to 15: 1 October.2016 to 30 September 2021	190,379,654	7,13,92,370 (7.5 *per cent per annum*)	10	9,51,89,827	2,37,97,457
Year 16 to 30: 1 October 2021 to 30 September 2036	190,379,654	21,41,77,110 (7.5 *per cent per annum*)	12	34,26,83,377	12,85,06,267
Total		**34,87,17,653**		**54,37,36,305**	**19,50,18,652**

(Source: Commerce and Transport Department)

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Appendix 2.2.1
(Refer paragraph 2.2.1.5 at page 45)
Statement showing test checked units under IAP

Sl. No.	Name of the District	Name of the Audit Units at Collectorate level	Name of the Executing Agencies
1	Gajapati	District Planning Officer, Gajapati	1. Executing Engineer (EE), Rural Water Supply and Sanitation (RWSS), Parlakhemundi 2. Project Administrator, Integrated Tribal Development Agency (PA, ITDA), Parlakhemdundi 3. Block Development Officer (BDO), Gosani
2	Kalahandi	Deputy Director, District Planning and Monitoring Unit, Kalahandi	1. EE, RWSS, Bhawanipatana 2. BDO, Dharmagarh
3	Koraput	Deputy Director, District Planning and Monitoring Unit, Koraput	1. PA, ITDA, Koraput 2. PA, ITDA, Jeypore 3. District Programme Co-ordinator, Sarba Siksha Abhiyan (DPC, SSA), Koraput
4	Malkangiri	Deputy Director, District Planning and Monitoring Unit, Malkangiri	1. EE, Rural Works Division-I, Malkangiri 2. PA, ITDA, Malkangiri
5	Nuapada	Deputy Director, District Planning and Monitoring Unit, Nuapada	1. BDO, Nuapada 2. Special Officer, Chokotia Bhunjia Development Agency (SO, CBDA), Nuapada
6	Rayagada	Deputy Director, District Planning and Monitoring Unit, Rayagada	1. Assistant Soil Conservation Officer (ASCO), Rayagada 2. EE, Roads & Buildings, (R&B), Rayagada 3. DPC, SSA, Rayagada
7	Subarnapur	Project Director, District Rural Development Agency (PD, DRDA), Subarnapur	1. PD, DRDA, Subarnapur 2. BDO, Subarnapur (Sonepur)
8	Sundargarh	Project Director, District Rural Development Agency (PD, DRDA), Sundargarh	1. PA, ITDA, Sundargarh 2. Divisional Forest Officer (DFO), Sundargarh
Total	**8**	**8**	**19**

(Source: Sample selection approved by the Nodal Statistical Officer)

Appendix-2.2.2
(Refer paragraph 2.2.2.4 at page 48)
Statement showing district wise position of projects approved / taken up and subsequently cancelled by the DLCs

District	**Number of projects cancelled/ diverted**	**Nature of projects**	**Amount involved** (₹ in lakh)	**Reasons for cancellation of projects assigned by the DLC/Executing agencies**
Gajapati	30	Construction of Anganwadi Centres (AWCs), Black topping of roads, construction of bridge and Additional class rooms, Rural Piped Water supply (RPWS) projects, toilets, kitchen etc.	660.78	Cancelled due to no progress for a long period, projects already covered under other schemes and duplicity and projects not feasible..
Kalahandi	12	AWC buildings	84.00	Anticipating future coverage under Thirteenth FC scheme.
Koraput	70	Construction of buildings, additional class rooms (ACR), toilet complex and staff quarters, roads, water supply projects, electrification, , Repair to Primary School Hostels etc.	772.95	Due to difficulties in execution of projects, problems created by executants, dispute between the people of that area, inadequate amount sanctioned and projects with long gestation period.
Malkangiri	40	Construction of AWC, Cement Concrete roads, ANM Centres, Check dams, bridges	673.58	Projects found to be not feasible.
Nuapada	8	Improvement of roads and construction of check dams, Cement Concrete road etc.	70.00	Cancellation was necessary for early utilisation of funds and for execution of more need based projects
Rayagada	37	Improvement of roads, construction of boundary walls, bridges etc.	746.43	Taking up other projects.
Subarnapur	29	Construction of Anganwadi Centres (AWC), storage godown, rest shed etc.	313.00	Projects not feasible for execution.
Sundargarh	23	Construction of AWC, road, tube well, bore well etc.	197.10	Not feasible, non availability of land, not approachable, sanctioned twice etc.
Total	**249**		**3517.84**	

(Source: Proceedings of the DLC meetings and report of District Collector)

Appendix-2.2.3
(Refer paragraph 2.2.2.9 at page 52)
Statement showing details of inadmissible projects executed under IAP

(₹ in lakh)

Sl. No.	Name of the District	Total projects sanctioned	Type of the projects	Number of projects	Estimated cost	Expenditure incurred as on 31 March 2012	Reasons for which not admissible
1	Gajapati	865	Installation of Lift Irrigation Points	12	153.00	136.00	CM's instruction (21 December 2010) and P & C Department Order No. .4969 dated 27April 2011
			Up-gradation of transformers from 63 KVA to 100 KVA , 10 KVA to 25 KVA, 25 KVA to 100 KVA, additional transformer, installation of 11/ 33 KV lines, change of conductor etc. in electrification projects	189	306.00	0.00	Video conference by DC on 21 April 2011 and Planning Commission instruction dated 12 January 2011.
			Installation of Transformers to avoid low voltage	3	5.95	0.00	Video conference by DC on 21 April 2011 Planning Commission instruction on 12 January 2011
			Construction of Women's Hostel, Parlakhemundi (in Urban area)	1	45.00	7.50	Chief Minister 23.4.11
Total				**205**	**509.95**	**143.50**	
2	Kalahandi	1414	Boundary walls at AWC Buildings (110)	110	110.00	69.00	CM's instruction dated. 23 April 2011 Planning Commission instruction dated 12 January 2011
			Boundary at Community Centre at Bagbahal (1)	1	1.00	1.00	Planning Commission instruction dated 12 January 2011
			Construction of boundary wall	3	3.00	3.00	
			Fair weather road (1)	1	20.00	20.00	

Sl. No.	Name of the District	Total projects sanctioned	Type of the projects	Number of projects	Estimated cost	Expenditure incurred as on 31 March 2012	Reasons for which not admissible
			Raising of Boundary Wall at Adhamunda Ashram School	1	2.00	2.00	Planning Commission instruction dated 12 January 2011
		Total		**116**	**136..00**	**95.00**	
3	Koraput	1124	Construction of quarter	12	87.00	87.00	Planning Commission instruction dated 30 September 2011
			Installation of high mast lights	3	18.00	18.00	-do-
			Canteen Complex in District Headquarters Hospital (DHH)	1	15.00	0.00	CM's instruction dated 21 December 2010
		Total		**16**	**120.00**	**105.00**	
4	Malkangiri	1968	Health Camps	84	6.88	6.88	Planning Commission instruction dated 22 June 2011
			Animal Health Camps	92	2.36	2.36	-do-
			Fixing of tiles to North Block of +2 Government Science College, Malkangiri	1	12.6	12.6	Planning Commission instruction dated 12 January 2011
			Repair of LI Points	14	21.09	21.09	CM's instruction dated 21December 2010
			Installation of Transformer Pump to LI points	14	44.30	44.30	-do-
			Improvement of field and construction of CC road to North Block + 2 Science College, Malkangiri	1	4.33	4.33	Chief Minister instruction dated 23 April 2011
			Construction of Boundary wall at Kudgulguma Gumma College	1	5.00	5.00	Planning Commission instruction dated 12 January 2011
		Total		**207**	**96.56**	**96.56**	
5	Nuapada	566	Improvement of MI Tanks at Barakothi, Sareipali, Tamkidadar	3	60.00	31.46	CM's Order and instruction dated 21 December 2010
			Renovation of Thongopakhin Tank, Kesaba Tank, Sinjhihar	3	29.00	18.00	-do-

Sl. No.	Name of the District	Total projects sanctioned	Type of the projects	Number of projects	Estimated cost	Expenditure incurred as on 31 March 2012	Reasons for which not admissible
			Sagar				
			Improvement of Ritabasa Tank	1	10.00	7.00	-do-
Total				**7**	**99.00**	**56.46**	
6	Rayagada	977	Lift Irrigation Points	10	112.00	112.00	CM's Order and instruction dated 21 December 2010
7	Subarnapur	517	Lift Points at village Maraduguchhain Tel River	5	50.00	38.80	-do-
			Lift Points at village Brahmani in Tel River	3	30.00	18.00	-do-
			Residential Cluster for field employees (quarters)	8	40.00	40.00	Planning Commission instruction dated 30 September 2011
			Completion of Grid upgradation at Charbhata	1	142.50	0.00	Planning Commission instruction dated 12 January 2011
			Construction of Solid Waste Management System at Lachhipur	1	5.00	1.00	CM's Order and instruction dated 21.12.10
			Construction of Flood Observation Shelter near Hariharjore Project	1	15.00	00	-do-
Total				**19**	**282.500**	**97.80**	
8	Sundargarh	609	Installation of High mast light at Jareikela Border and Mahipani	2	5.00	5.00	Planning Commission instruction dated 12 January 2011
			Construction of boundary wall at primary school hostel, ST&SC Department high school	5	26.00	17.00	-do-
			Improvement of Lift Irrigation points	8	39.83	30.93	CM's instruction dated 21 December 2010
			Construction of Tank	2	10.00	5.00	CM's instruction dated 23 April 2011
			Construction of Teachers' Hall at Bonai	1	5.00	4.88	Planning Commission instruction dated 30 September 2011

Sl. No.	Name of the District	Total projects sanctioned	Type of the projects	Number of projects	Estimated cost	Expenditure incurred as on 31 March 2012	Reasons for which not admissible
			Development programme of energy system improvement (Change of Transformer)	1	600.00	600.00	Planning Commission instruction dated 12 January 2011
			Balance work 50 bedded hostel building at District Sports Complex, Sundargarh (Urban area)	1	28.00	0.00	CM's instruction dated 23.4.11
			Ground levelling & site development at Districts Sports Complex	1	10.00	10.00	-do-
			External Electricity Installation at Sports Hostel, Sundargarh	1	10.00	7.00	Planning Commission instruction dated 12 January 2011
Total				**22**	**733.83**	**679.81**	
Grand Total (8040 projects)				**602**	**2089.84**	**1386.13**	

(Source: Project lists of the District Collectors)

Appendix-2.2.4

(Refer paragraph 2.2.3.3 at page 54)

A. Statement showing excess submission of UC by the Government of Odisha under IAP

(₹in lakh)

Name of the District	Amount of UC submitted by GoO to GoI showing utilisation as on 16 March 2012 against the district	Letter No. and date of submission	Amount of UC submitted by the district to GoO as on date of submission	Letter No. and date of submission	Discrepancy
Gajapati	2500.00	3062 dated 16 March 2012	351.92	1128 dated 16 December 2011	2148.08
Kalahandi	2500.00	-do-	730.10	2369 Date d 01 October 2011	1769.90
Rayagada	2500.00	-do-	1574.20	994 Dated 17 August 2011	925.80
Subarnapur	2500.00	-do-	2154.68	755 Dated 17 march 2012	345.32
Total	**10000.00**		**4810.90**		**5189.10**

(B) Statement showing submission of inflated utilisation certificate by Executing Agencies under IAP

(₹in lakh)

Name of the District	Name of the Executing Agency	Amount of UC submitted	Date up to which UC submitted	Total fund against which UC submitted	Balance as per cash book on date of submission of UC	Balance as per Bank Account	Actual Expenditure	Difference/ inflated UC
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)=(5)-(6)**	**(9)=(3)-(6)**
Koraput	PA, ITDA, Jeypore	179.06	30.11.11	200.00	56.41	56.41	143.59	35.47
Malkangiri	PA, ITDA, Malkangiri	132.00	29.10.11	302.83	300.24	295.84	2.59	129.41
Rayagada	ASCO, Rayagada	745.42	23.03.12	749.25	59.72	50.33	689.53	55.89
	DPC, SSA, Rayagada	100.00	31.03.12	101.04	13.03	17.57	88.01	11.99
	EE (R&B), Rayagada	170.00	25.07.11	170.00	77.44	71.23	92.56	77.44
Total		**1326.48**		**1523.12**	**506.84**	**491.38**	**1016.28**	**310.20**

(Source: P&C Department, District Collectors and Executing Agencies)

Appendix-2.2.5
(Refer paragraph 2.2.4.1 at page 55)
Statement showing projects sanctioned earlier under other schemes but taken up under IAP

(₹ in lakh)

District	Name of the Executing agency	No. of works	Name of the project	Sanctioned earlier under the scheme/ year	Expendi-ture incurred	Estimated amount in lakh from IAP	Expendi-ture incurred from IAP
Koraput	DPC, SSA, Koraput	1	Construction of Kasturaba Gandhi Balika Vidyalaya at Nandapur	Sarba Siksha Abhiyan 2006-07 Sanctioned 19.98 lakh and advanced 19.50 lakh	2.58	10.00	9.50
Rayagada	EE, R&B, Rayagada	1	Repair to Gunupur-Padmapur Road (MDR) 5/0 to 8/500	FDR 2010-11	00	45.00	40.99
Sundargarh	PA, ITDA, Sundargarh	1	Road from Silikudar to Hatidhar bridge	SCA/2009-10 Sanctioned on 21 March 2010 for ₹ 15.00 lakh	00	19.50	14.27
Total		**3**			**2.58**	**74.5**	**64.76**

(Source: Records of sample Executing Agencies)

Appendix-2.2.6
(Refer paragraph 2.2.4.4 at page 57)
Statement showing unfruitful expenditure due to midway abandonment of projects

(₹in lakh)

District	Name of the Executing agency	Nature of work	No of Projects	Estimated cost	Expenditure incurred	Reasons for abandonment
Gajapati	PA, ITDA, Parlakhemundi	Const. of Girls' hostel and additional class room	13	220.00	51.79	The works were abandoned by the contractors after part execution. Show cause notice was issued on the contractors during May 2012 for rescission of the contract. Left incomplete.
Gajapati	BDO, Nuagada	Construction of Black topping of road	8	400.00	67.00	Cancelled due to low progress and the projects covered under PMGSY.
	EE, RWD, Parlakhemundi	Improvement of ghat portion and repair and renovation of road	1	35.00	5.00	The projects were cancelled due inclusion of the same project in the 'LWE district scheme' under Ministry of Road Transport and Highways.
Nuapada	Special Officer, CBDA	Improvement of road	6	80.00	23.04	Stopped after part execution due to want of forest clearance
Total			**28**	**735**	**146.83**	

(Source: Proceedings of the report of District Collector and case records of Executing Agencies)

Appendix-2.2.7

(Refer paragraph 2.2.4.6 at page 58)

Statement showing irregular execution of works through outsiders without inviting tenders camouflaging the same as departmental execution

(₹ in lakh)

District	Name of the executing agency	Number of projects	Nature of project	Estimated cost	Expenditure incurred through Running Account bills	Departm-ental executants	Amount paid in cash to suppliers for material and labour by executants
Gajapati	BDO, Gosani	7	Construction of Cement Concrete (CC) road and AWC buildings	18.25	14.89	Junior Engineers (JEs)	No advances were taken by JEs.
Nuapada	BDO, Nuapada	3	Construction of bridges	100.00	84.33	Village Level Workers (VLW)	Wage payment, material purchases made out of their source without availing any advance
Subarnapur	BDO, Subarnapur	4	CC road, bridge etc.	70.00	68.13	JEs	Wage payment, material purchases made out of their source without availing any advance
Total		**14**		**188.25**	**167.35**		

(Source: Records of Executing Agencies)

Appendix-2.2.8
(Refer paragraph 2.2.4.7 at page 58)
Statement showing procurement of construction material from private persons / unauthorised dealers on hand receipts and payment made in cash

(₹in lakh)

Name of the District	Name of the Executing Agency	Works for which material procured	Number works	Type of materials procured	Estima-ted cost	Amount involved in purchase on hand receipts	Number of works comple-ted	Payment range on hand receipts (minimum to maximum in ₹)
Kalahandi	BDO, Dharmagarh	Construction of CC road	35	chips, sand, cement etc.	119.00	67.63	29	46967 to 242341
Koraput	PA, ITDA, Koraput	Construction of CC road and school hostel building	5	chips, sand, cement etc.	12.50	3.34	5	9235 to 180873
	PA, ITDA, Jeypore	Construction of school buildings etc.	10	chips, sand, cement etc.	106.00	10.85	4	7212 to 225843
Nuapada	BDO, Nuapada	Construction of CC road	20	chips, sand, cement etc.	381.00	89.23	10	2200 to 313316
	SO, CBDA, Nuapada	Construction of check dam, Improvement of roads, cross bandh, MIP etc.	21	chips, sand, cement etc.	223.00	46.29	21	22165 to 29110 in cash
Rayagada	ASCO, Rayagada	Check Dam	34	sand and stone	152.11	39.91	34	61107 to 181171
Subarnapur	PD, DRDA Subarnapur	Construction of road, bridge	6	chips, sand, cement etc.	388.00	28.31	2	41110 to 175000
	BDO, Subarnapur	CC Roads	38	chips, sand, cement etc.	294.50	60.90	20	15941 to 248013
Total			**169**		**1676.11**	**346.46**	**125**	

(Source: Executing Agencies)

Appendix-2.2.9

(Refer paragraph 2.2.4.8 at page 59)

Statement showing splitting up of projects to avoid wide publicity and sanction of higher authorities

(₹in lakh)

Name of the district	Name of the Executing Agency	Number of projects split up	Nature of projects	Estimated cost (minimum and maximum cost)	Number of reaches / Splitting of estimated cost ranging from
Gajapati	EE (R&B) Gajapati; BDOs, Gumma, Rayagada, Nuagada and R. Udayagiri	7	Construction of road 7 works into 19 reaches	931.00 (93 and 287.50)	19 reaches (₹ 37.50lakh to ₹ 50 lakh)
Kalahandi	DFO, North, Kalahandi	1	Moorum Topping and side drawn	64.20	13 reaches (₹4.83 lakh to ₹4.99 lakh)
Koraput	PA, ITDA, Koraput	2	Renovation of Training Centre and Improvement of Infrastructure (one work into three and one work into seven)	50.00	10 reaches (₹ 4.31 lakh to ₹ 5.00 lakh each into)
Malkangiri	EE (RWD), Malkangiri	5	Roads	718.32 (55.45 and 263.71)	19 reaches (₹ 20.34 lakh to ₹ 47.62 lakh)
	PA, ITDA, Malkangiri	3	Playground, CC Road	23.00 (6 and 10)	10 reaches (₹2.00 lakh to ₹5.00 lakh)
Total		**18**		**1786.52**	**71**

(Source: Project lists of the District Collectors and project lists Executing Agencies)

Appendix-3.1.1
(Refer paragraph 3.1.3.3 at page 73)
Statement showing loss on procurement of *arhar dal*

Abstract of excess cost calculated (₹ in crore)		
Programme	**Total period (April 2010 to March 2011)**	
	Annual average	**Highest average**
SNP	37.28	24.87
MDM	28.47	18.74
Total	**65.75**	**43.61**

Appendix-3.1.2

(Refer paragraph 3.1 3.3 at page 73)

Statement showing the loss on purchase of *arhar dal* under MDM (April 2010-March 2011) w.r.t. the highest state average wholesale price prevailing in the state as per Market Intelligence wing of FS & C W department of Government of Odisha

Sl. No.	Name of the district	*Arhar dal* procured by the district					Highest State average wholesale price during 2010-11 i.e, (April 2010) as per MI(in ₹)	Cost of *dal* as per MI price for the year (Col 3 x Col 8) (₹ in lakh)	Loss (Col 7 - Col 9) (₹ in lakh)
		Quantity in (qtl)	Procurement rate (in ₹)	Total amount payable (Col 3 x col 4) (₹ in lakh)	Amount paid (₹ in lakh)	Cost of *dal* less transportation @₹ 75 per Qtl - (Col 3 x ₹ 75) (₹ in lakh)			
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1	Angul	4979	7461	371.48	371.48	367.75	6209.11	309.15	58.60
2	Balasore	8265	7500	619.88	515.25	613.68	6209.11	513.18	100.49
3	Bargarh	4486.66	7500	336.50	332.37	333.13	6209.11	278.58	54.55
4	Bhadrak	8887.67	7107	631.65	483.13	624.98	6209.11	551.85	73.14
5	Bolangir	9362	6551	613.30	613.30	606.28	6209.11	581.30	24.99
6	Boudh	2636.49	7500	197.30	56.64	195.32	6209.11	163.70	31.62
7	Cuttack	9076.46	7500	680.73	680.73	673.93	6209.11	563.57	110.36
8	Deogarh	decentral	ised	procurement	0	0	6209.11	0	0
9	Dhenkanal	5298.5	7200	381.49	381.49	377.52	6209.11	328.99	48.53
10	Gajapati	3155.5	7461	235.43	235.43	233.07	6209.11	195.93	37.14
11	Ganjam*	11753.3	7500	881.50	508.14	872.68	6209.11	729.78	142.91
12	Jagatsinghpur	5365.5	7475	401.07	401.07	397.05	6209.11	333.15	63.90
		110	7080	7.79	7.788	7.71	6209.11	6.83	0.88
13	Jajpur **	4732	6700	317.04	NA	313.50	6209.11	293.82	19.68
14	Jharsuguda	2473.55	6700	165.73	139.15	163.87	6209.11	153.59	10.29
15	Kalahandi	7651	7170	548.54	545.68	542.80	6209.11	475.06	67.74
16	Kandhamal	4471.85	7500	335.39	272.53	332.03	6209.11	277.66	54.37
17	Kendrapara	6107.79	7440	454.42	454.42	449.84	6209.11	379.24	70.60

Sl. No.	Name of the district	*Arhar dal* procured by the district					Highest State average wholesale price during 2010-11 i.e, (April 2010) as per MI(in ₹)	Cost of *dal* as per MI price for the year (Col 3 x Col 8) (₹ in lakh)	Loss (Col 7 - Col 9) (₹ in lakh)
		Quantity in (qtl)	Procurement rate (in ₹)	Total amount payable (Col 3 x col 4) (₹ in lakh)	Amount paid (₹ in lakh)	Cost of *dal* less transportation @₹ 75 per Qtl - (Col 3 x ₹ 75) (₹ in lakh)			
18	Keonjhar	11126.67	7500	834.50	834.50	826.16	6209.11	690.87	135.29
19	Khordha	8747.4	6300	551.09	551.09	544.53	6209.11	543.14	1.39
20	Koraput	1151	7500	86.33	86.33	85.46	6209.11	71.47	13.99
		3065	6456	197.88	197.88	195.58	6209.11	190.31	5.27
		3081	6900	212.59	212.59	210.28	6209.11	191.30	18.98
21	Malkangiri	3509.56	7500	263.22	263.22	260.58	6209.11	217.91	42.67
22	Mayurbhanj	13306	7473	994.36	994.36	984.38	6209.11	826.18	158.19
23	Nawarangpur	6310	6728	424.54	424.54	419.80	6209.11	391.79	28.01
24	Nayagarh	4358.5	7475	325.80	325.80	322.53	6209.11	270.62	51.90
25	Nuapada	7418.76	7495	556.04	556.04	550.47	6209.11	460.64	89.83
26	Puri	440.9	7475	32.96	32.96	32.63	6209.11	27.38	5.25
		6605.9	7445	491.81	491.81	486.85	6209.11	410.17	76.69
27	Rayagada	5187.5	7490	393.31	393.31	389.42	6209.11	322.10	67.32
28	Sambalpur	5411.55	7500	405.87	405.87	401.81	6209.11	336.01	65.80
29	Subarnapur	3900.16	7500	292.51	292.51	289.59	6209.11	242.17	47.42
30	Sundargarh	5283.95	7475	394.98	394.98	391.01	6209.11	328.09	62.93
		3039.75	7365	223.88	223.88	221.60	6209.11	188.74	32.86
	Total								**1873.58**

Source: Information on year wise/ month wise purchase of *dal* and rate allowed in different districts collected from the districts excepting Jajpur, Ganjam. In respect of Jajpur and Ganjam records available with vigilance was test checked in audit.

*Ganjam: As per information available with vigilance records. Procurement and payment records verified up to September 2010.

** Jajpur: As per data available with vigilance (i.e. purchase up to December 2010. Payment records not available) In respect of Jajpur and Ganjam verification of procurement and payment records could not be made for the entire period of audit i.e. up to March 2011.

Appendix-3.1.3
(Refer paragraph 3.1 3.3 at page 73)

Statement showing the loss on purchase of *arhar dal* under SNP (April 2010-March 2011) w.r.t. the highest state average wholesale price prevailing in the state as per Market Intelligence wing of FS & C W department of Government of Odisha

Sl. No.	Name of the district	*Arhar dal* procured by the district					Highest State average wholesale price during 2010-11 i.e, (April 2010) as per MI(in ₹)	Cost of *dal* as per MI price for the year (3*8) (₹ in lakh)	Loss (Col. 7- Col . 9) (₹ in lakh)
		Quantity in (qtl)	Procu-rement cost per quintal (in ₹)	Total amount (Col 3 x Col 4) (₹ in lakh)	Amount paid (₹ in lakh)	Cost of *dal* less transportation @ ₹75 per Qtl Col 5-(Col 3*₹75) (₹ in lakh)			
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1	Angul	6900.00	7461	514.81	514.81	509.63	6209.11	428.43	81.21
2	Balasore	17527.41	7500	1314.56	1188.4	1301.41	6209.11	1088.30	213.11
3	Bargarh	9618.6	7500	721.40	720.47	714.18	6209.11	597.23	116.95
4	Bhadrak	9809.69	7107	697.17	581.61	689.82	6209.11	609.09	80.72
5	Bolangir	13423.00	6551	879.34	879.41	869.27	6209.11	833.45	35.82
6	Boudh	2788.12	7500	209.11	102.6	207.02	6209.11	173.12	33.90
7	Cuttack	13443.52	7500	1008.26	1008.26	998.18	6209.11	834.72	163.46
8	Deogarh	decentral	Ised	procureme	0	0	6209.11	0	0
9	Dhenkanal	1547.95	6995	108.28	108.28	107.12	6209.11	96.11	11.00
		3028.95	7200	218.08	218.08	215.81	6209.11	188.07	27.74
10	Gajapati	797.00	7475	59.58	59.58	58.98	6209.11	49.49	9.49
		3925.00	7461	292.84	292.84	289.90	6209.11	243.71	46.19
11	Ganjam *	6542.30	7500	490.67	313.81	485.77	6209.11	406.22	79.55
12	Jagatsinghpur	6508.50	7475	486.51	486.51	481.63	6209.11	404.12	77.51
13	Jajpur**	11715	6700	784.91	NA	776.12	6209.11	727.40	48.72
14	Jharsuguda	333.09	7450	24.82	24.82	24.57	6209.11	20.68	3.88
		2375.04	6700	159.13	159.13	157.35	6209.11	147.47	9.88
15	Kalahandi	13195.00	7170	946.05	941.08	936.15	6209.11	819.29	116.86

Sl. No.	Name of the district	*Arhar dal* procured by the district					Highest State average wholesale price during 2010-11 i.e, (April 2010) as per MI(in ₹)	Cost of *dal* as per MI price for the year (3*8) (₹ in lakh)	Loss (Col. 7- Col . 9) (₹ in lakh)
		Quantity in (qtl)	Procu-rement cost per quintal (in ₹)	Total amount (Col 3 x Col 4) (₹ in lakh)	Amount paid (₹ in lakh)	Cost of *dal* less transportation @ ₹75 per Qtl Col 5-(Col 3*₹75) (₹ in lakh)			
16	Kandhamal	6340.00	7500	475.50	475.5	470.75	6209.11	393.66	77.09
17	Kendrapara	9113.36	7440	678.03	678.03	671.20	6209.11	565.86	105.34
18	Keonjhar	17206.66	7500	1290.50	1290.5	1277.59	6209.11	1068.38	209.21
19	Khordha	8022.50	6300	505.42	505.42	499.40	6209.11	498.13	1.27
20	Koraput	Indiamix			0	0	6209.11	0	0
21	Malkangiri	Indiamix			0	0	6209.11	0	0
22	Mayurbhanj	20518.00	7473	1533.31	1533.23	1517.92	6209.11	1273.99	243.94
23	Nawarangpur	Indiamix			0	0	6209.11	0	0
24	Nayagarh	7252.00	7475	542.09	542.09	536.65	6209.11	450.28	86.36
25	Nuapada	7001.85	7495	524.79	524.79	519.54	6209.11	434.75	84.78
26	Puri	1460.00	7475	109.14	109.14	108.04	6209.11	90.65	17.39
		9221.50	7445	686.54	686.54	679.62	6209.11	572.57	107.05
27	Rayagada	8527.03	7490	639.23	639.23	632.83	6209.11	529.45	103.38
28	Sambalpur	6475.50	7500	485.66	485.66	480.81	6209.11	402.07	78.73
29	Subarnapur	5325.13	7500	399.38	399.38	395.39	6209.11	330.64	64.75
30	Sundargarh	9104.50	7475	680.56	680.56	673.73	6209.11	565.31	108.42
		4006.00	7365	295.04	295.04	292.04	6209.11	248.74	43.30
	Total								**2487.00**

Source: ***Information on yearwise/ monthwise purchase of dal and rate allowed in different districts collected from the districts excepting Jajpur, Ganjam. In*** respect of Jajpur and Ganjam records available with vigilance was verified.

*Ganjam: As per information available with vigilance records. Procurement and payment records verified up to September 2010.

** Jajpur: As per data available with vigilance (i.e. purchase up to December 2010. Payment records not available) In respect of Jajpur and Ganjam verification of procurement and payment records could not be made for the entire period of audit i.e. up to march 2011.

Appendix-3.1.4

(Refer paragraph 3.1.3.3 at page 73)

Statement showing the loss on purchase of *arhar dal* under SNP (April 2010-March 2011) w.r.t. the Annual State average wholesale price prevailing in the State as per Market Intelligence wing of FS & C W department of Government of Odisha

Sl. No.	Name of the district	*Arhar dal* procured by the district					State average wholesale price during 2010-11 i.e, (April 2010) as per MI (in ₹)	Cost of *dal* as per MI price for the year (3*8) (₹ in lakh)	Loss Col 7- Col 9 (₹ in lakh)
		Quantity in (qtl)	Procure-ment cost (in ₹)	Total amount (3 * 4) (₹ in lakh)	Paid (₹ in lakh)	cost of *dal* less transport-ation @ ₹75 per Qtl Col. Col 5-(Col.3x ₹75) (₹ in lakh)			
1	2	3	4	5	6	7	8	9	10
1	Angul	6900	7461	514.81	514.81	509.63	5698.72	393.21	116.42
2	Balasore	17527.41	7500	1314.56	1188.4	1301.41	5698.72	998.84	302.57
3	Bargarh	9618.6	7500	721.40	720.47	714.18	5698.72	548.14	166.04
4	Bhadrak	9809.69	7107	697.17	581.61	689.82	5698.72	559.03	130.79
5	Bolangir	13423	6551	879.34	879.34	869.27	5698.72	764.94	104.33
6	Boudh	2788.12	7500	209.11	102.6	207.02	5698.72	158.89	48.13
7	Cuttack	13443.52	7500	1008.26	1008.26	998.18	5698.72	766.11	232.07
8	Deogarh	decentral	Ised	procureme	0	0	5698.72	0	0
9	Dhenkanal	1547.95	6995	108.28	108.28	107.12	5698.72	88.21	18.90
		3028.95	7200	218.08	218.08	215.81	5698.72	172.61	43.20
10	Gajapati	797	7475	59.58	59.58	58.98	5698.72	45.42	13.56
		3925	7461	292.84	292.84	289.90	5698.72	223.67	66.23
11	Ganjam *	6542.3	7500	490.67	313.81	485.77	5698.72	372.83	112.94
12	Jagatsinghpur	6508.5	7475	486.51	486.51	481.63	5698.72	370.90	110.73
13	Jajpur**	11715	6700	784.91	NA	776.12	5698.72	667.61	108.51
14	Jharsuguda	333.09	7450	24.82	24.82	24.57	5698.72	18.98	5.59
		2375.04	6700	159.13	159.13	157.35	5698.72	135.35	22.00

Sl. No.	Name of the district	*Arhar dal* procured by the district					State average wholesale price during 2010-11 i.e, (April 2010) as per MI (in ₹)	Cost of *dal* as per MI price for the year (3*8) (₹ in lakh)	Loss Col 7- Col 9 (₹ in lakh)
		Quantity in (qtl)	Procure-ment cost (in ₹)	Total amount (3 * 4) (₹ in lakh)	Paid (₹ in lakh)	cost of *dal* less transport-ation @ ₹75 per Qtl Col. Col 5-(Col.3x ₹75) (₹ in lakh)			
15	Kalahandi	13195.00	7170	946.05	941.08	936.15	5698.72	751.95	184.20
16	Kandhamal	6340	7500	475.50	475.5	470.75	5698.72	361.30	109.45
17	Kendrapara	9113.36	7440	678.03	678.03	671.19	5698.72	519.34	151.85
18	Keonjhar	17206.66	7500	1290.50	1290.5	1277.6	5698.72	980.56	297.04
19	Khordha	8022.5	6300	505.42	505.42	499.4	5698.72	457.18	42.22
20	Koraput	Indiamix			0	0	5698.72	0	0
21	Malkangiri	Indiamix			0	0	5698.72	0	0
22	Mayurbhanj	20518	7473	1533.31	1533.23	1517.92	5698.72	1169.26	348.66
23	Nawarangpur	Indiamix			0	0	5698.72	0	0
24	Nayagarh	7252	7475	542.09	542.09	536.65	5698.72	413.27	123.38
25	Nuapada	7001.85	7495	524.79	524.79	519.54	5698.72	399.02	120.52
26	Puri	1460	7475	109.14	109.14	108.05	5698.72	83.20	24.85
		9221.5	7445	686.54	686.54	679.62	5698.72	525.51	154.11
27	Rayagada	8527.03	7490	639.23	639.23	632.83	5698.72	485.93	146.90
28	Sambalpur	6475.5	7500	485.66	485.66	480.8	5698.72	369.02	111.78
29	Subarnapur	5325.13	7500	399.38	399.38	395.39	5698.72	303.46	91.93
30	Sundargarh	9104.5	7475	680.56	680.56	673.73	5698.72	518.84	154.89
		4006	7365	295.04	295.04	292.04	5698.72	228.29	63.75
	Total								**3727.54**

Source: Information on yearwise/ monthwise purchase of *dal* and rate allowed in different districts collected from the districts excepting Jajpur, Ganjam. In respect of Jajpur and Ganjam records available with vigilance was verified.

*Ganjam: As per information available with vigilance records. Procurement and payment records verified up to September 2010.

** Jajpur: As per data available with vigilance (i.e. purchase up to December 2010. Payment records not available) In respect of Jajpur and Ganjam verification of procurement and payment records could not be made for the entire period of audit i.e. up to march 2011

Appendix-3.1.5
(Refer paragraph 3.1.3.3 at page 73)
Statement showing the loss on purchase of *arhar dal* under MDM (April 2010-March 2011) w.r.t. the Annual state average wholesale price prevailing in the state as per Market Intelligence wing of FS & C W department of Government of Odisha

Sl. No.	Name of the district	*Arhar dal* procured by the district					State average wholesale price during 2010-11 i.e., (April 2010) as per MI (in ₹)	Cost of *dal* as per MI price for the year (3*8) (₹ in lakh)	Loss (7-9) (₹ in lakh)
		Quantity in (qtl)	Procurement price (in ₹)	Total amount (3 * 4) (₹ in lakh)	Paid (₹ in lakh)	Cost of *dal* less transportation @ ₹75 per Qtl Col 5-(Col 3*₹75) (₹ in lakh)			
1	2	3	4	5	6	7	8	9	10
1	Angul	4979	7461	371.48	371.48	367.75	5698.72	283.74	84.01
2	Balasore	8265	7500	619.88	515.25	613.68	5698.72	471.00	142.68
3	Bargarh	4486.66	7500	336.50	332.37	333.13	5698.72	255.68	77.45
4	Bhadrak	8887.67	7107	631.65	483.13	624.98	5698.72	506.48	118.50
5	Bolangir	9362	6551	613.30	613.30	606.28	5698.72	533.51	72.77
6	Boudh	2636.49	7500	197.30	56.64	195.32	5698.72	150.25	45.08
7	Cuttack	9076.46	7500	680.73	680.73	673.93	5698.72	517.24	156.69
8	Deogarh	decentral	Ised	procureme	0	0	5698.72	0	0
9	Dhenkanal	5298.5	7200	381.49	381.49	377.52	5698.72	301.95	75.57
10	Gajapati	3155.5	7461	235.43	235.43	233.07	5698.72	179.82	53.24
11	Ganjam*	11753.3	7500	881.50	508.14	872.68	5698.72	669.79	202.89
12	Jagatsinghpur	5365.5	7475	401.07	401.07	397.05	5698.72	305.76	91.28
		110	7080	7.79	7.788	7.71	5698.72	6.27	1.44
13	Jajpur **	4732	6700	317.04	NA	313.50	5698.72	269.66	43.83
14	Jharsuguda	2473.55	6700	165.73	139.15	163.87	5698.72	140.96	22.91
15	Kalahandi	7651	7170	548.54	545.68	542.80	5698.72	436.01	106.79
16	Kandhamal	4471.85	7500	335.39	272.53	332.03	5698.72	254.84	77.20

Sl. No.	Name of the district	*Arhar dal* procured by the district					State average wholesale price during 2010-11 l.e., (April 2010) as per MI (in ₹)	Cost of *dal* as per MI price for the year (3*8) (₹ in lakh)	Loss (7-9) (₹ in lakh)
		Quantity in (qtl)	Procurement price (in ₹)	Total amount (3 * 4) (₹ in lakh)	Paid (₹ in lakh)	Cost of *dal* less transportation @ ₹75 per Qtl Col 5-(Col 3*₹75) (₹ in lakh)			
17	Kendrapara	6107.79	7440	454.42	454.42	449.84	5698.72	348.07	101.77
18	Keonjhar	11126.67	7500	834.50	834.50	826.16	5698.72	634.08	192.08
19	Khordha	8747.4	6300	551.09	551.09	544.53	5698.72	498.49	46.04
20	Koraput	1151	7500	86.33	86.33	85.46	5698.72	65.59	19.87
		3065	6456	197.88	197.88	195.58	5698.72	174.67	20.91
		3081	6900	212.59	212.59	210.28	5698.72	175.58	34.70
21	Malkangiri	3509.56	7500	263.22	263.22	260.58	5698.72	200.00	60.58
22	Mayurbhanj	13306	7473	994.36	994.36	984.38	5698.72	758.27	226.11
23	Nawarangpur	6310	6728	424.54	424.54	419.80	5698.72	359.59	60.22
24	Nayagarh	4358.5	7475	325.80	325.80	322.53	5698.72	248.38	74.15
25	Nuapada	7418.76	7495	556.04	556.04	550.47	5698.72	422.77	127.70
26	Puri	440.9	7475	32.96	32.96	32.63	5698.72	25.13	7.50
		6605.9	7445	491.81	491.81	486.85	5698.72	376.45	110.40
27	Rayagada	5187.5	7490	393.31	393.31	389.42	5698.72	295.62	93.80
28	Sambalpur	5411.55	7500	405.87	405.87	401.81	5698.72	308.39	93.42
29	Subarnapur	3900.16	7500	292.51	292.51	289.59	5698.72	222.26	67.33
30	Sundargarh	5283.95	7475	394.98	394.98	391.01	5698.72	301.12	89.89
		3039.75	7365	223.88	223.88	221.60	5698.72	173.23	48.37
	Total								**2847.17**

Source: Information on yearwise/ monthwise purchase of *dal* and rate allowed in different districts collected from the districts excepting Jajpur, Ganjam. In respect of Jajpur and Ganjam records available with vigilance was verified.

*Ganjam: As per information available with vigilance records. Procurement and payment records verified up to September 2010.

** Jajpur: As per data available with vigilance (i.e. purchase up to December 2010. Payment records not available) In respect of Jajpur and Ganjam verification of procurement and payment records could not be made for the entire period of audit i.e. up to March 2011

Appendix-3.2.1
(Refer paragraph 3.2.3.1 at page 90)
Statement showing Blood banks in which blood was extracted from donors without maintaining the requisite information during the period from calendar year 2009 to 2012 (Figures up to March for 2012)

Sl. No.	Name of the blood bank	Government/ Non Govt.	Total No of blood units collected	Total No of cases test checked	Total No of cases found defective	Under age / over age	Age not recor ded	Und er weig ht	Weig ht not reeor ded	HB% < 12.5 %	HB % not recor ded	Signature of doctor not recorded	Date of bleed-ing	Blood pressure not recorded	Blood grouping not recorded
1	Kalinga Hospital Bhubaneswar	Non Govt.	11629	131	131	04	78	04	14	0	31	0	0	0	0
2	Hi–tech Hospital Bhubaneswar	Non Govt	11470	65	65	0	02	01	0	62	0	0	0	0	0
3	MKCG Medical College	Government	75801	4326	4326	0	0	0	605	0	4326	0	0	0	0
4	Nalco Damonjodi	Non Govt	188	27	27	0	0	0	-	0	0	0	27	0	0
5	SCB Medical College & Hospital, Cuttack	Government	45953	130	130	0	130	0	130	0	130	0	0	0	0
6	CRCBB, Mangalabag Cuttack	Non Govt	114720	70	70	0	0	0	67	0	67	70	43	67	36
7	Nehru Shatabdi Hospital, Talcher	Non Govt	1464	45	45	0	9	0	45	0	45	45	0	45	0
8	ORCBB, Govt.Hospital Campus, Rourkela	Government	25912	50	50	0	0	0	50	0	50	45	0	50	0
9	Christian Hospital Nabarangpur	Non Govt	4341	45	9	0	0	0	0	9	0	0	0	0	0
10	Catholic Mission Hospital, Bargarh	Non Govt	3310	55	55	1	1	0	15	9	26	52	0	15	0
11	ORCBB, SDH, Rairangpur	Government	5446	46	46	0	32	0	32	0	32	14	0	32	0
12	ORCBB, SDH, Patnagarh, Bolangir	Government	7167	45	45	0	0	0	0	43	0	45	0	0	0
13	Apollo Hospital BBSR	Non Govt	4085	118	118	2 (overage)	5	0	69	35	74	66	0	78	0
	Total		**311486**	**5153**	**5117**	**7 (2 overage)**	**257**	**05**	**1027**	**158**	**4781**	**337**	**70**	**287**	**36**

Source: Information obtained and consolidated during test-check of blood banks

Appendix 3.2.2
(Refer paragraph 3.2.3.2 at page 92)
Statement showing non-conducting of ELISA test by blood banks before transfusion of blood

Sl. No.	Name of the Blood Bank	Total units of blood collected during calendar year from 2009 to 2012 (Figures up to March 2012)	Total ELISA tests conducted	Total ELISA test not conducted	Reasons for not conducting ELISA test
1	Hi-Tech Medical Hospital Blood Bank , Bhubaneswar	11470	2814	8656	Due to non- availability of Elisa reader and handling of emergency cases
2	Nehru Satabdi Blood Bank, Talcher	1464	1021	443	Stop collection orders passed during 2009 and due to non-availability of reagents
3	RGH Blood Bank , Rourkela	25912	14112	11800	Not done in case of emergency
4	Christian Missionary Hospital Blood Bank, Bargarh	3310	0	3310	Non-availability of spares and services
5	SDH Blood Bank , Rairangpur	5446	1672	3774	Due to non- availability of Elisa machine and cases of emergency
6	SDH Blood Bank , Patnagarh	7167	0	7167	No ELISA machine has been installed however rapid test done
7	Apollo Hospital Blood Bank, Bhubaneswar	4085	0	4085	The tests are done in a better machine i.e. Vitrous ECIQ/ECiimmunisation diagnostic system
8	Blood Bank, Damanjodi	188	0	188	Non-availability of Elisa Reader
TOTAL		**59042**	**19619**	**39423**	

Appendix- 3.2.3
(Refer paragraph 3.2.3.6 at page 93)
Statement showing equipment not available in blood banks

A. Name of the equipment required to be available for whole blood	**Number**
Weighing device, Sphygmomanometer, Stethoscope, Haemoglobin estimation meter, Blood donation Bed/Donor couch, side table, blood collection monitor with agitator, dielectric sealer, Rest Bed, Oxygen cylinder, needle destroyer, cold chain box, Blood Bank refrigerator, binocular microscope, serological water bath, micropipette, Rh view box, Thermostatic incubator, domestic refrigerator with temp. display facility, Insulated Box, Clinical thermometer, serologic rotators, stop watch, stand by generator, compound microscope, centrifuge table model, Incubator with thermostatic control, chemical balance, Elisa reader with printer micropipettes and air conditioners. .	**30**
B. Name of the equipment required to be available for blood component Cryo Centrifuse, laminar Air flow, Plasma Expressor, Dielectric sealer, plasma bath, serological water bath, -40^{0} Blood Bank Refrigerator, -80^{0} Blood bank refrigerator, platelate agitator, sterile connecting device, cell counter, Ph meter, Cougolometer, compo scale, weighing device, blood banking refrigerator and generator.	**17**

Sl. No.	Name of the Blood Bank	Number of required equipment	Equipment not available	Number of required equipment
1.	SCB Medical Hospital Blood Bank, Cuttack (Whole Blood & Blood components)	47	Serological water bath, Cell counter, Ph meter, Plasma Expresser (Manual). & Plasma Expresser (Automated)	5
2.	CRCBB Mangalabag, Cuttack (Whole blood & Blood components)	47	Cougolometer	1
3.	Kalinga Hospital Blood Bank, Bhubaneswar (Whole Blood Blood components)	47	Plasma Expresser (Automated), Cougolometer, -80^{0} C Deep freezer, and multi channel pipette	4
4.	Hi-Tech Medical Hospital Blood Bank, Bhubaneswar (Whole Blood & Blood Components)	47	Donor Couch, Cell counter, Cougolometer and Ph Meter.	4
5.	Nehru Satabdi Blood Bank, Talcher (Whole Blood)	30	Weighing scale	1
6.	RGH Blood Bank, Rourkela (Whole Blood)	30	Blood Collection monitor with agitator, cold chain box, Rh view box, Insulated Box and stand by generator	6
7.	Christian Missionary Hospital, Blood Bank Bargarh (Whole Blood)	30	Dielectric sealer, Rh view box, domestic refrigerator with temperature display facility and ELISA Reader not working.	4
8.	SDH Blood Bank, Rairangpur (Whole Blood)	30	Rh view box, Insulated Box, Serological rotator, compound microscope, chemical balance and ELISA washer	6

Sl. No.	Name of the Blood Bank	Number of required equipment	Equipment not available	Number of required equipment
9.	SDH Blood Bank, Patnagarh (Whole blood)	30	Rh view box, Insulated box, standby generator, chemical balance and ELISA Reader.	5
10.	Apollo Hospital Blood Bank, Bhubaneswar (Whole blood & Blood components)	47	Insulated Box, Chemical Balance, Ph meter & Cougolometer.	4
11.	MKCG Hospital Blood Bank, Berhampur (Whole blood & Blood components)	47	Sphygmomanometer, Stethoscope and serological water bath	3
12.	Christian Hospital, Nawarangpur (Whole Blood)	30	(NIL)	Nil
13.	Blood Bank Damanjodi (Whole Blood)	30	(NIL)	Nil
TOTAL		**492**		**43**

Appendix-3.2.4
(Refer paragraph 3.2.4.2 at page 95)
Statement showing number of Blood bank staff who were not trained in Blood Bank activities

Sl. No.	Name of the blood bank	Government/ Non Govt.	Total No. of Doctor/ staff	Total No of Trained Doctor/ staff	Total No of untrained Doctor/ staff	Doctors	C Tech super-visor	C Tech	Lab Tech	Staff nurse	Male nurse	Councillor
						Break up of un-trained Doctor / staff						
1	Kalinga Hospital Blood Bank, Bhubaneswar	Non Govt.	10	9	1	0	0	0	0	1	0	0
2	Hi–tech Hospital Blood Bank, Bhubaneswar	Non Govt.	19	16	3	0	0	0	3	0	0	0
3	Apollo Hospital Blood Bank, Bhubaneswar	Non Govt.	9	7	2	1	0	0	0	1	0	0
4	Nehru Shatapdi Hospital Blood Bank, Talcher	Non Govt.	8	4	4	0	0	2	2	0	0	0
5	Catholic Mission Hospital Blood Bank, Bargarh	Non Govt.	4	3	1	0	0	0	0	1	0	0
6	MKCG Medical College Blood Bank, Berhampur	Government	16	9	7	1	0	0	4	2	0	0
7	SCB Medical College & Hospital Blood Bank, Cuttack	Government	13	4	9	3	1	0	3	2	0	0
8	CRCBB, Blood Bank Mangalabag, Cuttack	Non Govt.	22	2	20	5	0	0	12	3	0	0
9	ORCBB, Govt. Hospital Campus, Rourkela	Government	6	3	3	1	0	0	1	0	0	1
10	Christian Hospital Blood Bank, Nawarangpur	Non Govt.	1	-	3	1	0	0	2	0	0	0
	TOTAL		**110**	**57**	**53**	**12**	**1**	**2**	**27**	**10**	**0**	**1**

Source: Information obtained and consolidated during test-check of blood banks

Appendix- 3.2.5

(Refer paragraph 3.2.6.1 at page 97)

Statement showing status of formation of managing committee and dates of meeting in the test checked Blood Banks

Sl. No.	Name of the Blood Banks	Date of formation of managing committee and dates of meetings held
1	SCB Medical Hospital Blood Bank, Cuttack	NIL
2	CRCBB Mangalabag, Cuttack	11 August 2010, 23 August 2010, 30 March 2011, 20 October 2011
3	Kalinga Hospital Blood Bank, Bhubaneswar	NIL
4	Hi-Tech Medical Hospital Blood Bank, Bhubaneswar	(Nil as of 31 March 2012) 12 April 2012
5	Nehru Satabdi Blood Bank, Talcher	01 January 2011
6	RGH Blood Bank, Rourkela	31 October 2011
7	Christian Missionary Hospital Blood Bank, Bargarh	April 2010
8	SDH Blood Bank, Rairangpur	30 May 2009 , 8 March 2012 and annually twice
9	SDH Blood Bank, Patnagarh	21 September 2009 & 06 August 2010
10	Apollo Hospital Blood Bank, Bhubaneswar	16 September 2010, 30 June 2011, 23 March 2012 and 7 times
11	MKCG Hospital Blood Bank, Berhampur	Since 1989
12	Christian Hospital, Nawarangpur	Nil
13	Blood Bank, Damanjodi	Since inception 1990

Appendix-3.3.1
(Refer paragraph 3.3.6.2 at page 106)

Details of funds released in respect of equipment and expenditure incurred in test checked TCCS

(₹ in crore)

Name of Hospital/ TCC	Year of sanction/ Level	Total cost	Funds released for equipment	Date of release	Expenditure incurred on equipment as on August 2012	Delay in utilisation	Unutilised balance	Remarks, if any
Berhampur	May, 2006 and March, 2010	5.00	0.66 2.17	July 2006 May 2010	0.63	6 years 2 years and 3 months	2.20	₹ 2.20 lakh still remained unutilised with the Superintendent
Cuttack	March 2004 and May,2008	10.00	0.66 9.30	November 2004 November 2008	0.66 5.99	- 3 years and 9 months	3.31	₹ 3.31 lakh still remained unutilised with Superintendent excluding expenditure incurred on ambulance and communication
Khordha	April 2012/ Level-III	2.00	1.50	April 2012	NIL	4 months	1.50	The amount still remained unutilised (June 2012) as the CDMO sought instruction from DHS (Odisha), which had not been received.
Total		**17.00**	**14.29**		**7.28**		**7.01**	

Source: Records of hospitals concerned

Appendix-3.3.2
(Refer paragraph 3.3.6.3 at page 106)

Statement showing inadmissible expenditure incurred by TCC, Cuttack and TCC, Berhampur under equipment component

Sl. No.	Name of the equipment/item	Quantity (in number)	Name of the firm	Amount (₹)	Remarks
(A)	**Inadmissible equipment of TCC, Cuttack**				
1.	Split AC	40	Hi tech	12,63,936	This expenditure was to be borne by the State Government from its own funds.
2.	Angle for ACs	37	Swartic	71,016	Do
3.	5 KVA stabilizer	40	Do	2,56,000	Do
4.	Drainage pipe	64 metres	Do	18,886	Do
5.	D.P. Switch	40.	Do	66,567	Do
6.	Front loading auto clave	2	J.K.	16,22,400	Do
7.	ABG machine with accessories	1	CL Micromed	7,28,000	Do
8.	LED appron	7	Not available	90,505	Do
9.	Cylinders	130	Not available	11,96,314	Do
10.	AC Machines with stabilizers	4	Not available	1,40,220	This relates to the grants of ₹ 66.00 lakh in March 2004
11.	Gauge bandage and plaster bandage	Not available	Not available	3,46,015	These articles are not admissible as purchased from maintenance grant of ₹ 6.00 lakh out of total grant of ₹ 66.00 lakh received in March 2004
12	Furniture	Not available	Not available	1,23,315	Do
13.	Beddings and clothing	Not available	Not available	78,750	Do
14.	Providone and Plaster of Paris	Not available	Not available	50,219	Do
Total				**60,52,143**	
B	**Purchase of equipment in excess of admissible quantity TCC, Cuttack**				
1.	Vally Lab Cuttery	6	J.K.	42,36,960	Purchased in excess of admissible quantity
2.	O.T. Light	2	Corfident	5,32,790	Do
3.	Matching central nursing station	2	Rabindra	12,78,900	Do
4.	Anesthesia work station	3	J.K.	43,21,200	Do
Total				**1,03,69,830**	
C	**Inadmissible purchase of equipment of TCC, Berhampur**				
1.	AC machines	25	Harita Agencies, Berhampur	9,66,252	This expenditure was to be borne by the State Government

Sl. No.	Name of the equipment/item	Quantity (in number)	Name of the firm	Amount (₹)	Remarks
2.	D.G. Set	1	Panda Associates, Berhampur	11,37,808	Do
3.	Computer with printer	1 set	Trisita Enterprises, Berhampur	43,658	Do
Total				**21,47,718**	
D	**Purchase of equipment in excess of admissible quantity of TCC, Berhampur**				
1.	3 pin Operation Table	1	Sundar Drug House, Cuttack	1,61,200	One set is allowed and ICU OT is yet to be constructed
Total				**1,61,200**	
Grand Total				***18730591***	

(Source: Records of hospitals concerned)

Appendix – 3.3.3
(Refer paragraph 3.3.9 at page 109)

Details of funds released for recruitment of manpower and expenditure incurred thereon for TCCs

(₹ in crore)

Name of Hospital/ TCC	Year of sanction/ Level	Total cost	Funds released for manpower recruitment	Expenditure incurred on recruitment of manpower	Balance funds available	Remarks, if any
Bhadrak	Level-III	2.10	0	0	0	Amount not released due to non completion of civil work
Khordha	April , 2012/ Level-III	2.10	0.035	0	0.035	The amount still remained unutilised (June 2012) for want of instructions from DHS (Odisha)
Balasore	Level-II	3.80	0	0	0	Amount not released due to non- completion of civil work
Cuttack	May, 2008/Level -I	4.30	0.86	0.32	0.54	The amount remained unutilised for non-recruitment of Surgeon and supporting staff
Berhampur	March, 2010	3.80	0.76	0.11	0.65	-do-
Total		**16.10**	**1.655**	**0.43**	**1.225**	

Source: Records of hospitals concerned

Appendix-3.3.4
(Refer paragraph 3.3.9 at page 109)
Statement showing manpower position in TCCs, Cuttack and Berhampur against prescribed norm

Details of staff	TCC, Cuttack (Level –I)			TCC, Berhampur (Level-II)		
	As per norms	Actual men in position	Vacancy position	As per norms	Actual men in position	Vacancy position
General Surgeon	1	1	0	3	1	3
Orthopedic Surgeon	1	2	-1	3	0	3
Anesthetist	1	1	0	3	0	3
Neuro Surgeon	3	0	3	0	0	0
CTVS Surgeon	2	0	2	0	0	0
Plastic Srugeon	1	0	1	0	0	0
Urologist	1	0	1	0	0	0
Eye Specialist	1	0	1	0	0	0
ENT Specialist	1	0	1	0	0	0
Casualty Medical Officer	8	0	8	8	0	8
Staff Nurses	60	0	60	40	10	30
Nursing Attendants	24	0	24	16	0	16
O.T. Technician	5	3	2	5	4	1
Lab Technician	2	4	-2	2	0	0
Radiographer	4	4	0	4	3	0
MRI Technician	1	0	1	0	0	0
Sweeper	24	Outsourced by Government	24	0	0	0
Total	**140**	**15**	**125**	**84**	**18**	**66**

Source: Scheme guideline and records of hospitals concerned

Appendix-3.4.1
(Refer paragraph 3.4.2.1 at page 115)
Statement showing the details of district wise ST Population of the State

Sl. No.	Name of District	Total population	ST Population	Percentage of ST population in the district	Phase	Name EMRS	Year of opening
1.	Malkangiri	504198	289538	57.43	V	Malkangiri	2011-12
2.	Mayurbhanj	2223456	1258459	56.60	I	Dhanghera	2000-01
3.	Rayagada	831109	463418	55.76	I	Siriguda	2000-01
4.	Nawrangpur	1025766	564480	55.03	II	Hirli	2001-02
5.	Kandhamal	648201	336809	51.96	II	Mahasinghi	2001-02
6.	Gajapati	518837	263476	50.78	II	Chandragiri	2001-02
7.	Sundargarh	1830673	918903	50.19	I	Bhawanipur	2000-01
					III	Lahunipada	2002-03
					III	Laing	2002-03
8.	Koraput	1180637	585830	49.62	I	Pungur	2000-01
9.	Keonjhar	1561990	695141	44.50	II	Ranki	2001-02
10.	Nuapara	530690	184221	34.71	V	Nuapada	2011-12
11.	Sambalpur	935613	322770	34.50			
12.	Deogarh	274108	92103	33.60			
13.	Jharsuguda	509716	159757	31.34			
14.	Kalahandi	1335494	382573	28.65			
15.	Bolangiri	1337194	275822	20.63			
16.	Bargarh	1346336	260691	19.36			
17.	Dhenkanal	1066878	136501	12.79			
18.	Boudh	373372	46557	12.47			
19.	Angul	1140003	132994	11.67			
20.	Balasore	2024508	228454	11.28			
21.	Subarnapur	541835	52978	9.78			
22.	Jajpur	1624341	125989	7.76	IV	Rampilo	2007-08
23.	Nayagarh	864516	50836	5.88			
24.	Khordha	1877395	97186	5.18			
25.	Cuttack	2341094	83591	3.57			
26.	Ganjam	3160635	90919	2.88			
27.	Bhadrak	1333749	25141	1.88			
28.	Jagatsingpur	1057629	8640	0.82			
29.	Kendrapara	1302005	6822	0.52			
30.	Puri	1502682	4482	0.30			
Total		**36804660**	**8145081**				

Source : Census 2001

Appendix – 3.4.2
(Refer paragraph 3.4.6.1 at page 122)

Comparative Statement showing disparity in the pay structure of teachers of EMRS, Jawahar Navodaya Vidyalaya (JNV) and State Government schools during 2011-12

Sl. No.	Name of the Post	Consolidated Pay for EMRS (in ₹)	Pay in the minimum of the pay scale + GP for JNV teachers (in ₹)	Pay in the minimum of the pay scale + GP for State Government School Teachers (in ₹)
1	Principal	15000	(15600 + 7600) + DA	Not available in schools
2	Vice-Principal	NA	(15600 + 5400) + DA	Not available in schools
3	Post Graduate Teacher	8000	(9300 + 4800) + DA	(9300 + 4600) + DA
4	Junior Lecturer	8000	(9300 + 4800) + DA	(9300 + 4600) + DA
5	Trained Graduate Teacher	5000	(9300 + 4600) +DA	(9300 + 4200) +DA

(Source : Information furnished by OMTES,JNV website and ST and SC Development Department)

Appendix- 3.5.1
(Refer paragraph 3.5 at page 130)

Statement showing the details of quantity of TPDS rice meant for BPL families allotted by GoI, lifted by the State Government and sold to the beneficiaries approved by GoI and ineligible beneficiaries during 2002-12

(Quantity: in MT, Beneficiaries: in number and amount in rupees)

Year	Total quantity of BPL rice allotted by GoI (In MT)	Number of BPL families to be covered as per GoI's scale of 35 kg per family (in lakh)	Quantity of BPL rice lifted by GoO for distribution			Excess families covered under distribution Col 6- col 5	Quantity of BPL rice diverted to families other than GoI's allotted families (Col 5 X 10 KgX12) (In MT)	Economic cost price of rice per MT	Central issue price per MT	Amount of subsidy per MT (Col.9-Col.10)	Amount of subsidy on the quantity of rice distributed to other than GoI approved BPL families at col.8 (Col 8 x col 11)
			Quantity of BPL rice lifted by GoO (In MT)	Number of BPL families eligible for coverage at the scale of 35 kg per family/ month	Number of families to whom distributed at the scale of 25 kg per family/month						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2002-03	1484376	35.34	357799.795	851904	1192666	340762	102228.50	8840.00	5650	3190.00	326108915
2003-04	1484376	35.34	645537.370	1536994	2151791	614797	184439.28	10497.80	5650	4847.80	894124742
2004-05	1467251	34.93	892683.430	2125437	2975611	850174	255052.44	11122.00	5650	5472.00	1395646952
2005-06	1268083	30.19	728970.390	1735644	2429901	694257	208277.28	11426.30	5650	5776.30	1203072052
2006-07	1165976	27.76	904980.307	2154715	3016601	861886	258565.80	12380.40	5650	6730.40	1740251260
2007-08	1165572	27.75	1085746.661	2585111	3619156	1034045	310213.32	14590.90	5650	8940.90	2773586273
2008-09	1165572	27.75	1156915.802	2754561	3856386	1101825	330547.32	17387.60	5650	11737.60	3879832223
2009-10	1165572	27.75	1165572.000	2775171	3885240	1110069	333020.52	18697.90	5650	13047.90	4345218443
2010-11	1165572	27.75	1165572.000	2775171	3885240	1110069	333020.52	19874.20	5650	14224.20	4736950481
2011-12	1165572	27.75	1165572.000	2775171	3885240	1110069	333020.52	21448.9	5650	15798.90	5261357893
Total	**12697922**		**9269349.755**				**2648385.5**				**26556149234**

Abbreviations used above – MT : Metric Tonne, GoO: Government of Odisha, OSCSC : Odisha State Civil Supplies Corporation, Kg : kilogram

Glossary of Abbreviations

AAP	Annual Action Plan
ATR	Action Taken Report
AWCs	Anganwadi Centres
AWW	Anganwadi Workers
BBs	Blood Banks
BDO	Block Development Officer
BIS	Bureau of Indian Standards
BOO	Build, Own & Operate
BOOST	Build, Own, Operate, Share and Transfer
BRGF	Backward Region Grant Fund
BSC	Blood Storage Centre
BT	Black Topping
BTS	Blood Transfusion Service
CA	Concession Agreement
CBDA	Chokotia Bhunjia Development Agency
CC	Cement Concrete
CCoF	Chief Conservator of Forest
CD	Cross Drainage
CDMO	Chief District Medical Officer
CDMOs	Chief District Medical Officers
CDPOs	Child Development Project Officers
CDSCO, EZ	Central Drugs Standard Control Organisation, East Zone, Kolkata
CE	Chief Engineer
CHSE	Council of Higher Secondary Education
CPWD	Central Public Works Department
DC	Drug Controller
DC	Development Commissioner
DFO	District Forest Officer
DHH	District Headquarters Hospital
DHS	Directorate of Health Services
DLC	District Level Committee
DLTC	District Level Tendering Committee
DMET	Directorate of Medical Education and Training
DMI	Directorate of Marketing & Inspection
DPC	District Level Purchase Committee
DPC	District Programme Co-ordinator
DPR	Detailed Project Report
DRDA	District Rural Development Agency
DSMC	District Steering-cum-Monitoring Committee
DSWO	District Social Welfare Officer
EAs	Executive Agencies
ECI	Empowered Committee on Infrastructure
EE	Executive Engineer
EMRS	Ekalavya Model Residential Schools

FDR	Flood Damaged Repair
FRUs	First Referrals Units
GFR	General Financial Rules
GoI	Government of India
GoO	Government of Odisha
GPEOs	Gram Panchayat Extension Officers
GPs	Gram Panchayats
HBsAG	Hepatitis ‘B’ Surface Antigen
HBV	Hepatitis ‘B’ Virus
HCV	Hepatitis ‘C’ Virus
HIV	Human Immunodeficiency Virus
HSC	High School Certificate
IAP	Integrated Action Plan
ICB	International Competitive Bidding
ICDS	Integrated Child Development Services
ICU	Intensive Care Unit
IDFC	Infrastructure Development Finance Company
IE	Independent Engineer
IRCS	Indian Red Cross Society
IRR	Internal Rate of Return
ISPL	International Sea Ports Private Limited
ITDA	Integrated Tribal Development Agency
JEs	Junior Engineers
KGBV	Kasturba Gandhi Balika Vidyalaya
KPIs	Key Performance Indicators
LA	Land Acquisition
LCD	Liquid Crystal Display
LSEO	Lady Social Extension Officer
LWE	Left Wing Extremism
MC	Monitoring Committee
MCA	Model Concession Agreement
MCH	Medical College Hospitals
MDM	Mid Day Meal
MDR	Major District Roads
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MI	Market Intelligence
MIPs	Minor Irrigation Projects
MKCG MCH	Maharaja Krushna Chandra Gajapati Medical College & Hospital
MoH&FW	Ministry of Health & Family Welfare
MoU	Memorandum of Understanding
MPRs	Monthly Progress Reports
NACO	National Aids Control Organisation
NBP	National Blood Policy
NCERT	National Council of Educational Research and Training
NHAI	National Highways Authority of India

NIEPA	National Institute of Educational Planning and Administration
NRHM	National Rural Health Scheme
NRHM	National Rural Health Mission
OGFR	Odisha General Financial Rules
OMB	Odisha Maritime Board
OMTES	Odisha Model Tribal Education Society
OPWD	Odisha Public Works Department
OSACS	Odisha State Aids Control Society
OSCZMA	Odisha State Coastal Zone Management Authority
OSPHWC	Odisha State Police Housing and Welfare Corporation
OTC	Odisha Treasury Code
OTs	Operation Theatres
OUAT	Odisha University of Agriculture and Technology
P&C	Planning and Co-ordination
PA	Project Administrator
PCC	Plain Cement Concrete
PFA	Prevention of Food Adulteration Act
PHCs	Primary Health Centres
PIA	Project Implementing Agency
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMU	Project Monitoring Unit
PPP	Public-Private Partnership
PRU	Performance Review Unit
PSUs	Public Sector Undertakings
QAM	Quality Assurance Manager
R&B	Roads & Buildings
RCC	Reinforced Cement Concrete
RDC	Regional Divisional Commissioner
RFP	Request for Proposal
RPWS	Rural Piped Water Supply
RW	Rural Works
SB	Savings Bank
SBTC	State Blood Transfusion Council
SCA	Special Central Assistance
SDH	Sub-Divisional Hospitals
SHGs	Self Help Groups
SNP	Supplementary Nutrition Programme
SOPs	Standard Operating Procedures
SP	Superintendent of Police
SRSWOR	Stratified Random Sampling Without Replacement
SSA	Sarva Sikshya Abhiyan
SSD	Scheduled Tribes and Scheduled Castes Development
SSMC	State Level Steering-cum-Monitoring Committee

ST	Scheduled Tribe
TAMP	Tariff Authority for Major Ports
TCCs	Trauma Care Centres
THR	Take Home Ration
TTD	Transfusion Transmission Diseases
UAC	Unique Agency Code
UCs	Utilisation Certificates
VAT	Value Added Tax
WCD	Women and Child Development

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