



**Report of the
Comptroller and Auditor General of India
on
Revenue Sector and Economic Sector
for the year ended March 2019**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



**Government of Odisha
Report No. 1 of the year 2021**

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Comptroller and Auditor General of India
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Government of Odisha
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Preface

This Report contains two parts. **Part A** deals with results of audit of Departments and Entities under Revenue Sector of Government of Odisha. **Part B** deals with results of audit of Departments and Entities under Economic Sector of the Government of Odisha.

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2019 has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution of India for being laid before the Legislature of the State.

PART - A: REVENUE SECTOR.

Part A of this Report contains significant findings of audit of Receipts of major Revenue earning Departments under Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

PART - B: ECONOMIC SECTOR.

Part B of this Report contains significant results of the compliance audit of the Departments of Cooperation, Forest and Environment, Works and Water Resources, Government of Odisha under the Economic Sector.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2018-19 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.

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

OVERVIEW

OVERVIEW

Part-A

Departments and Entities under Revenue Sector

I. General

This part of the Report contains 21 paragraphs including one detailed Compliance Audit on Establishing Rural Connectivity through Biju Gaon Gadi Yojana. Some of the major findings are mentioned below:

The State's performance in mobilisation of resources is assessed in terms of tax revenue and non-tax revenue, not including the State's share in central taxes and Grants-in-Aid which is based on the recommendations of the Finance Commission.

The percentage of revenue raised by State Government to the total revenue of the State increased from 42.60 *per cent* in 2017-18 to 44.79 *per cent* in 2018-19.

During the year 2018-19, as many as 1,160 assessment files, returns, refund registers and other relevant records involving tax effect of ` 1,363.96 crore were not made available to audit for scrutiny.

(Paragraph 1.6.5)

Test check of records of tax and non-tax receipts revealed under-assessment/ short levy/ loss of revenue aggregating to ` 1,066.28 crore in 51,182 cases in 2018-19.

(Paragraph 1.9)

II. Value Added Tax, Entry Tax, Goods and Services Tax, etc.

Assessing Authority failed to apply appropriate provision of the Odisha Value Added Act which resulted in short levy of penalty worth ` 446.74 lakh.

(Paragraph 2.5.1)

Less reversal of tax led to short levy of tax worth ` 12.74 lakh and a penalty of ` 25.48 lakh.

(Paragraph 2.5.2)

No action was initiated for levy of penalty of ` 6.80 crore against the dealers who had not submitted the Certified Annual Audited Accounts (CAAA).

(Paragraph 2.5.3)

Failure of Assessing Authority to apply appropriate provision of the Act resulted in short levy of penalty of ` 20.22 lakh.

(Paragraph 2.6.1)

The disposal of assessments under the OVAT and CST Acts was 52.89 per cent and it was 55.91 per cent of the total cases pending for assessment under Odisha Entry Tax Act. This indicated that the Department did not take effective steps to achieve the targets set vide Circular No 45831 CT/ Dt.20.03.2018 for completion of assessments by 31 October 2018.

(Paragraph 2.7.3)

III. State Excise Duty

Excise duty and fine of ` 23.25 crore for the year 2016-17 from 245 licencees and ` 2.45 crore for the year 2017-18 from 38 licencees was not assessed, demanded or short realised towards short lifting of Minimum Guaranteed Quantity of India Made Foreign Liquor and Beer.

(Paragraph 3.5.3)

Excise duty of ` 1.81 crore was short levied towards short lifting of Country Spirit against the Minimum Guaranteed Quantity fixed.

(Paragraph 3.5.4)

Extra hour operation charges and over time fees of ` 64.21 lakh for carrying out 2,005 extra hour operations beyond the scheduled hours during 2017-18 was not realised from one distillery licencee.

(Paragraph 3.5.5)

Cost of establishment of ` 19.28 lakh for the year 2016-17 and 2017-18 was not realised from two distilleries.

(Paragraph 3.5.6)

Penalty of ` 15 lakh for short supply of Country Spirit was not levied on one supplier for the year 2017-18.

(Paragraph 3.5.7)

IV. Stamp Duty and Registration Fee

Stamp Duty and Registration fee of ` 192.17 lakh was short realised on 'Agreement to sale and Development Agreements', 'Power of attorney instruments in lieu of conveyance', Certificate of Sale and on account of undervaluation of land, Buildings and Super structures.

(Paragraphs 4.5.1, 4.5.2, 4.5.3, 4.5.4 & 4.5.5)

V. Motor Vehicles Tax

Detailed Compliance Audit on 'Establishing Rural Connectivity through Biju Gaon Gadi Yojana' (BGGY) revealed the following deficiencies:

Inefficient planning, gaps in co-ordination, non-consideration of passenger footfall, inadequate incentives for operators contributed towards lack of achievement of physical and financial targets under the scheme.

(Paragraph 5.4.2.1)

BGGY permits to the vehicles were not issued or issued without mentioning stoppage stations and timings, contributing to inefficiency in plying

(Paragraph 5.4.2.2)

BGGY routes under the scheme were not identified or not covered resulting in inadequate provision of rural connectivity as intended on specific routes and irregular exemption of road tax and permit fee worth ` 67.91 lakh.

(Paragraph 5.4.2.3)

Regular transport connectivity under the scheme could not be established in all identified routes in Left Wing Extremist (LWE) affected areas.

(Paragraph 5.4.2.4)

Lack of awareness amongst vehicle operators, non-issue of periodic certificates by the BLCs, non-submission of proposals by RTOs were contributing factors towards negligible expenditure towards interest subvention under the scheme

(Paragraph 5.4.3.1)

As a condition of grant of incentives under the scheme, the requirement of regular review of performance of vehicles was not ensured.

(Paragraph 5.4.4.1)

Other Audit Observations

Motor Vehicles tax and additional tax of ` 13.29 crore and penalty of ` 26.58 crore was not realised from registered owners of 14,039 Goods Carriages and Contract Carriages.

(Paragraph 5.6.1)

Motor Vehicles tax of ` 1.84 crore and penalty of ` 3.68 crore was not realised from registered owners of 8,805 Tractor Trailer Combinations, Private Service Vehicles.

(Paragraph 5.6.2)

Motor Vehicles tax of ` 0.08 crore and penalty of ` 0.16 crore was not realised from registered owners of 136 Stage Carriages.

(Paragraph 5.6.3)

VI. Mining Receipts

Royalty worth ` 124.26 crore was short levied and contribution towards National Mineral Exploration Trust of ` 2.49 crore and contribution towards District Mineral Foundation Fund of ` 37.28 crore on sized coal was short realised.

(Paragraph 6.5.1)

Part -B

Departments and Entities under Economic Sector

VII. Introduction

This part of the Report of the Comptroller and Auditor General of India (CAG) on Economic sector of Government of Odisha relates to observations arising from Compliance audit of Government Departments. 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 applicable Rules, Laws, Regulations, various orders and instructions issued by the competent authorities are being complied with.

The CAG conducts audit of expenditure of the departments of Government of Odisha under section¹ 13 of the CAG's DPC Act, 1971. In addition, the CAG conducts audit of Autonomous Bodies substantially funded by the State Government.

There are 39 departments in the State headed by Additional Chief Secretaries/ Principal Secretaries/ Commissioner-cum-Secretaries at the Secretariat level. Directors and Sub-ordinate Officers assist them. Out of 39 departments, 12 dealt with the Economic Sector. This part of the Report includes the results of audit of four² departments.

VIII. Compliance Audit

Significant audit observations on Compliance Audit

Detailed Compliance Audit of Assistance to Farmers through Primary Agricultural Cooperative Societies

A Detailed Compliance Audit on the assistance to farmers through Primary Agricultural Cooperative Societies (PACS) was undertaken during June to September 2019.

The system adopted by the Societies/ Cooperative Banks for facilitating repayment of crop loans by the farmers by sanctioning fresh crop loans year on year without actual disbursement, needs to be reviewed and addressed. State Government needs to review immediately the institutional steps (whether a common savings bank account, or other forms of support) that need to be taken to address the issue comprehensively, both from the banks' and farmers' point of view. The risk of some loans converting to NPA needs to be examined separately for efficiency of operations of OSCB and other banks. Sanctioning new loans to repay old loans cannot be prudent lending by any means and carries the inherent risk of perpetuating indebtedness for farmers and turning into NPAs for co-operative banks at the time they are finally reckoned with. The State Government should review all such cases for

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

² Departments of Cooperation, Forest & Environment, Water Resources and Works

legitimate grant of interest subvention and all such cases of evergreening of loans in other PACS too.

The Department implemented a new system for facilitating drawal of credit by farmers through RuPay Kisan Cards but without ensuring the basic requirement of verification of farmer member details, failed to activate them and ensure other necessary infrastructure requirements critical to the task, which put an additional burden on the exchequer to the tune of ` 17.43 crore, which was rendered entirely wasteful.

Non-extension of relief to calamity affected farmers by non-declaration of 'annevari' in time, laxity in framing modalities for establishment of Agro Service Centres, coupled with lack of initiatives in computerisation and networking impacted delivery of agricultural benefits to the farmers.

Monitoring mechanism at all levels needs to be strengthened to ensure that the crop loans are utilised for the purpose for which they are sanctioned and genuineness of the land owners to whom crop loans were sanctioned can be established.

Owing to lack of monitoring, the computerisation in PACS and connectivity through VSAT was also delayed for which the farmers were deprived of e-banking and access to ATMs through RuPay Kisan Cards.

(Paragraph 8.1)

Non-disposal of timber and poles

In Bonai forest Division, the Divisional Forest Officer failed to take timely action for disposal of timber and poles seized during 2017-18 and Salvage materials pertaining to the period from 2010-11 to 2017-18. This resulted in non-realisation of revenue of ` 1.49 crore.

(Paragraph 8.2)

Infructuous expenditure due to overlapping of culturable command area

Due to overlap of ayacut of Hadua irrigation project by the Mega lift irrigation project, the expenditure of ` 64.68 crore incurred on Hadua irrigation project became infructuous in Narsinghpur Block of Cuttack district.

(Paragraph 8.3)

Short recovery of cost of stone

Construction of Spillway, including Earthen dam, of Deo Irrigation project was awarded (December 2012) to Odisha Construction Corporation for ` 49.97 crore for completion by December 2015. Against ` 10.17 crore towards cost and transportation charges recoverable from the contractor for the hard stone issued, the Executive Engineer recovered only ` 2.12 crore from the bills of the contractor for the quantity of stone issued at lesser rate without transportation cost. This resulted in short recovery of ` 8.05 crore.

(Paragraph 8.4)

Short realisation of licence fee

An amount of ₹ 4.57 crore was short realized (₹ 4.50 per 1,000 litres against 5.60 per 1,000 litres) by the EE on account of license fee recoverable from an industrial establishment drawing water from an irrigation source,

(Paragraph 8.5)

Avoidable extra expenditure

Despite clear Departmental instructions to include mechanical excavation in estimates against manual excavation on account of economies in the former, in estimates/ agreements of 14 works in Jajpur Irrigation Division, manual excavation of earth from burrow area was provided. This inflated the excavation cost of earth leading to undue benefit extended to the contractors which was estimated to be ₹ 6.90 crore.

(Paragraph 8.6)

Loss of revenue due to non-levy of licence fee

Joint physical verification conducted (December 2018/ January 2019) by the audit team with the project representatives and officers of Central Ground Water Board disclosed that 17 out of 445 industries/ projects were unauthorisedly abstracting groundwater from Government sources without paying licence fee. Non-levy of fee for abstraction of 83.92 lakh cum of ground water by these Industries/ Projects during April 2017 to December 2018 resulted in loss of revenue of ₹ 6.77 crore.

(Paragraph 8.7)

Undue benefit to contractors

Incorrect adoption of output of dozer for spreading of earth and utilisation of Vibratory Road Roller instead of Sheep Foot Roller for compaction of earth, resulted in undue benefit to the contractors worth ₹ 7.10 crore.

(Paragraph 8.8)

Excess payment to a contractor

In a World Bank project for construction of a high level bridge and its approaches, while there was non-execution of 273 metres of approach road work, the contract price was not reduced as per the provisions of the contract. The Executive Engineer made full payment of ₹ 7.12 crore without corresponding reduction for the work resulting in excess payment of ₹ 4.86 crore.

(Paragraph 8.9)

PART - A

Departments and Entities under Revenue Sector

Chapter -I

General

CHAPTER – I

GENERAL

1.1 Trend of Revenue Receipts

The revenue receipts of the State for the year 2018-19 comprised:

- Tax and non-tax revenue raised by Government of Odisha;
- State's share of net proceeds of divisible Union taxes;
- Duties assigned to the State and
- Grants-in-Aid received from Government of India.

The details of revenue receipts for 2018-19 along with the corresponding figures for the preceding four years have been depicted in Table 1.1.

Table 1.1: Trend of Revenue Receipts

(` in crore)						
Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Revenue raised by State Government					
	Tax revenue	19,828.29	22,526.96	22,852.39	27,913.80	30,318.33
	Non-tax revenue	8,070.87	8,711.24	8,043.10	8,367.99	14,256.40
	Total	27,899.16	31,238.20	30,895.49	36,281.79	44,574.73
2	Receipts from Government of India					
	State's net proceeds of divisible Union taxes and duties ³	16,181.22	23,573.78	28,321.50	31,272.06	35,353.73
	Grants-in-Aid	12,917.50	14,129.46	15,082.40	17,619.94	19,597.53
	Total	29,098.72	37,703.24	43,403.90	48,892.00	54,951.26
3	Total revenue receipts of the State Government (1 and 2)	56,997.88	68,941.44	74,299.39	85,173.79	99,525.99
4	Percentage of 1 to 3	48.95	45.31	41.58	42.60	44.79

(Source: Finance Accounts for the year 2018-19 of Government of Odisha)

The State's performance in mobilisation of resources is assessed in terms of tax revenue and non-tax revenue, not including the State's share in Central taxes and Grants-in-Aid which is based on the recommendations of the Finance Commission.

As can be seen from above, the percentage of revenue raised by State Government to the total revenue of the State increased from 42.60 *per cent* in 2017-18 to 44.79 *per cent* in 2018-19.

³ Statement No 14-Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Odisha for the years 2018-19. Figures under the minor head 901-Share of net proceeds assigned to the States under the major heads 0005-Central Goods and Services Tax (CGST), 0008-Integrated Goods and Services Tax (IGST), 0020-Corporation Tax; 0021-Taxes on Income other than Corporation Tax; 0028-Other Taxes on Income and Expenditure; 0032-Taxes on Wealth; 0037-Customs; 0038-Union Excise Duties; 0044-Service Tax and 0045-Other Taxes and Duties on Commodities and Services booked in the Finance Accounts under A-Tax Revenue have been excluded from the revenue raised by the State and exhibited as State's share of divisible Union taxes

1.1.1 Tax Revenue

The details of tax revenue raised during the period 2014-15 to 2018-19 are given in Table 1.2.

Table 1.2: Details of Tax Revenue raised

(` in crore)

Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19		Percentage of increase (+) or decrease (-) in 2018-19 over 2017-18
						BE	Actual	
1	State Goods and Services Tax (SGST)	--	--	--	6,609.27	12,000.00	11,942.59	
2	Odisha Value Added Tax (OVAT) including Odisha Sales Tax (OST) and Central Sales Tax (CST)	11,816.73	13,096.99	13,402.35	11,521.65	6,880.00	7,310.24	6.19
3	Taxes and Duties on Electricity	1,722.60	1,212.21	1,637.14	1,969.74	2,700.00	3,257.66	65.39
4	Land Revenue	645.64	588.81	460.00	542.27	536.00	511.07	(-)5.75
5	Taxes on Vehicles	910.31	1,043.73	1,216.08	1,534.95	1,800.00	1,745.58	13.72
6	Taxes on Goods and Passengers (Entry Tax)	1,710.87	1,662.99	1,760.51	1,260.49	130.00	182.32	(-)85.54
7	State Excise	2,035.24	2,546.94	2,786.02	3,220.99	3,899.98	3,925.12	21.86
8	Stamp Duty and Registration Fee	800.23	2,157.07	1,363.72	1,036.68	1,100.00	1,237.46	19.37
9	Other Taxes and Duties on Commodities and Services	17.70	42.65	46.40	29.95	72.77	2.48	(-)91.72
10	Other Taxes on Income and Expenditure Professions, Trades, Callings and Employments	168.97	175.57	180.17	187.81	199.99	203.81	8.52
	Total	19,828.29	22,526.96	22,852.39	27,913.80	29318.74	30,318.33	8.61

(Source: Finance Accounts for the year 2018-19 of Government of Odisha and Annual Financial Statement 2019-20)

Tax revenue accounted for was 30.46 per cent (` 30,318.33 crore) of the total revenue (` 99,525.99 crore) of the State for the year 2018-19. Increase of ` 2,404.53 crore in revenue raised by State Government (8.61 per cent) in 2018-19 over the previous year (` 27,913.80) was mainly due to increase in SGST including Odisha Value Added Tax (OVAT), Odisha Sales Tax (OST) and Central Sales Tax (CST) (6.19 per cent), Taxes on Vehicles (13.72 per cent), Taxes and duties on Electricity (65.39 per cent) and State Excise receipts (21.86 per cent).

The Finance Department stated that increase in collections under SGST and VAT, OST, CST and Professional Tax (PT) Acts were primarily due to increase in business and revenue augmentation measures taken by the Government.

The decrease in collection of Entry Tax was due to implementation of Goods and Services Tax (GST), as Entry Tax was subsumed and was being collected only on alcohol for human consumption and five petroleum products *viz.*, petrol, high speed diesel, crude oil, natural gas and aviation turbine fuel.

Increase in collection under Motor Vehicle (MV) Tax, as stated by the Commerce and Transport Department, was due to strengthening of tax and arrear collection measures.

The Engineer-in-Chief (Electricity) attributed the reasons for increase in collection of taxes and duties of electricity due to increase in electricity consumption, hike in Electricity Duty and adoption of efficient collection measures.

1.1.2 Non-tax Revenue

The details of non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in Table 1.3.

Table 1.3: Details of Non-tax Revenue raised

(` in crore)

Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19		Percentage of increase (+) or decrease (-) in 2018-19 over 2017-18
						BE	Actual	
1	Non-ferrous Mining and Metallurgical Industries	5,310.09	5,798.96	4,925.79	6,130.99	8,000.00	10,479.61	70.93
2	Interest Receipts	330.67	560.42	427.40	600.71	900.00	1,462.25	143.42
3	Forestry and Wildlife	61.51	152.99	131.58	62.79	50.00	31.67	(-)49.56
4	Irrigation and Inland Water Transport	629.60	707.11	775.87	689.21	521.72	677.44	(-)1.71
5	Other Administrative Services	29.75	37.86	43.84	14.82	37.70	40.83	175.51
6	Public Works	88.59	77.48	66.31	68.05	75.90	63.35	(-)6.91
7	Police Receipts	50.00	59.61	54.37	45.06	60.00	67.94	50.78
8	Education	18.87	66.89	30.79	23.88	40.00	25.93	8.58
9	Medical and Public Health	33.15	52.70	50.83	57.79	34.90	49.85	(-)13.74
10	Miscellaneous General Services	118.84	192.08	383.91	239.87	208.18	419.13	74.73
11	Power	2.18	2.25	8.05	3.39	2.57	3.67	8.26
12	Co-operation	2.56	2.50	3.16	6.09	3.33	4.03	(-)33.83
13	Other Non-tax Receipts	1,395.06	1,000.40	1,141.21	425.34	987.91	930.70	118.81
	Total	8,070.87	8,711.24	8,043.10	8,367.99	10,922.21	14,256.40	70.37

(Source: Finance Accounts for the year 2018-19 of Government of Odisha and Annual Financial Statement 2019-20)

The non-tax revenue increased by 70.37 *per cent* during the year 2018-19 over the previous year.

The increase in mining receipts (70.93 *per cent*) under the head Non-ferrous Mining and Metallurgical Industries was due to increase in price of iron ore.

The increase in receipts (₹ 930.70) (118.81 per cent) under Other Non-tax receipts was due to increase in dividends and profits from Public Undertakings.

1.2 Analysis of Arrears of Revenue

The arrears in revenue were ₹ 13,683.71 crore as on 31 March 2019 from some principal heads of revenue like OVAT, Entry Tax (ET) and Mining receipts. Out of this, ₹ 5,717.34 crore was outstanding for more than five years as detailed in Table 1.4.

Table 1.4: Arrears of Revenue

(₹ in crore)

Sl. No.	Head of Revenue	Total amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Replies of Department
A-Tax Revenue				
0040- Taxes on Sales, Trade, etc.				
1	OVAT (including OST and CST)	8,162.74	2,931.56	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Amount covered by show cause notices and penalty • Amount stayed by Departmental Authorities/Judicial Authorities • Demands covered by tax recovery proceedings • Amount likely to be written off
				2,505.77
				5,044.87
				605.43
				6.67
0042-Taxes on Goods and Passengers				
2	Entry Tax (ET)	3,147.57	1,230.11	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Amount covered by show cause notices and penalty • Recoveries stayed by Departmental Authorities/Judicial Authorities • Demands covered by certificate proceedings⁴ • Amount likely to be written off
				1,103.49
				2,000.41
				43.60
				0.07
0041-Taxes on Vehicles				
3	Taxes on Vehicles	290.78	144.95	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Demands covered by certificate proceedings/ tax recovery proceedings • Recoveries stayed by Departmental Authorities • Recoveries stayed in court of law • Other stages
				132.18
				2.22
				4.77
				5.77
0039-State Excise				
4	State Excise	66.06	--	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Recoveries stayed by Supreme Court/ High Court • Demands covered by certificate proceedings/ tax recovery proceedings • Other stages
				52.19
				9.91
				3.96
B-Non-Tax Revenue				
5	Mining Receipts	2,016.56	1,410.72	Department stated reasons of arrears as under: <ul style="list-style-type: none"> • Certificate cases • Amount likely to be written off • Courts of law • Recoverable dues
				6.53
				2.38
				1,857.58
				150.07
Total		13,683.71	5,717.34	

(Source: Concerned Departments)

⁴ Proceeding of a Certificate Officer for realisation of public demand

It can be seen from **Table 1.4** that recovery of ₹ 5,717.34 crore was pending for more than five years. Further, arrears worth ₹ 7,047.50 crore (51.50 per cent) was pending under appeal cases with the departmental authorities relating to OVAT, ET and Taxes on Vehicles. Similarly, ₹ 797.65 crore (5.83 per cent) remained pending under tax recovery proceedings on account of OVAT, ET Taxes on vehicles, Excise duty and Mining receipts.

1.3 Arrears in Assessments

As per the provisions of the Odisha Value Added Tax (VAT) Act, 2005, every dealer shall be deemed to have been assessed to tax based on the return filed by him if no assessment is made within a period of seven years from the date of filing the return. Assessment under the Central Sales Tax (CST) Act are to be completed within four years. The details of assessment cases pending as on 31 March 2019 relating to Commercial Tax (CT) wing of Finance Department are given in Table 1.5.

Table 1.5: Arrears in Assessments

(In numbers)

Head of Revenue	Opening Balance	New cases due for assessment during 2018-19	Total assessments due	Cases disposed of during 2018-19	Balance at the end of the year	Percentage of disposal (Col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Odisha Sales Tax	2,242	166	2,408	1,014	1,394	42.11
CST	604	335	939	647	292	68.90
VAT	271	904	1,175	731	444	62.21
Entry Tax	74	620	694	388	306	55.91
Profession Tax	37,359	29,585	66,944	32,473	34,471	48.51
Entertainment Tax	131	14	145	47	98	32.41

(Source: Commercial Tax wing of the Finance Department)

No specific information was furnished by the Department regarding number of assessments pending under erstwhile OST Act as on 31 March 2019.

1.4 Evasion of Tax detected by the Department

The details of cases of evasion of tax detected by the CT wing of Finance Department as on 31 March 2019 are given in Table 1.6.

Table 1.6: Evasion of Tax

(₹ in crore)

Sl. No.	Head of Revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty, etc., raised		Number of cases pending for finalisation as on 31 March 2019
					Number of cases	Amount of demand	
1	GST	0	18	18	2*	0	16
2	OST	26	0	26	0	0	26
3	ET	48	17	65	63	4.87	2

Sl. No.	Head of Revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty, etc., raised		Number of cases pending for finalisation as on 31 March 2019
					Number of cases	Amount of demand	
4	VAT	221	77	298	224	53.52	74
5	CST	19	11	30	27	2.73	3
Total		314	123	437	316	61.12	121

(Source: Commercial Tax wing of the Finance Department)

* Relates to investigation cases under GST Act.

No action was taken in respect of 26 cases relating to the repealed OST Act which were pending for assessment for more than five years. No specific reason was furnished by the Department in this regard.

The Commissioner of Commercial Taxes and GST, Odisha Stated (December 2019) that pendency of tax evasion reports is being monitored by the Commissionerate every month and all the circles were also instructed to dispose of all pending cases as on 31 March 2020.

1.5 Pendency of Refund Cases

The details of refund cases as on 31 March 2019 are given in Table 1.7.

Table 1.7: Details of Pendency of Refund Cases

(in crore)

Sl. No.	Particulars	OVAT/ OST/ ET	
		No. of cases	Amount
1	Claims outstanding at the beginning of the year	587	165.46
2	Claims received during the year	2,787	611.53
	Total (1+2)	3,374	776.99
3	Refunds made during the year	2,161	479.92
	(a) Refunds granted		
	(b) Refunds rejected/ adjusted	849	223.96
	Total (a+b)	3,010	703.88
4	Balance outstanding at the end of the year	364	73.11

(Source: Commercial Tax wing of the Finance Department)

It can be seen from **Table 1.7** that during 2018-19, 3,010 out of 3,374 (89.19 per cent) refund cases relating to OVAT/ OST/ ET were disposed.

The Department did not give specific reasons for pendency and also did not provide any details of interest paid by the Government during 2018-19 incurred due to delays in refund. The Department did not also furnish the number of pending cases (including period of delay).

The Department stated (December 2019) that pendency of refunds is being monitored by the Commissionerate every month and all Circles were also instructed to dispose of all pending cases by 31 March 2020.

1.6 Response to Audit

Timely response to audit findings is one of the essential attributes of good governance as it provides assurance that the Government takes its supervisory role seriously.

1.6.1 Follow-up action on earlier Audit Reports

Serious irregularities observed in audit are included in the Reports of the Comptroller and Auditor General (CAG) of India that are presented to State Legislature. The internal working system of the Public Accounts Committee has laid down that the Departments shall submit the explanatory notes on audit paragraphs within three months of tabling the Report.

Reports of the CAG of India on Revenue Receipts/ Revenue Sector of the Government of Odisha for the years ended 31 March 2008 to 31 March 2018 containing 424 paragraphs were placed before the State Legislative Assembly between February 2009 and March 2019. The action taken explanatory notes in respect of all the paragraphs of the Audit Reports up to the year ended March 2017 were received from departments concerned.

1.6.2 Department-wise details of Inspection Reports

The Department-wise details of Inspection Reports (IRs) and audit observations outstanding as on 30 June 2019 including the money value of revenue receipts involved are mentioned in Table 1. 8(a) and 1.8(b).

Table 1.8 (a): Department-wise details of IRs (Revenue Receipts)

(in crore)

Sl. No.	Name of the Department	Nature of Receipts	Number of outstanding IRs	Number of outstanding audit observations	Money Value involved
1	Finance (CT)	OVAT including OST/ CST	919	2,322	2,908.03
		GST	3	5	50.33
		Entry Tax	356	653	805.85
		Professional Tax	17	23	17.43
		Entertainment Tax	4	4	4.71
2	Excise	State Excise	236	765	884.99
3	Revenue and Disaster Management	Stamp Duty and Registration Fee	635	1,410	748.60
4	Steel and Mines	Mining Receipts	171	491	19,444.13
5	Commerce and Transport	Taxes on Vehicles, Goods and Passengers	346	1,779	62.21
Total			2,687	7,452	24,926.28

(Source: Records of the Accountant General (E&RSA))

Audit observations under OVAT including OST/ CST, GST, Entry Tax, Professional Tax and Entertainment Tax receipts relates to under assessment of tax, acceptance of defective statutory forms, evasion of tax due to suppression of sales/ purchase and irregular, incorrect allowance of input tax credit *etc.*

Under Mining Receipts, 491 outstanding audit observations relates to Non assessment of royalty on shortage of minerals, non realisation of dead rent

along with interest, loss of revenue on illegal extraction/ removal of ore, evasion of royalty due to unlawful extraction of minerals *etc.*

Table 1.8 (b): Department-wise details of IRs (Expenditure)

(₹ in crore)				
Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Finance (CT)	130	198	0
2	Excise	95	147	2.32
3	Revenue and Disaster Management (Registration)	280	409	1.83
4	Steel and Mines	13	102	46.45
5	Commerce and Transport (Transport)	178	294	65.28
Total		696	1,150	115.88

(Source: Records of the Accountant General (E&RSA))

1.6.3 Response to Inspection Reports

Periodical inspections of the Government departments were conducted by the Accountant General (E&RSA), Odisha (AG). The purpose of such inspection was to seek an assurance about compliance to various rules/ regulations and procedures through test check of the transactions. Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot were issued to the heads of the offices inspected. Copies of Audit observations in IRs were issued to the next higher authorities for taking prompt corrective action. The Heads of Offices/ Government were required to promptly comply with the observations contained in the IRs, rectify the defects and omissions. The compliance was to be reported through initial reply within one month from the date of issue of the IRs. Serious financial irregularities were reported to the heads of the Department and the Government.

Inspection Reports issued up to December 2018 disclosed that 8,602 paragraphs of 3,383 IRs involving ₹ 25,042.16 crore remained outstanding at the end of June 2019, details for the past three years are mentioned in Table 1.8.

Table 1.8: Details of IRs pending for settlement

	June 2017	June 2018	June 2019
Number of IRs pending for settlement	3,032	3,261	3,383
Number of outstanding audit observations	7,549	7,775	8,602
Amount involved (₹ in crore)	22,976.92	24,236.15	25,042.16

(Source: Records of the Accountant General (E&RSA))

Audit did not receive even the first reply in respect of 67 IRs issued during 2018-19 from the heads of offices within one month from the date of issue of the IRs as of June 2019. Pendency of IRs due to non-receipt of first replies indicates lack of concern of the respective Authorities on action required for rectification of defects, omissions and irregularities as pointed out by Audit.

The Government may consider issuing instructions to the Head(s) of Office(s) concerned for furnishing first replies to the IRs issued by the Principal Accountant General (PAG)/ AG within the stipulated period of one month and take appropriate steps for addressing the audit observations raised in these IRs.

1.6.4 Departmental Audit Committee Meeting

The Government had set up audit committees to monitor and expedite the progress of settlement of IRs and paragraphs contained therein. The details of audit committee meetings held during the year 2018-19 and the paragraphs settled are mentioned in Table 1.9.

Table 1.9: Details of Departmental Audit Committee Meetings

(` in crore)				
Sl. No.	Name of the Department	Number of meetings held	Number of Paras settled	Amount
1	Finance (CT)	0	0	0
2	Commerce and Transport(Transport)	7	67	1.57
3	Excise	4	93	26.91
4	Revenue and Disaster Management (Registration)	5	82	0.15
5	Steel and Mines	7	49	0
Total		23	291	28.63

(Source: Records of the Accountant General (E&RSA))

During the year 2018-19, no meeting was held by the Finance Department (CT) which is a serious matter. Government should ensure periodical meetings of Audit committee.

The Government may advise the departments concerned to make this mechanism effective by increasing the frequency of conducting these meetings and for expediting discussions and taking necessary remedial action for addressing the audit observations.

1.6.5 Constraints in Audit

The programme of local audit of Tax Revenue/ Non-Tax Revenue offices was drawn up in advance. The intimations were issued usually one month before the commencement of audit to the Departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2018-19, as many as 1,160 assessment files, returns, refund registers and other relevant records involving tax effect of ` 1,363.96 crore were not made available to audit for scrutiny. Details of these cases are given in Table 1.10.

Table 1.10: Details of non-production of records

(` in crore)				
Name of the Department	Type of Tax/Non-tax revenue	Year in which it was to be audited	Number of cases not audited due to non-production of records to Audit	Tax Amount
Finance (CT)	VAT on sales, trade, etc.	Up to 2017-18	676	740.29
		2018-19	484	623.67
Total			1,160	1,363.96

(Source: Records of the Accountant General (E&RSA))

There was no case of non-production of records in other Departments.

1.6.6 Response of Departments to Draft Audit Paragraphs

The Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India were forwarded by the Accountant General to the Principal Secretaries/ Secretaries of the concerned Departments drawing their attention to audit findings. They were also requested to send their response within six weeks. Meetings were also held with concerned Department/ Government and their views and written replies furnished subsequently were suitably incorporated. In some cases, the draft audit paragraphs were included without the replies of the Department/ Government as replies to the paragraphs were not received from the concerned Departments.

Audit forwarded 23 draft paragraphs to the Principal Secretaries/ Secretaries of the respective Departments between August 2019 and April 2020. The Principal Secretaries/ Secretaries of the concerned Departments did not send replies to 14 draft paragraphs⁵ despite issue of reminders and those paras have been included in this Report without their response.

1.7 Analysis of the mechanism for dealing with the issues raised by Audit

The system of addressing the issues highlighted in the IRs/ Audit Reports by the Departments/ Government in respect of Revenue and Disaster Management (R & DM) Department was evaluated. The evaluation was on action taken on the paragraphs and Performance Audits included in the Audit Reports in the last 10 years.

1.7.1 Position of Inspection Reports

The summarised position of the IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2019 are given in Table 1.11.

Table 1.11: Position of Inspection Reports

(` in crore)

Sl. No.	Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1	2009-10	458	681	32,150.14	57	110	594.39	20	33	16.13	455	758	32,728.40
2	2010-11	495	758	32,728.40	27	60	236.20	8	30	44.85	514	790	32,919.75
3	2011-12	514	790	32,919.75	48	95	339.78	65	138	147.00	497	747	33,112.53
4	2012-13	497	747	33,112.53	65	139	341.75	68	176	19.83	494	710	33,434.45
5	2013-14	494	710	33,434.45	48	142	8,282.01	19	51	87.67	523	801	41,628.79
6	2014-15	523	801	41,629.00	40	154	3,102.60	5	32	3.18	558	923	44,728.42
7	2015-16	558	923	44,728.42	40	103	210.52	46	113	1,057.09	552	913	43,881.85
8	2016-17	552	913	43,881.85	50	179	347.33	28	92	79.74	574	1,000	44,149.44
9	2017-18	574	1,000	44,149.44	34	169	853.23	11	52	152.88	597	1,117	44,849.79
10	2018-19	597	1,117	44,849.79	61	210	426.18	17	132	164.00	641	1,195	45,111.97

(Source: Data maintained in the Accountant General (E&RSA) office)

⁵ Finance (CT)-1, State Excise-5, Revenue and Disaster Management-5, Commerce and Transport(Transport)-3

Audit observations under R & DM Department relates to incorrect determination of market value of land and building and non/ short levy of stamp duty and registration fee on lease, Agreement to sale and Power of Attorney.

The Government arranged meetings every year between R & DM Department and AG's office to settle the old paragraphs. During 2018-19, Department held five Audit Committee Meetings in which 82 paras with money value of `0.15 crore were settled. Considering the pendency, more and sustained concerted action needs to be taken to settle the remaining observations by taking remedial actions to address the concerns raised by Audit.

1.7.2 Recovery of Accepted Cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the R&DM Department and the amount recovered have been mentioned in Table 1.12.

Table 1.12: Details of recovery of accepted cases

(` in crore)

Year of the Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as on 31 March 2019
2008-09	2	49.57	0	0	0.01	0.01
2009-10	2	0.24	1	0.05	0	0
2010-11	1	0.46	1	0.46	0	0
2011-12	5	1.71	5	1.71	0.03	0.03
2012-13	5	135.75	3	1.95	0.22	0.22
2013-14	9	1,569.19	7	486.79	0.02	0.02
2014-15	4	344.73	0	0	0	0
2015-16	2	34.8	1	12.48	4.45	4.83
2016-17	2	68.67	0	0	0	0
2017-18	3	1.16	3	11.16	0.02	0.02

(Source: Data maintained in the Accountant General (E&RSA) and compliance notes furnished by the Government of Odisha)

The progress of recovery even in the accepted cases was very poor in each year. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties, mechanism for pursuance of the accepted cases by the Department/ Government was not adequate, which is required to be strengthened to ensure timely action in all such cases.

1.8 Audit Planning

The unit offices under various Departments have been categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan was prepared on the basis of risk analysis which included critical issues in Government revenue and tax administration.

During the year 2018-19, out of 530 auditable units⁶, 246 units were planned for audit. All the planned units were audited which constituted 46.42 per cent of the total auditable units.

⁶ 530 units includes Finance (CT)-58, State Excise-37, Revenue and Disaster Management-183, Commerce & Transport (Transport)-76, Steel & Mines Department-44 and 132 units of Forest and Environment Department.

1.9 Results of Audit

Position of local audit conducted during the year

Audit test checked records in 170 out of 352 units under five Departments⁷ relating to VAT, Entry Tax, Goods and Services Tax, State Excise Duty, Stamp Duty and Registration Fees, Motor Vehicles Tax and other Non-Tax receipts during the year 2018-19. Under-assessment/ short levy/ loss of revenue aggregating to `1,066.28 crore in 51,182 cases was observed. Departments concerned accepted under-assessment and other deficiencies worth `479.43 crore involving 48,864 cases, pointed out in audit during the year. An amount of `21.85 crore was realised in 368 cases pertaining to audit findings of 2018-19 and `1.42 crore was realised in 18 cases pertaining to audit findings of previous years.

Similarly, Audit test checked expenditure records in 170 units of these five Departments during the year 2018-19. Irregular expenditure/ payment amounting to `74.21 crore in 207 cases were noticed. The Departments concerned accepted irregularities of `0.31 crore in 149 cases pointed out in 2018-19. An amount of `0.37 crore was realised in four cases pertaining to audit findings of previous years.

1.10 Coverage of this Report

This part of the Report contains 21 paragraphs selected from the audit findings detected during the local audit carried out in 2018-19 and in earlier years, which could not be included in previous reports.

The financial effect of the paragraphs of this part of the report was `252.95 crore. The Government has accepted audit observations involving `224.47 crore out of which `0.19 crore had been recovered. The replies to the paragraphs involving `29.45 crore have not been received (October 2020). These are discussed in succeeding Chapters II to VI.

Recommendations:

- 1. The Departments need to review the status of recovery of arrears in revenue periodically. Arrears worth `7,047.50 crore (51.50 per cent) pending under appeal cases with the departmental authorities are under control of the government and could be expedited.**
- 2. The Department may expedite timely disposal of refund cases with special focus on the claims outstanding at the beginning of 2018-19.**
- 3. It is the statutory obligation, of the officer-in-charge of the auditable entity, to comply with requests by Audit for data, information and documents, whether in advance or during the course of audit, and within the time specified. Government may ensure that responsible departmental officers invariably produce records to Audit failing which appropriate action must be taken.**

⁷ Finance (CT), State Excise, Revenue and Disaster Management, Commerce and Transport (Transport) and Steel and Mines Department

- 4. The Government should institute an effective system for prompt and appropriate response to audit observations, draft audit paragraphs and take requisite and timely rectificatory action.**
- 5. The Government may review the progress in recovery of accepted cases on priority and take special efforts to ensure recoveries.**

Chapter - II

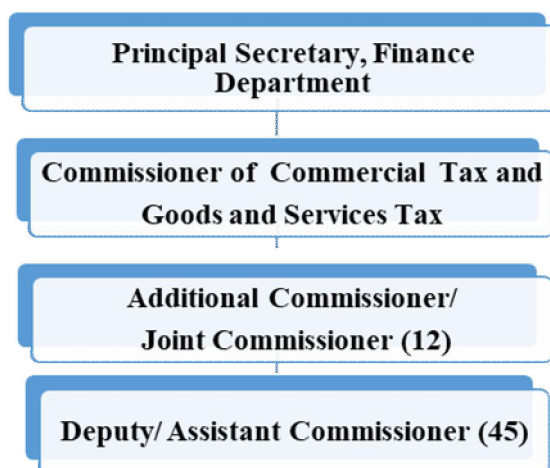
**Value Added Tax,
Entry Tax and Goods
and Services Tax, *etc.***

CHAPTER II

VALUE ADDED TAX, ENTRY TAX AND GOODS AND SERVICES TAX, *etc.*

2.1 Tax Administration

Assessment and collection of Value Added Tax, Entry Tax, Central Sales Tax, Professional Tax, Entertainment Tax and Goods and Services Tax (implemented from 01 July 2017) are regulated under Odisha Value Added Tax (OVAT) Act, 2004, Odisha Entry Tax (OET) Act, 1999, Central Sales Tax (CST) Act, 1956, Professional Tax Act, Entertainment Tax, 2006 and Odisha Goods and Services Tax (OGST) Act, 2017 and Rules framed thereunder, respectively. The organisational setup for administration of Value Added Tax, Entry Tax and Goods and Services Tax is as under:



2.2 Internal Audit

The Internal Audit Wing (IAW) of the Department which is responsible for evaluating the Internal Control measures in the Department has been defunct since 2002-03. The Department had not taken steps to revive IAW despite this deficiency being pointed out in the Audit Reports (Revenue Sector) of the previous years. The Department stated (June 2020) that steps are taken to revive them.

2.3 Audit Methodology and Results of Audit

The Government of Odisha's VATIS (Value Added Tax Information System) provides services for filing returns, apply for refund and payment to the registered dealers (VAT, CST and ET). The Commissioner of Commercial Taxes (CCT) and various Ranges and Circles of Commercial Tax offices are connected to VATIS through dedicated network. The registered dealers access these services through a web based application.

The audit units under CCT are selected based on risk parameters such as number of assessments *etc.*, and based on consolidated data⁸ provided by CCT

⁸ Off-line data containing number of assessments ,revenue generated *etc.*, of all the Circles and Ranges

on an annual basis. During the field audit of the selected audit unit, the audit party placed a requisition for data on the returns of the dealers relating to different tax periods, deposit of tax, gross turnover of the dealers, Registration Certificate of dealers and any other information, the requested data was extracted from the VATIS database by running an SQL query and the data was provided as Excel files. The information collected was used by the audit team to cross verify the selected Assessment Orders and applying audit checks.

Audit was conducted in all the 58 units (100 per cent) in Commercial Tax wing of Finance Department during 2018-19. The total revenue receipts collected in all the 58 units was ₹ 23,206.90 crore and 100 per cent audit check was made on the total revenue receipts. Test check of assessment and other records showed under assessment of tax and other irregularities involving ₹ 528.58 crore in 261 cases related to Odisha Goods and Services tax (OGST), Odisha Value Added Tax (OVAT), Central Sales Tax (CST), Odisha Entry Tax (OET), Odisha Entertainment Tax and Professional Tax. Details of category wise audit observations have been given in Table 2.1.

Table 2.1: Category wise details of Audit observations on revenue

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
Sales Tax/ OVAT(including CST)			
1	Under-assessment of tax	18	13.36
2	Acceptance of defective statutory forms	10	1.42
3	Irregular/incorrect/ excess allowance of input tax credit	14	3.34
4	Other irregularities ⁹	136	47.23
	Total	178	65.35
Entry Tax			
1	Under-assessment of tax	8	6.18
2	Other irregularities ¹⁰	16	356.47
	Total	24	362.65
Goods and Services tax			
1	Evasion of tax due to suppression of sales/ purchase	1	16.07
2	Irregular/ incorrect/ excess allowance of input tax credit	4	0.10
3	Other irregularities ¹¹	50	83.21
	Total	55	99.38
Professional Tax			
1	Other irregularities ¹²	4	1.20
	Total	4	1.20
Grand Total		261	528.58

⁹ Non imposition of mandatory penalty, non-levy of interest under section 34 of the OVAT Act, blockage of government revenue due to non-imposition of penalty on unpaid tax, short imposition of penalty, irregular allowance of credit Notes led to excess tax refund, non-levy of purchase tax and penalty, non-levy of tax due to excess labour and service charges under section 12(4) of OST Act etc.

¹⁰ Irregular allowance of excess set off of entry tax, excess refund of ET, Non levy of ET on sale turnover of scheduled goods, Non levy of interest on ET etc.

¹¹ Non verification of accounts of tax payers who had way bill transactions but non-filers, non-initiation of action to recover ITC of cancelled dealers, delay in disposal of refund cases under the GST Act, Entry tax payments and TDS deductions as transitional credits, action taken to recover excess inadmissible TRAN-1 credits availed by dealers, etc.

¹² Non levy of interest for delay in deposit of Professional Tax, non-assessment and collection of PT etc.

During 2018-19, the Department accepted audit observations on under assessment worth ` 1.48 crore in 23 cases relating to the current year and realised an amount of ` 1.05 crore in 21 cases pointed out in earlier years.

There are four broad categories of audit observations under Sales Tax/ VAT and CST Act, three broad categories of audit observations under GST Act and two broad categories of audit observations under OET Act. Similar errors/ omissions in other Commercial Taxes and GST units under the Department but not covered in the test audit are required to be internally examined in all the other units with a view to ensure that the taxes are levied as per provisions of the Act and Rules.

2.4 Audit Observations

Audit test checked the assessment records relating to the OVAT, CST and OET Acts in Commercial Tax Range/ Circle offices of the State. Audit observed cases of non-levy and short levy of tax and penalty and recorded in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test checks carried out by Audit.

Odisha Value Added Tax

2.5 Non-observance/compliance of the provisions of the Act and Rules read with Government notifications

The OVAT Act, 2004, the Odisha Value Added Tax Rules, 2005 made there under, OET Act, 1999, CST Act, 1956 and CST Rules, 1957 provide for:

- *completion of the audit assessments by the AAs of the department on the basis of Audit Visit Reports (AVRs);*
- *levy of tax on the correctly assessed Taxable Turnover (TTO) of outputs after giving due credit/ adjustment of admissible Input Tax Credit (ITC) ;*
- *imposition of penalty at prescribed rates in addition to the tax assessed at the audit assessment stage by the AAs;*
- *demand and collection of tax/ interest/ penalty as per the prescribed procedures and*
- *imposition of penalty for non-submission of Certified Annual Audited Accounts (CAAA) within the prescribed date.*

The AAs, while finalising the audit assessments of the dealers did not observe some of the aforesaid provisions as mentioned in the following paragraphs:

2.5.1 Penalty in assessment of Value Added Tax short-levied

Assessing Authorities failed to apply appropriate provision of the Act which resulted in short levy of penalty worth ` 446.74 lakh.

As per Section 42(5) of the Odisha Value Added Tax (OVAT) Act, 2004, without prejudice to any penalty or interest that may have been levied under any provision of the Act, an amount equal to twice the amount of tax assessed under sub-section (3) or sub-section (4) shall be imposed by way of penalty on the tax assessed in respect of any assessment completed under the said sub-sections.

During scrutiny (February 2019) of the assessment records in Nabarangpur Circle, it was noticed that three out of 11 dealers were assessed under Section 42 of the OVAT Act (February 2017 to January 2018) for the tax period from 01 April 2014 to 30 September 2015. The Assessing Authorities (AAs) assessed tax liabilities of those dealers amounting to ₹ 277.95 lakh on their taxable turnover (TTO) worth ₹ 4,720.63 lakh. Net tax was assessed at ₹ 235.66 lakh after allowance of the Input Tax Credit (ITC) worth ₹ 32.22 lakh and tax worth ₹ 10.07 lakh paid by the dealers during filing of returns. The AA, however, levied penalty of ₹ 24.58 lakh on the suppression value of ₹ 91.07 lakh and not on twice the amount of tax assessed. Penalty equal to twice the amount of tax assessed worked out to ₹ 471.32 lakh. The AA's failure to apply appropriate provision which prescribes to levy penalty on net tax assessed rather on the suppressed amount resulted in short levy of penalty of ₹ 446.74 lakh (₹ 471.32 lakh minus ₹ 24.58 lakh).

In reply, Government stated (October 2019) that on receipt of the audit objection, the AA had passed rectification order (June 2019) under Section 81 of the OVAT Act, imposing total penalty of ₹ 4,71,83,392 and entered it in the Demand Collection Register.

2.5.2 Short levy of tax and penalty due to less reversal of input tax credit in excess of CST payable

Less reversal of tax led to short levy of tax worth ₹ 12.74 lakh and a penalty of ₹ 25.48 lakh.

As per clause (d) of the proviso to Section 20(3) of the Odisha Value Added Tax (OVAT) Act, 2004, read with Rule 11(3)(a) of the OVAT Rules, 2005, Input Tax Credit (ITC) towards tax paid on purchase of goods which are sold in course of inter-State trade shall be allowed only to the extent of the Central Sales Tax (CST) payable. Further, sub-section 5 of Section 42 provides that an amount equal to twice the amount of tax assessed under sub-Section (3) or sub-Section (4) shall be imposed by way of penalty in respect of any assessment completed under the said sub-sections.

Audit test checked 322 cases of assessments under Section 42 pertaining to period from 01 April 2012 to 30 June 2015. Out of this, audit observed (December 2017) that in Barbil Circle, a dealer, during the period from April 2012 to March 2014, had purchased goods worth ₹ 31.02 crore inside the State and had paid tax worth ₹ 1.55 crore at the rate of five *per cent*. During this period, the dealer sold goods worth ₹ 41.32 crore. The entire sales included an inter-State sale of ₹ 24.90 crore, for which Central Sales Tax at the rate of two *per cent i.e.*, ₹ 49.81 lakh was collected by dealer. The purchase value of such goods sold in course of inter-State trade in proportion to the sale value was ₹ 18.69 crore¹³ which involved ITC worth ₹ 93.47 lakh. Hence, the dealer was entitled to avail ITC worth ₹ 49.81 lakh only as per Rule 11(3) (a) of the OVAT Rules *i.e.*, to the extent of CST payable. The remaining ITC of ₹ 35.68 lakh (₹ 43.66 lakh minus ₹ 7.98 lakh of ITC carried forward) was available for reversal. However, it was observed that the Assessing Authority, while finalising the assessment of the dealer under the OVAT Act in

¹³ Purchase value of goods sold in course of interstate sale = ₹ 31,02,26,244 ÷ ₹ 41,32,54,921 × ₹ 24,90,40,132 = ₹ 18,69,51,880 (Total VAT purchase ÷ Total VAT sale × Value of inter-state sale)

August 2015 for the above period, allowed reversal of tax worth ` 22.94 lakh. Thus, there was a less reversal which ultimately led to short levy of tax worth ` 12.74 lakh (` 35.68 lakh *minus* ` 22.94 lakh). Besides, penalty of ` 25.48 lakh was also leviable under Section 42(5) of the Act.

In reply, Government stated (October 2019) that on receipt of the audit objection, the AA took up the assessment under Section 43 of the OVAT Act and passed orders (July 2018) raising an extra demand of ` 1.33 crore including penalty.

2.5.3 Non-initiation of action against dealers for non-submission of Certified Annual Audited Accounts

Penalty of ` 6.80 crore was not levied for delay in submission of Certified Annual Audited Accounts.

Under Section 65(1) of the OVAT Act, 2004 read with Commissioner of Commercial Taxes (CCT)'s Notification¹⁴ (February 2015), if in respect of any particular year the gross turnover (GTO) of a dealer exceeds rupees one crore, then such dealer shall get his accounts audited by an Accountant¹⁵ within a period of six months from the date of expiry of that year. The dealer should also furnish a true copy of the Certified Annual Audited Accounts (CAAA) duly certified by such Accountant along with the statement of closing stock held at the end of the year to the concerned AA by the end of the month following the expiry of the said period of six months.

Further, Section 65(2) of the Act provides that if a dealer, liable to get his accounts audited, fails to furnish a true copy of the CAAA accompanied with a statement showing the closing stock in trade held at the end of the year in the prescribed manner, the AA shall, after giving such dealer a reasonable opportunity of being heard, impose on him a penalty of rupees one hundred for each day of default subject to a maximum limit of rupees ten thousand.

Audit scrutinised (between April 2018 and April 2019) the information furnished to audit in shape of physical form relating to receipt of CAAA in 45 circles¹⁶ and observed that 20,761 dealers had GTO exceeding rupees one crore each for the year 2016-17. Out of these, 6,802 dealers (32.78 *per cent*) had not submitted the copies of CAAA for that year within the prescribed period. The delay in submission of CAAAs ranged from 178 to 508 days for which penalty of ` 6.80 crore was leviable after giving such dealers reasonable opportunities of being heard. The AAs did not initiate action against these dealers for non-submission of CAAA including levy of penalty.

In reply, the Government stated (June 2020) that in 19 circles, penalty amounting to ` 54.84 lakh had been imposed in 1,287 cases, out of which,

¹⁴ Notification No. III (III) 14/ 2012/ 2250/ CT, dated 11 February 2015

¹⁵ The expression "Accountant" means a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949) or a cost accountant within the meaning of the Cost and Works Accountants Act, 1959 (23 of 1959) and includes a person who is entitled to be appointed to act as an auditor of companies under sub-section (2) of section 226 of the Companies Act, 1956 (1 of 1956)

¹⁶ Angul, Balangir, Balasore, Barbil, Bargarh, Bhadrak, Bhanjanagar, Bhubaneswar-I, Bhubaneswar-II, Bhubaneswar-III, Bhubaneswar-IV, Boudh, Cuttack-I (Central), Cuttack-I (City), Cuttack I (East), Cuttack-I (West), Cuttack-II, Deogarh, Dhenkanal, Gajapati, Ganjam-I, Ganjam-II, Jagatsinghpur, Jajpur, Jatni, Jharsuguda, Kalahandi, Kantabanji, Kendrapara, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nabarangapur, Nayagarh, Nuapada, Phulbani, Puri, Rayagada, Rourkela-I, Rourkela-II, Sambalpur-I, Sambalpur-II, Subarnapurand Sundargarh

₹ 6.30 lakh has been collected in 49 cases so far. Further, it was also stated that, the dealers prefer revision which exert tremendous workload on the Revisional Authorities and causes process delays. The Circle officers at the time of review meetings, were instructed to ensure timely submission of CAAs by the dealers so as to avoid litigations.

However, action for collecting the penalty from the remaining dealers concerned in other 26 circles need to be expedited.

Entry Tax

2.6 Non-observance/ non-compliance of the provisions of Odisha Entry Tax Act/ Rules read with Government notifications

The Odisha Entry Tax (OET) Act, 1999 and Rules thereunder read with Government notifications issued from time to time provide for levy of tax under Section 3 of the Act at the prescribed rates under Rule 3 of the OET Rules, 1999 on the entry of scheduled goods and imposition of penalty under Section 9C of the Act in audit assessment.

Audit observed that while finalising the assessments, the AAs did not observe the above provisions in some cases as mentioned in the following paragraph.

2.6.1 Penalty in assessment of Entry Tax short levied

Failure of Assessing Authority to apply appropriate provision of the Act resulted in short levy of penalty of ₹ 20.22 lakh.

As per Section 9C(5) of the Odisha Entry Tax (OET) Act, 1999, without prejudice to any penalty or interest that may have been levied under any provision of the Act, an amount equal to twice the amount of tax assessed shall be imposed by way of penalty in respect of any assessment completed.

During scrutiny (February 2019) of assessment records under Nabarangpur Circle, it was noticed that a dealer engaged in execution of works as a works contractor was assessed for Entry Tax (ET) on 01 August 2018 for the tax period from April 2014 to September 2015. During assessment, the AA determined ET of ₹ 43.32 lakh on Taxable Turnover of ₹ 18.99 crore. The dealer had declared and paid ET worth ₹ 33.06 lakh. Therefore, the balance of ₹ 10.26 lakh¹⁷ of the determined ET was payable by the dealer. A penalty of ₹ 0.30 lakh¹⁸ was, however, levied on the tax payable on purchase suppression amount of ₹ 77.58 lakh and not on twice the amount of tax assessed. Penalty leviable worked out to ₹ 20.52 lakh, twice the amount of tax of ₹ 10.26 lakh assessed. This resulted in short levy of penalty worth ₹ 20.22 lakh (₹ 20.52 lakh *minus* ₹ 0.30 lakh). Hence, the AA failed to apply appropriate provision to levy penalty on net tax assessed rather on the suppressed amount.

In reply, the Government stated (October 2019) that the AA issued rectification orders under Section 20 of the OET Act, 1999 imposing penalty worth ₹ 20.22 lakh and entered in the Demand Collection Register.

¹⁷ Tax assessed ₹ 43,31,803 - Tax paid ₹ 33,05,505 = Balance tax due ₹ 10,26,298

¹⁸ Tax payable on @ two per cent on ₹ 77.58 lakh erroneously taken as ₹ 0.15 lakh (instead of ₹ 1.55 lakh) and penalty levied ₹ 0.30 lakh (instead of ₹ 3.10 lakh)

Goods and Services Tax

2.7 Introduction

Goods and Services Tax (GST) was implemented with effect from 01 July 2017. GST¹⁹ is being levied on intra-State supply of goods and services (except alcohol for human consumption and five petroleum products²⁰), separately but concurrently by the Union (CGST) and the States (SGST)/ Union Territories (UTGST). Further, Integrated GST (IGST) is being levied on inter-State supply of goods or services (including imports) and the Central Government has exclusive powers to levy IGST. Prior to the implementation of GST, Value Added Tax (VAT) was being levied on intra-State sale of goods in the series of sales by successive dealers as per Odisha VAT Act, 2004 and Central Sales Tax (CST) was being levied on sale of goods in course of inter-State trade or commerce as per CST Act, 1956.

The State Government was empowered to regulate the provisions of OVAT Act whereas provisions relating to GST are being regulated by Centre and State on the recommendation of Goods and Services Tax Council (GSTC) which was constituted with representation from Centre and all the States to recommend on the matters related to GST. The State Government notified (June 2017) the Odisha Goods and Services Tax (OGST) Act, 2017 and the Odisha Goods and Services Tax Rules, 2017 in lieu of various taxes²¹ which were subsumed.

Goods and Services Tax Network (GSTN) was set up by the Government of India as a private company to provide IT services. It provides Front-end IT services to taxpayers namely registration, payment of tax and filing of returns. Back-end IT services, *i.e.*, registration, approval, taxpayer detail viewer, refund processing, MIS reports, *etc.*, are also being provided by GSTN to Model-II²² States. Odisha has opted for Model-II.

Since Odisha had opted Model-II for implementation of GST, back-end applications like registration, return scrutiny, audit, assessment, appeal, enforcement, MIS reports, *etc.*, for GST administration were developed by GSTN. As per information provided (March 2019) by the Department, all these modules have been developed by GSTN. For access to the back-end applications, leased line connectivity has been provided by GSTN from their Data Centre to Odisha State Data Centre. All the field offices are connected to the Odisha State Data Centre through State-wide Multi-Protocol Level Switching (MPLS) Network.

2.7.1 Trend of Revenue

The total receipts under GST for the period 2018-19 were ₹ 15,332.59 crore, which include GST worth ₹ 11,942.59 crore and compensation received worth ₹ 3,390.00 crore. Against target of ₹ 12,000 crore, the State achieved ₹ 11,942.59 crore in the year 2018-19. The actual receipts during 2017-18 and 2018-19 are given in Table 2.2.

¹⁹ Central GST: CGST and State/ Union Territory GST: SGST/ UTGST

²⁰ Petroleum products : petrol, high speed diesel, crude oil, natural gas and aviation turbine fuel

²¹ Value Added Tax, Central Sales Tax, Entry Tax, Luxury Tax and Entertainment Tax

²² Model-I States: only front-end services provided by GSTN, Model-II States: both Front-end and Back-end services provided by GSTN

Table 2.2: Actual receipts during 2017-18 and 2018-19

(` in crore)

Year	Budget Estimate	Receipts under GST	Compensation Received	Total Receipts under GST
2017-18	22,956	13462.03	2,264.00	15,726.03 [#]
2018-19	12,000	11,942.59	3,390.00*	15,332.59

Total Receipts under GST includes receipts under pre-GST taxes and GST for the year 2017-18

* Including ` 245 crore compensation for the month of March 2018, received in May 2018

2.7.2 Migration and new tax payers

As per Rule 24 of the OGST Rules, 2017, every person registered under any of the existing laws and having a valid PAN shall enrol on the common portal by validating his email address and mobile number, either directly or through a Facilitation Centre notified by the Commissioner. Upon enrolment, the said person shall be granted registration on a provisional basis. The final certificate of registration shall be made available to the registered person electronically, if the information and the particulars furnished in the application are found to be correct and complete.

The jurisdiction of newly registered taxpayers is being allotted to the State and Centre by GST portal electronically during submission of application for registration by the tax payers.

As per information furnished to Audit (July 2019) by the Department, a total of 1,25,976 (15,851 are under composition scheme) out of 1,84,455 dealers (1,74,761 TIN dealers) registered under the OVAT Act had migrated to GST as on 7 December 2018. The newly registered dealers under the GST Act as on 01 November 2020 was 72,007 (including 8,099 dealers under composition scheme).

2.7.3 Assessment pending under the subsumed Acts

As per the provisions of the OVAT Act, 2005, every dealer shall be deemed to have been assessed to tax based on the returns filed by him if no assessment is made within a period of seven years from the date of filing the return. Assessment under the Central Sales Tax (CST) Act are to be completed within five years.

As per the information furnished (August 2019) by the Commissioner of Commercial Tax and GST, 2,438 assessments under the subsumed Acts were pending at the end of the year 2018-19 as shown in the Table 2.3.

Table 2.3: Assessments pending under the subsumed Acts

Head of revenue	Opening balance	Addition during 2018-19	Total number of Assessments due	Assessments finalised during 2018-19	Balance at the end of the year	Percentage of disposal
0040- Taxes on Sales, Trade, etc., (which includes OVAT, CST).	3,117	1,405	4,522	2,392	2,130	52.89
0042- Taxes on Goods and Passengers (which includes OET).	74	620	694	388	308	55.91
Total	3,191	2,025	5,216	2,780	2,438	-

(Source: Commissioner of Commercial Taxes and GST)

It can be seen from the above table that the disposal of assessments under the OVAT and CST Acts was 52.89 per cent and 55.91 per cent of the total cases pending for assessment under OET Act.

This indicated that the Department did not take effective steps to achieve the targets²³ set vide Circular No 45831 CT/ Dt.20.03.2018 for completion of assessments by 31 October 2018.

2.7.4 Pendency of refund cases

As per Section 54 of the OGST Act, 2017, any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before expiry of two years from the relevant date in such form and manner as may be prescribed.

As per Section 142 (3) of the GST Act, 2017, every claim for refund filed by any person before, on or after the appointed day for refund of any amount of input tax credit, tax, interest or any other amount paid under the existing law, shall be disposed of in accordance with the provisions of existing law and any amount eventually accruing to him shall be refunded to him in cash in accordance with the provisions of the said law.

As per information furnished (August 2019) by the Commissioner of Commercial Tax and GST, 2,600 claims for refunds worth ` 545.30 crore were received during 2018-19. Out of 2,600 cases, refunds were allowed in 2,161 cases involving ` 479.92 crore. The details are given in the Table 2.4.

Table 2.4 : Pendency of refund cases

(` in crore)

Sl. No.	Particulars	GST/Sales tax/VAT		Entry Tax	
		No. of cases	Amount	No. of Cases	Amount
1	Claims outstanding at the beginning of the year	675	190.80	99	40.89
2	Claims received during the year	2,392	494.48	208	50.82
	Total(1+2)	3,067	685.28	307	91.71
3	Refunds made during the year				
	(a)Refunds granted	1,995	449.8	166	30.12
	(b)Refunds rejected/adjusted	764	176.57	85	47.39
	Total (a+b)	2,759	626.37	251	77.51
4	Balance outstanding at the end of the year	308	58.91	56	14.20

(Source: Commissioner of CT and GST)

The CCT&GST had directed (March 2018) to complete refund claims within three months from the date of receipt of application vide Circular No 45831 CT/ Dt.20.03.2018. The concerned AAs did not take effective steps in clearing refund claims (August 2019) received during the year 2018-19.

There were arrear in assessments and disposal of claims of refunds under the subsumed Acts which were also in arrears, as mentioned in Table 2.3 and Table 2.4 respectively.

²³

For the set-aside cases pending as on and after 01.10.2015, re-assessment was to be completed by 30.09.2015 and within a period of three years from the date of order. Pending audit assessments arising out of tax audit taken up in 2017-18 or prior years must be completed by 30.06.2018. Audit assessment of the dealers selected by the CCT&GST in March 2018 for tax audit must be completed by 31.03.2019

2.7.5 Status of GST data sharing

Odisha is a Model-II State and the access to data is received only through GSTN. All Range/ Circle offices of Commissioner of CT & GST, Odisha are connected to Odisha State Data Centre through State-wide MPLS Network. Audit scrutiny *i.e.*, return scrutiny, details of dealers regarding composite levy scheme, tax payment details, ITC claims by the dealers requires data analysis. This office had requested Commissioner of CT&GST, Odisha to provide the GST data relating to Odisha. The Commissioner of CT&GST, Odisha conveyed no objection to GSTN for sharing GST related data of Odisha with Comptroller and Auditor General of India. In this regard, GSTN informed that the matter was under active consideration of Department of Revenue, Ministry of Finance to evolve a uniform protocol for Central Board of Indirect taxes and Customs (CBIC) and all States.

2.7.6. Status of access to GSTN data by the Department

- The data relating to GST is accessed through a common back-office application developed by GSTN for all Model-II States. The application is accessible through a user group network to all the offices in the State of Odisha.
- In order to access the data, all Officers from the Commissioner of CT&GST, Odisha up to Assistant Commercial Tax Officers are provided with a User ID and Password.
- Using the assigned User ID and password, the officers access the GST Back-office application to view the data, based on the jurisdiction and role assigned to them.
- The statutory functions have been assigned to each of the Officers to the extent authorised under law and accordingly they get access to the assigned statutory functions.
- Data relating to registration and return are provided by the GSTN through SFTP Server to all States. The bulk data shared through SFTP servers are pulled by the States.

Though the Commissioner of CT&GST had conveyed his no objection in sharing of GST data relating to Odisha State by GSTN to C&AG of India, GSTN has asked the Government of Odisha to wait till further orders of GST Council. However, no communique was received until March 2019.

With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfil the CAG's Constitutional mandate. Section 18 of the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971 provides CAG with the mandate to access any record, accounts and other documents that are relevant to his inquiry. Further, as per Section 16 of the DPC Act, it shall be the duty of the CAG to audit all receipts which are payable into the Consolidated Fund of India and that of the State. Thus, not having access to the data pertaining to all GST transactions has come in way of comprehensively auditing the GST receipts during the year.

Recommendations:

1. **The Department needs to finalise the assessments timely under the subsumed Acts in order to focus on the administration of GST only.**
2. **The Department may take effective steps for clearance of all the pending refund cases under the subsumed Acts to focus on the GST administration only.**
3. **The Government needs to improve the internal control system including strengthening of internal audit to avoid occurrence of such cases.**

Conclusion

Audit points out similar omissions by Assessing Authorities (AAs) every year. However, many of the irregularities persisted and remained undetected till next audit was conducted. This indicated that the internal control system in the Department was required to be strengthened.

Chapter - III

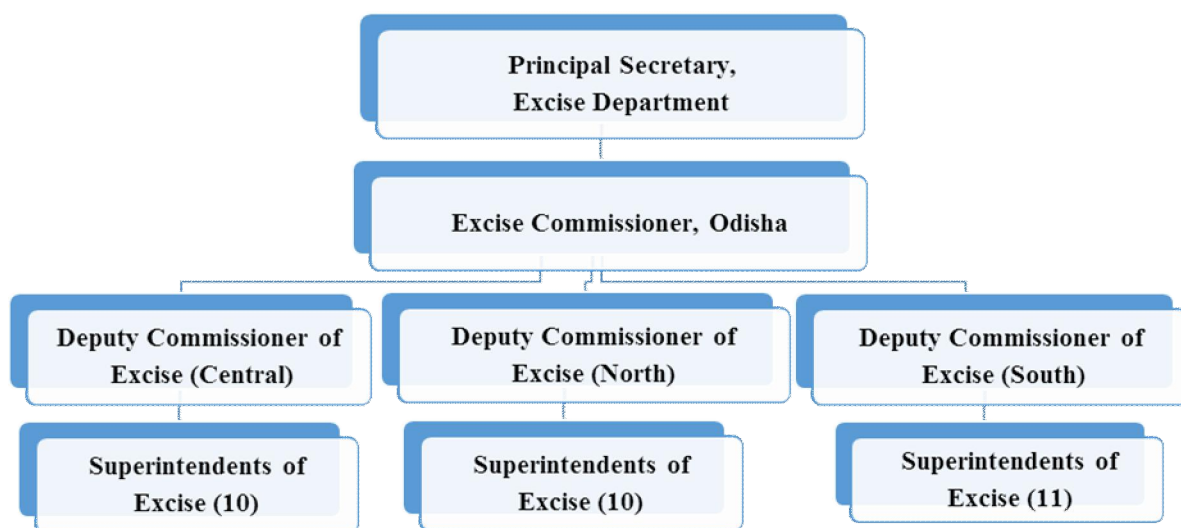
State Excise Duty

CHAPTER III

STATE EXCISE DUTY

3.1 Tax Administration

Levy and collection of Excise Duty (ED) is regulated under the Odisha Excise Act, 2008 and Rules made thereunder by the Government. The organisational setup for administration of excise revenue is as under:



3.2 Internal Audit

Internal Audit Wing (IAW), responsible for evaluating the Internal Control measures in the department and its field offices, was functioning since June 2010. During 2018-19, the IAW covered nine out of 16 units planned for audit. The shortfall in conducting audit was attributed to shortage of manpower by the Department. It was observed that 554 paragraphs of Internal Audit Reports having money value of ` 155.17 crore issued during 2011-12 to 2018-19 were pending for want of disposal as on 31 March 2019.

3.3 Results of Audit

Audit was conducted in 30 out of 36 units (81.08 *per cent*) during 2018-19. Revenue Receipts collected in the test checked 30 units was ` 3,204.49 crore, which was 99.49 *per cent* of total revenue receipts of ` 3,221.03 crore collected in these 36 units. Audit scrutiny showed non/ short realisation of excise duty and non/ short recovery of licence fee/ interest penalty and other irregularities involving ` 65.30 crore in 2,360 cases as indicated in Table 3.1.

Table 3.1: Details of category wise audit observations on State Excise revenue receipts

Sl. No.	Categories	Number of cases	(` in crore)
			Amount
1	Non/ Short realisation of excise duty	636	51.00
2	Non/ Short recovery of license fee/ interest/ penalty	1,646	12.50
3	Other irregularities ²⁴	78	1.80
Total		2,360	65.30

²⁴ Non realization of establishment cost, overtime fees, extra hour operation charges etc.

Department accepted the under assessments and other deficiencies worth ₹ 53.75 crore in 2,075 cases pointed out in audit during the year and realised ₹ 0.76 crore in 205 cases. Similar errors/ omissions in other excise units under the department but not covered in the test audit are required to be internally examined by the Department in all the other units with a view to ensure that excise duty/ fees are levied as per provisions of the Act and rules.

3.4 Audit observations

Audit scrutinised assessment records on ED and associated fees in the District Excise Offices (DEOs). Audit found several cases of non-observance of the provisions of the Acts/ Rules/ Annual Excise Policies (AEPs) which led to non-levy/ short levy and non realisation of ED, fees and fines, etc., as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by Audit. Such omissions on the part of the Superintendents of Excise (SEs) were pointed out by Audit in previous years also, however, the irregularities have persisted and remained undetected until the next audit was conducted. There was a need for the Department to improve the internal control system including strengthening of internal audit to avoid recurrence of such irregularities.

3.5 Provisions of the Acts/ Rules/ Annual Excise Policies and instructions of Government not observed

The Bihar and Odisha Excise (B&OE) Act, 1915 and Rules made thereunder by the Government as well as by the Board of Revenue (BOR) read with the Excise Manual, AEPs and notifications of Government provide for levy and collection of ED and charges like establishment cost and extra hour operation charge etc., at the prescribed rates.

The SEs, while finalising the assessments, did not observe the above provisions in some cases which resulted in non-levy and non-realisation of ED/ fees, fines and penalty, etc., as follows:

3.5.1 Persistent irregularities and action taken

Finance Department, Government of Odisha, had issued instructions in May 1968 and September 1994 for expeditious disposal of audit observations included in the Audit Reports. As per the instruction, as soon as the reports of the C&AG of India are received, facts and figures mentioned therein should be immediately verified with reference to the records maintained in the concerned Departments and its subordinate offices and necessary actions are to be promptly initiated on various points raised in different paras of the Audit Reports pertaining to each individual Department of the Government.

An irregularity is considered persistent, if it occurs year after year. It is deemed pervasive when prevalent in the entire system. Recurrence of irregularities, despite being pointed out in earlier audits, is indicative of slackness on the part of the executive and lack of effective monitoring. This, in turn, encourages wilful deviations from observance of rules/ regulations and results in weakening of administrative structure. Audit observed instances of persistent and pervasive irregularities worth ₹ 16.64 crore.

On scrutiny of 34 observations featured in Audit Reports of Revenue Sector during last five years from 2013-14 to 2017-18, it was noticed that out of these 34 observations some irregularities of similar nature *i.e.*, non/ short realisation of excise duty on IMFL/ country spirit and other charges were occurring persistently, as detailed in Table 3.2 below:

Table 3.2: Audit paragraphs with Persistent irregularities

(₹ in lakh)			
Year	Para No.	Title of the para	Money value
2013-14	3.5.1	Non realisation of differential State Excise Duty on annual closing stock of IMFL/ Beer	404.00
2017-18	3.6.2	Short realisation of Excise Duty on short lifting of Country Spirit	22.97
2017-18	3.6.4	Non realisation of establishment cost and overtime fees	12.35
2015-16	3.6.3	Non realisation of extra hour operation charges and overtime fees	19.10
2017-18	3.6.3		21.54
2013-14	3.5.9	Short/ Non levy of Excise Duty on short lifting of IMFL and Beer	3.86
2015-16	3.6.1		157.00
2017-18	3.6.1		1,023.00
Total			1,663.82

In view of the above, it is recommended that the Government may give priority in acting upon these persistent irregularities for realisation of revenue due to the Government.

3.5.2 Non recovery of excise revenue despite Government's assurance for realisation

On further scrutiny of all 34 observations featured in the Audit Reports pertaining to above stated period involving money value worth ₹ 33.43 crore, only ₹ 7.32 crore in 10 cases was realised despite Government's assurance. The matter was sub judice in three observations involving five cases. In eight cases, Government disagreed with the audit observations for which the matters were under consideration of Public Accounts Committee (PAC). Though the SEs in 12 observations and Government in three observations assured to raise demand and recover the amount pointed in the audit observations, no compliances have been received till date (October 2020). The reason for non/ short recovery had not been intimated to Audit. It was also observed that the remedial measures taken by the Government to curb pilferage in revenue realisation was not effective since similar nature of cases were occurring every year and consistently pointed out by audit between 2013-14 and 2017-18.

Thus, the measures taken by the Department to plug the loopholes in the system to augment revenue collection in compliance with the recommendations of the PAC and instructions of the Finance Department were absent/ inadequate. It is in financial interest of the State that audit observations need to be complied with immediately.

3.5.3 Non/ short levy of Excise Duty for short lifting of Indian Made Foreign Liquor and Beer

Excise duty and fine of ` 23.25 crore was non/ short levied against short lifting of Indian Made Foreign Liquor and Beer in respect of 245 licensees during 2016-17. Similarly, Excise duty of ` 2.45 crore was short levied for short lifting of Indian Made Foreign Liquor and Beer in respect of 38 licensees in 2017-18.

Rule 6A of Odisha Excise Exclusive Privilege (Foreign Liquor) Rules, 1989 provides that every successful bidder of foreign liquor 'OFF' shop shall, before obtaining licence, guarantee the sale of the Minimum Guaranteed Quantity (MGQ) of foreign liquor as fixed by the Excise Commissioner.

As per Rules 34(3) to 34(8) of the Odisha Excise Rules, 2017, a Minimum Guaranteed Quantity (MGQ) of IMFL/ Beer, as determined by the Government for the year, should be guaranteed by the successful tenderer/ bidder to lift for retail sale in the shop. The licensee shall lift the MGQ of IMFL and Beer for the entire year before the expiry of the term of licence *i.e.*, last day of March. In case of failure on the part of the licensee to lift the stock from Odisha State Beverage Corporation (OSBC) Ltd. as guaranteed, action may be taken to make good the loss of ED which shall be recovered from the bank guarantee obtained by the Collector. In case of further deficit, the amount will be collected at the end of the year with 10 *per cent* fine on the deficit amount.

As per instructions of Government (May 2015), 'OFF' shop license holders retailing IMFL/ Beer were given option to lift IMFL in London Proof Litre (LPL)²⁵ involving equal amount of excise duty (ED) by interchanging the MGQ of Beer in BL²⁶ fixed in respect of their respective shops. Government, however decided (March 2016) to discontinue the interchangeability of MGQ in lifting of Beer and IMFL from 1 April 2016 which was again allowed from 29 November 2016 for the remaining period of the financial year 2016-17. According to Government orders²⁷, excess quantity of MGQ drawn in previous months be adjusted against short drawn MGQ in subsequent months and the excess quantity lifted in the entire year be adjusted in the MGQ keeping in view the total MGQ fixed for the excise year.

In terms of Annual Excise Policy (AEP) 2016-17, ED on IMFL worked out to ` 292 per LPL taking into account the specific component prescribed (` 260) and the *ad valorem* component of ED²⁸ for the lowest priced IMFL and ED on Beer was ` 59 per BL as clarified by Government in March 2017. Similarly, as per the Annual Excise Policy (AEP) 2017-18, the minimum rate of ED on IMFL and Beer worked out to ` 312 per²⁹ LPL and ` 45 per³⁰ (BL) respectively

²⁵ London Proof Litre (LPL) - Strength of alcohol measured in terms of 'Degree Proof'

²⁶ Bulk Litre (BL) - a litre with reference to the bulk or quantity of the contents equivalent to 0.219 gallons.

²⁷ Letter No. 286 dated 13.1.2016

²⁸ The minimum landing cost of 6.75 LPL of IMFL was ` 431.90. The landing cost per LPL of IMFL was ` 63.99 = ` 64. *Ad valorem* 50 *per cent* thereon amounts to ` 32. Hence, ED on IMFL is ` 292 per LPL (fix component ` 260 + ` 32)

²⁹ The minimum landing cost of 6.75 LPL of IMFL is ` 433.26. The landing cost per LPL of IMFL is ` 64.18. *Ad valorem* 50 *per cent* thereon amounts to ` 32.09. Hence, the ED on IMFL is ` 312 (` 280 + ` 32)

³⁰ The minimum landing cost of 7.80 BL of Beer is ` 385.27. The landing cost per BL of Beer is ` 49.39 *ad valorem* 50 *per cent* thereon amounts to ` 24.69. Hence, the SED on Beer is ` 45 (` 20 + ` 25)

taking into account the *ad-valorem* component of ED for the lowest priced IMFL and Beer.

Audit scrutinised the records relating to MGQ and lifting of IMFL and Beer relating to the period 2016-18. The following were noticed during the course of audit:

- It was noticed that during 2016-17, 245 licensees under 14 Excise Offices³¹ short lifted 24.68 lakh BL of Beer and 2.25 lakh LPL of IMFL from OSBC Ltd. Concerned SEs, however, did not assess and levy the ED payable along with fine for such short lifting. Non/ short realisation of ED on such short lifting worked out to ₹6.58 crore and ₹14.56 crore respectively, totaling to ₹21.14 crore after allowing interchangeability of MGQ in lifting of Beer and IMFL involving equal amount of ED during November 2016 to March 2017 and where no interchangeability was applicable, fine of ₹2.11 crore was also leviable.
- Similarly, it was noticed during 2017-18 that 38 licensees³² pertaining to seven DEOs³³ short lifted 68,944.210 LPL of IMFL and 2,01,809.701 BL of Beer against the MGQ fixed for their shops, in respect of which ED and fine worth ₹3.37 crore were leviable. The SEs had demanded/ realised ED and fine worth ₹0.92 crore only. This resulted in short levy and realisation of ED and fine of ₹2.45 crore.

Audit observed that the SEs had failed to raise demand in respect of short lifted quantity despite maintaining the MGQ records that contained shop-wise lifting position of Beer and IMFL. Similar observations had featured in the previous Audit Reports³⁴ also.

The matter was intimated to Government (September 2019 and January 2020). The reply is awaited (October 2020).

3.5.4 Excise Duty not realised on short lifting of Country Spirit

Failure to recover the *ad valorem* component on lifting of Country Spirit less than the Minimum Guaranteed Quantity led to revenue loss of ₹1.81 crore.

As per Rule 6 (A) of Odisha Excise (Exclusive Privilege) Rules, 1970, read with Rule 34 of the Odisha Excise Rules, 2017, every successful bidder for Country Spirit (CS) shop shall, before obtaining licences, guarantee the sale of the MGQ of CS as fixed by the Collector. The licensee shall lift the monthly MGQ before five pm on the last day of the month. The Collector may, for any special reasons, permit the licensees to lift the short drawn MGQ of the previous month in the succeeding month except for the months of February and March. No un-lifted quantity of the CS shall be permitted to be lifted beyond the last day of February. In case of failure on the part of the licensee to lift the MGQ, action may be taken to make good the loss of ED, which shall be recovered from the bank guarantee obtained by the Collector. In case of

³¹ Angul, Bhadrak, Boudh, Deogarh, Gajapati, Jajpur, Jharsuguda, Mayurbhanj, Nabarangpur, Nuapada, Kalahandi, Kendrapara, Keonjhar and Koraput

³² Licensees of 'OFF' and 'ON' shops

³³ SEs Dhenkanal, Jajpur, Mayurbhanj, Ganjam, Kendrapara, Sundargarh and Khordha

³⁴ Audit Report for the year ended March 2017 and March 2018

further deficit, the amount will be collected at the end of the year with 10 per cent fine³⁵ on the deficit amount. As per the Annual Excise Policies (AEPs) for the years 2016-17 and 2017-18, the ED on CS was ₹ 66.10³⁶ and ₹ 86.68³⁷ per LPL respectively.

Audit test checked (April 2018 to March 2019) records³⁸ in 30 out of 36 District Excise Offices (DEOs) and observed that 16 out of 37 licensees of CS pertaining to two DEOs³⁹ short lifted 1.59 lakh LPL against the MGQ fixed for their shops during the year 2016-17. The licensees, however, did not pay the ED for such short lifting of MGQ. The SEs also did not raise demand of ED amounting to ₹ 105.25 lakh.

Similarly, during 2017-18, 11 out of 67 licensees of CS pertaining to four DEOs⁴⁰ short lifted 1.04 lakh LPL against the MGQ fixed for their shops for which ED of ₹ 90.38 lakh was payable. Seven licensees, however, deposited ED worth ₹ 21.45 lakh. SEs did not raise demand for the remaining amount of ₹ 68.93 lakh along with fine of ₹ 6.89 lakh despite having monthly lifting statement of the CS licensees. Thus, during the years 2016-17 and 2017-18, ED amounting to ₹ 174.18 lakh (₹ 105.25 lakh plus ₹ 68.93 lakh) and fine amounting to ₹ 6.89 lakh could not be realised.

The matter was intimated to Government (September 2019). The reply is awaited (October 2020).

3.5.5 Charges for extra hour operation and overtime fees not realised

Extra hour operation charges of ₹ 64.21 lakh for carrying out 2,005 hour operations beyond the scheduled hours during 2017-18 was not realised from one distillery.

As per Rule 79 of the Odisha Excise Rules, 2017, all operations in a distillery and other production units which require the presence of an Excise Officer shall be stopped on Sundays and other holidays. If the distillery and other production units function for more than one shift, additional staff shall be posted as determined by the Excise Commissioner and the cost of such additional staff shall be borne by the said unit. The distillery and other production units shall pay to the State Government a sum of ₹ 3,000 per each extra hour of operation beyond the scheduled hours, in addition to the overtime fees payable to the excise staff. Overtime fees to be charged for each hour of overtime work done shall be one-fifth of a day's pay of the officer concerned.

Audit scrutinised (April 2018 to March 2019) records in 30 out of 36 DEOs wherein only three distilleries were present pertaining to three DEOs. Audit

³⁵ Provision for fine on short lifting of Country Spirit was inserted in the Odisha Excise Rules, 2017, effective from April 2017

³⁶ Excise Duty + *Ad valorem* per case *i.e.*, for three LPL = ₹ 198.29, ED per LPL = ₹ 198.29/3 = ₹ 66.096 or say ₹ 66.10

³⁷ Excise Duty + *Ad valorem* per case *i.e.*, for three LPL = ₹ 260.04, ED per LPL = ₹ 260.04/3 = ₹ 86.68

³⁸ MGQ Registers, Monthly Returns and other connected documents

³⁹ SE, Bhadrak and SE, Kendrapara

⁴⁰ SE, Bhadrak, SE, Kendrapara, SE, Nayagarh and SE, Puri

noticed that out of the three, one distillery⁴¹ under DEO, Ganjam carried out extra hour operation of 2,005 hours beyond the scheduled hours during April 2017 to March 2018. However, the distillery did not pay the extra hour operation charges worth ₹ 60.15 lakh (2,005 x ₹ 3,000). The Distillery also did not pay overtime fees worth ₹ 4.06 lakh for three excise staff posted for the extra hour operation during the above period. Audit observed that the SE also did not raise demand for realisation of revenue despite maintaining the records containing the days of extra hour operation for each month. This resulted in non-collection of excise revenue amounting to ₹ 64.21 lakh.

The matter was intimated to Government (August 2019). The reply is awaited (October 2020).

3.5.6 Fee towards cost of establishment not realised

Two Superintendents of Excise did not raise demand for realisation of the cost of establishment of ₹ 19.28 lakh for the years 2016-17 and 2017-18 relating to two Distilleries.

As per Rules 34(1) and 34(2) of the Board's Excise Rules (BER), 1965 read with Rules 92 and 93 of the Odisha Excise Rules, 2017, the Excise Commissioner (EC) shall appoint the Excise Officers (EOs) and staff for proper supervision of the operations carried out in each warehouse or storeroom. The licensee shall pay to the State Government such fees for maintaining a warehouse and for conducting the operations at the rates prescribed at the end of each calendar month which shall not exceed the whole of the cost of the excise staff employed for the purpose.

Mentions were made in earlier Audit Reports⁴² regarding non realisation of fees towards cost of establishment from distilleries. Test check (September 2018 and January 2019) of records relating to reimbursement of cost of establishment in two SE offices⁴³ revealed that nine EOs and staff were posted in two distilleries during the years 2016-17 and 2017-18 for supervision of the operations carried out in those distilleries. The pay and allowances of ₹ 19.28 lakh in respect of EOs and staff deployed in those two distilleries relating to the said period were paid by the respective Excise Offices. The SEs did not raise demand for reimbursement of the cost of establishment paid by them in form of pay and allowances. This resulted in non-realisation of fees towards cost of establishment of ₹ 19.28 lakh.

The matter was intimated to Government (July 2019). The reply is awaited (October 2020).

3.5.7 Penalty for short supply of Country Spirit not levied

Superintendent of Excise did not raise demand for realisation of penalty of ₹ 15 lakh for short supply of Country Spirit.

As per provisions contained in the Excise Policy for the year 2017-18, a CS producer and supplier shall ensure at least 300 full truck load supply of CS per

⁴¹ Aska Co-operative Sugar Industries Ltd

⁴² Audit Reports for the years ended March 2017 and March 2018

⁴³ Ganjam and Koraput

month to wholesale depots for sale to retailers. In case of failure to supply the same quantity of CS, penalty of ` 15 lakh would be leviable on supplier.

Audit scrutinised (October 2018) records of SE, Ganjam and observed that one supplier Aska Co-operative Sugar Industries Ltd (ACSIL) could not supply the prescribed quantity of CS to the four depots⁴⁴ of OSBC Ltd during 2017-18. ACSIL could only supply 3,461 truck load of CS against the required quantity of 3,600 (300×12) truck load. The unit was liable to pay a penalty of ` 15 lakh as it failed to supply the required quantity of CS. However, no demand was raised by SE, Ganjam to realise such penalty.

The matter was intimated to Government (September 2019). The reply is awaited (October 2020).

⁴⁴ Balasore, Chandikhol, Khordha and Nirgundi

Chapter - IV

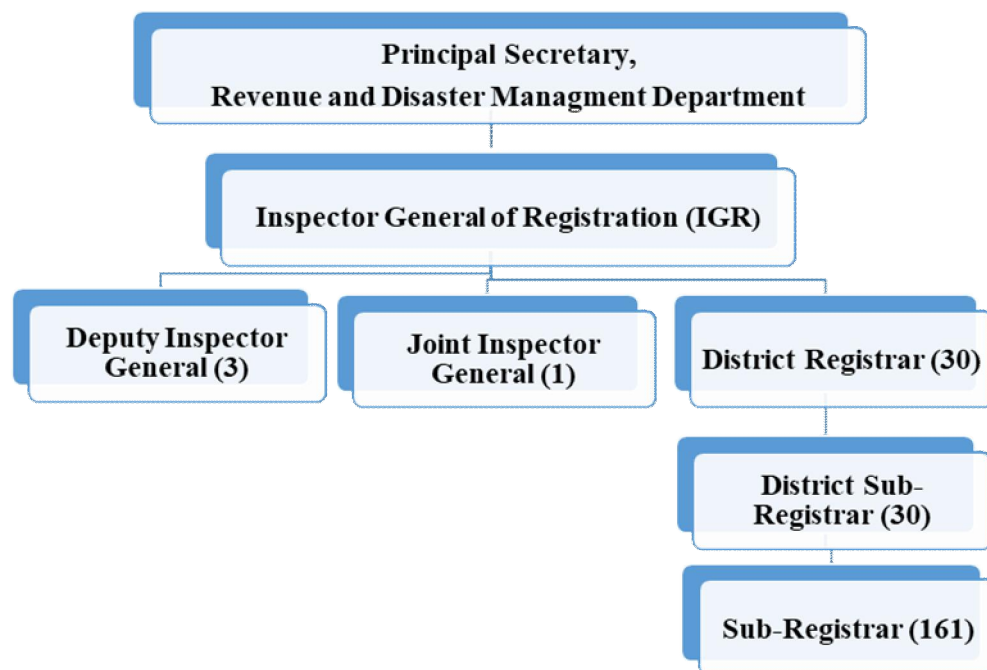
Stamp Duty and Registration Fee

CHAPTER IV

STAMP DUTY AND REGISTRATION FEE

4.1 Tax Administration

Receipts from Stamp Duty (SD) and Registration Fee (RF) are regulated under the Indian Stamp Act, 1899 (IS Act), the Registration Act, 1908 and the Rules framed thereunder. The organisational setup for administration of Stamp Duty and Registration fee is as under:



4.2 Internal Audit

The Internal Audit Wing (IAW) of Revenue and Disaster Management (R&DM) Department was created in the year 1969. During 2018-19, out of 67 units planned for audit, the IAW of the Department covered only 37 units. Audit noticed that 9,750 paragraphs in Internal Audit Reports having money value of ₹ 2493.34 crore issued up to 31 March 2019 were pending for disposal as on the date.

4.3 Audit Methodology and Results of Audit

The R&DM Department uses e-Registration database to maintain meta-data of the documents registered in the Sub-Registrar (SR) and District Sub-Registrar (DSR) offices. The meta-data includes instrument registration number, classification of deed, information relating to parties involved, consideration, stamp duty and registration fee that was collected, *etc.* All the documents registered are scanned and stored in a Central server by the Registration offices. All the Registration offices and the Inspector General of Registration (IGR) are linked to the e-Registration database through Odisha State Wide Area Network (OSWAN) and Virtual Private Network (VPN). All the

Registration offices login as clients to the Central server for retrieval and updating of any data pertaining to the particular Registration office only. Citizens access the services over the IGR website.

During the period under Audit, Audit did not have access to the data dump of the Central server in the e-Registration database, which would have facilitated more audit coverage. Instead consolidated data was provided by IGR on an annual basis. The audit units were selected from this consolidated data based on risk parameters such as revenue generated, *etc.* During field audit of the selected units, a login based access to the meta-data of documents registered by the particular audit unit only was provided to the audit team. Herein, Audit accessed the Fee Book, Valuation Report and scanned images of deeds. The meta-data was extracted and used for selection of sample of deeds to be audited.

Audit was conducted in 49 out of 191 units (25.65 per cent) in Registration wing of R&DM Department during 2018-19. Revenue receipts collected in the test checked 49 units was ₹ 628.53 crore, which was 54.99 per cent of total revenue receipts of ₹ 1,142.91 crore collected in 191 units. Test check of assessment and other records showed incorrect determination of market value of land and building and non/ short levy of stamp duty and registration fee on lease, Agreement to sale, Power of Attorney *etc.*, involving ₹ 34.13 crore in 19,060 cases. Details of category wise audit observations have been mentioned in Table 4.1.

Table 4.1: Category wise details of Audit observations

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Incorrect determination of market value of land and building	108	12.98
2	Non/short levy of stamp duty and registration fee	1,056	21.15
3	Other Irregularities	17,896	0.00
Total		19,060	34.13

During 2018-19, the Department accepted under assessment and other deficiencies worth ₹ 2.20 crore in 18,533 cases that were pointed out in earlier years. An amount of ₹ 0.41 crore in 26 cases, pointed out in 2018-19, was realised.

Similar errors/ omissions in other Registration wing under the Department but not covered in the test audit are required to be internally examined by the Departmental in all the other units with a view to ensure that the duty and fee are levied as per provisions of the Act and Rules.

4.4 Audit observations

Audit scrutinised records relating to assessment and collection of SD and RF and found short realisation of revenue on agreement to sale, certificate of sale and in valuation of land and building as mentioned in the succeeding paragraphs. These cases are illustrative and are based on test check carried out by Audit.

4.5 Non-observance of the provisions of the Acts/ Rules and Government instructions

The Indian Stamp (IS) Act, 1899 and the Registration Act, 1908 prescribed that agreement to sale involving delivery of possession of any immovable property to sell such property shall be deemed to be a conveyance and accordingly, the SD shall be payable. Deeds of certificate of sale are to be charged to duty as conveyance on the legal process of transferring property from one owner to another. Conveyance deeds are to be registered on realisation of SD and RF at the prescribed rates on the consideration truthfully and correctly mentioned therein keeping in view the benchmark value⁴⁵ (BMV) of the Government of Odisha. The documents where properties were shown to be undervalued were to be impounded for correct valuation for realisation of differential SD and RF.

Non-observance of the provisions of the above Acts by the Registering Authorities (RA) in the cases as mentioned in the following paragraphs resulted in short realisation of SD and RF.

4.5.1 Short levy of Stamp Duty and Registration Fee on Agreement to sale and Development Agreements

The Registering Officer did not levy Stamp Duty and Registration Fee on ‘Agreement to sale and Development Agreements’ deeds as Conveyance where recitals of the document indicated that possession was deemed to have been delivered as per the recital. Due to misclassification, Stamp Duty and Registration Fee of ₹97.33 lakh was short levied.

As per Article 23 of Schedule I-A of the Indian Stamp Act, 1899 (as amended in Odisha Amendment Act, 2014), an agreement to sale involving delivery of possession of any immovable property or a power of attorney authorizing the person to sell such immovable property, will be deemed to be a conveyance. Accordingly, the Stamp Duty (SD) thereon shall be chargeable on the basis of the market value of the property. It further provided that at the time of execution of the sale deed by the same person in pursuance of such agreement, the SD already paid on agreement to sale, shall be adjusted towards the total amount of such duty chargeable on the conveyance. As per Section 27 of the Indian Stamp Act, 1899, the consideration, if any, on the market value of the property and all other facts and circumstances affecting the chargeability of any instrument with duty or the amount of the duty with which it is chargeable shall be fully and truly set forth in the document. Fees for Registration (RF) at the rate of two *per cent* of the value on consideration shall be payable for the purposes specified in Section 78 of the Registration Act, 1908.

Audit test checked 49 out of 191 District Sub-Registrar (DSR) and Sub-Registrar (SR) offices during the period from April 2018 to March 2019. The following observations were made during the course of audit.

⁴⁵ Benchmark Valuation: Under Benchmark Valuation principle, R&DM Department of Government of Odisha approves the rates of land from time to time in all districts of the State which ought to be taken into consideration while determining the prevailing market rate/ value of the land

(i) In the office of SR, Dolipur, Audit noticed that two documents titled as “Development Agreements” were registered for development of land measuring 5.415 acres by the developers/ builders. Lands were handed over by first parties (executants) in favour of second parties (developers) to develop the land and construct multi-storeyed buildings for sale. As per the recitals of these agreements, the developers were authorized to enter into agreement for sale of properties. Hence, the documents should have been classified as conveyance. The SR levied SD and RF on the value as recited in the agreement without determining the market value of property. Misclassification of the documents and non-determination of the market value of the properties resulted in short realisation of SD and RF worth ` 27.03 lakh (` 19.31 lakh + ` 7.72 lakh).

(ii) In case of another document registered in the same SR, an area of 3.890 acres of land was handed over to the developer for development and construction of residential/ commercial buildings. The document was registered as a development agreement. As per the recitals of the document, the developer had explicit right to sell the apartments constructed over the land. In consideration, the owners of the property were entitled for apartments measuring 50,000 sq.ft. of the built-up area *in lieu of* the development over the scheduled property. The cost of owners’ share worked out to ` 552 lakh taking the existing guidelines of valuation of building for 50,000 sq.ft. However, the SR levied SD and RF only on the advance amount of ` 40 lakh which was a token amount advanced by the developer while actual value of the transaction was ` 552 lakh.

This resulted in short realisation of SD and RF worth ` 35.84 lakh (` 25.60 lakh + ` 10.24 lakh).

(iii) During test check of documents relating to Agreement to Sale, Audit noticed (November 2018 to January 2019) in two DSR⁴⁶ and two SR⁴⁷ Offices that five documents were registered as agreements to sale in respect of land measuring 21.57 acres. The owners of the lands had handed over physical possession of properties to the purchasers. Therefore, the documents should have been classified as conveyances. The RAs had collected SD and RF only on the advance money/ consideration money mentioned in recitals instead of value of properties or market value. This resulted in short realisation of SD and RF worth ` 34.46 lakh (` 24.94 lakh + ` 9.52 lakh).

The matter was intimated to Inspector General of Registration (IGR), Odisha during May 2019. In reply, IGR in respect of three cases of Development Agreements, stated (September 2019) that three Registering Officers⁴⁸ had issued demand notices for realisation of deficit dues. No responses in respect of the remaining cases have been received.

The matter was brought to the notice of Government during November 2019. Their replies are awaited (October 2020).

⁴⁶ DSR, Kalahandi and DSR, Nuapada

⁴⁷ SR, Berhampur Town and SR, Padmapur

⁴⁸ DSR, Kalahandi; DSR, Nuapada and SR, Berhampur Town

4.5.2 Short realisation of Stamp Duty and Registration Fee on Power of Attorney instruments *in lieu of conveyance*

The Registering Officer did not levy Stamp Duty and Registration Fee on ‘Power of Attorney instruments’ as Conveyance where possession was deemed to have been delivered as mentioned in the recitals of the documents. Due to misclassification, Stamp Duty and Registration Fee of `27.44 lakh was short levied.

As per the explanation under Article 23 of Schedule 1-A of Indian Stamp (IS) Act, 1899 (as amended in Odisha Amendment Act, 2014), a Power of Attorney (PoA) authorising a person other than father, mother, wife, husband, son, daughter, brother or sister in relation to the executant as mentioned in clause (g) of Article 48, to sell immovable property, shall be deemed to be a conveyance. Accordingly, SD shall be payable on the instrument on the basis of the market value of the property which is the subject matter of such instrument. SD shall be chargeable at the rate of five *per cent* of the amount or value of the consideration for such conveyance as set forth in the deed or market value of the property, whichever is higher, as per Government of Odisha, Revenue and Disaster Management Department order No.10/06-33267/RDM dated 5.8.2008. Registration Fee (RF) at the rate of two *per cent* of the value of documents shall also be payable for the purposes specified in Section 78 of the Registration Act, 1908.

Audit test checked PoAs in 50 out of 183 registering offices (December 2017 to January 2019) and observed in six RAs⁴⁹ that nine PoAs were registered on realisation of SD and RF amounting to `5.24 lakh and `1.31 lakh respectively. The market value of the properties registered through PoAs was `4.86 crore. The RAs did not classify the PoAs as conveyance though the recitals of the documents clearly indicated that the PoA holders were not the family members of executants. This indicated lack of due diligence on the part of Registering Officers, which led to short realisation of SD worth `19.04 lakh and RF worth `8.40 lakh.

In reply, five RAs⁵⁰ stated that steps would be taken after verification of documents. SR, Berhampur-II stated that the PoAs may be treated as Development Agreements and hence, the SD and RF had been realised accordingly. The reply of SR, Berhampur-II was not acceptable as the entire building along with land was transferred and possession was handed over by principal to attorney holder in the PoA, Hence, the document should have been considered as conveyance and not as a Development Agreement or PoA. No further steps taken after verification of documents has been reported by the Registering Authorities (October 2020).

The matter was brought to notice of the IGR (May 2019) and Government (September 2019). The replies are awaited (October 2020).

⁴⁹ DSR, Kalahandi(2); SR, Bisam Cuttack(1); SR, Nandapur(1); SR, Nuapada(3); SR, Sohela(1) and SR, Berhampur-II(1)

⁵⁰ DSR, Kalahandi; SR, Bisam Cuttack; SR, Nandapur; SR, Nuapada and SR, Sohela

4.5.3 Short realisation of Stamp Duty and Registration Fee due to undervaluation of land

Registering Officers while registering documents of sale of landed properties did not realise Stamp Duty and Registration Fee on verifying the Benchmark Valuation of land. This resulted in undervaluation of the documents and consequently short levy of Stamp Duty and Registration Fee worth ` 28.65 lakh.

Section 27 of the Indian Stamp (IS) Act, 1899 (as amended in Odisha Amendment Act, 2014), read with Section 3 of the Act *ibid*, provides that the consideration, if any, the market value of the property and all other facts and circumstances affecting the chargeability of any instrument with duty, shall be fully and truly set forth in the document. Further, as per Article 23 (b) of Schedule 1A of Indian Stamp Act and R&DM Department, Government of Odisha order dated 5 August 2008, conveyance deed of an immovable property is leviable with Stamp Duty (SD) at the rate of five *per cent* of the consideration set forth in the deed or the market value of the property, whichever is higher. Section 78 read with section 79 of the Registration Act, 1908 prescribes that sale/ conveyance deeds are to be registered for realisation of Registration Fee (RF) at two *per cent* of the consideration set forth in the deed or the market value of the property, whichever is higher.

Audit test checked 50 out of 183 registering offices (July 2018 to January 2019) and observed in eight documents registered in three registering offices⁵¹ that lands measuring 104.970 acres were sold by vendors to the vendees for a consideration of ` 6.83 crore and SD and RF worth ` 46.68 lakh (` 33.02 lakh + ` 13.66 lakh) were realised. The RAs did not consider the correct benchmark valuation rate of the land as fixed by the collector mentioned in all the deeds while registering which amounted to ` 10.76 crore. This resulted in short realisation in SD and RF worth ` 28.65 lakh (` 20.79 lakh + ` 7.86 lakh).

The matter was intimated to IGR (May 2019) and Government (September 2019). The reply is awaited (October 2020).

4.5.4 Short realisation of Stamp Duty and Registration Fee due to undervaluation of buildings and superstructures

Registering Officers while registering documents of sale of landed properties with buildings did not realise Stamp Duty and Registration Fee on verifying the prescribed rate of buildings and superstructures. This resulted in undervaluation of the documents and consequently short levy of Stamp Duty and Registration Fee amounting to ` 0.24 crore.

Section 27 of the Indian Stamp (IS) Act, 1899 (as amended in Odisha Amendment Act, 2014) read with Section 3 of the Act, *ibid*, the consideration if any, the market value of the property and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth in the

⁵¹ SR, Nandapur; DSR, Nuapada and DSR, Dhenkanal

document. R&DM Department, Government of Odisha issued guidelines in December 2003, March 2011 and December 2013 for valuation of buildings and superstructures for the purpose of levy of Stamp Duty (SD) and Registration Fee (RF). As per Section 47A of the Act, in case of undervaluation of a property/ document during registration, the case shall be referred to the collector who would determine the value. The deficient amount shall be paid by the person liable to pay the duty. Rates for the SD and RF applicable to conveyance deed were five and two *per cent* respectively.

Audit test checked documents in 50 out of 183 RAs (April 2018 to March 2019) and observed that landed properties having buildings thereon were sold by registering 45 conveyance deeds in 18 RAs⁵² for consideration of `1621.77 lakh as set forth in the instruments. The RAs realised SD of `79.04 lakh and RF of `32.43 lakh. Audit observed that the consideration set forth in the documents was less than the value as per the government guidelines for valuation of buildings/ structures, but while registering the conveyance deed, RAs did not refer the cases to the collector for determination of the value. The value of those properties worked out to `1944.32 lakh taking into account the cost of land and value of building/ superstructure as per the guidelines prescribed by the Government. Accordingly, SD and RF payable worked out to `96.98 lakh and `38.87 lakh respectively. Undervaluation of the building/ superstructure resulted in short levy of SD amounting to `17.94 lakh and RF amounting to `6.46 lakh, totaling to `24.40 lakh.

The RAs while evaluating the value of the properties registered, did not verify the prescribed rate of buildings (floor-wise), number of years for which depreciation worked out *etc.*, as per the prescribed guidelines nor did the matters were referred to the Collectors for determination of correct value. This indicated lack of due diligence on the part of the RAs in evaluating the properties for the purpose of levy of SD and RF.

On this being pointed out during December 2018, Sub-Registrar, Bheden stated that notices would be issued to concerned parties for recovery of revenue short realised. Sub-Registrar, Baliapal stated that the document was to be booked under Section 47A (2-a) of IS Act which enabled the District Collector to *suo motu* examine the instrument within three years of date of registration. The reply of SR Baliapal was not acceptable as the document was registered in December 2013 and the time period of three years for *suo motu* examination by district collector, as provided in Section 47A (2-a), was already over. The SR may refer the undervalued documents to Collector under section 47A (1) of IS Act. Sub-Registrar, Bheden stated that notices would be issued to concerned parties for recovery of revenue short realized. All other Sub-Registrars and District Sub-Registrars stated that necessary action would be taken for realisation of deficient revenue after verification of relevant documents and compliance would be furnished to audit.

The matter was intimated to the IGR (July 2019) and Government (September 2019). Despite elapse of the period of more than a year, the reply is awaited (October 2020).

⁵² SRs, Bhatli, Bheden, Dharmagarh, Rengali, Padmapur, Kaptipada, Baliapal, Chandabali, Champua, Badachana, Chhendipada, and DSRs, Nuapada, Sambalpur, Subarnapur, Jharsuguda, Kalahandi, Mayurbhanj and Deogarh

4.5.5 Short levy of Stamp Duty and Registration Fee on Certificate of Sale

Stamp Duty and Registration Fees worth ` 14.75 lakh was short levied on registration of Certificate of Sale documents issued by Bank Authorities as they were not treated as conveyance deeds.

As per Article 18 (b) of Schedule I-A of Indian Stamp (Odisha Amendment) Act, 2001, as amended in 2003, Stamp Duty (SD) on Certificate of Sale granted to a purchaser of any property sold by public auction by a civil or revenue court or collector or other revenue officer shall be treated as a conveyance deed and SD shall be chargeable at the prescribed rate on the consideration equal to the amount of purchase money.

Under Section 13 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 read with Rule 9(6) of the Security Interest (Enforcement) Rules, 2002, in exercise of the powers conferred, the immovable property secured from borrowers in favour of secured creditor/institution towards financial facility is put to auction to recover the secured debt for which a certificate of sale document is registered. Also, as per clarification of Government of Odisha (October 2016), the registration of certificate of sale issued by authorised officers of banks were not exempted from SD and RF as they were neither a civil nor a revenue authority and hence, the SD and RF were chargeable at five and two *per cent* of the consideration respectively.

Audit test checked 50 out of 183 Registration Offices (ROs) and observed that five certificates of sale documents were registered during 2015-16 in two ROs⁵³ in which different banks auctioned immovable properties involving 20.165 acres. The auction holders presented certificates of sale documents along with their respective conveyance deeds for transfer of right title and interest relating to those auctioned properties. The documents were registered with purchase money worth ` 230.41 lakh as recorded in the documents. The ROs realised SD worth ` 0.23 lakh and RF worth ` 1.15 lakh only by not treating the documents of certificate of sale as conveyance deeds. However, SD and RF worked out to ` 11.52 lakh and ` 4.61 lakh at the rate of five and two *per cent* of the consideration respectively, as applicable to conveyance deeds. This resulted in short realisation of SD of ` 11.29 lakh and RF of ` 3.46 lakh totaling to ` 14.75 lakh. Thus, the certificate of sale documents were not treated as conveyance deeds which resulted in short realisation of SD and RF.

In reply, ROs stated (October 2018) that demand would be raised for collection of deficient Stamp Duty and Registration Fee after verification of records.

The matter was intimated to IGR (May 2019) Government (November 2019). Their replies are awaited (October 2020).

⁵³ Biramitrapur and Panposh

Chapter - V

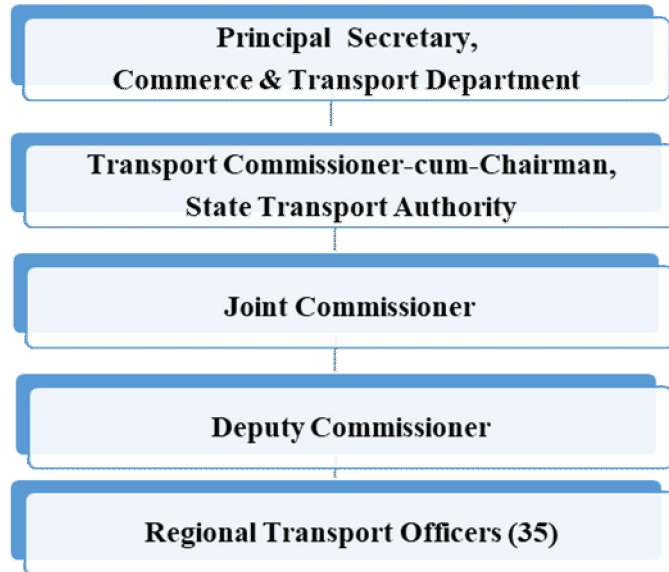
Motor Vehicles Tax

CHAPTER V

MOTOR VEHICLES TAX

5.1 Tax Administration

The receipts from Motor Vehicles (MV) Tax are regulated under the provisions of the Central and the State Motor Vehicles Acts and Rules made thereunder. The organisational setup for administration of motor vehicles tax is as under:



5.2 Internal Audit

During 2018-19, Internal Audit Wing of the Department, which is responsible for evaluating the Internal Control measures in the Department and its field offices, had audited eight out of 12 units planned for audit. The shortfall was attributed to shortage of manpower by the Department.

5.3 Audit Methodology and Results of Audit

The Transport Department of Odisha uses the IT application *VAHAN* for providing online services to public. It is a centralised web based application for Regional Transport Offices (RTOs) owned by Ministry of Road Transport and Highways (MoRTH), Government of India and managed/ maintained by NIC, New Delhi. It contains a comprehensive database of the vehicles. The core function of the Department *i.e.*, Registration of vehicles and allied activities have been computerised in the *VAHAN*. Online services for tax payment, permits, fitness, No objection certificate, renewal of registration *etc.*, are offered to the citizens in the *VAHAN* application.

The data dump has been made available to audit by Transport Commissioner through NIC, Odisha state unit, in charge of the transport project. Further, user login id has been provided to audit to access the *VAHAN* website so as to get real-time information of vehicle tax payment and other related information. The data was used for planning and performing audit. Audit analysed the *VAHAN* data using data analytic tool (IDEA) in each selected audit unit. The tax payment table of the database was linked with the category of vehicles

database with various parameters like seating capacity, unladen weight, laden weight, cost of vehicles *etc.*, to generate exception reports and detect anomalies.

Audit was conducted in 22 out of 35 units (63 *per cent*) in Commerce & Transport Department during 2018-19. Revenue receipts collected in the test checked 22 units was `1,316.77 crore, which was 74.54 *per cent* of total revenue receipts of `1,766.61 crore collected in 35 units. Test check of assessment and other records showed underassessment of tax and other irregularities involving `66.68 crore in 28,883 cases. This related to non-levy/ realization of MV tax/ additional tax and penalty, short levy/ realization of motor vehicles tax/ additional tax and penalty, non/ short realization of penalty on belated payment of tax, non-levy/ realisation of composite tax/ additional tax and penalty. Details of category wise Audit observations have been given in Table 5.1.

Table 5.1: Details of category wise audit observations

(` in crore)

Sl. No.	Category	No. of Cases	Amount
1	Non levy/ realization of MV tax/ additional tax and penalty	28,183	64.73
2	Non levy/ realization of composite tax/ additional tax and penalty	6	0.02
3	Short levy/ realization of motor vehicles tax/ additional tax and penalty	556	1.84
4	Non/ short realization of penalty on belated payment of tax	4	0.09
5	Other irregularities	134	0.00
	Total	28,883	66.68

During 2018-19, the Department accepted under assessment and other deficiencies amounting to `66.01 crore in 28,023 cases pointed out in audit. An amount of `1.42 crore pertaining to 18 paras relating to six units was realised during the year which were pointed out by Audit in earlier years and `18.24 lakh in 80 paras was also realised that were pointed out by Audit in 2018-19.

Similar errors/ omissions in other units under the Commerce & Transport Department but not covered in the test audit are required to be internally examined by the Department with a view to ensure that the taxes are levied as per provisions of the Act and rules.

5.4 Detailed Compliance Audit on ‘Establishing Rural Connectivity through Biju Gaon Gadi Yojana’

5.4.1 Introduction

Commerce and Transport (Transport) Department, Government of Odisha introduced (September 2013) the ‘Scheme for Rural Transport Connectivity in the Scheduled and other Backward Areas of the State’. The scheme was subsequently renamed (February 2014) as ‘Biju Gaon Gadi Yojana (BGGY)’. The scheme aimed to provide transport connectivity to the local communities of hilly, interior and inaccessible villages of Scheduled Blocks and other backward areas of the State, which were economically backward with highly inadequate public transport infrastructure.

To provide transport connectivity of unconnected Gram Panchayats to Block Headquarters and in some cases to neighbouring Block/ District Headquarters, the scheme was to cover all unconnected Gram Panchayats in three phases as below:

- All 118 Scheduled/ Integrated Tribal Development Agency (ITDA) Blocks in 12 districts⁵⁴ in Phase-I.
- Another five districts⁵⁵ in Phase-II (December 2014).
- All unconnected Gram Panchayats (GPs) of the remaining 13 districts⁵⁶ and non-ITDA Blocks of Phase I districts of the State in Phase-III (July 2015).

Also, in districts covered under Phase I and II, private stage carriage vehicles⁵⁷ were given financial incentives by exempting road tax, permit fee and by providing interest subsidy (three *per cent* base subsidy and two *per cent* additional subsidy for timely payment of instalment) to those vehicles which were purchased through finance scheme from financing agencies. In areas covered under phase III of the scheme, only road tax exemption was given.

Initially, small passenger carrying vehicles having seating capacity between 10 and 26 were allowed to ply under the scheme. Considering the geographical needs, low traffic demand, commercial viability of operators *etc.*, the scheme guidelines were modified (December 2015) to include vehicles with minimum seating capacity of seven (six + one).

Accordingly, in first phase for 12 districts, 1,000 small passenger vehicles were to be financed in the first year at the rate of 10 vehicles per Block approximately and another 1,000 vehicles in the next year for plying at the Block levels. The proposed financial incentives for 1,000 vehicles in the form of interest subvention for the loan taken by the beneficiaries was arrived at `4.25 crore (interest at the rate of three *per cent* - `25,500 plus regular payment incentives at the rate of two *per cent* - `17,000 *i.e.*, `42,500 per vehicle) by the Department.

The scheme also included the provision to provide financial assistance of `21 crore to Odisha State Road Transport Corporation (OSRTC) towards purchase of 100 buses and reimbursement of road tax, permit fee and insurance for a period of four years (2013-17) to ensure regular public transport services in Left Wing Extremist (LWE) areas of the State. The OSRTC functions under the Commerce & Transport (Transport) Department of Government of Odisha and is the only Government organisation that provides passenger transport in Odisha.

The objectives of this detailed compliance audit were to assess whether (i) the scheme was planned and implemented as mandated to achieve the intended objectives, (ii) the allocation and release of funds under BGGY were adequately utilised as mandated and (iii) the monitoring and supervision

⁵⁴ Balasore, Gajapati, Keonjhar, Koraput, Kandhamal, Kalahandi, Malkangiri, Mayurbhanj, Nabarangpur, Rayagada, Sambalpur and Sundargarh

⁵⁵ Bolangir, Boudh, Deogarh, Nuapada and Subarnapur

⁵⁶ Angul, Bargarh, Bhadrak, Cuttack, Dhenkanal, Ganjam, Jagatsinghpur, Jajpur, Jharsuguda, Kendrapara, Khurdha, Nayagarh and Puri

⁵⁷ As per Section 2(40) of the Motor Vehicles Act, 1988 'Stage carriages' means a motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey

mechanisms at various levels existed and were geared to make the scheme successful.

The main sources of audit criteria were the scheme guidelines, the Odisha Motor Vehicles Taxation Act, 1975, the Odisha Motor Vehicles Rules, 1993, the Motor Vehicles Act, 1988, Circulars and instructions issued from time to time by the Government of Odisha.

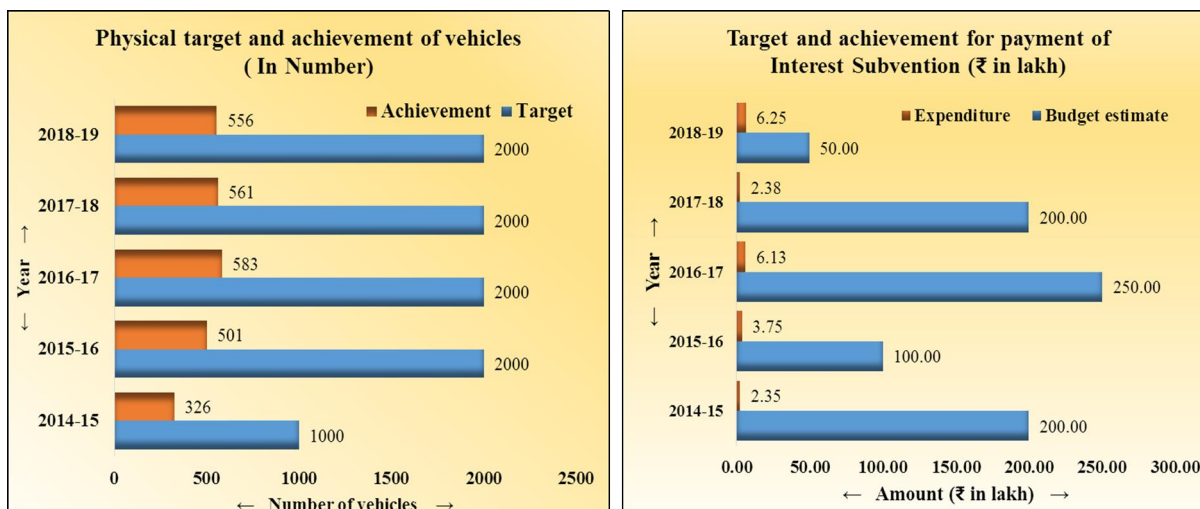
Audit was conducted between April and July, 2019 in seven⁵⁸ out of 21 Regional Transport Offices (RTOs) and four⁵⁹ out of 11 OSRTC units covering period from 2014-15 to 2018-19. The RTOs were selected on the basis of Stratified Random Sampling method taking into consideration the number of BGGY vehicles plying in the district. Accordingly, out of 35 RTOs in the State, 14 RTOs were not included in the population as no BGGY vehicles were plying in those RTOs. Similarly, OSRTC units were selected on the basis of judgmental sampling wherein 33 per cent of 11 OSRTC units i.e., four units were selected. Joint physical verification of 51 vehicles was also conducted in seven selected RTOs to ascertain whether the BGGY vehicles were adhering to the conditions of permit issued and the vehicle operators were aware regarding the admissible incentives.

Audit Findings

5.4.2 Planning and implementation

5.4.2.1 Physical and financial achievement of the scheme

As per the Resolution (September 2013) of the Government of Odisha, the scheme envisaged to provide rural transport connectivity to the local communities of 118 ITDA blocks by providing for 1,000 small passenger vehicles to be financed under the scheme in first year at the rate of 10 vehicles per Block approximately and another 1,000 vehicles in the next year in these



(Source : Records of the Department)

⁵⁸ Gajapati, Koraput, Mayurbhanj, Nabarangpur, Phulbani, Rayagada and Sundargarh

⁵⁹ Jeypore (Koraput), Phulbani, Rayagada and Sundargarh

blocks. The annual budgetary support required to implement the scheme was arrived at by the Department at ₹4.25 crore towards payment of interest subsidy. The financial target and achievement towards reimbursement of interest subvention during the period 2014-19 for the State is given in the chart above.

Against the physical target set at 1,000 vehicles in the first year, Department could only include 326 vehicles (32.6 *per cent*) under BGGY. As per resolution (September 2013), against the total target of 2,000 vehicles from second year onwards, Department could only include 556 vehicles (27.80 *per cent*) in the scheme by 2018-19 with achievement of financial target of 2.60 *per cent* only towards interest subvention.

During 2014-19, 1,780 vehicles were to be plied in 89 Blocks under test checked RTOs to provide uninterrupted transport services to commuters. Scrutiny of records in seven test checked RTOs revealed that RTOs could ply only 181 vehicles in different routes under their respective jurisdictions during 2014-15 which was increased to 312 vehicles (18 *per cent*) during 2018-19. But, as per the information furnished by such test checked RTOs, 481 vehicles were shown as plying.

Audit further observed that though the Department had spent ₹1.26 lakh (2016-17) only towards publicity of BGGY scheme out of the budget provision made towards interest subvention, it did not allocate any funds to RTOs for publicising the scheme incentives. Besides, during joint physical verification of 51 BGGY vehicles, it was found that 24 vehicle operators (47 *per cent*) were not interested to run vehicles due to insufficient passengers on the permitted routes.

Audit observed that due to non-consideration of the passenger footfall and due to vehicles already under operation in a block, the Department failed to enlist as many vehicles as targeted for reimbursement of interest subsidy as allocated in the budget. Further analysis and reasons on the irregularities in scheme implementation have been given in succeeding paragraphs. As such, the RTOs and the Department failed to attract more vehicle operators under the ambit of BGGY due to which the local communities could not benefit from better rural transport connectivity as envisaged under BGGY.

Accepting the audit observation, Government stated (October 2020) that the scheme could not perform as per the objectives due to inefficient planning and inclusion of less number of vehicles under the scheme. The Government further stated that the Department was trying to match the demand and supply through providing incentives which had not been examined from operators' point of view and passenger footfall before implementing the scheme.

5.4.2.2 Non/ Irregular issue of route permits

Rule 75(6) of Odisha Motor Vehicles (OMV) Rules, 1993 stipulates that the Transport Authority may, by general order, direct that every stage carriage⁶⁰

⁶⁰ As per Section 2(40 & 47) of the Motor Vehicles Act, 1988 'Stage Carriages' means a motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey. 'Transport vehicle' means a public service vehicle, a goods carriage, an educational institution bus or a private service vehicle

shall stop at such stations on its routes as the Transport Authority may prescribe. As per scheme guidelines (2014), assurance was given to the vehicle operators to issue permits valid for five years (Permanent Permit). The scheme guidelines was modified (January 2016) wherein permits were to be issued for a period of one year (Temporary Permit) only at a time and to be renewed quarterly or yearly after monitoring the performance and age of the vehicles.

During scrutiny of records relating to issue of permits to vehicles under the scheme in seven out of 21 RTOs, the following irregularities were noticed:

- Out of 481 vehicles which were shown as plying under the scheme, only 245 vehicles had valid permits under BGGY which included 166 Permanent Permits (PP) and 79 Temporary Permits (TP). The permits of 67 vehicles had expired as on March, 2019. Audit also observed that permits were issued to vehicles without mentioning stoppage stations and timings. Hence, there was over-lapping of timings with other stage carriage vehicles due to which BGGY vehicles could not ply optimally.
- The remaining 169 out of 481 vehicles pertaining to three RTOs⁶¹ were not issued with BGGY permits but were shown as plying under BGGY scheme. Besides, on scrutiny of VAHAN database, it was found that 119 out of 169 vehicles were irregularly granted financial incentives under the scheme though they had not been given permits under BGGY. This resulted in irregular exemption of permit fee and road tax worth ₹ 21.96 lakh which was a loss to the Government exchequer.

Accepting the audit observation, Government stated (October 2020) that the Department would consider to recover the irregular incentives extended or would recover from any excess payments made to any vehicle operator and assured to look into this irregularity in all the RTOs of the State.

5.4.2.3 Non-identification and non-coverage of routes under BGGY

To provide rural connectivity to all GPs, Block Level Committee (BLC)/ Sub-Division Level Committee (SDLC)/ District Level Committee (DLC) were to be formed to facilitate implementation of the scheme with the Sub-Collector concerned acting as the Chairperson of the BLC/ SDLC and the Collector concerned in DLC. The potentially viable routes were to be identified by the Transport Department in consultation with the BLCs.

Audit scrutinised BLC meeting records and permit details in seven test checked RTOs and observed the following discrepancies:

- Out of 14 Blocks under Koraput district, the BLC meeting was conducted (November 2014) only in Koraput Block to identify the routes to ply BGGY vehicles. Accordingly, the BLC had identified 15 routes but they were also not operated by the BGGY vehicles despite 23 vehicles having been issued permits under BGGY. Remaining 13 blocks did not conduct any BLC meeting during the period covered under audit. Further, though BLCs were not formed in the district of Rayagada, concerned RTO issued PPs to 76 vehicles under BGGY to ply on routes preferred by the operators.

⁶¹ Gajapati, Koraput and Sundargarh

- In the remaining five⁶² RTOs, the BLCs had identified 284 routes. The RTOs issued permits under BGGY to 254 vehicles of which only 85 vehicles (33.46 per cent) were operated in the identified routes and the remaining 169 vehicles⁶³ were plying in non-identified routes

In total, 268 vehicles were plying in routes non-identified by BLCs in the seven selected RTOs. This resulted in irregular exemption of road tax and permit fee worth ₹ 67.91 lakh⁶⁴ as detailed in **Appendix I**. Also, rural transport connectivity to all identified routes could not be established.

Accepting the audit observation, Government stated (October 2020) that RTOs would be instructed to form BLCs to identify the viable routes so that unconnected GPs were connected and assured to issue all the permits with timing and stoppage stations to identified routes and review the permits issued to operators once in a year for plying the vehicles under the scheme.

5.4.2.4 Regular transport connectivity not established in all identified routes in Left Wing Extremist affected areas

As per the Resolution of Government of Odisha (September 2013), the Home Department identified 70 routes in 11 LWE RTO districts⁶⁵ and intimated (November 2013) to Transport Department for plying of OSRTC buses in those routes. State Government would reimburse OSRTC towards the road tax, insurance and permit fees for plying of 100 buses in LWE affected areas for a period of four years (2013-17). Section 10 (1) of Odisha Motor Vehicles Taxation (OMVT) Act, 1975 stipulates that whenever any motor vehicle is intended not to be used for any period, the registered owner or person having possession or control thereof shall on or before the date of expiry of the term for which tax has been paid, deliver to the Taxing Officer, an undertaking duly signed and verified in the prescribed form and manner specifying the period aforesaid and the place where the motor vehicle is to be kept.

Audit scrutinised the registration records, log books and route permits of buses in four⁶⁶ selected OSRTC Units and OSRTC Corporate Office. The following were observed during audit:

- The OSRTC Corporate Office allotted 47 buses during February 2014 to March 2017 to the selected four OSRTC units, out of 95 buses purchased to be plied in 31 identified routes⁶⁷. It was observed that 33 out of 47 buses did not operate completely on their original 31 LWE routes as identified in aforesaid four units. Instead, the OSRTC units obtained temporary permits to ply on non- identified routes. The selected OSRTC units stated the reasons for not operating in the identified routes were due to low income, bad condition of roads and non-availability of passengers.
- In three out of four OSRTC units, 21 buses commenced their operation during March 2014 to August 2017 *i.e.*, after a delay ranging from 30 to 177 days from the date of allotment as detailed in the **Appendix II**. The

⁶² Gajapati, Kandhamal, Mayurbhanj, Nabarangpur and Sundargarh

⁶³ Sundargarh-49, Nawarangpur-20, Gajapati-39, Kandhamal-42 and Mayurbhanj-19

⁶⁴ Sundargarh- ₹ 6.85 lakh, Nawarangpur- ₹ 3.04 lakh, Gajapati- ₹ 9.11 lakh, Kandhamal- ₹ 7.23 lakh, Mayurbhanj- ₹ 9.59 lakh, Koraput- ₹ 14.15 lakh and Rayagada- ₹ 17.94 lakh

⁶⁵ Deogarh (04), Gajapati (05), Ganjam (03), Kandhamal (07), Koraput (08), Malkanagiri (07), Nabarangpur(05), Nuapada (06), Rayagada (12), Rourkela (09) and Sundargarh (04)

⁶⁶ Kandhamal, Koraput (Jeypore), Rayagada and Sundargarh

⁶⁷ Koraput-08, Kandhamal-07, Rayagada-12 and Sundargarh-04

selected OSRTC units stated that the reasons of non-operation of buses were due to delay in inauguration of buses and issue of permits. The concerned OSRTC units were responsible for obtaining permits from RTOs and inauguration of buses to ply on the identified routes.

- It was also observed that 43 out of 47 buses were kept idle after commencing their operation for period ranging between one to 16 months. However, the buses were declared off-road at respective RTOs only for a period ranging from one to 10 months. The reasons for not declaring the vehicles off-road for the entire period for which they were idle is not on record. The Government reimbursed ₹10.89 lakh in payment of road tax for the said idle period which resulted in an extra burden on the scheme fund.
- Also, OSRTC Corporate Office allotted (February 2015) two buses to Berhampur Unit where no LWE affected routes were identified. The reasons for allotting buses to such unit were not on record. Thus, allotment of buses to other than the identified routes was irregular and did not fulfil the objective of the scheme.

As the buses were not operated in the identified routes and kept idle for long periods even after allotment and commencement of its operations, the scheme lost the confidence of the commuters on particular routes for which uninterrupted transport connectivity service, as envisaged in the scheme was not assured.

Government accepted the above audit observations and stated (October 2020) that the scheme had no provision for covering losses by the operators/ OSRTC. OSRTC was running on losses during last five years and agreed to revise the scheme for sustaining the operation of the scheme.

5.4.3 Allocation and release of funds

5.4.3.1 Negligible expenditure towards interest subvention

As per Para 2 of Resolution (September 2013) issued by the Department, to attract prospective entrepreneurs to operate their vehicles on the identified routes, financial incentives in shape of exemption of road tax, permit fee, three *per cent* interest subvention as base subvention would be given. An additional two *per cent* interest subvention would be given only if instalments were paid within the prescribed timeline to the financing agency. Further, as per the scheme guidelines, such incentives would be allowed on the basis of quarterly certificates by the BLCs that the vehicle was operating on the route as per the timings mentioned in the BGGY permit.

On scrutiny of allotment and release order of the Department towards payment of interest subvention, Audit observed that the Department allotted eight crore rupees during 2014-19 towards payment of interest subvention to the vehicle operators, out of which, expenditure of ₹20.86 lakh only was incurred, which constituted 2.60 *per cent* of total budget of the scheme. In seven selected RTOs, 315 out of 481 vehicle operators had availed loan from financing agencies to purchase vehicles to ply under the BGGY scheme. It was observed from VAHAN database that only 11 out of 315 BGGY vehicle operators (four *per cent*) were sanctioned interest subvention. The remaining 304

operators were deprived of the intended scheme benefits. Similarly, during joint physical inspection with the representatives of respective RTOs, it was found that 44 out of 51 BGGY vehicle operators were not aware of such incentives. As the RTOs failed to provide interest subvention as allocated in the budget, cost to existing operators could not be mitigated to the extent envisaged and it would have adversely impacted attracting prospective entrepreneurs to operate vehicles.

Government accepted the audit observation and stated (October 2020) that RTOs would be instructed to furnish the interest subsidy proposals regularly by identifying the operators for sanction of funds under interest subvention and provision of a tripartite agreement would be initiated, involving the transporter, the Government of Odisha and banks/ Financial Institutions (FIs).

5.4.4 Monitoring mechanism

5.4.4.1 Non-review of performance of vehicles

To evaluate the performance of vehicles operating on the route as per the timings agreed upon and to furnish certificate to Department for the benefits availed by the operators, regular inspection of BGGY vehicles was required to be conducted by the Departmental authorities as per the Resolution issued by the Department (September 2013). The scheme incentives were to be allowed on the basis of a quarterly certificate by the BLC. As per Section 56 (1) of Motor Vehicles Act, 1988, a transport vehicle shall not be deemed to be validly registered, unless it carries certificate of fitness in such form containing such particulars and information as prescribed and issued by the authority.

(a) Audit noticed that quarterly BLC meetings were not convened at all in the entire test checked RTOs to review the performance of vehicles operated on the identified routes. As a result, the incentives were allowed to the operators without ensuring the performance of vehicles.

Accepting the audit observation, Government stated (October 2020) that the RTOs would be instructed to take necessary action towards review of the performance of BGGY vehicles once in a year at District level.

(b) Audit observed that 40 out of 92 sanctioned posts (43 per cent) of enforcement staff were lying vacant in the test checked RTOs during the period covered under audit. High vacancy in the sanctioned strength was one of the reasons for which vehicles plying under BGGY could not be inspected regularly. As a result, 133 out of 312 BGGY vehicles had been plied with no valid fitness certificate during the period covered under audit, thereby vehicles may have been run with their safety compromised and consequent risk to commuters.

Accepting the Audit observation, Government stated (October 2020) that necessary steps were being taken to fill up the base level posts of enforcement staff.

5.4.5 Conclusion

Audit noticed various deficiencies in implementation of the scheme aiming to establish rural connectivity through Biju Gaon Gadi Yojana. In spite of non-achievement of the target to ply required number of vehicles in the first year, the Government targeted more and more vehicles for subsequent years. As the scheme was inefficiently planned, neither the State Government nor the test checked RTOs were able to ply vehicles as targeted, to provide rural transport connectivity to the local communities. The vehicles which were shown as plying under the scheme were issued permits without mentioning stoppage stations and timings due to which they could not ply freely. It was also found that 119 out of 169 vehicles were irregularly granted financial incentives though they were not given permits under BGGY resulting in irregular exemption of permit fee and road tax. In selected RTOs, 268 vehicles were plying in routes non-identified by BLCs, resulting in irregular exemption of road tax and permit fee with non-establishment of rural transport connectivity to all identified routes. The OSRTC Corporate Office and the selected four OSRTC units failed to ensure timely commencement of operation and effective utilization of 47 buses allotted in 31 LWE routes. The RTOs also failed to provide interest subvention as allocated in the budget. It was also noticed that quarterly BLC meetings were not convened at all in the entire test checked RTOs, to review the performance of vehicles operated. Despite failure to include estimated number of vehicles in Phase-I, Department expanded the scheme to entire state through phase - II and III without addressing the initial deficiencies.

Hence, the scheme lost the confidence of the commuters on particular routes due to which uninterrupted transport connectivity service to local communities, as envisaged in the scheme, was not ensured.

5.4.6 Recommendations

- Government may instruct all Regional Transport Officers and may direct Odisha State Road Transport Corporation (OSRTC) corporate office to co-ordinate with all the OSRTC units of the State so that the required numbers of vehicles and buses can be plied timely in all the identified routes of the blocks and LWE routes respectively to provide rural transport connectivity to the local communities.
- Government should create proper incentives towards financial viability of the scheme for OSRTC, including considering incentives that atleast meet no profit no loss criteria, to help them ply the vehicles under the scheme.
- Government should ensure that the Block Level Committee (BLC)/ Sub-Division Level Committee (SDLC)/ District Level Committee (DLC) meetings are being convened by the respective authorities regularly for identification of viable routes and review of performance of vehicles for allowing incentives. Additionally, a mechanism for better and timely co-ordination of the committees with Transport Department (RTOs) should be instituted.

5.5 Other Audit Observations

Audit scrutinised records relating to assessment and collection of motor vehicles tax in offices of the Transport Commissioner-cum-Chairman, State Transport Authority (STA) and the Regional Transport Offices. Audit found several cases of non-observance of some of the provisions of Acts/ Rules and other cases as mentioned in the succeeding paragraphs of this chapter. The cases are illustrative and are based on test check carried out by Audit. Such omissions remain undetected till next audit conducted. The Government may direct the Department to improve the internal control system including strengthening of internal audit so that such omissions can be detected, corrected and avoided in future.

5.6 Non-compliance of the provisions of the Acts/ Rules

The provisions of the Motor Vehicles (MV) Act, 1988, Odisha Motor Vehicles Taxation (OMVT) Act, 1975 and Rules made thereunder require levy and collection of:

- (i) *motor vehicle (MV) tax/ additional tax from the vehicle owner at the prescribed rate in advance and within the grace period provided;*
- (ii) *penalty up to double the tax for late payment of tax, if the tax is not paid in time within two months after the expiry of the grace period of 15 days;*

Some cases of non-compliance of the provisions of the Acts/ Rules are mentioned in the succeeding paragraphs.

5.6.1 Non-realisation of motor vehicles tax and additional tax from Goods Carriages and Contract Carriages

MV tax and additional tax of `13.29 crore and penalty of `26.58 crore not realised from registered owners of 14,039 vehicles.

As per Sections 3, 3A, 4(1) and 10 of Orissa Motor Vehicles Taxation (OMVT) Act, 1975, motor vehicles tax and additional tax due on every motor vehicle used or kept for use are to be paid in advance at the rates prescribed for different classes of vehicles as per Taxation Schedule I of the Act, unless exemption from payment of such tax is allowed for the period covered under 'off-road undertaking'. As per Section 13(1) of the Act read with Rule 9(2) of OMVT Rules, 1976, if the tax was not paid within two months after expiry of the grace period of 15 days from the due date of payment, the registered owner or the person having possession or control thereof shall, in addition to payment of tax due, be liable to pay penalty which may be extended up to twice the tax due. Further, as per the instructions of State Transport Authority (23 February 1966), the Regional Transport Officers are required to issue demand notices within 30 days from the expiry of the grace period for payment of tax. In case of default, Tax Recovery Certificate (TRC) should be executed within a period not exceeding 30 days from the date of service of the demand notice.

Audit analysed (between August 2018 and March 2019) VAHAN database with taxation records in 22 out of 35 RTOs relating to the period 2017-18. It

was observed that owners of 10,309 out of 97,291 goods carriages⁶⁸ pertaining to 21 RTOs did not pay tax and additional tax for different periods between April 2017 and March 2018. Similarly, 3,730 out of 42,118 contract carriages⁶⁹ pertaining to 21 RTOs did not pay tax and additional tax for the period up to November 2017 and onetime tax⁷⁰ from December 2017. The details are given in Table 5.2.

Table 5.2: Details of non-realised MV tax and additional tax

(` in crore)

Sl. No.	Number of RTOs	Class of Vehicles	Number of Vehicles	Amount of tax not realised	Penalty leviable	Total amount due to be realised
1	21 ⁷¹	Goods Carriages	10,309	11.98	23.96	35.94
2		Contract Carriages	3,730	1.31	2.62	3.93
Total			14,039	13.29	26.58	39.87

Scrutiny of relevant records revealed that these vehicles were not exempted under off-road undertaking under Section 10(1) of the Act. The periods of delay involved in all these cases were more than two months and therefore, maximum penalty at twice the tax due was also leviable. Though VAHAN software contained a provision to generate tax defaulter list by the Regional Transport Officers at any point of time, the Regional Transport Officers neither issued demand notices nor took any action against the vehicle owners for realisation of tax and imposition of penalty thereon. This resulted in non-realisation of MV tax and additional tax of ` 13.29 crore. Besides, penalty up to ` 26.58 crore could have been levied on defaulters.

In reply (March 2020), the State Transport Authority (STA) stated that an amount of ` 7.85 lakh had been realised in 38 cases, demand notices had been issued against 5,839 vehicles and tax recovery proceedings had been initiated against 1,537 vehicles pertaining to 13 RTOs. The reply, however, did not cover the status with regard to the remaining 6,625 cases under eight RTOs.

The matter was brought to the notice of Government (February 2020). The reply is awaited (October 2020).

5.6.2 Non-realisation of motor vehicles tax from Tractor Trailer Combinations and Private Service Vehicles

MV tax of ` 1.84 crore and penalty of ` 3.68 crore not realised from owners of 8,805 vehicles.

As per Sections 3(1) and 3A of Odisha Motor Vehicles Taxation (OMVT) Act,

⁶⁸ 'Goods Carriage' means any motor vehicle constructed or adapted for use solely for the carriage of goods, or any motor vehicle not so constructed or adapted when used for the carriage of goods. {Sec. 2(14) of MV Act, 1988}

⁶⁹ 'Contract Carriage' means a motor vehicle which carries a passenger or passengers for hire or reward and is engaged under a contract, whether expressed or implied, for the use of such vehicle as a whole for the carriage of passengers mentioned therein and entered into by a person with a holder of a permit in relation to such vehicle or any person authorised by him in this behalf on a fixed or an agreed rate or sum. {Sec. 2(7) of MV Act, 1988}

⁷⁰ Motor Vehicles tax means annual rate of tax and additional tax for vehicles as per item-3 of Taxation Schedule-1 of OMVT Act, 1975. One time tax on the other hand is a lifetime tax may be fixed as per the cost of the motor vehicle as stipulated in Part-II of the Schedule-III of the OMVT (Amendment) Act, 2017.

⁷¹ Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Bhubaneswar-II, Balangir, Chandikhol, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur and Sundargarh

1975, motor vehicle (MV) tax and additional tax shall be levied on every motor vehicle used or kept for use. Under Section 4 of the said Act, such tax shall be paid in advance at the rates prescribed for different classes of vehicles in Taxation Schedule I of the Act, as amended (21 November 2017), unless exemption from payment of such tax is allowed for the period covered by 'off-road undertaking' under Section 10 (1) of the Act. Further, as per Section 13(1) of the Act read with Rule 9(2) of the OMVT Rules, 1976, if such tax is not paid within two months after expiry of the grace period of 15 days from the due date of payment, the registered owner of the vehicle or the person having possession or control thereof shall, in addition to payment of tax due, be liable to pay penalty which shall be twice the tax due. Further, the Regional Transport Officers are required to issue demand notices within 30 days from the expiry of the grace period for payment of tax. In case of default, Tax Recovery Certificate (TRC) cases should be instituted within a period not exceeding 30 days from the date of service of the notice to pay the amount.

Audit test checked (between August 2018 and March 2019) VAHAN database with taxation records in 22 out of 35 RTOs for the period 2017-18. It was observed that owners of 8,780 out of 85,204 Tractor Trailer combinations pertaining to 21 RTOs did not pay MV tax for the period up to November 2017. Similarly, 25 out of 510 Private Service Vehicles pertaining to nine RTOs did not pay MV tax for the period from April 2017 to March 2018. Audit also verified the Off Road Registers maintained by the respective RTOs and found that no such vehicle owners had applied for 'off-road' concession for their vehicles under Section 10(1) of the Act.

The periods of delay involved in these cases were more than two months and therefore, maximum penalty at twice the tax due was also leviable. The VAHAN software contained a provision to generate tax defaulter list by the Regional Transport Officers at any point of time. The Regional Transport Officers, however, neither issued demand notices nor took any action against the defaulting vehicle owners for realisation of tax and imposition of penalty thereon. This resulted in non-realisation of MV tax of `1.84 crore. Besides, penalty of `3.68 crore could also have been levied. The details are given in Table 5.3.

Table 5.3: Non realisation of Motor Vehicles tax

(` in crore)

Sl. No.	No. of RTOs	Class of Vehicles	No. of vehicles checked	No. of defaulting vehicles	Amount of tax not realised	Penalty leviable	Total
1	21 ⁷²	Tractor Trailer Combinations	85,204	8,780	1.78	3.56	5.34
2	9 ⁷³	Private Service Vehicles	510	25	0.06	0.12	0.18
Total			85,714	8,805	1.84	3.68	5.52

Thus, failure of RTOs in detecting the defaulting vehicles through VAHAN database and issuing demand notices resulted in non-realisation of tax. Such

⁷² Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar-I, Bhubaneswar-II, Balangir, Chandikhol, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur and Sundargarh

⁷³ Angul, Bhubaneswar-I, Chandikhol, Dhenkanal, Jharsuguda, Keonjhar, Koraput, Rourkela and Sundargarh

inaction also defeated the intended objective of computerisation of the Department.

In reply (March 2020), the STA stated that an amount of `2.04 lakh had been realised in 47 cases, demand notices had been issued against 3,136 vehicles and tax recovery proceedings had been initiated against 3,255 vehicles pertaining to 16 RTOs. The reply, however, did not cover the status with regard to the remaining 2,367 cases under five RTOs.

The matter was brought to the notice of Government in January 2020. The reply is awaited (October 2020).

5.6.3 Non-realisation/ short realisation of motor vehicles tax and additional tax from Stage Carriages plying with valid route permits/ special contract carriage permits

MV tax and additional tax of `7.66 lakh and penalty of `15.32 lakh not realised from owners of 136 vehicles.

As per Sections 3, 3A, 4(1), 6 and 10 of the Odisha Motor Vehicles Taxation (OMVT) Act, 1975, motor vehicles tax and additional tax due on every motor vehicle used or kept for use shall be paid in advance at the rates prescribed for different classes of vehicles as per Taxation Schedule I of the Act, as amended (21 November 2017), unless exemption allowed for the period covered under 'off-road undertaking'. Motor vehicles tax and additional tax for Stage Carriage (SC) is determined on the basis of carrying capacity (including standees) and total distance it covers in a day as per permit. In case, use of an SC is altered for which higher rate of tax is payable, the vehicle owner is liable to pay differential tax equal to the difference between the tax already paid and the tax which is payable in consequence of the use. As per Section 13(1) of the Act read with Rule 9(2) of the OMVT Rules, 1976, if the tax was not paid within two months after expiry of the grace period of 15 days, penalty up to twice the tax due shall be charged. Further, as per the instruction of STA (23 February 1966), the RTOs are required to issue demand notices within 30 days from the expiry of the grace period for payment of tax. In case of default, Tax Recovery Certificate (TRC) cases should be instituted within a period not exceeding 30 days from the date of service of the notice to pay the amount.

Audit test checked (between August 2018 and March 2019) VAHAN database relating to payment of tax in 22 out of 35 RTOs. Audit also cross checked TRCs, off-road particulars, permit details in these offices and observed that 7,540 permits (1,198 stage carriage permits during 2012-18 and 6,342 special permits during 2017-18) were issued to 2,509 vehicles (1,154 vehicles to ply as stage carriage and 1,355 vehicles to ply as contract carriage). Out of the above, registered owners of 136 stage carriages did not pay or paid less MV tax and additional tax for the period from April 2017 to March 2018. These vehicles were also not covered by 'off-road undertakings'. The RTOs neither issued demand notices nor took any action against the defaulting vehicle owners for realisation of tax and penalty. This resulted in non-realisation/ short realisation of MV tax and additional tax amounting to `22.98 lakh including penalty of `15.32 lakh. The details are given in Table 5.4.

Table 5.4: Non realisation of MV tax and additional tax

(C in lakh)

Sl. No.	Number of RTOs	Types of vehicles	Number of vehicles	Tax due	Penalty leviable	Total
1	8 ⁷⁴	SCs plying with valid route permits	19	3.15	6.30	9.45
2	13 ⁷⁵	SCs issued with special permits	117	4.51	9.02	13.53
Total			136	7.66	15.32	22.98

In reply (May 2020), the STA stated that an amount of `0.2 lakh had been realised in three cases, demand notices had been issued against 89 vehicles and tax recovery proceedings had been initiated against one vehicle, pertaining to eight RTOs. The reply, however, did not cover the status with regard to the remaining 43 cases under four RTOs.

The matter was brought to the notice of Government in January 2020. The reply is awaited (October 2020).

⁷⁴ Balasore, Bhubaneswar-I, Balangir, Kalahandi, Keonjhar, Koraput, Sambalpur and Sundargarh

⁷⁵ Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar-I, Bhubaneswar-II, Balangir, Jharsuguda, Kalahandi, Nayagarh, Rourkela, Sambalpur and Sundargarh

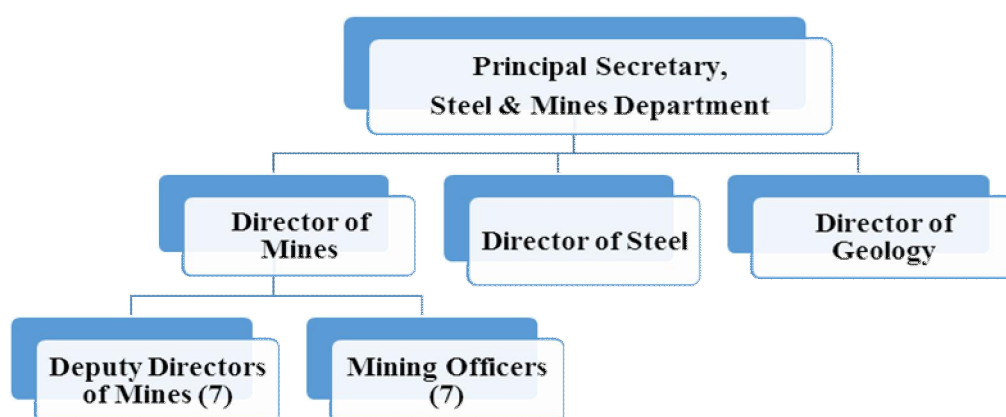
Chapter - VI
Mining Receipts

CHAPTER VI

MINING RECEIPTS

6.1 Non-tax revenue Administration

Assessment and collection of mining receipts are regulated by the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, the Mineral Concession (MC) Rules, 1960, Mineral Conservation and Development (MCD) Rules, 1988 and Odisha Minerals (Prevention of Theft, Smuggling and Illegal Mining and Regulation of Possession, Storage, Trading and Transportation) Rules, 2007 framed thereunder. The organisational setup for administration of mining receipts is as under:



6.2 Internal Audit

During the year 2018-19, Internal Audit Wing of the Department had audited 13 out of 16 units that were planned for audit. Further, 287 paragraphs of Internal Audit Reports having money value of ₹ 729.18 crore were pending for disposal as on 31 March 2019.

6.3 Results of Audit

Audit was conducted in 12 out of 31 units (38.71 per cent) in Steel and Mines Department during 2018-19. Revenue collected in the test checked 12 units was ₹ 9,748.34 crore, which was 93.03 per cent of revenue receipts worth ₹ 10,479.18 crore collected in 31 units. Test check of assessment and other records showed non/ short receipt of Government revenue under Government account and other irregularities involving ₹ 371.59 crore in 618 cases which fall under the categories as indicated in **Table 6.1**.

Table 6.1: Categories of audit observations on revenue receipts

Sl. No.	Categories	No. of cases	Amount (₹ in crore)
1	Non/ short receipts of Government revenue	207	370.58
2	Other irregularities	411	1.01
Total		618	371.59

During the year 2018-19, the Department accepted under assessment and other deficiencies worth ` 355.99 crore in 210 cases pointed out by Audit. An amount of ` 1.39 crore pertaining to 36 cases was also realised during the year which was pointed out in earlier years.

There is one broad category of audit observation on non/ short receipt of Government revenue which is of a nature that may reflect similar errors/ omissions in other units under the department but not covered in the test audit. Department may, therefore, like to internally examine all the other units with a view to ensure that Mining receipts are realised as per provisions of the Act and rules.

6.4 Audit observations

Audit conducted scrutiny of records maintained in the offices of the Director of Mines, Odisha, Deputy Directors of Mines (DDMs) and Mining Officers. Audit noticed short levy of royalty as discussed in the succeeding paragraph. This case is illustrative and is based on test checks carried out by Audit.

6.5 Non-observance of provisions of the Acts/ Rules

Mines and Minerals (Development and Regulation) Act, 1957, Mining Concession Rules, 1960, Mineral Conservation and Development Rules, 1988, Orissa Minerals (Prevention of Theft, Smuggling and Illegal Mining and Regulation of Possession, Storage, Trading and Transportation) Rules, 2007 read with the notifications and instructions of the State/ Central Government issued from time to time provide for assessment, levy and realisation of royalty at the prescribed rates.

Cases of short levy of royalty and other charges are discussed in the following paragraph.

6.5.1 Royalty and contribution towards National Mineral Exploration Trust, District Mineral Foundation Fund on sized coal short realised

Non-inclusion of sizing charges in the Run-of-Mine (ROM⁷⁶) price of coal during assessment of royalty resulted in short levy of ` 124.26 crore. Moreover, contribution towards District Mineral Foundation (DMF) fund and National Mineral Exploration Trust (NMET) fund of ` 37.28 crore and ` 2.49 crore respectively were short realised.

Section 9 of the Mines and Minerals (Development and Regulation) Act 1957 (MMDR), provides that the holder of a mining lease shall pay royalty in respect of any mineral removed or consumed by him from the leased area at the rate specified for that mineral in the Second Schedule. Under Rule 64B(1) of the Mineral Concession Rules 1960, in case processing of ROM mineral is carried out within the leased area, royalty shall be chargeable on the processed mineral. As per Ministry of Coal notification⁷⁷ (May 2012), royalty on coal is

⁷⁶ Run-of-Mine coal is the coal obtained directly from the mines in its natural and unprocessed state

⁷⁷ Ministry of Coal Notification No. 349(E) dated 10 May 2012

leviable at the rate of 14 *per cent ad valorem* on price of coal as reflected in the invoice excluding taxes, levies and other charges. Further, sizing charges⁷⁸ for coal, when the top size is limited to 100 mm was ` 79 per tonne (up to 31 August 2017) and thereafter ` 87 per tonne as notified by the Coal India Limited.

Further, under amended (2015) provisions of MMDR Act, the holder of a mining lease, shall pay to the NMET, a sum equivalent to two *per cent* of the royalty paid and to the DMF, a sum equivalent to 30 *per cent* of the royalty paid under intimation to the concerned Circle Mining Office. The DMF was constituted by the State Government in 2015, under ‘The Odisha District Mineral Foundation Rules, 2015’.

During test check (April 2018 to March 2019) of records like assessment files and monthly returns on production and dispatch in the offices of DDM Rourkela, DDM Sambalpur and DDM Talcher, it was observed that the DDMs assessed royalty on coal dispatched at the prescribed rate of 14 *per cent* of the price of ROM coal. Sizing charges, however, were not included in the price of the coal though the same were collected by the lessees from customers and reflected in the sale invoices. It was noticed that the lessee, Mahanadi Coalfields Ltd. had processed and dispatched 1,059.59 lakh MT of sized coal of less than 100 mm size from 15 coal mines during the year 2017-18 and paid royalty at the rate applicable to ROM coal. Thus, non-inclusion of sizing charges in the price of the coal in assessment resulted in short levy of royalty worth ` 124.26 crore⁷⁹. This also resulted in short realisation of contribution to DMF fund of ` 37.28 crore (30 *per cent* of ` 124.26 crore) and contribution to NMET of ` 2.49 crore (two *per cent* of ` 124.26 crore).

Government, in its reply (February 2020), stated that demands had been raised by all the three DDMs. However, in six cases pertaining to DDM Talcher and Rourkela, the lessees have filed appeals before Revisionary Authority against the demand notice.

⁷⁸ Charge applicable on processed coal wherein the top size of the coal is limited either through manual or mechanical means

⁷⁹ 428.52 lakh MT x ` 11.06 = ` 47.40 lakh plus 631.07 lakh MT x ` 12.18 = ` 76.86 lakh totalling to ` 124.26 crore

PART - B

Departments and Entities under Economic Sector

CHAPTER - VII

Introduction

Chapter VII

Introduction

7.1 About this part of the Report

This part of the Report of the Comptroller and Auditor General of India (CAG) on Economic sector of Government of Odisha relates to observations arising from Compliance audit of Government Departments.

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 applicable Rules, Laws, Regulations, various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of the Report is to bring to the notice of the State Legislature significant results of Audit. The audit findings are expected to enable the executive to take timely corrective action. This would help in framing policies and directives that will lead to improved management of the organisations, thus contributing to better governance.

This chapter provides the audited entity's profile, the planning and extent of audit. Chapter VIII deals with findings of Compliance Audit of various departments.

7.2 Audited Entity's Profile

There are 39 departments in the State at the Secretariat level headed by Additional Chief Secretaries/ Principal Secretaries/ Commissioner-cum-Secretaries. They are assisted by Directors and subordinate Officers. Out of 39, 12 departments are dealt with in Economic Sector Audit. This part of the Report includes the results of audit of four⁸⁰ departments.

7.3 Authority for Audit

The authority for Audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers and Conditions of Services) Act (DPC Act), 1971. The CAG conducts audit of expenditure of the departments of Government of Odisha under section⁸¹ 13 of the CAG's DPC Act, 1971. In addition, the CAG conducts audit of Autonomous Bodies substantially funded by the State Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts issued by the CAG.

7.4 Planning and conduct of Audit

Audit process started with the risk assessment of the Department/ Organisation as a whole and that of each unit. The assessment was based on expenditure incurred, criticality/ complexity of activities and level of delegated financial powers and assessment of internal controls. Previous audit findings were also considered in this exercise wherever necessary. Based on this risk assessment,

⁸⁰ Departments of Cooperation, Forest & Environment, Water Resources and Works

⁸¹ Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to Contingency Fund and Public Account and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts

the frequency and extent of audit were decided. An Annual Audit Plan was formulated to conduct audit on the basis of such risk assessment. After completion of audit of each unit, Inspection Reports (IRs) containing audit findings were issued to the Heads of the entities. The entities were requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Wherever replies were received, audit findings were either settled or further action for compliance was advised. The important audit observations included in the IRs were processed for inclusion in the Audit Reports.

7.5 Response to Audit

A review of IRs issued up to March 2019 pertaining to 12 departments showed that 9,828 paragraphs relating to 2,981 IRs were outstanding at the end of June 2019. Of these, 1,131 IRs containing 2,488 paragraphs were outstanding for more than 10 years. Even first replies from the Heads of Offices, which was to be furnished within one month, have not been received in respect of 347 IRs issued up to March 2019, though it was pursued through Apex Committee meetings, Departmental monitoring committee meetings and also Audit Committee meetings.

CHAPTER - VIII

Compliance Audit

Chapter-VIII

Compliance Audit

Compliance audit of Departments of Government and their field formations brought out several instances of lapses in management of resources. There were failures in observance of regularity and propriety. These have been discussed in the succeeding paragraphs.

COOPERATION DEPARTMENT

8.1 Assistance to farmers through Primary Agricultural Cooperative Societies

8.1.1 Introduction

Odisha is an Agrarian State with 56.91 lakh⁸² agricultural families comprising of almost 70 *per cent* of its population depending on agricultural income. The Cooperation Department was created with the basic objective of strengthening the cooperative movement in the State. The Department under the administrative control of the Commissioner-cum-Secretary to the Government is responsible for implementation of schemes which are administered by Registrar of Cooperative Societies (RCS) and Deputy Registrar of Cooperative Societies (DRCS)/Assistant Registrar of Cooperative Societies (ARCS). It facilitates the farmers to obtain adequate and timely credit for financing their agricultural and allied activities through Primary Agricultural Cooperative Societies (PACS).

The PACS are established under Odisha Cooperative Societies Act 1962 and registered with the RCS, Odisha. It has its own bye-laws for management of its day to day activities under an elected body consisting of 11 to 15 members. PACS is a grass root level institution with a three tier structure under Short Term Cooperative Credit Structure (STCCS) consisting of District Central Cooperative Banks (DCCB) at middle level and Odisha State Cooperative Bank (OSCB) at apex level. These cooperative credit institutions, with their wide outreach in the rural areas and accessibility to the small and marginal farmers, have been playing a vital role in dispensation of agriculture credit. It is the basic unit which provides short-term, medium-term, and long-term crop loans, acts as a hub for transacting agricultural produce of farmers and distribution of fertilisers, seeds, pesticides, *etc.* It also facilitates hiring of machineries on rental basis to farmers to ease cultivation and increase in agricultural production and productivity. PACS receive 0.5 *per cent* as margin money⁸³ for facilitating lending to borrowers. It also collects deposits from members and non-member farmers under its jurisdiction for its day to day functioning. As per information furnished by OSCB, of 56.91 lakh agricultural families in Odisha, 55.20 lakh (97 *per cent*) families⁸⁴ were enrolled in PACS to avail the benefits extended by the Government (March 2018).

⁸² Report containing the activities of Cooperative institutions under the Directorate of RCS, Odisha, 2018-19

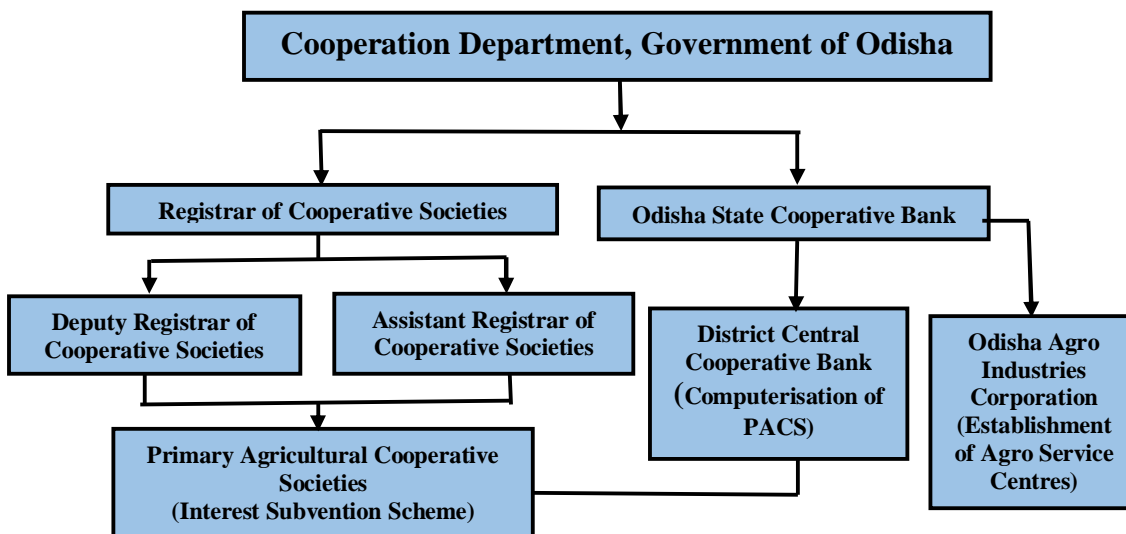
⁸³ Crop loan processing fees

⁸⁴ As furnished by OSCB

PACS undertake the following important functions which *inter alia* include implementation of various schemes/ activities

- To provide short term crop loans to farmers who are members of respective PACS, up to ₹ 3.00 lakh (per borrower) for seasonal agricultural operations through Interest Subvention Scheme (Scheme). The crop loans bear an interest rate of two *per cent* (interest rate of seven *per cent* less Government subsidy of five *per cent*) on timely repayment of the crop loans.
- To establish Agro Service Centres (ASC) through Odisha Agro Industries Corporation⁸⁵ (OAIC) by providing farm equipment to the farmers on hire basis to increase agricultural production and productivity.
- To maintain a Management Information System (MIS) on data related to the farmer families in the State, the finances of the PACS and monitoring of scheme implementation to facilitate proper functioning and better service delivery.

A flow chart of the entities responsible for implementation of the above activities is given below:



A Detailed Compliance Audit was conducted from June to September 2019 covering the period 2014-18. The records of Cooperation Department, Government of Odisha (GoO), RCS, OSCB and four⁸⁶ out of 17 DCCBs covering nine⁸⁷ out of 30 districts were reviewed. The units were selected through stratified random sampling method. Audit also test-checked the records of respective DRCS/ ARCS of concerned districts and 27 PACS⁸⁸ of

⁸⁵ A Corporation working under the Department of Agriculture and Farmers' Empowerment (DA&FE)

⁸⁶ Balasore, Berhampur, Cuttack, Nayagarh

⁸⁷ (1) Balasore, (2) Bhadrak, (3) Cuttack, (4) Gajapati, (5) Ganjam, (6) Jagatsinghpur, (7) Jajpur, (8) Kendrapara and (9) Nayagarh

⁸⁸ Arnawal, Kalei, Ranasahi, Sabaranga, Srirampur and Talamalagopinathpur (under DCCB Balasore), Bagada, Bommika, Gumma, Jammi, Nimakhandi Pentho, and Padmanavapur (under DCCB Berhampur), Bharatpur, Jamadhar, Kaduapada, Khairabad, Madhyakachha, Mudupur, Nathasahi, Panasa, Ostapur, Ramakrishnapur, Raisunguda, and Singhapur (under DCCB Cuttack) and Dianpada, Gobindpur, and Lenkudipada (under DCCB Nayagarh)

selected four DCCBs. Besides, information on establishment of ASC was also collected from OAIC. Audit findings were discussed on 7 January 2020 with Commissioner-cum-Secretary to the GoO, Cooperation Department. The views of the Government have been incorporated appropriately in the report.

8.1.2 Audit Findings

8.1.2.1 Planning Process

The Cooperative Credit Structure (CCS) has made significant strides in the field of rural credit for agricultural activities and rural development. The three tier STCCS in the State consists of 2,708 functional PACS including 214 Large-sized Adivasi Multipurpose Cooperative Societies (LAMPCS) and six Farmers' Services Cooperative Societies (FSCS), 17 DCCBs with their 341 branches and OSCB, a Scheduled Bank.

GoO fixes an annual target for disbursement of crop loans to farmers through STCCS with an increase of approximately 10 *per cent* every subsequent year. Further, the State Government emphasised to provide credit to new farmer members. Disbursement of crop loans and coverage of farmer members in the State and in test-checked PACS during 2014-18 is given in below mentioned table.

Table No 8.1: Statement showing coverage of farmers and disbursement of crop loans in the State and in test-checked PACS during 2014-18

Year	Disbursement of crop loan				Coverage of farmers in the State and test-checked PACS					
	Target (` in crore)		Achievement (` in crore)		Total Number of farmers enrolled (` in lakh)		Total Number of farmers who availed crop loan (percentage)		Total Number of new farmers who availed crop loan (percentage)	
	In the State	In test checked PACS	In the State (Percentage)	In test checked PACS (Percentage)	In the State	In test checked PACS	In the State (` in lakh)	In test checked PACS in numbers	In the State (` in lakh)	In test checked PACS in numbers
2014-15	8,000	108.67	8,351.11 (104.39)	98.64 (90.77)	54.66	0.61	30.29 (55.42)	36,568 (59.83)	1.24 (4.10)	670 (1.83)
2015-16	10,000	119.94	9,572.22 (95.72)	109.94 (91.66)	55.46	0.63	32.01 (57.72)	40,213 (63.60)	1.39 (4.34)	633 (1.57)
2016-17	11,000	125.81	10,204.81 (92.77)	115.73 (91.98)	56.10	0.64	31.44 (56.04)	40,147 (62.65)	0.71 (2.26)	631 (1.57)
2017-18	12,000	146.31	11,005.74 (91.71)	119.78 (81.86)	55.20	0.65	30.77 (55.74)	38,927 (59.54)	0.58 (1.88)	638 (1.64)
Total	41,000	500.73	39,133.88	444.09						2,572 (1.65)

(Source: Information furnished by OSCB and PACS)

It was observed from table above that the achievement of disbursement of crop loan ranged from 81.86 *per cent* to 91.98 *per cent* and number of farmers who availed crop loans ranged from 59.54 *per cent* to 63.60 *per cent* in the test-checked PACS which was commensurate with the overall figures achieved at the State level. Audit enquired on the pace of enrolment and grant of crop loans to new farmers. The State Government reiterated its efforts at enrolling and creating increasing awareness of the scheme, also citing shifting pattern of cultivation in rural areas from 'on farm' to 'off farm' activities and migration to urban areas as a current trend.

8.1.2.2 Kisan Credit Card

The OSCB introduced (1998-99) Kisan Credit Card (KCC) Scheme in the State for implementation through DCCBs and the PACS to simplify the procedure of granting loans. KCC guidelines provide that all KCC holders shall be sanctioned a cash credit limit, which would be determined on the basis of land holding, crops cultivated and scale of finance⁸⁹ fixed for the crops. Individual credit limits shall be fixed for each KCC holders for Kharif⁹⁰ and Rabi⁹¹ season.

Audit observed the following:

- **Shortfall in issue of Kisan Credit Card**

The Government instructed (April 2014) that DCCBs were required to prepare action plan to cover the left out agricultural families under cooperative network by issuing fresh KCC and extending crop loans with emphasis on small and marginal farmers. GoO/ OSCB fixed a target of issuing two lakh KCCs per year to the farmers for availing loan without any hindrance. As of March 2014, KCCs had been issued to 42.84 lakh farmers out of total 53.69 lakh members enrolled. The status of issue of KCCs during the period 2014-18 is given in table below.

Table No 8.2: Status of issue of Kisan Credit Cards as on 31 March 2018

Year	Farmers enrolled (in lakh)	KCC already issued (in lakh)	Farmers eligible for issue of KCC during the year (in lakh)	Target for issuing KCC during the year (in lakh/in per cent)	Achievement (in lakh/ in per cent)	Shortfall in achievement during the year (in per cent)
2014-15	54.66	44.52	10.14	2.00 (19.72)	1.67 (83.50)	16.50
2015-16	55.46	46.05	9.41	2.00 (21.25)	1.53 (76.50)	23.50
2016-17	56.10	45.00	11.10	2.00 (18.01)	0.89 (44.50)	55.50
2017-18	55.20	45.77	9.30	2.00 (21.51)	0.78 (39.00)	61.00

(Source: As per information furnished by OSCB)

It is apparent from table that during the years 2016-17 and 2017-18, the issue of KCCs decreased. OSCB stated that it was due to closure of non-functional accounts.

Further, the scheme *inter alia* fixed a target for issue of two lakh cards per year. These targets fell within a range of 18.01 to 21.51 *per cent* of the eligible farmers every year. However, these targets were not achieved, with shortfall

⁸⁹ It is the realistic assessment of expenditure on cultivation of various crops for determining the extent of crop loan

⁹⁰ Kharif cropping season from April to September

⁹¹ Rabi cropping season from October to March

ranging from 16.50 to 61.00 *per cent* during the said period⁹². This indicated that the farmer members, who had not been issued with KCCs, could not benefit from the scheme.

The Government stated (December 2019) that the OSCB had taken initiative to achieve the target by sensitising the members through awareness campaigns namely “Cooperative at your doorsteps” and “Krushak Samparka Abhiyan”.

- **Non-activation of RuPay Kisan Cards**

KCC scheme guidelines emphasised issue of RuPay Kisan Card to farmer members of PACS to draw funds from any ATM⁹³ of all banks across the State. Once the credit limits are sanctioned, a non-defaulter KCC holder can draw funds by using the smart card. Accordingly, OSCB launched RuPay Kisan Card in July 2017 and printed 18.48 lakh cards by incurring ₹ 17.43 crore having the month of expiry as January 2020 and provided such cards to DCCBs/ PACS for distribution to farmers.

Audit observed that OSCB failed to activate the 18.48 lakh RuPay Kisan Cards within the date of validity. Further, since the OSCB did not initiate any steps to subsequently revalidate such cards by extending the date of expiry, after lapse of more than two years, possibility of using such cards were very remote. As a result, farmer members of PACS and non-defaulter KCC holders were not only deprived of drawing funds as per stated policy/ instructions to OSCB/ DCCBs/ PACS, but the entire expenditure of ₹ 17.43 crore was rendered wasteful.

The Government stated (December 2019) that the cards could not be used in Core Banking Solution (CBS) mainly due to non-verification of data captured in respect of farmer members and poor network link at PACS level. In the exit conference, Secretary, Co-operation Department, stated that the issue of the RuPay Kisan Card without linking to the savings bank account did not serve any purpose. The PACS also do not have core banking solution. It was mentioned that requisite steps were being taken and cards would be revalidated or new cards issued. The old KCC was to be reviewed critically or scrapped.

It is recommended that the State Government should fix responsibility for the lapses and wasteful expenditure. The Department implemented a new system without ensuring the basic requirement of verification of farmer member details to use RuPay Kisan Cards, failed to activate them and ensure other necessary infrastructure requirements critical to the task which put an additional burden on the exchequer to the tune of ₹ 17.43 crore, which was rendered wasteful.

8.1.2.3 Sanction of crop loans without proper check of land details

KCC guidelines stipulated that the crop loan was sanctioned to a farmer based on his land possession and was valid for a period of five years. If the farmer

⁹² As reported in the Audit Report (Economic Sector) for year ended March 2015, in the Performance Audit (PA) on Schemes of Cooperation Department, actual achievement during 2012-13 and 2013-14 was 42 percent of the target (set as 5 lakh of eligible farmers)

⁹³ Automated Teller machine

member sells his land, acquires additional landed properties, changes the pattern of cultivation of various crops, the scale of finance undergoes change. The members of PACS should produce the land records to the Secretary of the PACS who would record the details of the land in the land register and take the signature of the member. The authorised official of the Revenue and Disaster Management Department (R&DMD) would also verify the correctness of the land details in the land register and would affix his signature for having them verified. The farmer members were supplied with Pass Books and Cheque Books to avail instant credit by drawing cash from branches of DCCB at the time of their need and repay the same at PACS or branches of DCCB as per their convenience or within crop season period.

Audit test-checked 6,991 out of 39,165 land records of farmer members in 27 PACS and noticed that no such verification had been done by Revenue Authorities in the land register. Audit scrutinised 171 land records of 55 farmer members as noted in the land register and found that, in 71 cases, the land details given by the farmers did not match with Bhulekh records maintained by the R&DMD.

The Government accepted the fact and stated (November 2020) that due to non-availability and reluctance of Revenue Officers this verification could not be done. The Government stated that steps would be taken for linking land records data of PACS with Bhulekh portal. Even though concerted effort has been made by the State Government to digitize the land records and store in dematerialised formats, PACS did not utilise these records before giving out crop loans.

It is recommended that the State Government may undertake the requisite steps to obtain assurance on the 71 cases pointed out by Audit where land details did not match and also identify other such cases which carry the risk of grant of crop loans to ineligible farmers. The State Government may also fix responsibility on the officers for disbursement of crop loans without due verification of land records of farmers in order to avert possible frauds.

Audit also notes that the same procedural/ process lacunae was pointed out as part of paragraph 2.1.6.3 of Audit Report (Economic Sector) for year ended March 2015, in the PA on Schemes of Cooperation Department, where the Department assured that the audit observation will be examined and action taken, yet the irregularity persists.

8.1.2.4 Delay in establishment of Agro Service Centres (ASC)

GoO sanctioned (November 2013) ₹ 9.00 crore for establishment of 150 ASCs in the PACS/LAMPCS on Public Private Partnership (PPP) mode. The objective of ASC was to facilitate delivery of agriculture related services under one roof and to provide farm equipment to the farmers on hire basis to increase agricultural production and productivity. For this, the Cooperation department was to finalise the Standard Operating Procedure (SOP) *i.e.*, appointment of technical personnel, fixing of hire charges for equipment, engagement of watch and ward, construction of shed for keeping agricultural implements *etc.*, for effective utilisation of farm equipment.

Scrutiny of records revealed (October 2019) that since the entrustment of such works to a private partner on PPP mode did not materialise, RCS entrusted the work to OAIC through OSCB. The RCS deposited (November 2013) an amount of ₹ 9.00 crore in OSCB and subsequently decided (February 2017) for establishment of only 100 ASCs at PACS/ LAMPCS level with stipulated date of completion as March 2017. In addition, National Bank for Agriculture and Rural Development (NABARD) also sanctioned ₹ 5.43 crore to OSCB towards establishment of ASC. OSCB released (June 2018) total amount of ₹ 14.43 crore to OAIC for establishment of 100 ASCs.

Audit observed that OAIC supplied (January to February 2019) agricultural implements at a cost of ₹ 5.19 crore to 31 out of 100 PACS/ LAMPCS. However, no ASC could be established even after five years of implementation of the scheme. The department also failed to finalise the SOP and the equipment supplied to the 31 PACS/ LAMPCS could not be utilised as intended. Thus, the objective of facilitating delivery of agriculture related services to increase agricultural production and productivity could not be achieved.

The Government agreed (December 2019) that agricultural implements had been supplied to 31 PACS/ LAMPCS only and stated that supply of the same to remaining 69 PACS/ LAMPCS would be made soon after sanction of loan by NABARD. However, in the exit conference, Secretary, Co-operation department stated that the scheme will be critically appraised as there were presently a number of other schemes for inputs/ machinery.

Audit recommends that the review of the scheme may be completed on priority so that the unspent fund of ₹ 9.24 crore with OAIC which was not utilised with intended objective as of December 2019, can be put to optimal use. Optimal utilisation of equipment worth ₹ 5.19 crore given to 31 PACS/ LAMPCS should also be ensured or alternative use determined so as to avoid loss.

8.1.3 Efficacy in extension of subvention to farmers

8.1.3.1 Non-extension of relief to calamity affected farmers

As per Para 4 read with Para 9 of NABARD guidelines (August 2015), in the event of a natural calamity like drought, flood *etc*, the State Government issues 'Annewari'⁹⁴ certificate based on scientific assessment of crop yields in the affected areas by Revenue Authorities. The State Government would also declare remission/suspension of land revenue and other dues from farmers to the Government so that the bank could consider extending relief to the affected farmers by conversion/ rephasing/ rescheduling of loans. While converting Short-Term Loans (STL) to Medium-Term Loans (MTL), the banks would allow maximum period of repayment of two to five years. Banks may not levy any additional interest and consider waiving off such interest if already charged in respect of loans converted/rephased/rescheduled by them.

⁹⁴ A certificate issued by R&DMD on the basis of crop yield (yield less than 50 per cent of the average yield in a normal year) after a natural calamity like drought, flood, *etc*.

Scrutiny of records revealed that R&DMD *vide* notification (11 March 2016) declared 29,077 villages under 233 blocks and 404 wards of 55 Urban Local Bodies in 27 districts of the State as drought affected and having sustained crop loss of 33 *per cent* and above during Kharif season 2015. The District Collectors were required to issue 'annevari' certificates within 31 March 2016, thereby enabling the farmers to avail the benefit of MTL.

However, it was observed that except Bargarh, no other district had completed the required formalities to issue 'annevari' certificate within 31 March 2016 *i.e.*, within the currency period for Kharif 2015.

As a result, STL disbursed for Kharif 2015 could not be converted to MTL. Further, it was observed that the RCS with the approval (31 March 2016) of Cooperation Department extended the last date of repayment of crop loan financed during Kharif 2015, to 30 September 2016. The OSCB assessed (October 2015) that STL worth `2,500 crore advanced during Kharif 2015 would be converted as MTL in affected districts. In the meantime, out of 32.01 lakh expected beneficiary farmers, 24.06 lakh farmers (75.16 *per cent*) had already repaid their loans to avoid penal interest liability as furnished by OSCB. Thus, due to non-issue of 'annevari' certificate by the District Collector, conversion of STL of `2,500 crore to MTL under the scheme could not be carried out and thus, denied the benefits of conversion to the loanee farmers.

The Government accepted the fact and stated (December 2019) that since annevari was not declared in time, conversion of loans could not take place in spite of extensive damage to the standing crops. Government further stated that farmers were not interested in conversion of short term loan to medium term due to higher interest rates as per NABARD policy. Audit recommends that the reply and position may be reviewed since the guidelines do not stipulate levy of additional interest if already charged in respect of loans converted. Also, the Government, in-principle, on an earlier similar occasion, assured to provide guarantee to NABARD and interest free loans to OSCB during Kharif 2010 crop loss/ damage due to natural calamity. This was reported as part of paragraph 2.1.6.8 of CAG's Report⁹⁵ for the year ended March 2015.

Audit also recommends that the position of non-coordination between Cooperation Department and District Collector under R&DMD, which is still persisting, needs to be addressed urgently as the benefit of conversion and relief is not being provided to farmers affected by natural calamities. The lack of co-ordination and non-issue of 'annevari' certificate in time (post cyclone and heavy unseasonal rain in October 2010 and severe cyclone in 2013) was pointed as part of paragraph 2.1.6.8 of Audit Report (Economic Sector) for year ended March 2015, in the PA on Schemes of Cooperation Department, where the Government had assured that co-operation and co-ordination of the Departments would be ensured. However, the issue still persists after all these intervening years.

⁹⁵ Report No 5 of 2015 - Economic Sector, Government of Odisha

8.1.3.2 Sanction of crop loans to farmers without transfer of money and irregular claim of interest subvention

Audit scrutinised the day book of nine branches of DCCB and 27 PACS in nine test-checked districts and observed that an amount of ` 445.26 crore was shown as disbursed to 1,56,024 farmers as agriculture loans during 2014-18. Of the above, an amount of ` 172.96 crore (38.84 *per cent*) was disbursed during the said period for repayment of earlier crop loans to 59,696 farmers. In this process, the adjustment of old loan was made by sanctioning a new loan with book adjustment without actual outflow of money. Consequently, achievement of fresh crop loan disbursement had been reported by OSCB taking such instances into account (**Appendix-III**).

On Audit's interaction with 405 farmers (15 farmers in each test-checked PACS), it was conveyed that there was no transfer of money to them towards sanction of fresh crop loan amount. The Secretary/ Chief Executive (CE) of Panasa PACS admitted that this procedure was to facilitate repayment of crop loan by farmers and consequent claims of interest subvention by banks (case study).

Case study

In Panasa PACS, the Secretary/ CE prepared a list of 155 farmers from whom the crop loan and the interest amounting to ` 49,48,851.00 was due (19 June 2017) for repayment to the Cuttack Central Cooperative Bank (CCCB), Jajpur Branch. On the same day, the amount was shown as deposited in bank through a challan without actual receipt of principal with interest from those farmers. The bank sanctioned fresh crop loans for the same amount in respect of each farmer as was the amount due for repayment of the previous crop loan. Audit verified the supplementary day book of the CCCB, Jajpur branch and found that the crop loan with interest of ` 49,48,851.00 was accounted as received from Panasa PACS and a similar amount was shown as disbursed to the same PACS on behalf of the farmers as fresh crop loans on the same day. The Secretary/ CE also made entries for receipt and disbursement of loan amount in KCC and loan ledgers of the respective farmers without actual transactions.

The Government accepted the fact and stated (December 2019) that the PACS were fixing the due date of the crop loan based on the harvesting season of the crops, with the aim that the sale proceeds of the crops would be deposited in the loan account of the farmers. Since the sale proceeds of the crops were not routed through the loan account of the farmers at the time of procurement, the loan accounts would become overdue because the farmers had no other source of income to repay the loan. Besides, farmers would have to pay penal interest if they default. The loan accounts would also turn into NPA. In case of natural calamities, the insurance claim was also not routed through the loan account of the farmers. Under the circumstances, most of the farmers repay the old loan accounts from the proceeds of the new loan.

In the exit conference, Secretary, Co-operation Department, stated that necessary action has been initiated to ensure that the entire transactions of the farmers are being carried out through farmers savings bank account.

In view of the replies above, State Government needs to review immediately the institutional steps (whether a common savings bank account, or other forms of support) that need to be taken to address the issue comprehensively, both from the banks' and farmers' point of view. The risk of some loans converting to NPA needs to be examined separately for efficiency of operations of OSCB and other banks. Sanctioning new loans to repay old loans cannot be prudent lending by any means and carries the inherent risk of perpetuating indebtedness for farmers and turning into NPAs for co-operative banks at the time they are finally reckoned with. The State Government should review all such cases for legitimate grant of interest subvention and all such cases of evergreening of loans in other PACS too.

8.1.3.3 Excess claim of interest subvention by OSCB

The objective of the interest subvention scheme was to make available agricultural credit for short term crop loans at an affordable subsidised interest rate to farmers to give a boost to agricultural productivity and production in the country. The GoO was compensating the subsidised interest rates to Cooperative Banks in the form of interest subvention.

The State Government approved (December 2013) the new policy of interest subvention with the following modalities *viz.*, (a) interest subvention of 3.75 *per cent* per annum to the STCCS at flat rate on the NABARD refinance component, (b) interest subvention of 5.5 *per cent* per annum to the STCCS at flat rate on own resources of Cooperative Banks.

As per the guidelines for submission of interest subvention claims, PACS were required to prepare a statement showing borrower-wise sum total of product⁹⁶ of crop loan issued during the year and OSCB, in turn, will submit the claim to GoO. The due dates of repayment for Kharif and Rabi crop loans were 31 March and 30 June respectively. The banks may submit their claim on half yearly or on annual basis.

During the period 2014-18, OSCB disbursed ` 39,133.88 crore (NABARD refinance ` 19,155.77 crore and ` 19,978.11 crore from own resources of OSCB & DCCB) towards crop loans to farmers as detailed in the table below.

⁹⁶ For calculation of interest, the loan amount multiplied by the number of days (from the date of loan disbursed to the date of repayment/ due date of repayment whichever is earlier subject to a maximum period of one year) is considered as product of crop loan

Table No 8.3 Statement showing excess claim of interest subvention by OSCB

(₹ in crore)								
Year	Crop loan disbursed	NABARD Refinance	Own resources (OSCB and DCCB)	Total subvention claimed to GoO by OSCB	Total subvention admissible	Total Excess claimed by OSCB	Subvention amount paid by GoO to OSCB	Total excess already paid to OSCB
2014-15	8,351.11	4,450.00	3,901.11	323.38	252.95	70.43	323.38	70.43
2015-16	9,572.22	4,200.00	5,372.12	413.70	317.77	95.93	413.70	95.93
2016-17	10,204.81	5,875.00	4,329.81	459.03	343.85	115.18	424.65	80.80
2017-18	11,005.74	4,630.77	6,375.07	489.52	379.00	110.52	489.52	110.52
Total	39,133.88	19,155.77	19,978.11	1,685.63	1,293.57	392.06	1,651.25	357.68

(Source: Compiled by Audit)

It is seen from the above table that the OSCB had claimed interest subvention of ₹ 1,685.63 crore for crop loan disbursed at ground level for the above four years which includes ₹ 392.06 crore as excess claim beyond the due dates. Out of the excess claim of ₹ 392.06 crore, a sum of ₹ 357.68 crore had already been paid by Government to OSCB as of October 2019 which resulted in extension of undue benefit to the OSCB.

On this being pointed out on earlier occasion in Paragraph 2.1.6.6 of the Report No.5 of Comptroller and Auditor General of India on Economic Sector for the year ended March 2015, in the PA on Schemes of Co-operation Department, Government had assured (October 2015) to revise the procedure. However, the Government endorsed the reply given by OSCB which stated (December 2019) that OSCB has to repay the entire funding irrespective of the repayments from grassroots levels and remittance by PACS, as the loan outstanding at the level of DCCB and OSCB were kept for a period of 12 months from the date of disbursement. Hence, interest subvention was calculated on the total outstanding dues. The reply is not tenable since interest subvention is required to be calculated from the date of disbursement of crop loan at ground level till the period of actual repayment or within the due date of repayment, whichever was earlier and not for a period beyond 12 months. It is recommended that the OSCB may be instructed to calculate the interest subvention on the basis of actual loan outstanding period at the ground level. Besides, the State Government may initiate a suitable mechanism to verify the claims sent by OSCB.

8.1.4 Computerisation and Networking facilities

8.1.4.1 Delay in computerisation of PACS

Finance Department, GoO approved (June 2014) scheme for computerisation of 2,528 PACS with an objective to maintain an MIS on data related to the farmer families in the State and finances of the PACS to facilitate its proper functioning as well as better delivery of services through computerised operations to the farmer members. The computerisation of PACS would enable operationalisation of the core banking system and in turn would benefit the members to avail e-banking facility, calculation of interest subvention accurately *etc.* Accordingly, RCS released funds of ₹ 48.77 crore to OSCB during the period 2013-14 and 2014-15 for implementation of the computerisation scheme of PACS within the stipulated period *i.e.*, by

March 2015. The OSCB had incurred an expenditure of ₹47.23 crore on procurement of computer hardware, CBS software, engagement of data entry operators etc., as of September 2019.

Audit checked the records in four DCCB out of nine sampled districts and noticed that, computer system had been supplied to 1,069 out of 1,116 PACS only. Though the voucher entry/ data migration had been completed in 1,025 PACS, no day to day online transaction was being carried out in these PACS due to poor network connectivity (August 2019). Since none of the test-checked 27 PACS were computerised or having any networking system, Audit noticed that

- the farmers visited the branches of PACS personally for withdrawing the money
- PACS maintained manual ledger systems without shifting to MIS data base
- PACS also verified the records of farmers manually for drawing of loan amount sanctioned for agricultural purposes.

Besides, due to non-computerisation of PACS, the Chief Executive Officers of two DCCB branches reported (December 2017 and 2018) instances of misappropriation in disbursement of crop loan.

Two case studies are given in the following box:

Case studies

I. During Kharif season 2018, Japa PACS under Jagatsinghpur district renewed (August 2018) crop loan in favour of nine farmer members. As per the loan drawn statement (Form 17), the PACS sanctioned (August 2018) loan for ₹3,54,750 towards renewal of loan. However, the Secretary Japa PACS had submitted (August 2018) the loan recovery statement (Form 22) for the previous crop loan of these nine farmers to CCCB, Ersamma Branch for ₹25,750 instead of ₹3,54,750 by manipulating the amount. Thus, Secretary, Japa PACS misappropriated an amount of ₹3,29,000, the enquiry of which is under process.

II. As per the procedure under KCC guidelines, a loanee member is required to present the cheque before the branch manager for withdrawal of loan amount with proper identification. The then Secretary of Dahunda PACS in Balasore district, with the support of the Bank Manager of DCCB, Bhogarai branch, withdrew ₹4.67 crore sanctioned to the loanee farmers, during the years 2011 to 2015, by presenting fake withdrawal slips instead of withdrawing the loan amounts through cheques. The entire amount was reported as misappropriated by the then Secretary, Dahunda PACS in connivance with concerned bank manager and a vigilance enquiry is under progress.

Total number of cases of misappropriation though sought for from RCS, were not provided to Audit (December 2019).

Computerisation in PACS needs to be completed at the earliest and put to CBS platform with the facility of e-banking etc., to enable a more robust system with key validations for transactions. Additionally, action must be taken against officials responsible for the frauds.

8.1.4.2 Non-completion of connectivity through VSAT for computerisation in PACS

VSAT⁹⁷ connectivity in PACS enable farmers to access ATMs through RuPay Kisan Cards. A sum of `12.65 crore was sanctioned (January 2017) under Rashtriya Krishi Vikas Yojana (RKVY) towards implementation of the project. RCS released `7.50 crore (April 2018 - `4.50 crore and April 2019 - `3.00 crore) to OSCB to provide 581 VSAT to the PACS within a stipulated period of three years.

Scrutiny of records revealed that OSCB had already placed (March 2018) purchase order to a supplier through tender for supply, installation, commissioning and management of 581 VSATs. Out of 581 VSATs, 553 had been installed as of September 2019 for `4.13 crore.

During field visit it was revealed that even after installation of VSATs, PACS were not working online for day to day activities (real time transaction) of the society on account of slow network. Due to lack of monitoring, the connectivity of PACS to data centre through VSAT could not be completed rendering an expenditure of `4.13 crore infructuous.

The Government accepted the fact and stated (December 2019) that steps had been initiated for connecting all PACS through 581 VSATs.

8.1.5 Monitoring and Evaluation

The following deficiencies were noticed by Audit in monitoring by the Department and other agencies:

- The GoO, Cooperation Department ordered⁹⁸ (April 2014) that the field officers of both DA&FE (including Horticulture) and Cooperation Departments should conduct joint inspections within their jurisdictional area to ensure that the crop loan through STCCS were utilised for productive purposes and not misutilised. Audit scrutiny in DRCS/ ARCS revealed that no physical verification was conducted in nine test-checked districts during the period 2014-18. Consequently, the envisaged mechanism could not assure utilisation of the crop loan through STCCS for productive purposes. GoO stated (December 2019) that Cooperative Extension Officers of the blocks and Village Agricultural Workers had been made accountable for ensuring utilisation of crop loans.

The reply is not acceptable since ARCS in the test-checked districts confirmed that no such joint inspections had been conducted.

- Though there was a prescribed column in the Loan Ledger of PACS to record the product of the loan financed based on the credit period, this

⁹⁷ Very Small Aperture Terminal is a two-way satellite ground station with a dish antenna for the provision of satellite internet access to remote location

⁹⁸ Order No.2890/Coop. dated.02.04.2014

was not recorded in the column of the register of the test-checked PACS. All nine Branch Managers of four test-checked DCCBs agreed that the interest subvention was not calculated based on individual loan account. Due to lack of monitoring by the ARCS in directing the PACS to maintain their ledgers accordingly, Audit could not derive assurance regarding the correctness of subvention claimed by the DCCBs through OSCB.

- It was observed that Cooperation Department had not maintained MIS for monitoring financial and physical progress, achievement of schemes as against the targets fixed, generate reports on activities enunciated in the scheme guidelines *etc.*

As computerisation of PACS remained incomplete, there was no link with banks to ascertain the real-time financial progress of crop loans disbursed, repayments effected, veracity of the claims of interest subvention, non-activation of RuPay Kisan Card, *etc.*

The Government did not provide any reasons for non-maintenance of MIS at Cooperation Department but stated (December 2019) that OSCB had a Data Centre from where they can easily monitor the physical progress of achievement of the scheme.

The Data Centre of OSCB has been linked to its branches and DCCBs but not with all the PACS. Unless all the PACS are computerised and linked and brought under CBS platform, comprehensive monitoring of physical and financial progress of the Scheme would be constrained.

There was no provision in the Scheme guidelines for evaluation of Scheme benefits. Government stated (December 2019) that evaluation of benefits of the Scheme could be assessed from the fact that production of major crops has increased. Increase in production of crops is dependent on several factors. Continuous and systematic monitoring of the scheme would have addressed many of the issues brought out by Audit.

8.1.6. Conclusion

Audit noticed that in 27 test-checked PACS the land documents of the KCC holders, who had been sanctioned loans, were not verified as envisaged. So, the genuineness of the land details recorded in the land register and veracity of the farmers availing crop loans could not be ensured, which is a persisting irregularity. It was seen in the test checked PACS that 38.84 *per cent* of loans were shown as new loans disbursed to farmers, without any actual disbursement.

Though OSCB printed 18.48 lakh RuPay Kisan Cards at the cost of ` 17.43 crore, none of the cards could be activated within the date of validity denying farmers the opportunity/ facility to draw funds from any ATM or bank branches. It also entailed loss of ` 17.43 crore on account of printing of these cards.

Owing to lack of monitoring, the computerisation in PACS and connectivity through VSAT was also delayed for which the farmers were deprived of e-banking and access to ATMs contributing to overall failure of use of RuPay Kisan Cards.

Audit found that no ASC could be established even after more than two years from the stipulated date of completion depriving the farmers of the facility of obtaining agricultural equipment on hire basis, despite OSCB releasing ₹ 14.43 crore for the project to OAIC.

Interest subvention had been claimed by OSCB on fresh loans not actually disbursed but refinanced.

In spite of reporting various lapses under the Scheme in the earlier audit report of C&AG of India, measures for rectifying the defects were not initiated.

8.1.7 Recommendations

- Necessary steps should be put in place immediately to address and rectify the recurrent failure to issue ‘annewari’ certificate timely. Oversight over the co-ordination was needed between the Co-operation department and R&DMD. This may be instituted on priority for grant of timely and due relief to farmers affected by natural calamities.
- Government may carry out impact evaluation studies/ surveys/ utilise the social audit mechanism etc. to systematically assess the impact of the Scheme.
- The system adopted by the Societies/ Cooperative Banks for facilitating repayment of crop loans by the farmers by sanctioning fresh crop loans year on year without actual disbursement, needs to be reviewed and addressed on priority. The risk of some loans advanced in this manner, converting to NPA needs to be examined separately for efficiency of operations of OSCB and other banks. The State Government should review all such cases for legitimate grant of interest subvention and all such cases of evergreening of loans in other PACS too.
- The State Government may at the earliest initiate a suitable mechanism to verify interest subvention claims of OSCB and revise the procedure of interest subvention claims to curtail the persisting excess payments.
- On account of the huge outlays on computerisation in PACS and VSAT connectivity, its link to Bhulekh portal and necessary systems may be completed for monitoring physical and financial progress of the scheme, verifying proof of land records as submitted by farmers, utilisation of crop loans for intended purposes, repayments by farmers and addressing the risk of loans being advanced without meeting the eligibility conditions as also to avoid frauds.

FOREST AND ENVIRONMENT DEPARTMENT

8.2 Non-disposal of Timber and Poles

The Divisional Forest Officers failed to take timely action for disposal of timber, poles and salvage materials which resulted in blocking of revenue of ₹ 1.49 crore

The Government of Odisha, Forest and Environment Department instructed (August 2005) for early disposal of seized forest produce in undetected (UD)

forest offence either by public auction or by prompt delivery to the Odisha Forest Development Corporation (OFDC) Limited on payment of royalty. Timber and poles were to be disposed of within two months from the date of seizure to avoid loss of revenue and deterioration in quality and consequent value reduction on account of prolonged storage. The Government fixed the rate of royalty on timber, poles and firewood for the year 2018-19 in October 2018.

Audit test checked 13 out of 50 forest divisions⁹⁹ and found that 8,593.22 cubic feet (cft) of timber (logs and size) and 957 poles worth ₹ 25.33 lakh seized during 2017-18 relating to 399 UD cases were lying un-disposed (July 2019).

Additionally, in Bonai Forest Division, salvaged materials i.e. 44,740.116 cft of timber and 376.50 stacks of firewood worth ₹ 1.24 crore pertaining to the period from 2010-11 to 2017-18 remained undisposed (December 2018). All Range Officers in Bonai Forest Division were instructed (October 2018) to deliver the timber and firewood to OFDC and raise the demand for royalty against OFDC.

On this being pointed out, the Principal Chief Conservator of Forest (PCCF) stated (July 2019) that ₹ 1.13 crore¹⁰⁰ had been realised towards disposal of salvaged materials. Further, the PCCF stated that the DFO, Bonai Division had been directed to dispose of the remaining materials. The reply was silent as regards to the disposal of seized materials by other forest divisions.

The matter was reported to Government (July 2019) and reply was awaited (October 2020).

DEPARTMENT OF WATER RESOURCES

8.3 Infructuous expenditure due to overlapping of culturable command area

Lack of coordination within the department in execution of two irrigation projects in one block led to overlapping of the culturable command area and resulted in infructuous expenditure of ₹ 64.68 crore

Irrigation projects utilise numerous small rivers, dams and reservoirs for providing irrigation through Canal Distribution Network for the purpose of carrying water mostly through gravity up to outlets and from outlets to agricultural field through field channels. Mega lift projects aim for providing irrigation to the farmers in the upland area by lifting water from rivers and reservoirs which cannot be irrigated by normal means of flow irrigation. The benefit of a Mega lift project *inter alia* is requirement of less land since irrigation is provided by lifting water by pumps from sources through pressurised networking distribution system.

⁹⁹ Athagarh, Baliguda, Baripada, Bonai, Boudh, Ghumsur(N), Karanjia, Keonjhar, Khordha, Malkanagiri, Phulbani, Rairakhol and Rairangpur

¹⁰⁰ Fire Wood (₹ 1,11,50,781.30) + Timber (₹ 1,32,002.50) = ₹ 1,12,82,783.80

In March 2012, Department of Water Resources (DoWR) approved 174 independent Mega Lift Irrigation Schemes to provide irrigation to 2.14 lakh ha spread over 23 districts. Construction of nine Mega Lift Irrigation Projects in Narasinghpur Block of Cuttack district, at an estimated cost of ₹ 430.64 crore was part of the aforesaid scheme. These projects *inter alia* stipulated for providing 16750 ha of culturable command area (CCA) with water intake point in the river Mahanadi having nine pump house locations. The work was awarded (December 2015) to a contractor through tender at a cost of ₹ 382.95 crore with stipulation to complete the work by June 2018. The work was almost



Overlapping of CCA of Hadua Irrigation Project with Mega lift Project (MLP)

completed by providing irrigation on trial basis with an expenditure of ₹ 369.89 crore (November 2020).

Audit noticed that the Central Water Commission (CWC) had approved the Hadua Irrigation Project in March 2001, with an estimated cost of ₹ 65.14 crore to provide irrigation to 3948 ha CCA in the same Narasinghpur Block of Cuttack District. DoWR had accorded administrative approval for ₹ 95.44 crore in the year 2006. This project work was in progress and the Executive Engineer, Hadua Irrigation Division had incurred expenditure of ₹ 64.68 crore upto March 2020. As per the Department, delay in completion was attributable to delay in land acquisition/ forest clearance.

Audit observed (March 2019) that while planning the Mega Lift Irrigation project, the Project Director-cum-Chief Engineer, Mega Lift Project overlooked the execution of Hadua irrigation scheme and included its CCA in Mega Lift Projects in Narasinghpur Block. Consequently, there was an overlapping of CCA of Hadua Irrigation project with that of the Mega Lift Project. The Chief Engineer and Basin Manager (CE & BM), Samal, also confirmed (December 2017) in a correspondence with Engineer-in-Chief, Water Resources, Odisha, that the entire CCA of Hadua Irrigation Project was a part of the CCA of the Mega Lift Irrigation Project except for an area of 270 ha. CE & BM, Samal further intimated that a High Level Technical Committee reviewed the proposal and suggested (November 2017) that the Hadua project was not economically viable. The Committee also directed to take further extensive survey to cover more CCA for maximum utilisation of the available water under Hadua Project. However, no action taken in this regard was found on record (March 2019).

Therefore, the Mega lift irrigation scheme is to provide irrigation to the same CCA that was planned to be covered under Hadua Irrigation project in the block. On this being pointed out in audit, the Government stated (October 2019) that there was vast CCA for irrigation in rabi season on both sides of the river Hadua and about 1000 ha of alternate CCA had already been identified in

Baramba Block and 1200 ha CCA of a minor irrigation project were to be stabilised.

The reply is not tenable since the Hadua irrigation project was designed to provide irrigation to 3948 ha of its independent CCA alongwith stabilising the existing Kharod Minor Irrigation (MI) project. The entire project was to provide irrigation to 6093 ha of CCA, against which alternate CCA identified is about 1000 ha only and stabilization of 1200 ha of ayacut of MI projects. In fact, both the implementing agencies failed to co-ordinate in identifying separate CCA to be covered under the Mega Lift project and this led to overlaps in the CCA.

Thus, due to lack of coordination between implementing agencies within the same department, the entire expenditure of ` 64.68 crore incurred on CCA of Hadua irrigation project became infructuous.

8.4 Short recovery of cost of stone

The Executive Engineer recovered the cost of stone retrieved from excavation at a lesser rate and issued to the contractor at the site of the work for use. Besides, the cost of transportation of the stone was also not recovered resulting in short recovery of ` 8.05 crore

Odisha Public Works Department Code (Para 3.4.10) stipulates that while submitting the estimates for sanction, the Divisional Officer should certify that the estimates have been prepared by using the sanctioned Schedule of Rates (SoR) for most economical and safe way of executing the work. The SoR stipulates that during excavation of hard rock for construction of spillway¹⁰¹ and earthen dam, the retrieval rate of hard rock was 70 per cent of the excavated quantity. The basic cost of stone and transportation cost brought from quarry was estimated at ` 375 per cum and ` 561 per cum, respectively. The stone products required for cement concrete items in the work were to be obtained from an average lead of 49 km. Accordingly, the cost of stone available at site and issued to the contractor should have been recovered at a contracted rate of ` 936 per cum.

A work on construction of spillway including earthen dam of Deo Irrigation project was awarded (December 2012) to Odisha Construction Corporation Limited (OCC), a Government of Odisha enterprise, for ` 49.97 crore for completion by December 2015 as per the design approved in the Detailed Project Report (DPR). The scope of work provided for excavation of 48,260 cum of hard rock through blasting. The work could not be completed as hard rock for finalisation of foundation level of spillway was not available. Work was also impacted due to resistance from local people for non-payment of rehabilitation and resettlement assistance. The design of spillway was also changed due to defective preparation of DPR, which was done without proper survey and investigation. Accordingly, the Government approved (January 2019) the revised agreement value of work of ` 127.50 crore wherein the quantity of excavation of hard rock was increased to 1.84 lakh cum¹⁰². The work was in progress with an expenditure of ` 80.76 crore as of March 2019.

¹⁰¹ A spillway is a structure used to provide the controlled release of water from a dam to a downstream area

¹⁰² Quantity of hard rock through blasting (83,513 cum) and excavation through rock breaker (1,00,937 cum)

The details of short recovery in execution of work are given in the table below:-

Table No.8.4: Statement showing details of work executed, quantity of hard rock issued and the balance amount recoverable from the contractor

Description of item	Quantity excavated in cum	Quantity retrieved in cum (percentage)	Cost recovered per cum (in `)	Total cost recovered (in crore)	Cost recoverable per cum (in `)	Total cost recoverable (in crore)	Short recovery (in crore)
Excavation of hard rock through blasting	81,183	56,828 (70)	195	1.11	936	5.32	4.21
Excavation of hard rock without blasting.	77,712	51,825 (67)	195	1.01	936	4.85	3.84
Total	1,58,895	1,08,653		2.12		10.17	8.05

(Source: Compiled by Audit)

From Table 8.4, Audit observed that:

- The Executive Engineer retrieved 70 per cent of hard rock excavated through blasting and 67 per cent of hard rock excavated through rock breaker as blasting was not possible. The quantity retrieved was 1.09 lakh cum of hard rock against actual quantity to be retrieved of 1.11 lakh cum (70 per cent).
- The useful stone retrieved from the excavation was issued to the contractor. This was confirmed by Executive Engineer during joint physical inspection in March 2019.



Crossing of hard rock of Deo Spillway

Since the hard stone was available at the site, the cost and transportation charges of ` 10.17 crore were to be recovered from the contractor at a rate of ` 936 per cum as per the estimate. However, the EE recovered ` 2.12 crore at the rate of ` 195 per cum as decided during Project Level Tender Committee (PLTC) meeting which resulted in short realisation of ` 8.05 crore from the contractor.

On this being pointed out in Audit, the Government stated (October 2019) that the entire hard rock was issued to the contractor, of which, 22,205 cum was crushed and the balance quantity was utilised in different foundation work for construction machinery such as Crusher, Batching plant, haul road, generator room, labour colony, stockyard etc. The cost of stone at ` 195 per cum was recovered as per the rate finalized by the PLTC and the transportation cost at ` 459 per cum was to be recovered from the contractor. The retrieval of stone was made at 50 per cent for the excavation of hard rock without blasting as per MoRTH analysis.

The reply is factually incorrect since the retrieval of stone was made at 67 per cent of excavated rock without blasting and the MoRTH analysis for retrieval of stone at 50 per cent was applicable for road works. As the

contractor had utilised the stone in the project work itself, the transportation cost along with differential basic cost amounting to `8.05 crore had to be recovered from the contractor for the work executed as of March 2019.

8.5 Short realisation of licence fee

Executive Engineer allotted water to an industry from Irrigation source and levied licence fee applicable for drawing water from Government source which resulted in short realisation of `4.57 crore

Odisha Irrigation Rules stipulate that any industrial unit using water can draw water either from Government source¹⁰³ or from irrigation source¹⁰⁴ on payment of water charges as per the rates prescribed in the rule.

As per Revenue & Disaster Management (R&DM) Department Gazette Notification (October 2010), licence fee for use of water (more than 5 cusecs) for industrial purpose was to be levied at `5.60 per 1,000 litres drawn from irrigation source and at `4.50 per 1,000 litres drawn from Government water source. Further, the R&DM department notified (September 2016), to increase licence fee at 10 *per cent* each year from first day of April. Accordingly, the rate per 1,000 litres of water was revised to `6.20 from April 2017 and to `6.80 from April 2018.

The State Government executed (August 2014) an agreement with Indian Metals and Ferro Alloys Ltd. (IMFA), an industrial establishment, for drawing of 10.332 cusecs of water at Chasapada from the upstream of the Mahanadi Barrage and downstream of Naraj Barrage which is an irrigation source. The drawing of water was reduced to 5.98 cusecs with effect from May 2018.

Audit observed (December 2018) that the place from where water was lifted by IMFA was located between Mahanadi Barrage (a reservoir project) and Naraj Barrage¹⁰⁵. Naraj Barrage had no independent ayacut for irrigation. As such, irrigation was provided through canals upstream of Mahanadi Barrage. As IMFA was drawing water from river Mahanadi charged with water of Naraj Barrage, it was liable to pay licence fee at the rates applicable to the water drawn from irrigation source.

On scrutiny of the licence fee demand register during the period from October 2014 to March 2019, it was noticed in audit that the EE had allocated 385.52 lakh litres¹⁰⁶ of water to IMFA and raised demand for `18.32 crore towards licence fee considering water drawn from Government water source instead of irrigation source. This resulted in short realisation of licence fee of `4.57 crore as detailed in the table given below:

¹⁰³ water structures existing naturally such as rivers, nallas, springs, streams, *etc.*, which is the property of the Government

¹⁰⁴ Includes all reservoirs, tanks, anicuts, dams, weirs, canals, barrages, channels *etc.*, constructed for irrigation purpose

¹⁰⁵ Naraj Barrage was constructed to divert water of River Kathajodi to Mahanadi for ponding of water at Mahanadi Barrage to be used for irrigation

¹⁰⁶ One unit equal to 1,000 litre of water

Table No.8.5: Statement showing short realization of licence fee.

Period	Quantity of water allocated (in KL)	Amount to be recovered		Amount recovered		Short-realised (in crore)
		Rate per KL (in `)	Total (in crore)	Rate per KL (in `)	Total (in crore)	
October 2014 to March 2016	13,852.892	5.60	7.76	4.50	6.23	1.53
April 2016 to March 2017	9,226.835	5.60	5.17	4.50	4.15	1.02
April 2017 to March 2018	9,226.835	6.20	5.72	4.95	4.57	1.15
April 2018 to March 2019	6,245.261	6.80	4.24	5.40	3.37	0.87
Total	38,551.823		22.89		18.32	4.57

(Source: compiled by Audit)

On this being pointed out, the Government accepted (January 2020) the factual position and stated that a Committee had been constituted to study the site so as to ascertain the category of source of drawing of water by the agency. The Government further stated that necessary steps were also being initiated to recover the licence fee as pointed out by Audit.

8.6 Avoidable extra expenditure

Executive Engineer adopted manual excavation of earth in the estimate instead of mechanical excavation which inflated the estimated cost leading to avoidable extra expenditure and undue benefit of ` 6.90 crore to the contractors

Para 3.4.10 of Odisha Public Works Department Code stipulates that estimates should be prepared in the most economical manner adopting State Schedule of Rates (SoR) and Analysis of Rates (AoR). The special items for irrigation works of AoR (2006) provided for excavation of any approved type of soil in approved burrow¹⁰⁷ area, loading and transportation of the excavated soil by mechanical means. It did not provide for excavation of earth manually and transportation of the excavated earth through mechanical means, separately. In the detailed tender call notices, it was specified clearly that the contractor has to arrange burrow earth at his own cost and responsibility. No compensation whatsoever for change in distance and locations of the burrow area, and variation in depth of excavation for getting suitable earth shall be paid to the contractor. The Department of Water Resources (DoWR) agreed (September 2017) in an Exit Conference¹⁰⁸ to adopt only mechanical excavation in respect of earth works.

Chief Engineer and Basin Manager (CE & BM), Lower Mahanadi Basin sanctioned estimates costing ` 124.25 crore for 14 works of restoration, improvement, protection to embankment and stabilization works of lost ayacut¹⁰⁹ during 2012 to 2016 (**Appendix-IV**). These works were awarded for

¹⁰⁷ To obtain soil/earth either from Government land or from private land by the contractor

¹⁰⁸ Exit Conference on Performance Audit on "Contract Management in Department of Water Resources" reported in paragraph No 2.1.13.1 of C&AGs Audit Report for 2015

¹⁰⁹ Due to non-maintenance of canals there were breaches and also seepage of water for which water could not reach the tail end. Repair and renovation of such works are called stabilization works of lost ayacut

₹ 136.08 crore between April 2013 and March 2017 to be completed between March 2014 and February 2018. The contractors offered tender discount ranging from 7.92 per cent to 14.99 per cent in six works and tender premium ranging from 4.99 per cent to 19.40 per cent in eight works. The competent authority accepted the tender for execution of these works. The works were under progress with an expenditure of ₹ 111.83 crore as of March 2019.

Audit noticed that while preparing the estimates, the Executive Engineer (EE), Jajpur Irrigation Division provided for manual excavation and mechanical transportation of 24.86 lakh cum of earth from burrow area in all these works. The rate for excavation of earth manually in the estimates varied between ₹ 33.15 and ₹ 77.28 per cum whereas the rate for mechanical excavation was ₹ 16.55 per cum. Since the EE included the item of excavation of earth by manual means and the CE & BM approved the estimates, inclusion of such item in all the works in violation to the AoR inflated the rates ranging from ₹ 16.60 per cum and ₹ 60.73 per cum. This resulted in excess payment of ₹ 6.90 crore for execution of 19.25 lakh cum as detailed in the **Appendix-IV**. On the basis of estimated quantity, the undue benefit would work out to ₹ 9.87 crore.

On this being pointed out in audit, the Government assured (December 2019) to take steps to adopt the procedure of avoiding inclusion of manual excavation in the estimates for work. Audit observed that the irregularity still persisted and no action was initiated against the executives for allowing incorrect estimates which resulted in avoidable expenditure of ₹ 6.90 crore.

8.7 Loss of revenue due to non-levy of licence fee

Failure of Executive Engineers in executing agreements with the industries/projects abstracting ground water and consequent non-levy of licence fee resulted in loss of revenue of ₹ 6.77 crore

The Environment (Protection) Act, 1986, vested Central Ground Water Authority (CGWA) the responsibility of regulation and control of groundwater development and management in the country. Accordingly, CGWA issues No Objection Certificates (NOCs) to industries/ projects seeking abstraction of groundwater.

Orissa Irrigation (Amendment) Rules, 2010 read with notification issued during October 2010 authorised Executive Engineers (EEs) of Department of Water Resources (DoWR) to execute agreements with the industries/ projects for abstracting groundwater. They were also required to ensure installation of a Water Flow Metre or a suitable measuring device within 90 days from the date of issue of licence or such order at the cost of the concerned industries/ projects or other establishments under their jurisdiction. Thereafter, EEs were to assess the fee to be charged on water drawn or allocated, whichever was higher. The rate of licence fee to be charged was ₹ 7.48 per 1,000 litres during 2017-18 and ₹ 8.16 per 1,000 litres during 2018-19. Chief Engineer (CE) (Water Services), DoWR was to monitor and finalise collection of licence fee.

Test check of records of Regional Director (Eastern Region), Central Ground Water Board (CGWB), Bhubaneswar revealed that CGWA issued NOCs to 520 industries/ projects of the State for abstraction of ground water during 2017-18 to 2018-19 (up to December 2018). Of these, 75 industries had paid licence fee and the execution of agreements/ installation of flow metres and collection of licence fee for the remaining 445 industries/ projects were pending with EEs as of January 2019. However, such industries/ projects continued (December 2018/ January 2019) to abstract ground water without payment of licence fee.

On scrutiny of NOCs issued by CGWA, Audit noticed that these 445 industries/ projects had drawn 83.92 lakh cum¹¹⁰ of groundwater during April 2017 to December 2018 and were liable to pay licence fee of ` 6.77 crore¹¹¹. Joint physical verification conducted (December 2018/ January 2019) by Audit team alongwith the representatives of CGWB in 17 projects evidenced abstraction of groundwater as per NOC without paying licence fee to the State Government.

As the CE (Water Services), DoWR failed to monitor and finalise collection of licence fee by execution of agreements with industries/ projects through respective EEs of irrigation divisions, industries/ projects drew groundwater unauthorisedly without paying the required licence fee of ` 6.77 crore rendering revenue loss to the Government.

On this being pointed out, the Government stated (January 2020) that the CE (Water Services) had been intimated to instruct the concerned EEs to bring the industries/ projects/ commercial organisations within the ambit of the Rules after field verifications. As of November 2019, EEs had registered 115 cases for collection of licence fee and had instructed to take effective action in the remaining 330 cases. However, the reply is silent about recovery of licence fee for unauthorised drawal of ground water from these 445 industries/ projects.

8.8 Undue benefit to contractors

Executive Engineers adopted output of Dozer incorrectly in the estimates and utilised higher capacity Roller for compaction of earth contrary to the prescribed recommendations which resulted in undue benefit of ` 7.10 crore to the contractors

OPWD Code stipulated that the estimates should be prepared in most economical manner and also on the basis of Schedule of Rates (SoR) and Analysis of Rates (AoR).

The Divisional Officer while preparing estimates for the works, should ensure that estimates were prepared based on the items provided in the sanctioned SoR and AoR which are most economical and safe for executing the work. Special item 2 of State AoR for irrigation works like construction of embankments, flood protection *etc.*, stipulated machineries such as Dozer for spreading of earth and Sheep Foot Roller (SFR) for compaction of earth. The

¹¹⁰ 1 cum = 1,000 litres

¹¹¹ Calculated on the quantity of water allocated as per NOC

SoR provided hire charges for Dozer at ` 2,463.54 for spreading of 300 cum of earth per hour. Similarly, the hire charges for sheep foot roller was at ` 77.86 for compaction of 100 cum of earth per hour.



Representational photos of Dozer, Sheep Foot Roller and Vibratory Roller

During 2016-17 to 2017-18, a sum of ` 146.66 crore had been sanctioned for execution of 29 works in four Irrigation Divisions¹¹². These works were awarded at a cost of ` 128.57 crore during November 2016 and June 2018 with a stipulation to complete between September 2017 and December 2019. The agreements executed with the contractors *inter-alia* provided for compaction of 46.41 lakh cum of earth in flood protection and improvement of river embankments. As of March 2019, these works were in progress with an expenditure of ` 74.75 crore in which 31.93 lakh cum of earth had been compacted.

Test check of records of these works revealed that the Executive Engineers (EEs) while preparing estimates, recorded the output of dozer as 100 cum per hour instead of 300 cum per hour for spreading of earth without reducing the hire charges of dozer proportionately. Similarly, though the SFR provided the same output of Vibratory Road Roller (VRR) at a lesser cost, three divisions¹¹³ did not include the SFR in their respective estimates. Audit noticed that the EE, Bhanjanagar Irrigation Division adopted the approved SoR / AoR rate of SFR for compaction of earth in one of the works. The rate adopted in the estimates for spreading and compaction of earth by using dozer and VRR ranged between ` 26.50 per cum and ` 41.36 per cum. Considering the output as 300 cum by dozer and 100 cum by SFR for spreading and compaction of earth respectively, the cost worked out to ` 10.76 per cum¹¹⁴.

As such, due to non-considering the proportionate hire charges of dozer and SFR as approved in the AoR/ SoR, the cost for spreading and compaction of 31.93 lakh cum of earth was paid in excess of ` 7.10 crore to the contractors as of March 2019. Based on the estimated quantity, the excess amount would be ` 11.99 crore as detailed in the **Appendix -V**.

¹¹² Bhanjanagar Irrigation Division; Bolangir Irrigation Division; Jajpur Irrigation Division and Mahanadi North Division

¹¹³ Bolangir Irrigation Division, Jajpur Irrigation Division and Mahanadi North Division

¹¹⁴ Basic cost- ` 9.00 (Dozer- ` 2,463.54/300 and SFR- ` 77.86/100)+ ` 1.35 (7.5 percent over head charges + 7.5 per cent contractors' profit), three per cent water charges and one per cent for labour cess totalling to ` 10.76 per cum

In reply to the Audit observation, the Government accepted the fact and stated (November 2019) that as per SoR the effective output of Dozer was 300 cum per hour for spreading loose earth. It also stated that the embankments taken up were mostly located in difficult areas where accessibility and availability of land was a major bottleneck for execution. The effective output was reduced due to the provision of extra width on either side of the embankment to facilitate compaction of loose earth. Hence, the output was considered as 100 cum per hour. For use of VRR, the Department stated that the works were carried out in areas where the type of soil available were mostly gravel and fines, silt-gravel and sandy clay gravel.

The reply was not acceptable as the rate of hire charges of Dozer was fixed by the Rate Board taking the output as 300 cum per hour for spreading earth considering all the factors. Hence, consideration of lesser capacity was not in order. As regards use of VRR, the reply was not tenable as the earth works carried out were of approved type of soil and not as claimed as silty gravel, clay gravel *etc.* Therefore, provision of VRR instead of SFR in these eight works were only to extend undue benefit to the contractors. Besides, though the Principal Secretary, Department of Water Resources during Exit Conference (September 2017) on a Performance Audit on “Contract Management” assured to follow the AoR in response to same observation featured in Paragraph No. 2.1.13.2 of C&AG Report on Economic Sector for the year ended March 2017, the irregularity persisted.

WORKS DEPARTMENT

8.9 Excess Payment to a contractor

Failure of the Executive Engineer to effect change in scope of work led to excess payment of `4.86 crore to the contractor for the portion of works not executed under a contract

Article 13 of the contract agreement stipulates that during execution, if any modification/alteration to the works (change of scope) is necessitated, the authority shall give instruction or request the contractor to submit a proposal for change of scope involving additional cost or reduction in cost.

The Chief Engineer, World Bank Projects approved (December 2013) an estimate for construction of a high level bridge over River Mahanadi in the district of Cuttack for `121.86 crore under NABARD¹¹⁵ assistance. The work was awarded (October 2015) to a contractor¹¹⁶ for `142.41 crore for completion by April 2018 on Engineering Procurement and Construction (EPC)¹¹⁷ mode. The scope of work of contract agreement also included construction of approach road to the bridge for a length of 400 metres having contract price of `7.12 crore *i.e.* five *per cent* of contract price. The work was completed in March 2018 and the contractor had been paid `142.41 crore.

¹¹⁵ National Bank for Agriculture and Rural Development

¹¹⁶ M/s SP Singla Construction

¹¹⁷ In EPC contract, the contractor has to make their own survey, investigation and design for the work and quote their bid price for execution of the work

On scrutiny of Running Account and final bills, Audit observed (February 2019) that the contractor executed approach road of 127 metres only. Audit further observed that, the authority neither instructed the contractor to submit a revised proposal for change of scope of work nor the contractor proposed for reduction in the contract price as per the provisions of the contract. As such, the contractor was to be paid ` 2.26 crore (calculated proportionately) for the length of road actually executed. But, the EE paid full contract price of ` 7.12 crore for the entire length as delineated in agreement. This resulted in excess payment of ` 4.86 crore to the contractor.

In reply, the Government stated (November 2019) that only 127 metres of approach road was constructed and the balance 273 metres of road was being executed in another work of raising of existing four-lane road.

The reply is not acceptable since execution of equivalent length of 273 metres in another work was neither the part of the contract nor supported with any supplementary agreement showing the revised scope of the work and hence utilising payments from this work towards another work is highly irregular. A work that costs close to ` 4.86 crore needed to be awarded separately following due process, which was not done in this case.

FINANCE DEPARTMENT

8.10 Response to Audit

Timely response to audit findings is one of the essential attributes of good governance as it provides assurance that the Government takes its stewardship role seriously.

Accountant General (Audit-II), Odisha conducts periodical inspection of Government departments and their field offices to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) sent to the Heads of offices and the next higher authorities. Defects and omissions are expected to be attended promptly and compliance reported to the Accountant General. A half-yearly Report of pending IRs is sent to the Secretary of each department to facilitate monitoring of the audit observations and their compliance by the departments. Apart from the above standing mechanism, Audit Committee Meetings, consisting of representatives of administrative departments, the office of the Accountant General (Audit-II) and representative from Finance Department are also held, for settlement of outstanding IRs and paragraphs after detailed deliberation and verification of records.

A review of IRs issued upto March 2019 pertaining to 12 departments showed that 9,828 paragraphs relating to 2,981 IRs were outstanding at the end of June 2019. Of these, 1,131 IRs containing 2,488 paragraphs were outstanding for more than 10 years (**Appendix-VI**). Even first reply from the Heads of offices which was to be furnished within one month has not been received in respect of 347 IRs issued upto March 2019. Year-wise position of the outstanding IRs and paragraphs is detailed in **Appendix-VII**.

Serious irregularities commented upon in these IRs have not been settled as of June 2019 (**Appendix-VIII**). Number of paragraphs and amount involved in these irregularities is categorised in Table 8.6.

Table No. 8.6: Category of irregularities, number of paragraphs and amount

Sl. No.	Category of irregularities	Number of paragraphs	(₹ in crore)
			Amount
1	Non-compliance with rules and regulations	48	2.09
2	Audit against propriety/ expenditure without justification	35	8.85
3	Persistent/ pervasive irregularities	07	1.92
	Total	90	12.86

(Source: Compiled by Audit)

Bhubaneswar

The: 18 FEB 2021

(BIBHUDUTTA BASANTIA)

Pr. Accountant General (Audit-II), Odisha

Countersigned

New Delhi

The: 19 FEB 2021

(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India

Appendices

Appendix – I
(Refer paragraph 5.4.2.3 at page 48)

Statement showing loss of Road Tax and Permit Fee due to issue of permits to vehicles to ply other than identified routes of BLCs

Sl. No.	Name of the District	Routes operated deviating approved routes	Regn. No. of vehicles plying on the route	Seating capacity	Period for which Road tax and permit fee exempted		No. of months	Tax exempted	Permit fee exempted	Total Tax and Permit fee
					From	To				
1	2	3	4	5	6	7	8	9	10	11
1	Rayagada	Therubali, Bissamcuttack, Muniguda, Ambadala	OD18A3299	10	01/07/2014	31/03/2019	57	30780	5000	35780
2	Rayagada	Chandrapur, Hanumantpur, MK Rai, Padampur	OD185925	10	01/08/2014	31/03/2019	56	30240	5000	35240
3	Rayagada	B.Halwa, Jimidipeta, Pitamahhal	OD189315	10	01/09/2014	31/03/2019	55	29700	5000	34700
4	Rayagada	Bada Erukubadi, Pitamahhal	OD18A3562	10	01/09/2014	31/03/2019	55	29700	5000	34700
5	Rayagada	Bhoimada, Rekhapadara, Mukundapur, Kolnara	OD186887	10	01/12/2014	31/03/2019	52	28080	5000	33080
6	Rayagada	Guluguda, Padampur, Akhusing, Dambasara	OR07U6685	10	01/12/2014	31/03/2019	52	28080	5000	33080
7	Rayagada	Bissamcuttack, Dukum, Sahada, Muniguda	OR18C7869	10	01/12/2014	31/03/2019	52	28080	5000	33080
8	Rayagada	Irkubadi, Bhoimada, Mukundapur, Katikana	OD185378	10	01/01/2015	31/03/2019	51	27540	5000	32540
9	Rayagada	Korapa, Narayanpur, K. Singpur, Sikarpai, Polama	OD188516	10	01/01/2015	31/03/2019	51	27540	5000	32540
10	Rayagada	Sahada, Dukum, Muniguda, Durgi,	OR18C0485	10	01/01/2015	31/03/2019	51	27540	5000	32540
11	Rayagada	Tikiri, Gorakhpur, Gumma, Khurigam,	OD181071	10	01/01/2015	31/03/2019	51	27540	5000	32540
12	Rayagada	Manasugaon, Kashipur, Khurigam, Sinduraghati	OD18A4184	10	01/01/2015	31/03/2019	51	27540	5000	32540
13	Rayagada	Kolnara, Therubali, JK Pur	OD18A0269	10	01/01/2015	31/03/2019	51	27540	5000	32540
14	Rayagada	Puttasing	OD18A6581	10	01/01/2015	31/03/2019	51	27540	5000	32540
15	Rayagada	Dombasora, Bhimpur	OD18A4957	10	01/01/2015	31/03/2019	51	27540	5000	32540
16	Rayagada	Bhimpur, Titimiri, Ghanantri, Chalakamba	OD18A6627	10	01/01/2015	31/03/2019	51	27540	5000	32540
17	Rayagada	Gadi Seskhal, Penta, Khedapada, Dunduli	OR18C3819	10	01/01/2015	31/03/2019	51	27540	5000	32540
18	Rayagada	Bhoimada, Rekhapadara, Mukundapur, Kolnara	OD18A0964	10	01/01/2015	31/03/2019	51	27540	5000	32540
19	Rayagada	Tikiri, Kucheipadar, Kodipari, Dudukabahhal	OD187970	10	01/02/2015	31/03/2019	50	27000	5000	32000
20	Rayagada	Muniguda, B.cuttack, Therubali, Penta	OD18A6902	10	01/03/2015	31/03/2019	49	26460	4000	30460
21	Rayagada	Karubai, Jimidipeta	OD181290	10	01/04/2015	31/03/2019	48	25920	4000	29920
22	Rayagada	Kolnara, Bada Alubadi, Penta	OD18A6080	10	01/04/2015	31/03/2019	48	25920	4000	29920
23	Rayagada	Titimiri, Chinasari, Regada, Sogada	OD18A9100	10	01/05/2015	31/03/2019	47	25380	4000	29380
24	Rayagada	Kolnara, Pitamahhal, Jimidipeta, Kereda	OR18C3153	10	01/07/2015	31/03/2019	45	24300	4000	28300
25	Rayagada	Kotapeta, Dunduli, Dumuriguda, Kailashpur	OD18A8089	10	01/07/2015	31/03/2019	45	24300	4000	28300
26	Rayagada	Bada Khilapadara, Kolnara, Penta, Keliguda	OD18A9288	10	01/07/2015	31/03/2019	45	24300	4000	28300
27	Rayagada	Hanumantpur, Budubali, Ambadala, Jagdalpur	OD18A9908	10	01/07/2015	31/03/2019	45	24300	4000	28300
28	Rayagada	Dambasara, Ramanaguda, Jatil, Akhusing, Derigaon	OD18A9897	10	01/07/2015	31/03/2019	45	24300	4000	28300
29	Rayagada	Penta, Therubali, Karitaguda	OR18C2043	10	01/09/2015	31/03/2019	43	23220	4000	27220
30	Rayagada	Durgi, Kailashpur, Bankili, Hatamuniguda	OD18A8009	10	01/10/2015	31/03/2019	42	22680	4000	26680
31	Rayagada	Dangasil, Tikiri, Kumbhikota	OR18C6695	10	01/10/2015	31/03/2019	42	22680	4000	26680
32	Rayagada	Dombosara, Padampur, Derigaon, Jatili	OD183465	10	01/11/2015	31/03/2019	41	22140	4000	26140
33	Rayagada	Padampur, Likitipadar, Khamapadara	OR18B8588	10	01/11/2015	31/03/2019	41	22140	4000	26140
34	Rayagada	Mirabali, Alubadi, Kolnara, Padakabadi,	OD18A7073	10	01/01/2016	31/03/2019	39	21060	4000	25060

Sl. No.	Name of the District	Routes operated deviating approved routes	Regn. No. of vehicles plying on the route	Seating capacity	Period for which Road tax and permit fee exempted		No. of months	Tax exempted	Permit fee exempted	Total Tax and Permit fee
					From	To				
1	2	3	4	5	6	7	8	9	10	11
35	Rayagada	Nilamguda, Gulumunda, Bhamini, Penakam	OD18B0779	10	01/02/2016	31/03/2019	38	20520	4000	24520
36	Rayagada	Sagada, Talana, Jaltar	OD18B2783	10	01/03/2016	31/03/2019	37	19980	3000	22980
37	Rayagada	Therubali, Khedapada, Kotapeta., Pitamahal,	OD185272	10	01/04/2016	31/03/2019	36	19440	3000	22440
38	Rayagada	Gulumunda, Penakam, Chinasari, Dambasara,	OR18B6155	10	01/04/2016	31/03/2019	36	19440	3000	22440
39	Rayagada	Kashipur, Renga, Gorakhpur, Tikiri, Dangasil,	OR18C6233	10	01/07/2016	31/03/2019	33	17820	3000	20820
40	Rayagada	Kolnara, Penta, Suri, Bankili, Keliguda	OR18B6317	10	01/06/2017	31/03/2019	22	11880	2000	13880
41	Rayagada	Puttasing	OD18A6580	10	01/09/2017	31/03/2019	19	10260	2000	12260
42	Rayagada	Jaltar, Sirijholi, Sundi Dhamuni, Penakam,	OD18A9694	10	01/09/2017	31/03/2019	19	10260	2000	12260
43	Rayagada	Gorakhpur, Tikiri, Sunger, Kashipur, Khurigam,	OD189547	10	01/10/2017	31/03/2019	18	9720	2000	11720
44	Rayagada	Pipalguda, Penta, B.Halwa, Jimidipeta, Pitamahal	OR18C5877	10	01/12/2017	31/03/2019	16	8640	2000	10640
45	Rayagada	Puttasing, Ramanaguda	OD18 5177	10	01/01/2016	31/03/2019	39	21060	4000	25060
46	Rayagada	Tikiri, Gumma, Gorakhpur, Khurigam	OD182313	8	01/04/2015	31/03/2019	48	20160	4000	24160
47	Rayagada	Regada, Ramanaguda, Gulunthi	OD18B1406	8	01/09/2015	31/03/2019	43	18060	4000	22060
48	Rayagada	Puttasing, Jaltar	OD18A8818	8	01/11/2015	31/03/2019	41	17220	4000	21220
49	Rayagada	Kothpata, Dunduli, Matikona, Chandili	OD18B1652	8	01/03/2016	31/03/2019	37	15540	3000	18540
50	Rayagada	Kulsing, Baghasala	OD18B7738	8	01/08/2016	31/03/2019	32	13440	3000	16440
51	Rayagada	Gunpur, Padampur, Putasingh, Dombasora	OD18C1002	8	01/08/2016	31/03/2019	32	13440	3000	16440
52	Rayagada	Kulsing, Gunpur, Guntuli,	OD18C1426	8	01/08/2016	31/03/2019	32	13440	3000	16440
53	Rayagada	Gunupur, Padampur, Putasingh	OD18C0422	8	01/10/2016	31/03/2019	30	12600	3000	15600
54	Rayagada	Badidi, Baijahal, Almida, Regeda	OD18D0975	8	01/08/2017	31/03/2019	20	8400	2000	10400
55	Rayagada	Kolnara, Rayagada, Kotapeta, Kumtilpeta,	OD18C4193	8	01/08/2017	31/03/2019	20	8400	2000	10400
56	Rayagada	Telengapadar, Kutraguda, Dahikhal, Jagdalpur	OD18D0892	8	01/09/2017	31/03/2019	19	7980	2000	9980
57	Rayagada	Chandragiri, Kasipur, Sunger, Adajore, Tikiri,	OD18D2722	8	01/09/2017	31/03/2019	19	7980	2000	9980
58	Rayagada	Gunupur, Puttasing, Jaltar, Ramnaguda	OD18C3546	8	01/10/2017	31/03/2019	18	7560	2000	9560
59	Rayagada	Boimada, Rehpadar, Mukundpur, Kolnara and	OD18B6501	8	01/10/2017	31/03/2019	18	7560	2000	9560
60	Rayagada	Ramnaguda, Nilamguda	OD18C6994	8	01/11/2017	31/03/2019	17	7140	2000	9140
61	Rayagada	Komtilpeta, Kottapeta, Chandili and Mukundpur	OD18D3522	8	01/11/2017	31/03/2019	17	7140	2000	9140
62	Rayagada	Sardhapur, Bissamcuttack and Ambodola	OD18D1894	8	01/11/2017	31/03/2019	17	7140	2000	9140
63	Rayagada	Chandili, Kolnara, Kumtilpeta, Kotapeta, Alubadi,	OD18A1564	8	01/11/2017	31/03/2019	17	7140	2000	9140
64	Rayagada	Rehpadar, Mukundpur, Kotapeta, Komtilpeta and	OD18D3935	8	01/11/2017	31/03/2019	17	7140	2000	9140
65	Rayagada	Bissamcuttack, Muniguda, Dumuruneli, Munikhol	OD18A6273	8	01/12/2017	31/03/2019	16	6720	2000	8720
66	Rayagada	Sankarada, Tikiri, Champajodi, B. Marighata	OD18A1994	8	01/12/2017	31/03/2019	16	6720	2000	8720
67	Rayagada	Mirabali, Jimidipeta, Nakiti	OD180280	25+6	01/09/2014	31/03/2019	55	90475	12500	102975
68	Rayagada	Kolnara, Chandili, Koptalapeta, Khamasingh	OD184104	8	01/01/2018	31/03/2019	15	6300	2000	8300
69	Rayagada	Chatikona, Bissamcuttack, Paikadakulguda and Kurli	OD18D4927	8	01/01/2018	31/03/2019	15	6300	2000	8300
70	Rayagada	Raghubari, Dimiriguda, Ambodola, Bissamcuttack	OD18D5406	8	01/01/2018	31/03/2019	15	6300	2000	8300
71	Rayagada	Muniguda, Chandrapur, Munikhol	OR18C2166	28+14	01/07/2015	31/05/2018	35	95865	7500	103365
72	Rayagada	Karlghati, Dukum and Bissamcuttack	OD18C1970	8	01/04/2018	31/03/2019	12	5040	1000	6040
73	Rayagada	Sulipadar, K.Singpur, Jagannathpur	OD05D8379	8	01/11/2016	31/03/2019	29	12180	3000	15180
74	Rayagada	Pitamahal and Tadm	OD185090	10	01/01/2015	31/07/2017	31	16740	3000	19740

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					From	To				
1	2	3	4	5	6	7	8	9	10	11
75	Koraput	Kanagam to Borigumma via Kumuli, Katharagada,	OR10J9027	8	01/04/2017	31/03/2019	24	10080	2000	12080
76	Koraput	Gujuniguda to Mundaguda, Sargiguda, borigumma,	OR10H8447	8	01/11/2017	31/03/2019	17	7140	2000	9140
77	Koraput	Muran dam to Dandabadi via Ramagiri and back	OD10E0499	32	01/04/2016	31/03/2019	36	90216	7500	97716
78	Koraput	Dasamantpur to Padwa via Koraput, Similiguda	OD10C2664	32	01/02/2015	31/03/2019	50	93000	12500	105500
79	Koraput	Kasipur to Koraput via Tikiri, Dumbaguda,	OD10C2442	32	01/02/2015	31/03/2019	50	93000	12500	105500
80	Koraput	Dasamantpur to Koraput via Lula, and back	OD10A9645	25	01/03/2014	31/03/2019	61	87474	12500	99974
81	Koraput	Chandili to Padwa via Kotpad, Lamtaput and back	OD10A9858	25	01/01/2018	31/03/2019	15	21600	5000	26600
82	Koraput	Kotpad to Jalaput via Kusumi, Sagar and back	OD10F8155	30+10	01/04/2017	31/03/2019	24	95976	5000	100976
83	Koraput	Kotpad to Padwa via Kusumi, Nandapur and back	OD10C4244	25	01/04/2015	31/03/2019	48	201600	10000	211600
84	Koraput	Umbel to Koraput and back via Nandapur,	OD10B9494	32	01/12/2014	31/03/2019	52	130312	12500	142812
85	Koraput	Audipada, Tusuba to Lamtaput via Machkund	OD10E8582	8	01/11/2016	31/03/2019	29	12180	3000	15180
86	Koraput	Jeypore to Laxmipur via Koraput, Kakrigumma	OD10A9644	25	01/07/2017	31/03/2019	21	84000	2000	86000
87	Koraput	Koraput to Chatua via, Padwa to Pottangi via Padwa	OD10A 9622	25	01/04/2014	31/03/2019	60	239940	12500	252440
88	Koraput	Sambai to Dasamantpur via Pukali Lulu	OD10C2666	33	01/02/2015	31/03/2019	50	125300	12500	137800
89	Koraput	Petru to Kunduli , Pottangi	OD10A0041	8	01/05/2017	31/03/2019	22	9240	2000	11240
90	Sundargarh	Dubku to Kichinda	OD16A 3094	25+8	01/08/2014	31/03/2019	56	215096	12500	227596
91	Sundargarh	Sagjore to Sundargarh	OR16D5566	26	01/11/2016	31/03/2019	29	55709	7500	63209
92	Sundargarh	Turungagarh to Tangarpali	OD16 6220	10	01/07/2014	31/03/2019	58	24360	5000	29360
93	Sundargarh	Panderpani to Raibaga	OR16C 4782	10	01/12/2014	31/03/2019	52	21840	5000	26840
94	Sundargarh	Bandega to Gundiadihi	OR16D 6001	10	01/02/2015	31/03/2019	50	21000	5000	26000
95	Sundargarh	Didiga to Subdega	OR16C 5864	10	01/04/2015	31/12/2018	44	18480	4000	22480
96	Sundargarh	Telijore to Sagbahal	OR16C 3522	10	01/07/2014	31/12/2016	30	12600	3000	15600
97	Sundargarh	Ekma to Bargaon	OD16 6901	8	01/12/2014	31/03/2019	52	21840	5000	26840
98	Sundargarh	Birkalidihi to Deobhubanpur	OD15 5319	8	01/11/2014	31/03/2019	53	22260	5000	27260
99	Sundargarh	Kusumara to Balisankara	OR16E 3582	8	01/11/2014	31/03/2019	53	22260	5000	27260
100	Sundargarh	Birkalidihi to Tumulia	OD16A 6013	8	01/12/2015	31/03/2019	41	17220	5000	22220
101	Sundargarh	Beheradihi to Talsara	OD16A 4813	8	01/12/2014	31/03/2019	52	21840	5000	26840
102	Sundargarh	Lakraghara to Bargaon	OD16A 2612	8	01/01/2015	31/03/2019	51	21420	5000	26420
103	Sundargarh	Bhikampur to Bargaon	OD 16 3578	8	01/02/2015	31/03/2019	50	21000	5000	26000
104	Sundargarh	Badkhaman to Bargon	OD16 6862	8	01/04/2015	31/03/2019	48	20160	4000	24160
105	Sundargarh	Bailama to Kulbira	OD16 8911	8	01/06/2015	31/03/2019	46	19320	4000	23320
106	Sundargarh	Pamra to Bargaon	OD16A 8072	8	01/05/2015	31/03/2019	47	19740	4000	23740
107	Sundargarh	Hurmei to Dumabahal	OR16E 1840	8	01/04/2017	31/03/2019	24	10080	2000	12080
108	Sundargarh	Kopasingha to Japanga	OD16 1691	8	01/10/2015	31/10/2016	13	5460	2000	7460
109	Nabarangpur	Dohana to Nabarangpur	OR24A4164	10	01/09/2014	31/03/2019	55	29700	5000	34700
110	Nabarangpur	Anchalgumma to Nabarangpur	OD24 4491	10	01/04/2015	31/03/2019	48	25920	4000	29920
111	Nabarangpur	Papadahandi to Bariguda	OR24B5602	8	01/10/2014	31/03/2019	54	22680	5000	27680
112	Nabarangpur	Indravati to Nabarangpur	OD24 4199	8	01/04/2015	31/03/2019	48	20160	4000	24160
113	Nabarangpur	Ponduguda to Kosagumda	OD245424	8	01/06/2016	31/03/2019	34	14280	3000	17280

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					From	To				
1	2	3	4	5	6	7	8	9	10	11
114	Nabarangpur	Motigam to Nabarangpur	OD24A5985	8	01/09/2016	31/03/2019	31	13020	3000	16020
115	Nabarangpur	K. Semela to Kosamuguda	OD245042	8	01/10/2016	31/03/2019	30	12600	3000	15600
116	Nabarangpur	Kiskonga to Raighar	OD 244602	8	01/07/2017	31/03/2019	21	8820	2000	10820
117	Nabarangpur	Biriguda to Nabarangpur	OR24B6394	7	01/04/2013	31/03/2019	72	25920	6000	31920
118	Nabarangpur	Jharigam to Moidalpur	OD245668	7	01/11/2013	31/03/2019	65	23400	6000	29400
119	Nabarangpur	Jharigam to Ratakhandiguda	OD24 A 2752	7	01/10/2014	31/03/2019	54	19440	5000	24440
120	Nabarangpur	Nabarangpur to Indravati	OR24A8082	10	01/04/2015	31/03/2019	48	25920	4000	29920
121	Nabarangpur	Khuduku to Raighar	OD 240882	8	01/04/2017	31/03/2019	24	10080	2000	12080
122	Mayurbhanj	Rajaloka to Dhakadihi	OD11D2378	25+7	01/04/2015	31/03/2019	48	191952	12500	204452
123	Mayurbhanj	Astakuanr to Jashipur	OD11E1006	17+5	01/12/2016	31/03/2019	28	61124	7500	68624
124	Mayurbhanj	Kandibil to Khiching	OD11E 1867	17+5	01/09/2016	31/03/2019	31	52108	7500	59608
125	Mayurbhanj	Baghda to Baripada	OD11A6840	11	01/02/2015	31/03/2019	50	30000	5000	35000
126	Mayurbhanj	Haldia to Jashipur	OD11E3466	17+4	01/08/2016	31/03/2019	32	88832	7500	96332
127	Mayurbhanj	Khejuri to Jashipur	OD11E3566	17+4	01/08/2016	31/03/2019	32	88832	7500	96332
128	Mayurbhanj	Astakuanr to Jashipur	OD11E4897	17+4	01/04/2017	31/03/2019	24	64224	5000	69224
129	Mayurbhanj	Fagudehi to Baripada	OR11L2134	12	01/03/2015	31/03/2019	49	32340	4000	36340
130	Mayurbhanj	Tikayatpur to Bahalda	OR11G 5935	12	01/03/2015	31/03/2019	49	32340	4000	36340
131	Mayurbhanj	Bhola to Baripada	OD119189	12	01/04/2015	31/03/2019	48	31680	4000	35680
132	Mayurbhanj	Chaksuliapada to Baripada	OR11L3616	12	01/04/2015	31/03/2019	48	31680	4000	35680
133	Mayurbhanj	Jaypur to Bijatala	OD11A5516	11	01/04/2016	31/03/2019	36	21600	3000	24600
134	Mayurbhanj	Bijatbasa to Hatbadara	OD11A 6975	8	01/02/2015	31/03/2019	50	21000	5000	26000
135	Mayurbhanj	Baghada to Baripada	OR11G 3770	8	01/04/2015	31/03/2019	48	20160	4000	24160
136	Mayurbhanj	Shyamsundarpur to Baripada	OR11K3193	8	01/04/2015	31/03/2019	48	20160	4000	24160
137	Mayurbhanj	Jashipur to Sukruli	OR11J7565	8	01/09/2015	31/03/2019	43	18060	4000	22060
138	Mayurbhanj	Barahipani to Jashipur	OD11E 2045	17+4	01/09/2016	31/03/2019	31	57381	7500	64881
139	Kandhmal	Khajuripada to Arapaju	OD122507	10	01/04/2015	31/03/2019	48	25920	4000	29920
140	Kandhmal	Daringbadi to Kerubadi	OR07V1867	10	01/06/2015	31/03/2019	46	24840	4000	28840
141	Kandhmal	Sainpada to Balliguda and K. Nuagaon	OR12B1284	10	01/10/2015	31/03/2019	42	22680	4000	26680
142	Kandhmal	Midiaganda to Gochhapada and K. Nuagaon	OR12B4816	10	01/10/2015	31/03/2019	42	22680	4000	26680
143	Kandhmal	Taladandikia to Phiringia	OD123769	8	01/08/2014	31/03/2019	56	23520	5000	28520
144	Kandhmal	Budrumaha to Sirtiguda	OR12B1849	8	01/08/2014	31/03/2019	56	23520	5000	28520
145	Kandhmal	Slukimaha to Petapanga	OR07U9812	8	01/09/2014	31/03/2019	55	23100	5000	28100
146	Kandhmal	Chakapad to Adasipada	OR12B3963	8	01/09/2014	31/03/2019	55	23100	5000	28100
147	Kandhmal	Phulbani to Duduki	OD121138	8	01/08/2014	31/03/2019	56	23520	5000	28520
148	Kandhmal	Chanchedi to Balliguda	OR12B1769	8	01/08/2014	31/03/2019	56	23520	5000	28520
149	Kandhmal	Kerubadi to Daringbadi	OD123305	8	01/08/2014	31/03/2019	56	23520	5000	28520
150	Kandhmal	Mangapanga to M. Rampur	OR12B2947	8	01/08/2014	31/03/2019	56	23520	5000	28520
151	Kandhmal	Butasalaguda to K. Nuagaon,	OR12B3296	8	01/09/2014	31/03/2019	55	23100	5000	28100
152	Kandhmal	Bapalmendi B to Chakapad	OR07W6091	8	01/09/2015	31/03/2019	43	18060	4000	22060
153	Kandhmal	Sankarakhole to Chakapad	OD128835	8	01/09/2015	31/03/2019	43	18060	4000	22060

Sl. No.	Name of the District	Routes operated deviating approved routes	Regn. No. of vehicles plying on the route	Seating capacity	Period for which Road tax and permit fee exempted		No. of months	Tax exempted	Permit fee exempted	Total Tax and Permit fee
					From	To				
1	2	3	4	5	6	7	8	9	10	11
154	Kandhmal	Babadangia to Phiringia	OR12B3994	8	01/10/2015	31/03/2019	42	17640	4000	21640
155	Kandhmal	Dalapada to Khajuripada	OR12B4410	8	01/10/2015	31/03/2019	42	17640	4000	21640
156	Kandhmal	Balaskumpa to R. Nuagaon	OD123225	8	01/10/2015	31/03/2019	42	17640	4000	21640
157	Kandhmal	Phulbani to Jamujhari	OR02BC9047	8	01/08/2014	30/11/2017	40	16800	4000	20800
158	Kandhmal	Rebingia to Balliguda	OD12A0435	8	01/01/2016	31/03/2019	39	16380	4000	20380
159	Kandhmal	Kutikia to Mediakia via Balliguda and K. Nuagaon	OD12A1257	8	01/03/2016	31/03/2019	37	15540	3000	18540
160	Kandhmal	Adasipada to Dalapada	OD127695	8	01/04/2016	31/03/2019	36	15120	3000	18120
161	Kandhmal	Dimiriguda to Phiringia	OD122953	8	01/05/2016	31/03/2019	35	14700	3000	17700
162	Kandhmal	Mahasing to Phiringia,	OR02BD3817	8	01/06/2016	31/03/2019	34	14280	3000	17280
163	Kandhmal	Ratingia to G. Udayagiri	OR02BD8359	8	01/12/2016	31/03/2019	28	11760	3000	14760
164	Kandhmal	K. Nuagaon to Parigiada	OD12A4842	8	01/12/2016	31/03/2019	28	11760	3000	14760
165	Kandhmal	Phulbani to Luisingi via Tudipaju	OR12B1370	8	01/04/2017	31/03/2019	24	10080	2000	12080
166	Kandhmal	Bondaguda, Judubadi to Balliguda	OR12B2459	8	01/08/2017	31/03/2019	20	8400	2000	10400
167	Kandhmal	Bataguda to Balliguda	OR12B1130	8	01/08/2017	31/03/2019	20	8400	2000	10400
168	Kandhmal	Balliguda to Dadakangia	OD123351	8	01/12/2017	31/03/2019	16	6720	2000	8720
169	Kandhmal	Penagoberi to Tikabali	OD125031	8	01/08/2014	31/03/2019	56	23520	5000	28520
170	Kandhmal	Raikia to Gunjibadi	OR12B4786	8	01/01/2018	31/03/2019	15	6300	2000	8300
171	Kandhmal	Budaguda, Manikeswar Raikia	OR12B4215	8	01/02/2018	31/03/2019	14	5880	2000	7880
172	Kandhmal	Tikabali to Gadingia	OR12B2647	8	01/04/2016	31/03/2019	36	15120	3000	18120
173	Gajapati	K. Garadama to Gobindpur and back Via Katama,	OD20 1857	33+11	01/09/2015	31/03/2019	43	105252	10000	115252
174	Gajapati	Inter-district route	OD20 1858	33+11	01/11/2015	31/03/2019	41	100160	10000	110160
175	Gajapati	Nidhigudi to Gumma and back Via R. Udayagiri,	OD20 2039	33+11	01/09/2015	31/03/2019	43	105252	10000	115252
176	Gajapati	Anuguru to Nuagada Via Sambalpur, R.Udayagiri,	OD20 1972	33+11	01/09/2015	31/03/2019	43	105252	10000	115252
177	Gajapati	Badua to Nuagada and back Via Sambalpur	OD20 1973	33+11	01/09/2015	31/03/2019	43	105252	10000	115252
178	Gajapati	Barangsing to Paralakhemundi and back via Gumma	OD20 1850	25+8	01/07/2015	31/03/2019	45	83565	10000	93565
179	Gajapati	Rampa to Bomika Via Garabandha, Gandahati	OD20 0613	8	01/03/2016	31/03/2019	37	15540	3000	18540
180	Gajapati	Tikamala to Ramagiri and back via R. Udayagiri	OD20 6121	8	01/04/2016	31/03/2019	36	15120	3000	18120
181	Gajapati	Maralaba to Rayagada and back via Parisala,	OR20A 0823	8	01/04/2016	31/03/2019	36	15120	3000	18120
182	Gajapati	Namanagada to Paralakhemundi Via Santoshpur	OD20 1424	8	01/04/2016	31/03/2019	36	15120	3000	18120
183	Gajapati	Pekata to Bomika Via Parisala, Rayagada,	OD20 6344	8	01/05/2016	31/03/2019	35	14700	3000	17700
184	Gajapati	Ambajari to Tumula and back via Serengo	OD20 7636	8	01/07/2016	31/03/2019	33	13860	3000	16860
185	Gajapati	Kumulusing to Paralakhemundi and back	AP30X 2862	8	01/09/2016	31/03/2019	31	13020	3000	16020
186	Gajapati	Padmapur to Paralakhemundi Via Adasing	OD20 3790	8	01/01/2018	31/03/2019	15	6300	3000	9300
187	Gajapati	Adava to Badeguda via Mohana	OD02AC 7982	8	01/04/2017	31/03/2019	24	10080	2000	12080
188	Gajapati	Parhadada to Paralakhemundi via Jeeba	OD20 3773	8	01/04/2016	31/03/2018	24	10080	2000	12080
189	Gajapati	Badapada to R. Udayagiri via Khajuripada and back	OD20 2273	8	01/09/2016	31/03/2018	19	7980	2000	9980
190	Gajapati	Tubarsing to Nuagada and back via Burusing,	OD20A 1154	8	01/09/2017	31/03/2019	19	7980	2000	9980
191	Gajapati	Tabarsing to Rayagada and back via R.Udayagiri	OD20 7249	8	01/12/2016	31/03/2018	16	6720	2000	8720
192	Gajapati	Kumulusing to Paralakhemundi and back	OD20 6891	8	01/12/2016	31/03/2018	16	6720	2000	8720

Sl. No.	Name of the District	Routes operated deviating approved routes	Regn. No. of vehicles plying on the route	Seating capacity	Period for which Road tax and permit fee exempted		No. of months	Tax exempted	Permit fee exempted	Total Tax and Permit fee
					From	To				
1	2	3	4	5	6	7	8	9	10	11
193	Gajapati	Puturupuda to Sialilati and back via R Udayagiri	OD07T4693	8	01/04/2018	31/03/2019	12	5040	1000	6040
194	Gajapati	Jalanga to Paralakhemundi and back Via Dekusahi	OR20A 0846	8	01/04/2018	31/03/2019	12	5040	1000	6040
195	Gajapati	Jhami to Rayagada via Paralakhemundi Narayanpur	OD20 6679	8	01/04/2018	31/03/2019	12	5040	1000	6040
196	Gajapati	Pekata to Paralakhemundi and back Via Maralaba	OR20A0685	8	01/05/2018	01/03/2019	10	4620	1000	5620
197	Gajapati	Rayagada to Pekata and back via Maralaba	OD20 3992	8	01/05/2018	31/03/2019	11	4620	1000	5620
198	Gajapati	Namanagada to Rayagada via Parichagam and back	OD20 0457	8	01/05/2018	31/03/2019	11	4620	1000	5620
199	Gajapati	Abhei to Paralakhemundi and back Via Kalamasing	OD20 6403	8	01/06/2018	31/03/2019	10	4200	1000	5200
200	Gajapati	Taramangda to R Udayagiri via Nuagad, Keredango	OD20A 0834	8	01/10/2018	31/03/2019	6	2520	1000	3520
201	Gajapati	Ghorani to Paralakhemundi Via Gosani, Gurandi	OD20 1423	8	01/10/2018	31/03/2019	6	2520	1000	3520
202	Gajapati	Namanagada to Paralakhemundi Via Gumma	OD20A 0607	8	01/12/2018	31/03/2019	4	1680	1000	2680
203	Gajapati	Gurandi to Saradapur and back Via Jangalapadu.	OD20 5774	8	01/01/2019	31/03/2019	3	1260	1000	2260
	Grand Total							5931569	859500	6791069

Appendix – II
(Refer paragraph 5.4.2.4 at page 49)

Statement showing idle buses purchased under BGGY during 2013-14 to 2017-18

Sl. No.	Regn. No. of Buses	Make / Model	Date of receipt from the supplier	Date of Put on Road	Unit to whom allotted	No. of days kept idle
1	2	3	4	5	6	7
1	OD123678	Leyland	20-02-2014	22-03-2014	Phulbani	30
2	OD127029	Leyland	24-02-2015	26-03-2015	Phulbani-Rtc	30
3	OD18A8102	Leyland	24-02-2015	29-03-2015	Rayagada-Rtc	33
4	OD18A8104	Leyland	24-02-2015	29-03-2015	Rayagada-Rtc	33
5	OD18A8110	Leyland	24-02-2015	01-04-2015	Rayagada-Rtc	36
6	OD18A8106	Leyland	24-02-2015	01-04-2015	Rayagada-Rtc	36
7	OD18A8105	Leyland	24-02-2015	02-04-2015	Rayagada-Rtc	37
8	OD18A8103	Leyland	24-02-2015	02-04-2015	Rayagada-Rtc	37
9	OD18A8113	Leyland	24-02-2015	04-04-2015	Rayagada-Rtc	39
10	OD18A8112	Leyland	24-02-2015	04-04-2015	Rayagada-Rtc	39
11	OD16B5577	Tata-UI	26-12-2015	07-02-2016	Sundergarh	43
12	OD123677	Leyland	20-02-2014	08-04-2014	Phulbani	47
13	OD18A8108	Leyland	24-02-2015	13-04-2015	Rayagada-Rtc	48
14	OD15B5579	Tata-UI	26-12-2015	19-02-2016	Sundergarh	55
15	OD12A6508	Leyland	27-03-2017	24-07-2017	Phulbani-Rtc	119
16	OD12A6505	Leyland	27-03-2017	25-07-2017	Phulbani-Rtc	120
17	OD12A6504	Leyland	27-03-2017	26-07-2017	Phulbani-Rtc	121
18	OD16B5576	Tata-UI	26-12-2015	02-05-2016	Sundargarh	128
19	OD12A6507	Leyland	27-03-2017	06-08-2017	Phulbani-Rtc	132
20	OD12A6506	Leyland	27-03-2017	07-08-2017	Phulbani-Rtc	133
21	OD16B5578	Tata-UI	26-12-2015	20-06-2016	Sundergarh	177

Appendix - III

(Refer paragraph 8.1.3.2 at page 73)

Details of overstated crop loan disbursement

Sl. No.	Name of the Branch	Total Number of farmers	Amount of finance (in crore)	Fresh loan shown as disbursed by repaying old loan		
				Number of farmers having the loans	Amount (in crore)	Percentage of overstated crop loans
1	Jajpur	27,099	89.60	10,823	34.93	38.98
2	Kendrapara	32,414	90.44	15,402	43.27	47.84
3	Salipur,Cuttack	12,562	33.58	4,069	12.68	37.76
4	Jagatsinghpur	17,771	42.39	9,881	23.35	55.08
5	Digapahandi	8,130	24.68	2,079	6.36	25.77
6	Paralakhemundi	6,916	23.16	1,846	6.90	29.79
7	Balasore	20,421	61.94	6,534	19.01	30.69
8	Bhadrak	19,142	56.13	5,420	16.11	28.70
9	Nayagarh	11,569	23.34	3,642	10.35	44.34
Total		1,56,024	445.26	59,696	172.96	38.84

Appendix - IV

(Refer paragraph 8.6 at page 85)

Details of extra cost involved due to provision of manual excavation of earth instead of mechanical excavation

SI. No.	Name of the work	Estimated cost (₹ in crore)	Agreement Value (₹ in crore) Tender Premium/ Discount (in per cent)	Date of commencement and Schedule date of completion	Up to date expenditure (₹ in crore)	Quantity of earth work in estimate (in cum)	Rate provided by manual means (₹ per cum)	Rate for mechanical means (₹ per cum)	Excess rate provided in estimate (₹ per cum)	Amount of extra cost (₹ in crore)	Undue benefit to contractor including tender premium / discount (₹ in crore)	Quantity executed (in cum)	Excess Amount already passed on to the contractors (₹ in crore)
1	Water supply to tail end of 1C Distributory, 1C1 Distributory & 1C2 Distributory of Jajpur canal system for stabilization of lost ayacut for 2016-17	1.05	0.88	04.03.17 03.02.18	0.74	33,970	73.60	16.55	57.05	0.19	0.16	28,152	0.14
			(-) 14.99										
2	Stabilisation of lost ayacut of Distributory No.7 for HLC Range III system for the year 2016-17	0.70	1.52	25.12.16 24.11.17	0.47	21,422	73.60	16.55	57.05	0.12	0.10	21,377	0.10
			(-) 14.99										
3	Stabilisation of lost ayacut of Distributory No.5 of HLC Range III system for the year 2016-17	1.10				34,895	73.60	16.55	57.05	0.20	0.17	0	0.00
4	Water Supply to Tail End of Distributory No.3(B) of HLC Range III for stabilisation of lost ayacut for 2016-17	0.92	0.78	22.12.16 21.07.17	0.77	31,103	73.60	16.55	57.05	0.18	0.15	31,100	0.15
			(-) 14.99										
5	Improvement to communication facility of 1 Distributory of Jajpur canal from Katia to Keruna, Distributory No.2 from Sankhanali to Markandapur and 1 main Distributory from Sundarimuhan to Katikata under NABARD Assistance RIDF - XIX	6.01	6.24	02.01.16 01.06.17	5.53	52,982	55.20	16.55	38.65	0.21	0.22	42,320	0.17
			4.99										

SI. No.	Name of the work	Estimated cost (₹ in crore)	Agreement Value (₹ in crore) Tender Premium/ Discount (in per cent)	Date of commencement and Schedule date of completion	Up to date expenditure (₹ in crore)	Quantity of earth work in estimate (in cum)	Rate provided by manual means (₹ per cum)	Rate for mechanical means (₹ per cum)	Excess rate provided in estimate (₹ per cum)	Amount of extra cost (₹ in crore)	Undue benefit to contractor including tender premium / discount (₹ in crore)	Quantity executed (in cum)	Excess Amount already passed on to the contractors (₹ in crore)
6	Restoration and Communication facility to Nuamahara left TRE from RD 00 km to 20.00 km from Naubanka to Gahirapal under NABARD Assistance	24.76	27.24	04.03.14 03.9.15	26.61	8,79,315	53.76	16.55	37.21	3.27	3.60	3,18,761	1.31
			10.04										
7	Restoration and Improvement to communication facility to Jariguide Bundha from RD 00 Km to RD 6.30 Km on Kharasuan Left under NABARD assistance RIDF-XIX	5.10	5.61	04.03.14 03.09.15	5.09	84,020	53.76	16.55	37.21	0.31	0.37	84,020	0.37
			17.36										
8	Repair and restoration to capital embankment No-2A on Baitarani Right from Kianalikula to Devigada	13.38	16.16	04.04.13 03.03.14	11.34	74,170	53.76	16.55	37.21	0.28	0.32	68,037	0.29
			14.22										
9	Repair and restoration to capital embankment No-2A on Baitarani Right from Devigada to Sundarimuhan	12.47	15.08	04.04.13 03.03.14	9.45	91,584	53.76	16.55	37.21	0.34	0.40	87,122	0.38
			16.34										
10	Improvement to communication facility on Baitarani Left from NH-5 at Akhuapada to Balighai Bridge under NABARD Assistance (RIDF- XVI)	8.95	7.99	01.01.15 01.07.16	8.61	1,41,383	53.76	16.55	37.21	0.53	0.47	2,19,951	0.73
			(-) 10.70										
11	Raising, strengthening and Protection to Nuapada Trilochanpur TRE on Budha Right from Jamuna Nallah to Adanga Bridge from RD 00 to RD 6.0 Km (under NABARD Assistance RIDF-	13.12	14.43	04.03.14 03.09.15	13.52	1,97,683	77.28	16.55	60.73	1.20	1.32	1,12,317	0.75
			10.00										

SI. No.	Name of the work	Estimated cost (₹ in crore)	Agreement Value (₹ in crore) Tender Premium/ Discount (in per cent)	Date of commencement and Schedule date of completion	Up to date expenditure (₹ in crore)	Quantity of earth work in estimate (in cum)	Rate provided by manual means (₹ per cum)	Rate for mechanical means (₹ per cum)	Excess rate provided in estimate (₹ per cum)	Amount of extra cost (₹ in crore)	Undue benefit to contractor including tender premium / discount (₹ in crore)	Quantity executed (in cum)	Excess Amount already passed on to the contractors (₹ in crore)
	XIX)												
12	Improvement to Communication facility of C.E. No-3A on Baitarani Right from Railway line to NH-5 from RD 00 Km to 9.300 Km (under NABARD Assistance RIDF- XVIII)	10.54	9.71 (-) 7.92	01.01.15 01.07.16	10.56	1,58,580	33.15	16.55	16.60	0.26	0.24	2,68,220	0.41
13	Protection to scoured bank on Kharasuan left from Jahal to Badabanta and Paridabadabanta TRE (under NABARD Assistance RIDF- XVIII)	11.17	12.55 13.56	20.2.14 19.2.16	10.76	2,70,596	33.15	16.55	16.60	0.45	0.51	2,91,947	0.55
14	Raising and strengthening to right embankment of Baitarani river from Balarampur to Gahiriapal with Communication facility (under NABARD Assistance RIDF- XVIII)	14.98	17.89 19.40	07.11.13 06.11.15	8.38	4,14,680	53.76	16.55	37.21	1.54	1.84	3,51,287	1.56
	Total	124.25	136.08		111.83	24,86,383				9.08	9.87	19,24,611	6.90

Appendix V
(Refer paragraph 8.8 at page 87)
Details of Undue benefit to Contractors

Sl. No.	Name of the work	Estimated Cost (₹ in crore)	Agreement Value (₹ in crore)/ Tender Premium/ Discount (in per cent)	Date of commencement & completion	Amount Paid (₹ in crore)	Quantity of earth work (in cum)	Rate of compaction taken per cum	Actual rate as per SoR	Difference per cum	Extra Cost (₹ in crore)	Extra cost after Tender Premium/ Discount (₹ in crore)	Quantity executed (in cum)	Extra cost (₹ in crore)
1	Flood protection work on left flood bank of River Rushikulya from Village Nabaratnapur to K. Raisingipur Sasan under NABARD Assistance R.I.D.F-XXII (Package No. II from RD 1200m to 2500m) (Bhanjanagar Irrigation Division)	2.43	2.06	28.06.17 27.09.18	1.26	63,140	30.40	10.76	19.64	0.12	0.11	61,016	0.10
			(-) 14.99										
2	Flood protection work on left flood bank of River Rushikulya from Village Nabaratnapur to K. Raisingipur Sasan under NABARD Assistance R.I.D.F-XXII (Package No. III from RD 2500m to 3700m) (Bhanjanagar Irrigation Division)	2.30	1.96	16.06.17 15.09.18	1.71	63,849	30.40	10.76	19.64	0.13	0.11	61,559	0.10
			(-) 14.99										
3	Flood protection work on left flood bank of River Rushikulya from Village Sunambo to H.L Bridge over S.H-7 near Aska under NABARD Assistance R.I.D.F- XXII (Package No. I from RD 3700 mtr to 5500 mtr) (Bhanjanagar Irrigation Division)	2.34	1.99	20.09.17 19.09.18	1.35	61,698	30.40	10.76	19.64	0.12	0.10	57,825.73	0.10
			(-) 14.99										
4	Flood protection work on left flood bank of River Rushikulya from Village Sunambo to H.L Bridge over S.H-7 near Aska under NABARD Assistance R.I.D.F- XXII (Package No. II from RD 5500 mtr to 7200 mtr) (Bhanjanagar Irrigation Division)	2.29	1.95	21.09.17 20.09.18	1.50	62,404	30.40	10.76	19.64	0.12	0.10	60,844	0.10
			(-) 14.99										

Sl. No.	Name of the work	Estimated Cost (₹ in crore)	Agreement Value (₹ in crore)/ Tender Premium/ Discount (in per cent)	Date of commencement & completion	Amount Paid (₹ in crore)	Quantity of earth work (in cum)	Rate of compaction taken per cum	Actual rate as per SoR	Difference per cum	Extra Cost (₹ in crore)	Extra cost after Tender Premium / Discount (₹ in crore)	Quantity executed (in cum)	Extra cost (₹ in crore)
5	Flood protection work on left flood bank of River Rushikulya from Village Sunambo to H.L Bridge over S.H-7 near Aska under NABARD Assistance R.I.D.F- XXII (Package No. III from RD 7200 mtr to 8100 mtr) (Bhanjanagar Irrigation Division)	2.31	1.96	21.09.17 20.09.18	1.70	64,136	30.40	10.76	19.64	0.13	0.11	60,115	0.10
			(-) 14.99										
6	Flood protection work on left flood bank of River Rushikulya from Village Jahada to Nandighore under NABARD Assistance R.I.D.F- XXII (Package No. I from RD 00 to 1400 mtr) (Bhanjanagar Irrigation Division)	2.58	2.19	10.06.17 15.09.18	1.81	63,547	30.40	10.76	19.64	0.13	0.11	61,041	0.10
			(-) 14.99										
7	Improvement to right flood bank of River Kokolaba from village Gayaganda to Baradanda (Gayaganda to Barapalli) under NABARD Assistance R.I.D.F- XXII (Package No. I) (Bhanjanagar Irrigation Division)	3.63	3.44	22.11.17 21.09.18	2.81	2,05,352	30.40	10.76	19.64	0.40	0.38	1,83,900	0.34
			(-) 5.19										
8	Improvement to right flood bank of river Kokolaba from village Gayaganda to Baradanda (Dangabhuin to Tarasingi) under NABARD Assistance R.I.D.F – XXII (Package No.- III) (Bhanjanagar Irrigation Division)	2.51	2.50	18.11.17 17.09.18	0.44	1,30,343	30.40	10.76	19.64	0.26	0.26	27,750	0.05
			(-) 0.50										
9	Improvement to right flood bank of river Kokolaba from village Gayaganda to Baradanda (Barapalli to Dangabhuin) under NABARD Assistance R.I.D.F – XXII (Package No.- II) (Bhanjanagar Irrigation Division)	2.84	2.81	22.11.17 21.09.18	2.48	1,64,299	30.40	10.76	19.64	0.32	0.32	1,56,800	0.30
			(-) 1.00										

Sl. No.	Name of the work	Estimated Cost (₹ in crore)	Agreement Value (₹ in crore)/ Tender Premium/ Discount (in per cent)	Date of commencement & completion	Amount Paid (₹ in crore)	Quantity of earth work (in cum)	Rate of compaction taken per cum	Actual rate as per SoR	Difference per cum	Extra Cost (₹ in crore)	Extra cost after Tender Premium/ Discount (₹ in crore)	Quantity executed (in cum)	Extra cost (₹ in crore)
10	Improvement to right flood bank of river Kokolaba from village Gayaganda to Baradanda (Tarasingi to Baradanda) under NABARD Assistance R.I.D.F – XXII (Package No.- IV) (Bhanjanagar Irrigation Division)	3.41	3.38	14.11.17 13.09.18	2.32	1,90,752	30.40	10.76	19.64	0.38	0.37	1,45,700	0.28
			(-) 0.91										
11	Improvement to right flood bank of river Baghua from RD 00 to 10550 m under NABARD Assistance RIDF- XX (Package No. V from RD 5450 mtr to 7450 mtr) (Bhanjanagar Irrigation Division)	3.29	2.79	20.09.17 19.05.18	1.72	49,764	30.40	10.76	19.64	0.10	0.08	46,978	0.08
			(-) 14.99										
12	Improvement to right flood bank of river Baghua from RD 00 to 10550 mtr. under NABARD Assistance RIDF- XX (Package No. III from RD 2470 mtr to 3670 mtr) (Bhanjanagar Irrigation Division)	3.03	2.58	21.09.17 20.05.18	0.25	76,452	30.40	10.76	19.64	0.15	0.13	15,277	0.02
			(-) 14.99										
13	Flood protection work on left flood bank of River Rushikulya from village Jahada to Nandighore under NABARD Assistance R.I.D.F- XXII (Package No. II from RD 1400 mtr. to 2800 mtr.) (Bhanjanagar Irrigation Division)	2.82	2.40	05.07.17 04.10.18	1.21	62,041	30.40	10.76	19.64	0.12	0.10	46,411	0.08
			(-) 14.99										
14	Improvement to left flood bank of River Badanadi from village Lunabali to Baruda (Lunabali to Samarda) under NABARD Assistance R.I.D.F- XXII (Package No.- I) (Bhanjanagar Irrigation Division)	1.67	1.59	22.11.17 21.09.18	0.97	84,500	30.40	10.76	19.64	0.17	0.16	64,500	0.12
			(-) 4.99										

Sl. No.	Name of the work	Estimated Cost (₹ in crore)	Agreement Value (₹ in crore)/ Tender Premium/ Discount (in per cent)	Date of commencement & completion	Amount Paid (₹ in crore)	Quantity of earth work (in cum)	Rate of compaction taken per cum	Actual rate as per SoR	Difference per cum	Extra Cost (₹ in crore)	Extra cost after Tender Premium / Discount (₹ in crore)	Quantity executed (in cum)	Extra cost (₹ in crore)
15	Improvement to left flood bank of River Badanadi from village Lunabali to Baruda (Samarda to Tilisingi) under NABARD Assistance R.I.D.F- XXII (Package No.- II) (Bhanjanagar Irrigation Division)	2.10	2.09	18.11.17 17.09.18	0.82	1,00,924	30.40	10.76	19.64	0.20	0.20	51,450	0.10
			(-) 0.80										
16	Improvement to left flood bank of River Badanadi from village Lunabali to Baruda (Tilisingi to Baruda) under NABARD Assistance R.I.D.F- XXII (Package No.- III) (Bhanjanagar Irrigation Division)	2.99	2.98	18.11.17 17.09.18	1.59	1,44,000	30.40	10.76	19.64	0.28	0.28	1,00,800	0.20
			(-) 0.50										
17	Improvement to left flood bank of River Badanadi from village Lunabali to Baruda (Baruda to Kamalabadi) under NABARD Assistance R.I.D.F- XXII (Package No.- IV) (Bhanjanagar Irrigation Division)	2.91	2.88	22.11.17 21.09.18	1.60	1,38,697	30.40	10.76	19.64	0.27	0.27	1,02,195	0.20
			(-) 1.00										
18	Improvement to left flood bank of River Badanadi from village Haripur to Kurulei (Ustia to Dhumuchai) under NABARD Assistance R.I.D.F- XXII (Package No.-III) (Bhanjanagar Irrigation Division)	2.48	2.34	16.01.18 15.11.18	2.20	84,295	30.40	10.76	19.64	0.17	0.16	80,712	0.15
			(-) 5.75										
19	Improvement to left flood bank of River Badanadi from village Haripur to Kurulei (S. Mahulia to Ustia) under NABARD Assistance R.I.D.F- XXII (Package No.-II) (Bhanjanagar Irrigation Division)	2.47	2.32	16.01.18 15.11.18	2.28	87,830	30.40	10.76	19.64	0.17	0.16	85,647	0.16
			(-) 5.70										

Sl. No.	Name of the work	Estimated Cost (₹ in crore)	Agreement Value (₹ in crore)/ Tender Premium/ Discount (in per cent)	Date of commencement & completion	Amount Paid (₹ in crore)	Quantity of earth work (in cum)	Rate of compaction taken per cum	Actual rate as per SoR	Difference per cum	Extra Cost (₹ in crore)	Extra cost after Tender Premium/ Discount (₹ in crore)	Quantity executed (in cum)	Extra cost (₹ in crore)
20	Improvement to left flood bank of River Badanadi from village Haripur to Kurulei (Haripur to S. Mahulia) under NABARD Assistance R.I.D.F- XXII (Package No.-I) (Bhanjanagar Irrigation Division)	2.37	2.39	22.11.17 21.09.18	2.25	88,193	30.40	10.76	19.64	0.17	0.18	85,272	0.17
1.04													
21	Improvement to left flood bank of River Badanadi from village Raipalli to Golapara (Khapara to Golapara) under NABARD Assistance R.I.D.F- XX (Package No.-IV) (Bhanjanagar Irrigation Division)	2.52	2.14	08.05.18 07.04.19	1.08	20,850	26.50	10.76	15.74	0.03	0.02	19,494	0.03
(-) 14.99													
22	Improvement to Mahanadi left embankment from Baliput to Odisinga including protection to scoured bank under NABARD Assistance RIDF-XX (Mahanadi North Division)	20.08	17.07	30.11.16 29.11.18	8.34	5,09,288	41.36	10.76	30.60	1.56	1.32	2,34,984	0.61
(-) 14.99													
23	Raising and strengthening of left and right embankments of river Sapua from Naduapada to Kantola in Athagarh Block of Cuttack District under NABARD Assistance R.I.D.F- XXII (Mahanadi North Division)	10.21	9.01	30.05.18 29.11.19	0.24	1,15,379	41.36	10.76	30.60	0.35	0.31	16,853	0.05
(-) 11.78													
24	Construction of flood protection embankment on Tel Left from Belgam to Ampali RD.290 mtr. to 6480 mtr. under NABARD Assistance - RIDF - XX (Bolangir Irrigation Division)	11.81	10.04	21.11.16 20.05.18	8.61	4,70,941	41.36	10.76	30.60	1.44	1.23	4,70,941	1.23
(-) 14.99													
25	Construction of flood protection embankment on Sonegarh Right from Sarasbahal To Hatisira (RD 00 to 3.00 Km) (Bolangir Irrigation Division)	3.95	3.36	23.12.16 22.09.17	3.36	1,06,004	41.36	10.76	30.60	0.32	0.27	1,05,715	0.28
(-) 14.99													

Sl. No.	Name of the work	Estimated Cost (₹ in crore)	Agreement Value (₹ in crore)/ Tender Premium/ Discount (in per cent)	Date of commencement & completion	Amount Paid (₹ in crore)	Quantity of earth work (in cum)	Rate of compaction taken per cum	Actual rate as per SoR	Difference per cum	Extra Cost (₹ in crore)	Extra cost after Tender Premium/ Discount (₹ in crore)	Quantity executed (in cum)	Extra cost (₹ in crore)
26	Construction of flood protection embankment on Tel Left from Ratakhandi to Singhatimal (Amdahan) RD 1280 mtr. to 4086 mtr. (Bolangir Irrigation Division)	4.78	4.06	03.03.17 02.03.18	4.06	2,17,611	41.36	10.76	30.60	0.67	0.57	2,27,476	0.59
			(-) 14.99										
27	Repair and restoration of flood protection embankment on Baitarani Right from Raghupur to Mathurapur under NABARD Assistance R.I.D.F - XXII (Jajpur Irrigation Division)	16.04	13.64	21.06.18 20.12.19	7.70	3,71,952	41.36	10.76	30.60	1.14	0.96	2,13,695	0.56
			(-) 14.99										
28	Raising strengthening & protection to left flood bank of River Baitarani from Balighai to Dehudi Anandapur under NABARD Assistance R.I.D.F- XXII (Jajpur Irrigation Division)	14.7	12.49	05.06.18 04.12.19	3.65	6,61,408	41.36	10.76	30.60	2.02	1.72	2,11,835	0.55
			(-) 14.99										
29	Restoration and protection to left saline embankment on River Baitarani from Bodak to Tinter Ghat under NABARD Assistance R.I.D.F. - XXII (Jajpur Irrigation Division)	9.80	8.16	23.02.18 24.03.19	5.44	1,81,065	41.36	10.76	30.60	0.55	0.47	1,36,155	0.35
			(-) 14.99										
Total		146.66	128.57		74.75	46,40,714				11.99	10.56	31,92,941	7.10

Appendix – VI

(Refer paragraph 8.10 at page 90)

Statement showing Inspection Reports/ Paragraphs issued up to 31 March 2019 but not settled by 30 June 2019

Sl. No.	Name of the Department	Inspection Reports awaiting settlement (Up to June 2019)		Inspection Reports awaiting settlements for more than 10 years		Inspection Reports to which even first reply has not been received
		Number of Inspection Reports	Number of Paragraphs	Number of Inspection Reports	Number of Paragraphs	Number of Reports
1	Agriculture and Farmers' Empowerment	479	1,684	169	378	27
2	Cooperation	108	437	22	60	12
3	Energy	203	535	81	162	18
4	Forest and Environment	533	1,522	221	602	0
5	Fisheries and Animal Resources Development	497	1,871	201	480	146
6	Industries	16	50	02	02	02
7	MSME	155	754	50	136	52
8	Skill Development and Technical Education	132	534	67	160	16
9	Textile, Handloom and Handicraft	72	321	01	02	24
10	Tourism	25	91	04	06	08
11	Water Resources	409	1,039	165	270	31
12	Works	352	990	148	230	11
Total		2,981	9,828	1,131	2,488	347

Appendix – VII

(Refer paragraph 8.10 at page 90)

Statement showing the year-wise break up of outstanding Inspection Reports/ Paragraphs issued up to 31 March 2019 but not settled by 30 June 2019

Year	Number of Inspection Reports	Number of Paragraphs
1984-85	01	01
1985-86	02	03
1986-87	01	01
1987-88	02	03
1988-89	03	10
1989-90	07	15
1990-91	06	07
1991-92	11	15
1992-93	21	36
1993-94	15	31
1994-95	16	43
1995-96	24	51
1996-97	34	53
1997-98	22	45
1998-99	30	55
1999-00	41	83
2000-01	66	194
2001-02	64	165
2002-03	67	136
2003-04	103	252
2004-05	103	211
2005-06	117	228
2006-07	128	273
2007-08	114	243
2008-09	133	334
2009-10	168	386
2010-11	201	580
2011-12	69	178
2012-13	197	690
2013-14	135	441
2014-15	150	542
2015-16	203	834
2016-17	244	1,130
2017-18	246	1,127
2018-19	237	1,432
Total	2,981	9,828

Appendix – VIII

(Refer paragraph 8.10 at page 90)

Statement showing serious irregularities noticed and reported in Inspection Reports

Sl. No.	Nature of the objection	Number of Paragraphs	Amount (in crore)
A. Non-Compliance with rules and regulations			
1	Infructuous/ Unfruitful/ Avoidable/ Extra liability/ Excess expenditure	48	2.09
2	Inadmissible/ irregular payment	-	-
3	Advance payment/less recovery of advance	-	-
Sub-total (A)		48	2.09
B. Audit against propriety/ expenditure without justification			
4	Excess payment to firms/ contractors	03	0.06
5	Loss, misappropriation and shortage of stores	-	-
6	Unauthorised expenditure	02	7.01
7	Undue financial aid to contractors/ firms	30	1.78
Sub-total (B)		35	8.85
C. Persistent and pervasive irregularities			
8	Idle store/ surplus/ unserviceable store/ blockage of Government money	03	1.52
9	Retention of un-disbursed amount	-	-
10	Demurrage/penalty	01	0.15
11	Miscellaneous doubtful expenditure/ non submission of vouchers/ overdrawls etc.	-	-
12	Short/ non realisation of Government dues	03	0.25
Sub-total (C)		07	1.92
Grand total (A+B+C)		90	12.86

Glossary of Abbreviations

Glossary of Abbreviations

Sl. No.	Abbreviation	Description
1	AA	Assessing Authority
2	ACSIL	Aska Cooperative Sugar Industries Limited
3	AEP	Annual Excise Policy
4	AG	Accountant General
5	AoR	Analysis of Rates
6	ARCS	Assistant Registrar of Cooperative Societies
7	ASC	Agro Service Centres
8	ATM	Automated Teller Machine
9	AVR	Audit Visit Report
10	BER	Board's Excise Rules
11	BGGY	Biju Gaon Gadi Yojana
12	BIS	Bureau of Indian Standards
13	BL	Bulk Litre
14	BLC	Block Level Committee
15	BMV	Bench Mark Value
16	B&OE Act	Bihar and Odisha Excise Act
17	BS&B Basin	Baitarani, Subarnarekha & Budhabalanga Basin
18	CAG	Comptroller and Auditor General of India
19	CAAA	Certified Annual Audited Account
20	CBIC	Central Board of Indirect Taxes and Customs
21	CBS	Core Banking Solution
22	CC	Cement Concrete
23	CCA	Culturable Command Area
24	CCCB	Cuttack Central Cooperative Bank
25	CCS	Cooperative Credit Structure
26	CCT	Commissioner of Commercial Tax
27	CE	Chief Executive / Chief Engineer
28	CE&BM	Chief Engineer & Basin Manager
29	cft	Cubic Feet
30	CGST	Central Goods and Services Tax
31	CGWA	Central Ground Water Authority
32	CLSRP	Canal Lining and System Rehabilitation Programme
33	CP	Contractors' Profit
34	CS	Country Spirit
35	CST	Central Sales Tax
36	CT	Commercial Tax
37	cum	Cubic Meter
38	DCCB	District Central Cooperative Bank
39	DDM	<i>Deputy Director of Mines</i>

Sl. No.	Abbreviation	Description
40	DEO	District Excise Office
41	DFO	Divisional Forest Officer
42	DLC	District Level Committee
43	DMF	District Mineral Fund
44	DoWR	Department of Water Resources
45	DPC	Duties, Power and Conditions of Service
46	DPR	Detailed Project Report
47	DRCS	Deputy Registrar of Cooperative Societies
48	DSR	District Sub Registrar
49	ED	Excise Duty
50	EE	Executive Engineer
51	EIC	Engineer-in-Chief
52	EO	Excise Officer
53	EPC	Engineering Procurement and Construction
54	FSCS	Farmers' Service Cooperative Societies
55	ET	Entry Tax
56	GoO	Government of Odisha
57	GP	Gram Panchayat
58	GSTC	Good and Services Tax Council
59	GSTN	Good and Services Tax Network
60	GTO	Gross Turn Over
61	ha	Hectare
62	HL	High Level
63	HLC	High Level Canal
64	ID	Identification
65	IDEA	Interactive Data Extraction and Analysis
66	IFSC	Indian Financial System Code
67	IGR	Inspector General of Registration
68	IGST	Integrated Goods and Services Tax
69	IMFA	Indian Metals and Ferro Alloys Ltd
70	IMFL	Indian Made Foreign Liquor
71	IR	Inspection Report
72	IS	Indian Stamp
73	IT	Information Technology
74	ITC	Input Tax Credit
75	ITDA	Integrated Tribal Development Agency
76	KCC	Kisan Credit Card
77	Km	Kilometre
78	KSA	Krushak Sampark Abhijan
79	LAMPCS	Large sized Adivasi Multipurpose Cooperative Societies
80	LPL	London Proof Litre
81	LWE	Left Wing Extremist

Sl. No.	Abbreviation	Description
82	MC	Mineral Concession
83	MCD	Mineral Conservation and Development
84	MGQ	Minimum Guaranteed Quantity
85	MIS	Management Information System
86	MMDR	Mines and Minerals Development Regulation
87	MoRT&H	Ministry of Road Transport and Highways
88	MPLS	Multi Protocol Level Switching
89	MSME	Micro, Small and Medium Enterprises
90	MTL	Medium Term Loan
91	Mtr	Metre
92	MV	Motor Vehicle
93	NABARD	National Bank for Agriculture and Rural Development
94	NH	National Highway
95	NIC	National Informatics Centre
96	NOC	No Objection Certificate
97	NMET	National Mineral Exploration Trust
98	OAIC	Odisha Agro Industries Corporation
99	OCC	Odisha Construction Corporation
100	OET	Odisha Entry Tax
101	OFDC	Odisha Forest Development Corporation
102	OHC	Over Head Charges
103	OMV	Odisha Motor Vehicles
104	OMVT	Odisha Motor Vehicles Taxation
105	OPWD	Odisha Public Works Department
106	OSBC	Odisha State Beverage Corporation
107	OSCB	Odisha State Cooperative Bank
108	OSRTC	Odisha State Road Transport Corporation
109	OST	Odisha Sales Tax
110	OSWAN	Odisha State Wide Area Network
111	OVAT	Odisha Value Added Tax
112	PAC	Public Accounts Committee
113	PACS	Primary Agricultural Cooperative Societies
114	PAG	Principal Accountant General
115	PAN	Permanent Account Number
116	PCCF	Principal Chief Conservator of Forest
117	PD-cum-CE	Project Director-cum-Chief Engineer
118	PLTC	Project Level Tender Committee
119	PMU	Project Management Unit
120	PoA	Power of Attorney
121	PP	Permanent Permit

Sl. No.	Abbreviation	Description
122	PPP	Public Private Partnership
123	PT	Permanent Tax
124	RA	Registering Authority
125	RCS	Registrar of Cooperative Societies
126	RD	Reduced Distance
127	R&DMD	Revenue and Disaster Management Department
128	RF	Registration Fee
129	RIDF	Rural Infrastructure Development Fund
130	RKVY	Rashtriya Krishi Vikas Yojana
131	RO	Registering Officer
132	ROM	Run of Mine
133	RTO	Regional Transport Office
134	SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest
135	SC	Stage Carriage
136	SD	Stamp Duty
137	SDLC	Sub-Division Level Committee
138	SE	Superintendent of Excise
139	SFR	Sheep Foot Roller
140	SFTP	Secure File Transfer Protocol
141	SGST	State Goods and Services Tax
142	SH	State Highway
143	SOP	Standard Operating Procedure
144	SoR	Schedule of Rates
145	SR	Sub-Registrar
146	STA	State Transport Authority
147	STCCS	Short Term Cooperative Credit Structure
148	STL	Short Term Loan
149	SQL	Structured Query Language
150	TC	Transport Commissioner
151	TDS	Tax Deducted at Source
152	TP	Temporary Permit
153	TRC	Tax Recovery Certificate
154	TRE	Test Relief Embankment
155	TTO	Taxable Turn Over
156	UD	Undetected
157	UTGST	Union Territory Goods and Services Tax
158	VAT	Value Added Tax
159	VATIS	Value Added Tax Information System
160	VPN	Virtual Private Network
161	VRR	Vibratory Road Roller
162	VSAT	Very Small Aperture Terminal

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