

Section A (Part-II)
Chapter-V
Compliance Audit
(Non-Power Sector PSUs)

Chapter-V

COMPLIANCE AUDIT

Andhra Pradesh State Housing Corporation Limited

5.1 Wasteful expenditure on establishing Housing Information Centres

Andhra Pradesh State Housing Corporation Limited (Company) established the Housing Information Centres in the entire State without assessing the possibility of the beneficiaries approaching the HICs for enquiries. Due to this, the Company incurred a wasteful expenditure of ₹ 16.77 crore towards monthly payments to the agency.

In the review meeting (21 May 2013) of State Council for Development of Scheduled Castes and Schedule Tribes, the Minister for Housing, GoAP desired to create Housing Information Centres (HICs) at the Assembly Constituency level with a dedicated officer who can operate computer and inform the status of houses sanctioned, payments etc., throughout the day to all the beneficiaries and public representatives who come to the office.

The Company issued a circular¹³⁴ (May 2013) wherein it was decided to outsource the activity of creation and handling of HICs at Constituency level to M/s.M.K.Enterprises (Agency), which was acting as outsourcing agent for supply of manpower to the Company. The remuneration fixed was ₹ 20,000 per month¹³⁵ per HIC. The main objective of HIC was to answer queries of all the beneficiaries and general public regarding sanction of houses, release of payments etc., by verifying the housing website. Further, as per the circular, performance of the Agency has to be reviewed after three months and renewed for the subsequent quarters based on the performance.

The Company entered (July 2013) into an agreement with the Agency for establishing and handling HICs at 261 locations (Assembly Constituency level in erstwhile combined State of Andhra Pradesh). The agreement was entered into for an initial period of one year from the date of agreement and was extendable for further periods with mutual consent. The Company decided (June 2013) to set up HICs at Mandal level also, and entrusted the work to the same Agency for the same remuneration and requested (July & August 2013) the GoAP for approval. GoAP approved (September 2013) the request of the Company. Accordingly, the Company established 850 HICs at Mandal level also and entered (November 2013) into a supplementary agreement with the Agency. The period of the supplementary agreement was for one year from the date of establishing HICs at Mandal level. Subsequently, based on the

¹³⁴ Company issued an Order Proc.No.6954/A6(2)/2013 dated 25 May 2013. The Orders stipulated the role and responsibilities of the Information Assistant of HIC. As per the agreement with the Agency, the terms and conditions set out in the above order are agreed to execute HIC Management Services.

¹³⁵ Including wages to the Information Assistant, maintenance of all infrastructure including net connection charges, printing and stationery charges, etc.

instructions of Minister for Housing in a review meeting (January 2014), the Company directed all its Project Directors to give wide publicity to create awareness about HICs. Company also directed to submit a consolidated functioning report of all HICs by end of every month to the Head Office. The Company however, decided to close all HICs, as all the Project Directors in a meeting (June 2014) with expressed that HICs are not in full use and unanimously agreed to dispense HICs with immediate effect. Further, the Company also decided to close HICs due to its financial crisis. Company, issued notice (July 2014) to the Agency to dispense and close all the HICs. Accordingly, all the HICs at Constituency and Mandal level were closed. The Company had incurred a total expenditure of ₹ 16.77 crore towards monthly payments to the Agency during the period from July 2013 to June 2014.

Audit observed that the Company had established HICs in the entire State in one phase without assessing the possibility of the beneficiaries approaching the HICs for enquiries. This was evident from the fact that the Project Directors in a meeting (June 2014) expressed that the HICs were not useful and unanimously agreed to dispense with HICs immediately. Audit also observed that the Company had appointed the Agency on nomination basis and fixed the monthly charges per HIC without proper analysis of the cost involved. Audit further observed that the Agency had not provided any data on how many visitors made enquiries with the HICs. Though the Agency was to be paid based on the daily work log report of the Information Assistant and was to submit suitable MIS Report to the Company while claiming service charges, no such reports were submitted by the Agency. Also, the payments were made by the Company merely on the basis of a statement showing operation of HICs.

Thus, by not carrying out any assessment of the usefulness of the HICs before establishing, making payments without any MIS Reports and ultimately closing them, the very purpose for which the HICs were established was not served. This resulted in wasteful expenditure of ₹ 16.77 crore by the Company.

Government in reply stated (November 2018) that HICs were established as per the decision of Hon'ble Minister for Housing. They further stated regarding performance of HICs that the number of beneficiaries who approached HICs and details of their requests were entered in a register at the Unit level, and the information was submitted to the Head Office every month and payments were made to the Agency accordingly.

However, the Company did not produce information on beneficiaries/ general public who had approached HICs for information. Further, Company had maintained only the information on functioning of computers and number of hours worked by Computer Assistants in the HICs. Thus, due to not carrying out any assessment before establishing the HICs, the Company had closed the HICs within one year after incurring expenditure of ₹ 16.77 crore.