

Chapter III

Compliance Audit Observations

Youth Advancement, Tourism & Culture (Sports) Department

3.1 Promotion of Sports in Telangana State

3.1.1 Introduction

In furtherance of the intention that sports should be an essential element in human resource development strategy, Government formulated (April 2000) Andhra Pradesh Sports Policy¹. This policy proposes to broad base the sports for youth², in school or in higher education while providing special opportunities for the socially deprived and women. Apart from universalisation of sports opportunities, it proposes to unearth latent sports talent in youth and lead them towards peaks of sports excellence.

After formation of Telangana State, the Government continued implementation of Andhra Pradesh Sports Policy, 2000. Further, Government adopted³ (January 2016) the existing Andhra Pradesh Sports Authorities Act, 1988 (Act). Accordingly, Sports Authority of Telangana State (SATS) was established as a principal policy formulating body for sports and entrusted with various duties⁴ for promotion of sports in the State.

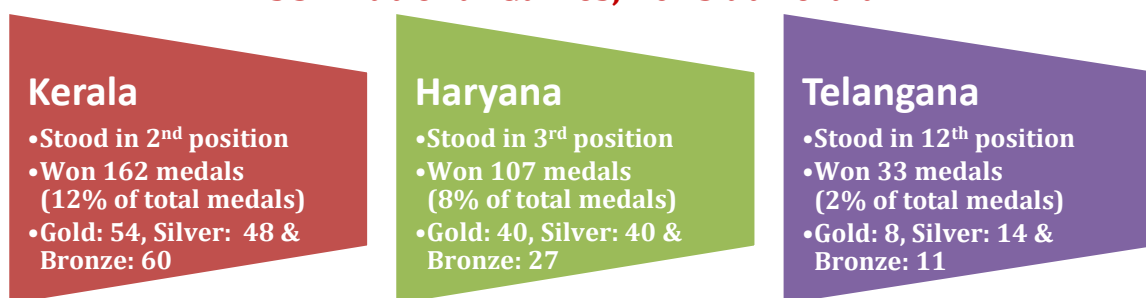
SATS functions under the overall control of the Principal Secretary of Youth Advancement, Tourism & Culture (Sports) Department. SATS consists of a Chairman, seven other members⁵ and a Vice-Chairman and Managing Director⁶ (ex-officio VC&MD).

Performance of State in National Games

The performance of the State⁷ in National Games was, however, discouraging when compared to other smaller States⁸ like Kerala and Haryana.

The State represented in the National Games held (January/February 2015) at Kerala with 197 players. The State participated only in 15 out of 35 disciplines and was able to win 33 medals (2 per cent of total medals awarded) in nine disciplines, as visualised below.

35th National Games, 2015 at Kerala



(Total no. of medals awarded: 1,334)

¹ Vision 2020 (Long term policy for promotion of sports) in the combined State

² whether rural or urban

³ retrospectively from the date of formation of the new State, i.e., June 2014

⁴ *inter alia* (i) Approval of Sports Calendar of the State; (ii) Implementation of all the sports programmes of GoI through District Sports Authorities (DSAs) and Mandal Sports Authorities (MSAs); (iii) Co-ordination of all games, sports and physical education activities in all educational institutions; (iv) Creation of sports infrastructure at State, District and Mandal level; (v) Creation of posts in SATS; (vi) Augmentation of revenue from sports activities, leasing out properties; etc.

⁵ nominated by Government

⁶ who is the chief executive of the Authority

⁷ being the 12th most populated State with population of 3.53 crore (2.97 per cent) as per Census 2011

⁸ Population of 3.33 crore (Kerala) and 2.54 crore (Haryana) as per Census 2011

In this backdrop, Audit analysed the activities of the State in firming up/augmenting sports performance among youth as envisaged in Sports Policy.

3.1.2 Audit Framework

Audit of the SATS was carried out between March – July 2017 covering the period June 2014 to June 2017 to assess the adequacy of implementation of Sports Policy in terms of:

- ⇒ allocation of funds/resource mobilisation and its utilisation for nurturing sports excellence, infrastructure and self sufficiency of sports administering bodies;
- ⇒ efforts made for promotion of sports activities to achieve universalised participation and excellence in sports performance; and
- ⇒ universal access to sports infrastructure.

Audit methodology involved examination of records of the SATS and four⁹ out of 10 DSAs¹⁰. Audit also carried out scrutiny of records and joint physical verification of all the existing three¹¹ Sports Schools, two¹² Sports Academies and lone Regional Sports Hostel, Warangal in the State. Besides, Audit conducted physical verification of 61¹³ sampled educational institutions in the four sampled districts to assess adequacy of participation in sports, sports infrastructure and coaches in the institutions.

Audit findings were benchmarked against the criteria sourced from Sports Policy, Act, as adopted by Telangana State and Government instructions issued from time to time.

Replies of VC&MD and the Government to the Audit observations have been considered/ incorporated at appropriate places in the report.

Audit findings

3.1.3 Planning

- (i) *SATS is an apex institution of the Government engaged in promotion of sports in the State. As per Section 3 of the Act, a full-fledged governing body¹⁴ shall be appointed to the SATS. Further, as per Sections 7 & 10 of the Act and Para 13 of the Sports Policy, the administrative structure shall have roots from VSAs¹⁵, MSAs¹⁶, DSAs¹⁷ and extend to State level authority (i.e., SATS).*

Audit observed that the Government appointed Chairman to SATS only in October 2016. Other members (except VC&MD) were yet to be appointed as of January 2018.

⁹ Hyderabad, Medak, Nizamabad and Warangal

¹⁰ Districts were reorganised into 31 districts with effect from October 2016

¹¹ Telangana State Sports Schools, Hakimpet (Rangareddy district) and Adilabad; and Regional Sports School, Karimnagar

¹² Cycling & Wrestling Academy, Hyderabad and Athletics Academy (Boys), Khammam

¹³ Being one *per cent* of total educational institutions (including Government, private (aided), private (un-aided), Zilla Praja Parishad and Mandal Praja Parishad schools) in the sampled districts viz., Hyderabad (16), Medak (15), Nizamabad (13) and Warangal (17)

¹⁴ Consisting of a Chairman, an Ex-Officio VC&MD and seven other members selected out of outstanding personnel in the field of sports and physical education

¹⁵ Village Sports Authorities

¹⁶ Mandal Sports Authorities

¹⁷ District Sports Authorities

In the four sampled districts, the DSAs were functioning without eminent sports personalities as members of the DSAs as required under the Act. Further, the VSAs and the MSAs were not constituted by the Government as of January 2018.

Government replied (February 2018) that an Adhoc Body¹⁸ was constituted (November 2017) and functioning at the apex level in the SATS. It was further stated that instructions were issued to all the District Collectors to form MSAs and VSAs so as to take development measures in sports for spotting talent from grassroot level.

Specific reasons for non-constitution of a full-fledged governing body¹⁹ including the outstanding personnel in the field of sports and physical education were, however, not furnished by Government.

Thus, fully functional administrative structure at apex level and root level functionaries were absent in the Sports Authority. This adversely impacted on the sports promotion and creation of infrastructure, as discussed in the succeeding paragraphs.

- (ii) *As per Section 4 of the Act, the SATS being the principal policy formulating body in the State shall approve the Sports Calendar of the State.*

During 2014-17, SATS, however, did not prepare the annual sports calendar for the State. SATS was confined to approving annual sports activities to be organised and submitted by individual sports associations and was releasing financial assistance to them. ***Thus, there was no proactive planning for promotion of sports in the State.***

SATS attributed (March 2017) non-preparation of State Sports Calendar to absence of a full-fledged governing body.

- (iii) *As per Para 15 of Sports Policy, there should be a data bank of all sports persons along with their performance graphs at SATS with the objective to achieve sports excellence. Further, SATS should computerise the data of all sports persons above the district level.*

Audit, however, observed that SATS did not maintain any comprehensive data bank consisting of details of all sports persons along with their performance. It was also observed that none of the DSAs of sampled districts had maintained data bank (either in physical form or computerised data) with regard to sports personnel and their performance.

In the absence of data bank of sports persons and evaluation of their performance, career improvement of sports persons was not possible in an organised and planned manner.

Government replied (February 2018) that the newly formed sports associations in the State were unable to provide details of players and their achievements at various levels/tournaments. It was further stated that necessary steps would be taken to

¹⁸ consisting of Secretary to Government, Youth Advancement, Tourism & Culture (Sports) Department, Secretary to Government (IF)/Additional Secretary to Government, Finance Department and VC&MD, SATS

¹⁹ as stipulated in the Act

maintain a comprehensive computerised databank of sports persons including their performance from the district level.

3.1.4 Allocation of funds and mobilisation of resources

Government's long-term strategy (Vision 2020)

To make all administering bodies financially sound and self-sufficient in promoting games and sports at respective levels

3.1.4.1 Budget allocation and utilisation of funds

Para 12 of the Sports Policy stipulates that Government allocate 0.50 per cent of annual State Budget for implementation of Sports Policy.

For implementation of Sports Policy, a sum of ₹2,091.56 crore (i.e., 0.50 per cent of State Budget of ₹4,18,310 crore) was required to be allocated for the period 2014-17. Government, however, allocated a measly 0.06 per cent (₹269.54 crore) of the total State Budget. Further, the allocation was on decreasing trend from 0.12 per cent (2014-15) to 0.04 per cent (2016-17).

It was further seen that even the allocated funds were not released in full; only ₹203.54 crore (76 per cent) were released and these were utilised by SATS. Budget allocation *vis-à-vis* the utilisation during the three year period 2014-17 is shown in Table-3.1 below.

Table-3.1

(₹ in crore)

Year	Total State Budget (TSB)	Allocation to be made (0.50% of TSB)	Proposals made by SATS	Actual allocation (% to TSB)	Releases (% to allocation)	Utilisation
2014-15	106681	533.41	351.74	127.83 (0.12)	93.28 (73)	93.28
2015-16	139360	696.80	424.68	68.12 (0.05)	50.91 (75)	50.91
2016-17	172269	861.35	418.15	73.59 (0.04)	59.35 (81)	59.35
Total	418310	2091.56	1194.57	269.54 (0.06)	203.54 (76)	203.54

Source: Appropriation Accounts of respective years and records of SATS

It can be seen from the above Table that SATS failed to project the requirement of funds in Budget Estimates (BEs) as per the norms stipulated in the Sports Policy. It is to be noted that the requirement projected by SATS in BEs year after year was abysmally less than the stipulated norm of 0.50 per cent of total State Budget. Specific reasons for such low projection of requirements in BEs and the basis on which the requirements were sought were not furnished by SATS.

Government replied (February 2018) that it had given priority for sanction of budget for development of agriculture, irrigation, electricity and other public welfare programmes. Hence, the budget allocation for development of sports was restricted. It was further stated that SATS had submitted budget proposals for 2018-19 as per the norms stipulated in the sports policy for promotion of sports, with due allocations to DSAs in the State.

Audit scrutiny of records further showed the following:

- During 2014-15, an amount of ₹3.94 crore allocated for conducting tournaments, grants to DSAs, assistance to Academies, etc. were not utilised within the financial year due to release of funds at the fag end of the financial year.
- For salaries/pensions and other administrative expenses SATS projected a requirement of ₹18.65 crore (2015-16) and ₹21.32 crore (2016-17) in BEs. Against this, only ₹7.63 crore and ₹9.58 crore respectively were released. The requirement over and above the releases under these heads were met by diverting the grants released for conducting tournaments, grants to DSAs and assistance to Academies.
- SATS did not sanction any grants to DSAs during 2014-17 for promoting games and sports at respective levels.

SATS attributed (July 2017) non-provision of grants to DSAs to insufficient Budget allocation by the Government.

Thus, the related sports activities including creation of infrastructure in sports schools/ DSAs suffered in the State (Paragraphs 3.1.6 and 3.1.7 also refer).

Government accepted the Audit observations. It was stated (February 2018) that efforts were being made for allocation of sufficient budget and to release grants to DSAs during the next financial year. It was further stated that efforts would also be made to avoid diversion of funds.

3.1.4.2 Resource Mobilisation

Government is to provide²⁰ adequate funding and make scope for resource mobilisation so as to make SATS financially sound and self sufficient in promoting games and sports at respective levels. Further, funds from different sources are required to be mobilised by the Government for implementation of Sports Policy in the State.

Audit scrutiny of records showed the following:

Source of funding provided in the Sports Policy	Audit findings
(i) <i>As per Para 12 (f) of the Sports Policy, there should be corpus funds for all Village, Mandal, District Sports Authorities for maintenance and promotion of sport activities.</i>	Scrutiny of records at SATS/sampled DSAs, however, showed that envisaged corpus fund was not created at any level in the State during 2014-17.
(ii) <i>As per Para 12 (c) of the Sports Policy, an additional surcharge of five per cent is to be imposed on Excise Duty on sale of liquor, which is to be adjusted by Excise Department directly to SATS.</i>	During 2014-17, an amount of ₹28.60 crore ²¹ being the additional surcharge on Excise Duty was collected by the State Excise Department towards implementing Sports Policy. The same was, however, not remitted to SATS as of November 2017.

²⁰ As per the Paras 4 & 12 of the Sports Policy

²¹ 2014-15: ₹7.76 crore, 2015-16: ₹10.42 crore and 2016-17: ₹10.42 crore

	<p>SATS replied (November 2017) that it was pursuing with the Government for releasing the amount for promotion of sports.</p>
<p>(iii) <i>As per Para 12 (d) of the Sports Policy, all Gram Panchayats, Municipalities and Corporations should collect an additional cess of three per cent on all property taxes, proceeds of which should be credited to the respective sports authorities for expending within the same area.</i></p>	<p>During 2014-17, no amounts in the form of additional cess on property tax were credited to SATS/DSAs for promotion of sports.</p> <ul style="list-style-type: none"> • Audit observed that three Municipal Corporations (i.e., except Warangal) in the sampled districts did not collect three per cent additional cess (i.e., ₹101 crore) on property tax collected (₹3,365 crore²²) during 2014-17. • Greater Warangal Municipal Corporation had collected ₹2.10 crore being the 1.5 per cent cess (instead of three per cent) on property tax. It was, however, not remitted to DSA. • In Nizamabad district, additional cess of three per cent, i.e., ₹1.35 crore intended for sports promotion was not levied in the property tax collected (₹45 crore) by Gram Panchayats in the district during 2014-17. • Similarly, in Medak and Warangal districts, additional cess had not been levied in the property tax collected²³ by Gram Panchayats during 2014-17.
<p>(iv) <i>As per Para 12 (e) of the Sports Policy, District Panchayat Officers should allocate three per cent of revenue from quarrying of sand for sports activities and distribute the same among the Village, Mandal, District level Sports Authorities in the prescribed ratio.</i></p>	<ul style="list-style-type: none"> • During 2014-17, an amount of ₹54 crore was realised from quarrying of sand in the State. Three per cent of such revenue, i.e., ₹1.62 crore was, however, not distributed to DSAs, as envisaged. • In Nizamabad district, revenue realised, i.e., ₹4.33 lakh from quarrying of sand during 2015-16 was allocated/released by Zilla Praja Parishad to DSA. There was, however, no such allocation during 2014-15 and 2016-17.

Thus, adequate Budget allocation was not made by the Government nor did it enforce the relevant Sports Policy provisions for resource mobilisation for promotion of sports. This indicated lack of Government's commitment towards promotion of sports in the State especially at grassroot level.

Government replied (February 2018) that the issue relating to remittance of additional surcharge on Excise Duty collected by the State Excise Department to SATS for promotion

²² Greater Hyderabad Municipal Corporation: ₹3309.76 crore, Sangareddy Municipal Corporation: ₹12.58 crore and Nizamabad Municipal Corporation: ₹42.55 crore

²³ Details with regard to the quantum of amount collected through property tax during 2014-17 was not furnished to Audit by the District Panchayat Offices concerned

of sports was under consideration. It was further stated that SATS had requested concerned authorities²⁴ to issue suitable instructions²⁵ to collect additional cess on all property taxes, quarrying of sand and to remit the same to the respective sports authorities. Instructions were also issued to create a corpus fund for promotion of sports activities at grassroot level.

3.1.4.3 Augmentation of income

As per Section 4 of the Act, SATS has the power to augment revenue inter alia by leasing out its properties.

For augmentation of income, SATS allocates existing stadia for sports and non-sports activities in the State as per the rules framed by the Government. Besides, the shops constructed in the stadia are also to be leased out as per the agreements. Following are the Audit observations:

Allotment of stadia for sporting and non-sporting activities

As per the Sports Authority Rules²⁶, 2012, base rate per day for allotment of stadium for sporting events to private agencies/organisations is one and half times of normal base rate. Different higher base rates are applicable for non-sporting activities. If the sporting events are conducted on commercial lines or by generating revenues²⁷, separate order specifying the rates should be issued for this category. In addition to maintenance fee, 10 per cent of gross revenue from sale of gate tickets/advertisements, etc. is to be paid to Sports Authority.

Audit scrutiny of records of SATS relating to allotment of four stadia²⁸ in Hyderabad showed the following:

- An amount of ₹43.52 lakh²⁹ was due (as of August 2017) from the 10 organisers for the events conducted in four stadia in Hyderabad during 2008 to 2016. Of this, an amount of ₹36.85 lakh (85 per cent) was due from Badminton Association of Telangana (BAT) for allotment of GMCB indoor stadium, Gachibowli during 2016. SATS did not, however, collect arrears from the event organisers including BAT.

SATS replied (November 2017) that although it had issued notices to BAT there was no remittance of dues by it. It was further stated that it would take necessary steps to collect the arrears from BAT.

- The GMCB indoor stadium was allotted to two private agencies³⁰ for conducting Kabaddi competitions under the category of sporting events. It was observed that the event was organised on commercial lines. SATS, however, collected charges as applicable under sporting category, contrary to rules with regard to allotment of stadia for commercial events. A separate order specifying the rates for commercial events which generate revenues through gate ticket, telecast rights, advertisements was not

²⁴ In Panchayat Raj & Rural Development and Municipal Administration & Urban Development Departments
²⁵ to Gram Panchayats and Municipalities

²⁶ for procedure for allotment of sports stadia for sporting and non-sporting activities

²⁷ through gate ticket, telecast rights, advertisement

²⁸ LB Stadium (Sports stadium and Indoor stadium); GMCB Stadium, Gachibowli; KVBR Indoor Stadium; and Saroornagar Indoor Stadium

²⁹ 2008: ₹0.60 lakh, 2014: ₹1.62 lakh, 2015: ₹3.69 lakh and 2016: ₹37.61 lakh

³⁰ M/s Veera Sports (June/July 2016) and M/s. Events Now Private Ltd. (July 2016)

issued as stipulated. In the absence of specific rate for the sports events which was conducted on commercial lines, Audit could not assess the revenue lost by SATS.

Government did not offer (February 2018) any justification for collection of base rate charges by SATS for allotment of stadium for sports activities conducted on commercial lines.

Further, SATS did not assess its share (10 *per cent*) of actual revenue earned by event organisers through sale of gate tickets and advertisements, though stipulated in the rules. Instead it accepted (December 2016) the payment of a lumpsum amount of ₹5 lakh each from two private agencies.

Government replied (February 2018) that the action of SATS for acceptance of a lumpsum amount of ₹5 lakh each from the two private agencies had been ratified. However, specific reasons for acceptance of lumpsum amount by SATS instead of 10 *per cent* of revenue share as stipulated in the Rules, were not forthcoming from the reply.

Leasing out of shops in stadia

In LB Stadium Complex at Hyderabad, shops and cubicles were leased out to various tenants during 1968. There were 43 shops, 27 cubicles and Fateh Maidan Club (FMC) occupying the stadium complex. Sports Authority enhanced (March 2009) the monthly lease rentals for shops/cubicles/FMC based on the report (September 2008) of a consultant engaged for evaluating rentals of the premises. The rate fixed was subject to enhancement every three years.

Audit scrutiny of records of Estate Wing of SATS showed the following:

- All the lease rental agreements had lapsed (as of August 2017) in respect of all the 43 shops and 27 cubicles in the stadium. SATS, however, allowed them to continue without having any agreements renewed. Out of 43 shops, agreements of 28 shops lapsed over 35 years ago. Further, there were cases of illegal occupation by the persons other than original allottees in respect of 12 shops and 11 cubicles.

Government replied (February 2018) that SATS had issued notices to all the shops and cubicles for renewal of agreements and increase of rents. On this issue, occupants of the shops and cubicles had however, approached the Hon'ble High court and City Civil court and the cases were pending. It was further stated that legal steps were being taken to vacate illegal occupants of shops and cubicles.

- As of October 2017, rental arrears mounted to ₹43.62 crore and of this ₹35.14 crore (81 *per cent*) was due from Fateh Maidan Club (FMC) alone. For FMC, Sports Authority enhanced the monthly lease rental from ₹16,000 to ₹18.30 lakh (i.e., ₹45 per sq. ft. @ 40,665.25 sq. ft.) with effect from April 2009. FMC had, however, been continuing to pay only ₹16,000 (i.e., ₹0.39 per sq. ft.) per month ever since 1993. There was no recorded evidence (2009-17) of the Sports Authority having taken appropriate steps to recover the rental arrears by taking it up with the Government.

It was further observed that the annual rents accrued (₹22 lakh) from FMC and other shops/cubicles were too meagre and not even sufficient to pay the annual property tax (₹36 lakh) of the stadium.

Government replied (February 2018) that SATS had issued notices to all the occupants including FMC for remittance of rental arrears along with 18 *per cent* interest per annum on rental arrears. It was further stated that appropriate steps would be taken to resolve the issue.

Non-accrual of projected revenue

DSA, Warangal proposed (2004) to construct commercial complex (adjacent to Indoor Stadium at Hanamkonda) on its land for enhancing their revenues. An MoU was entered with the Kakatiya Urban Development Authority (KUDA) in 2011 for sharing the revenue equally. As per the MoU, the cost of construction was to be borne by KUDA and the construction scheduled to be completed by 2012-13.

It was observed that the construction of the complex was, however, not completed as of August 2017. The DSA did not monitor the completion of the construction of the complex with KUDA.

As per the project report, after completion of construction, annual rent of ₹39.84 lakh would be realised. ***Non-completion of construction of commercial complex despite the lapse of over four years, resulted in non-accrual of projected revenue of over ₹80 lakh³¹.***

On the matter being pointed out in Audit, DSA replied (April 2017) that, the issue would be pursued with the KUDA.

Government replied (February 2018) that the matter was being pursued with KUDA for early completion of the construction of commercial complex.

3.1.5 Universal participation in sports

**Government's
long-term strategy
(Vision: 2020)**

To universalise participation in sports by linking education and sports so as to ensure that each citizen plays at least one sport during his youth

3.1.5.1 Conducting of sports competitions for spotting talent

According to the provisions of Para 9 of Sports Policy, systematic processes planning from remotest rural areas to the well developed urban areas should spot sports talent. Talent should be spotted in the categories of school students, college students and non-student youth in rural and urban areas. The systems for talent spotting should be a coordinated affair between School Education, Youth & Sports and Panchayat Raj Departments.

Audit scrutiny of records at SATS and sampled DSAs showed the following:

- Summer camps only were conducted in some rural areas. However, SATS did not organise sports activities/selections of candidates for admission into sports institutions from remotest rural areas/villages. In all the four sampled districts, the DSAs did not conduct games competitions from village level in schools, colleges and non-student youth category.

³¹ up to July 2017

Government replied (February 2018) that efforts were being made to form the VSAs and MSAs to conduct sporting activities in rural areas. It was further stated sufficient budget allotment would be ensured for development of sports in the remotest rural areas/developed urban areas for spotting talent from grassroot level.

- Similarly, games sponsored by GoI³² were also not conducted (2014-17) right from Mandal level in six³³ out of 10 districts in the State in violation of scheme guidelines. Instead, competitions were conducted from district level.

Government replied (February 2018) that proper care would be taken to monitor conducting of competitions right from Mandal level as per the guidelines issued by GoI. It was further stated that SATS had issued instructions to all the DSAs in this regard.

- There was no evidence on record (with SATS) to show that coordinated action among School Education, Youth & Sports and Panchayat Raj Departments was secured for talent spotting activities. Twenty eight (46 *per cent*) out of 61 sampled schools did not participate in the competitions organised by SATS. In Warangal district, Headmasters of the sampled schools replied (July 2017) that no communication was ever received (2014-17) from SATS regarding promotion/conducting of sports.

Government replied (February 2018) that the issue relating to linking up education with sports would be taken up with the concerned Departments³⁴ to ensure that each citizen play at least one sport during his period of education. It was further stated that presently School Education Department was organising the sports competitions in all the schools in the State. SATS would provide the required facilities *viz.*, sparing of coaches, play fields for conducting of sports.

- *As per the Sports Policy, practice of Yoga is to be universalised among all ages of population.* It was, however, observed that no such activities were organised by DSAs, Medak and Warangal. DSA, Hyderabad organised Yoga activities only on Yoga Day every year. DSA, Nizamabad organised these activities without the coach.

Thus, there was no systematic planning to spot sports talent across the length and breadth of the State.

3.1.5.2 Linking Education and Sports

As per Para 8 of Sports Policy, students are to be encouraged to play at least one sport from Class VI up to Intermediate (+2) stage. All Educational institutions were to provide specialised coaching for talented students by appointing PET/Coach at their cost. A playground with facilities to play at least three sports is also to be provided. All schools and private youth organisations are to be provided with Sports Kits for this purpose.

Audit scrutiny³⁵ showed that SATS failed to coordinate with Education Department to ensure promotion of sports activities and availability of required sports infrastructure in the sampled educational institutions.

³² Rajiv Gandhi Khel Abhiyan (RGKA)/Khelo India Sports

³³ Hyderabad, Medak, Mahabubnagar, Nalgonda, Warangal and Khammam

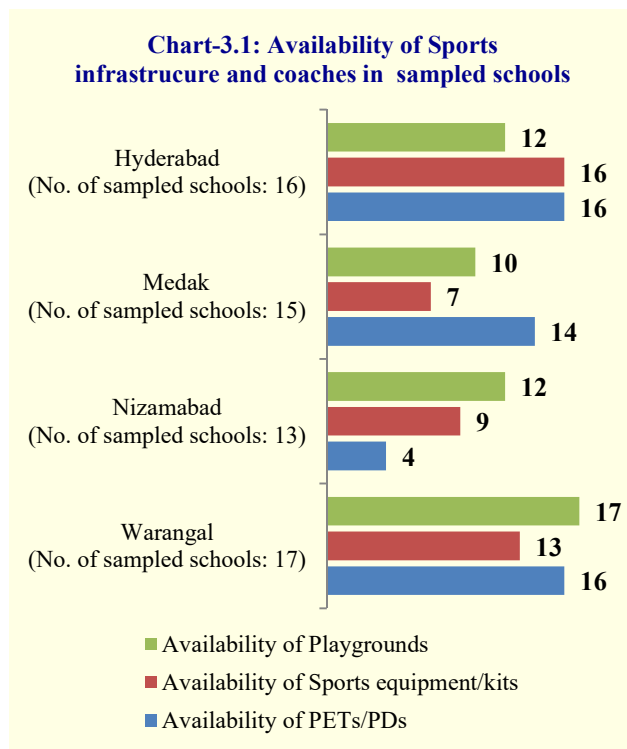
³⁴ School Education and Panchayat Raj and Rural Development Departments

³⁵ including joint physical verification of sampled educational institutions

In the 61 educational institutions in the four sampled districts, Audit found that 16 and 26 *per cent* of schools did not have playground facility and adequate sports equipment respectively. In 18 *per cent* of schools, Physical Education Teachers (PET)/Physical Directors (PD) were not available for imparting sports coaching. Details are shown in Chart-3.1.

Even out of 45 schools (that had sports equipment), in 44³⁶ schools, neither SATS nor the Government supplied sports equipment/kits during 2014-17. As a result, the school authorities had to make their own arrangements for procuring them.

Government replied (February 2018) that suitable instructions³⁷ were being issued to all the educational institutions to link up education with sports. It was further stated that Institutions were being instructed to ensure adequate playground facilities, sports infrastructure and PETs to facilitate the students to play at least three games in each school.



Source: Data furnished by test-checked Schools

3.1.6 Universal Access to Sports Infrastructure

Government's long-term strategy (Vision 2020)

To universalise sports infrastructure, providing opportunity for all the youth in urban, rural, tribal areas to pursue sport of their choice

3.1.6.1 Creation of Sports Infrastructure

As per Paras 4 & 7 of the Sports Policy, Government committed to develop suitable play fields in all villages, Mandal and District headquarters by 2020. Further, in each district, outdoor, indoor stadia and swimming pool with national standard infrastructure was to be provided by 2005.

Audit scrutiny of records of SATS, however, showed the following:

- After formation of the State, SATS had not carried out any gap analysis of availability of sports infrastructure at Mandal level to the sportspersons in the State. Playfields were not provided with standard sports infrastructure by the Government in each Mandal headquarters. The outdoor/indoor stadia and swimming pool with national standard infrastructure were also not provided in each district. In three sampled districts, playfields/mini stadia were available only in 27³⁸ (20 *per cent*) out of 133 mandals.

³⁶ i.e., except Zilla Parishad High School, Neela, Nizamabad district

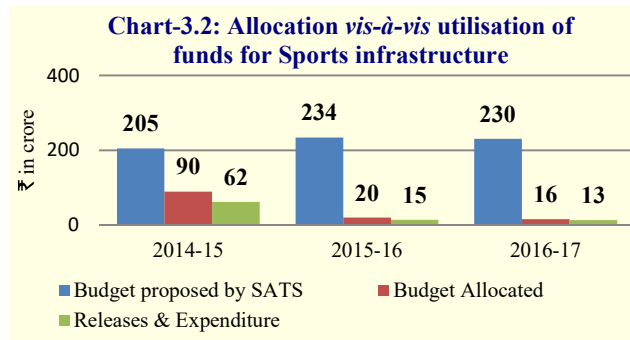
³⁷ through School Education and Panchayat Raj Departments

³⁸ Medak: 12 out of 46, Nizamabad: 12 out of 36 and Warangal: 3 out of 51

SATS replied (November 2017) that it was taking steps to form Mandal Sports Authorities (MSAs) and once these were formed, it would conduct the gap analysis with regard to availability of sports equipment.

Government replied (February 2018) that efforts were being made for identifying the required land in each Mandal/District headquarters for development of sports infrastructure in a phased manner.

- SATS did not ensure creation of sports infrastructure at Mandal level with the involvement of local community as envisaged in Sports Policy. Further, Government did not provide any funds to match with the contribution to be made by local community towards creation of sports infrastructure during 2014-17.
- For creation of sports infrastructure in the State, during 2014-17, Government allocated a meagre ₹126 crore (19 per cent) against the requirement of ₹669 crore proposed by SATS. Of this, only ₹90 crore was released and these funds were utilised by SATS.



As can be seen from the Chart-3.2, the allocations and the utilisation of funds for creation of sports infrastructure were on decreasing trend during 2014-17. This led to a many of the construction (infrastructure) works not being completed as discussed in the succeeding paragraphs.

In their reply (February 2018) Government admitted the fact of non-completion of construction works relating to creation/development of sports infrastructure. Government attributed the delay to restricting the budget allocation for development of sports on account of assigning priority to other sectors.

- During 2012-17 Government took up 137 works³⁹ including construction/upgradation of 91⁴⁰ stadia (project cost: ₹216.43 crore) in 91 out of 119 Assembly Constituencies. The works were being executed by various agencies viz., Panchayat Raj, Roads and Buildings Departments, etc. As of July 2017, an aggregate expenditure of ₹90 crore was incurred on these works. The status of construction/upgradation works of 91 stadia is given in the Table-3.2 below.

Table-3.2

	Number of works				
	Taken up	Complete	Under progress	Not Started	Stopped
Mini-stadia	71	10	26	33	2
Green Field	3	0	0	3	0
Sports Stadia	9	3	3	3	0
Indore Stadia	8	2	2	4	0
Total	91	15	31	43	2

Source: Records of SATS

³⁹ Construction/modernisation/renovation works, improvement of infrastructure in existing stadia, etc.

⁴⁰ Mini Stadia: 71, Green field Stadia: 3, Indoor Stadia: 8, Sports Stadia: 9

Out of 91 stadia, works related to 43 stadia (47 per cent) (cost: ₹105 crore) were not commenced due to non-finalisation of site, non-alienation of land, etc. as of June 2017. It is to be noted that an expenditure of ₹24.04 crore (31 per cent) was incurred on 31 ongoing works against the requirement of ₹78.14 crore. Majority (19) of these works were sanctioned during 2012-13.

SATS attributed (July 2017) non-completion of the works to meagre allocation/release of funds. It was further stated that SATS had no mechanism to monitor the progress of works and thus not aware of the reasons for the delay in completion of works.

SATS is the apex institution of Government engaged in promotion of Sports in the State. Hence, it should have monitored the progress of construction activities and creation of sports infrastructure in the State through periodical progress reports from the executing agencies. Further, SATS should have pursued with the Government for allocation and release of adequate funds for smooth completion/creation of sports infrastructure. The present status was only reflective of SATS's ineffective pursuance with the Government in this regard. Hence, the reply was not acceptable.

Government replied (February 2018) that proposal for strengthening the Engineering Wing of SATS by providing required staff to monitor progress of works was under consideration.

Out of 15 completed stadia, five stadia were put to use and seven stadia were yet to be inaugurated. The remaining three stadia were occupied by District Armed Police (Asifabad and Suryapet) and by Municipal Authorities (Wanaparthy) for their temporary accommodation. The sports infrastructure (value: ₹4.28 crore) created in these three stadia thus remained unavailable for sporting activities.



Stadium at Suryapet occupied by Police Department (June 2017)

It was observed that the proposed Sports Academy at Wanaparthy could not commence its activities due to occupation of the stadium by Municipal Authorities. In Asifabad, Police forces erected certain poles in the stadium as per their needs and made the play field as a parking place. This defeated the objective and very purpose of construction of sports stadia.

SATS confirmed (November 2017) that since the other departments occupied the stadia for their temporary accommodation, there was no scope to conduct sports events in the three stadia. Government replied (February 2018) that the three stadia would be vacated soon after an alternative arrangement was made for accommodation of existing offices.

- Audit scrutiny and physical verification of four construction works showed that there was ineffective monitoring by SATS as well as by DSAs, as detailed below.

Description of the work	Audit observations
<p>Construction of academic and residential blocks in Sports School, Karimnagar</p> <p>The work was awarded (April 2007) at ₹2.28 crore with a stipulation to complete the work within one year.</p>	<p>The work was stopped (2008) after incurring an expenditure of ₹1.39 crore due to non-release of funds by the erstwhile AP Sports Authority even after repeated requests made by the DSA. Revised estimates for ₹2.91 crore to complete incomplete works were prepared (April 2017) and the works were being taken up.</p> <p>Due to non-completion of the construction, the school was being run in Dr. B.R. Ambedkar Stadium with limited facilities.</p> <p>Government replied that the construction works would be completed by the end of May 2018 and that the school would function with all the facilities from ensuing academic year.</p>
<p>Construction of compound wall around the Sports School, Hakimpet (area: 206 acres)</p> <p>The work was entrusted (October 2015) to the contractor for ₹2.42 crore. The work was to be completed by April 2016.</p>	<p>The contract was terminated (April 2017) after incurring an expenditure of ₹0.72 crore due to slow progress of work. The remaining work was awarded (June 2017) to another contractor for ₹1.60 crore.</p> <p>SATS did not ensure clearance of pending land disputes with neighbouring habitations before entrustment of the construction work on both the occasions to the contractor.</p> <p>Thus, security to inmates of the school was compromised. Further, the objective of preventing encroachments of land remained unachieved.</p> <p>Government replied (February 2018) that action had been initiated to clear pending land disputes and to complete the construction work of compound wall.</p>
<p>Construction of seating arrangement at swimming pool, Nizamabad</p> <p>The work for construction (length of 35.5 metres) of seating arrangement was awarded to a contractor at an estimated cost of ₹5 lakh.</p>	<p>The work was stopped midway after construction of seven metres length. However, the entire amount of ₹5 lakh meant for construction of 35.5 meters length was incurred (April 2015).</p> <p>While reviewing the work under progress, the District Collector ordered (October 2015) to probe the issue. Action taken on the District Collector's orders was, however, not on record with the DSA.</p>
<p>Repairs and renovation of indoor stadium at Nagaram, Nizamabad</p>	<p>The indoor stadium was not in use for over 10 years. However, in April 2015 an amount of ₹5.84 lakh was incurred towards repairs and renovation. The stadium was, however, kept locked and not put to use even after two years of completion of repairs and renovation.</p> <p>Government replied (February 2018) that since the stadium was far away (8 km) from the district headquarters, only sports competitions were being held.</p>

3.1.7 Excellence in Sports performance

Government's long-term strategy (Vision 2020)

To achieve excellence in sports performance in selected sports/ games and produce the best sports persons in the country by 2010, and to produce internationally renowned sports persons by 2020

3.1.7.1 Nurturing Sports Excellence

As per Para 10 of Sports Policy, promising sports persons selected will be provided admission in sports schools and academies for specialised coaching. Sports academies will be offered for adoption to reputed corporate bodies who undertake to finance their development and for providing expert coaching, training material and sponsoring.

Sports Schools and Academies

Audit scrutiny of records/physical verification of sports institutions showed the following:

- In the State, only three⁴¹ Sports Schools, two⁴² Sports Academies and one Sports Hostel⁴³ were functioning under SATS. These six sports institutions with sanctioned strength of 963 were catering specialised coaching needs of the young sports persons of the entire State. Further, the existing two Academies offered seats for boys only.
- Due to non-provision of funds, two Sports Academies *viz.*, Centre of Excellence (Volleyball), Hyderabad and Badminton Academy, Khammam discontinued their activities (in the disciplines) in 2014 and 2016 respectively. Further, Football and Handball Academy at Hyderabad was proposed to be started in August 2015. It, however, did not materialise, again due to non-provision of funds.

Government replied (February 2018) that the three sports academies would be resumed in the financial year 2018-19.

- There was no proposal with SATS for adoption of any sports academy by corporate house/societies of repute for bringing the Academy up to international standards.
- *Inmates and coaches of Sports Schools are required to be provided with a sports kit⁴⁴ and sports equipment for practicing and participating in tournaments.*

In the Sports School, Hakimpet, sports kits and equipment were not procured/provided to inmates and coaches during 2014-16. During 2016-17, only one pair of track suit and shoes were provided to inmates leaving other items of sports kit. In three sports institutions⁴⁵, the inmates were not supplied the required sports kits and equipment during 2014-17. This was attributed to non-release of funds/non-supply of kits by SATS. Inmates had to utilise old/damaged sports kits and equipment after undertaking some repairs.

⁴¹ Telangana State Sports Schools, Hakimpet, Rangareddy district (Sanctioned strength: 450) and Adilabad (120); and Regional Sports School, Karimnagar (210)

⁴² Cycling & Wrestling Academy, Hyderabad (Sanctioned strength: 45) and Athletics Academy (Boys), Khammam (20)

⁴³ At Warangal (Sanctioned strength: 118)

⁴⁴ consisting of track suits (2 pairs), wind shitter, T shirts & shorts (2 pairs), shoes (2 pairs), socks (2 pairs), etc.

⁴⁵ Sports School, Karimnagar, Athletics Academy (Boys), Khammam, Cycling & Wrestling Academy, Hyderabad

In Sports School, Adilabad (established in 2016-17), most of the items of sports kit were, however, provided to inmates of the school during 2016-17.

In Sports Hostel, Warangal, sports kits, participation dress and daily needs were not provided to the inmates during the last six year period. Further, no sports material had been supplied by the SATS nor purchased by Hostel authorities during 2014-17.

Government replied (February 2018) that sports kits would be provided in the financial year 2018-19.

- *Admissions into Sports Schools at Class IV will be made⁴⁶ on the basis of prescribed age limit of 8 years and performance in battery tests⁴⁷ conducted at Mandal, District and State levels.*

In State Sports School, Hakimpet, 27⁴⁸ students studying Class IV to X were allowed temporary admission (2015-16 and 2016-17), bypassing Mandal, District and State level selections envisaged in the guidelines. Test-check of evaluation and physical tests reports of 24 students showed that 20 students secured very poor/poor/average points. They were, however, admitted under observation category for six months and they were being continued thereafter. This clearly constituted a violation of rules of admission into Sports School without proper evaluation of students.

School Authorities replied (April 2017) that the matter would be examined and necessary action taken in due course. It was further replied (November 2017) that nine students from the observation category were weeded out in view of their poor performance.

Coaches

In the State as a whole, eleven coaches (20 per cent) were available (August 2017) against the required strength of 54⁴⁹ Grade I, II III coaches in various sports schools, academies, sports hostel and stadia under the jurisdiction of SATS.

Non-availability of coaches adversely affects the quality of sports training.

In Sports Academy, Khammam, admissions were not made in football discipline during 2015-16 and 2016-17 due to non-availability of coach. Further, selection process was completed for admission into Badminton discipline for 2016-17. The sport discipline was, however, discontinued due to non-availability of coach.

Government replied (February 2018) that proposals made⁵⁰ by SATS for filling up the vacancies of coaches in sports schools/academies, etc. were under consideration of the Government.

⁴⁶ as per the guidelines issued by SATS

⁴⁷ a group of fitness tests that closely represents the various physiological demands of sport or event

⁴⁸ 2015-16: 11 and 2016-17: 16

⁴⁹ Grade-I (Sanctioned strength: 11/Existing: 5), Grade-II: (5/5) and Grade-III: (38/1). Further, 35 temporary coaches were engaged on contract basis against 37 vacant posts of Grade III coaches

⁵⁰ in March and November 2017

3.1.7.2 Job Security to players

Job security is provided⁵¹ for sports persons of national and international standards and incentives are provided in self-employment ventures for all who reach State level. Government also provided two per cent sports reservation for direct recruitment in Government at all levels.

Audit, however, observed that, except in Home (Police) Department, Government did not implement the envisaged two *per cent* sports reservation at any level of direct recruitments. Further, SATS had not made any analysis of recruitment.

Government replied (February 2018) that the issue relating to implementation of the sports quota reservations in all recruitments was under consideration. It was further stated that necessary steps would be taken for providing job security/incentives to the sports persons as per the Sports Policy.

3.1.7.3 Financial assistance to Sports Associations

As per Para 14 of Sports Policy, incentives may be given to Sports/Games Associations for organising official tournaments.

The erstwhile AP Sports Authority decided (July 2005) that Sports Authorities might extend financial assistance of ₹3 lakh to recognised sports associations to conduct national championships. The Government enhanced (February 2016) the financial assistance ranging from ₹5 to ₹15 lakh (based on discipline of the sport) for conduct of national championships with prospective effect without opening earlier cases.

Audit observed that five sports associations⁵² conducted national championships prior⁵³ to February 2016. Thus, these sports associations were eligible for financial assistance of ₹3 lakh each totalling to ₹15 lakh. Audit, however, observed that financial assistance of ₹90 lakh (as detailed in *Appendix 3.1*) was given to these five sports associations. As a result, excess financial assistance of ₹75 lakh was given to them.

Government replied (February 2018) that additional financial assistance was extended to some sports associations as a special case.

However, no justification was on record with SATS for sanctioning of financial assistance over and above the revised rates to the sports associations and for extending the benefit to past events.

3.1.8 Monitoring

As per the existing instructions (March 2010) of the Government, DSAs are required to conduct monthly meetings to review the functions and sports activities undertaken in the respective districts.

⁵¹ as per Paras 5 & 11 of Sports Policy

⁵² Medak District volley ball association, Telangana Handball Association, Telangana Rowing Association, Telangana Ball Badminton Association and Telangana State Table Tennis Association

⁵³ during January 2015 to January 2016

It was, however, observed that the DSAs of sampled districts did not conduct (2014-17) the monthly meetings to help monitoring and co-ordination of the sport activities. Further, MSAs and VSAs were not yet constituted (January 2018) (*Paragraph 3.1.3 also refers*).

Thus, there was lack of adequate monitoring mechanism both at District and the Mandal level. It adversely affected the sports promotion and creation of infrastructure at Mandal/District level in the State as discussed in the paragraphs supra.

Government replied (February 2018) that necessary instructions would be issued to the DSAs to conduct the monthly meetings as stipulated for monitoring and coordination of the sports activities in the districts.

3.1.9 Conclusion

Sports promotion activities in the State lacked the required impetus in terms of direction. This was due to absence of proactive planning for promotion of sports and fully functional administrative set up and coordination of the sports activities. Education and sports activities were not linked. There was no systematic planning to spot sports talent across the length and breadth of the State. SATS failed to project the requirement of funds (in Budget Estimates) as per the norm stipulated in the State Sports Policy. The allocation and the releases made by Government were even lower. This left the District Sports Authorities with no funds for sports promotion activities (except under GoI schemes).

None of the strategic goals aimed in the year 2000 viz., universalised participation in sports, sports infrastructure, excellence in sports performance, self sufficiency of administering bodies, etc. were achieved even after seventeen years. As a result, there was no significant progress in achieving excellence in sports performance.

Government replied (February 2018) that the strategic goals aimed in the Sports Policy, 2000 would be achieved shortly.

Scheduled Castes Development Department

3.2 Implementation of Economic Support Schemes for Scheduled Castes

3.2.1 Introduction

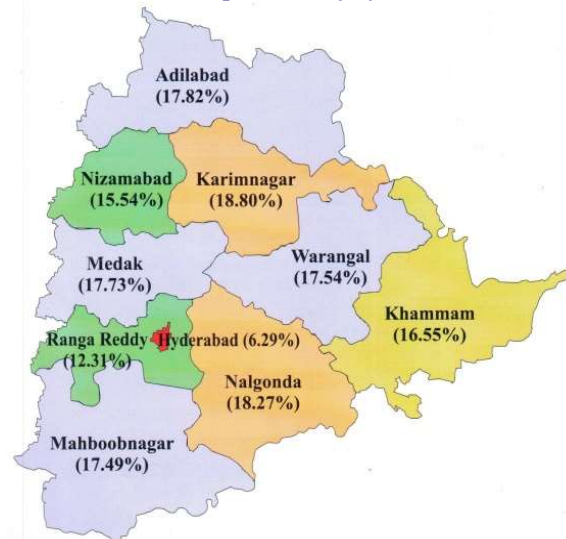
Scheduled Castes Development Department is dedicated to the integrated and overall development of Scheduled Castes (SC). The State of Telangana has SC population of 54.33 lakh (15 per cent) out of total population of 351.94 lakh as per 2011 Census.

The Telangana Scheduled Castes Cooperative Development Corporation Ltd. (Corporation), under the Department⁵⁴ implements Economic Support Schemes (ESS) which are aimed at SC beneficiaries of poorest-of-poor (PoP) households, agricultural landless labourers, small & marginal farmers, leather artisans and other vulnerable groups. The ESS schemes can be broadly categorised into two:

- Part I: Schemes without Bank linkage which includes the Land Purchase Scheme (LPS) as the flagship programme, under which land is distributed to the families. Other schemes include Land Development Schemes and Training programmes (skill development and skill upgradation).
- Part II: Bank-linked Self-employment/ESS under Industries Service Business (ISB) Sector and ESS for Vulnerable Groups⁵⁵ which assist the beneficiaries to set up business units.

Scheduled Castes Development Department functions under the overall control of the Special Chief Secretary. The Corporation is headed by a Vice Chairman & Managing Director (VC&MD), assisted by General Managers, Executive Officers and other supporting staff. The Corporation has 10 District⁵⁶ Scheduled Castes (SC) Societies to function at the district level. Executive Directors (EDs) are in charge of the District SC Societies. The District Collector is the Chairman of District SC Societies.

District-wise Spatial Distribution of SC Population (%)



Source: Corporation SC Action Plan for 2015-16

⁵⁴ the main objectives are: educational advancement, socio-economic development, welfare and protection of Scheduled Castes and implementation of various Government schemes targeting SC population, issues of implementation of rule of reservation, Bonded Labour and Scavengers and House sites to Weaker Sections

⁵⁵ refers to Sanitation workers, Jogins, Bonded labour, Atrocity victims, Manual Scavengers, etc.

⁵⁶ consequent upon reorganisation of erstwhile 10 Districts of Telangana State into 31 Districts in October 2016, the 10 District Societies too were similarly reorganised into 31 District SC Societies to function accordingly

3.2.1.1 Audit Framework

Audit of the Corporation was carried out between January and May 2017 covering the period 2014-15 to 2016-17 to assess whether:

- Action Plans were formulated for providing financial assistance under ESS and LPS Schemes;
- adequate financial provision was made and released in a timely fashion; and
- the schemes were implemented effectively and efficiently bringing about the intended outcomes.

Audit scrutiny involved examination of records and analysis of data obtained from the offices of the VC&MD of the Corporation and the EDs of the three sampled⁵⁷ District SC Societies⁵⁸ of Karimnagar, Mahabubnagar and Rangareddy in the State. Audit also conducted beneficiary survey in the three selected districts in the presence of departmental officials. Three mandals⁵⁹ in each district were selected based on the highest number of beneficiaries.

Audit findings were benchmarked against the criteria sourced from Budget Release Orders, Annual Action Plans of Corporation, Financial Code, Scheme/Programme guidelines as well as Circulars/Orders/Instructions issued by the Government of India, State Government and the Corporation from time to time. The replies of the VC&MD and the Government to the Audit observations have suitably been incorporated in the report.

Audit Findings

3.2.2 Preparation of Annual Action Plans

The Corporation prepares Annual Action Plans (AAPs). After due approval by Government, the AAPs are communicated by the Corporation to the District Societies for implementation of the programme.

Audit observed the following:

- The scheme guidelines stipulated preparation of District Action Plan at district level. But AAPs were not prepared at the district level. It was noticed that the AAPs were prepared by the Corporation without obtaining inputs from the districts. The targets (in AAPs) fixed by the Corporation were thus thrust upon the District SC Societies.
- AAPs were approved by the Government with significant delays⁶⁰, i.e., after 4 to 11 months of commencement of the year.

⁵⁷ based on highest SC population

⁵⁸ the three test-checked District SC Societies of Mahabubnagar, Karimnagar and Rangareddy were later reorganised into 11 District SC Societies consequent upon reorganisation of districts of Telangana State

⁵⁹ Rangareddy district – Pudur, Marpalle and Bantaram mandals; Mahabubnagar district – Veepangandla, Mahabubnagar (Urban) and Atmakur mandals; Karimnagar district – Ellanthakunta, Ramagundam (Urban) and Veenavanka mandals

⁶⁰ 2014-15 (February 2015 – 11 months); 2015-16 (September 2015 – 6 months); 2016-17 (July 2016 – 4 months)

The delay in finalisation of AAPs during 2014-17 resulted in shortfalls in achievement (i.e., disbursal of subsidy) as detailed in Table-3.3 below.

Table-3.3

Name of the scheme	Year	Target		Achievement		Shortfall in units (percent)
		Units	Outlay (subsidy) (₹ in crore)	Units	Outlay (subsidy) (₹ in crore)	
Economic Support Scheme	2014-15	8980	81.25	5498	44.21	3482 (39%)
	2015-16	32715	37.61	3082	34.92	29633 (91%)
	2016-17	41494	526.05	38021	411.28	3473 (8%)
	Total	83189	978.91	46601	490.42	
Land Purchase Scheme	2014-15	6000	900.00	778	74.68	5222 (87%)
	2015-16	3334	500.10	1827	199.12	1507 (45%)
	2016-17	3253	487.88	261	32.20	2992 (92%)
	Total	12587	1887.98	2866	306.01	

Source: AAPs of respective years

In Industries Service Business (ISB) Scheme, the shortfall ranged from 8 to as high as 91 per cent. In Land Purchase Scheme (LPS), it ranged from 45 to 92 per cent during the period 2014-17 in the State as discussed in the succeeding paragraphs.

District SC Societies (February/March 2017) confirmed that there was no practice of submission of AAPs to Corporation Head Office at Hyderabad. The Corporation attributed (June 2017) the delays to bifurcation of the State, reorganisation of Telangana districts and adoption of new funding pattern. The reply is not tenable as the State of Telangana was formed in June 2014 and the funding pattern remained the same for 2015-16 and 2016-17.

Thus, preparation of AAPs by the Corporation at State level without obtaining inputs from the districts rendered the exercise meaningless. Along with delays, it resulted in shortfalls in achieving stated objectives of the schemes.

3.2.3 Fund Management

Government allocates funds to Scheduled Castes Sub Plan (SCSP) for implementation of ESS every year. Government of India (GoI) releases Special Central Assistance (SCA) for SCSP every year to State Government. These funds are credited to PD Account of the Corporation for implementation of ESS.

Against the total budget provision of ₹3,247.79 crore (including GoI releases under SCA), during the three year period 2014-17, an amount of ₹1,214.76 crore was released to the Corporation (Table-3.4). The releases amounted to a meagre 25 per cent of the budget provision during 2014-15, 2015-16 and 50 per cent during 2016-17. The actual expenditure incurred (₹1,039.13 crore) by the Corporation was 85 per cent of the releases; an amount of ₹79.10 crore was lying with the Corporation unutilised (March 2017).

Table-3.4

(₹ in crore)

Year	Economic Support Schemes					Special Central Assistance				
	BE	OB	Releases	Exp.	CB	BE	OB	Releases	Exp.	CB
2014-15	1000.00	43.17*	224.81	237.80	30.18	96.00	17.19*	71.82	22.91	66.10
2015-16	1000.00	30.18	250.00	144.70	135.48 [#]	0.00	66.10	22.33	67.02	21.41 [#]
2016-17	1247.79	0.00	623.89	551.04	72.85	25.00	0.00	21.91	15.66	6.25
Total			1098.70	933.54				116.06	105.59	

Source: Records of Corporation and Outcome Budgets

Note: **BE:** Budget Estimates, **OB:** Opening Balance, **Exp.:** Expenditure and **CB:** Closing Balance

*amount of ₹66.81 crore received on 02 June 2014 was apportioned as: ₹43.17 crore (ESS) ₹17.19 crore (SCA) + ₹6.45 crore (others)

[#] ₹163.34 crore lapsed to Government as per Government Order of 31 March 2016. The amount includes ₹135.48 crore (ESS) + ₹21.41 crore (SCA) + ₹6.45 crore (others). Bills for ₹135 crore (ESS component) were submitted but were not yet adjusted to PD Account of Corporation pending clearance from the Finance Department

Audit scrutiny of relevant records showed the following.

- There were delays up to 19 months in releasing the SCA funds, by the State Government. Thus, delays in approval of the AAP and delays in release of assistance, together led to reduced utilisation and therefore reduced achievement of targets;
- Unspent balances of SCA were reported at the end of each year. The State Government, however, submitted Utilisation Certificates (UCs) to GoI and depicted the entire amount as expended, which amounted to misreporting.
- On the instructions⁶¹ (March 2016) of the Finance Department, the entire balance amount of ₹163.34 crore as on 31 March 2016 (including SCA of ₹21.41 crore) available in PD account had lapsed. Thus, the funds provided could not be spent for implementation of schemes (*Para 3.2.4.1 further refers*). It was seen that the amount was allowed to lapse in spite of pendency of bills to that extent for approval with the Finance Department. This goes contrary to the spirit of Government's commitment to overall development of Scheduled Castes.

The Corporation requested (November 2016) the Government to provide the SCA component of ₹21.41 crore. The amount was, however, made available to the Corporation only in October 2017.

3.2.4 Implementation of Economic Support Schemes (ESS)

3.2.4.1 Industries Service Business (ISB)

Under ISB scheme, the Corporation releases subsidy to various categories⁶² of SC households for establishing business units. The subsidy is calculated with respect to the unit cost⁶³ as specified in Government orders; the balance amount is expected to be

⁶¹ GO Ms No. 42 issued by Finance (DCM) Department to all departments of State Government directing them to lapse all deposits which remained unspent as on 31 March 2016

⁶² viz. educated unemployed youth, rural/urban women, agricultural landless labourers, leather artisans, sanitation workers, bonded labourers, jogins, manual scavengers etc.

⁶³ unit cost for various categories under ISB were fixed on rural, sub-urban and urban basis and range from ₹one lakh to ₹10 lakh

arranged by the District SC Societies as bank loan. The schemes are to be mapped to identified beneficiaries on the basis of local needs, market feasibility and economic viability and as per beneficiaries' choice from the list of recommended viable schemes.

The Online Beneficiary Monitoring & Management System (OBMMS) software package was developed⁶⁴ to meet the planning and monitoring needs in administering the scheme. The OBMMS was also expected to avoid duplication and curtail delays in the implementation of the schemes.

However, during the period 2014-17, shortcomings/deficiencies were noticed in identification of SC beneficiaries as well as in process of providing them financial support. There were no validity controls in OBMMS software. The lapses noticed in implementation of ISB are discussed below:

Identification of beneficiaries

As per the guidelines of the scheme, eligible/deserving beneficiaries should be identified through Gram Sabha in rural areas and Ward Sabha in urban areas. Such identification was to be made with the aid of database on PoP households maintained by SERP/MEPMA⁶⁵, applications received from interested beneficiaries, registrations through OBMMS portal, representations received from elected representatives, information from Grievances Cell etc., The beneficiaries were to meet eligibility criteria viz. age group, income limit, undertaking towards availing the scheme for first time, etc.

During the period 2014-17, against 83,189 beneficiary groups (units) targeted to be covered at an outlay of ₹978.91 crore, a total number of 46,601 units only were covered (shortfall: 44 per cent) under ISB scheme. The corresponding disbursement of the subsidy component was to an extent of ₹490.41 crore (shortfall: 50 per cent). As discussed in Para 3.2.2 & 3.2.3, delay in finalisation of AAPs coupled with short release of funds led to such shortfall in coverage of beneficiaries.

Audit scrutiny showed the following:

- Of the three test-checked districts, the database of SERP/MEPMA was not utilised except in Rangareddy district. As a result, the cross-checking with the survey results was not conducted as envisaged in the scheme guidelines.
- The AAPs fixed targets with respect to vulnerable groups, but no units were sanctioned by the District Societies for the benefit of these groups during 2014-17. The District Societies stated (February - April 2017) that no such proposals for vulnerable groups were received from the Mandal Parishad Development Officers (MPDOs). The Corporation, however, cited (May 2017) lack of funds as the reason. The reply is not acceptable as there were unspent balances lying with the Corporation at the end of every year during 2014-17.

⁶⁴ with the assistance of the Centre for Good Governance (CGG)

⁶⁵ Society for Elimination of Rural Poverty/Mission for Elimination of Poverty in Municipal Areas who conduct a survey of households

- Age criteria⁶⁶ was fixed for the agricultural and other sectors in the AAPs for sanction of subsidy. Scrutiny of OBMMS data, however, showed that during the years 2014-17, a total subsidy of ₹44.41 lakh was sanctioned to 48 ineligible beneficiaries who were above the prescribed age limit. Government in their reply (February 2018) stated that the audit observations were well taken. It was further stated that instructions had been issued to all the District Societies in the State to observe the eligibility criteria while identifying the eligible beneficiaries under SC Action Plan 2017-18.
- The EDs were required to create awareness on the schemes in all the mandals, predominantly in SC localities/habitations through awareness/publicity camps. The Corporation did not provide to Audit the information with regard to number of awareness camps conducted by each district and utilisation particulars thereof etc. for the period 2014-17 (September 2017).

The above shortcomings/deficiencies adversely impacted the implementation of the scheme.

Financial support to SC beneficiaries

Funding pattern for the ISB during 2014-15 to 2016-17 is as follows.

Table-3.5

Scheme	Subsidy		Bank loan
	2014-15	2015-16 and 2016-17	
Bank – linked self employment/ economic support schemes (ISB)	60% limited to maximum of ₹one lakh	Category-I: 80% (unit cost up to ₹ one lakh) Category-II: 70% (unit cost from ₹1.01 lakh to ₹2 lakh) Category-III: 60% (unit cost from ₹2.01 lakh to ₹10 lakh limited to ₹5 lakh)	Balance amount as bank loan

Source: AAPs of the Corporation and GOs issued by Government of Telangana

The EDs were required to upload two separate bank account numbers of every sanctioned beneficiary along with the IFSC code of respective bank branch into OBMMS viz.,

- Non-operative Savings Bank Account number - meant for direct online transfer of subsidy amount by the Corporation and;
- Loan Account number - for release of loan component by the Bank.

As per the guidelines, following identification of the beneficiaries, the subsidy component is to be transferred into individual non-operative bank accounts of the beneficiaries. This amount is released by the bank along with the loan component (balance amount) to the third party⁶⁷ as and when the units are started up. This is followed by the bank submitting the photograph of the established unit along with the UC for the amount involved, to the Corporation.

⁶⁶ Agricultural sector: 21 – 60 years; Allied sectors: 21 – 50 years

⁶⁷ the source or seller/provider from whom the beneficiary obtains the necessary goods/articles for setting up of units and to whom the bank releases payment directly

Scrutiny of OBMMS data revealed the following:

- The unit cost was to be fixed according to set parameters laid down in the AAP. However, the unit cost allowed by the EDs for a particular unit type was higher than that stipulated in AAPs⁶⁸. This resulted in sanction of higher amount of subsidy. The excess payment of subsidy amounted to ₹6.50 crore in respect of 1,016 beneficiaries (including 215 beneficiaries in the test-checked districts) during the period 2014-17 (details are given in *Appendix-3.2*). Audit also noticed wide variation in unit cost for the same type of unit⁶⁹.

Further, a total of 784 units⁷⁰ out of 1,016 units (subsidy involved: ₹5.32 crore)⁷¹ received the subsidy but had not commenced operations. As a result, the subsidy amount was lying idle in the non-operative bank accounts as of May 2017.

Government in their reply (February 2018) stated that the unit cost fixed was flexible in nature and could be revised at the time of selection of beneficiaries by the selection committee with the consent of the bankers. The reply was not acceptable as there were huge variations for similar type of units. Further, the release of higher quantum of subsidies to a fewer number of beneficiaries had actually deprived other eligible beneficiaries.

- Bank loans were to be raised to bridge the gaps in funding (after release of subsidy) through agreements between the Corporation and the banks. It was, however, observed that the banks insisted on term deposits as surety for release of the loan component under ISB. The beneficiaries being poorest-of-poor (PoPs) were thus forced to borrow money from money lenders at higher rate of interest for depositing the amount in banks. In the event of the beneficiary not being able to invest in term deposit, the banks released only the subsidy component, and the loan component was treated as fixed term deposit.

Beneficiary survey in the test-checked districts showed that out of 105 beneficiaries surveyed, 45⁷² beneficiaries were asked to deposit amounts as fixed term deposits before release of the loan component.

The above irregular practice by banks of insisting on term deposits from PoP beneficiaries defeated the very purpose of the scheme of providing financial assistance to them. On being pointed out in Audit, the EDs of sampled districts replied (April 2017) that instructions were already issued in the past by the District Collectors to all Bank Managers not to insist/collect fixed deposits in lieu of bank loan component from the beneficiaries. Clearly, this aspect was not followed up with Banks by the District Societies.

⁶⁸ unit cost was inflated up to 425 per cent for Electrical shop; 400 per cent for books and stationery unit; 350 per cent for cloth and readymade garments unit; 300 per cent for chicken centre and 200 per cent for Centering unit

⁶⁹ e.g. for the same type of unit, unit cost was variedly fixed at the rates ranging from ₹2 to 10 lakh for sheep rearing (20+1) unit, Jute bags and products; from ₹3 to 10 lakh for Bio-pesticide Fertilizer shop and from ₹2 to 8.5 lakh for Electrical shop etc.

⁷⁰ 2014-15: 01 unit; 2015-16: 112 units and 2016-17: 671 units

⁷¹ 2014-15: ₹0.50 lakh; 2015-16: ₹0.65 crore and 2016-17: ₹4.66 crore

⁷² Karimnagar-7; Mahabubnagar-10 and Rangareddy-28

Absence of validity controls

OBMMS package was to capture the data comprehensively covering details of sanction proceedings by District Collector, two bank accounts (Non-operative S/B Account and Loan Account), details of start-up of units and collection of utilisation certificates etc. The process would be treated as complete only after the entries of the utilisation certificates of established units along with photographs are uploaded in OBMMS software.

Audit observed the following:

- Loan account was to be different for each beneficiary. The same loan account number was, however, allotted up to nine beneficiaries. Similarly, 293 loan account numbers were repeated multiple times in the case of 747 beneficiaries in the State.
- Eleven duplicate non-operative account numbers were found in the database involving 27 beneficiaries. In the absence of correct Account number, it could not be ascertained in Audit as to whether the subsidy was released to correct beneficiary.
- Aadhaar number is unique identity for every beneficiary. However, there was a repetition of six Aadhaar numbers in respect of 12 beneficiaries. Further, in respect of 414 beneficiaries, the Aadhaar numbers were mentioned as 'Zero'.
- There were 'Blanks' in place of Bank Loan account numbers (12 cases)/non-operative account numbers (05 cases).

Absence of minimum validity controls in OBMMS software to recognise and check duplicate loan account numbers/duplicate Aadhaar Card numbers/non-operative account numbers indicated the poor design and development of the software. This rendered the whole database unreliable.

Government accepted (February 2018) the audit observations and stated that appropriate action would be taken to sort out the issue of duplication of loan accounts, Aadhaar numbers and non-operative bank accounts. It was further stated that efforts were on to rectify the anomalies by taking up the issue with CGG for rectifying/strengthening the OBMMS portal.

Commencement of operations by units

The Corporation required the units to start functioning within 15 days from the date of release of subsidy. Audit scrutiny of OBMMS data and beneficiary survey disclosed the following:

- Subsidy of ₹26.50 crore in respect of 4,597 units (62 per cent)⁷³ and ₹56.61 crore in respect of 5,937 units (78 per cent)⁷⁴ was released during 2014-15 and 2015-16 respectively. No photographs, however, were uploaded by the District SC Societies even after one year of sanction of the units.

Thus, there was no assurance that the units were set up;

⁷³ out of 7,412 units

⁷⁴ out of 7,569 units

- There was (i) a gap of more than one year between the date of receipt of application from the beneficiary and date of sanction in respect of 7,192 cases, (ii) a gap of more than six months between date of sanction to release of funds in respect of 12,972 cases and (iii) a gap of more than three months between the dates of release of funds and commencement of the units in respect of 5,436 cases against the stipulation of 15 days, during 2014-17.

The above issues indicated that there were delays at every stage of the start-up of units. The time limit of 15 days appeared too optimistic to be adhered to. The observations in respect of test-checked districts are given in *Appendix-3.3*. The Corporation accepted (May 2017) the delays in start-up of units to unavoidable and lengthy official procedure involved in the sanction of funds.

Government accepted the audit observation and stated (February 2018) that a fixed time schedule was incorporated in the SC Action Plan 2017-18 right from identification of beneficiaries to setting-up of units. It was further stated that the schedule would henceforth be maintained and reviewed regularly.

Beneficiary survey of 105 units in the three sampled districts revealed the following:

- 21 units⁷⁵ which were sanctioned subsidy and started during the year 2015-16 were not actually in existence.
- In respect of three⁷⁶ beneficiaries across two districts, the type of unit sanctioned and the type of unit actually set up were different.

EDs accepted the audit observations and stated (February - April 2017) that amounts involved therein would be recovered in due course after verification.

3.2.4.2 Land Purchase & Land Development

The Land Purchase Scheme (LPS) is a flagship programme of the Corporation. Landless married SC women beneficiaries belonging to below poverty line (BPL) households (with the PoP category being given priority) were to be given up to three acres of land in the first phase. Other SC beneficiaries having small pieces of land were to be provided with balance extent of land to make them land owners of 3 acres each in subsequent phases.

A comprehensive package was envisaged to include provision of irrigation/drip facilities, seed, cost of cultivation, fertilizers, pesticides, ploughing, micro-irrigation, energisation⁷⁷ of pump sets etc. for one crop-year. In addition, providing funds for land development, preparation of nursery and agricultural inputs was also envisaged. The amounts for meeting the cost of cultivation etc. were to be directly transferred into the beneficiary's account. LPS is implemented with 100 *per cent* subsidy and without any contribution from the beneficiaries and without any bank linkage.

The District Collectors are given powers to purchase agricultural land for the above purpose at a cost ranging from ₹2 lakh to ₹7 lakh per acre in nine erstwhile districts (i.e., except

⁷⁵ Karimnagar – 19 units and Mahabubnagar - 2 units

⁷⁶ Karimnagar – 1 beneficiary and Mahabubnagar – 2 beneficiaries

⁷⁷ providing electrical connection to service line or to a power source

Hyderabad) of Telangana State. The funds were released to the accounts of District Societies through RTGS⁷⁸ for incurring the expenditure towards purchase of lands & other specified items. The expenditure particulars were uploaded in the LPLDS⁷⁹ package for monitoring the expenditure.

During the period 2014-17, against a total targeted outlay of ₹1,887.98 crore set for the Corporation, an amount of ₹412.72 crore (representing less than 22 per cent of the outlay) was released to district societies towards subsidy under LPS. The corresponding disbursal of subsidy was ₹306 crore leaving a shortfall of 84 per cent against the total outlay.

The Government in their reply (February 2018) attributed the shortfalls due to reorganisation of the State as well as districts.

The reply of the Government is not tenable since the State was bifurcated in June 2014 and sufficient time had elapsed since then. Further, with the reorganisation of the districts (October 2016), the efficiency in execution of the schemes was expected to enhance.

Identification of land

As per the standard procedure outlined under LPS, the land to be distributed was to be identified considering several parameters viz., irrigation potential, litigation if any, availability of ground water, etc. Price should be finalised by the Committee⁸⁰ constituted at district level after negotiations with Pattadars and also considering the basic value of land as per records. After receipt of consent from beneficiaries, the land should be registered in the name of the women beneficiaries. After satisfaction of Pattadar regarding the price, payments should be made to him after completion of due process of registration of the land.

Audit observed faulty identification of land without proper verification as illustrated below:

- The District Collector, Mahabubnagar sanctioned (October 2015) purchase of 150 acres of land from four Pattadars. This was at a total cost of ₹4.50 crore at the rate of ₹3 lakh per acre for distribution to 50 SC landless agriculture labourers of Kistapur village⁸¹. The same was registered in the name of beneficiaries in October 2015.

Subsequently, based on adverse news in media, the District Collector conducted an enquiry and found (February 2016) that the land registered was different from the land identified by the Purchase Committee. Out of 150 acres of land registered, only 36 acres land was found to be cultivable and the balance 114 acres land was uneven and uncultivable. Further, the Collector observed that the value of the registered land was overpriced (purchased at the rate of ₹3 lakh per acre while its value was only about ₹40,000 per acre).

Taking cognizance of the irregularities, the Collector declared the transaction *null and void and* ordered (February 2016) reversal of the registration process. However, as of

⁷⁸ Real Time Gross Settlement – a system for transfer of funds online

⁷⁹ Land Purchase and Land Distribution Scheme

⁸⁰ under the chairmanship of District Collectors with concerned Executive Director of SC Society along with two more members nominated by the District Collectors

⁸¹ of Dhanwada mandal

February 2018, neither were the lands de-registered and the amounts recovered from the Pattadars nor was any alternative land offered to the 50 beneficiaries.

Government while accepting (February 2018) the audit observation stated that steps were being taken to cancel the sale deeds.

Thus, the Department purchased and registered uncultivable land different from the land identified by the purchase committee at overpriced rates. This resulted in locking of plan funds amounting to ₹4.50 crore with the land owners for more than two years. This deprived the landless poor beneficiaries of the intended benefits.

- RDO, Sircilla (Karimnagar district) submitted proposals (March 2016) to the ED, District SC Society, for purchase of 26 acres of land for ₹1.35 crore⁸². This was intended for distribution to nine SC landless women agricultural labourers at Thadagonda village. The Mandal Agriculture Officer (MAO), Assistant Project Manager (Indira Kranthi Patham programme) and Tahsildar of Boinpalli mandal had certified (March 2016) that the land was free from mortgage.

At the time of registration, however, it was brought to notice that some of the identified land was under mortgage to Banks. The administrative sanction was given and funds were released (July 2016) to the District Society, but the land was not registered in favour of beneficiaries even as of August 2017.

Thus, false certification by MAO and Tahsildar, resulted in the amount of ₹1.35 crore lying idle with the District SC Society for more than a year besides non-allotment of land to beneficiaries.

- Tahsildar, Dharur (Rangareddy district) identified (April 2015) 20 acres and 39 guntas of land for distribution to seven out of fifteen PoP beneficiaries identified from SERP data.

At the time of registration, the Registrar refused (May 2015) to register 4 acres and 39 guntas of land valuing ₹18.16 lakh stating that the Pattadar was a minor. Further, the land, though represented by a legal or natural guardian, should not be registered without permission of the Court.

Thus, faulty identification of land resulted in an amount of ₹18.16 lakh remaining idle with the District SC Society for over two years.

Selection of beneficiaries

As per scheme guidelines, only women of landless agricultural dependant SC households in PoP category are eligible. Beneficiaries shortlisted by Mandal Level Committee are approved by District Level Committee. During the period 2014-17, against the target of 12,587 beneficiaries, 2,866 beneficiaries could be covered under LPS scheme, indicating a shortfall of 77 per cent.

⁸² @ ₹5.20 lakh per acre

Government attributed (February 2018) the shortfall to bifurcation of the State (June 2014) which was not acceptable as three years had elapsed since then.

Audit further observed the following:

- Based on the proposals of the RDO, the District Collector, Karimnagar sanctioned (March 2016)⁸³ an amount of ₹1.69 crore⁸⁴ for purchase of 26 acres and 01 gunta⁸⁵ of land. This was intended for distribution to nine SC landless agriculture labourers of Korem village. Initially, RDO, Sircilla confirmed (April 2016) that all nine beneficiaries identified by Gram Sabha were eligible for distribution of land under LPS. Later, based on complaints, RDO re-examined the cases and stated that eight out of nine beneficiaries were ineligible for distribution of land under LPS. As of April 2017, no action was, however, taken to identify the beneficiaries afresh. Meanwhile, due to the delay in the process, the Pattadars sold away their lands.

Thus, false certification by RDO (without utilising the SERP data) led to incorrect selection of beneficiaries. This resulted in an amount of ₹1.69 crore lying idle⁸⁶ with the Society besides non-achievement of the objective.

Government accepted (February 2018) the audit observation and stated that ED, Karimnagar had been instructed to identify the eligible beneficiaries.

- *As per the extant orders⁸⁷, in the first phase of implementation, the land should be allotted to absolutely landless beneficiaries.* The District Collector, Mahabubnagar sanctioned (February 2016) ₹3.52 crore towards purchase of 92 acres and 28 guntas⁸⁸ of land for distribution to 31 landless women SC agricultural labourers of Veltoor village. It was, however, seen that seven beneficiaries were already in possession of some land. These beneficiaries, however, were again considered for allotment of land statedly as per District Collector's orders of March 2016. ED, Mahabubnagar SC Society replied (April 2017) that a detailed report will be obtained from the Tahsildar concerned.

Thus, the process of selection of beneficiaries was faulty. This deprived the genuine beneficiaries from possession of land. Further, the objective of providing cultivable land to the landless poor remained unachieved.

In their reply (February 2018) Government stated that under LPS, SC families who possessed less than 3 acres of land would also be covered by providing balance extent up to 3 acres of land. However, the guidelines specified that land in the first phase should be allotted to the landless. Those holding some extent of land should be covered only after the landless families had been exhausted. In view of this, the reply was not tenable.

⁸³ amount received in July 2016

⁸⁴ @ ₹6.50 lakh per acre

⁸⁵ 40 guntas = 1 acre

⁸⁶ for 10 months w.e.f. July 2016 to April 2017

⁸⁷ GO Ms No.1 dated 26 July 2014 of Scheduled Castes Development (SCP) Department

⁸⁸ @ ₹3.80 lakh per acre

Registration of lands

The procedure approved by Government for release of funds under LPS Scheme contained a requirement to upload the sanction proceedings on the government website⁸⁹ with details of beneficiaries and land to be purchased. After receiving funds from the Corporation, the ED should take necessary steps for timely registration of lands in favour of proposed beneficiaries and release the cost of land to Pattadars.

- It was observed that beneficiaries were identified and land sanctioned. Out of 3,728 beneficiaries who were sanctioned land in the State during 2014-17, land was not registered in respect of 862 (23 per cent) beneficiaries as of May 2017. In the three test-checked districts, lands were yet to be registered in favour of 144 beneficiaries (15 per cent) out of 943 sanctioned beneficiaries.

The Corporation, while accepting (July 2017) the audit observation attributed the delay in registrations to some Pattadars either not turning up for registrations or approaching the Courts. Government in their reply, however, stated (February 2018) that the registration of land to sanctioned beneficiaries had been completed. The details were, however, not uploaded in LPLDS portal due to heavy work load of the District Officials and insufficient staff. The reply was in contradiction to the response of the Corporation as well as the factual position as evidenced from the beneficiary survey conducted by Audit.

Thus, the delay in registrations led to non-handing over of land to the selected beneficiaries and loss of intended benefits.

- In Rangareddy district, land for allotment to eight beneficiaries to the extent of 20 acres and 18 guntas was identified (May 2015) in Ravulapally village. However, notification regarding registration of the same was given to the Pattadar, only in August 2016, i.e., after a delay of about 15 months.

There was delay in obtaining clearance from Ground Water⁹⁰ and Revenue⁹¹ Departments. There was also delay in release (July 2016) of funds by the Corporation. As a result, the Pattadar withdrew from the deal.

Thus, the sanctioned amount of ₹97.14 lakh remained idle⁹² with the District SC Society for more than a year (August 2017).

Further, the Beneficiary survey by Audit revealed the following:

- Out of 45 beneficiaries surveyed in the three test-checked districts, lands were registered with a delay ranging from 100 days to 418 days in respect of 18⁹³ beneficiaries. This resulted in loss of assistance to beneficiaries for one crop-year consisting of at least two crop seasons viz., rabi and kharif.

⁸⁹ <https://lplds.cgg.gov.in>

⁹⁰ received in October 2015

⁹¹ received in January 2016

⁹² due to absence of any timeframe fixed by the Government in LPS guidelines for clearance from the Revenue and Ground Water Departments

⁹³ Mahabubnagar-10 and Karimnagar-8

- In Karimnagar district, Pattas of Government land was issued to 12 landless beneficiaries in Dacharam village of Ellanthakunta mandal in January 2016. However, demarcated lands were not handed over to the beneficiaries even after a year. During physical verification, it was observed that the entire land (24 acres) was unfit for cultivation as it was uneven and filled with bushes and boulders.



Government land in Dacharam village (Survey No.738/1) uneven and unfit for cultivation (18 April 2017)

Thus, the purpose of distributing cultivable land to beneficiaries for their livelihood was defeated.

- As per the Government Orders of July 2014, the entire 3 acres of land allotted to the beneficiary should be at a single location. It was, however, seen that the land was distributed to five⁹⁴ beneficiaries at various locations.

The District SC Societies did not furnish reasons for the above lapses.

Thus, absence of specific timelines in the LPS Guidelines for registration of land and for clearance from partnering Departments led to delay in registration of lands and the Pattadars withdrawing from the land deal. The intended purpose of timely assistance to beneficiaries remained unaccomplished, in these cases.

Non-issuance of Pattadar pass books after registration

The A.P. Rights in Land and Pattadar Pass Books Act 1971 lays down that after handing over the physical possession of land to the beneficiaries, a Pattadar passbook should be issued to the beneficiaries indicating the land allotted by the Government and that the land should not be sold/transferred/alienated to others. Pattadar pass books help the farmers in securing loans based on the entries without approaching the village level functionaries each time.

Audit observed the following:

- Out of land registered/distributed in favour of 2,866 beneficiaries in the State under LPS during 2014-17, Pattadar Pass Books for 578 beneficiaries (20 per cent) were not issued as of May 2017.
- In the three test-checked districts of Mahabubnagar, Karimnagar and Rangareddy, Pattadar pass books and title deeds were not issued to 180 out of 799 beneficiaries to whom land was allotted. During the beneficiary survey, it was confirmed that Pattadar pass books were not issued to 13 beneficiaries⁹⁵ out of 36 beneficiaries to whom land was allotted.

Delay in issue of pass books may lead to delay in securing loans by farmers.

⁹⁴ Mahabubnagar-2 and Karimnagar-3

⁹⁵ Mahabubnagar-10 and Karimnagar-3

On this being pointed out, it was replied (April 2017) by concerned EDs of District SC Societies that the Pattadar pass books could not be issued due to pre-occupation of officials on account of reorganisation of districts as also the shortage of pass books.

Government while accepting (February 2018) the audit observations stated that the District Collectors concerned would be instructed to issue Pattadar pass books and the title deeds to the remaining beneficiaries.

Irrigation facilities not provided

Government orders of August 2014 stipulated that the lands distributed under LPS should be provided with irrigation facilities which included the cost of electric motors & pump sets as well as cost of electrification. Out of 7,486 acres and 10 guntas of land distributed to 2,866 beneficiaries in the State during 2014-17, 3,210 acres and 33 guntas of land (relating to 1,202 beneficiaries) were classified as rain fed⁹⁶, for which irrigation facilities were required to be provided.

Audit observed the following:

- In the three test-checked districts, out of the rain fed lands⁹⁷ registered in favour of 386 beneficiaries⁹⁸, only 42 per cent (431 acres⁹⁹) of the land distributed in the years 2014-17 had irrigation facilities.
- During the beneficiary survey, it was observed that lands allotted to nine out of 22 beneficiaries surveyed in erstwhile Karimnagar district were categorised as ‘rain fed’. Of these, though bore wells were dug in lands belonging to five beneficiaries, motor and pump sets as stipulated were not provided.

Specific reasons were not furnished for non-provision of motor and pump sets.

Thus, irrigation facilities as stipulated in the scheme were not provided in more than 50 per cent of the cases where land was distributed, defeating the objective of providing an asset ready for income generation.

Government in their reply (February 2018) stated that the details of irrigation facilities provided to beneficiaries were not uploaded to LPLDS portal due to heavy work load of the District Officials and insufficient staff. However, the beneficiary survey conducted by Audit showed that all the nine beneficiaries covered in Audit were not provided with the required irrigation facilities. Hence, the reply was not acceptable.

One crop-year assistance

The Government orders of July 2014 contained a provision for assistance for one crop-year towards irrigation/drip facilities, seed, cost of cultivation, fertilizers, pesticides, energisation of pump sets, etc.

⁹⁶ totally dependent on rains for irrigation

⁹⁷ 1,023 acres and 28 guntas

⁹⁸ Karimnagar: 224; Mahabubnagar: 124 and Rangareddy: 38

⁹⁹ Karimnagar: 240 acres and 36 guntas; Mahabubnagar: 172 acres and 13 guntas and Rangareddy: 18 acres

Audit observed the following:

- Though land was registered/distributed to 2,866 beneficiaries in the State during 2014-17, 'one crop-year assistance' to 870 beneficiaries (30 per cent) was not yet provided (May 2017).

The Corporation replied (May 2017) that due to non-receipt of the proposals from EDs of respective District SC Societies along with recommendation of the Agriculture Department, amounts were not sanctioned. Government also accepted (February 2018) the audit observation.

This indicated lax control/monitoring at Corporation level.

- In the test-checked districts, it was observed that 2,145 acres and 38 guntas of land was registered/distributed to 799 beneficiaries during the period 2014-17. However, 'one crop-year assistance' was not provided to 888 acres of land belonging to 292 beneficiaries (36 per cent).

The District Societies replied (March/April 2017) that action would be taken to provide the assistance.

- All the 27 eligible beneficiaries covered by Audit in the beneficiary survey in the three test-checked districts, were not provided with 'one crop-year assistance'.
- The crop assistance was required to be released at the beginning of the crop season to benefit the farmer. In all the sampled districts, however, there were delays ranging from nine days to as high as 208 days in releasing the crop assistance.
- A large variation¹⁰⁰ was observed in quantum of one crop-year assistance released for the same crop in different districts. For instance, the one crop-year assistance provided for cotton crop ranged from ₹6,300 per acre (Rangareddy) to ₹30,500 per acre (Khammam). For Red gram it ranged from ₹3,935 per acre (Mahabubnagar) to ₹11,500 per acre (Khammam). For Chilli it ranged from ₹15,150 per acre (Mahabubnagar) to ₹56,000 per acre (Khammam). Further, no basis could be found in records for calculation of the amount of crop assistance for a particular crop.

Government in their reply (February 2018) stated that the quantum of assistance would vary from place to place based on the category of soil, topography of land and other geographical conditions. The reply was not acceptable as major variation in expenditure for the same crop in different regions of the State was noticed.

Thus, the beneficiaries either did not receive the assistance or received it belatedly. This defeated the purpose of the scheme. This gap would call for strengthening of monitoring and coordination at the Corporation level.

¹⁰⁰The financial impact could not be quantified as it was observed that in certain cases, two or more crops were clubbed for the same beneficiary without furnishing the crop-wise extent of land cultivated; in certain other cases, only the extent of land was furnished without naming the type of crop cultivated

3.2.5 Monitoring and Complaint Redressal mechanism

The Annual Action Plan stipulated constitution of a District Level Monitoring Committee (DLMC) in each district under the chairmanship of the District Collector. The DLMC was to monitor the implementation of schemes in the districts, convene meetings in order to expedite the process of sanction of funds for ISB scheme and review the progress of the scheme at frequent intervals. The DLMC should also examine any complaints received in the process of selection of beneficiary and start-up of schemes. Further, as per guidelines, at the end of each financial year the verification of commenced/started-up units/assets should be done at mandal/municipality level by constituting special teams.

Scrutiny, however, showed that neither the DLMC was formed at district level nor a special team constituted at mandal/municipality level as envisaged. During the period 2014-17, a total of 1,786 grievances of the beneficiaries were disposed of at the district level by the EDs as settled and closed without addressing the issues. The complaints received were directly forwarded to the concerned officials like MPDOs. Follow up action taken by MPDOs was also not being pursued.

Further, evaluation or impact study of the schemes by a third party to assess the effectiveness of implementation was not conducted during the period 2014-17.

3.2.6 Conclusion

The implementation of Economic Support Schemes for Scheduled Castes suffered in the State as the envisaged financial targets as well as targeted coverage of number of beneficiaries were not achieved during 2014-17.

The Corporation had prepared the Annual action plans without obtaining inputs from the districts. The purpose of providing financial assistance under 'Industries Services Business' scheme was not fulfilled. This was due to the insistence by Banks on Term Deposits from poorest-of-poor (PoP) towards the loan component which was to be released along with the subsidy sanctioned by Government for establishing the Units.

The database in OBMMS software portal developed by the Corporation was found to be unreliable due to lack of validity controls to weed out duplicate loan account numbers/duplicate Aadhaar card numbers.

Audit observed abnormal delays at every stage of the start-up of Units right from day of application to sanction/release of funds. Under Land Purchase Scheme, there were cases of faulty identification of lands, lapses in the process of selection of beneficiaries and absence of specific timelines for registration of land. Non-issuance of Pattadar pass books after registration and non-provision of irrigation facilities after distribution of land to the beneficiaries were also observed. The objective of providing valuable and permanent asset for income generation thus remained unachieved.

Home Department

3.3 Follow up on Performance Audit of Functioning of State Disaster Response and Fire Services Department

3.3.1 Introduction

The Fire Services Department was originally formed in 1957. It was renamed as 'Fire and Emergency Services Department' in 2004 and thereafter as 'State Disaster Response and Fire Services Department' in July 2009. The Department was identified as a multi hazard first responder and entrusted with the task of safeguarding life and property during fire, floods, cyclones, earthquakes, etc.

The Department is entrusted with following main functions:

- prevent loss of life and property and undertake rescue operations when fire breaks;
- provide fire protective cover during large public gatherings/functions/VVIP visits;
- impart training in fire fighting operations;
- prescribe mandatory fire safety measures;
- create fire safety awareness and sensitise the public about prevention and dealing with fire accidents; and
- enforce fire safety measures stipulated in multi-storied buildings Regulations, 1981; Telangana Fire Service Act¹⁰¹, 1999; and Telangana Fire and Emergency Operations and Levy of Fee (TF&EO and LF) Rules, 2006.

The Department functions under the overall control of the Secretary in Home Department. The Director General of State Disaster Response and Fire Services (DG) is the Administrative Head of the Department. There are 10 divisions in the State consisting of 96 fire stations and 16 fire out posts to cater to fire, emergency and rescue needs. Besides, State Fire Service and Civil Defence Training Institute headed by a Divisional Fire Officer (DFO) rank officer, imparts training to the staff in performing departmental functions.

A Performance Audit of functioning of State Disaster Response and Fire Services Department covering the period 2007-12 featured in the Report of the Comptroller and Auditor General (CAG) of India pertaining to the erstwhile Government of combined Andhra Pradesh for the year ended March 2012. Five recommendations were issued to the Government by the CAG and Government accepted (November 2012) all the recommendations.

A Follow up Audit was conducted (May - July 2017) to assess the extent of implementation of the recommendations. Audit test-checked the records of Home Department, Director General of State Disaster Response and Fire Services and three¹⁰² Divisional Fire Offices covering 37¹⁰³ fire stations pertaining to the period June 2014 – July 2017. Joint physical

¹⁰¹ Government adopted (November 2015) AP Fire Service Act, 1999 and AP Fire and Emergency Operations and Levy of Fee Rules, 2006

¹⁰² Hyderabad, Mahabubnagar and Rangareddy (being the earlier sampled districts)

¹⁰³ Hyderabad: 15 (excluding one non-functional fire Station i.e. Turn Table Ladder), Mahabubnagar: 8 and Rangareddy: 14

verification of 13 (out of 37) sampled fire stations and certain important public buildings was also conducted along with the Department officials. Photographic evidence was taken to substantiate audit findings, where necessary.

Out of the five recommendations accepted by the Government, only one recommendation was partially implemented. Government took insignificant or no steps to implement the remaining four recommendations. The Audit findings are discussed in the following paragraphs.

3.3.2 Insignificant or no progress

<p>1. Gist of observations made in earlier Audit Report</p>	<p>Annual Plans of the State Government did not include plans/priorities relating to the Department. The DG had also not outlined the infrastructural and other institutional requirements along with a detailed timeframe for fulfilling them through any strategic or perspective plan. There were no annual action plans in any of the sampled districts indicating the local level requirements and proposed mode of achieving them. The Department did not have comprehensive operational database.</p> <p>Further, the State Government had not implemented any of the major recommendation of the Sub-Committee constituted by the State Government.</p> <p style="text-align: right;"><i>(Paragraphs 2.3.1 to 2.3.3)</i></p>
<p>CAG's Recommendation (Sl. No. 1)</p>	<p><i>Government should take appropriate steps to formulate a long term perspective plan and annual action plans to ensure that the functioning of the Department is streamlined and modernised to deliver the envisaged services to public.</i></p>
<p>Findings in follow up audit and current status</p>	<p>Audit scrutiny revealed the following:</p> <ul style="list-style-type: none"> • It was only in May 2017, the Department prepared a perspective plan for 10 years period for improving its efficiency in service delivery to the citizens through up-gradation/modernisation of the Department. Approval of the Government was awaited as of October 2017. • In the three sampled divisions viz., Hyderabad, Mahabubnagar and Rangareddy no annual action plans were prepared indicating the local level requirements. • Government did not take concrete steps to implement any of the major recommendations (February 2009) of the Sub-Committee constituted by the State Government with regard to: <ul style="list-style-type: none"> ⇒ establishment of new fire stations in the Assembly constituencies/segments where not a single fire station existed;

	<p>⇒ formation of search and rescue teams at district and sub-divisional headquarters level;</p> <p>⇒ formation of Nuclear, Biological and Chemical (NBC) Search and Rescue Team;</p> <p>⇒ provision of State-wide modern communication system, etc.</p> <p>⇒ allocation of 20 <i>per cent</i> of the Calamity Relief Fund for procurement of specialised equipment: and</p> <p>⇒ allocation of 3 <i>per cent</i> of property tax collected by Municipal Authorities towards implementation of modernisation scheme.</p> <ul style="list-style-type: none"> • As of October 2017, the Department did not have a comprehensive database¹⁰⁴ except details relating to jurisdiction of fire stations, water source in the vicinity, etc. Further, the Department did not develop any Standard Operating Procedures (SOP) for combating fire in high rise buildings, earthquakes and other natural disasters.
<p>Replies/Comments of Government</p>	<p>Government admitted (May/July 2017) the fact of non-preparation of action plans at State level and non-implementation of recommendations of Sub-Committee. It was further stated (November 2017) that a perspective plan for the 10 years period for up-gradation/modernisation of the Department was under consideration of the Government.</p>
<p>Further comments of Audit</p>	<p>In the absence of a perspective plan/action plan, priorities could not be identified. Further, no specific measures were undertaken in a planned manner to achieve the objectives of the Department.</p> <p>Non-implementation of Sub-Committee recommendations even after the lapse of eight years of their acceptance by Government hampered the strengthening of the Department. Adequate fire stations, modern equipment, manpower and budgetary support were not provided as discussed in the subsequent paragraphs.</p>
<p>2. Gist of observations made in earlier Audit Report</p>	<p>The Department had not complied with the norms of Standing Fire Advisory Council (SFAC) and the recommendations of the Sub-Committee¹⁰⁵ with regard to infrastructure. It was ill equipped to handle the fire related exigencies in the State.</p> <ul style="list-style-type: none"> • Establishment of fire stations: No new fire stations had come up during the period 2007-12. The shortfall in this regard stood at 95 <i>per cent</i>. This had a cascading effect on the response time.

¹⁰⁴ containing the details relating to area-wise distribution of population, service area villages and houses with category of premises (like hazardous/non-hazardous), fire stations and their location, geographical mapping of distances between places, short/traffic free routes, etc. within the jurisdiction of a fire station

¹⁰⁵ constituted by the State Government

	<ul style="list-style-type: none"> • Infrastructure facilities: Infrastructure facilities in the existing fire stations were inadequate. Twenty <i>per cent</i> of the fire stations in the sampled districts were in a dilapidated condition. Availability of water source within the vicinity of fire stations was not ensured. Housing requirements of staff were not met. • Equipment: There was significant gap between the requirement and availability of equipment like fire tenders, rescue vans, etc. An outdated communication system adversely affected the preparedness of the Department in dealing with emergencies. <p style="text-align: right;"><i>(Paragraph 2.5.1)</i></p>
CAG's Recommendation (Sl. No.3)	Recommendations/norms of SFAC should be complied with scrupulously with regard to setting up fire stations, response time, infrastructure, equipment, etc.
Findings in follow up audit and current status	<p>There was no perceptible improvement in establishment of new fire stations and provision of infrastructure facilities and equipment in the fire stations as discussed below:</p> <p><i>Establishment of fire stations</i></p> <p>SFAC recommended a scale of one fire station for 10 sq. km radius for towns and one for 50 sq. km radius in rural/open areas. As per this norm, the requirement of fire stations in the State would work out to 2,596.</p> <p>Against this, there were only 96 fire stations (shortfall: 96 <i>per cent</i>) in the State to cover an area of 1.15 lakh sq. km¹⁰⁶. One fire station covered 3.67 lakh population on an average as against 50,000 population, stipulated in SFAC norms. Out of 119 assembly constituencies in the State, 45 did not have a fire station (details are given in <i>Appendix-3.4</i>) as of October 2017.</p> <p>During 2014-17, DG had been periodically submitting proposals to the Government for establishment of new fire stations in the State. However, only six new fire stations were sanctioned by the Government during the period. Of which, two¹⁰⁷ fire stations were put to operation and the remaining four¹⁰⁸ stations were not yet operationalised as of October 2017.</p> <p>Government allocated (2014-17) an amount of ₹3.50 crore for construction of the four¹⁰⁹ (out of the six mentioned above) fire stations. However, the funds were not released by the Government</p>

¹⁰⁶ Rural: 1,11,105 sq. km, Urban: 3,735sq. km as per Census of India, 2011

¹⁰⁷ Rangareddy division: IKP Knowledge Park and Cherlapally

¹⁰⁸ Medak division: Gajwel, Dubbaka and Peddasherampet and Nalgonda division: Yadagirigutta

¹⁰⁹ Gajwel, Dubbaka, Peddasherampet and Yadagirigutta

during 2016-17. As a result, construction of intended buildings for the four fire stations was not taken up.

For the five¹¹⁰ (out of six mentioned above) fire stations, an amount of ₹4.39 crore was allocated during 2016-17 towards procurement of fire fighting and rescue equipment. Against this, ₹3.68 crore only was released. DG, however, procured (March 2017) fire fighting equipment worth only ₹0.94 crore. Of this, the equipment worth ₹0.38 crore was supplied to the two existing¹¹¹ fire stations. The remaining equipment worth ₹0.56 crore meant for three fire stations was, however, kept idle as the intended fire stations had not come up.

Thus, for want of timely release of sanctioned funds, fire stations were not constructed in the State facing shortage (96 per cent) of fire stations. Besides, the equipment procured for the new fire stations remained unutilised.

Infrastructure facilities

Land: As per TF&EO and LF Rules¹¹², 2006, every fire station is to be provided with land measuring two acres with a building and accommodation. This would ensure safe custody of fire vehicles, appliances and equipment as well as accommodation for staff.

It was seen that only one out of the 37 fire stations in the three sampled divisions had two acres of land as prescribed in the norms as shown in Table-3.6 below.

Table-3.6

Sampled division	Total No. of fire stations	Number of fire stations having land			
		Two acres	Between one and two acres	Less than one acre	No land
Hyderabad	15	--	--	6	9
Mahabubnagar	8	1	4	1	2
Rangareddy	14	--	4	8	2
Total	37	1	8	15	13

Source: Records of DFOs

Buildings: As per TF&EO and LF Rules, 2006, every fire station is to be provided with permanent building to house fire vehicles, appliances and equipment under safe custody.

It was seen that out of 96 fire stations in the State, 19 fire stations were functioning without permanent buildings. Of these, four fire station buildings were under construction as of October 2017. In the

¹¹⁰ Gajwel, Peddashankerampet, Yadagirigutta, IKP Knowledge Park and Cherlapally

¹¹¹ IKP Knowledge Park and Cherlapally

¹¹² Telangana Fire and Emergency Operations and Levy of Fee (TF&EO and LF) Rules, 2006

three sampled divisions, 7 out of the 37 fire stations (19 per cent) were in dilapidated condition. In another six¹¹³ fire stations, there was no shelter for fire tenders, as can be seen below.



Fire tenders parked in the open at High Court Fire Station, Hyderabad (May 2017)



Fire tenders parked in the open at Tandur Fire Station (June 2017)

It was further observed that during 2014-17, the Government had not provided requisite funds for construction of permanent buildings for fire stations.

Water Source: SFAC norms stipulate availability of continuous water supply as a prerequisite for the functioning of a fire station. It is an essential requirement to have a static water tank of 25,000 litres capacity in each fire station with bore well and electric motor for its effective functioning.

Out of 96 fire stations in the State, 35 fire stations (36 per cent) had no bore well facility and no water source within the premises. Only 16 out of the 37 fire stations (43 per cent) in the three sampled divisions had a water source within their premises. Twenty one fire stations (57 per cent) were drawing water from canals, irrigation channels, etc. which were located up to 8 km away from the fire stations.

Staff quarters: SFAC norms prescribe allotment of quarters to all the fire personnel within the premises of fire stations to ensure their availability at all times.

It was, however, seen that there were no residential quarters for the Department in the State. Further, no funds were sanctioned for provision of residential quarters for the staff during 2014-17.

Equipment

One of the key components for combating fire incidents effectively is adequacy and preparedness of fire fighting equipment.

Fire tenders: SFAC norms prescribe one fire tender for every 50,000 population and one rescue van for 3 lakh population with another rescue van for an additional 10 lakh population.

¹¹³ Hyderabad division: Legislative Assembly and High Court; Mahabubnagar division: Mahabubnagar and Kollapur; Rangareddy division: Maheswaram and Tandur

In the three sampled divisions, however, only 72 fire tenders were available (shortfall: 77 per cent) against the total requirement of 312 fire tenders. Only two rescue vans were available against the requirement of 17 as shown in Table-3.7:

Table-3.7

Sampled division	Population* (in lakh)	Fire Tenders			Rescue Vans		
		R	A	S	R	A	S
Hyderabad	68	136	38	98	7	0	7
Mahabubnagar	35	70	10	60	4	0	4
Rangareddy	53	106	24	82	6	2	4
		312	72	240	17	2	15

*As per Census 2011; R: Required as per SFAC norms; A: Available; S: Shortfall
Source: Records of DFOs

It was observed that there were 32 old water tenders (procured 15 years ago) in the State. The old vehicles whenever turned out to any fire call were developing mechanical problems¹¹⁴ causing delay in responding to fire calls. Despite the heavy shortfall, adequate funds were not allocated by the Government for procurement of fire fighting and rescue equipment during 2016-17.

Communication System: The efficiency of Fire Services Department depends to a large extent on its ability to reach the fire accident site within the shortest possible time. SFAC norms prescribed a maximum response time of 5 minutes in urban and 20 minutes in rural areas.

It was seen that the Department did not have adequate modern communication system¹¹⁵. Further, Global Positioning System (GPS) to identify the exact location of fire premises, was not available with the Department. In the two sampled divisions, i.e., Mahabubnagar and Rangareddy, VHF sets were not yet installed/not available in 10¹¹⁶ fire stations. In three fire stations of Rangareddy division, VHF sets did not function. Funds were not sanctioned for establishment of VHF network with communication system.

Response to fire calls

SFAC recommended a maximum response time of 5 minutes for built up urban areas and 20 minutes for non-built up open and rural areas.

¹¹⁴ including break down on the road

¹¹⁵ Very High Frequency (VHF), Ultra High Frequency (UHF) and High Frequency (HF)

¹¹⁶ Mahabubnagar division: 8 and Rangareddy division: 2

In the three sampled divisions, Audit reviewed 62 major and serious fire incidents¹¹⁷ in urban areas. The response time in 19 (31 per cent) incidents was within the prescribed norms (i.e., below 5 minutes) and in the remaining 43 cases, the response time ranged from 6 to 93 minutes (Mahabubnagar).

In rural areas, in 73 fire incidents reviewed by Audit, the response time was within the prescribed norms (i.e., below 20 minutes) in 29 (40 per cent) incidents. In the remaining 44 cases, the response time ranged from 21 minutes to 158 minutes (Achampet). The year-wise details of the cases in urban and rural areas are given below.

Table-3.8

Urban Areas

Year	No. of cases test-checked	Cases within stipulated response time (below 5 minutes) (%)	Belated response cases			
			6 – 10 minutes (%)	11 – 20 minutes (%)	21 – 30 minutes (%)	Above 30 minutes (%)
2014	15	4 (27)	3 (20)	2 (13)	2 (13)	4 (27)
2015	19	6 (32)	4 (21)	7 (37)	0	2 (11)
2016	19	5 (26)	5 (26)	6 (32)	1 (5)	2 (11)
2017	9	4 (44)	0	2 (22)	2 (22)	1 (11)
Total	62	19 (31)	12 (19)	17 (27)	5 (8)	9 (15)

Source: Records of DFOs

Rural Areas

Year	No. of cases test-checked	Cases within stipulated response time (below 20 minutes) (%)	Belated response cases		
			21– 30 minutes (%)	31 – 60 minutes (%)	Above 60 minutes (%)
2014	27	10 (37)	9 (33)	7 (26)	1 (4)
2015	25	11 (44)	4 (16)	7 (28)	3 (12)
2016	19	7 (37)	2 (11)	6 (32)	4 (21)
2017	2	1 (50)	1 (50)	0	0
Total	73	29 (40)	16 (22)	20 (27)	8 (11)

Source: Records of DFOs

DG attributed (May 2017) the increase of response time for reaching the incident spot to traffic congestion in the metropolitan cities and urban areas. It was further stated that proposals were submitted (May 2017) for establishment of more number of fire stations in those areas.

Replies/Comments of Government

The Government replied (July/November 2017) that proposal to accord sanction for establishment of 47 new fire stations and conversion of 16 fire outposts into fire stations was under

¹¹⁷ Serious fire incidents: property loss of ₹10 lakh to ₹25 lakh (or) human loss irrespective of property loss; Major fire incidents: property loss of ₹25 lakh and above

	consideration. All efforts were made for establishment of new fire stations, provision of vehicles and fire fighting equipment as per SFAC norms. Instructions were issued (October 2017) to concerned DFOs to furnish proposals to District Collectors for allotment of land for construction of fire station buildings. Replacement of old water tenders in the existing fire stations was also under process.
Further comments of Audit	Recommendations/norms of SFAC were not adequately complied with by the Department with regard to setting up of fire stations, response time, infrastructure and equipment. This had a cascading adverse effect on strengthening of the Fire Services Department at all levels to effectively respond to emergencies and search and rescue calls during disasters.

3. Gist of observations made in earlier Audit Report	<p>There was considerable shortfall in key posts such as Fireman and Driver operator, which impacted the efficiency of fire fighting operations. Fire fighting operations were carried out without full strength in all the sampled districts. Training and skill development programmes were not given adequate thrust. The State Training School did not have specific action plan for imparting training courses during the period 2007-12.</p> <p style="text-align: right;"><i>(Paragraphs 2.6.1 to 2.6.3)</i></p>
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CAG's Recommendation (Sl. No. 4)	<i>Vacancies in all the key areas should be filled and skills of fire service personnel should be upgraded with appropriate trainings at regular intervals.</i>
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Findings in follow up audit and current status	<ul style="list-style-type: none"> • Manpower: Significant shortfall in key posts such as Fireman and Driver Operator still existed as of October 2017 as depicted in Chart-3.3 below. <div style="text-align: center;"> <table border="1"> <caption>Chart-3.3 Manpower sanctioned vis-à-vis men-in-position</caption> <thead> <tr> <th>Post</th> <th>Sanctioned Strength</th> <th>Men-in-position</th> </tr> </thead> <tbody> <tr> <td>Station Fire Officer</td> <td>128</td> <td>105</td> </tr> <tr> <td>Leading Fireman</td> <td>231</td> <td>217</td> </tr> <tr> <td>Driver Operator</td> <td>339</td> <td>217</td> </tr> <tr> <td>Fireman</td> <td>1115</td> <td>587</td> </tr> </tbody> </table> </div> <p><i>Source: Records of DG</i></p> <p>The Department suffered with vacancies in key posts such as Fireman (47 per cent) and Driver Operator (36 per cent) as detailed in Chart-3.3. This affected its operational efficiency adversely. The posts of three DFOs and nine Assistant DFOs were also vacant (October 2017).</p>	Post	Sanctioned Strength	Men-in-position	Station Fire Officer	128	105	Leading Fireman	231	217	Driver Operator	339	217	Fireman	1115	587
Post	Sanctioned Strength	Men-in-position														
Station Fire Officer	128	105														
Leading Fireman	231	217														
Driver Operator	339	217														
Fireman	1115	587														

	<ul style="list-style-type: none"> • Riding strength: Audit scrutinised fire reports of 108 fire accidents during 2014-17 in the three sampled divisions. Scrutiny showed that fire fighting operations were carried out without the full complement of Staff¹¹⁸ required to quell the fire. Out of 108 test-checked cases, in 19 cases, there was only one Fireman and in 32 cases, two firemen accompanied against three required. In two cases, no Fireman accompanied the fire tender. • Training of fire services staff: The State Fire Service and Civil Defence Training Institute did not have annual action plan (Training Calendar) for imparting training during the period 2015-17. During 2014-17, only 47 Leading Firemen out of 217 and 45 Driver Operators out of 217 were covered for training leaving a significant shortfall of 78 and 79 per cent respectively.
Replies/Comments of Government	The Government admitted (November 2017) that the operational efficiency of the Department was affected adversely due to vacancies in key posts. The recruitment to the posts of Station Fire Officer (9 posts) and Fireman (416 posts) was under process whereas notification for the post of Driver Operator (85 posts) was yet to be issued.
Further comments of Audit	Due to shortfall in key posts such as Fireman and Driver Operator, fire fighting operations had to be carried out without full strength which adversely impacted fire fighting efficiency of the Department.
4. Gist of observations made in earlier Audit Report	State Government had not accorded adequate priority to the Department in terms of budgetary allocation to fulfill the envisaged role. Further, non-release of funds from Calamity Relief Fund as prescribed by the GoI, hampered the modernisation process in the Department. <i>(Paragraphs 2.4 and 2.4.1)</i>
CAG's Recommendation (Sl. No. 5)	<i>Government should allocate adequate funds to meet the requirements of the Fire Services Department. Funds should also be released from Calamity Relief Fund as prescribed by GoI to augment the search and rescue operations and equip the Department with modern gadgets required for effective fire fighting services.</i>

¹¹⁸ one Leading Fireman, One Driver Operator and three Firemen along with Station Fire Officer concerned as per the Fire Service Manual

Findings in follow up audit and current status

Budgetary Support

Audit scrutiny of Budget allocation and utilisation of funds during 2014-17 revealed that allocations by the Government constituted only 45 to 50 *per cent* of the requirement sought by the Department in all the years as shown in Table-3.9.

Table-3.9

(₹ in crore)

Year	Budget sought by DG	Budget provided* (per cent)	Expenditure	Funds unutilised (-)/ Excess (+)
2014-15	117	56 (48)	56	0
2015-16	205	92 (45)	86	(-) 6
2016-17	240	120 (50)	100	(-) 20
	562	268	242	(-) 26

* Net appropriation

Source: Appropriation Accounts of Government for the relevant years and data furnished by DG

Audit scrutiny further showed the following:

- During 2014-17, DG had been submitting budget proposals every year for construction of permanent buildings for fire stations. However, requisite funds were not provided by the Government in any of the years during the period covered by Audit except for spill over works for the existing buildings.

Government initially allocated ₹17.69 crore (2014-15) and ₹40 crore (2015-16) towards construction of fire station buildings. Later, the entire allocation was, however, withdrawn by the Government due to non-commencement of works for want of administrative sanction (2015-16) and unspecified reasons (2014-15).

- During 2016-17, DG projected a requirement of ₹40 crore for procurement of fire fighting and rescue equipment. Government, however, restricted¹¹⁹ the final allocation to a meagre ₹7.76 crore (which was utilised).
- For establishment of new fire stations, Government initially allocated ₹47.30 crore during 2016-17 against ₹75.20 crore sought by DG. However, the allocation was subsequently restricted to ₹20.19 crore. Of this, a meagre ₹0.94 crore only was utilised.

¹¹⁹ by imposing freezing of budget

	<p><i>Capacity Building for Disaster Response activities</i></p> <p>Government of Telangana was apportioned ₹9.81 crore for undertaking activities of CBDR out of grant¹²⁰ of the XIII Finance Commission. The Government in turn released¹²¹ the same to DG during 2014-16.</p> <p>The DG forwarded (July 2014) proposals to the Government for creating State Disaster Response Force (SDRF) to incur expenditure under CBDR.</p> <p>The DG also requested the Government for constituting SDRF consisting of six teams¹²² with 90 personnel drawn from Fire Services and 192 personnel from Police Department.</p> <p>It was, however, observed that out of ₹9.81 crore allocated, an amount of ₹3.46 crore was only utilised by the Department. Further, the expenditure of ₹1.72 crore remained unfruitful as discussed below:</p> <ul style="list-style-type: none"> • The DFO building renovated at a cost of ₹0.77 crore at Hyderabad, intended to house SDRF had been lying idle for over two years. • The construction work of building for search and rescue team at Bhadrachalam was entrusted to Police Housing Corporation (PHC). An amount of ₹0.95 crore was paid (October 2016) to the executing agency as advance. The site was not handed over to PHC and the amount was kept idle with the executing agency. <p>Audit further observed that the balance amount of ₹6.35 crore¹²³ remained unspent as of August 2017 as the SDRF, proposed by the DG, had not been constituted by the State Government.</p> <p><i>Thus, the benefit of modernised fire fighting equipment and trained work force for the disaster response activities did not accrue to the State despite availability of funds.</i></p>
<p>Replies/Comments of Government</p>	<p>Government admitted (November 2017) non-release of funds for construction of new fire stations and non-constitution of SDRF. It did not offer specific remarks on the other issues pointed out above.</p>
<p>Further comments of Audit</p>	<p>Due to non-allocation/release of adequate funds by the Government the establishment of new fire stations as well as the process of modernisation was hampered.</p>

¹²⁰ consequent to the bifurcation of the State

¹²¹ ₹2.50 crore (May 2014), ₹2.44 crore (January 2015), ₹2.44 crore (April 2015) and ₹2.43 crore (May 2015) from XIII Finance Commission grants

¹²² at Bhadrachalam, Cyberabad, Hyderabad, Karimnagar, Nizamabad and Warangal

¹²³ lying in the current account of DG (i.e., outside the Government account) with State Bank of India, MC Branch, Tank Bund, Hyderabad

3.3.3 Recommendations partially implemented

<p>1. Gist of observations made in earlier Audit Report</p>	<p>The District Fire Officers¹²⁴ (DFOs) did not identify the hazardous premises through any survey or in coordination with other departments¹²⁵ for obtaining the details of hazardous premises under their control. DFOs did not take action against the defaulters despite violation of specific fire safety norms and non-enforcement of fire precautionary measures. There were several violations of fire safety norms in public places such as Government buildings, hospitals, educational institutions, theatres, etc.</p> <p style="text-align: right;"><i>(Paragraph 2.5.2.2)</i></p>
<p>CAG's Recommendation (Sl. No. 2)</p>	<p><i>The Department should chalk out a strategy to survey the hazard prone areas that need specific fire safety measures and an action plan to cover the other areas. Fire preventive inspections should be carried out at prescribed intervals and prompt action should be taken to address the deviations and violations.</i></p>
<p>Findings in follow up audit and current status</p>	<p>Audit observed the following:</p> <p><i>Inspection and issue of licence to hazardous premises</i></p> <p>Audit observed that the DFOs had not made any concrete efforts to identify the hazardous premises through any survey for obtaining the details of hazardous premises under their control. Further, the details of number of hazardous premises inspected by them during 2014-17 were not furnished.</p> <p>As of now, the Department was issuing licences (hazardous premises) to the buildings/structures intended for the sale/storage of fire crackers only. In May 2017 only, a proposal has been submitted to Government for issue of fire licence¹²⁶ to all hazardous premises through Fire Commissionerates¹²⁷. The proposal was stated to be under consideration of the Government.</p> <p><i>Inspections and issue of NOCs¹²⁸ to high-rise buildings</i></p> <p>During the process of construction of a high-rise building, the Director General is to depute a member of the service to conduct inspection¹²⁹ of the construction and note the deviations from Provisional NOC/National Building Code (NBC). Such deviations are to be brought to the notice of the owners¹³⁰ of the concerned buildings for rectification.</p>

¹²⁴ now Divisional Fire Officers

¹²⁵ such as Medical, Education, Industries and Factories, etc.

¹²⁶ to ensure life and fire safety of the occupants of the premises

¹²⁷ at all Municipal Corporations

¹²⁸ No Objection Certificates

¹²⁹ as per the Rule 15 (4) of TF&EO and LF Rules, 2006

¹³⁰ who shall be responsible for full compliance with stipulations of the National Building Code or any other building rules in force

- The Department issued Provisional NOCs for construction of 2,034 high-rise buildings in the State during 1996 to 2017. However, the Department had not conducted inspections of construction of these buildings. Further, the owners of these buildings had not obtained final NOC for occupation. In the absence of pursuance (by the Department) of construction activity after issuing the provisional NOCs the compliance of fire safety measures in high-rise buildings remained unchecked.
- DG assured (May 2017) Audit that inspection of multi-storied buildings for which provisional NOC was issued would be conducted.
- Since May 2016, the Department had been conducting periodical inspections of the buildings for which NOC for occupancy were issued, to ensure compliance with fire safety measures. Buildings were randomly picked up twice in a month for inspection. During May 2016 to September 2017, 544 inspections were conducted. Of this, in 66 cases, prosecution orders were issued against violators of NOC for occupancy conditions and non-functioning of fire safety systems.

Fire Prevention wings

In March 2007, Government decided¹³¹ to create fire prevention wings¹³² in all the Municipal Corporations. However, fire prevention wings were not created in three (Karimnagar, Nizamabad and Ramagundam) out of six Municipal Corporations as of October 2017.

Fire safety installations

Violations of fire safety measures in the places of public congregation were highlighted in the earlier Audit Report. In response to the Audit observations, Government stated (July 2017) that prosecutions were being made¹³³ against the management of the establishments for violation of specific fire safety norms.

Audit carried out a joint physical verification¹³⁴ (May 2017) of the important public buildings¹³⁵ to see adequacy of fire safety measures in the places of public congregation pursuant to the corrective action initiated by the Department.

It was observed that there was improvement in ensuring fire safety measures in private establishments. With regard to Government

¹³¹ in pursuance of recommendations (December 2006) of High Power Committee

¹³² to scrutinise the plans of all buildings (other than those covered under Section 13 of the AP Fire Services Act, 1999) under their jurisdiction and conduct inspections to ensure fire safety compliant to NBC

¹³³ based on the inspection reports (2006-11) of the DFOs

¹³⁴ along with the departmental officers

¹³⁵ including those covered in earlier Audit

buildings, however, no action was taken to ensure that adequate fire safety measures were in place even in respect of some of the most sensitive places like Telangana Secretariat, Jubilee Hall at Legislative Assembly, etc. as discussed below:

- **Government Buildings**

⇒ **Telangana Secretariat:** The Department had requested (October 2014 & 2016) the Government to rectify deficiencies in fire safety arrangements with regard to open space/means of escape. Provision of fire fighting equipment in the Secretariat¹³⁶ was also sought. The fire safety measures were, however, not in place in State Secretariat as of October 2017.

⇒ **Ravindra Bharathi¹³⁷, Jubilee Hall¹³⁸** at Legislative Assembly and **Gagan Vihar¹³⁹**, Hyderabad did not have fire NOC. Fire safety violations¹⁴⁰ still persisted such as non-availability/non-functioning of fire extinguishers, Hydrant system, smoke detectors, alarm system; inadequate means of escape, etc.

- **Hospitals and Educational Institutions**

⇒ Out of two hospitals inspected by Audit, in Nizam's Institute of Medical Sciences (NIMS), Hyderabad, certain deficiencies were found. Fire fighting equipment was not provided in Core Block. Hydrant System was not functioning in Super Specialty Block and Accidental Trauma and Emergency Block. Fire extinguishers were not refilled after their date of expiry in these Blocks. In Yashoda Hospital, Secunderabad, however, most of the fire safety measures were being followed.

⇒ In Shadan Junior and Degree College¹⁴¹, Hyderabad, there was no provision for the fire tenders to move on three sides of the building. Stair cases were also small.

- **Shopping Malls and Theaters**

In Hyderabad Central¹⁴², Carnival¹⁴³ and M/s Prasad Multiplex theatre at Hyderabad, it was found that most of the fire safety measures were ensured.

¹³⁶ in A, B, C, D, H (North & South), J, K, and L Blocks

¹³⁷ a prestigious National theatre of Arts

¹³⁸ an architectural masterpiece

¹³⁹ 14-storied MSB which accommodates Government Offices

¹⁴⁰ as highlighted in the earlier Audit Report

¹⁴¹ consisting of two blocks of 10 and 11 floors

¹⁴² multi-storied shopping mall/multiplex theatre

¹⁴³ earlier M/s Adlabs Pvt. Limited - shopping mall/multiplex theatre

Replies/Comments of Government	<p>Government admitted (July/November 2017) non-identification of the hazardous premises. It was stated that due to insufficient number of inspecting officers it was not possible to inspect all hazardous premises. It was further stated that a proposal for creation of fire prevention wings in the Municipal Corporations at Karimnagar, Nizamabad and Ramagundam was under consideration of the Government.</p> <p>Further, Government admitted (July 2017) persistent deficiencies in fire safety measures in the Government establishments such as Secretariat, Jubilee Hall, Ravindra Bharathi, Gagan Vihar, etc. Prosecution was initiated against management of NIMS hospital for non-adherence of prescribed fire safety measures as per the NOC for occupancy. Further, Shadan Junior and Degree College was directed to restrict the usage of 9th and 10th floors¹⁴⁴ in the building.</p>
Further comments of Audit	<p>Improvement of fire safety provisions in the private establishments was evident as discussed above. Fire preventive inspections were carried out randomly twice a month. However, the Department did not formulate a strategy to survey and conduct inspections of the hazard prone areas that need specific fire safety measures.</p>

3.3.4 Recommendations fully implemented

As of October 2017 none of the five recommendations made by Audit has been implemented in full by the Government.

3.3.5 Conclusion

Performance Audit conducted earlier in the year 2012 highlighted the deficiencies in functioning of State Disaster Response and Fire Services Department. Though the Government had accepted all the recommendations, none of the recommendations has been fully implemented even after a lapse of five years.

The Department has been carrying out fire preventive inspections randomly twice a month. Government had not initiated appropriate measures for strengthening/modernisation of the Department. The Sub-Committee's¹⁴⁵ recommendations and Standing Fire Advisory Council (SFAC) recommendations/norms with regard to adequate fire stations, modern equipment, manpower and budgetary support were not implemented. Thus, adequate budgetary support needs to be given by the Government so as to ensure fire safety coverage and efficient service delivery to the citizens through up-gradation/modernisation of the Department.

¹⁴⁴ which were above the permissible height for educational institutions

¹⁴⁵ constituted by State Government

Health, Medical and Family Welfare Department

3.4 Non-functioning of Blood Component Separation Units

Three Blood Component Separation Units at Gadwal, Mahabubnagar and Tandur could not commence their operations for want of resources and equipment. As a result, the equipment bought at a cost ₹94 lakh remained idle for periods ranging from two to five years

Blood Banks¹⁴⁶ and Blood Component Separation Units¹⁴⁷ (BCSUs) are regulated under the Drugs and Cosmetics Act, 1940 and Rules framed thereunder. As per the Rule 122-G, 122-I and 122-P, adequate accommodation¹⁴⁸, equipment¹⁴⁹, technical/trained staff¹⁵⁰, etc. are required to be provided¹⁵¹ to a BCSU for obtaining licence for its operations. The licence is granted by State Licensing and Central Licensing authorities. The Heads of the Department¹⁵² (HoDs) are required to ensure provision of essential requirements including the licence for the Blood Banks/BCSUs.

Audit scrutinised (January/October 2017) the records of Director, Drugs Control Administration (DCA - State Licensing authority) and three¹⁵³ (out of 27¹⁵⁴) test-checked Blood Banks in the State. The objective was to assess the compliance of the mandatory requirements by the BCSUs proposed to function in the Blood Banks.

For establishing three BCSUs¹⁵⁵ at District Hospital Blood Banks at Gadwal, Mahabubnagar and Tandur, the Department had supplied¹⁵⁶ (January 2013 - September 2017) certain essential equipment costing ₹94 lakh¹⁵⁷.

Audit scrutiny showed that the three proposed BCSUs were not put into operation due to non-provision of various essential equipment¹⁵⁸ and technical/trained staff¹⁵⁹. As a result,

¹⁴⁶ Blood Bank carries out all or any of the operations for collection, apheresis, storage, processing and distribution of Whole Human Blood drawn from donors and/or for preparation, storage and distribution of blood components

¹⁴⁷ Blood Component Separation Unit (as a part of Blood Bank services) carries out separation of whole blood into its constituent components viz., red cells, platelets and plasma for use when these specific components are required

¹⁴⁸ an area of 50 sq. meters for preparation of blood components (in addition to 100 sq. meters for Blood Bank operations)

¹⁴⁹ Air conditioner; Laminar air flow bench; suitable Refrigerated Centrifuge, Plasma expresser; Clipper and clips and/or dielectric sealer; Weighing device; Dry rubber balancing material; Artery forceps, scissors; Refrigerator (to maintain 2^o C to 6^o C temperature), Platelet agitator with incubator, Deep freezers (to maintain -30^o C to -40^o C and -75^o C to -80^o C temperature); Refrigerated Water bath for Plasma Thawing; Insulated blood bag containers; etc.

¹⁵⁰ Whole time Medical Officer, Technical Supervisor, Blood Bank Technicians and Registered Nurses

¹⁵¹ as stipulated in the Schedule F, Part XII B of Drugs and Cosmetics Rules, 1945

¹⁵² Commissioner, TVVP, Director of Medical Education and Director of Public Health and Family Welfare

¹⁵³ District Hospital Blood Banks at Gadwal, Mahabubnagar (Mahabubnagar district) and Tandur (Rangareddy district)

¹⁵⁴ functioning under Government sector

¹⁵⁵ for strengthening hospital services to combat the Dengue and other viral fevers

¹⁵⁶ Through Andhra Pradesh Medical Services and Infrastructure Development Corporation (APMSIDC - now TSMSIDC for Telangana State) and Andhra Pradesh State AIDS Control Society

¹⁵⁷ District Hospitals, **Gadwal** (cost: ₹29.81 lakh/supplied: June - September 2015); **Mahabubnagar** (₹33.44 lakh/ January 2013 to September 2017) and **Tandur** (₹30.33 lakh/February 2013 - September 2015)

¹⁵⁸ **BCSU, Gadwal:** 40 Kv Generator; Air Conditioners; Blood Bags Weighing Device; Dry Rubber balancing material; Artery forceps, scissors; Blood Bank Refrigerators, Insulated Blood bag containers, Temperature Recorder System (CMS), Stop Watch/Timer Clock Digital and Electronic/Laboratory Thermometers and **BCSU, Mahabubnagar:** Air Conditioner, Laminar air flow bench, Dry rubber balancing material, Artery forceps, Deep freezers (minus 75 to 80), Blood collection Monitor, Test tube racks, Coagula Meter and Single Donor Platelet

¹⁵⁹ **BCSU, Mahabubnagar:** Technical staff were not provided; **BCSUs, Gadwal:** Professional staff were not sanctioned; and **Tandur:** Technical staff were provided. However, Medical Officer and Lab Technicians were not trained

the entire equipment already supplied (cost: ₹94 lakh) were lying idle for the periods ranging from two¹⁶⁰ to five years in the three Blood Banks.



Refrigerated Centrifuge kept idle at BCSU, Gadwal (October 2017)



Platelet agitator, Refrigerated Centrifuge, and Deep freezer kept idle at BCSU, Mahabubnagar (October 2017)

It was further seen that the District Hospitals¹⁶¹ repeatedly requested for meeting the gaps in equipment and trained staff, but these were not provided by the Department. Thus, procurement of essential equipment and positioning of trained manpower were not simultaneously ensured for commencement of the BCSUs. DCA confirmed (July 2017) non-compliance of the mandatory requirements for the BCSUs.

The DCA/CDSCO¹⁶² had in fact, issued licences to the three BCSUs¹⁶³ for their operations, pending provision of essential equipment, technical/trained staff, etc.

In their reply (September 2017), the Commissioner, Telangana Vaidya Vidhana Parishad (TVVP) and the Government stated (January 2018)¹⁶⁴ that all the three BCSUs were functioning.

Audit conducted (26 to 28 October 2017) joint physical verification of the BCSUs along with hospital authorities concerned. It was, however, found that the BCSUs were still not functioning due to non-provision of certain other essential equipment and trained technical staff. Hence, the reply of the Commissioner/Government was not acceptable.

Thus, due to lack of resources the three BCSUs could not commence their operations. This led to the equipment (cost: ₹94 lakh) already supplied remaining idle for the periods ranging from two to five years. This deprived needy patients of easy access to safe blood/blood components appropriate to their clinical needs. With efflux of time, the equipment may become dysfunctional.

As these findings emerged only from a test-check by Audit, it is unlikely that these findings were confined to the aforementioned BCSUs only. According to DCA (July 2017), certain other Government hospitals also had not provided all the essential requirements for functioning of Blood Banks. In this context, it is recommended that Government review the functioning of all the Blood Banks/BCSUs in the State.

¹⁶⁰ One month in the case of equipment, i.e., ‘Cell Counter’ which was received in September 2017 in BCSU, Mahabubnagar

¹⁶¹ Gadwal and Mahabubnagar

¹⁶² Central Drugs Standard Control Organisation (Central Licensing authority)

¹⁶³ **Gadwal:** August 2016 (based on the assurance given by the Blood Bank authorities for compliance of mandatory requirements), **Tandur:** September 2016 and **Mahabubnagar:** June 2017

¹⁶⁴ while forwarding the response (20 October 2017) of the Commissioner indicating the status of BCSUs

**Higher Education Department
(Potti Sreeramulu Telugu University)**

3.5 Non-establishment of 'Telugu Talli Pranganam'

The establishment of 'Telugu Talli Pranganam', a campus of Sree Potti Sreeramulu Telugu University, did not take off even after lapse of six years despite availability of sufficient land and finances. This was due to non-utilisation/non-availment of ₹8.79 crore (out of ₹10.62 crore allocated by University Grants Commission) during the XI Plan/extended plan period

The Potti Sreeramulu Telugu University was established in 1985 with a main objective to preserve, promote and propagate Telugu culture, language, literature, fine arts, performing arts and history. The University has been functioning with 12 departments¹⁶⁵ and four divisions¹⁶⁶ in a building¹⁶⁷ meant for a Museum, which is inadequate for its administrative requirements as well as academic activities. The University was allotted 100¹⁶⁸ acres of land in 2003 by the then State Government to develop its campus named 'Telugu Talli Pranganam'. A Master Plan¹⁶⁹ for developing infrastructure at an estimated cost of ₹50 crore was prepared (April 2005) by the University.

The University forwarded proposals (June 2007) to the University Grants Commission (UGC) for developing infrastructure in the allotted land of 100 acres. UGC provided financial assistance (July 2009 and December 2010) of ₹10.62 crore during the XI Plan (2007-12) as recommended by the Visiting Committee (December 2008) of the UGC. The allocated grant of ₹10.62 crore was intended towards General Development Assistance Scheme (GDAS - ₹6.09 crore) and for Merged Schemes (MS - ₹4.53 crore) as detailed in *Appendix-3.5*. While releasing the grant, UGC stipulated that in case of the allocated amounts remaining unspent during the Plan/extended period, the University should refund the amount with a simple interest of 10 *per cent* per annum.

Audit scrutiny of the records of the University showed that against ₹5.31 crore¹⁷⁰ released by the UGC, the University could utilise only ₹2.26 crore¹⁷¹. An amount of ₹3.48 crore¹⁷² remained unutilised even after grant of extension of time by the UGC¹⁷³.

¹⁶⁵ Departments of (i) Linguistics (ii) Lexicography (iii) Music (iv) Theatre Arts (v) Paintings and Sculpture (vi) Dance (vii) Folk Arts (viii) Culture and Tourism (ix) Communication and Journalism (x) Jyothisham (xi) Comparative Studies and (xii) Translation

¹⁶⁶ (i) Centre for Distance Education (ii) Centre for Encyclopedia (iii) International Telugu Centre (iv) Central Library

¹⁶⁷ situated in Public Gardens, Hyderabad

¹⁶⁸ at Bachupally, Rangareddy district

¹⁶⁹ Administrative Building, School of Fine Arts, School of Social and other Sciences, School of Language Development and other Departmental Buildings, Library, Auditorium, Guest House, Men's Hostel, Women's Hostel, VC Lodge, Departmental Stores, Building for Indoor Games, Quarters for all categories of staff and campus development such as Roads, Play Ground, Street Lighting, etc.

¹⁷⁰ out of ₹10.62 crore allocated

¹⁷¹ GDAS: ₹1.85 crore + MS: ₹0.41 crore

¹⁷² ₹3.05 crore + ₹0.43 crore (expenditure disallowed by the UGC)

¹⁷³ till September 2012 and March 2014 for Merged Schemes and for GDAS respectively

Audit analysis further showed the following:

- The University did not submit plans and drawings for six buildings¹⁷⁴ within the stipulated time (March 2012) for approval of UGC.
- Prior concurrence was not obtained from the State Government for continuation of academic Staff (Lecturer Posts sanctioned by UGC: 10) after the cessation of the UGC grant.
- The University was advised (by the UGC) to seek re-appropriation of the grant of rupees one crore already released under the staff component, for any other approved items under any scheme. This opportunity was, however, not utilised.
- The University did not initiate action for construction of regional centres at Srisailam and Kuchipudi despite release (December 2010) of ₹0.50 crore¹⁷⁵.
- The construction of Women’s Hostel building had not commenced as of August 2017 despite release (December 2010) of ₹0.60 crore.

Thus, except for purchase of equipment¹⁷⁶ and purchase of books¹⁷⁷, no other significant activity (proposed under UGC grant) was taken up by the University. These lapses/shortcomings resulted in the University having to refund the unspent amount of ₹3.48 crore¹⁷⁸. Further, there was a liability of ₹1.98 crore¹⁷⁹ towards interest on the unspent amounts. Apart from this, the balance UGC assistance of ₹5.31 crore could not be availed due to non-utilisation of the released grants by the end of the Plan/extended Plan period.

Government accepted (February 2018) the audit observation. It was stated that the allocated funds could not be utilised in full during the Plan/extended period due to unavoidable administrative and technical reasons. The Government, however, did not elaborate on these reasons.

Thus, the establishment of ‘Telugu Talli Pranganam’ did not take off even after the lapse of six years despite availability of land and resources. This resulted in the loss of UGC assistance of ₹8.79 crore¹⁸⁰ besides denying quality education to students.

¹⁷⁴ (i) Academic block of School of Language Development (ii) compound wall (iii) student amenities (iv) Amphitheatre (v) Audio-Video centre (vi) Bank and (vii) post office

¹⁷⁵ out of rupees one crore allocated under Special Development Grant for Universities in Backward Areas

¹⁷⁶ total allocated grant of ₹1.25 crore was spent

¹⁷⁷ ₹0.16 crore spent out of total released grant of ₹0.25 crore

¹⁷⁸ refunded ₹1.61 crore in October 2014 and ₹1.87 crore in April 2017

¹⁷⁹ ₹1.61 crore x 61/12 x 10% = ₹81,84,166 + ₹1.87 crore x 72/12 x 10% = ₹1,16,87,500 = ₹1.98 crore (rounded to)

¹⁸⁰ ₹3.48 crore + ₹5.31 crore

3.6 Unproductive outlay on incomplete buildings

Expenditure of ₹6.20 crore on Administrative building and Fine Arts building of Potti Sreeramulu Telugu University was rendered unproductive due to abandonment of the work by the contractor. This was due to non-settlement of contractor's claims in time by the University

The present campus of Potti Sreeramulu Telugu University, established in 1985, is centrally located in Hyderabad. The University was allotted 100 acres of land at Bachupally village (Rangareddy district) for development of a new campus because of acute shortage of space. Work on construction of Administrative Block (August 2006) and a building for department of Fine Arts (August 2007) was taken up at an estimated contract value (ECV) of ₹2.90 crore and ₹4.09 crore respectively. For this purpose, the University earmarked an amount of ₹7.69 crore out of 'Other Grants in Aid' of ₹12.93 crore released by State Government during the period 2005-11. Contracts were awarded (August 2006/August 2007) to the same contractor¹⁸¹ at contract values of ₹2.93 crore¹⁸² (Administrative Block) and ₹4.15 crore¹⁸³ (Building of Fine Arts). The buildings were scheduled to be completed by August 2007 and August 2009 respectively so as to shift to new campus by the academic year 2011-12.

Audit scrutiny (March 2017) of the records and information obtained subsequently, however, showed that the construction of both the buildings was not completed (October 2017). This was despite the lapse of over 10 years and even after incurring an expenditure of ₹6.20 crore. The work was stalled after the Contractor abandoned the works in June 2011. The main reason was that his claims were not settled timely.

Audit further observed the following:

- The scope of works on several aspects¹⁸⁴ was changed considerably after conclusion of the agreement and handing over of the site which resulted in inordinate delay in construction. Further, the Engineering Department of the University (ED) did not take action on the related grievances of the Contractor.
- During the period of construction, the Contractor claimed price adjustments (March 2009) of ₹0.64 crore (for Administrative Block) and ₹0.80 crore (for Fine Arts building). Price adjustment was permissible¹⁸⁵ for all ongoing works. It was further noticed that Government released (August 2010) an additional grant of ₹3.29 crore towards clearing of outstanding dues to the Contractor. Despite release of funds by the Government, the University did not make the payment to the contractor for a period of two years. After a prolonged delay, however, the University approached the Government in April 2011 seeking specific permission for allowing price adjustments.

¹⁸¹ M/s Chabra Associates, Hyderabad

¹⁸² 0.90% excess over ECV

¹⁸³ 1.53% excess over ECV

¹⁸⁴ included (a) change of location of the proposed administrative block from plain to hilly terrain, leveling of which took eight months for the Contractor, (b) additional Cellar area which became feasible due to sloping terrain in the new location, (c) work on approach road to the new location (not included in the original estimate of the administrative block), (d) for the building of Fine Arts, removal of boulders found in foundations and increased depth thereof

¹⁸⁵ As per Government Orders of April 2008 and January 2009

- In July 2011, the Government permitted the University to allow the price adjustments. In the meantime, the Contractor stopped the work in June 2011. The University made (November 2012) a part payment towards price adjustments (only ₹0.65 crore against ₹0.80 crore claimed by the Contractor) in respect of the building of Fine Arts. For the ‘Administrative Block’, however, the price adjustment was not allowed (June 2012) by the Executive Council on the ground that there was no such a clause in the agreement. The payment of balance¹⁸⁶ amount towards price adjustment was not made. The University, however, requested (June 2016) the contractor to resume the work who refused. Instead, the Contractor insisted that the valuation of contracts should be done on the basis of current SSRs and escalation of contract price.

In their reply forwarded by the Government (February 2018), the University confirmed the fact of non-completion of the two buildings. With regard to the belated payments to the contractor it was stated that during the period there was severe stress on the finances of the University even to meet the minimum requirements and keep the institution running.

The reply of the University was not acceptable as the University had delayed the payments (November 2012) to the contractor for about one and half years even after release (August 2010) of funds by the Government.

Thus, expenditure of ₹6.20 crore on the administrative and Fine Arts buildings was rendered unproductive due to stoppage of work by contractor and as the contractor’s claims were not settled timely. Consequently, the objective to shift academic and administrative activities of the University to the new spacious campus remained unachieved.

Municipal Administration & Urban Development Department (Hyderabad Metropolitan Water Supply and Sewerage Board (HMWS&SB))

3.7 Avoidable expenditure of ₹5.17 crore on rerouting of Underground Power Cable

Absence of coordination between HMWS&SB and Telangana State Southern Power Distribution Company Limited (TSSPDCL) during the execution of a project resulted in avoidable expenditure of ₹5.17 crore

Hyderabad Metropolitan Water Supply and Sewerage Board provides potable water in the area of Greater Hyderabad Municipal Corporation (GHMC). In order to augment water supply in its service area, the Board undertook a number of projects¹⁸⁷. Prior to undertaking digging work for the projects, the Board obtains permission/No Objection Certificate¹⁸⁸

¹⁸⁶ ₹0.64 crore + ₹0.15 crore (0.80 – 0.65)

¹⁸⁷ Godavari Drinking Water Supply Project and Krishna Drinking Water Supply Project in multiple phases

¹⁸⁸ for road cutting, road restoration, way leave charges and licence fee

from relevant authorities¹⁸⁹ on payment of fees/charges. The Board also has to inform other public utilities¹⁹⁰ in advance, of the route of the pipe line and associated digging work. This would alert other public utilities whose cables/utilities might have been already laid in the same route. This would also ensure no damage to their existing cables and smooth completion of the project in an economical manner.

The Board accorded administrative sanction (August 2012) to Phase III of the Krishna Drinking Water Supply Project (KDWSP) at an estimated cost of ₹1,670 crore¹⁹¹. The project was aimed at augmenting water supply to Greater Hyderabad city. The project, executed in ten packages, was completed and commissioned in December 2015. Contract of Package IX¹⁹² of the project was awarded (February 2013) at a contract price of ₹186 crore¹⁹³. The work was completed (2015) at a cost of ₹227.54 crore¹⁹⁴.

Audit scrutiny (June 2015) of the records of the Board¹⁹⁵ and relevant information obtained (September 2017) showed that the administrative sanction for KDWSP was issued in August 2012. The Board, however, did not immediately inform the power distribution utility, i.e., TSSPDCL of the upcoming water pipe line. In March 2013, the TSSPDCL, unaware of the sanction of water pipeline work¹⁹⁶, laid underground power cable on the same route at a cost of ₹5.58 crore. The power cable got damaged (January 2014) during digging of trial pits for laying the water pipeline by the Board.

A joint inspection by the Board and TSSPDCL found (December 2014) that it would not be possible to accommodate both power cable and water pipe in a stretch of 6.3 km. The Board, therefore, requested TSSPDCL to reroute the newly laid underground power cable. The Board also committed to bear the cost of the rerouting the power cable. Accordingly, the Board paid (December 2014) ₹5.17 crore¹⁹⁷ on the basis of a demand raised by TSSPDCL.

The Board informed (February 2014) the TSSPDCL only when the contractor damaged the underground power cable. The Board could have saved the expenditure of ₹5.17 crore by intimating the Power Utility of the proposed water pipeline immediately after the administrative sanction. This lapse resulted in wasteful expenditure of ₹5.17 crore on rerouting the power cable. This also indicated absence of coordination and exchange of information between the two organisations about their projects.

Thus, lack of proper coordination and exchange of information on common areas between two public utilities while executing their works resulted in avoidable expenditure of ₹5.17 crore. The Board needs to probe the issue to fix accountability and responsibility for the lapse.

¹⁸⁹ Greater Hyderabad Municipal Corporation (GHMC), Road and Buildings (R&B) Department and Railways

¹⁹⁰ Bharat Sanchar Nigam Ltd (BSNL), TSSPDCL etc.

¹⁹¹ revised to ₹1800.26 crore (May 2016) due to increased cost of VAT, Labour Cess, Cutting deposits and Price adjustments

¹⁹² commissioning of 1500 MM dia Gravity main water pipeline from Saheb Nagar to Mailardevpally and 1400 dia MS pumping main from Mailardevpally to Prashasnagar and construction of 9 ML capacity Clear Water Reservoir

¹⁹³ inclusive of VAT ₹5 crore

¹⁹⁴ 13.77 per cent excess over the sanctioned estimate amount

¹⁹⁵ Chief General Manager (Engineering) Project Construction Circle-I, Hyderabad

¹⁹⁶ 6.3 km from P.V. Narasimha Rao Express High Way Pillar No. 117 (Karwan Sub-Station) to Pillar No. 293 (Sivarampally)

¹⁹⁷ Material cost ₹4.07 crore + Labour cost ₹1.10 crore exclusive of road cutting charges payable to GHMC/R&B

In their reply (January 2018) Government confirmed the facts and figures. It was stated that in future, precautions would be taken as suggested by Audit.

It is recommended that public utilities which use common areas for executing projects particularly in relation to digging, should put in place a mechanism to provide advance intimation of their project plans to one another. A display should also be made at appropriate places regarding the details of the project works, to save public money.

Municipal Administration & Urban Development Department (Hyderabad Metropolitan Development Authority (HMDA))

3.8 Leasing of Commercial Complexes

Hyderabad Metropolitan Development Authority sustained a revenue loss of ₹20.95 crore due to non-allotment of 355 shops in five commercial complexes, for periods ranging from 5 to 105 months. Besides, rental arrears of ₹6.16 crore remained to be collected

Hyderabad Metropolitan Development Authority (HMDA)¹⁹⁸ owns five¹⁹⁹ full-fledged commercial complexes situated in the prime locality of Hyderabad city. Rent from commercial shops, leased out under the 1996 regulations of HUDA²⁰⁰, is one of the sources²⁰¹ of income to the Authority. Estate Management (Commercial) Unit of the Authority is entrusted with the allotment of shops and collection of rents from the lessees. The Authority outsources maintenance of the complexes on annual contract basis, the cost of which is recovered from the lessees.

For effective maintenance and collection of revenues from the Complexes, the Regulations, *inter alia* stipulate that the Authority is to fix an upset rent²⁰² or any amount duly recording the reasons thereof. The Committee must, for fixing upset rent, take into account, from time to time, all the relevant factors such as market demand in the complex and in surrounding areas. The Vice-Chairman has the right to cancel the lease on a month's notice if the tenant defaults in the payment of rent for a period of three months. Rental arrears and other amounts shall be recovered under Revenue Recovery Act, 1864.

¹⁹⁸ formed in 2008 for securing planned and orderly development of the Hyderabad Metropolitan Region and formerly known as Hyderabad Urban Development Authority (HUDA)

¹⁹⁹(i) Swarna Jayanthi Commercial complex (ii) Maitrivihar Commercial Complex (iii) Hermitage Commercial Complex (iv) Maitrivanam Commercial Complex (v) Tarnaka Commercial Complex

²⁰⁰ Hyderabad Urban Development Authority

²⁰¹ Sources of income include: Development charges for layouts; Land Regularisation Scheme (LRS); building permissions; rents from Commercial Complexes, parks and interest on investments/fixed deposits

²⁰² means Basic rent recommended by Rent Fixation committee consisting of the Chief Engineer, Resource and Development Officer (Convenor), Executive Engineer (Maintenance), Chief Accounts Officer, Public Relations Officer and Secretary & Member, Estates of the Authority

Audit scrutiny (July 2017) of records of HMDA showed that although the complexes are located in prime business locations, 32 *per cent* of total space (91 shops) in the five commercial complexes remained vacant. The vacancy period ranged from 5 months to 105 months which resulted in revenue loss of ₹20.95 crore. The Complex-wise details are given in *Appendix-3.6*.

The audit scrutiny further showed that rental arrears amounting to ₹6.16 crore remained to be recovered from lessees as of March 2017. The rental arrears include ₹1.65 crore from 15 Government Offices²⁰³ and ₹4.51 crore from private parties²⁰⁴.

The matter was pointed out in Audit, and the Authority attributed (July 2017) the prolonged vacancy of shops to:

- lack of response to the tender notices;
- recession in the market;
- bifurcation of State; and
- lower rentals in the surrounding areas

The Authority further stated that the Government was addressed (June 2017) to designate Tahsildar working with the Authority as Recovery Officer²⁰⁵ for recovering the rental arrears from private parties.

Audit observed that prolonged vacancy of shops was, *inter alia*, due to poor maintenance of the complexes. Further, the upset rent per square foot was fixed two to four and half times more than the market rates.

Audit further observed that there was no proper system in place for

- pursuing and promptly collecting the rents on due dates from the lessees both private as well as the Government Departments
- initiating, without undue delay, the processes prescribed under the regulations in respect of defaulters of rent with regard to the levy of interest on belated payments, cancellation of lease and for eviction of the defaulters.

The above lapses resulted in the shops remaining vacant for periods ranging up to eight years (105 months) and accumulation of arrears of rents.

Thus, the Hyderabad Metropolitan Development Authority sustained a revenue loss of ₹20.95 crore due to non-allotment of 355 shops in five commercial complexes, for periods ranging from 5 to 105 months. Besides, rental arrears of ₹6.16 crore remained to be collected.

²⁰³ occupying 65 shops in four commercial complexes

²⁰⁴ occupying 199 shops in five commercial complexes

²⁰⁵ under Revenue Recovery Act, 1864

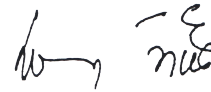
In their reply (January 2018), Government elaborated on the powers/procedures vested with the HMDA with regard to fixing the rents, cancellation of lease, recovery of rents and damages, if any, from the lessees. Government did not, however, offer their remarks for prolonged vacancy of shops and the consequential revenue loss and mounting rental arrears.



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