



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
General, Social & Economic Sectors
for the year ended March 2019**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Telangana
Report No. 7 of 2020

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Comptroller and Auditor General of India
on
General, Social & Economic Sectors
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Table of Contents

	Reference to	
	Paragraph	Page
<i>Preface</i>		v
Chapter I – Overview		
About this Report	1.1	1
Profile of General, Social and Economic Sectors	1.2	1
Office of Accountant General (Audit)	1.3	3
Authority for audit	1.4	3
Planning and Conduct of audit	1.5	4
Response of Departments to audit findings	1.6	5
Significant audit observations	1.7	6
Acknowledgement	1.8	9
Chapter II - Performance Audit		
<i>Home Department</i>		
Management of Prisons in Telangana	2	11
Chapter III - Compliance Audit Observations		
<i>Backward Classes Welfare Department</i>		
Payment of Scholarships to ineligible students	3.1	31
<i>Health, Medical and Family Welfare Department</i>		
Implementation of e-Hospital Management System in Telangana	3.2	33
<i>Health, Medical and Family Welfare Department (Telangana State Medical Services & Infrastructure Development Corporation)</i>		
Maintenance of Bio-medical Equipment in the State	3.3	38
<i>Higher Education Department (Kakatiya University)</i>		
Infructuous expenditure of ₹1.61 crore	3.4	43

	Reference to	
	Paragraph	Page
<i>Irrigation and Command Area Development Department</i> Irregular retention and refund of Service Tax	3.5	45
<i>Municipal Administration and Urban Development Department</i> Loss of potential revenue due to non-assessment and levy of vacant land tax	3.6	47
Wasteful expenditure of ₹2.53 crore	3.7	48
Unfruitful expenditure on construction of shopping complex	3.8	49
<i>Municipal Administration and Urban Development Department (Kakatiya Urban Development Authority)</i> Blocking of Funds	3.9	50
<i>Municipal Administration and Urban Development Department (Hyderabad Metropolitan Development Authority)</i> Government indecision on Hyderabad Habitat Centre (HHC)	3.10	51
<i>Municipal Administration and Urban Development Department (Hyderabad Metropolitan Water Supply & Sewerage Board)</i> Undue favour to contractor	3.11	52
<i>Panchayat Raj and Rural Development Department</i> Abnormal delay in providing road connectivity	3.12	54

Appendices

		Reference to	
		Paragraph	Page no.
1.1	Department-wise break-up of outstanding Inspection Reports and Paragraphs	1.6.1	57
1.2	Explanatory Notes to be received as of 31 December 2019	1.6.3	58
1.3	Action Taken Notes on PAC recommendations to be received from Government of Telangana as of 31 December 2019	1.6.4	59
2.1	Details of prisons where there is consistent under crowding and less utilization of capacity	2.3.1	60
2.2	Insufficient beds in Hospitals	2.3.5.2	61
2.3	Macro picture of required strength and actual men in position as on August 2019		61
2.4	Number of prisoners sent for lab tests in sampled prisons		62
3.1	Delay in allotment of beds (hospital-wise)	3.2.1.2	62
3.2	Details of Cost Escalation	3.4	62
3.3	Loss of potential revenue due to non-assessment and levy of vacant land tax	3.6	63
<i>Glossary</i>			65

Preface

This Report for the year ended March 2019, has been prepared for submission to the Governor of Telangana under Article 151 of the Constitution of India for being laid before the Legislature of the State.

This Report contains significant results of the performance audit of ***Management of Prisons in Telangana*** and compliance audit of the Departments of the Government of Telangana under the ***General, Social and Economic Sectors*** including Backward Classes Welfare; Health, Medical & Family Welfare; Higher Education; Irrigation and Command Area Development; Municipal Administration & Urban Development and Panchayat Raj & Rural Development.

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

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

Chapter I

Overview

Chapter I - Overview

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) contains matters arising from performance audit of Prisons Department (under Home Department) and compliance audit of transactions of various Departments of the Government of Telangana, Central and State plan schemes and audit of autonomous bodies of the State pertaining to General, Social and Economic Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. The findings of audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as issue directives that will lead to improved financial management of organisations and contribute to better governance.

This Chapter explains the planning and coverage of audit, response of Departments and Government to audit findings/observations made during audit of transactions and follow-up action on previous Audit Reports.

1.2 Profile of General, Social and Economic Sectors

A summary of the expenditure incurred by the Departments of Government of Telangana falling within the General, Social and Economic Sectors during the three-year period 2016-17 to 2018-19 is given below.

Table-1.1

(₹ in crore)

Sl. No.	Name of the Department	2016-17	2017-18	2018-19
A	General Sector			
1	Finance and Planning	40,977.31	57,568.37	58,732.81
2	General Administration	677.69	652.03	968.44
3	Home	5,176.55	5,619.09	6,212.21
4	Law	518.46	535.45	589.07
5	Revenue	2,970.84	1,868.95	2,258.11
6	State Legislature	98.93	114.72	103.72
	Total (A)	50,419.78	66,358.61	68,864.36
B	Social Sector			
1	Backward Classes Welfare	2,831.81	2,865.53	3,875.25
2	Consumer Affairs, Food and Civil Supplies	2,089.36	1,524.43	1,903.21
3	Health, Medical and Family Welfare	4,872.03	4,521.38	5,159.55

Sl. No.	Name of the Department	2016-17	2017-18	2018-19
4	Higher Education	1,765.14	1,754.79	1,719.63
5	Housing	555.90	865.80	1,601.12
6	Labour, Employment, Training and Factories	490.63	586.76	608.41
7	Minorities Welfare	842.06	983.48	1,265.71
8	Municipal Administration & Urban Development	3,111.31	3,150.57	3,012.95
9	Panchayat Raj and Rural Development	13,509.64	11,832.36	15,376.04
10	School Education	10,568.26	10,748.48	10,125.68
11	Scheduled Castes Development	3,172.43	7,624.56	9,023.65
12	Tribal Welfare	2,009.48	4,895.24	5,863.16
13	Women, Children, Disabled and Senior Citizens	1,204.04	1,314.75	1,207.27
14	Youth Advancement, Tourism and Culture	236.56	266.26	211.59
Total (B)		47,258.65	52,934.39	60,953.22
C	Economic Sector			
1	Agriculture & Co-operation	5,775.06	4,969.48	10,134.79
2	Rain Shadow Areas Development ¹			
3	Animal Husbandry & Fisheries	664.91	522.71	1,072.08
4	Energy	15,258.32	6,411.14	6,386.40
5	Environment, Forests, Science and Technology	430.06	485.81	476.51
6	Industries & Commerce	377.56	733.25	567.17
7	Information Technology, Electronics & Communications	158.19	129.44	219.03
8	Irrigation and Command Area Development	15,723.72	13,005.31	9,516.60
9	Public Enterprises	1.12	1.39	1.35
10	Transport, Roads and Buildings	4,463.44	3,499.98	3,019.27
11	Infrastructure & Investment ²			
Total (C)		42,852.38	29,758.51	31,393.20
Grand Total (A + B + C)		1,40,530.81	1,49,051.51	1,61,210.78

Source: Appropriation Accounts of Government of Telangana for relevant years

¹ Expenditure of this Department is covered under Grant No. XXVII – Agriculture

² Expenditure of Infrastructure & Investment is covered under Grant No. XI – Roads, Buildings and Ports

1.3 Office of Accountant General (Audit)

Under the directions of the Comptroller and Auditor General of India (CAG), Office of the Accountant General (Audit), Telangana conducts audit of 32 Departments³ and Local Bodies/ Public Sector Undertakings/Autonomous Bodies thereunder in the State of Telangana. Out of these, 31 Departments are covered under General, Social and Economic Sectors Audit.



Offices of the Accountants' General

1.4 Authority for audit

The CAG's authority for audit is derived from Articles 149 and 151 of the Constitution of India and CAG's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). The CAG audits the Departments in General, Social and Economic Sectors of the Government as per the following provisions of the DPC Act:

- Audit of expenditure is carried out under Section 13 of the DPC Act;
- Audit of **autonomous bodies** is conducted under sections 19(2)⁴, 19(3)⁵ and 20(1)⁶ of the DPC Act;
- **Local bodies** are audited under Section 20(1) of the DPC Act;
- In addition, CAG also conducts audit of **other autonomous bodies**, which are substantially funded by the Government under Section 14⁷ of the DPC Act.

Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, as well as other guidelines, manuals and instructions issued by or on behalf of the CAG.

³ including Revenue Department under Revenue Sector

⁴ Audit of the accounts of Corporations (not being Companies) established by or under law made by the Parliament in accordance with the provisions of the respective legislations

⁵ Audit of accounts of Corporations (not being companies) established by or under law made by the State Legislature in accordance with the provisions of respective legislations

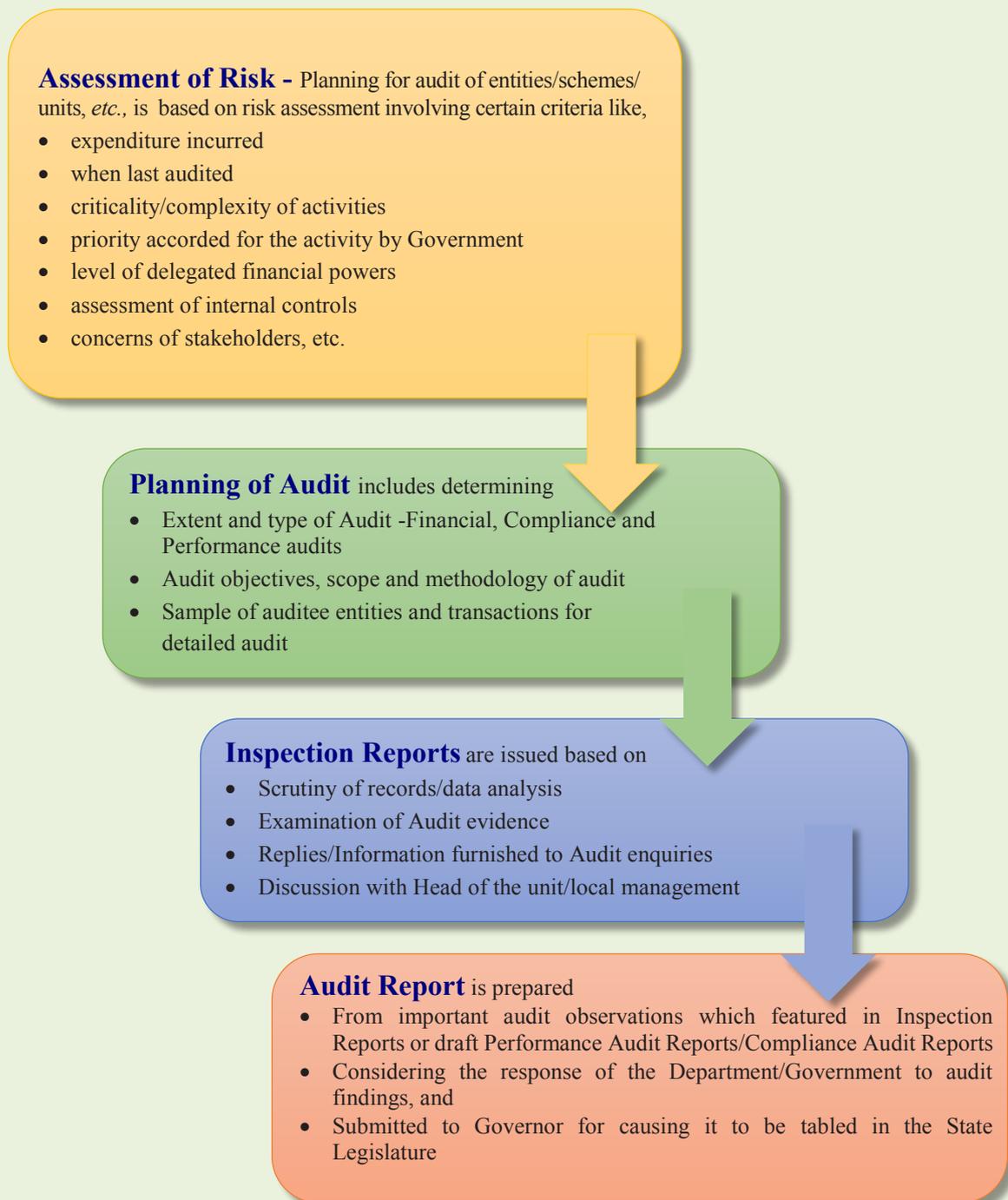
⁶ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the CAG and the Government

⁷ Audit of all (i) receipts and expenditure of a body/authority substantially financed by grants or loans from Consolidated Fund of State and (ii) all receipts and expenditure of any body or authority where grants or loans to such body or authority from Consolidated Fund of State in a financial year is not less than ₹one crore

1.5 Planning and Conduct of audit

The following flowchart depicts the process of planning, conduct of audit and preparation of Audit Reports:

Figure-1.1: Planning, conduct of audit and preparation of Audit Reports



After completion of compliance audit of each unit, an Inspection Report (IR) containing audit findings is issued to the head of the unit with a request to furnish replies within one month of receipt of the IR. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in Government, are issued as draft

paragraphs to the Government for their responses, before possible inclusion after due consideration of the responses, in the Audit Reports. In addition, draft Compliance Audits and Performance Audits on specific themes, topics or schemes are also issued to the Government for their responses, before possible inclusion in the Audit Reports. These Audit Reports are submitted to the Governor of Telangana under Article 151 of the Constitution of India for causing them to be laid on the Table of the State Legislature.

1.6 Response of Departments to audit findings

1.6.1 Response to previous Inspection Reports

Heads of Offices and next higher authorities are required to respond to the observations contained in IRs and take appropriate corrective action. Audit observations communicated in IRs are also discussed at periodical intervals in meetings at District/State levels by officers of the Accountant General's office with officers of the concerned Departments.

As of 31 December 2019, 2903 IRs containing 19,280 paragraphs pertaining to previous years were pending settlement as detailed below. Of these, first replies have not been received in respect of 399 IRs (4,250 paragraphs). Department-wise details are given in *Appendix-1.1*.

Table-1.2

Year	Number of IRs/Paragraphs pending settlement as of 31 December 2019		IRs/Paragraphs where even first replies have not been received as of 31 December 2019	
	IRs	Paragraphs	IRs	Paragraphs
2014-15 & earlier years	1,663	6,084	2	32
2015-16	267	2,579	12	141
2016-17	246	2,891	11	113
2017-18	281	3,081	77	729
2018-19	446	4,645	297	3,235
Total	2,903	19,280	399	4,250

Source: Records maintained by the O/o AG(Audit), Telangana

Lack of action on IRs and audit paragraphs is fraught with the risk of perpetuating serious financial irregularities pointed out in these reports. It may also result in dilution of internal controls in the governance process, inefficient and ineffective delivery of public goods/ services, fraud, corruption and loss to public exchequer. State Government therefore, needs to institute an appropriate mechanism to review and take expeditious action to address the concerns flagged in these IRs and audit paragraphs.

1.6.2 Response of Government to audit observations

All Departments are required to send their responses to draft audit paragraphs proposed for inclusion in CAG's Report within six weeks of their receipt. During the year 2019-20, 19 draft compliance audit paragraphs were forwarded to the Special Chief Secretaries/ Principal Secretaries/ Secretaries of the Departments concerned, drawing their attention to

the audit findings and requesting them to send their response within six weeks. It was brought to their personal attention that these paragraphs were likely to be included in the Audit Report of the CAG of India, which would be placed before the State Legislature and it would be desirable to include their comments/responses to the audit findings. Despite this, five Departments⁸ did not furnish reply to eleven draft compliance audit paragraphs as on the date of finalisation of this Report. The fact of non-receipt of Government responses was also brought to the notice of the Chief Secretary to the Government in June 2020. The responses of the Government, wherever received, have been appropriately incorporated in the Report.

1.6.3 Response of Government to audit paragraphs that featured in earlier Audit Reports

Administrative Departments are required to submit Explanatory Notes on paragraphs and reviews included in Audit Reports, within three months of their presentation to State Legislature duly indicating action taken or proposed to be taken. For this purpose, the Departments are not required to wait for any notice or call from the Public Accounts Committee. Explanatory Notes⁹ were yet to be received from 11 Departments in respect of 19 paragraphs/performance audit review that featured in the Audit Reports for the years 2014-15 to 2016-17 as of 31 December 2019. Explanatory Notes were also yet to be received from 13 Departments in respect of 29 paragraphs/performance audit review relating to the period prior to bifurcation¹⁰ of the erstwhile State of Andhra Pradesh, as of 31 December 2019. Details are given in *Appendix-1.2*.

1.6.4 Response of Government to recommendations of the Public Accounts Committee

Administrative Departments are required to submit Action Taken Notes (ATNs) on recommendations of Public Accounts Committee (PAC) within six months from the date of receipt of recommendations. As of 31 December 2019, two ATNs¹¹ in respect of two Departments exclusively pertaining to Telangana and seven ATNs¹² in respect of four Departments were yet to be received. Details are given in *Appendix-1.3*.

1.7 Significant audit observations

This Report contains findings of audit in respect of performance audit on '*Management of Prisons in Telangana*' and 12 compliance audit paragraphs from a test-check of accounts and transactions of seven Departments¹³ of Government of Telangana.

⁸ Environment, Forests, Science & Technology; Health, Medical & Family Welfare; Higher Education; Municipal Administration & Urban Development and Panchayat Raj & Rural Development

⁹ with regard to the issues exclusively pertaining to the State of Telangana

¹⁰ of the erstwhile State of Andhra Pradesh (i.e., those featured in Audit Reports for the years 2009-10 to 2013-14)

¹¹ with regard to the issues exclusively pertaining to the State of Telangana

¹² of the erstwhile State of Andhra Pradesh

¹³ Backward Classes Welfare; Health, Medical & Family Welfare; Higher Education; Home; Irrigation & Command Area Development; Municipal Administration & Urban Development and Panchayat Raj & Rural Development

Significant results of audit that featured in this Report are summarised below.

1.7.1 Management of Prisons in Telangana

Prisons Department of Telangana (under Home Department), since the formation of the State in June 2014, has undertaken various initiatives for prisoners such as providing hygienic living conditions, recreation and sports facilities, better diet and increased interaction with their families. However, issues of overcrowding (within prisons) and non-segregation of women convicts and undertrials still persist. Industrial training for skill development and employment opportunities to facilitate their rehabilitation are not available to prisoners and the wages paid are not rationalised. Vacancies in the Prisons Department are 30 *per cent*, suggesting lack of adequate manpower for prison administration and management. The State has not yet approved its own Prison Manual, which could have provisions for inclusive participation and prisoners' welfare such as Prisoners' Panchayat and Board of Visitors.

(Chapter 2)

1.7.2 Payment of Scholarships to ineligible students

Scholarships amounting to ₹1.90 crore were paid to ineligible students among Backward Classes under 'Mahatma Jyothiba Phule BC Overseas Vidya Nidhi' scheme.

(Paragraph 3.1)

1.7.3 Implementation of e-Hospital Management System in Telangana

The e-HMS pilot project has highlighted major issues in electronic management of medical data. Certain Modules of e-HMS lacked validation controls and accepted incorrect data input. The inability/reluctance of hospital staff to capture real-time data coupled with simultaneous continuance of manual processes defeated the envisaged objective of e-HMS. Though the pilot project has been live since May 2016, the problems have not been resolved. The State wide roll out of the system has also not been implemented.

(Paragraph 3.2)

1.7.4 Maintenance of Bio-medical Equipment in the State

Maintenance of critical equipment was not ensured on time and to the envisaged service levels by the third party service providing Agency, impacting critical medical services in the hospitals. The objective of the programme to ensure uninterrupted services from bio-medical equipment, was not achieved due to poor service delivery from the Agency. Despite the Agency's poor service levels, Government gave the Agency a long rope and terminated the contract only in December 2019.

(Paragraph 3.3)

1.7.5 Infertuous expenditure of ₹1.61 crore

Kakatiya University closed construction works after incurring an expenditure of ₹1.61 crore due to paucity of funds, inadequate planning and poor contract management.

(Paragraph 3.4)

1.7.6 Irregular retention and refund of Service Tax

Service tax to the tune of ₹31.69 crore was retained in Public Works Deposits Account instead of remitting to Government Account in violation of Finance Act, 2006. Further, an undue benefit was given to the contractors by releasing an amount of ₹22.88 crore out of it to them.

(Paragraph 3.5)

1.7.7 Loss of potential revenue due to non-assessment and levy of vacant land tax

Non-assessment and non-levy of Vacant Land Tax on vacant lands by Greater Warangal Municipal Corporation and four Municipalities led to loss of potential revenue.

(Paragraph 3.6)

1.7.8 Wasteful expenditure of ₹2.53 crore

Construction of intermediate pumping station even after initiation of water supply to Sircilla Municipality under Mission Bhagiratha, resulted in wasteful expenditure of ₹2.53 crore.

(Paragraph 3.7)

1.7.9 Unfruitful expenditure on construction of shopping complex

Construction of a shopping complex at Gunj Maidan, Sangareddy remained incomplete even after six years due to award of work ignoring a pending court case. The expenditure of ₹72.33 lakh incurred on the work remained unfruitful.

(Paragraph 3.8)

1.7.10 Blocking of Funds

A shopping complex constructed at a cost of ₹3.65 crore could not be leased for almost two years due to indecision leading to blocking of funds.

(Paragraph 3.9)

1.7.11 Government indecision on Hyderabad Habitat Centre (HHC)

Idle expenditure of ₹62.50 lakh due to indecision of Government.

(Paragraph 3.10)

1.7.12 Undue favour to contractor

Non-enforcement of contractual provisions by HMWS&SB resulted in undue favour of ₹1.05 crore to the contractor.

(Paragraph 3.11)

1.7.13 Abnormal delay in providing road connectivity

Commencement of road works without obtaining forest clearances led to non-completion of works.

(Paragraph 3.12)

1.8 Acknowledgement

The Office of the Accountant General (Audit), Telangana wishes to acknowledge the co-operation and assistance rendered by the officials of the State Government, especially Telangana Prisons (Home Department) and various other Departments during the course of conduct of audit.

Chapter II

Performance Audit

Chapter II - Performance Audit

Home Department

Management of Prisons in Telangana

2.1 Introduction

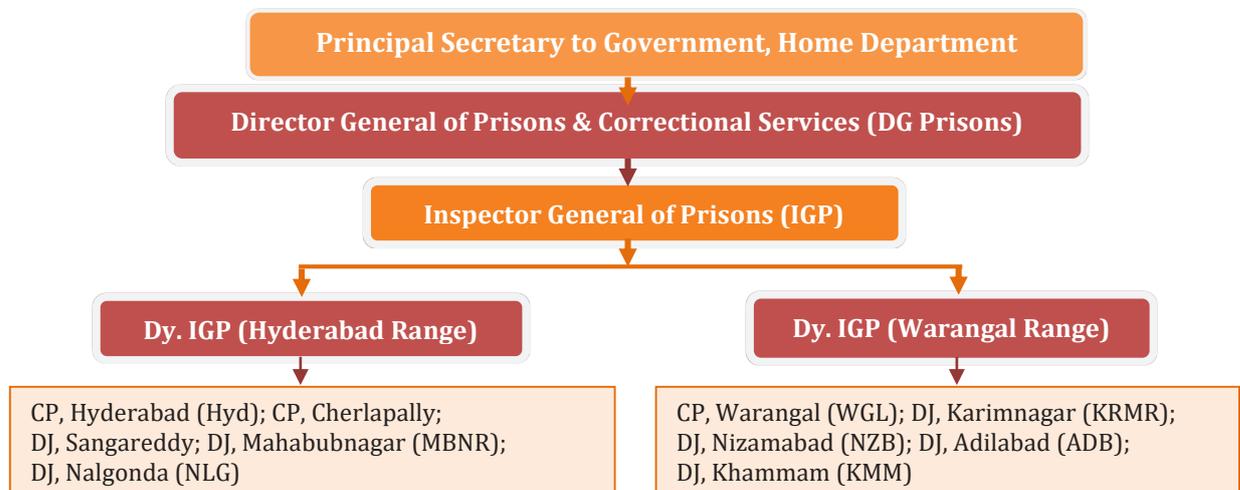
Prison management and administration is a State subject as detailed in the Seventh Schedule to the Constitution of India. However, considering the importance of criminal justice system, the Union Ministry of Home Affairs provides regular guidance and advice to the States on issues concerning prisons and prison inmates. In Telangana, prisons are established under the Prisons Act, 1894 and the Prisoners Act, 1900. Since the State was created by bifurcating the erstwhile State of Andhra Pradesh, the Government of Telangana had adopted the Andhra Pradesh Prisons Rules, 1979.

2.1.1 Accountability structure

At the apex level, the Telangana State Prisons come under the purview of the Home Department, which is responsible for policy formulation and oversight. At the administrative level, the Directorate of Prisons headed by the Director General (DG) Prisons and Correctional Services is responsible for implementation of the policy initiatives and coordination of all the activities relating to prisons. The DG is assisted by the Inspector General of Prisons at Headquarters and Deputy Inspectors General of Prisons at Range Level who implement the policies of the Government. At the operational level, the prisons are headed by officers of various ranks, who oversee the day-to-day functioning of the prisons. The various institutions under the control of the DG, Prisons are classified into Central Prisons (CP), District Jails (DJ), Open Prisons, Special Prison for Women (SPW) and Sub Jails (SJ).

Organisational set up of the Prisons Department is given below:

Figure-2.1



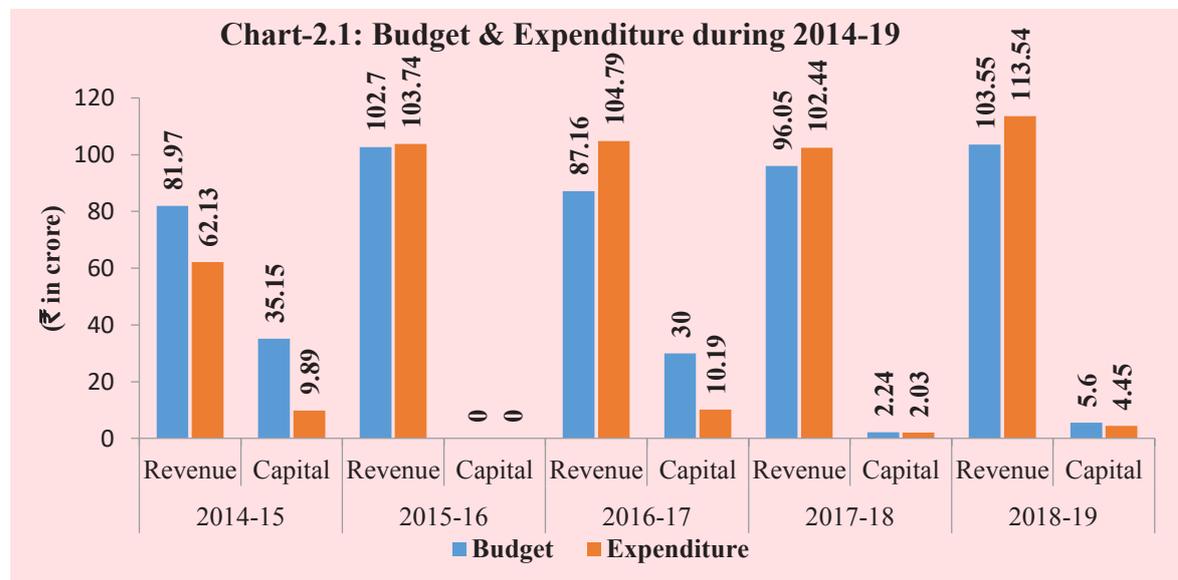
Source: Compiled from Outcome Budget

The CPs and DJs are managed by Prison Superintendents while the SJs are managed by Deputy Superintendents/Deputy Jailors. Further, a Prisoners' Agricultural Colony (PAC) at Cherlapally (an open prison), State Institute of Correctional Administration (SICA) and a SPW (Hyderabad) also function under the DG (Prisons).

Open prison is a type of prison where the prisoners are allowed to work with minimal monitoring by Prison authorities during the day time (they are locked in their respective barracks at the end of the day). Prisoners' Agricultural Colony, Cherlapally, Hyderabad is the only open prison in Telangana State. Closed prisons are classified into three categories - Central Prisons, District Jails and Sub-Jails. There are three CPs at Division level, 7 DJs at District level and 27 SJs at District and Mandal level.

2.1.2 Budgetary provision and expenditure

Funds for administration of Jails are provided by the Home Department of the State. Budget allocation and expenditure of the Prisons Department during the five year period 2014-15 to 2018-19 were as follows.



Source: Voucher Level Compilation of Office of AG(A&E), Telangana

Funds allocated under 'Capital' head of account were utilised only to the extent of 28 per cent, 34 per cent and 79 per cent during the years 2014-15, 2016-17 and 2018-19 respectively. While funds were not provided for capital expenditure during 2015-16, 2017-18 saw the utilisation of budgetary outlay on 'capital' items to the extent of 91 per cent. The Department attributed the non-utilisation of budgetary allocation to non-passing of bills by Pay & Accounts Office (Works & Project) (2014-15), non-issue of Budget Release Orders (BROs) (2016-17) and release of BROs by Government at the fag end of the year (2018-19). Although the Department had preferred its claims during 2018-19, these were not cleared due to freezing of funds by the Government. As a result, construction of prison buildings, prison outlet, visitors hall, security enclosure, modernisation of prison industries, security equipment and purchase of furniture for prison buildings sanctioned under 13th Finance Commission Grants (2014-15) and from the State Budget did not materialise.

2.2 Audit Framework

2.2.1 Audit objectives

Performance audit of ‘Management of Prisons’ was conducted to review various reform initiatives of the Government of Telangana with regard to prisons and prisoners since the formation of the State in June 2014. Audit approach was determined by various directives of the Hon’ble Supreme Court relating to prison reforms and improvement in the living conditions of the prisoners. Towards this end, the objectives of this performance audit were to ascertain whether:

- (i) The living conditions of the prisoners in terms of accommodation, hygiene, sanitation, food, clothing, medical facilities, etc., are compatible with human dignity in all respects; and
- (ii) Measures initiated by the Government for reform and rehabilitation of prisoners were in conformity with the objectives of the extant Act and the Rules, and have achieved the desired objectives.

2.2.2 Audit criteria

The Hon’ble Supreme Court of India in Ramamurthy Vs. State of Karnataka (1996) brought to the fore an urgent need for bringing uniformity in laws relating to prisons and had directed the Central and State Governments to formulate a new Model Prison Manual. Pursuant to this, the Bureau of Police Research & Development (BPR&D) constituted (November 2000) a Model Prison Manual Committee at the National level to evolve a National consensus on the relevant issues relating to Prison Reforms in India. The Model Prison Manual (MPM) 2003 was prepared on the basis of a National consensus evolved through a cross-section of prison administrators and experts drawn from various parts of the country. The MPM was revised subsequently in 2016.

Telangana State does not have a Prison Manual of its own. A Committee was constituted in July 2016 by the State Government comprising the Senior Officers of Prisons Department for preparing a new Prison Manual. Although the draft Prison Manual was submitted by the DG to the Government in September 2016, the latter was yet to accord its approval to it (May 2020).

In the absence of a Prison Manual for Telangana State, audit findings were benchmarked against the criteria sourced from the Model Prison Manual (MPM) 2003 (and MPM 2016 where applicable, since the PA covered the period 2014-19) apart from the following sources:

- (i) Prisons Act, 1894 and Prisoners Act, 1900
- (ii) Andhra Pradesh Prisons Rules, 1979
- (iii) Guidelines on Vidyadaan framed by the Department
- (iv) Rulings issued by the Hon’ble Supreme Court of India and notification/ instructions issued by the State & Central Governments from time to time for management of prisons

2.2.3 Scope, Sample and Methodology of Audit

Performance audit of management of prisons was conducted between June 2019 and October 2019 and covered the period 2014-15 to 2018-19. Audit methodology involved scrutiny of records in the office of the DG Prisons and Correctional Services (DG, Prisons) and selected units.

Audit sample involved all the three Central Prisons viz., CP Cherlapally, CP Hyderabad and CP Warangal. Three (out of seven) District Jails in Karimnagar, Mahabubnagar and Nizamabad districts, including two Sub-Jails¹ in each sampled district were selected for scrutiny based on highest inmate strength. In addition, State Institute of Correctional Administration (SICA), Special Prison for Women (SPW), Prisoners' Agricultural Colony (PAC) and Telangana State Police Housing Corporation Limited (TSPHCL), the nodal agency for construction activities were also selected for scrutiny.

An Entry Conference was held in May 2019 with the Principal Secretary to Government, Home Department and DG, Prisons and Correctional Services wherein the audit objectives, methodology, scope, criteria and audit sample were discussed. Joint Physical verification of prison infrastructure was conducted along with the Departmental representatives to understand the living conditions of the prisoners. A random survey of five *per cent* of various categories (undertrial prisoners, convicts, detenues, women prisoners) of prisoners (259 prisoners in all) was also conducted and the prisoners were interviewed using a structured questionnaire on the availability of various prison facilities. Responses received to the survey from the interviewed prisoners have been incorporated at appropriate places in the Report. Audit findings were discussed with the Government in the Exit Conference conducted in May 2020 and the replies of the Government/Department have been suitably incorporated in the Report.

Audit findings

Living conditions of prisoners

Audit Objective I: Whether the living conditions of the prisoners in terms of accommodation, hygiene, sanitation, food, clothing, medical facilities, etc., are compatible with human dignity in all respects

The Hon'ble Supreme Court had, in February 2016, emphasized that Article 21 of the Constitution requires a life of dignity for all persons and lamented that little appears to have changed on the ground as far as prisoners are concerned. It considered the issue of their health, hygiene, food, clothing, rehabilitation etc. and ruled that 'prisoners, like all human beings, deserve to be treated with dignity'.

¹ Sub Jails: Karimnagar – Special Sub-Jail, Jagtial; Sub Jail, Huzurabad; Mahabubnagar - Kalwakurthy; Nagar Kurnool; Nizamabad – Kamareddy and Warangal – Jangaon and Mahabubabad

Significant audit findings in this regard are discussed below:

2.3 Prison infrastructure

Audit scrutiny of availability of prison infrastructure *vis-à-vis* norms with reference to the number of inmates and segregation of prisoners revealed the following:

2.3.1 Overcrowding

As per Provision 2.05 (vii) of MPM 2016, authorized population of Central Prisons, District Prisons and Sub-Prisons shall not exceed 1,000, 500 and 200 respectively.

Audit scrutiny revealed that, two out of the three Central Prisons had prisoners beyond the authorized capacity as per MPM 2016.

Table-2.1

As on 31 March	Authorised capacity as per MPM 2016	C P Cherlapally		C P Hyderabad	
		Actual no. of prisoners	Overcrowding (%)	Actual no. of prisoners	Overcrowding (%)
2015	1,000	1,889	889 (89)	724	--
2016	1,000	1,406	406 (41)	1,119	119 (12)
2017	1,000	1,511	511 (51)	1,241	241 (24)
2018	1,000	1,533	533 (53)	876	--
2019	1,000	1,689	689 (69)	1,283	283 (28)

Source: MPM 2016 and departmental information

As is evident from the above table, the actual number of prisoners in the Cherlapally and Hyderabad Central Prisons was in excess of the norm during the period 2014-19 and it ranged from 12 *per cent* in CP, Hyderabad (2016) to 89 *per cent* in CP, Cherlapally (2015). In other prisons (CP, Warangal, DJ, Nizamabad, DJ, Karimnagar and Prisoners Agricultural Colony Hyderabad) there were fewer prisoners and consistent underutilisation of space (details vide *Appendix-2.1*).

As per provision 13.83 of MPM, 2016, if a prison becomes overcrowded, the Superintendent shall take suitable action for accommodating all the prisoners properly, duly reporting the circumstances leading to overcrowding to the Inspector General of Prisons (IGP). Further, as per Provision 2.09.5 of MPM, 2016, where accommodation is overcrowded and does not meet the prescribed standards and prison overcrowding is likely to continue, the excess number of prisoners will be transferred to other institutions or camps as the case may be, with prior approval of the IGP.

However, Audit did not find any plans from the Prison authorities to transfer the prisoners from the overcrowded CPs at Cherlapally and Hyderabad to other underutilised prisons.

In response, DG (Prisons) stated (May 2020) that a proposal was sent (December 2019) to Government for upgradation of two District Jails (Nizamabad and Sangareddy) as Central Prisons so that an average of 1000 prisoners could be maintained in each CP.

Government stated (June 2020) that, the proposal sent (December 2019) by the DG (Prisons) was under examination.

2.3.2 Space Available to prisoners for occupation

As per provision 2.09 of MPM, 2003, the minimum accommodation capacity of dormitories/barracks, cells, cottages and hospitals per prisoner are ordinarily to be 3.71 square metres of ground area.

Audit scrutiny revealed that, space available to prisoners in the sampled prisons as of November 2019 was as per MPM 2003 except in the case of DJ, Mahabubnagar as detailed in Table 2.2.

Table-2.2

Name of the prison	Prison capacity	Actual occupancy	Area of the prison under Barrack and cells (sq. mts.)	Space available per prisoner (sq. mts.)
CP, Hyderabad	1,250	1,283	5,162.27	4.02
CP, Warangal	966	910	5,216.61	5.73
DJ, Mahabubnagar	147	192	543.93	2.83
DJ, Nizamabad	460	250	2,438.43	9.75
DJ, Karimnagar	349	296	1,532.00	5.18
PAC, Cherlapally	150	93	1,154.00	12.41
CP, Cherlapally	1,950	1,689	8,939.17	5.29
SPW, Hyderabad	220	245	NA	NA

Source: Information furnished by Telangana Prisons

The actual space available for each prisoner in District Jail, Mahabubnagar was only 2.83 square metres of ground area which was less than the prescribed norm of 3.71 square metres.

2.3.3 Separate barrack for Female Convicts and Undertrials

Provision 24.02 of MPM, 2003 specifies that the women prisoners shall be classified and kept separately. Undertrial prisoners shall be kept completely separated from convicted offenders, even when their number is small.

Audit scrutiny revealed that, in DJ Mahabubnagar and SPW, convicts and undertrial women prisoners were being confined in the same barrack. When non-compliance to the provisions of MPM was pointed out, the Prison authorities in Mahabubnagar replied that due to availability of a single barrack with 20 prisoners' capacity, female undertrial and convicted prisoners were being confined in this barrack.

Government stated (June 2020) that, one new barrack for confinement of women convict prisoners in SPW, Hyderabad was under construction and would be completed shortly, thereby addressing the issue of segregation in this prison. Measures, if any, to address the segregation issue in DJ, Mahabubnagar were not furnished.

2.3.4 Security Lapses

2.3.4.1 Availability of Watch Towers

Provision 23.17 of MPM, 2003 specifies a double ring of security and watch towers to be provided in the jails. Scrutiny revealed that, except in two District Jails (Mahabubnagar and Nizamabad), there were watch towers in all the sampled jails.

On a specific request from the Superintendent DJ, Mahabubnagar (January 2018), TSPHCL had submitted proforma estimates in January 2018 for construction of watch towers which were yet to be approved by the DG (Prisons) (May 2020). In DJ Nizamabad, there was no record to show that any proposals in respect of watch towers were sent to the DG (Prisons).



View of DJ Nizamabad without watch towers

Government stated (June 2020) that, there were no proposals to construct watch towers in DJs, Nizamabad and Mahabubnagar. The reply is not acceptable as it is in contravention of the prescribed norms as per MPM 2003.

The reply is not only in contravention of the prescribed norms as per MPM 2003, but is also a security risk, as watch towers play a crucial role in monitoring the movement of prisoners and overall supervision of the premises (inside and outside). Lack of mandatory watch towers compromises security requirements in prisons.

2.3.4.2 Escape of prisoners

Audit observed that, during the period 2014-19, eight prisoners had escaped in jail break. Three of these prisoners were yet to be apprehended (September 2020). This indicates inadequate security in the jail premises.

Government stated (June 2020) that efforts were being made to apprehend the escaped prisoners.

2.3.4.3 Manpower

As per Provision 4.02 of MPM 2003, there should be one guarding staff for every six prisoners. The guarding staff will consist of Chief Warder, Head Warder and Warders. The duties of guarding staff include *inter alia* security, custody, discipline, searches and counting of prisoners, opening and locking up of prisoners, guarding and sentry duties.

As per Provision 4.07.3 of MPM 2003, the Superintendent/Jailor is the Head of the Prison, with duties including general supervision over security and custody arrangements, control over financial matters, etc. The Deputy Superintendent/Deputy Jailor is to look after the admission and release of prisoners, disbursement of subsistence allowance, issue of raw materials to workshops, etc.

As per Provision 4.07.6 and Provision 4.07.7 of MPM 2003, education/vocational training in prisons has to be pursued as an important means of reformative treatment. Further, in terms of Provision 13.20 of MPM 2003, Education Department should provide teachers, equipment and material for teaching prisoners.

Audit scrutiny revealed that, there was shortage of staff as shown in Table-2.3.

Table-2.3

Macro picture of sanctioned strength and men in position as of August 2019

Category	Sanctioned strength	Men in position	Shortage	Allotted by TSLPRB ²	Undergoing training	Percentage of shortage
Dy. Jailor (M)	62	37	25	15	-	16
Asst. Matron (Dy. Jailor F)	3	0	3	2	2	33
Warder (M)	819	607	212	185	132	10
Warder (F)	37	8	29	35	25	11
Head Master	1	0	1	-	-	100
Teacher	4	2	2	-	-	50
Physical education teacher	1	0	1	-	-	100
Instructor (all grades)	24	13	11	-	-	46
Total	951	667	284			30

Source: Departmental records

Note: Vacancies above 10 per cent only were considered for the purpose of audit comment and some of the posts such as typist, barber, etc., have been excluded from the macro picture

As seen from the above table, there were vacancies in key posts of various cadres viz., Deputy Jailors (Male & Female), Warders (both Male & Female), Instructors and Teachers. As of August 2019, the percentages of shortfall *vis-à-vis* sanctioned strength in these cadres ranged from 10 to 100 with an overall shortage of 30 per cent.

Government intimated (June 2020) that action was being taken to address the shortage of staff in various cadres.

Heads of Prisons in the 5th National Conference on prison reforms held during September 2016 incorporated a resolution to expedite filling up existing vacancies in all ranks of the Prisons Department. State Governments were directed by Government of India (GoI) to take note of the resolutions passed in that Conference and make concerted efforts to implement the same in a time bound manner. However, the vacancies in Prisons Department continued to exist as of June 2020.

2.3.5 Prisoner's requirements

Audit scrutiny of prisoner's requirements *vis-à-vis* provision of diet, hygienic conditions, health facilities, etc. revealed the following:

² Telangana State Level Police Recruitment Board

2.3.5.1 Shelves in the barrack to prisoners

Provision 2.11.9 of MPM 2003 states that, a fixed or in-built shelf will be provided for each inmate to store personal belongings.

During the joint physical verification conducted by Audit along with prison authorities, it was found that prisoners in the barracks in CP Warangal and Sub-Jails Jagtial and Kamareddy were not provided with shelves.

Superintendent (CP, Warangal) stated (July 2019) that shelves were not provided for convict prisoners, as the buildings were old and there was no provision for shelves. Government stated (June 2020) that in Central Prisons shelves were already provided and that the works relating to provision of shelves in District Jails was under progress. The reply is not acceptable as CP, Warangal did not have provision for shelves. The reply is also silent about the absence of shelves in the Sub-Jails.

2.3.5.2 Health and Medical Care

Medical Officer of a prison has to give careful attention to the treatment of sick prisoners and every matter connected with prisoners' health and over all hygiene in the prison. Further provision 2.16.1 of MPM, 2003 stipulates that, in every prison there will be a separate hospital with the necessary number of beds for indoor treatment with a separate ward for men and women with the facilities of dental, ophthalmology, minor operation theatre, clinical laboratory, X-ray laboratory, physiotherapy, detoxification and psychiatric units.

(i) Insufficient beds in hospitals

Section 39 of the Prisons Act, 1894 read with Provisions 7.02 and 7.32 of the MPM 2003, prescribes that, hospital accommodation with sick beds should be provided on the scale of 5 *per cent* of daily average of inmate population in all jails. For this purpose, prison hospitals have been categorised into two types *viz.*, Type 'A' (50 and more beds) and 'B' (less than 50 beds). Two CPs - Cherlapally and Hyderabad, with an authorised capacity of over 1000 prisoners, should have 'A' type hospitals and 10 prisons³ including CP Warangal, should have 'B' type hospitals.

Audit scrutiny revealed shortage of beds in the sampled Central and District Jails (details are given in *Appendix-2.2*). As against the requirement of 268 beds, there was a shortage of 142 beds (53 *per cent* as on March 2019). Further DJ, Mahabubnagar did not have a hospital.

Government stated (June 2020) that, there was no shortage of beds against actual requirement of sick prisoners. However, it was assured that, action would be taken to increase beds according to the ratio fixed in MPM 2003.

³ DJs, Adilabad, Nizamabad, Karimnagar, Medak, Khammam, Nalgonda and Mahabubnagar; SPW, Hyderabad and PAC, Cherlapally

(ii) Shortage of Medical Staff

As per Provision 4.07.4 of MPM 2003, the Medical personnel will be directly responsible for the medical care and health of prisoners. They will be assigned duties in preventive services such as immunization, segregation, curative services *i.e.*, treatment of diseases and other general duties relating to hospital administration.

Scrutiny of manpower requirement in 12 prisons (3 Central Prisons, 7 District Jails, 1 SPW, 1 PAC) as per the type of hospital and availability revealed shortages in key posts (details are given in *Appendix-2.3*).

Audit observed that, although MPM provides for Chief Medical Officer in all the prison hospitals, there was no sanctioned post of Chief Medical Officer in any of the prison hospitals.

Shortfall was noticed in the cadre of Assistant Civil Surgeons (24 *per cent*), Lab Technicians (50 *per cent*), Nursing assistants (38 *per cent*) and Pharmacist (38 *per cent*).

Provision 24.97 of MPM 2003 provides for at least one Gynaecologist in every Women Prison. However, it was observed that the service of a gynaecologist was not provided in the SPW.

Director General (Prisons) stated (May 2020) that, proposals were being submitted to Government for creation of medical staff according to the prescribed norms in MPM 2003. Government endorsed (June 2020) the reply of DG (Prisons).

(iii) Shortage of Medical facilities

Provision 7.32 of MPM specifies the facilities/equipment⁴ to be available in prison hospitals.

Audit observed that these facilities were not available in two Central Prisons (Hyderabad and Warangal), SPW and in three test checked District Jails.

- In the test checked DJs/SPW, Labs with facilities for basic medical tests such as complete blood profile, urine, sputum, ECG, etc. were not available.
- Facilities such as Dental clinic, Ophthalmology clinic, Minor Operation Theatre, Clinical lab, X-ray lab, Physiotherapy unit, Detoxification unit and Psychiatric unit with all equipment as specified in the MPM were not available in two Central Prisons (Hyderabad and Warangal), SPW and in three test checked District Jails.
- In Central Prison, Cherlapally, while Dental clinic and X-ray machine (which could not be used in the absence of a Radiographer) were available, other facilities were not available. As a result, prisoners were being sent to Labs in Government Hospitals for basic medical tests along with escort arrangements.
- During the past five years, the number of prisoners from sampled DJs who were sent to Labs at Government hospitals grew from 460 to 786 (Details vide *Appendix-2.4*).

⁴ Dental clinic, Ophthalmology clinic, Minor Operation Theatre, Clinical lab, X-ray lab, Physiotherapy unit, Detoxification unit and Psychiatric unit with all equipment

It is imperative to establish a Lab within the prisons. However, no proposals were sent to Government for establishment of lab facilities.

Director General (Prisons) stated (May 2020) that proposals would be sent to Government with regard to sanction of posts and for purchase of lab equipment.

2.3.6 Maintenance of History Tickets

2.3.6.1 Non-Maintenance of History Tickets in respect of Undertrial Prisoners

Provision 5.48 of the MPM, 2003 stipulates that, every prisoner shall immediately on his reception into prison be provided with a History Ticket containing details such as the name, prisoner number and other particulars necessary for identification of the prisoner, a brief entry of every order passed and direction given relating to, and punishment inflicted on, the prisoner; and a brief record of every other occurrence of any importance, affecting the prisoner, which takes place while he remains in confinement including the medical history, which shall be maintained throughout the period during which such prisoner remains in confinement.

Scrutiny of records of CP, Cherlapally and CP, Hyderabad revealed that History Tickets were not being maintained in respect of undertrial prisoners. An identity card containing only basic details such as name of the prisoner, undertrial number, date of admission, crime details, police station, etc. was given.

Government in its response (June 2020) justified the non-maintenance of History Tickets for undertrial prisoners stating that their stay in the prisons was for a short duration, *i.e.*, less than three months and assured that with regard to prisoners whose stay is for a longer period the history tickets would be maintained hereafter.

The reply is not acceptable as audit observed in the test checked jails that few undertrial prisoners were lodged in the jail for as long as three years.

2.3.6.2 Inadequate maintenance of Convict Prisoners' History Tickets

Section 35 (2) of the Prisons Act 1894 stipulates that, the Medical Officer shall from time to time examine the prisoners employed on labour, and shall at least once in every fortnight cause to be recorded upon the history ticket of each prisoner employed in labour, the weight of such prisoner at the time. As per Section 38 *ibid*, all directions by the Medical Officer regarding health of prisoners shall be entered – on a daily basis in the prisoners' history ticket. Further, as per Provision 5.49 (ii) of MPM 2003, a brief entry of every order passed and direction given relating to, and punishment inflicted on the prisoner shall be recorded in the history ticket.

During verification of the history tickets of convict prisoners in the test checked prisons, it was noticed that, mandatory details such as medical history, interviews allowed and receipt of copy of judgement were not being recorded in the history tickets of the prisoners, as stipulated in the Manual/Act.

Government stated (June 2020) that, medical history was being maintained separately in medical case sheets in prison hospital.

The reply is not acceptable as the history ticket has all the important entries relating to a prisoners' events at one place. In the event of transfer of the prisoner from one prison to another, the history ticket is the only authentic record to know about a prisoner's background and history.

2.3.7 Production of Prisoners in Courts

2.3.7.1 Functioning of Video linkage between Prisons and Courts

As per Provision 22.21 of MPM 2003 for extension of detention of undertrial prisoner, the prisoner may also be produced in the Court through electronic media, like video linkage. Video linkage facility was again recommended by the GoI in May 2011 for implementation of directions issued by Mumbai High Court with regard to production of undertrial prisoners in the Court.

Instructions were also issued by DG (Prisons) (July 2019) for utilisation of the video conference equipment which was provided under e-Courts project, for production of undertrial prisoners through video conference. Scrutiny of information furnished in the test checked prisons revealed that, though the video conferencing facilities were available in CP, Cherlapally and DJ, Mahabubnagar, they were not put to use.

Director General (Prisons) stated (May 2020) that, video linkage facility is being utilised effectively at present. Audit observations are based on the reply furnished (August 2019) by the respective prison authorities.

2.4 Reforms and Rehabilitation measures

Audit Objective II: *Whether measures initiated by the Government for reform and rehabilitation of prisoners were in conformity with the objectives of the extant Act and the Rules and achieved the desired objectives*

Audit scrutiny of reforms and rehabilitation measures like provision of educational facilities to prisoners, training and employment, payment of equitable wages, aftercare services, timely release of prisoners, etc., revealed the following:

2.4.1 Payment of wages to the Prisoners

Provision 14.45 of MPM, 2003 stipulates that wages should be fair and equitable and not merely nominal and paltry. These rates should be standardised keeping in view the minimum wages notified by the Government from time to time. Further, Provision 14.46 of MPM, 2003 stipulates that the wage system in prisons has to be in harmony with that in the free community, and that the wages should be reviewed once every three years and revised whenever necessary.

According to the orders (1998) of the Hon'ble Supreme Court of India, the State Government has to ensure that equitable wages are paid to every convict for the work done by him/her at the rate at which a worker is paid outside the jail under the Minimum Wages Act. GoI communicated (June 2017) the latest National Floor Level Minimum Wage (NFLMW) as ₹176 per day. The States were requested to fix the minimum rates of wages in respect of all scheduled employments not below the NFLMW from 1 June 2017.

Government notified (January 2012) the basic wages to be paid (for a manufacturing process) for unskilled, semi-skilled and skilled workers as ₹194, ₹227 and ₹277 respectively.

However, wages to the prisoners in Telangana continue to be paid as per the Government orders of 2010 (at ₹30, ₹50 and ₹70 per day for unskilled, semi-skilled and skilled workers respectively). Although proposals were sent by DG (Prisons) in June 2016 seeking orders for increase/rationalisation of the wages of prisoners in view of price escalation since 2010, there was no response from the Government.

Thus, the State has not been paying equitable wages to the prisoners (in comparison to Telangana Government declared wage rate and NFLMW) which is also not in tune with the judgement of the Hon'ble Supreme Court.

Government stated (June 2020) that the proposals sent by DG (Prisons) were under process.

2.4.1.1 Opening of Bank Accounts for prisoners

Provision 14.48 of MPM 2003 suggests that wages should be deposited in the prisoners' savings bank accounts on a fixed date every month and the passbook be kept with the prisoner concerned.

There were 994 convict prisoners in the four test checked prisons (CP, Hyderabad (426 prisoners); CP, Warangal (408); District jail, Karimnagar (61) and SPW (99)). Of these, 238 convict prisoners (CP, Hyderabad (93 prisoners); CP, Warangal (50); District jail, Karimnagar (40) and SPW (55)), did not possess bank accounts (24 *per cent* of the convict prisoners). In DJ, Karimnagar, an amount of ₹4.77 lakh, pertaining to prisoners who are presently in custody was lying in the cash chest of the prison without disbursement due to non-opening of bank accounts. Audit team was informed by prison authorities that bank accounts were not opened for the prisoners due to non-availability of Aadhaar numbers. The reply furnished by the prison authorities is not tenable as RBI had clarified⁵ that those persons (who do not have any of the officially valid documents viz., passport, driving license, PAN card, voter id card) could open savings bank accounts with a letter issued by a Gazetted Officer with a duly attested photograph of the person. This option was not explored by the prison authorities for opening the bank account in respect of prisoners. This deprived the prisoners of the facility of getting his/her wages deposited in bank accounts.

The issue of non-opening of bank accounts was confirmed during the survey conducted by audit, 16 convicts (14 *per cent*) stated that bank accounts had not been opened for them. Further, 55 convicts (50 *per cent*) stated that they were not aware of balances in their bank accounts.

Government stated (June 2020) that, in CP, Hyderabad, bank accounts had been opened in respect of 52 out of 93 prisoners pointed out and that, the other prisoners who did not have

⁵ (vide its Press Release dated 26 August 2014) in connection with opening of account under Pradhan Mantri Jan DhanYojana

bank accounts, were short term imprisoned convict prisoners or undertrial prisoners. The contention is contrary to the documents available with Audit, as the 93 prisoners pointed out by Audit were all convict prisoners.

2.4.1.2 Disbursement of wages to released prisoners

In five prisons⁶, it was found that the wages amounting to ₹4.97 lakh in respect of 347 released prisoners were not paid. When the reasons for non-disbursement of wages were called for, it was replied that the wages could not be disbursed due to non-tracing of the addresses of prisoners. Thus, the prisoners were released from prisons without their wages being paid. This violates Provision 14.48 of MPM 2003 and would greatly hamper the rehabilitation of the released prisoners.

It was further observed that wages were being paid with delays ranging from four to eight months.

Government in its response (June 2020) stated that the wages of the prisoners were being disbursed at the time of release of prisoners regularly. The reply is not acceptable since audit observed that, there were undisbursed balances available with the prison authorities.

2.4.2 Special Remission for release of prisoners

Government of India decided (July 2018) to grant Special Remission throughout the country to convicted prisoners who maintained good conduct on the occasion of the 150th Birth Anniversary of Mahatma Gandhi. As per the GoI order, this special remission was to be implemented in three phases as detailed below:

- Phase-I - the prisoners were to be released on 2 October 2018 (Birth Anniversary of Mahatma Gandhi);
- Phase-II - the prisoners were to be released on 6 April 2019 (Anniversary of Dandi March); and
- Phase-III - the prisoners were to be released on 2 October 2019 (Birth Anniversary of Mahatma Gandhi).

Government of India issued guidelines/procedure to be followed by the State Government to identify eligible prisoners for grant of this Special Remission.

Government of Telangana had clearly laid down specific timelines (August 2018) to ensure that the prisoners were released on the dates of birthday of Mahatma Gandhi and the anniversary of Dandi March.

Scrutiny of records revealed that State Government had ordered (August 2019) the release of 14 prisoners in Phase II. It was observed that the prisoners who were eligible for release in Phase-II on 6 April 2019 were not released till 9 August 2019. Thus, the proposed timeline for release of prisoners by GoI was not adhered to. Similarly, in Phase III, Government had accepted the proposals in respect of 10 prisoners. However, order of Government for release of these 10 prisoners was still awaited (May 2020).

⁶ Central Prisons Cherlapally, Warangal and SPW; District jails, Karimnagar and Nizamabad

Government stated (June 2020) that the prisoners were not released as the relevant Government order to release the prisoners had not been issued. Specific reasons for the delay in release of prisoners in Phase-II were not furnished.

2.4.3 After-care services and rehabilitation of released prisoners

In terms of Provision 15.04 of MPM 2016, a Board of Skill Development Programme and Vocational Training should be set up at the prison headquarters under the Chairmanship of Inspector General of Prisons and vested with full fiscal and administrative powers aid the skilling of prisoners, thereby helping them seek employment after release. Constitution of the Board would ensure monitoring of in-house training of prisoners as well as their rehabilitation after release. However, the Board had not been setup. When the issue of constitution of Board of Skill Development Programme and Vocational Training was brought to the notice of DG, it was replied that there was no provision for constitution of this Board in AP Prisons Rules, 1979.

Further, as per Provision 20.01 of MPM 2003, the process of after-care and rehabilitation of offenders is an integral part of institutional care and treatment.

An important after-care service is provision of employment to released prisoners. Details of employment provided to released prisoners during the period 2014-19 is given below.

Table-2.4

Name of the prison	Number of prisoners released	Number of prisoners employed (Percentage)
CP, Warangal	6,547	113 (2%)
CP, Cherlapally	21,778	60 (0%)
CP, Hyderabad	27,512	86 (0%)
DJ, Mahabubnagar	52	21 (40%)
DJ, Karimnagar	3,425	94 (3%)
DJ, Nizamabad	1,440	0 (0%)
SPW	675	0 (0%)
Total	61,429	374 (0.61%)

It was observed that, employment provided to released prisoners during the period was very low. Among the test checked prisons, DJ, Mahabubnagar provided better rehabilitation with 40 *per cent* being employed after release whereas DJ, Nizamabad and SPW did not

Source: Statistics furnished by Telangana Prisons

provide rehabilitation to even a single prisoner. Specific reasons were not furnished by the Prison authorities except CP, Cherlapally wherein it was stated that employment was provided to the prisoners who had specifically requested for it.

Government stated (June 2020) that the process of after-care and rehabilitation of offenders involved several Welfare Departments of the State and released prisoners who approached the welfare officer of the prisons were given employment. The Government needs to create awareness among the prisoners about the necessity of taking up employment and support their efforts for a dignified living after serving their sentence/release from jail. Prison Rules need to be suitably modified permitting its constitution of Board of Skill Development Programme and Vocational Training.

2.4.4 Vidyadaan - Education system in Prisons

Home Department of Telangana State launched⁷ (July 2014) Vidyadaan Yojana, an adult literacy programme for prisoners in all the jails of the State. Through Vidyadaan Yojana, all the illiterate prisoners were aimed to be made literates and semi-literates. One Adult Education Centre was planned in every prison for organizing of vocational skill training programmes. Guidelines issued by DG (Prisons) prescribed syllabus of Rashtriya Saaksharta Mission, Hyderabad for illiterates, State Government syllabus for primary and secondary education (Classes I to IX) and Open School syllabus for Class-X.

As per the provision of 13.05(vi) of MPM 2003, as far as practicable, the education of prisoners shall be integrated with the educational system of the State so that after their release, they may continue their education without difficulty.

During verification of records in office of the DG (Prisons) and test checked prisons, audit noticed that adult education centres were not opened in any of the prisons. Thus, the aim of the literacy programme was not achieved.

2.4.4.1 Education system in Prisons – Shortage of teaching staff

Provision 4.03.4 of MPM stipulates for educational personnel to be provided in jails, which includes teachers and physical training instructor.

Availability of teaching staff with reference to requirement in test checked prisons as assessed by the Prisons Department is given in Table- 2.5.

Table-2.5

Name of the prison	Requirement ⁸	Available	Shortage of teaching staff
CP, Cherlapally	15	2 ⁹	13
CP, Hyderabad	10	1	9
CP, Warangal	10	4	6
SPW, Hyderabad	3	0	3
DJ, Mahabubnagar	3	0 ¹⁰	3
DJ, Karimnagar	3	0	3
DJ, Nizamabad	3	0	3
Total	47	7	40

As against the requirement of 47 teaching staff, there were only 7 teaching staff and the shortfall in teaching staff was 85 per cent.

Of the interviewed prisoners, 23 prisoners (9 per cent) stated that teachers were not available and 94 prisoners (36 per cent) did not respond to this question.

Source: Information furnished by Prisons Department

Government stated (June 2020) that the services of educated prisoners were being utilized for imparting lessons for primary and high schools in view of the shortage of regular teachers.

⁷ with the support of the Adult Education Department

⁸ Lr. No. RC2/56/2018, dated 2 April 2018 addressed by DG (Prisons) to the Director, Department of School Education

⁹ One of the two teachers is taking classes at both PAC and CP, Cherlapally

¹⁰ There is no teaching staff and a request was made to District Educational Officer to depute teaching staff

2.4.5 Prisoners’ Panchayats

As per Provisions 15.18 to 15.20 of MPM, 2003, every prison and allied institution should have Prisoners’ Panchayats. These Panchayats should plan and execute daily recreational programmes for inmates and organize events and activities on festivals. These are expected to give an opportunity to the prisoners to express their problems and seek redressal. This would also give a sense of participation in the prison management which is an important component of any policy of welfare and reformation. A ‘Mahapanchayat’ of all the Panchayats should be held in the presence of the Superintendent at least once in a quarter for redressal of prisoners’ grievances and implementation of their suggestions.

It was noticed from the records that, in seven¹¹ out of eight test checked prisons, Prisoners’ Panchayats were not constituted. Records relating to constitution of Prisoners’ Panchayats were not available in any of the test checked prisons. The sampled prisons had not furnished any specific reason for the non-constitution of Prisoners’ Panchayat. Non-constitution of Prisoners’ Panchayats deprived the prisoners of a sense of participation in the prison management.

Government stated (June 2020) that, Prisoners’ Panchayat system is being implemented in the three Central Prisons, SPW and DJs, Karimnagar, Khammam and Nizamabad and that the members were being elected every six months in all the jails. It was further stated that, after expiry of period of Panchayat, the same were recently constituted in DJs, Adilabad, Mahabubnagar, Nalgonda and Sangareddy.

The response of Government could not be verified as details of the constitution of the Panchayats were not furnished to Audit. In fact, during the survey of prisoners conducted by Audit, 47 convicts (42 *per cent*) and 78 undertrial prisoners (53 *per cent*) stated that Prisoners’ Panchayat was not constituted.

2.5 Board of Visitors

As per Provisions 26.01 to 26.07 of MPM 2003, the State Government shall, by notification, constitute a Board of Visitors comprising Official and Non-official members at District and Sub-divisional level. The Board of Visitors is required to meet in the office of the Superintendent of prisons at least once in every quarter.

The task of the Board of Visitors include the following:

- (a) Monitoring the correctional work in prisons, with special attention to the degree and quality of training and effectiveness of infrastructure/facilities in the prisons;
- (b) Suggesting new avenues leading to improvement in correctional work; and
- (c) Going into individual or collective grievances of prisoners and providing redressal in consultation with the prison authorities.

¹¹ CP, Cherlapally and CP, Hyderabad; District Jails, Karimnagar, Nizamabad and Mahabubnagar; SPW and PAC, Cherlapally

Scrutiny of records revealed that, the Board of Visitors was not constituted in any of the test checked prisons. It resulted in denial of a platform for the prisoners to voice their grievances and seek redressal. The authorities of the sampled prisons, while confirming the non-formation of Board of Visitors, stated that action would be taken in this regard.

Government stated (June 2020) that, the period of Board of Visitors had expired in CPs Warangal, Cherlapally, PAC, SPW and DJs, Mahabubnagar and Nizamabad and that necessary proposals were being submitted to Government for early appointment of Board of Visitors. The absence of the Board of Visitors meant that the rehabilitation and correctional training to be reviewed and to be provided to the prisoners was not reviewed for effectiveness and improvement.

2.6 Positive initiatives by Prisons Department

Since the creation of the State of Telangana, the Prisons Department has been undertaking positive initiatives to improve the living conditions in prisons and has sought to create a conducive atmosphere for reformation. Prisons were beautified and better hygienic conditions have been ensured. The Department also revamped the prisoners' diet to serve good quality food. Water purifying plants were set up in all jails to ensure access to potable drinking water to all the prisoners. Special Mulaquat (meeting) rooms were created and access to sports and recreational facilities was provided. The Prison Department also extended loan facilities to prisoners to aid reformation.

Some of the other positive initiatives noticed in audit were:

- Mandatory master health check being instituted for those who spend more than 7 days in jails;
- Ban on smoking in jails;
- Better mobility for prisoners through increased number of vehicles.

In the Survey conducted by Audit, 213 prisoners (82 per cent) stated that the prison was hygienic, 203 prisoners (78 per cent) stated that the quality of food served in the prisons was good, 197 prisoners (76 per cent) stated that sports and recreation facilities were available and 219 prisoners (85 per cent) stated that mulaquats (meetings) were allowed with family and friends.

2.7 Conclusion

Prisons Department of Telangana has, since the formation of the State in June 2014, undertaken various initiatives for prisoners such as providing hygienic living conditions, recreation and sports facilities, better diet and increased interaction with their families. However, issues of overcrowding (within prisons) and non-segregation of women convicts and undertrials still persist. Industrial training for skill development and employment opportunities to facilitate their rehabilitation are not available to prisoners and the wages paid are not rationalised. Vacancies in the Prisons Department are 30 per cent, suggesting lack of adequate manpower for prison administration and management. The State has not yet approved its own Prison Manual, which could have provisions for inclusive participation and prisoners' welfare such as Prisoners' Panchayat and Board of Visitors.

2.8 Recommendations

- (i) Telangana State should bring out a Prison Manual embodying modern principles and procedures regarding reformation and rehabilitation of offenders in compliance with the directions of the Hon'ble Supreme Court of India and adopt it at the earliest.
- (ii) Prisoners from overcrowded prisons should be transferred to less crowded jails to avoid overcrowding and ensure proper segregation of prisoners and better management of prisons. Diversified institutions should be provided for the segregation of different categories of inmates for proper treatment.
- (iii) Wages should be fair and equitable and should be standardized keeping in view the minimum wages notified by the Government from time to time. Government should ensure increase of wages in line with the NFLMW to reduce the disparity in minimum wages.
- (iv) Recruitment should be taken up in Telangana Prisons to fill up the vacancies in staff for strengthening the security arrangements and streamlining the administration for proper management of prisons.
- (v) Bank accounts should be opened/linked in respect of all the prisoners. All payments must be made to the prisoners' bank accounts before their release from the prison.
- (vi) State Government needs to create awareness among the prisoners about the necessity of taking up employment and support their efforts for a dignified living after serving their sentence/release from jail, to prevent recidivism.

During Exit Conference, Government assured of remedial action on the points raised by Audit. The recommendations made by Audit were also discussed and accepted by Government.

Chapter III

Compliance Audit Observations

Chapter III – Compliance Audit Observations

Introduction

Compliance audit is an independent assessment of whether a given subject matter (an activity, financial or non-financial transaction, information in respect of an entity or a group of entities) complies in all material respects with the applicable laws, rules, regulations, established codes etc. and the general principles governing sound public financial management and the conduct of public officials.

Compliance Audit of the Government Departments of Government of Telangana State, their field formations, as well as the autonomous bodies functioning under these Departments, brought out instances of non-compliance with applicable rules, codes and manuals, lapses in management of public resources and failure to adhere to norms of propriety. Significant issues in this regard are discussed in the succeeding paragraphs.

Backward Classes Welfare Department

3.1 Payment of Scholarships to ineligible students

Scholarships amounting to ₹1.90 crore were paid to ineligible students among Backward Classes under ‘Mahatma Jyothiba Phule BC Overseas Vidya Nidhi’ scheme

State Government introduced (October 2016) ‘Mahatma Jyothiba Phule BC Overseas Vidya Nidhi’ scheme to support meritorious students belonging to Backward Classes (BC) to study in Foreign Universities. Every year 300 eligible BC students pursuing Post Graduate (PG)/Doctor of Philosophy (Ph.D) courses are given ₹20 lakh (in two installments of ₹10 lakh each - on production of the landing permit/I-94 (Immigration card) and production of first semester results) towards fees and living expenses. The applications with the requisite documents¹, are scrutinised by a State Level Screening Committee² (SLSC) which recommends the scholarships to be granted.

Eligibility criteria for sanctioning scholarship is as follows:

- family income to be less than ₹1.5 lakh per annum for rural, and ₹2 lakh per annum for urban areas (during 2016-17). In both cases the limit was later enhanced to ₹5 lakh per annum (November 2017);

¹ all mandatory documents viz., Caste Certificate and Income Certificate by MeeSeva; Date of Birth Certificate, Aadhaar Card, E-Pass ID no.; Residential Certificate/Nativity Certificate; Passport copy; Marks Sheet from SSC/Intermediate/Graduate/PG level; a valid TOEFL/IELTS & GRE/GMAT with minimum prescribed scores; Admission offer letter (I-20, letter of Admission or equivalent), copy of latest Tax Assessment, copy of Bank Pass Book of a Nationalised Bank and Photograph to be scanned and uploaded

² Spl. Chief Secretary/Prl. Secretary, BC Welfare: Chairman; Secretary, State Council of Higher Education: Member; Vice-Chancellor, Jawaharlal Nehru Technological University (JNTU), Hyderabad: Member; Commissioner, Scheduled Castes Development Department: Member; Commissioner, Technical Education: Member; Commissioner, Backward Classes Welfare: Convenor/Member and Expert in Foreign Education: Special Invitee

- education in ten³ identified countries;
- second PG (other than Humanities courses) is not eligible and
- financial assistance to be proportionately restricted if the course period is less than 24 months (May 2018).

During 2016-19, 1636 students applied for scholarship under the scheme and 749 students received scholarships as detailed below:

Table-3.1

Financial Year	Season	Number of Student applications	Number of students found eligible (after scrutiny of applications)	Number of students sanctioned scholarships
2016-17		393	211	192
2017-18	Fall	207	146	146
	Spring	411	293	293 ⁴
2018-19	Fall	625	150	118
Total		1,636	800	749

Source: Data provided by Commissioner, BC Welfare Dept.

Audit of the scheme in June 2019 showed that the Department deviated from the guidelines to provide scholarship of ₹1.90 crore to 18 students (out of 749 cases where scholarship was granted) who did not meet the eligibility criteria. The details of deviations from the guidelines are as follows:

- The scheme was introduced in October 2016 and was applicable for students who were admitted from fall session (August/September) of 2016-17. However, six applicants who joined PG courses prior to introduction of the scheme were sanctioned scholarships as special cases.
- Scholarship was sanctioned to one applicant for Krgyzstan as a special case during 2017-18 although the country was not in the list of admissible countries for grant of scholarship.
- Five applicants (2016-17: 1, 2017-18: 4) who had already completed their first PG abroad were sanctioned scholarships for pursuing second PG Course (apart from humanities) as special cases.
- One applicant (2017-18) was sanctioned scholarship for pursuing graduation course.
- Five applicants were paid full scholarship amount in contravention of Government orders (May 2018) restricting financial assistance depending on duration (12 months: ₹10 lakh; 18 months: ₹15 lakh and 24 months: ₹20 lakh) of the course. The excess scholarship amount paid was ₹40 lakh.

Thus, the amount of ₹1.90 crore paid in respect of the above 18 ineligible applicants was irregular.

³ USA, UK, Australia, Canada and Singapore; from November 2017 Germany, New Zealand, Japan, France and South Korea were also included

⁴ including 139 students who were eligible for 2017-18 (Spring session) sanctioned as special case

Government in its reply (March 2020) stated that, six students were sanctioned scholarships as special cases. The response of the Government is not acceptable since the scheme guidelines do not provide for any exceptions. Further, although Government justified the sanction of scholarship to the remaining 12 students, documentary evidence in support of the justification was not furnished by Government.

Health, Medical and Family Welfare Department

3.2 Implementation of e-Hospital Management System in Telangana

e-Hospital Management System, an electronic record management system to capture the patient data and track their medical history, did not function effectively due to inadequate validation controls and delay/inaccuracies in capturing data

Ministry of Electronics and Information Technology (MeitY), GoI conveyed (May 2014) administrative approval for implementation of ‘e-Hospital Management System’ (e-HMS) in Telangana. The project was fully funded by GoI with a total outlay of ₹10.49 crore.

Consequent to the bifurcation of the erstwhile State of Andhra Pradesh into Telangana and the residuary State of Andhra Pradesh, pending its demerger, Andhra Pradesh Medical Services Infrastructural Development Corporation (APMSIDC) entered into a MoU with the Centre for Development of Advanced Computing⁵ (CDAC) in July 2014 to implement a pilot project in three identified hospitals in Hyderabad viz., Gandhi Hospital, District Hospital (King Koti) and Area Hospital (Malakpet). The duration of the MoU was 24 months i.e up to August 2016.

After the expiry of the MoU with APMSIDC, MeitY entered (October 2016) into a MoU with Telangana State Medical Services and Infrastructure Development Corporation (TSMSIDC) for implementation of the project. The duration of the project was initially up to June 2017 and was later (February 2019) extended up to March 2019. MeitY released an amount of ₹10.20 crore to TSMSIDC in two instalments for the project.

The project aimed at addressing the following core areas in public healthcare facilities:

- (i) Creation of unique Electronic Medical Record (EMR) for each patient;
- (ii) Tracking medical history during subsequent visits to the hospitals and navigation between the referred departments;
- (iii) Elimination of duplication in data entry and maintenance of duplicate register; and
- (iv) Generation of MIS reports and transmission of EMR to referred hospitals.

TSMSIDC procured hardware and network equipment through Telangana State Technological Services Ltd. for implementation of the pilot project.

CDAC customised its Hospital Management Information System (e-Susruth) to the requirements of the State. The pilot project went live between October 2015 and May 2016.

⁵ Scientific society under Ministry of Electronics and Information Technology, GoI

3.2.1 Implementation of Modules

CDAC customized 23⁶ planned modules and operationalised the e-HMS package in all the three pilot hospitals. Audit scrutiny of the modules and analysis of the data in these modules revealed that the e-HMS was not fully utilized by the pilot hospitals, as discussed below:

3.2.1.1 Registration Module

Registration of patients is done through the Registration Module which is the essential first step before consultation, investigation and treatment. In the Outpatient Department, every patient is to be allotted a unique Central Registration Number (CRN) through this module. CRN is valid through the lifetime of a patient and is used during revisit, referral and visits to Special Clinics. Registration module also records information such as demography, family/contact details, etc., which could be useful in retrieval of patient details (in case CRN is not known/forgotten).

Audit analysis of 22.47 lakh patients⁷ registration records for the period from October 2015 to March 2019 revealed the following:

- Contact number was available in only 2.25 lakh (10 *per cent*) patients' records, out of which, in 2,098 patient records, invalid mobile numbers (numbers with less than ten digits) were found suggesting lack of validation controls.
- Audit observed incomplete/incorrect entries in fields such as patient name, father's name, address, date of birth, etc. For example, data in 'father's name' field (mandatory field) was either missing or filled in with single letters in respect of 31 *per cent* records. Middle name and last name were left blank in 93.54 *per cent* records.

Central Registration Number helps in identifying a patient uniquely along with his/her relevant details. Incomplete data entry and lack of validation controls resulted in ineffective functioning of the Registration module.

3.2.1.2 Admission, Discharge and Transfer (ADT) Module

This module records inpatient activities such as admission of a patient, bed management, transfer, discharge, etc.

Details of Audit analysis of 1.51 lakh⁸ inpatient records in the three hospitals are discussed below.

(i) Admission

The patient is admitted into the custody of a treating Unit headed by a consultant doctor. On admission in a ward, the patient is assigned Inpatient (IP) number. Based on doctor's

⁶ (1)Registration (2)Emergency & Enquiry (3)ADT and Nursing Mgmt (4)Billing (5)User Management (6)Alert Management (7)Inventory and Pharmacy (8)Doctors Desk (OPD and Emergency) (Order Mgmt) (9)IPD Desk (Order Mgmt) (10)Investigation for Labs (11)OPD Service Area (12)MRD & MIS (13)Electronic Medical Record (EMR) (14)OT and Anesthesia (15)Blood Bank (16)Diet Kitchen (17)BMED (18)Transport (19)Laundry (20)Bio-medical Waste (21)Duty Roster (22)Employee Personal details (23)Central Sterile Supply Department

⁷ Gandhi Hospital: 12.68 lakh, AH, Malakpet: 5.25 lakh, DH, King Koti: 4.54 lakh

⁸ Gandhi Hospital: 1.12 lakh, AH, Malakpet: 0.25 lakh, DH, King Koti: 0.14 lakh

advice, nurse accepts the patient and allocates bed in the module. Audit analysis revealed that:

- Bed allocation details were not available in respect of 1.10 lakh (73 per cent) records out of 1.51 lakh inpatients.
- in 25,067 cases (out of 40,940 cases) bed allocation was delayed due to data entry of bed allocation at a subsequent date instead of utilising the module for allocating beds. The extent of delay in entering the data is as follows:

Table-3.2

(No. of patients)

On the same day	1 – 7 days	8 – 14 days	15 – 30 days	More than 30 days
15,873	14,599	4,446	3,051	2,971

Source: Data dump furnished by the Department

Clearly, the module features were not being actively utilised for recording details of the allotment of bed for every inpatient. Hospital-wise details are given in *Appendix-3.1*.

(ii) Discharge

An inpatient would be discharged only after preparation of a discharge note (containing details such as discharge advice, date, etc.) by the doctor. For effective operation of this functionality, doctor has to prepare the discharge note and different discharge parameters are configured in the system through templates. Once the discharge note is prepared, the system automatically checks as to whether the patient dues are settled or not and the discharge summary is generated on completion of all formalities.

Audit observed the following deficiencies in the module:

- Discharge date was not available in respect of 1.11 lakh inpatient records (74 per cent); and
- In 475 cases, the date of admission was after the date of discharge recorded and allotment of bed was recorded after the date of discharge in 5,706 cases (of 39,993 discharge cases) (14 per cent).

Hospital authorities attributed these deficiencies to lack of data entry staff and their preoccupation with the patients.

Precise capturing of data in the ADT module would facilitate accurate representation of bed availability and occupation. Lack of validation controls in the date field coupled with human resource constraints in capturing data rendered this module ineffective.

(iii) Case sheet

On admission, an inpatient gets the case sheet where in observations and treatment details are recorded by the consulting doctor. A case sheet is essentially a medical record containing a patient's clinical information.

Data analysis relating to the creation of case sheet in respect of 1,50,994 inpatients revealed that it was not generated in respect of 1,13,384 (75 per cent) inpatients. This indicates that the case sheet was not provided to inpatients on admission.

Case sheet contains the medical history of a patient and forms the core basis of EMR. However, case sheets were not generated in a majority of cases. Absence of case sheets results in gaps during medical reporting and the objective of improvement in quality of diagnosis remains unachieved.

3.2.1.3 User Management Module

User Management module controls access to the application and its related data. System administrator creates user access and rights are defined according to his/her role. Further, Log Management enables system administrator to view audit logs and user logs which are helpful in tracking the activity of any user or identifying the changes made to the application.

As per the MoU, CDAC provided training to users of pilot hospitals during 2015-18. The pilot project had 1,172 users in the master table. Scrutiny of data relating to user logs revealed the following:

- 144 (12 per cent) users (especially doctors and nurses) had not logged into e-HMS even once since the creation of their user ID;
- Further, 229 (20 per cent) users had accessed e-HMS only once since the creation of their user ID; and
- Information relating to designation of 744 users was not available in the user master table. Audit therefore could not verify their identity and role in the hospital.

Hospital Superintendents attributed the non-utilisation of modules to lack of adequate human resources and that, under the present heavy patient load, the users require separate Data Entry Operators for utilisation of e-HMS. Although the issue of non-availability of sufficient data entry operators was represented by the respective hospitals to TSMSIDC, they were not provided with sufficient staff for effective operation of various modules of e-HMS.

3.2.1.4 Investigation for Labs

Investigation Services module deals with the tests and investigation related activities for patients in the hospitals. The Investigation Service Module captures the process flow of tests from prescription to results.

As seen from the database, 31.34 lakh results of tests were available in respect of 1,99,085 patients⁹. Scrutiny of Lab tests reports available in respect of the configured Labs in the pilot Hospitals is given in **Table 3.3**:

⁹ Gandhi Hospital: 1,92,275, AH, Malakpet: 930, DH, King Koti: 5,880

Table-3.3

Name of the Hospital	Labs configured in e-HMS	Configured Labs for which no test results were available in the Database	Inconsistencies in lab test results available in the Database
<i>Gandhi Hospital</i>	Biochemistry, Culture, Emergency Lab, Audiology, Microbiology, Pathology, Cardiac Catheterisation, Serology and Lab, EEG, EMG, NCV, EP Studies	Cardiac Catheterisation Lab, EEG, EMG, NCV, EP Studies, Audiology	Although Microbiology and Emergency labs have been configured in e-HMS, no test results were available in respect of Microbiology since March 2018 and in Emergency lab since June 2016.
<i>District Hospital, King Koti</i>	Biochemistry, Microbiology, Pathology, Radiology and Serology	Serology	No test results were available in Radiology since March 2017, Micro Biology since February 2018, Bio-chemistry since July, 2018 and Pathology since February, 2019.
<i>Area Hospital, Malakpet</i>	Biochemistry, Microbiology, Pathology, Radiology, Audiology, Other Non-Invasive Lab, Cardiology	Other non-invasive Lab, Cardiology	No test results were available in Bio-chemistry, Microbiology, Pathology since August 2017, in Audiology since April 2016 and in Radiology since November 2017.

Source: Data dump furnished by the Department

When the issue of non-availability of test results in the configured labs was brought to notice, hospital authorities attributed it to requisitions not being raised subsequent to the formation of Telangana diagnostics.

Investigation module aids in medical diagnosis and saves crucial time. Absence of investigative reports leads to gaps in medical history of the patient.

3.2.1.5 Electronic Medical Record (EMR)

Electronic Medical Record (EMR) functions as a central source of information covering the patient's profile, history of family, clinical diagnosis, disease, treatment, investigation details, etc. It enables easy access of medical information anytime, anywhere. Creation of unique EMR is the core objective of e-HMS.

In spite of 22.47 lakh registrations in OPD in the three hospitals, 1.51 lakh inpatient records and 0.38 lakh case sheets, audit observed that EMR report was generated only in respect of one patient at Area Hospital, Malakpet. Clearly, the EMR Module was not utilised for the purpose for which it was created.

3.2.2 Financial Implication

Ministry of Electronics and Information Technology released the entire GoI contribution of ₹10.20 crore for the implementation of e-HMS with Supply Chain Management (SCM), on the condition that State Government meets future financial outlay. Of the released amount,

- Rupees 5.72 crore was paid to CDAC for provision of software and training. A further amount of ₹3.44 crore was due to it as of May 2019, for providing facility management services and other components.
- Rupees 4.48 crore was spent on hardware and networks (procured in June 2015) for implementation of pilot project in three hospitals and SCM. Of this, ₹0.65 crore worth hardware equipment was kept idle due to non-utilisation of all modules.

3.2.3 Conclusion

The e-HMS pilot project has highlighted major issues in electronic management of medical data. Certain Modules of e-HMS lacked validation controls and accepted incorrect data input. The inability/reluctance of hospital staff to capture real-time data coupled with simultaneous continuance of manual processes defeated the envisaged objective of e-HMS. Though the pilot project has been live since May 2016, the problems have not been resolved. The State wide roll out of the system has also not been implemented.

The matter was reported to Government in September 2019; reply is awaited (September 2020).

Health, Medical and Family Welfare Department

**(Telangana State Medical Services &
Infrastructure Development Corporation)**

3.3 Maintenance of Bio-medical Equipment in the State

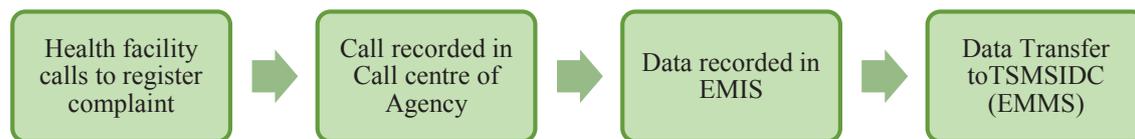
A third party service provider, who was entrusted with the management and maintenance of bio-medical equipment by the State Government, failed to meet the envisaged service levels, impacting critical medical services in the hospitals adversely

Government of India approved an amount of ₹20 crore to Telangana towards maintenance of Bio-medical Equipment in the hospitals under the National Health Mission. Maintenance of Bio-medical Equipment in the hospitals is an initiative of the Union Ministry of Health and Family Welfare, to provide support to State Governments for comprehensive maintenance of medical equipment in all public health facilities to improve the functionality and life of equipment, simultaneously improve the quality of healthcare services and reduce the cost of medicare.

With the approval of the State Government (July 2016) the Telangana State Medical Services & Infrastructure Development Corporation (TSMSIDC) outsourced (June 2017) the maintenance of medical equipment to an Agency (following a competitive bidding process) for a period of five years. The Agency was to provide preventive and corrective maintenance as per the stipulated levels of service, failing which, penalties were to be imposed. The Agency was also to co-ordinate with the manufacturers of medical equipment with regard to warranties, annual maintenance contracts etc.

The Agency mapped all the equipment (with a delay of 12 months) to the facility in which it was located. A web based application ‘Equipment Management Information System (EMIS)’ was used to record complaints of equipment breakdown and their resolution.

Figure-3.1: Process Flow



The EMIS was integrated with Equipment Maintenance and Management System (EMMS) of TSMSIDC. Audit examined (February 2019) the records relating to the implementation of the contract with the Agency and analysed the data in EMMS data for the period from October 2017 to June 2019. Resultant audit findings are discussed below.

3.3.1 Timeliness in resolution

The contract stipulated a maximum limit of seven days for resolution of a complaint registered through a call. Audit data analysis (Table-3.4) showed that nearly 25 per cent of the complaints on critical and lifesaving equipment and 21 per cent of the complaints on other equipment were not resolved on time.

Table-3.4: Resolution of complaints

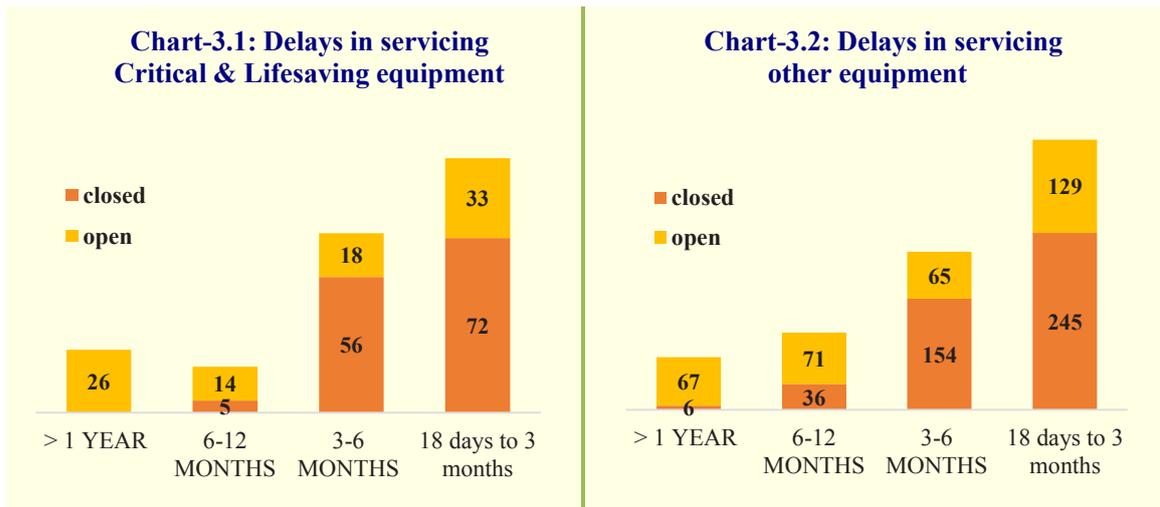
Under Agency Responsibility	Total complaints	Complaints closed within 7 days	Complaints closed beyond 7 days (per cent of total complaints)	Complaints open beyond 7 days (per cent of total complaints)
Critical & Life Saving Equipment ¹⁰	1,001	748	159 (16)	94 (9)
Other Equipment	4,516	3,568	592 (13)	356 (8)

Source: Analysis of EMMS data furnished by TSMSIDC

The program guidelines noted that a continuous downtime of 18 days¹¹ for lifesaving equipment could be catastrophic for patient care. Audit found delays beyond this limit in 133 closed and 91 open complaints (Charts below) in servicing critical and lifesaving equipment. In respect of other equipment, there were delays beyond this limit in 441 closed and 332 open complaints.

¹⁰ The tender agreement condition no. 5.2.29 categorises 5 equipment ECG Machine, Ventilator, Radiant Warmer, Defibrillator, Phototherapy unit as ‘lifesaving’ and the Revised maintenance of Bio-medical equipment in hospitals guidelines categorises 18 other equipment as ‘critical’

¹¹ Five per cent downtime*365 days



Source: Call data furnished by TSMSIDC

The Agency attributed (November 2018) the prolonged downtime of equipment to lack of service support from the manufacturers/vendors, non-availability of spare parts due to obsolescence/age of equipment, etc. However, the agreement made it obligatory on the Agency to establish a well-equipped service network with adequate staffing for resolving/fixing of the faults.

Government replied (December 2019) that the Superintendents of the Hospitals had complained that the Agency was not attending to the maintenance work and complaints promptly. They also reported that the repairs were not satisfactory as the equipment was being handled by third party service providers instead of Original Equipment Manufacturers (OEM), which resulted in inferior and substandard quality of repair works.

3.3.2 Provision of stand-by equipment

The Agency was required to provide stand-by equipment at the health facility in case of breakdown of critical and lifesaving equipment. This condition was not complied with by the Agency in any of the hospitals. TSMSIDC issued show cause notice (March 2019) belatedly to the Agency for non-compliance with contractual obligations; the Agency in a communication (June 2019) addressed to the TSMSIDC stated that, the issues relating to the stand-by equipment would be resolved once the payment from TSMSIDC was cleared/streamlined.

3.3.3 Maintenance of equipment under existing AMC/Warranty

Upon signing of the agreement, the existing maintenance contracts like Annual Maintenance Contract (AMC), Comprehensive Maintenance Contract (CMC)/Spares Agreement or under warranty were not to be extended and on closure of these contracts, such equipment were to be maintained by the Agency. Further, the Agency was to administer the contract for medical equipment already in AMC/CMC; for those under warranty, the Agency was to administer all maintenance activities. Audit examination showed that the agency could not ensure the service in respect of those equipment which were under AMC/warranty. One of the reasons for poor response from AMC agencies was because their past dues had not been cleared by the Hospitals.

Audit analysis (Table-3.5) showed that nearly 26 *per cent* of the complaints on critical and lifesaving equipment and 31 *per cent* of the complaints on other equipment were not resolved on time.

Table-3.5: Resolution of complaints in respect of equipment under AMC/CMC

Under AMC/CMC/ Warranty	Total complaints	Complaints closed within 7 days	Complaints closed beyond 7 days (<i>per cent</i> of total complaints)	Complaints open (<i>per cent</i> of total complaints)
Other Equipment	805	548	206 (25)	51 (6)
Critical & Life Saving Equipment	102	74	21 (20)	7 (6)

Source: Analysis of EMMS data furnished by TSMSIDC

3.3.4 Staff deployment by the Agency

The agreement provided for deployment of Agency staff at the hospitals. These included one Bio-medical Engineer (BME) for hospital bed strength more than 200 beds and 1-3 technical staff (TS) tasked with the responsibility of attending to the complaints registered by concerned Hospitals (user at the facility). In addition to this, one mobile team was to cater to the needs of medical centres (CHCs and PHCs) in each of the 10 districts.

Audit found a deficit in deployment of staff of 10 BMEs (37 *per cent*) and of 82 TS (54 *per cent*) as detailed in **Table-3.6**.

Table-3.6: Details of Staff deployment by the Agency

Sl. No	Hospital type	No. of hospitals	Staff required as per tender condition			Staff deployed by Agency			Staff deficit		
			BME	Technical staff	Total	BME	Technical staff	Total	BME	Technical staff	Total
1	Teaching Hospitals	21	21	38	59	9	19	28	12	19	31
2	District Hospitals	6	6	12	18	2	5	7	4	7	11
3	Area Hospitals	31	0	62	62	6	6	12	-6	56	50
Total No. of Employees			27	112	139	17	30	47	10	82	92

Source: Information furnished in Government response

Government stated that the shortfall in deployment of Bio-medical Engineers and Technical staff as per tender clause 5.2.7 were brought to the notice of the Agency through show cause notices (June 2018). The Agency had not complied with the tender conditions.

3.3.5 Inspections

The program guidelines envisaged surprise visits by TSMSIDC for monitoring the Agency's services in the hospitals. However, TSMSIDC inspected the facilities only once in February 2019 in Osmania General Hospital after repeated complaints by the Superintendent.

3.3.6 Payments to the Agency in respect of the contract

As per the contract with the Agency, payments are to be made @ 5.74 per cent of asset value as ascertained every quarter mutually agreed by the TSMSIDC and the Agency. Government in its reply (December 2019) stated that the Asset Value was finally agreed upon (October 2018) as ₹157.66 crore by both the parties. Accordingly, a sum of ₹six crore was paid to the Agency during the period September 2017 to September 2018 towards maintenance of equipment. Although the amount payable to the Agency as of August 2019 was ₹19.28 crore¹², TSMSIDC had levied a penalty¹³ of ₹12.60 crore (as on 20 August 2019) against the Agency for not fulfilling the obligations and services as per provisions of the agreement. TSMSIDC informed that all further payments were stopped and that the penalty would be adjusted against pending payments.

3.3.7 Cancellation of the Contract

Since the Agency had not fulfilled its obligations under the contract, Government after careful examination accorded (December 2019) permission to TSMSIDC for termination of the contract. The contract with the Agency had been terminated (December 2019) duly blacklisting the Agency for a period of three years. Government had however, not furnished the future arrangements for maintenance of the equipment that were earlier under the agency.

3.3.8 Conclusion

Maintenance of critical equipment was not ensured on time and to the envisaged service levels by the third party service providing Agency, impacting critical medical services in the hospitals. The objective of the program to ensure uninterrupted services from bio-medical equipment, was not achieved due to poor service delivery from the Agency. Despite the Agency's poor service levels, Government gave the Agency a long rope and terminated the contract only in December 2019.

¹² Quarter 1 to Quarter 7 @ ₹2.67 crore (Asset Value ₹157.66 @ 5.74% for each quarter plus 18% of service charges); Quarter 8 @ ₹59.32 lakh

¹³ Agreement provided for levy of Penalty Charges: ₹300 for assets worth below ₹10,000, ₹500 for assets worth below ₹one lakh, ₹1,000 for assets worth below ₹10 lakh; ₹3,000 for assets worth above ₹10 lakh for not confirming to the obligations and services as per provisions of the Agreement

**Higher Education Department
(Kakatiya University)**

3.4 Infertuous expenditure of ₹1.61 crore

Kakatiya University closed construction works after incurring an expenditure of ₹1.61 crore, due to paucity of funds, inadequate planning and poor contract management

The Executive Council of Kakatiya University (KU), Warangal approved (February 2013) construction of four works aimed at expansion of facilities in the University. Of the four approved works, the cost of three works was proposed to be met from the available funds with the University and the remaining work was to be met from General Development Assistance Grant.

The estimates, based on Standard Schedule of Rates of 2012-13 were examined by the Finance Committee which accorded its financial approval. Administrative and Technical sanctions for the works were given by the Registrar of the University (May 2013). Tenders were invited in July-September 2013. Status of the works is as detailed below:

Table-3.7

Sl. No.	Name of the work	Details of the Work	Amount spent (₹ in lakh)	Month when the work was	
				Awarded	Abandoned by the contractor
1	Store Room for Examination Branch	An agreement was entered with the Contractor (October 2013) for a Tender Contract Value (TCV) of ₹0.76 crore (at 15.86 per cent less than the Estimated Contract Value (ECV) of ₹0.86 crore) to complete the work within 12 months from the date of agreement.	41.14	October 2013	September 2014
2	Building for Director, Directorate of Admissions	An agreement was entered with the contractor (October 2013) for a TCV of ₹1.07 crore (at 17.90 per cent less than the ECV of ₹1.24 crore) to complete the work within 12 months from the date of agreement.	73.13	October 2013	October 2015
3	First floor over Administrative Building, School of Distance Learning and Continuing Education	An agreement was entered with a contractor (March 2014) for a TCV of ₹1.02 crore (at 4.91 per cent excess over the ECV of ₹0.92 crore) to complete the work within 12 months from the date of agreement.	17.87	March 2014	April 2016

Sl. No.	Name of the work	Details of the Work	Amount spent (₹ in lakh)	Month when the work was	
				Awarded	Abandoned by the contractor
4	Second floor over Administrative Building	An agreement was entered with a contractor (March 2014) for a TCV of ₹1.27 crore (at 4.91 per cent excess over the ECV of ₹1.15 crore) to complete the work within 12 months from the date of agreement.	28.61	March 2014	March 2017
Total expenditure incurred			160.75		

Source: Details furnished by Kakatiya University

During the audit of KU (November 2018) it was found that the construction works entrusted to the contractors had not been completed. Audit further observed the following:

- All the works were abandoned by the Contractor due to non-payment of dues by the University. The works were planned to be funded from the available resources of the University. Due to cash flow problems, the University delayed the payments and paid the contractors in piecemeal;
- There were delays ranging from five to seven months in handing over the site in three (Sl.no. 1, 2 and 4 in Table 3.7 above) out of four works, which consequently delayed the commencement of works. The delay in handing over the land resulted in the scheduled date of completion getting extended; and
- The University made significant modifications to all the construction plans, which resulted in grant of Extension of Time upto March 2017 and increase in costs (Details are given in *Appendix 3.2*). The contractor's demand for change of Standard Schedule of Rates due to change in scope was not considered by the University authorities.

In view of the above, the University closed the works in March 2019 after spending ₹1.61 crore. Photographs below show the abandoned state of works:



Store Room for Examination Branch, KU Campus (abandoned since September 2014)



Building for Director, Directorate of Admissions, KU Campus (abandoned since October 2015)



First floor over Administrative Building for School of Distance Learning and Continuing Education (abandoned since April 2016)



Second floor over Administrative Building of Kakatiya University (abandoned since March 2017)

Thus, paucity of funds, inadequate planning and poor contract management led to the envisaged works being closed after incurring an expenditure of ₹1.61 crore.

Kakatiya University accepted (August 2019) the audit observations.

The matter was reported to Government in June 2019; reply is awaited (September 2020).

Irrigation and Command Area Development Department

3.5 Irregular retention and refund of Service Tax

Service tax to the tune of ₹31.69 crore was retained in Public Works Deposits Account instead of remitting to Government Account in violation of Finance Act, 2006. Further, an undue benefit was given to the contractors by releasing an amount of ₹22.88 crore out of it to them

State Government accorded (May 2007) administrative approval for Dr. BR Ambedkar Pranahitha-Chevella Sujala Sravanthi Lift Irrigation Scheme (PCSS) for ₹17,875 crore. The work of the entire project was divided into 28 packages. The work of Package 10¹⁴ was awarded (December 2008) to M/s HCC-MEIL-BHEL (JV), Mumbai and the work of Package 12¹⁵ (November 2008) to M/s MEIL-SEW-ABB-AAG (JV) under Engineering Procurement and Construction (EPC) system of contracting with a stipulation to complete the work within 48 months *i.e.*, by November 2012.

Government revised (December 2008) the scope of PCSS to enhance the command area from 12.21 lakh acres to 16.40 lakh acres. Consequently, the cost of the project was revised upwards to ₹38,500 crore. Extension of Time (EoT) was granted to the contractor (June 2011) up to June 2019 due to non-completion of the scheduled work. In 2016, PCSS was re-engineered and divided into two projects, *viz.*: Dr. BR Ambedkar Pranahitha Project and Kaleshwaram project. Pursuant to redesign, the works forming part of packages 10 and 12 were included in Kaleshwaram project.

¹⁴ PCSS Link-IV, investigation, designs and execution of Lift Irrigation Scheme for drawal of 88.24 TMC of water from Mid Manair to new reservoir at Anantagiri Village, Illanthakunta Mandal, Karimnagar District

¹⁵ Lifting of 77.914 TMC of water through approach channel, Tunnel, pumping mains and ultimately delivering into the new reservoir to be formed at Tadkapally village, Siddipet Mandal

As per Section 73A(2) of Finance Act, 2006, any person who has collected any amount, which is not required to be collected, from any other person, in any manner as representing service tax, such person shall forthwith pay the amount so collected to the credit of the Central Government. While service tax is excluded on works contracts as per the Finance Act, 1994 (further clarified by Government of India in September 2009 that service tax would not be applicable for works contracts taken up in EPC mode), the Internal Bench Mark (IBM) estimates of the Department relating to packages 10 and 12 of this project included (May 2008) service tax @ 4.12 per cent of the value of the contract, which amounted to ₹51.30 crore and ₹51.39 crore in respect of package 10 and package 12 of Kaleswaram Project respectively. At the time of floating the tender (July 2008), the Irrigation & Command Area Development Department instructed the prospective bidders to take into consideration all taxes in their bid price while quoting for the work. Further, as per clause 18.1 of General and Special conditions of contract, the Department was to recover service tax at the rate of 4.12 per cent from the bills of the contractors on all engineering works (except tunnel works) and remit it to the Service Tax Department. Hence, it is apparent that the quoted price was inclusive of service tax.

After conclusion of the Agreement, payment schedules were revised (January 2013 & December 2015). Both these revisions carried a clause to the effect that service tax would be recovered on all engineering works.

Audit scrutiny of records of Executive Engineer, Kaleswaram project, Construction Division I, Siddipet relating to packages 10 and 12 revealed that an amount of ₹31.69 crore was recovered from the running account bills of the contractors towards service tax during the period March 2009 to June 2017. However, the amount recovered from the contractors was credited to Public Works Deposits Head instead of remitting to the Service Tax Department in contravention of Section 73A(2) of the Finance Act 2006.

Further audit scrutiny revealed that the contractor of package 10 requested (January 2012) the Chief Engineer, PCSS for refund of the recovered amount of service tax stating that it was not leviable on works undertaken by Government with effect from September 2009. Surprisingly, the contractor seems to be aware that the service tax was not remitted to Central Government and was kept in the Public Works Deposits Head. Based on this request, the Chief Engineer, PCSS, Hyderabad (CE) ordered (February 2012) refund of service tax to the contractor of package 10. However, the Department released (February-April 2016) an amount of ₹22.88 crore (out of ₹31.69 crore recovered as service tax and retained in Public Works Deposits account) to the contractors of both the packages.

Government accepted (December 2019) the audit observation and stated that the amount was released in view of exemption of service tax on works contracts as per Ministry of Finance circular dated 15 September 2009 and assured that it would re-recover the refunded amount of ₹22.88 crore along with the balance amount of ₹25.51 crore yet to be recovered for the period January 2016 to December 2016¹⁶ from the contractors.

¹⁶ ₹24.93 crore from package 10 and ₹0.58 crore from package 12

Prima facie, the Department should not have included the service tax component of 4.12 *per cent* in the IBM estimates. However, since this component was included and the contracts were awarded based on this inflated figure, it should have recovered the service tax from the contractors and remitted immediately to the Service Tax Department in terms of the provisions of the extant Act. Not doing so for prolonged period and retaining the amount in Public Works Deposits Head tantamounts to violation of the provisions of the Finance Act, 2006.

Further, refund of the recovered amount to the contractors amounts to undue benefit to them, as the contracts were awarded on the basis of the component of service tax. To that extent, the Government has incurred a loss to the public exchequer and accountability needs to be fixed on the authority responsible for depositing the amount of ₹31.69 crore in the Public Works Deposits Head instead of remitting to the Central Government, as well as releasing the recovered amount to the contractors.

Municipal Administration and Urban Development Department

3.6 Loss of potential revenue due to non-assessment and levy of vacant land tax

Non-assessment and non-levy of Vacant Land Tax on vacant lands by Greater Warangal Municipal Corporation and four Municipalities led to loss of potential revenue

The Greater Hyderabad Municipal Corporation Act, 1955 and The Telangana Municipalities Act, 1965 provide for assessment, levy and collection of property tax on vacant lands which are not used exclusively for agricultural purposes and are not occupied by, or adjacent and appurtenant to buildings. These Acts are applicable across all the Municipalities and Municipal Corporations of the State. The Government fixed the rate of Vacant Land Tax (VLT) at 0.20 *per cent* and 0.50 *per cent* on capital value fixed by Registration Department for the purpose of registration for Municipalities and Municipal Corporations respectively.

State Government issued orders in November 2015 for regularisation of unapproved and illegal layouts existing on or before 28 October 2015. This regularisation was to be done by Kakatiya Urban Development Authority (KUDA) in Warangal and respective Municipalities in their jurisdiction.

During the audit (April 2018-June 2019) of Greater Warangal Municipal Corporation (GWMC) and Municipalities of Bhainsa, Korutla, Metpally and Suryapet, it was noticed that total 32,812 applications were received from plot holders/land owners having sale deed/title deed both from KUDA (28,569) and four Municipalities (4,243) for regularisation of unapproved and illegal layouts in response to Government orders issued in November 2015.

It was further observed that despite having access to the data relating to ownership of vacant lands, GWMC did not levy (₹46.09 crore¹⁷) VLT on the owners of such lands as per the extant Act. Similarly, the four Municipalities had also not levied (₹1.61 crore¹⁸) VLT on vacant land despite availability of data on vacant lands (refer *Appendix-3.3*).

Thus, non-assessment and non-levy of VLT on vacant land by GWMC and the four Municipalities had resulted in foregoing potential revenue to the tune of ₹47.70 crore.

The matter was reported to the Government in November 2019; reply is awaited (September 2020).

3.7 Wasteful expenditure of ₹2.53 crore

Construction of intermediate pumping station even after initiation of water supply to Sircilla Municipality under Mission Bhagiratha resulted in wasteful expenditure of ₹2.53 crore

State Government launched Mission Bhagiratha in November 2014 for supply of drinking water to rural and urban areas. Telangana Drinking Water Supply Corporation (TDWSC) was constituted for planning and execution of this project. It was decided that all ongoing water supply schemes outside the boundaries of Urban Local Bodies (ULB) shall be completed by Public Health Engineering Department and any new scheme outside the boundaries of ULBs would be executed by the TDWSC.

Sircilla Municipality draws water from Lower Manair Dam, Karimnagar as source under Sircilla Water Supply Improvement Scheme. In April 2013 the Municipality resolved to construct an intermediate pumping station with 13th Finance Commission grants near Kodurupaka village which is outside the boundaries of the ULB, at an estimated cost of ₹2.85 crore.

Audit observed (July 2018) that the work of 'Construction of Intermediate pumping station at Kodurupaka' was awarded (June 2015) to a contractor despite specific direction (November 2014) from the Government not to take up any new work outside the ULB. The work was completed in May 2016 at a cost of ₹2.53 crore. However, the pumping station was not being used, as drinking water was supplied to Sircilla Municipality under Mission Bhagiratha with effect from March 2018.

The Department did not furnish specific reply for taking up construction of pumping station after launching of Mission Bhagiratha. It however, stated (May 2019) that the pumping station has been kept as a standby for use in case of any exigency. The reply is not acceptable as the Municipality disconnected High Tension (HT) power connection of pumping station in May 2018 itself since it was not operational.

¹⁷ Calculated for 28,472 (out of 28,569) applicants for which details of market value/extent of land were available and for six half years as prescribed under Section 225 (4) (ii) of The Greater Hyderabad Municipal Corporation Act, 1955

¹⁸ Calculated for 3,942 (out of 4,243) applications for which the details of market value/extent of land are available and for six half years as prescribed under Section 91-A of Telangana Municipalities Act, 1965

Thus, construction of intermediate pumping station even after initiation of the proposal to supply water to the Sircilla Municipality under Mission Bhagiratha had resulted in wasteful expenditure of ₹2.53 crore.

The matter was reported to the Government in October 2019; reply is awaited (September 2020).

3.8 Unfruitful expenditure on construction of shopping complex

Construction of a shopping complex at Gunj Maidan, Sangareddy remained incomplete even after six years due to award of work ignoring a pending court case. The expenditure of ₹72.33 lakh incurred on the work remained unfruitful

Sangareddy Municipality had accorded sanction (June 2012) for ‘Construction of shopping complex at Gunj Maidan, Sangareddy’ for ₹1.38 crore with the available Integrated Development of Small and Medium Towns (IDSMT) scheme funds of ₹72.42 lakh. The balance fund requirement was proposed to be met from its own sources. The work was awarded to a contractor for ₹1.09 crore in January 2013 to be completed by July 2014. The Municipality had also received (November 2015) ₹25 lakh under 14th Finance Commission grants for this work.

Audit observed (January 2016) that the Municipality had awarded (January 2013) the work, despite the fact that a Court case was pending since 2011 about the land on which the shopping complex was proposed to be constructed. The work scheduled to be completed by July 2014 was suspended due to land dispute by the Municipality in May 2014, after the contractor executed work valued at ₹58.07 lakh (53 *per cent* of the cost of work). On disposal of the Court case in February 2017 in favour of the Sangareddy Municipality, extension of time was granted to the contractor up to the end of December 2017 for completion of work. The contractor resumed the work in May 2017 but suspended it again in October 2017 due to his ill health, after executing further work valued at ₹14.26 lakh (13 *per cent*). The contractor had executed work valuing ₹72.33 lakh (66 *per cent*) up to October 2017, leaving the ancillary works like plaster, flooring, internal water supply, electrical fittings, doors and windows incomplete as of August 2019.

The Department replied (September 2019) that notices were issued to the contractor for completion of work in September 2018 and January 2019. Further, it was stated that the work would be completed by December 2019 as per the extension of time granted on the request (August 2019) of the contractor. Award of the work by Sangareddy Municipality despite being aware of the pending Court case and failure in taking action as per the contractual clauses has resulted in incomplete work and the intended benefits from the shopping complex not accruing to them.

The matter was reported to the Government in November 2019; reply is awaited (September 2020).

**Municipal Administration and Urban Development Department
(Kakatiya Urban Development Authority)**

3.9 Blocking of Funds

A shopping complex constructed at a cost of ₹3.65 crore could not be leased for almost two years due to indecision leading to blocking of funds

Kakatiya Urban Development Authority (Authority), Warangal proposed (March 2004) to construct a shopping complex at an estimated cost of ₹4.44 crore on the land belonging to the District Sports Authority (DSA) with a view to earn rental income (to be shared equally between the Authority and DSA). The work was proposed to be executed only up to a framed structure comprising a cellar, ground and three floors, with a view to allow flexibility to the tenant to design the space as required at their own cost. The contracted value of the work was ₹3.65 crore. The work was completed in November 2016 at a total cost of ₹3.65 crore, which was completely financed from the Authority's own funds.

Audit of the Authority in August 2017 revealed that the Authority proposed (March 2016) to the Government to permit them to lease out the shopping complex with framed structures in open auction for a period of 10 years. The State Government directed (March 2017) the Authority to lease the building in accordance with the Hyderabad Metropolitan Development Authority (HMDA) Rental Regulations 1980 Act (Regulations), which stipulates that the period of such lease was not to exceed 3 years. The shopping complex could not be leased out because of poor response in the market due to the State Government's conditional approval for its lease.

The Authority again approached (June 2017) the Government for approval for leasing out the complex on "as-is-where-is" condition in open auction for a period of 20 years with a condition to complete all the remaining works by the bidders at their own cost. The Government's approval to this proposal was still awaited as of date of audit (May 2019).

The Authority, in the meanwhile, called (May 2018) for Expression of Interest (EoI) for lease, in response to which eight EoIs were received. As of May 2019, the Authority was yet to take a decision on the EoI.

The project was expected to boost the Authority's finances. Instead, funds amounting to ₹3.65 crore remained blocked due to indecision of the Government.

The matter was reported to Government in July 2019; reply is awaited (September 2020).

Municipal Administration and Urban Development Department (Hyderabad Metropolitan Development Authority)

3.10 Government indecision on Hyderabad Habitat Centre (HHC)

Idle expenditure of ₹62.50 lakh due to indecision of Government

Hyderabad Metropolitan Development Authority (HMDA) proposed (October 2012) to develop a Hyderabad Habitat Centre (HHC) through Public Private Partnership (PPP) mode. M/s Infrastructure Leasing & Financial Services Infrastructure Development Corporation Limited was engaged as Transaction Adviser, for this project at a professional fee of ₹18 lakh. The feasibility report prepared by the Adviser in August 2013 projected HHC to be a Centre with art galleries, open air theatres, food courts, commercial office space etc.

Government accorded ‘in principle’ sanction for the project in October 2013. However, the original PPP model was dropped (in December 2013) and it was designed to be a self-financing venture through a society incorporated by HMDA along with interested institutions like PSUs and multinational companies. Thereafter, HMDA appointed an architect¹⁹ for ₹6.25 crore in January 2014 for comprehensive architectural services such as preparation of designs, working drawings, incorporating modifications, analysing tenders, etc. Conceptual Designs prepared by the Architect were approved by HMDA in July 2014, following which, payment of ₹62.50 lakh was released in September 2014. The HHC was to be constructed on the land belonging to HMDA at Izzatnagar, Rangareddy district at a total cost of ₹150 crore.

In response to the clarifications sought (April 2014) by the Government on the commercial and operational viability of the project, HMDA justified a felt need for a Centre with ‘integrated one stop facilities’ for the promotion of heritage, art and culture, which the existing Shilpa Kala Vedika could not meet. Project proposals were sent to the Government of Telangana in August 2014 for administrative sanction. However, as of November 2019, no decision has been taken by the Government.

In the meanwhile, the new Government initiated (April 2015) setting up of ‘Telangana Kala Bharathi’ a state of art centre for performing arts & culture at NTR Grounds in central zone of Hyderabad. This raised doubts on whether the HHC, designed on similar lines, may lead to duplication. Taking cognisance of this, the Transaction Advisor suggested that HHC may be redesigned as a Centre for business and economic development that will provide office space (including convention centre) for use by public institutions.

Audit scrutiny revealed (February 2019) that the project had come to a standstill since April 2015. The expenditure of ₹62.50 lakh incurred on designs of HHC remained unproductive.

¹⁹ Architect Hafeez Contractor

Government, while confirming the audit observations, stated (November 2019) that HMDA may take further action to revive the project and that the available documentation could be revalidated and utilised. It was also stated that the material would be utilised as and when such similar projects are conceived by HMDA in future.

Thus, the indecision of the Government led to a situation where the cost of ₹62.50 lakh on designing the HHC project remained unproductive for a period of more than five years.

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

3.11 Undue favour to contractor

Non-enforcement of contractual provisions by HMWS&SB resulted in undue favour of ₹1.05 crore to the contractor

Government of Telangana accorded administrative approval and technical sanction (February 2015) for ₹58.96 crore for construction of a Ring Sewer Main to divert sewage from Kukatpally Nala to prevent it from flowing into the downstream of Hussainsagar lake. In April 2015, the works were divided into four packages and entrusted to two agencies (Agency 1: Package-I (₹7.23 crore), Package-III (₹7.80 crore); Agency 2: Package-II (₹7.87 crore) and Package-IV (₹4.82 crore)). As against the scheduled date of completion of October 2015, the works were completed in April 2016.

As per the contract, the responsibilities and liabilities of the contractor were as follows:

- The contractor should dig Probing Pits of specified dimensions including road-cutting at every 100 meter interval along the alignment to accurately locate and determine the position of existing utilities and obstructions;
- All utility lines and structures, whether indicated on the drawings or not, which are to remain in service shall be protected by the contractor from any damage likely to result from his operations. Any damage to any utility resulting from the contractor's operations shall be repaired at the contractor's expense; and
- All risks of loss of or damage to physical property which arises during and in consequence of the performance of the contract, other than the expected risks, were the responsibility of the Contractor.

Scrutiny of records of HMWS&SB during April 2018 revealed the following:

- During the execution of the work in July 2015, the Transmission Corporation of Telangana Limited (TRANSCO) requested HMWS&SB to take precautionary measures by maintaining sufficient clearance of minimum 3 metres between cable trench and pipe line trench to prevent collapse of cable trench for the already existing 132 KV underground (UG) power cable at Patigadda sub-station to

Hussainsagar, while excavating and laying of pipeline works. Audit did not find any evidence of these instructions being communicated to the contractors by HMWS&SB;

- In August 2015 and again in April 2016, TRANSCO discovered damages to the 132 KV UG power cable at Necklace Road. TRANSCO, in various correspondences (August & September 2015) to HMWS&SB, stated that despite repeated reminders to take precautions, the contractor was not coordinating with their field supervisors, resulting in damage of the cable. TRANSCO fixed the responsibility for rectification of power cable on HMWS&SB;
- In December 2015, HMWS&SB authorities while acknowledging the damages to the existing underground power cable during execution of work, requested TRANSCO to communicate the charges to repair the cable: and
- During joint inspection (July 2016) conducted by HMWS&SB with TRANSCO authorities, HMWS&SB requested the latter to carry out the necessary repairs and offered to pay the expenses in this regard. The repairs were carried out by TRANSCO and a claim of ₹1.05 crore was levied towards damage charges. HMWS&SB paid the amount of ₹1.05 crore (during December 2015 to July 2017) to TRANSCO towards rectification works for the damaged UG Cable at necklace road. It did not, however, invoke the contractual clauses to recover this amount from the contractor.

In response to Audit query about reasons for non-recovery of expenditure for damages from the contractor, HMWS&SB stated (April 2018) that the damages were not due to negligence of the contractor, but rather due to narrow space for execution of works and loose nature of the soil, which triggered extensive collapse beyond the width of the trench causing damage to adjacent power cables. HMWS&SB confirmed in November 2019 that it had not recovered the amount of ₹1.05 crore paid to TRANSCO from the contractor.

The reply is contrary to the contractual conditions which clearly stipulate that the responsibility of protection of utilities rests with the contractor. Any damage to any utility resulting from the contractor's operations shall be repaired at the contractor's expense.

The justification put forth by the HMWS&SB, that narrow space for execution of works and loose nature of the soil, triggered extensive collapses beyond the width of the trench causing damage to adjacent power cables and that it was not due to negligence of the contractor is only an attempt to exonerate the contractor and not enforcing contractual conditions, which amounts to extending undue favour to the contractor.

The matter was reported to Government in February 2020; reply is awaited (September 2020).

Panchayat Raj and Rural Development Department

3.12 Abnormal delay in providing road connectivity

Commencement of road works without obtaining forest clearance led to non-completion of works

The District Panchayat Raj Engineering (DPRE) Division, Mulugu took up road works under Pradhan Mantri Gram Sadak Yojana (PMGSY-II) (Central) and Construction of Rural Roads (CRR) (State) schemes for providing connectivity to Kamanpally, Mukunur, Thimmettigudem and Reddypalli villages during 2014 and 2015. Obtaining prior approval²⁰ of the Union Ministry of Environment and Forests for diversion of forest land to non-forestry purposes, is a pre-requisite for technical sanction of the estimate by the competent authority.

Audit observed (March 2019) that the Division proceeded with execution of works between 2014 and 2016 without obtaining forest clearance and incurred an expenditure of ₹3.02 crore. As of June 2020, the status of the works was as under:

Table-3.8

Sl. No.	Name of the work (scheme)	Extent of forest land required	Administrative sanction/ Agreement value	Length of road	Agreement date/ Scheduled date of completion	Status as of June 2020
1	2	3	4	5	6	7
1	Road from Palimela to Devadula via Kamanpally to Mukunur villages (PMGSY-II)	3.935 Ha	₹10.09 crore/ ₹9.10 crore	13.57 km	19.11.2014/ 18.05.2016	BT Road completed for 8.79 kms. Balance work of 4.78 kms located in forest area is pending
2	Road from Kankunoor to Reddypalli villages (CRR)	3.178 Ha	₹3.00 crore/ ₹3.05 crore	5.20 km	30.07.2015/ 29.10.2016	BT Road not laid

Source: Information furnished by DPRE, Mulugu

- Road work at Sl.no. 1 was proposed to fill the missing links between the remote habitations/villages of Kamanpally, Mukunur and Thimmettigudem of Mahadevapur Mandal to meet the socio-cultural aspirations of people in these remote areas. However, the work was stopped (July 2017) by forest authorities due to lack of forest clearance; and
- Road work at Sl.no.2 was proposed for upgradation to BT standards. This was to benefit Reddypalli village, a tribal habitation with a population of around 382, to connect with Mahamutharam Mandal headquarters. It is the only road connectivity

²⁰ Section 2 of Forest Conservation Act, 1980

to Reddypalli tribal habitation. However, the work was stopped (November 2015) by forest authorities due to want of forest clearance.

Thus, non-compliance with Government orders with respect to obtaining forest clearance prior to commencement of work led to stoppage of works. Administrative and technical sanctions were accorded by the Department without considering this aspect.

DPRE division, Mulugu replied (August 2019) that they did not foresee the necessity of obtaining forest clearance before commencement of work and that proposals for forest clearance were mooted for the works at a later stage and Net Present Value of ₹1.66 crore was paid in April 2018 and May 2019.

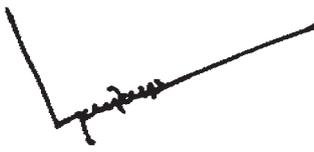
The matter was reported to Government in October 2019; reply is awaited (September 2020).

Hyderabad
The 29 JAN 2021


(SUDHA RAJAN)
Accountant General (Audit)
Telangana

Countersigned

New Delhi
The 4 FEB 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix-1.1
(Reference to paragraph 1.6.1, page 5)

Department-wise break-up of outstanding Inspection Reports and Paragraphs

Department	Number of IRs/Paragraphs pending as of 31 December 2019	
	IRs	Paragraphs
Agriculture and Cooperation	412	2,060
Animal Husbandry, Dairy Development and fisheries	164	1,070
Backward Classes Welfare	19	249
Consumer Affairs, Food and Civil Supplies	17	102
Energy	6	35
Environment, Forest, Science and Technology	286	1,168
Finance	33	183
General Administration	13	147
Health, Medical and Family Welfare	50	1,080
Higher Education	97	1,358
Home	45	410
Industries and Commerce	110	529
Information Technology, Electronics and Communications	8	70
Infrastructure and Investment	4	27
Irrigation and Command Area Development	816	2,713
Labour, Employment, Training and Factories	68	560
Law	27	126
Minorities Welfare	9	115
Municipal Administration and Urban Development	100	1,697
Panchayat Raj and Rural Development	172	2,182
Planning	20	177
Revenue	13	289
Scheduled Castes Development	13	256
School Education	29	519
Transport, Roads and Buildings	231	728
Tribal Welfare	24	333
Women, Children, Disabled and Senior Citizens	89	823
Youth Advancement, Tourism and Culture	28	274
Total	2,903	19,280

Appendix-1.2

(Reference to paragraph 1.6.3, page 6)

Explanatory Notes to be received as of 31 December 2019

(a) Issues exclusively pertaining to the State of Telangana

Department	2014-15	2015-16	2016-17	Total
Finance	1	-	-	1
Health, Medical and Family Welfare	-	2	1	3
Higher Education	-	1	2	3
Home	-	1	1	2
Industries and Commerce	-	1	1	2
Information Technology, Electronics and Communications	-	-	1	1
Municipal Administration and Urban Development	-	-	1	1
Revenue	-	1	-	1
Transport, Roads and Buildings	-	1	-	1
Women, Children, Disabled and Senior Citizens	-	2	-	2
Youth Advancement, Tourism and Culture	-	2	-	2
Total	1	11	7	19

(b) Issues common to both the States of Andhra Pradesh and Telangana

Department	2009-10 (Civil)	2010-11 (Civil)	2011-12	2012-13	2013-14	Total
Environment, Forest, Science and Technology	-	-	-	1	1	2
Finance	1*	-	1	1	-	3
Health, Medical and Family Welfare	-	-	-	-	2	2
Home	-	-	1	1	1	3
Industries and Commerce	-	-	-	-	1	1
Information Technology, Electronics and Communications	-	-	-	1	-	1
Irrigation and Command Area Development	-	-	1	2	1	4
Minorities Welfare	-	-	1	-	1	2
Panchayat Raj and Rural Development	-	-	1	1	-	2
Transport, Roads and Buildings	-	-	1	1	2	4
Tribal Welfare	-	1	1	-	1	3
Women, Children, Disabled & Senior Citizens	-	-	-	-	1	1
Youth Advancement, Tourism and Culture	-	-	-	-	1	1
Total	1	1	7	8	12	29

* in respect of Audit Report on Revenue Receipts

Appendix-1.3

(Reference to paragraph 1.6.4, page 6)

**Action Taken Notes on PAC recommendations to be received from
Government of Telangana as of 31 December 2019****(a) Issues exclusively pertaining to the State of Telangana**

Department	X th Legislative Assembly (1994-95)	I st Legislative Assembly (2014-18)	Total
Health, Medical and Family Welfare	-	1	1
Irrigation and Command Area Development	1	-	1
Total	1	1	2

(b) Issues common to both the States of Andhra Pradesh and Telangana

Department	XI th Legislative Assembly (1999-2004)	XII th Legislative Assembly (2004-09)	XIII th Legislative Assembly (2009-14)	Total
Backward Classes Welfare	-	-	1	1
Health, Medical and Family Welfare	-	-	2	2
Irrigation and Command Area Development	-	1	-	1
Panchayat Raj and Rural Development	3	-	-	3
Total	3	1	3	7

Appendix-2.1

(Reference to paragraph 2.3.1 page 15)

Details of prisons where there is consistent under crowding and less utilization of capacity

(i) Utilisation of Jail Capacity (Prisoners' Agricultural Colony, Hyderabad)

To the end of	Prisons actual capacity	Actual occupancy of the prisoners	Over utilisation (+)/ underutilisation(-)
31 st December 2014	150	116	-34
31 st December 2015	150	90	-60
31 st December 2016	150	90	-60
31 st December 2017	150	97	-53
31 st December 2018	150	79	-71

(ii) Utilisation of Jail Capacity (District Jail, Nizamabad)

To the end of	Prisons actual capacity	Actual occupancy of the prisoners	Over utilisation (+)/ underutilisation(-)
31 st December 2014	460	364	-96
31 st December 2015	460	330	-130
31 st December 2016	460	294	-166
31 st December 2017	460	220	-240
31 st December 2018	460	266	-194

(iii) Utilisation of Jail Capacity (District Jail, Karimnagar)

To the end of	Prisons actual capacity	Actual occupancy of the prisoners	Over utilisation (+)/ underutilisation(-)
31 st December 2014	349	232	-117
31 st December 2015	349	300	-49
31 st December 2016	349	253	-96
31 st December 2017	349	219	-130
31 st December 2018	349	308	-41

(iv) Utilisation of Jail Capacity (Central Prison, Warangal)

To the end of	Prisons actual capacity	Actual occupancy of the prisoners	Over utilisation (+)/ underutilisation(-)
31 st December 2014	966	864	-102
31 st December 2015	966	867	-99
31 st December 2016	966	834	-132
31 st December 2017	966	854	-112
31 st December 2018	966	883	-83

Source: Information furnished by Prisons Department

Appendix-2.2
(Reference to paragraph 2.3.5.2 page 19)

Insufficient beds in Hospitals

Name of the prison	Capacity authorised by prison department	Required bed capacity (as per norm)	Actual bed availability	Shortage of beds
CP, Cherlapally	1,950	98	52	46
CP, Hyderabad	1,250	63	10	53
CP, Warangal	966	48	30	18
SPW, Hyderabad	220	11	10	1
DJ, Mahabubnagar	147	8	0	8
DJ, Karimnagar	349	17	12	5
DJ, Nizamabad	460	23	12	11
Total		268	126	142

Source: Statistics furnished by Prisons Department

Appendix-2.3
(Reference to paragraph 2.3.5.2 page 20)

Macro picture of required strength and actual men in position as on August 2019

Sl. No.	Name of the Post	Required		Total Required as per norms	Total Sanctioned strength	Shortage in sanctioned strength against requirement (percentage)	Actual Men in position	Shortage against sanctioned strength (percentage)
		A type	B type					
1.	Chief Medical Officer*	1	1	12	Nil	12 (100)	Nil	0 (0)
2.	Asst. Civil Surgeons (CAS)	7	4	54	17	37 (68)	13	4 (24)
3.	Staff Nurses	6	3	42	01	41 (98)	01	0 (0)
4.	Pharmacist	4	2	28	13	15 (54)	8	5 (38)
5.	Male/Female Nursing Assistants	6	3	42	13	29 (69)	8	5 (38)
6.	Lab Technicians	3	1	16	2	14 (87)	1	1 (50)
7.	Psychiatric Counsellors	2	1	14	1	13 (93)	1	0 (0)
8.	Jr. Assistant	1	1	12	Nil	12 (100)	Nil	0 (0)

**in the rank of Civil Surgeon with PG qualification*

Source: Statistics furnished by Prisons Department

Appendix-2.4

(Reference to paragraph 2.3.5.2 page 20)

Number of prisoners sent for lab tests in sampled prisons

Year	No. of prisoners sent for tests in sampled prisons
2014-15	460
2015-16	1,189
2016-17	1,068
2017-18	746
2018-19	786

Source: Information furnished by the sampled prisons

Appendix-3.1

(Reference to paragraph 3.2.1.2, page 35)

Delay in allotment of beds (hospital-wise)

Hospital Name	No. of patients allocated bed				
	On the same day	With a delay of 1-7 days	With a delay of 8-14 days	With a delay of 15-30 days	With a delay of more than 30 days
Gandhi Hospital	455	1,500	863	1,417	1,949
Area Hospital, Malakpet	8,954	7,276	2,912	1,290	624
Dist. Hospital, King Koti	6,464	5,823	671	344	398
Total	15,873	14,599	4,446	3,051	2,971

Source: Information furnished by the Departmental authorities

Appendix-3.2

(Reference to paragraph 3.4, page 44)

Details of Cost Escalation

(₹ in crore)

Sl. No	Name of the work	Original estimate	Value of work done	Balance	Revised estimates	Excess expenditure
		(a)	(b)	c=(a-b)	(d)	(d-c)
1	Store Room for Examination Branch	1.00	0.60	0.40	1.20	0.80
2	Building for Director, Directorate of Admissions	1.40	0.96	0.44	0.74	0.30
3	First floor over Administrative Building for School of Distance Learning and Continuing Education	1.03	0.20	0.80	1.30	0.50
4	Second floor over Administrative Building	1.40	0.40	1.00	1.42	0.42
Total		4.83	2.16	2.64	4.66	2.02

Source: Records of the Departmental authorities

Appendix-3.3**(Reference to paragraph 3.6, page 48)****Loss of potential revenue due to non-assessment and levy of vacant land tax****(₹ in crore)**

Name of the Municipal Corporation/Municipality	No. of applications received	No. of cases for which information available	Vacant Land Tax to be collected/ assessed
Greater Warangal Municipal Corporation (GWMC)	28,569	28,472	46.09
Total	28,569	28,472	46.09
Bhainsa Municipality	652	351	0.49
Korutla Municipality	787	787	0.30
Metpally Municipality	496	496	0.11
Suryapet Municipality	2,308	2,308	0.71
Total	4,243	3,942	1.61
Grand Total	32,812	32,414	47.70

Source: Information obtained from KUDA and four municipalities

Glossary

AMC	: Annual Maintenance Contract
BC	: Backward Classes
BME	: Bio-medical Engineer
BROs	: Budget Release Orders
CDAC	: Centre for Development of Advanced Computing
CHC	: Community Health Centres
CMC	: Comprehensive Maintenance Contract
CPs	: Central Prisons
CRN	: Central Registration Number
CRR	: Construction of Rural Roads
DG	: Director General
DJs	: District Jails
DPRE	: District Panchayat Raj Engineer
DSA	: District Sports Authority
ECV	: Estimated Contract Value
e-HMS	: e-Hospital Management System
EMIS	: Equipment Management Information System
EMMS	: Equipment Maintenance and Management System
EMR	: Electronic Medical Record
EOI	: Expression of Interest
GoI	: Government of India
GWMC	: Greater Warangal Municipal Corporation
HHC	: Hyderabad Habitat Centre
HMDA	: Hyderabad Metropolitan Development Authority
HMWS&SB	: Hyderabad Metropolitan Water Supply and Sewerage Board
HT	: High Tension
IDSMT	: Integrated Development of Small and Medium Towns
IGP	: Inspector General of Prisons
KU	: Kakatiya University

KUDA	: Kakatiya Urban Development Authority
MeitY	: Ministry of Electronics and Information Technology
MoU	: Memorandum of Understanding
MPM	: Model Prison Manual
NFLMW	: National Floor Level Minimum Wage
OEMs	: Original Equipment Manufacturers
PAC	: Prisoners' Agricultural Colony
PG	: Post Graduate
Ph.D	: Doctor of Philosophy
PHC	: Primary Health Centres
PMGSY	: Pradhan Mantri Gram Sadak Yojana
PPP	: Public Private Partnership
SCM	: Supply Chain Management
SICA	: State Institute of Correctional Administration
SLSC	: State Level Screening Committee
SPW	: Special Prison for Women
TRANSCO	: Transmission Corporation of Telangana Limited
TSMSIDC	: Telangana State Medical Services & Infrastructure Development Corporation
TSPHCL	: Telangana State Police Housing Corporation Limited
ULBs	: Urban Local Bodies
VLT	: Vacant Land Tax

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