



Compliance Audit Report of the Comptroller and Auditor General of India for the year ended March 2021



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest



Government of Andhra Pradesh

Report No. 3 of 2023

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Comptroller and Auditor General of India
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Preface

This Report of the Comptroller and Auditor General of India for the years ended March 2020 and March 2021 has been prepared for submission to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for being laid before Legislature of the State.

The Report contains significant results of Compliance Audit of the Departments of Health, Medical & Family Welfare; Higher Education; Labour, Employment, Training & Factories; Municipal Administration & Urban Development (MA&UD); Panchayat Raj & Rural Development (PR&RD); School Education, Social Welfare and Environment, Forest, Science & Technology and their field offices including State Development Authorities of the Government of Andhra Pradesh.

The instances mentioned in this Report are those which came to notice in the course of test audit during the period 2019-21, as well as those which came to notice in earlier years, and those could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2019-21 have also been included, wherever necessary.

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

Overview

This Report contains findings of audit from a test-check of accounts and transactions of eight Departments¹ of Government of Andhra Pradesh during 2019-21. Significant results of audit that featured in this Report are summarised below:

1. Development of Capital City Amaravati, Andhra Pradesh

In compliance with the Andhra Pradesh Reorganisation Act, 2014 (Central Act No. 6 of 2014), the State of Andhra Pradesh has been bifurcated into two successor States viz., Telangana and Andhra Pradesh with effect from 02 June 2014 and Hyderabad shall continue to be the common capital for both the States for a period not exceeding ten years. However, GoAP decided to develop a green-field Capital namely Amaravati on the south of River Krishna in Guntur District. In order to assess whether the planning for development of a new Capital City was comprehensive, land pooling & acquisition was implemented in accordance with applicable Rules/ Regulations, assurances to the beneficiaries/land owners & agreements were fulfilled within time and infrastructure was developed in transparent way, Audit was conducted in the Offices of Special Chief Secretary, Municipal Administration & Urban Development (MA&UD); (July 2021), Andhra Pradesh Capital Region Development Authority (APCRDA) in three spells (December 2016, April 2019 and September 2021) and Amaravati Development Corporation Limited (ADCL) (July 2020) and the following observations were made.

The recommendations of Expert Committee were not considered and GoAP opted to acquire 70 per cent of total land required for the capital city through land pooling mechanism, which left huge financial burden in the immediate and future periods. Consultants for preparation of Master Plan of the Capital city were selected on nomination basis without following the procedure. APCRDA and ADCL got into contractual agreements for infrastructural packages for ₹33,476.23 crore without firming up financial plan. As against the requirement of ₹55,343 crore worked out for period 2016-2023, APCRDA could raise ₹11,487.16 crore from all sources. Budgetary support was not provided as per the financial plan brought out nor made any efforts after February 2019. Debt financing from market is taken as the major resource for funding the development of the city. Against the planned mobilisation of ₹33,476.23 crore, APCRDA borrowed ₹8,540.52 crore only. Change in policy on capital city development since May 2019 resulted in uncertainty over 55 packages that are still open contracts and require ₹28,047.82 crore for completion. APCRDA spent ₹2,244.94 crore, on Land Pooling Scheme (LPS) and the land pooled was lying idle without development (July 2022). Thus, the objective of the LPS was not achieved. Out of the proposed works on development of LPS infrastructure worth ₹13,802.75 crore, ₹183.04 crore was only spent (September 2021). Only four out of 16 packages achieved physical

¹ Health, Medical & Family Welfare; Higher Education; Labour, Employment, Training & Factories (IMS); Municipal Administration & Urban Development; Panchayat Raj & Rural Development; School Education; Social Welfare and Environment, Forest, Science & Technology

progress of 10 to 18 *per cent*. The remaining 12 packages were still under preliminary stage. Trunk Infrastructure packages came to halt (May 2019) after making an expenditure of ₹3,213.41 crore. The expenditure incurred ₹270.38 crore towards procurement of pipes, since lying idle without any utilisation, became unfruitful. The cost of selected earth material ₹12.83 crore provided to the contractors for utilisation in various works remained unadjusted from the work bills of the contractors. Expansion of existing four to nine lane road on Seed Access Road (SAR) was taken up in anticipation of traffic study conceptualised based on the 50 *per cent* volume of traffic of National Highways that would ply through SAR. However, the SAR could not be connected to National Highways due to land acquisition problem and the expenditure incurred towards expansion of four to nine lane of ₹44.24 crore is imprudent. Of the 19 packages of Government Buildings worth ₹6,848.58 crore, only two packages worth ₹526.74 crore were completed. Remaining 17 packages achieved a physical progress of zero to 95 *per cent* after spending ₹1,505.22 crore. As all the packages came to grinding halt since May 2019, it is doubtful if these packages would progress and the amount of ₹1,505.22 crore already spent on these packages, thus, became unfruitful. Due to improper planning, the material procured for re-routing of 220 KV underground cables worth ₹208.67 crore was lying idle without any utilisation. Further, the expenditure of ₹60 crore incurred towards re-routing of 400 KV lines had become unfruitful due to stoppage of works. Action of APCRDA to allow construction of grievance cell building unauthorisedly within the water body against the laid rules and subsequent demolition of building had resulted in waste of public money of ₹11.51 crore. An expenditure of ₹6.93 crore out of estimated ₹20.81 crore was made towards the water supply works which remained incomplete (September 2021).

(Paragraph 2.1)

2. Unfruitful expenditure towards provisioning of Under Ground Drainage System - ₹1.58 crore

The construction of Under Ground Drainage system taken up at a cost of ₹18.77 crore in Eluru Municipal Corporation remained incomplete as requisite funds were not provided by the Government and the expenditure of ₹1.58 crore incurred (physical progress of 8.75 *per cent*) so far had become unfruitful.

(Paragraph 2.2)

3. Imprudent expenditure management

The Urban Local Bodies did not comply with the provisions of different Acts for timely payment/remittance of statutory/obligatory dues viz., remittance of Service Tax, Employees Provident Fund and Employees State Insurance contributions, Current Consumption Charges to the statutory/concerned authorities. The delayed remittance/payments attracted levy of penal charges of ₹14.70 crore by the concerned authorities, which was avoidable.

(Paragraph 2.3)

4. Compliance Audit on Management of Mid-Day-Meals during COVID-19 pandemic period in Andhra Pradesh

On the advice of Government of India (GoI), Ministry of Human Resource Development (MHRD), Department of School Education & Literacy, Government of Andhra Pradesh (GoAP) instructed the Director, Mid-Day Meal to distribute dry ration consisting of rice, eggs, chikkies and dal instead of hot cooked mid-day meal to all the enrolled children as per the number of schools working days during COVID-19 in order to provide prescribed energy and protein on each school day. In order to assess whether the stakeholders complied with the prevalent guidelines to ensure the timeliness and quality of dry ration (*i.e.*, rice, eggs and chikkies) and the eligible students received the ration as per the entitlements, audit was conducted in 20 High schools and 20 Primary/Upper Primary schools belonging to five mandals each from four selected districts.

In test checked schools, Audit observed short supply of rice (8.7 *per cent*), eggs (7.8 *per cent*) and chikkies (23.5 *per cent*) and the entire portion of the red-gram for 100 days was supplied at once after a delay of nine months in test-checked three districts during pandemic period. The eggs pertaining for the period from 12 June 2020 to 31 August 2020 were distributed at one go in October & November 2020 with a delay of more than two months. Quality control committees were not formed to ensure the quality of dry ration supplied/ distributed. Supply/distribution records were not maintained to ensure receipt of dry ration as per entitlement of the students at various levels (*i.e.*, School/Mandal/District). The intended monitoring mechanism was found not functioning in the test checked districts. The stakeholders (DEOs, MEOs and HMs) did not comply with the prevalent guidelines to ensure the timelines and entitlements for ration distribution which led to delay in supply and distribution of dry ration to all the eligible students during pandemic period.

(Paragraph 2.4)

5. Compliance Audit on Applicable Environmental Laws in Visakhapatnam District

Visakhapatnam district was selected for the compliance audit as it was the most polluted city (March 2019) in Andhra Pradesh in respect of hazardous waste and plastic waste generation. In respect of red category industries, bio-medical waste generation and population, it stood in the second, third and fourth places respectively. Audit was conducted (between October and December 2020) to assess compliance with 'Applicable environmental laws in Visakhapatnam District' relating to prevention, control and abatement of pollution in air, water and land/ soil. The status of compliance with the applicable environmental laws in Visakhapatnam covering the period from 2017-18 to 2019-20 has been verified in audit and the following observations were made:

The AP Pollution Control Board did not review implementation of Comprehensive Clean Air Action Plan (October 2018) with reference to non-complied issues *viz.*, air

quality and monitoring assessment, industrial pollution, pollution through vehicular emissions, burning of waste in the open, for prevention, control or abatement of pollution in the city of Visakhapatnam. Meagre utilisation of allocated funds against environmental schemes during the three-year period *i.e.*, 2017-20 indicates inadequate attention to pollution control related activities. In Visakhapatnam region, the funds provided and expenditure on environmental schemes showed a downward trend over the three-year period. In 2017-18, budget provision of ₹4.30 crore was made for 16 environmental schemes which came down to ₹0.33 crore during 2019-20. Acute shortage of technical and scientific staff in the Board led to shortfall in mandatory inspections of industries/ units. Though 1,353 inspections were required to be done for the year 2019-20 by the Board, the actual number of inspections conducted were 243 (around 18 *per cent*) only. Further, 70 out of 876 industrial units in Visakhapatnam region are operating without valid consents.

The Board had not taken strict measures against the polluting units which did not comply with the envisaged provisions/ conditions of consent for operation, thus allowing the polluting units to continue operations by granting renewals of consents. The household coverage for collection of solid waste in GVMC was only 42 *per cent* against the service level benchmark of 100 *per cent* indicating non-collection of waste from a sizeable number of waste generators. Greater Visakhapatnam Municipal Corporation has not notified exclusive deposition centres for domestic hazardous waste in its jurisdiction for safe disposal. One-time authorisation for bio-medical waste management was not obtained by non-bedded health care establishments under Government sector which was not insisted upon by the Board as well.

(Paragraph 2.5)

6. Non-completion of Maternity and Child Health block

The construction of Maternity and Child Health block at Government General Hospital, Kakinada was stalled after incurring an expenditure of ₹12.99 crore due to non-release of funds timely, which were received under National Health Mission from Government of India (GoI), by Government of Andhra Pradesh. Also, the intended purpose of providing maternity and child health care with requisite facility could not be achieved even after a lapse of seven years from the date of provisioning of funds by GoI and the expenditure made became wasteful.

(Paragraph 2.6)

7. Infertuous expenditure towards water consumption charges

Non-laying of dedicated pipelines led to short drawal of water and infertuous payment of ₹three crore by Andhra University.

(Paragraph 2.7)

8. Non-levy of penalty for delayed supply of drugs and dressing material

Insurance Medical Services, Andhra Pradesh did not invoke the provisions of Rate Contract for delayed supply of drugs and dressing material which resulted in undue benefit to the pharmaceutical firms of ₹2.59 crore.

(Paragraph 2.8)

9. Unfruitful expenditure towards construction of high-level bridge ₹6.18 crore

Non- extension of agreement time by the State Government resulted in stalling a Project after incurring an expenditure of ₹6.18 crore. Besides, the objective of providing connectivity between two villages remained unachieved and the expenditure incurred so far became unfruitful.

(Paragraph 2.9)

10. Wasteful expenditure due to stalled project

Stalled construction of Dr. B. R. Ambedkar Smruthi Vanam with a 125 feet Statue of Dr. B. R. Ambedkar along with a Convention Hall, Memorial Hall Auditorium and Meditation Hall in Amaravati, led to unthoughtful and wasteful expenditure of ₹44.61 crore.

(Paragraph 2.10)

Chapter 1

General

1.1 About this Report

This Report of the Comptroller and Auditor General (C&AG) of India contains matters arising from audit of transactions of Expenditure incurred in various Departments and Local Bodies of Government of Andhra Pradesh, Central and State plan schemes and Audit of Autonomous Bodies.

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 applicable laws, rules, regulations, established codes, *etc.*, and the general principles governing sound public financial management and the conduct of public officials. Audit has been conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Compliance Audit refers to the examination of transactions of audited entities to ascertain whether provisions of the Constitution of India, applicable laws, rules and regulations, various orders and instructions issued by competent authorities are being complied with.

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 to issue directives that will lead to improved financial management of organisations and contributing to better governance.

This Report contains two chapters.

Chapter-I presents the details about profile of audited entities and summary of expenditure made during the years 2019-20 and 2020-21 and also authority for audit, planning and conduct of audit, and response of Departments concerned to audit findings.

Chapter-II contains 10 Compliance Audit Observations relating to Departments of Municipal Administration and Urban Development (3) Environment, Forest, Science & Technology (1); School Education (1); Health, Medical & Family Welfare (1); Higher Education (1); Labour, Employment, Training & Factories (IMS) (1); Panchayat Raj Engineering (1) and Social Welfare (1).

Appendices relating to details mentioned in the Paragraphs follow the Chapters. A Glossary of Abbreviations used in the Report and their full forms is given at the end.

1.2 Office of Principal Accountant General (Audit)

Under the directions of the C&AG, Office of the Principal Accountant General (Audit), Andhra Pradesh conducts audit of 16 clusters consisting of 40 Departments and Local Bodies/ Public Sector Undertakings/ Autonomous Bodies there under in the State of Andhra Pradesh. Out of these, six clusters consisting of eight Departments are covered in this Report.

Compliance Audit Report for the years 2019-21 pertains to eight Departments viz., (i) Higher Education, (ii) Labour and Employment, (iii) Medical and Health, (iv) Municipal Administration and Urban Development, (v) Panchayat Raj and Rural Development, (vi) School Education, (vii) Social Welfare and (viii) Environment, Forest, Science and Technology.

1.3 Authority for audit

The C&AG's authority for audit is derived from Articles 149 and 151 of the Constitution of India and Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, (CAG's DPC Act) 1971. The CAG audits the Departments as per the following provisions of the DPC Act:

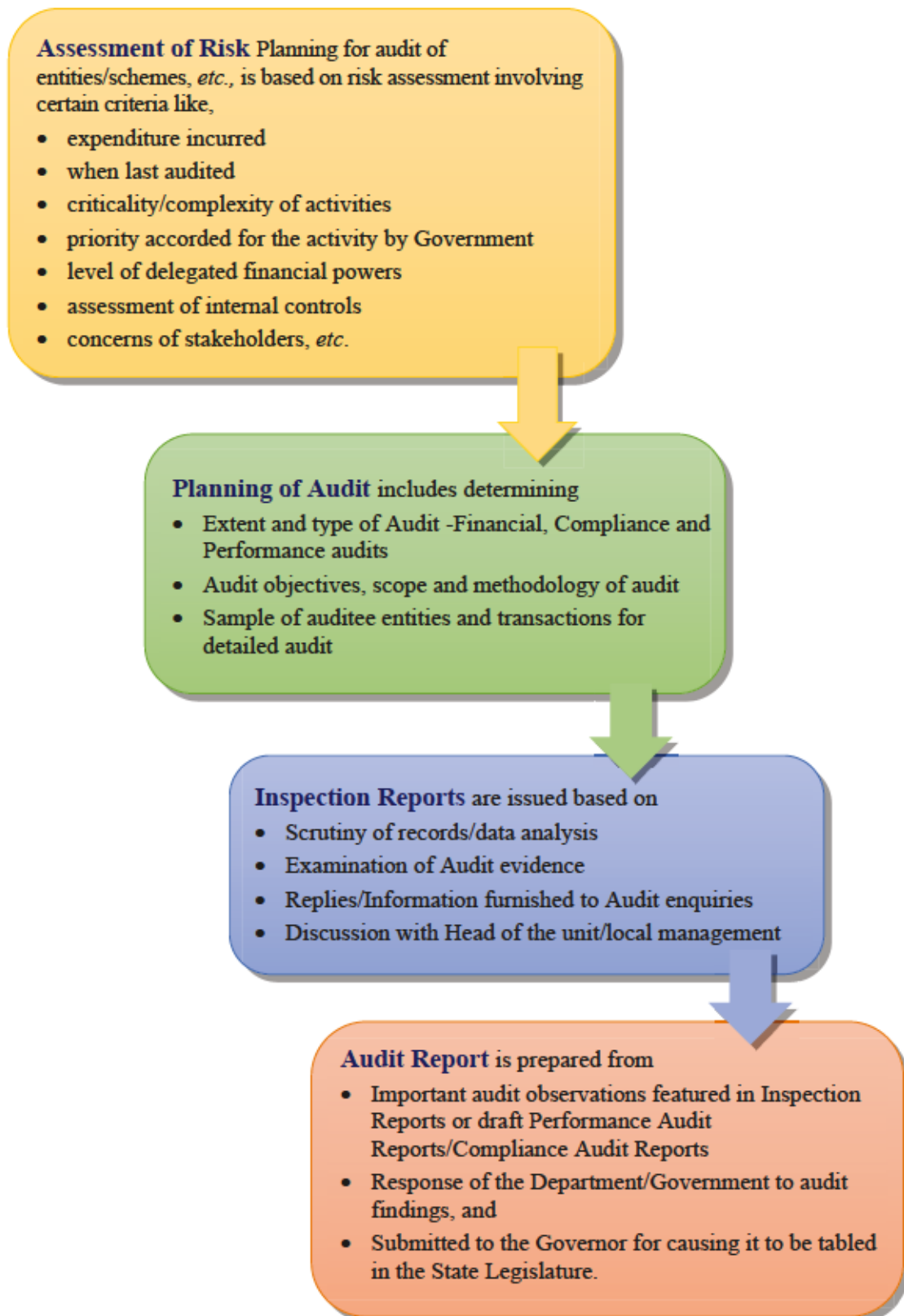
- ❖ Audit of expenditure is carried out under Section 13² of the DPC Act;
- ❖ Local Bodies are audited under Section 20(1) of the DPC Act;

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.

1.4 Planning, conduct of audit and preparation of Audit Reports

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

² Audit of (i) all transactions from Consolidated Fund of State, (ii) all transactions relating to Contingency Fund and Public Account and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts kept in any Department of a State

Chart-1.1 Planning and conduct of Audit

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 the 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 on topics, 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 Andhra Pradesh under Article 151 of the Constitution of India for causing them to be laid on the Table of the State Legislature.

1.5 Audit Entity Profile

A summary of expenditure incurred by the Departments of Government of Andhra Pradesh during the five-year period 2016-17 to 2020-21 is given in *Table 1.1*.

Table-1.1: Expenditure incurred by Departments

(₹ in crore)

Sl. No.	Name of the Department	Expenditure incurred				
		2016-17	2017-18	2018-19	2019-20	2020-21
1.	Environment, Forest, Science and Technology	305.30	352.20	364.20	322.21	278.19
2.	Higher Education	1,806.70	2,148.06	1,711.66	1,573.91	1,692.95
3.	Labour and Employment	304.40	444.00	671.21	401.49	223.97
4.	Medical and Health	6,331.63	6,140.67	7,229.62	7,352.81	9,366.89
5.	Municipal Administration and Urban Development	5,073.21	4,246.59	6,566.24	4,813.55	4,993.84
6.	Panchayat Raj and Rural Development	18,574.47	21,582.68	28,406.55	11,598.50	16,749.44
7.	School Education	14,995.38	16,978.12	17,506.20	24,313.62	21,921.00
8.	Social Welfare	2,499.07	3,135.98	1,050.20	4,558.96	4,187.27
	Total	59,058.47	68,107.44	73,931.98	76,428.85	82,849.09

Source: Appropriation Accounts of Government of Andhra Pradesh for relevant years

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 Principal Accountant General's office with officers of the concerned Departments.

On 30 June 2021, 2,935 IRs containing 26,140 paragraphs pertaining to previous years were pending for settlement as detailed in *Table 1.2*. Of these, no replies have been received in respect of 657 IRs containing 9,809 paragraphs. Department wise details are given in *Appendix 1.1*.

Table-1.2: Status of IRs

Year	Number of IRs/ Paragraphs as of 31 December 2021		IRs/Paragraphs where no replies have been received	
	IRs	Paragraphs	IRs	Paragraphs
2016-17 and earlier years	2,390	18,200	251	3,806
2017-18	121	2,134	92	1,620
2018-19	201	2,735	134	1,776
2019-20	221	3,040	180	2,607
2020-21	2	31	0	0
Total	2,935	26,140	657	9,809

Source: Records maintained by the office of Principal Accountant General (Audit), Andhra Pradesh

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 these IRs and audit paragraphs and take expeditious action to address the concerns flagged in these.

1.6.2 Response of Government to audit observations

All Departments are required to send their responses to Draft Audit Paragraphs/ Detailed Compliance Audit Reports proposed for inclusion in the C&AG's Report within six weeks of their receipt. During the period 2019-21, seven Draft Audit Paragraphs and three Detailed Compliance Audit Reports 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/ Reports were likely to be included in the Compliance Audit Report of the C&AG of India, which would be placed before the State Legislature, and it would be desirable to include their comments/ responses to the audit findings. In spite of efforts by this office, two Departments³ did not furnish reply to two Draft Paragraphs as on the date of finalisation of this Report. 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 Notes⁴ were yet to be received from 12 Departments in respect of 25 paragraphs/performance audit reviews that featured in the Audit Reports for the years 2014-15 to 2018-19 as of 30 June 2022. Explanatory Notes were also yet to be

³ Municipal Administration & Urban Development (MA&UD) and Social Welfare

⁴ with regard to the issues pertaining to the State of Andhra Pradesh exclusively

received from seven Departments in respect of 12 paragraphs/ performance audit reviews relating to the period prior to bifurcation⁵ of the erstwhile State of Andhra Pradesh, as of 30 June 2022. 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 the Public Accounts Committee (PAC) within six months from the date of receipt of recommendations. As of 30 June 2022, 11 ATNs⁶ in respect of three Departments exclusively pertaining to Andhra Pradesh and 19 ATNs⁷ in respect of eight Departments pertaining to the period prior to reorganisation of the State were yet to be received. Details are given in *Appendix 1.3*.

1.7 Acknowledgement

The Office of the Principal Accountant General (Audit), Andhra Pradesh wishes to acknowledge the co-operation and assistance rendered by the officials of the State Government, and various Departments during the course of conduct of Audit.

⁵ of erstwhile Andhra Pradesh (*i.e.*, those featured in Audit Reports for the years 2006-07 to 2013-14)

⁶ with regard to the issues exclusively pertaining to the State of Andhra Pradesh exclusively

⁷ of the erstwhile State of Andhra Pradesh

Chapter 2

Compliance Audit Observations

Municipal Administration and Urban Development Department

2.1 Development of Capital City Amaravati, Andhra Pradesh

2.1.1 Introduction

2.1.1.1 Capital City Amaravati

The Andhra Pradesh Reorganisation Act, 2014 (Central Act No. 6 of 2014) bifurcated the State of Andhra Pradesh into Telangana and the residuary State of Andhra Pradesh with effect from 02 June 2014. This Act laid out that on and from the appointed day, Hyderabad in the then existing State of Andhra Pradesh, shall be the common capital⁸ of the State of Telangana and the State of Andhra Pradesh for such period not exceeding ten years. Further, the Central Government shall constitute⁹ an Expert Committee to study various alternatives regarding the new capital for the successor State of Andhra Pradesh and make appropriate recommendations in a period not exceeding six months from the date of enactment of the Andhra Pradesh Reorganisation Act, 2014.

Accordingly, Government of India (GoI) had constituted¹⁰ (March 2014) an Expert Committee¹¹ to study the alternatives for a new capital for Andhra Pradesh and to evaluate their comparative suitability and submit their report by 31 August 2014. Accordingly, the Committee submitted the report to GoI on 27 August 2014 and recommended three approaches for capital city viz., (a) Greenfield location in which a single/ super city is created where large parcel of government land is available, (b) expanding existing cities and (c) distributed development¹².

The report of the Expert Committee was placed (September 2014) before the Cabinet of GoAP, wherein it was resolved to locate the capital in a central place around Vijayawada. The decision was published on 30 December 2014 to locate Capital City area within the region lying between Vijayawada and Guntur cities on the banks of Krishna River. Finally in April 2015, Amaravati was notified as name of the capital city for the State of Andhra Pradesh. The capital city was to be spread over an area of 217.23 Sq.km (53,678 acres) covering 25 revenue villages (*Appendix 2.1*) in Guntur district. The foundation stone for development of Amaravati as capital city was laid in October 2015 by GoAP.

Meanwhile, TATA Consulting Engineers Limited¹³ carried out (May to August 2015) Environment Impact Assessment (EIA) and Environmental Management Plan study to obtain Environmental Clearance for the proposed Amaravati Capital City from State Level Environment Impact Assessment Authority¹⁴ (SLEIAA), Andhra Pradesh. The

⁸ Section 5 (1) of the Andhra Pradesh Reorganisation Act, 2014

⁹ Section 6 of the Andhra Pradesh Reorganisation Act, 2014

¹⁰ D.O. letter No. 12012/03/2014/SR, dated 28/3/2014

¹¹ chaired by Sri K.C Siva Ramakrishnan, Former Secretary to Government of India (GoI)

¹² decentralised development

¹³ appointed by Andhra Pradesh Capital Region Development Authority

¹⁴ under Government of India, Ministry of Environment Forests and Climate Change

SLEIAA, had granted (October 2015) Environmental Clearance (EC) for the Capital City Project.

2.1.1.2 Structural and operational set up

The following Authorities/ Companies have been set up by the Government for development of capital city.

(a) Andhra Pradesh Capital Region Development Authority

The Government established¹⁵ Andhra Pradesh Capital Region Development Authority (APCRDA) in December 2014 under the provisions of APCRDA Act (11 of 2014) with mandate for planning, coordination, execution, supervision, financing and funding, promoting and securing the planned development of the capital region and undertaking the construction of new capital for Andhra Pradesh. Thus, APCRDA is the pivot organisation for the development of Capital, Amaravati.

(b) Amaravati Development Corporation Limited

In May 2015, GoAP established Capital City Development and Management Corporation (renamed as Amaravati Development Corporation Limited (ADCL) in December 2016), under the Companies Act, 2013 to exercise the following main responsibilities/ functions in connection with new Capital City:

- ❖ To prepare Detailed Development Plan based on approved master plan.
- ❖ To design, develop, implement and operate and maintain the capital city including to provide the city services.
- ❖ To develop trunk infrastructure as authorised by GoAP and as per the master plan of APCRDA.
- ❖ To provide social infrastructure (*viz.*, health care, sports, education and entertainment)
- ❖ To provide utilities like transport, power distribution, water supply, solid waste management, Information and Communication Technology (ICT), *etc.*
- ❖ To raise financial resources from markets besides government funding as required; and
- ❖ To collect development and city maintenance charges.

(c) Amaravati Smart and Sustainable City Corporation Limited

Amaravati was selected (June 2017) as smart city¹⁶ under Smart Cities Mission (SCM) of GoI. As required under SCM guidelines, GoAP constituted¹⁷ (October 2017) Amaravati Smart and Sustainable City Corporation Limited (ASSCCL)¹⁸ under Companies Act, 2013 with equal shareholding by GoAP and APCRDA respectively.

¹⁵ former authority *i.e.*, Vijayawada, Guntur, Tenali, Mangalagiri Urban Development Authority was ceased to exist

¹⁶ in Round 3 of the Smart City Challenge

¹⁷ G.O.Ms. No.355 MA&UD(CRDA.2) Department dated 06/10/2017

¹⁸ erstwhile Amaravati Smart City Corporation Limited was renamed vide G.O.Ms. No.466 MA&UD (CRDA.2) Department dated 27/12/2017

ASSCCL was governed by Board of Directors for effective and timely implementation of smart city programme of Amaravati capital city as per the rules and guidelines issued by GoI and GoAP.

2.1.1.3 Master Plan for Capital City Amaravati

APCRDA notified detailed Capital City Master Plan¹⁹ for Amaravati in February 2016. As per the Master plan, Amaravati, the people's capital of Andhra Pradesh, was envisioned to be a city of world-class standards. The city was to accommodate nine themed cities, viz. Government City, Justice City, Finance City, Knowledge City, Electronic City, Health City, Sports City, Media City and Tourism City. The gist of goals and strategies of the Master Plan is given below:

- ❖ To provide world-class infrastructure²⁰ at par with standard set forth by countries like Singapore.
- ❖ To develop the new capital into an economic powerhouse that will create range of jobs.
- ❖ To provide affordable and quality homes to all residents
- ❖ To create park and public facilities, public river waterfront for quality living.
- ❖ Sustainable and efficient management of resources.
- ❖ To capitalise the heritage and utilise it to create unique identity.

The details of Master Plan and other aspects are discussed in *Para 2.1.2.1* of the Report.

2.1.1.4 Land Pooling Scheme

GoAP notified (January 2015) Andhra Pradesh Capital City Land Pooling Scheme (Formulation and Implementation), 2015 Rules (LPS Rules) for procurement of land which would be voluntary and based on consensual process of land pooling as a part of proposal to develop a capital city. Under the Scheme, the land parcels owned by individuals or group of owners are to be legally consolidated by transfer of ownership rights to APCRDA. The landowners are guaranteed with return of a developed plot and annuity²¹ as compensation for parting away with their land and livelihood. Further, LPS guaranteed certain amount of pension for landless poor within Amaravati area. The details of LPS and other benefits extended to the beneficiaries are discussed in *Para 2.1.3.1* of the report.

As of September 2021, land measuring 34,402 acres against the consented 35,215 acres were pooled from farmers/ landowners residing in the capital area. In addition to this, the government land (15,167 acres) was available in the capital area. The handing over of developed plots were delayed due to incomplete LPS layout works.

¹⁹ Master Plan outlines land use, zoning, and regulation plans for the capital city

²⁰ State of art public transport system, High Speed Railway, efficient road connectivity, international airport, waterways

²¹ annuity (₹30,000 per acre with yearly enhancement of ₹3,000 for dry land and ₹50,000 per acre with ₹5,000 yearly enhancement for Jareebu land per annum) was to be paid for ten years to landowners who surrendered their land under the Land Pooling Scheme

2.1.1.5 Shift in paradigm of development of Amaravati

GoAP approved (February 2019) a comprehensive Financial Plan to take the development of Capital City forward. Meanwhile, APCRDA had worked out detailed Master Plan and incurred ₹7221.66 crore on works executed (awarded from 2017 onwards) by the end of April 2019.

However, in May 2019, GoAP ordered to stall all the works and review those works whose financial progress was more than 25 per cent and cancel the works progressed below the said limit (More details are placed at *Para 2.1.4.4* below). At this juncture, the GoAP enacted (July 2020) the following two legislations relating to the development of Capital City(s).

(i) Andhra Pradesh Capital Region Development Authority Repeal Act, 2020 (Act No. 27 of 2020) came into force on 31 July 2020, which repealed the Principal Act, APCRDA Act 2014. APCRDA was deemed to be constituted as Amaravati Metropolitan Region Development Authority (AMRDA) under APMRUDA Act, 2016 for the areas within the jurisdiction of APCRDA. The persons who have surrendered their land for the LPS under the Principal Act, shall be entitled to all the rights as vested with them under LPS Rules, 2015. The Act also mentioned that the Government and the AMRDA shall, within the means of economic capacity and consistent with the policy of decentralised development, endeavour to take all steps to develop the region comprised in AMRDA.

(ii) On the same day, GoAP passed another Act called Andhra Pradesh Decentralisation and Inclusive Development of all Regions Act, 2020 (Act No. 28 of 2020) to provide for decentralisation of governance and inclusive development of all the regions in the State. As per this Act, there shall be three seats of governance in the State to be called Capitals as under as against Amaravati as single seat of governance.

- a. Amaravati Metropolitan Region Development Area (Amaravati) as the 'Legislative Capital'
- b. Visakhapatnam Metropolitan Region Development Area (Visakhapatnam) as the 'Executive Capital'; and
- c. Kurnool Urban Development Area (Kurnool) as the 'Judicial Capital'.

Aggrieved by the decision of the GoAP, many writ petitions were filed in the Hon'ble High Court of Andhra Pradesh and the Hon'ble Court ordered²² (August 2020) *status quo*.

(iii) Subsequently, the GoAP passed (December 2021) AP Decentralisation and Inclusive Development of all Regions Repeal Act, 2021 (No.11 of 2021) to repeal Act No. 27 and 28 of 2020 and the Act came into effect from 13 December 2021. As a result, the provisions of the APCRDA Act, 2014 again came into force.

²² the judgement is reserved, and *status quo* is continued as of February 2022

2.1.1.6 Audit Framework

(a) Audit Objective

The Compliance Audit on Development of Capital City, Amaravati was taken up to assess the following:

- Whether planning (including requirement of land, Master Plan and mobilisation of financial resources) for the development of a new Capital City was comprehensive,
- Whether implementation of Land Pooling Scheme and acquisition of land for development of Capital City were in accordance with the applicable rules/regulations,
- Whether the assurances to the beneficiaries/landowners were in accordance with applicable laws/rules and the agreements with/commitments towards the beneficiaries were implemented within the agreed timeframe, and
- Whether infrastructure, involving LPS infrastructure, trunk infrastructure and government buildings were developed in a transparent manner in conformity with applicable rules/laws/ procedures/agreements and approved milestones.

(b) Audit Criteria

The Audit criteria were sourced from the following documents.

- ❖ Andhra Pradesh Reorganisation Act 2014 and rules/regulations made thereunder.
- ❖ Andhra Pradesh Capital Region Development Authority (APCRDA) Act, 2014 and Government Orders/regulations made thereunder.
- ❖ Project Reports and Capital City Master Plan of APCRDA.
- ❖ AP Capital City Land Pooling Scheme Rules, 2015 and Government Orders/regulations made thereunder.
- ❖ AP State Government's Treasury Code and Finance Manuals.
- ❖ Delegation of Financial Powers at various levels (Department/APCRDA/ADCL, etc.,).
- ❖ Public Work Codes, relevant orders/guidelines of Central Government, applicable Standard Schedule of Rates.
- ❖ Guidelines of Smart City Mission and Ministry of Urban Development

(c) Audit Scope and methodology

The Compliance Audit covered the transactions of Municipal Administration & Urban Development (MA&UD) Department, APCRDA, ADCL and ASSCCL with special focus on various aspects of Development of Amaravati Capital city for the period from June 2014 to September 2021. In addition to this, information was collected from Finance and Planning Departments. The audit was conducted in different spells²³ covering all the implementing agencies. We also visited selected work sites to arrive at our conclusions.

²³ MA&UD in August 2021, APCRDA in December 2017 (April 2014 to December 2017), May 2019 (January 2017 to May 2019) and September 2021 (June 2019 to September 2021), ADCL in July 2020 (May 2015 to July 2020)

Audit methodology included scrutiny of records, data analysis, examination of audit evidence, replies/ information furnished to Audit enquiries and discussions with Heads of Units/ Local Management. Out of the total 135 packages, we selected 68 packages/ works²⁴ for test-check.

The Entry Conference with MAUD Department was held in July 2021 wherein the objectives of the Compliance Audit were explained. The Exit Conference was conducted (May 2022) with the representatives of Government and audit findings were discussed. Replies of the Government were suitably incorporated in the Report.

The audit findings are discussed in subsequent paragraphs.

(d) Audit Constraints

The Department did not provide some of the vital documents and information such as the key parameters considered by the Cabinet for establishment of the capital city at present location, the details of feasibility study done to assess the actual requirement of land for capital city prior to preparation of the Capital city Master Plan, records and reasons for non-review of works after May 2019 and not extending the other benefits under LPS beyond February/May 2019, etc. As such, Audit could not focus and analyse on these issues.

(e) Acknowledgement

Audit acknowledges the co-operation extended by the officials of APCRDA, ADCL and MA&UD in conducting this audit.

Audit Findings

2.1.2 Planning and Finance

2.1.2.1 Planning

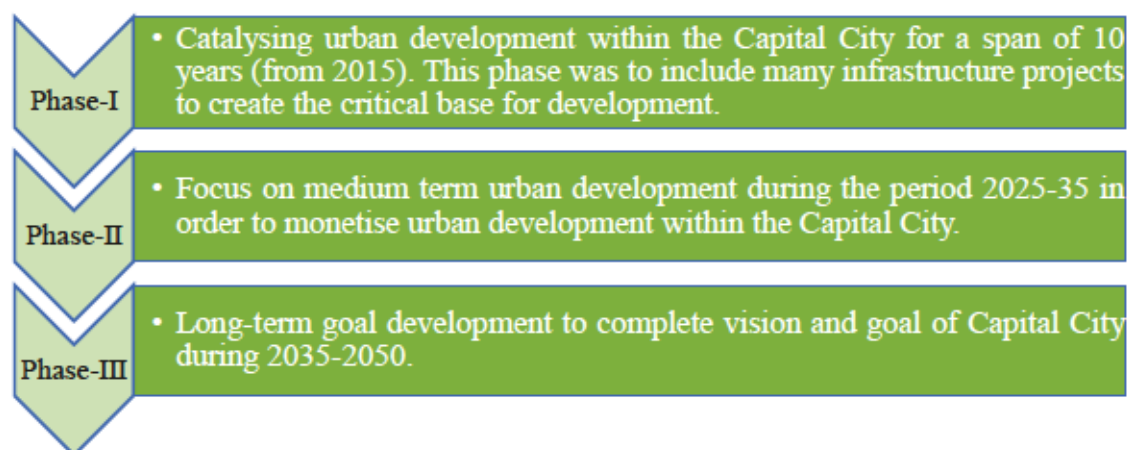
The Infrastructure Corporation of Andhra Pradesh entered Memorandum of Understanding (MoU) with International Enterprise Singapore, Government of Singapore (GoS) in December 2014 to collaborate on master planning and development of new Capital City. GoS engaged (December 2014) two consultant firms²⁵ to prepare master plan for capital city of Andhra Pradesh. The consultants submitted (July 2015) Capital City Master Plan (Land use and Zoning plans) which includes Concept Master Plan, Transportation Plan, Infrastructure Plan and Zoning Plan for new capital city. APCRDA entered into an agreement (September 2015) with one of the consultants²⁶ for submitting detailed master plan and LPS layouts by October 2015 and May 2016 respectively. The consultant submitted only revised capital city master plan within the stipulated time.

²⁴ 100 per cent works under LPS infrastructure (16 works) and Buildings (18 of 19 works), random selection of 25 per cent works (19 out of 78). Remaining 15 out of 22 infrastructure works were selected randomly from trunk infrastructure works executed by ADCL

²⁵ M/s. Surbana International Consultants Pte Ltd (SICPL) and Jurong Consultants Pte Ltd.

²⁶ M/s Surbana International Consultants Pvt. Ltd.

Detailed Capital City Master Plan for Capital City Amaravati was notified in February 2016. The Master Plan proposed three development Phases catering to the city's short term (Phase-I), medium term (Phase-II) and long term (Phase-III) requirements as detailed below.



The detailed Master Plan for Capital City was finally notified by APCRDA in February 2016.

With regard to planning of capital city, Amaravati, we examined the following aspects and the decisions taken by GoAP.

1. What are the parameters decided and considered for location of Capital City?
2. Whether any study conducted with regard to actual requirement of area for Capital City,
3. Whether any short-term, medium-term and long-term plans devised by GoAP before commencement of the project.
4. Whether any study conducted on cost implications of various options while opting for Land Pooling Scheme/ Land Acquisition (LPS/LA).

Scrutiny of relevant records revealed the following:

(a) Parameters for location of Capital City

The Expert Committee recommended that if greenfield capital was to be chosen, the Government was to carefully search for locations where suitably large parcels of government land would be available. However, GoAP opted for greenfield capital with 53,678 acres of land comprising a meagre portion of government land measuring 15,167 acres (28 *per cent* of the total land) and opted for pooling 72 *per cent* of the land from farmers of 25 revenue villages located between cities of Vijayawada and Guntur. Thus, GoAP had chosen the location of capital city where there was minimal availability of government land in contrary to the recommendations of the Expert Committee as stated in *Para 2.1.1.1*.

The Department replied (December 2021) that the decision for location of capital city was taken in a Cabinet meeting after deliberating on the recommendations of the Expert Committee.

The Department did not provide information on the key parameters which the Cabinet considered to arrive at this decision.

(b) Conduct of Feasibility Study

As a part of development of capital city, APCRDA pooled (September 2021) 34,402 acres of land through LPS in addition to Government land measuring 15,167 acres. Despite the request made (January 2021) and followed up in August and October 2021 with Government, to furnish the details of feasibility study done to assess the actual requirement of land for capital city prior to preparation of the Capital city Master Plan, the Department/ APCRDA did not produce the relevant records. Consequently, we could not ascertain the rationality behind the requirement of land pooled through LPS in the absence of any scientific study.

(c) Absence of phased planning and cost implication for the project

GoAP constituted (July 2014²⁷) an Advisory Committee²⁸ to examine different aspects of constructing a capital city and to suggest a plan of action for its development. However, the recommendation given by Advisory Committee was not made available to Audit.

Considering the magnitude of the project, study on total cost implication of the project would facilitate the government to assess the requirement and sources of funding for development of capital city. APCRDA initiated the capital city development with 56 packages with scheduled completion ranging from one to three years.

The capital with 217.23 sq.km size would need a phased development in view of its high financial requirement of ₹35,518.50 crore. In this regard, we enquired whether APCRDA or the GoAP devised any short, medium and long term requirements/ plans for implementation or resource mobilisation.

The Department replied (May 2022) that Phase I to III (during the period from 2015-25, 2025-35 and 2035-50) with short, medium and long term plans were made for development of the capital city. On this aspect, the Finance and Planning Department did not furnish (September 2021) any response to audit query.

The reply was however silent on the detailed annual action plan (component-wise) for completing each phase of execution along with financial planning. Further, as per records made available, no such phased plans were prepared by APCRDA.

(d) Selection of consultant without following due procedures

As per Government orders²⁹, the services of the experts for consultancy services during planning process should be obtained either through individuals or a firm duly following

²⁷ G.O.Ms.No.133 MA&UD (M2) Dept 20/7/2014

²⁸ the committee chaired by the then Hon'ble Minister for Municipal Administration & Urban Development Department, GoAP

²⁹ point III (5) of G.O.MS.No.89 Finance (HR.1) Department dated 16/07/2015

competitive process which is transparent and follows the principles and guidelines for procurement established by Government of India and Government of Andhra Pradesh.

During the process of planning for capital city, APCRDA hired three consultancies at contract value of ₹28.96 crore on nomination basis without following the due procedure of tendering and competitive bidding as discussed in *Table 2.1*.

Table 2.1: Contract awarded on nomination basis

Sl. No	Consultancy Agency	Consultancy Service	Contract Value (₹ in crore)
1.	M/s Surbana Jurong, Singapore	Consulting Services for Preparation of Revised Master Plan and Land Pooling Schemes Plans	11.92
2.		Implementation of UAIMS Project	8.36
3.	M/s Auctus Advisers	Management Consultancy Services	7.18
4.	APUIAML	Transaction Advisory for District Cooling System	1.50
Total			28.96

Source: Information furnished by APCRDA

APCRDA (Authority) replied (May 2022) that as per Paragraph 35.1 of APCRDA Act 2014, the authority is empowered to administratively sanction works and investment plans costing beyond ₹100 crore.

The reply is not tenable as the above provisions of the APCRDA Act did not absolve the authority to obviate compliance to existing rules of tendering procedure.

Audit further noticed that APCRDA engaged³⁰ a consultant for preparation of master plan at a cost of ₹11.92 crore on nomination basis in contravention to the government orders. APCRDA entered into an agreement (November 2016) with consultant³¹ for submitting revised master plan and LPS layouts within six months. The consultant submitted only revised capital city master plan within the stipulated time, whereas LPS layouts were not completed as APCRDA could not arrange the certificate of area statement³² within scheduled time. For the extension beyond the stipulated six months, the consultant demanded monthly Retainer fee³³ of ₹70 lakh. However, APCRDA after negotiating with the agency, paid Retainer fee of ₹78 lakh for the extended period of agreement, which could have been avoided.

2.1.2.2 Planning of infrastructure works

As per Master Plan, development for Capital City includes development of Trunk Infrastructure, LPS infrastructure and construction of Government Buildings, as detailed below.

³⁰ in First Authority Meeting of APCRDA engaged M/s. Surbana Jurong Consultants

³¹ M/s Surbana International Consultants Pvt. Ltd.

³² statement showing extent of land received under LPS in a particular area prepared by Competent Authorities (Revenue Authorities not below the rank of Deputy Collector appointed by the Government) under APCRDA

³³ Retainer fee means the fee paid to the consultant for hiring for longer period than the agreement period

(a) Trunk Infrastructure

In continuation to the Capital City Master Plan, APCRDA/ADCL selected (December 2016) Joint-Venture consortium³⁴ for preparation of Smart Integrated Infrastructure Master Plan (SIIMP) to develop trunk infrastructure along with associated LPS layout infrastructure. It includes construction of road network, water supply network, green³⁵ and blue³⁶ infrastructure.

Trunk (including three blue infrastructure works³⁷) infrastructure works were divided into 22 package and were awarded between July 2016 and February 2019 with a contract value of ₹12,824.90 crore (Details of financial planning are discussed at *Para 2.1.2.3* below). These packages had scheduled completion ranging from April 2017 to November 2021. As of October 2021, none of the 22 packages were completed despite incurring ₹3,213.41 crore. The detailed analysis of progress of works on trunk infrastructure is discussed in *Para 2.1.4.2*.

ADCL attributed (October 2021) the reasons for slow progress of trunk infrastructure to delay in land acquisition issues and works coming to a halt after May 2019.

Audit differs with the reply, as the May 2019 order instructed to review the works whose financial progress was less than 25 per cent and steps were to be taken to obtain orders from appropriate authorities afresh. These instructions were not taken into consideration while stopping the works.

(b) LPS infrastructure

APCRDA had divided entire capital area into 14 zones³⁸. We observed that:

- ❖ In 12 out of 14 zones, works were awarded for development of LPS infrastructure in 16 packages. Tenders for two zones (*VIII and XI*) were still not called for. The total expenditure incurred (September 2021) was only ₹183.04 crore against the contract value of ₹13,802.75 crore. (*Appendix 2.3*)
- ❖ Six out of 16 packages reached a physical progress of five to 25 per cent and the progress of the remaining packages was less than five per cent. The detailed analysis of progress of works on LPS infrastructure are discussed in *Para 2.1.4.1*.

APCRDA replied that, delays were mostly due to non-completion of trunk infrastructure which was also mired in delays and non-finalisation of Good for Construction³⁹ (GFC) drawings.

³⁴ Aarvee Associates and Ghuizhou Maritime Silk Road International Investment Corporation

³⁵ construction of parks, landscaping, greening of entire capital

³⁶ to utilise two natural streams Palavagu and Kondavativagu as source of drinking water and inland water transport

³⁷ Blue infrastructure refers to the urban infrastructure relating water and its management

³⁸ 13 LPS zones and one Amaravati Government Complex zone

³⁹ means final designs proof checked by Project Management Consultancy

(c) Construction of Government buildings⁴⁰

Amaravati Government Complex was envisioned to become the identity for Capital City and a hub of State Administration and Governance. It was proposed to be spread over 1,575 acres of land. The area was to house civil institutions of Legislature, High Court, Secretariat, Raj Bhavan, various Government functionaries, *etc.* Apart from State Government establishments, it would also have space for Central Government institutions, Consulates and cultural centres. The Government building works were divided into 19 packages and awarded (November 2017 to July 2018) with a contract value of ₹6,848.58 crore. Audit observed the following:

- ❖ The works were scheduled to be completed between September 2018 and March 2021, however, only two packages⁴¹ (Interim Government Complex and School building, prior to taking up of the master plan) were completed at a cost of ₹526.74 crore. Nine out of 19 packages showed physical progress ranged between 25 and 95 *per cent* as of September 2021.
- ❖ Expenditure of ₹1,505.22 crore on works against contract value of ₹6,848.58 crore became unfruitful due to incomplete works. The details on progress of works were discussed in *Para 2.1.4.3*.

The APCRDA attributed the reason for delay in completion to non-finalisation of designs, non-payment of previous bills to contractors and non-availability of sand, *etc.* Thus, it is evident that without the finalisation of designs the works were awarded which affected the progress of works.

2.1.2.3 Sources of Financing

APCRDA had set an initial target of ₹55,343 crore through various options of financing⁴² for taking up of various infrastructure projects in capital city. APCRDA divided infrastructure development projects into three categories as detailed below in *Table 2.2*.

⁴⁰ Amaravati Government Complex was to house civil institutions of Legislature, High Court, Secretariat, Raj Bhawan, various Government functionaries, *etc.* Apart from State Government establishments, it would also have space for Central Government institutions, Consulates, and cultural centres

⁴¹ construction of Interim Government Complex (₹526.57 Cr) and School Building (₹0.17 Cr) at Venkatapalem

⁴² funding from GoI and GoAP and intermix of both, short term and long-term borrowings from Commercial banks, Housing and Urban Development Corporation Limited (HUDCO) and the Amaravati Bonds

Table 2.2: Statement showing infrastructure to be developed and cost involved

Infrastructure to be developed	Nature of works proposed	Estimated cost (₹ in crore)
Trunk Infrastructure	Major Arterial Road network, water and sewer trunks, seed access road, bridges across river Krishna, ducts for power and communication cables	19,769
LPS Layout Infrastructure	Last mile connectivity with smart roads comprising medians, closed storm water drains and other infrastructure to be placed in a duct run on either side of the roads.	17,910
Government Buildings	Amaravati Government Complex along with its essential infrastructure including Bus Rapid Transport System (BRTS)	14,008
Total outlay		51,687

Source: Information furnished by APCRDA

As against the requirement for developing the above infrastructure, finances were resourced as follows:

(a) Government of India Grants

GoI had released ₹1,500 crore between the period March 2015 and February 2017 to GoAP for development of Government Buildings and such other essential infrastructure. GoAP submitted (June 2018) the utilisation certificates⁴³ (UCs) for the funds received.

For further release of funds from GoI, GoAP submitted first batch of 33 Detailed Project Reports (DPRs) in August 2018 to NITI Aayog, New Delhi for ₹39,937 crore. The State Government in December 2018 further submitted 14 DPRs with a total estimated cost of ₹22,686 crore and stated that DPRs of ₹46,400 crore were being finalised. Thus, the total estimated value of DPRs for capital city was ₹1,09,023 crore out of which DPRs for ₹46,400 crore were not submitted to NITI Aayog (September 2022). NITI Aayog referred (April 2019) the DPR (for ₹39,937 crore) to Ministry of Housing and Urban Affairs (MoHUA) for technical comments/views and to see the feasibility of the project. Central Public Works Department (CPWD) issued comments (May 2019) to MAUD Department of GoAP. As the DPR was defective without engineering data of site and its processing through design procedures, only limited comments on roads, storm water, water supply, sewage system and electrical components of the DPRs were offered by CPWD. NITI Aayog issued reminder (May 2022) to GoAP for clarifications sought on the DPR. However, GoAP submitted the clarification only in June 2022 (after a lapse of three years) on the doubts raised by CPWD.

Thus, lackadaisical approach of the State Government to submit the clarifications required by GoI on the DPRs resulted in non-release of further financial support for creation of essential facilities in the new capital of the successor State of Andhra Pradesh.

⁴³ construction of housing for Gazetted/non-Gazetted officers: ₹773.31 crore and construction of IGC including Legislative Assembly & Council: ₹809.33 crore

(b) Grants under Smart City Mission

The Amaravati Smart and Sustainable City Corporation Limited (ASSCCL) a Special Purpose Vehicle was formed as part of the Smart City Mission. Accordingly, Government of India (GoI) and Government of Andhra Pradesh (GoAP) granted ₹488 crore each to the ASSCCL totalling ₹976 crore during the period from 2018-19 to 2019-20. Out of ₹976 crore, an amount of ₹930 crore was received towards Project Expenses and remaining amount of ₹46 crore was received towards Administrative and Office Expenditure. However, Utilisation Certificate (UC) was submitted by ASSCCL for ₹750 crore. Balance of funds are available in the Personal Deposit Account of ASSCCL.

(c) Grants from State Government

The budgetary support provided by GoAP for capital city during the period 2014-15 to 2021-22 was as given in *Table 2.3*.

Table 2.3: Showing budgetary support provided by GoAP*(₹ in crore)*

Year	GoAP Budget	Allocation for capital city	Allocation to capital city proportional to State budget (in percentage)	Expenditure
2014-15	1,06,064	151.22	0.14	140.00
2015-16	1,07,962	178.78	0.16	70.61
2016-17	1,30,135	179.98	0.14	363.64
2017-18	1,48,990	416.72	0.28	597.73
2018-19	1,80,212	232.14	0.13	424.54
2019-20	2,14,558	295.15	0.14	270.04
2020-21	2,10,854	831.92	0.39	795.99
2021-22	2,14,276	660.73	0.31	585.12
Total	13,13,051	2,946.64	0.22	3,247.67

Source: Data furnished by APCRDA and website of apfinance.gov.in and VLC Data (Accountant General (Accounts & Entitlements), Andhra Pradesh). The above allocations are exclusive of Central grant of ₹1,500 crore.

GoAP extended budgetary support as shown in the above table towards LPS related payments like pensions and annuity and other socio-economic commitments. The allocation to infrastructure in capital from 2014-15 to 2021-22 ranged from 0.13 per cent to 0.39 per cent of the total budget of Andhra Pradesh. Further, till 2018-19, GoAP did not commit to finance any portion of the capital city development which showed the poor financial commitment on behalf of GoAP. Though the allocations of the GoAP are scanty, APCRDA incurred expenditure by deriving funds from the Central grant for capital infrastructure and its own revenues.

It was only in February 2019, GoAP approved APCRDA's financing plan with a commitment to contribute ₹1,800 crore annually from 2018-19 for a period of seven years which worked out to ₹5,900 crore⁴⁴. However, GoAP did not provide funds for

⁴⁴ 2018-19-₹500 crore, 2019-20 to 2021-22 each year ₹1,800 crore

the infrastructure development activities for the period 2018-19 to 2021-22 against the promised supporting grant.

(d) Funds from Other Sources

The details of funds raised/received and utilisation from various other source was as shown in *Table 2.4*.

Table 2.4: Showing the funds received from various other sources

(₹ in crore)

Source	Commitment	Amount received
HUDCO ⁴⁵	1,275	1,151.60
Consortium of Banks	2,060	1,862.00
Amaravati Bonds	2,000	2,000.00
Land Allotments ⁴⁶	0	554.14
Development Fees ⁴⁷	0	449.28
My brick My Amaravati & CMRF ⁴⁸	0	47.50
Total		6,064.52

Source: Information furnished by APCRDA

The details of the borrowings made from the Capital Market and Financial Institutions as of November 2020 were as given in *Table 2.5*.

Table No. 2.5: Monies raised through market borrowings

(₹ in crore)

Institution/ Instrument	Principal	Interest in per cent)	Tenure (in years)	Principal repaid as of August 2020	Interest paid as of August 2020	Future interest liability*
HUDCO	1,151.60	10.45	15	90.52	392.97	926.91
Consortium of Banks	1,862.00	8.75	14	0.00@	386.89	1,598.96
Bonds	2,000.00	10.32	10	0.00#	619.16	902.25
Total	5,013.60			90.52	1,399.02	3,428.12

Source: Information furnished by APCRDA

@Repayment to start from May 2023. #Repayment to start from November 2023, *as of September 2021 till the end of the tenure

It is seen from above that APCRDA had raised/received an amount of ₹6,064.52 crore from various other sources and open market borrowings. Despite raising funds worth ₹5,013.60 crore from open market, the desired Trunk/LPS infrastructures have not attained the expected results. The future interest liability of ₹3,428.12 crore has to be discharged irrespective of the development is taken forward or not. If not taken forward, the liability would be a burden for APCRDA and may affect the finance of the project.

Thus, despite raising, receiving, and utilising funds from various sources, the development of planned capital city with world class standards could not come true and instead there are various committed financial liabilities.

⁴⁵ Housing and Urban Development Corporation Limited

⁴⁶ received from various private parties

⁴⁷ Development charges are charges collected by APCRDA on Building permissions

⁴⁸ Chief Minister Relief Fund

2.1.2.4 Financing the future development

The total project cost was estimated at ₹55,343 crore (₹51,687 crore and the Interest during Construction (IDC) was estimated at ₹3,656 crore) in the Comprehensive Financial Plan of GoAP/ APCRDA. Andhra Pradesh Capital Region Development Authority and ADCL got into contractual agreements with various firms/contractors for infrastructural packages for ₹35,444.62 crore (details in *Table 2.8*) without firming up the financing plan.

- ❖ The decision on the future course of action on the development of Amaravati is yet to be taken. If the packages and other works which were already awarded are to be taken forward, remaining contract value would be ₹29,385.02 crore (details in *Table 2.8*).
- ❖ In addition to this, the government has liability of ₹864.72 crore (from September 2021 to May 2024) towards LPS commitments (as discussed in *Para 2.1.3.1(b)*, *Table 2.7*) in respect of the farmers and the landless labourers.

Summing up

- *GoAP opted to acquire 72 per cent of the total land for the capital city through land pooling mechanism which was against the recommendations of the Expert Committee on greenfield capital. This caused a huge financial burden. The parameters considered by Cabinet for selection of location for capital were not made available. (Para 2.1.1.2(a))*
- *The 57 infrastructure packages costing ₹33,476.23 crore awarded between July 2016 and February 2019 and planned to be completed by April 2017 to November 2021 remained incomplete despite incurring ₹4,901.67 crore. (Para 2.1.2.2)*
- *Lackadaisical approach of the State Government to submit the clarifications required by GoI on the DPRs resulted in non-release of further financial support for creation of essential facilities in the new capital of the successor State of Andhra Pradesh.*
- *As against the requirement of ₹55,343 crore worked out for period 2016-2023, APCRDA raised ₹11,487.16 crore from all sources. GoAP has neither provided budgetary support as per the financial plan brought out nor released grants as planned (after February 2019). (Para 2.1.2.3)*
- *Given the change in policy on capital city development since May 2019, there is uncertainty about the future of the 55 packages which are still open contracts with no work or expenditure since 2019-20. However, if these packages are to be taken forward, the APCRDA/ADCL would require finances more than ₹28,047.82 crore for completion as per contractual terms. (Para 2.1.2.4)*

2.1.3 Land Pooling Scheme

Land Pooling Scheme is a land development scheme undertaken in the capital city area wherein parcels of land owned by individuals and private parties were voluntarily and legally consolidated by transfer of ownership rights to the APCRDA. The GoAP had notified the Andhra Pradesh Capital City Land Pooling Scheme (Formulation and

Implementation) Rules, 2015. The broad objective of the scheme is to do justice to the families affected by the construction of a capital city by making the landowners and residents of these villages as “partners in development”. The landowners and other residents were also entitled to compensation for parting away with their land and livelihood. The status of consolidation of land as of February 2022 was as given in Table 2.6.

Table 2.6: showing the status of consolidation of land

Sl. No.	Description	Area (in Acres)
Number of Land owners under LPS		28,631
1.	Extent of Private land pooled	34,402
2.	Extent of Government Land allotted	15,167
Total Land with APCRDA for Capital City		49,569

Source: Information furnished by APCRDA

2.1.3.1 Implementation of Land Pooling Scheme

Under LPS rules, land parcels owned by individuals or group of owners are to be legally consolidated by transfer of ownership rights to APCRDA. In return, GoAP/ APCRDA would give proportional (*Appendix 2.2*) developed⁴⁹ plots to the landowners who surrendered their land under the scheme. As per LPS rules, the plots should be demarcated along with roads and handed over to the owners within 12 months from notification of final LPS. Further, necessary LPS infrastructure had to be developed in three years from the date of final notification of LPS. We noted that:

(a) Final notifications of LPS were issued between September 2016 and January 2017. As such, the necessary LPS infrastructure had to be developed in three years *i.e.*, by January 2020. However, the demarcation and development of plots were not completed as of February 2022. As of February 2022, out of 64,757 plots to be registered to the landowners, registration of 41,615 plots could be completed. since the necessary LPS infrastructure was not developed yet (December 2021), the physical possession of the plots was not given to the landowners.

(b) Besides proportional developed plots, the landowners who have come forward voluntarily and registered their lands in favour of APCRDA were entitled for annuity⁵⁰ payment. Further, the landless labour in capital area entitled for pension⁵¹ were identified through a household survey conducted (December 2014) by the District Collector, Guntur. The Government also promised some other benefits to land owners and landless families *viz*, one time agricultural loan waiver up to ₹1.50 lakh, Amaravati heath scheme, Skill development training for cultivation to tenants/ agricultural labour/ needy persons, enhancement of time limit under National Rural Employment Guarantee Act upto 365 days a year per family, engagement of farm and earthmoving

⁴⁹ equipped with water supply lines, power supply, rainwater harvesting, sewerage treatment facility, roads, parks, cremation facility for all religion, community needs *etc.*,

⁵⁰ annuity (₹30,000 per acre for Dry land and ₹50,000 per acre for Jareebu land per annum with ₹3,000 and ₹5,000 yearly enhancement respectively) for ten years from date of signing of development agreement was to be paid to landowners who surrendered their land under the Land Pooling schemes

⁵¹ ₹2,500 per family for 10 years starting from April 2015 to landless families

machinery (tractors and JCBs), NTR canteen, housing schemes, IT exemption on capital gains received from the first sale of proportional lands, etc.

Under Skill development, training was provided⁵² to men and women below 45 years of age. The beneficiaries under housing for homeless were identified⁵³ (May 2017) by the Government and initially it was proposed to provide housing to 5,024 beneficiaries at a cost of ₹349.13 crore. The status of the benefits extended to beneficiaries as of September 2021 is detailed in *Table 2.7*.

Table 2.7: Details of benefits extended to the farmers and landless families

(₹ in crore)				
Sl. No	Category	Number of beneficiaries	Expenditure incurred	Total liability till the year 2024
1.	Annuity(landowners)	28,631	1,150.20	654.08#
2.	Pension to the landless	19,149	407.58	210.64#
3.	One-time loan waiver	19,709	85.19	-
4.	Issue of Health cards (As May 2019)	3,362	9.57	-
5.	Skilling (As of February 2019)	2,441	3.57	-
6.	Wage Labour (As of February 2019)	16,969	5.85	-
	job cards			
7.	Farm equipment of beneficiaries used in capital city (As of February 2019)	129 tractors and nine JCBs*	0.71	-
8.	Canteens (As of February 2019)	8,97,405** servings	2.13	Not in operation now
9.	Housing for homeless (As of February 2019)	7,876	150.72	Under construction
	Total		1,815.52	864.72

Source: Information furnished by APCRDA

* The details of number of beneficiaries were not made available.

** Only number of servings was available on records, number of beneficiaries availed the facility not made available.

Unavoidable liability. For the other components, future liability will be based on demand.

Audit noted that other benefits (except annuity, pension) were not extended to the beneficiaries after February/May 2019. Further, it was noted that APCRDA incurred an expenditure of ₹429.42 crore on other LPS related expenses. Even after incurring expenditure of ₹2,244.94 crore (₹1,815.52 crore + ₹429.42 crore) on LPS development, APCRDA could not handover developed plots to landowners as of December 2021.

The APCRDA resolved (Resolution No.445/2020), to extend the deadline for handing over of physical possession of reconstituted plots from three years to seven years (till 2024) from the date of final LPS.

The State and APCRDA, which is the instrumentality of the State, promised more than 28,000 farmers to part with their livelihood, i.e., agriculture with a strong hope that State/ APCRDA will return developed plots both residential and commercial for their future livelihood. Thus, the 34,402 acres of land pooled under 'land pooling scheme' by the Government, utilised part of the land for laying roads and for construction of

⁵² in plumbing, beautician, painting, tailoring, mobile technical know-how, two-wheeler mechanic training, etc.

⁵³ G.O.Ms.No.213 dated 24/05/2017

buildings either fully or partly completed and the remaining land is left fallow without demarcating the reconstituted plots on ground and allot/ handover to the farmers, who parted with large parcels of land under the Scheme. Further, other assured benefits to landowners and landless families were not provided after February/ May 2019.

2.1.3.2 Other observations on Land Pooling Scheme

(a) Extension of LPS benefits to ryotwari patta holders

Government amended Andhra Pradesh (Andhra Area) Inams (Abolition and Conversion into Ryotwari) Act, 1956 (Act No.16 of 2013) to the effect that where any person other than concerned Charitable or religious institutions or Endowment obtained a patta⁵⁴ for such Inam land after commencement of the Act, such patta shall be deemed to be void and no effect shall be given to such patta granted. Thus, any landholders except the category mentioned above cannot be treated as valid title holder of the land.

Audit noticed that in contravention to the above said Act, APCRDA had extended benefits under LPS to 124 ryotwari patta holders and accorded⁵⁵ (October 2018) LPS package as a gracious relief for an extent of land measuring 84.707 acres held by the patta holders. APCRDA paid an amount of rupees three crore towards annuity as a gracious relief. Besides payment of annuity, APCRDA also allotted returnable plots to the ryotwari patta holders. When details regarding allotment of plots were called (September 2021) for, Authority did not furnish details of extent of returnable plots allotted.

Extension of benefits to ryotwari patta holders was in contravention to the Inams Act, 1956 and APCRDA did not consider the Act provisions. The deviation to Act provisions had not only resulted in transfer of government lands as plots to ineligible individuals but also resulted in irregular payment of annuity of rupees three crore.

(b) Payment of pension to landless families

Government issued operational guidelines for implementation of Amaravati city landless poor family pension Scheme. As per guidelines, Government shall provide pension of ₹2,500 per month per family for a period of ten years to all landless families through a capital region social security fund. However, as seen from the list of pensions, an amount of ₹4.95 crore was paid to 984 families despite holding lands and otherwise being ineligible.

Though land details were available in household survey conducted by District Collector Guntur, the data was not correlated with pension payment details, which resulted in payment of pension to ineligible beneficiaries. The authority replied (May 2022) that it was taking measures for recovery of the incorrectly paid amount.

⁵⁴ patta is a title deed to a property

⁵⁵ G.O.Ms. No. 330 dated 11/10/2018

(c) Payment of both annuity and pension to the same individual

As per LPS Rules, 2015 annuity shall be paid to farmers who had given lands under LPS and pensions to landless labour in the capital city area. Scrutiny of payment records of annuity and pensions revealed that in 110 cases, APCRDA had paid both annuity (₹0.54 crore) and pensions (₹0.33 crore) to the same individuals.

The Authority replied (May 2022) that notices were given to all the ineligible families and the recovery was under progress.

(d) Payment of annuity to farmers holding assigned lands

As per LPS Rules, 2015 and amendments made (February 2016)⁵⁶ thereto, government decided that annuity shall not be paid to farmers holding assigned lands in Category 4⁵⁷ & 6⁵⁸. Scrutiny of records relating to payment of annuity revealed that an amount of ₹3.59 crore was incorrectly paid towards annuity to 10 farmers holding assigned lands in categories 4 & 6.

The Authority replied (May 2022) that notices were issued to recover the amount.

Summing up

- *The stated commitment to honour all the aspects of LPS as in the APCRDA Act of 2014 was not fulfilled as even after a lapse of four years, the LPS layouts were not developed, and the landowners were not allotted of their share of returnable plots. (Para 2.1.3.1)*
- *The other benefits to landowners and landless labour viz, health cards, wage labour for 365 days a year, housing to homeless, etc., were not continued further after February/May 2019. (Para 2.1.3.1)*
- *LPS package/facility was incorrectly extended to ineligible ryotwari patta holders and pension payment was made to landowners, annuity to farmers holding assigned lands as against the respective Act provisions and LPS rules. (Para 2.1.3.2(a), 2.1.3.2(b), 2.1.3.2(c))*

2.1.4 Infrastructure works in Amaravati

The infrastructure development works in Amaravati was broadly categorised⁵⁹ into three types viz, (i) Tier- I: Trunk Infrastructure, (ii) Tier-II: LPS layout Infrastructure and (iii) construction of Government buildings and associated infrastructure. The details of award of contracts for execution of all categories are given in the following paras.

Three categories of works under the Master Plan were divided into 59 packages and 57 were awarded during 2017-19. Out of 78 other miscellaneous works, 61 were completed. All these works comprise a contract value of ₹35,444.62 crore as given in *Table 2.8* out of which an expenditure of ₹6,059.60 crore was incurred. The scheduled

⁵⁶ G.O.Ms. No. 41 dated 17/02/2016

⁵⁷ all lands alienated to others are deemed to have been resumed to Government and the ryots who are cultivating the lands as Sivaijamadars

⁵⁸ eligible encroachers in objectionable Government land

⁵⁹ in master plan of capital city

dates of completion ranged between 11 and 36 months. None of the works awarded under the Master Plan were completed as of September 2021.

Table 2.8: Details of contracts and status of works for the development of the Capital city
(₹ in crore)

Category packages	No. of works awarded (total works)	Contract value	Payment made so far	Amount Outstanding	Completed works	Balance Value of the Contracts
Trunk Infrastructure	22(22)	12,824.90	3,213.41	1,004.39	0	9,611.49
LPS Infrastructure	16(18)	13,802.75	183.04	0	0	13,619.71
Government Buildings	19(19)	6,848.58	2,031.96	0	2 [#]	4,816.62
Sub Total	57(59)	33,476.23	5,428.41	1004.39	2	28,047.82
Other than packages						
Rerouting of Electric HT lines	3(3)	1,157.44	182.66	157.67	1	817.11
Other works in capital area	75(75)	487.95	125.53	-	60	362.42
Consultancies	-	323.00	323.00	-	-	-
Grand Total	135 (137)	35,444.62	6,059.60	1,162.06	63	29,227.35

Source: Information furnished by APCRDA & ADCL

[#] School building, Venkatapalem and Interim Government Complex, Velagapudi not part of Master Plan

2.1.4.1 Execution of LPS infrastructure works

For planning and development, the entire capital city area is divided into 14 zones and one Amaravati Government Complex (AGC). These zoning limits were arrived based on topography, physical barriers like streams, canals, hillocks and land use categories. Out of these 14 zones, 12 zones including AGC were divided into 18 packages for development.

Out of 18 packages, sixteen packages were awarded (November 2017 and February 2019) at a contract value of ₹13,802.75 crore (*Appendix 2.3*). All the packages awarded had a uniform three-year contract period from the date of award.

Audit noted that the awarded packages were not at the scheduled completion and the physical progress of the works ranged between zero to 18 *per cent*. As of September 2021, ₹183.04 crore (one *per cent*) was spent on these works without any benefits on ground. Four out of 16 packages reached a physical progress of 10-18 *per cent* and the progress of the rest remained less than 10 *per cent*. Thus, as per Finance Department orders in May 2019, these works cannot be taken forward as progress was less than the limit of 25 *per cent*.

The Authority attributed the slow progress to problems of integration of infrastructure designs in respect of LPS with those of trunk infrastructure and also to delay in clash⁶⁰ (towards integration) analysis and approval of Good for Construction (GFC) drawings.

⁶⁰ difference in drawings and designs between two different adjoining packages needs to be integrated before actual execution of the work

Scrutiny of works taken up under LPS infrastructure revealed the following lapses.

(a) Unfruitful expenditure on site clearance works

The APCRDA had taken up site clearance works for the lands acquired through Land Pooling Scheme (LPS) for development of layouts. The works were awarded to different contractors during different periods. All the works were completed during the period from May 2017 to May 2018 at a cost of ₹10.87 crore (*Appendix 2.4*). The Authority did not take action in phased manner during



Picture 1: Present status of LPS land in Zone-II

May 2017 to May 2018 to develop the lands when site clearance was completed. The expenditure incurred towards site clearance remained unfruitful as all the infrastructure works were halted in May 2019 and the intended purpose of handing over of developed plots could not be materialised as of September 2021.

The Authority replied (May 2022) that the site clearance works were taken up to fix boundary stones (peg marking) of individual plots for allotting to farmers/ryots. It was further replied that the work was not included in the LPS estimates.

The reply is not acceptable, as the site cleared for the peg-marking could not be put to use as the returnable plots were not handed over to landowners. The contractors executing these works could not utilise the sites cleared for peg-marking. The vegetation growth would become a hindrance again for taking up of the LPS infrastructure.

(b) Non-utilisation of pipes procured for works

In six packages (in different zones⁶¹), the nature of work included “Supply and laying of pipes” as a part of development of utility infrastructure. After incurring an expenditure of ₹163.97 crore⁶², the works related to these packages were kept on hold (Government instructions May 2019) without any clarity on resumption. As a result, the supplied pipes could not be put to use and are lying idle as of September 2021.

The Authority replied (May 2022) that the procurement of pipes was the first activity involved to achieve deliverables under water supply, sewage, power, and ICT components. It had planned to resume the infrastructure development works in LPS layouts after receipt of suitable orders from Government. However, the orders were yet to be received.

The reply is not acceptable, as the Authority had not taken immediate steps to lay the pipes in respect of any of the works and all the pipes were kept idle without any

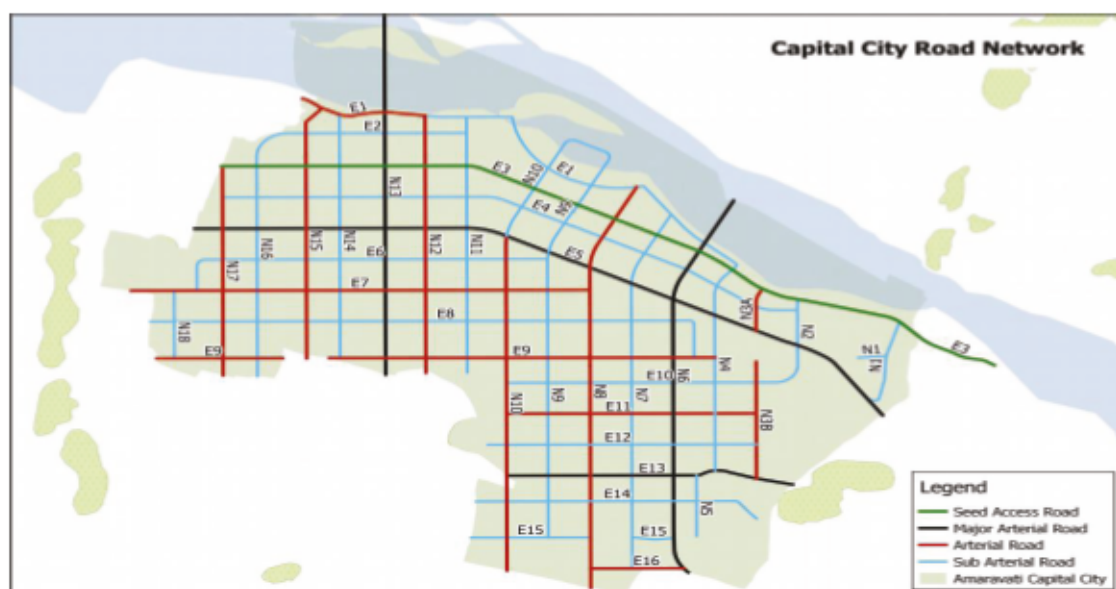
⁶¹ Zone-I, II, III, VI, VII and X

⁶² towards supply (₹.163,15,90,177) and laying (₹80,80,776) of pipes in LPS infrastructure works

utilisation. Thus, the expenditure of ₹163.97 crore incurred towards pipes had become unfruitful.

2.1.4.2 Execution of Trunk infrastructure works

Amaravati Development Corporation Limited (ADCL) and APCRDA together caused (December 2016) to prepare a Smart Integrated Infrastructure Master Plan (SIIMP) for the infrastructure development in Amaravati, through a consultancy⁶³. As per SIIMP, the total length of roads in Capital area was divided into Major Arterial roads (Right of Way⁶⁴ (ROW) 60m), Arterial roads (ROW 50m), Sub-Arterial roads and Collector roads (ROW 25m) with provision of Bus Rapid Transit (BRT) on Sub-Arterial roads, with a total project road network of 592 km of major roads and 1,100 km of LPS layout roads within 217.23 sq. km capital city area. The map consisting of all the roads under Trunk Infrastructure is given below in *Picture 2*.



Picture 2: Depicting Capital City Road Network

Apart from road infrastructure, ADCL has to simultaneously take up Blue Master Plan⁶⁵ and Green Infrastructure works⁶⁶, which are still in preliminary stage without substantial progress.

The scope of trunk infrastructure work was divided into 22 packages (excluding green infrastructure works), comprising road works, water supply work, iconic bridge, reservoirs and development of river streams. Agreements were entered (July 2016 to February 2019) into for 22 packages for a value of ₹12,824.90 crore. The physical progress of works ranged between zero and 59 per cent (except one work⁶⁷ at 86.16 per cent). As of March 2022, the value of work done was ₹3,213.41 crore as given in *Appendix 2.5*. Audit noticed that:

⁶³ M/s Aarvee Consultants and GIIC Joint Venture

⁶⁴ Right of Way: the legal right, established by usage or grant, to pass along a specific route to safeguard the new capital city from floods

⁶⁵ to meet the optimal environmental requirement

⁶⁷ Seed Access Road (SAR)

(A) The road infrastructure taken up by ADCL involved both roads and utilities⁶⁸. In 2016-17, eight works⁶⁹ were awarded with only road component. The utility components along these roads were awarded separately later in 2017-18 to different contractors. The ADCL stated (July 2020) that seven of eight important road works got delayed due to revision of APCRDA Master Plan and due to delay in finalisation of designs of utility infrastructure. The utility infrastructure works were still under progress.

It was evident from the reply of the ADCL that the works were awarded even before finalisation of the designs and SIIMP.

(B) GoAP ordered (May 2019) to stop all works and instructed to review those works which achieved progress of more than 25 per cent. ADCL also issued communication (June 2019) to all contractors regarding withdrawing the work halt notice. However, after June 2019 all the works were completely stopped by the contractors. ADCL further added (May 2022) that GoAP issued orders⁷⁰ to take up Trunk and LPS Infra in prioritised manner.

Scrutiny of works taken up under Trunk infrastructure revealed the following lapses:

(a) Non-laying of pipes procured

Eight out of 23 packages involved supply and laying of pipes as part of development of utility infrastructure. The ADCL made part payment amounting of ₹270.38 crore to the contractors for the supply of pipes as per the conditions of the contract. However, the work of laying of pipes was not completed (September 2021), as the



Picture 3: Pipes lying idle at Water Treatment Plant (Package XV)

works were kept on hold (May 2019) without clarity on the resumption of works. The details of the packages and the amount locked up due to supply of pipes for the unlayed portion were given in *Appendix 2.6*.

ADCL replied (July 2020) that the contracting agencies had procured the pipes and payments were made accordingly. It was also replied (May 2022) that the idle pipes would be utilised during execution of phased works.

The payments made for supply of pipes could not yield any result till date (September 2022) and the pipes are lying idle without any utilisation despite GoAP ordered to go

⁶⁸ utilities are the amenities such as pipes and ducts required for rendering various services like water, gas and electricity to LPS plots

⁶⁹ SAR, package I,II,III,IV,V,VI and VII

⁷⁰ G.O.Ms. No 23 dated 24/03/2021

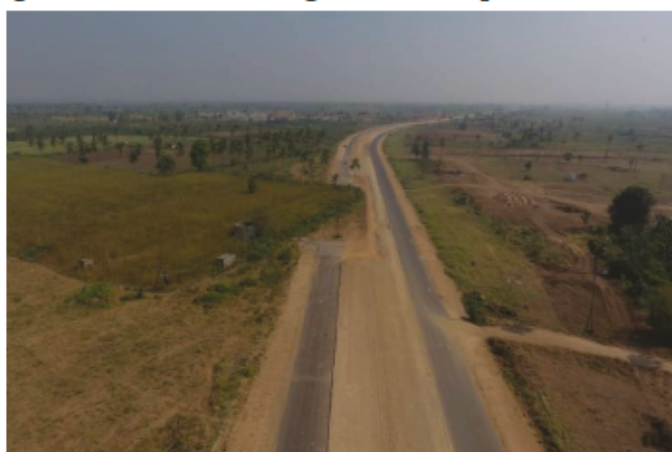
ahead in March 2021. Thus, the expenditure incurred towards supply and laying of pipes had become idle.

(b) Construction of Seed Access Road

APCRDA decided (April 2016) to construct four-lane Seed Access Road (SAR) from Kanakadurga Vaaradhi (National Highway (NH)-5) to Seed Capital area and permitted ADCL to execute the work. The Consultant⁷¹ appointed by APCRDA had prepared (April 2016) the DPR and detailed estimates for construction of four lane SAR with a length of 21.34 km from Kanakadurga Vaaradhi⁷² (Tadepalli) to Dondapudi in Seed Capital area. The consultant conducted the traffic survey on National Highways (NH-5 (present NH-16) and NH-9) to assess the future traffic. The DPR considered that 50 per cent of the traffic volume that plies through National Highways would pass through the capital area. Audit scrutiny of records revealed that:

(i) Construction of additional lanes

In May 2016, the APCRDA had sanctioned construction of four-lane SAR from Dondapudi to Undavalli with a length of 18.27 km leaving the balance part of the road from Undavalli to Kanakadurga Vaaradhi (Tadepalli). As such, the sanctioned road did not connect NH-16. ADCL awarded (July 2016) the work “Four-lane SAR from western boundary of Amaravati at Dondapudi to Undavalli” to the lowest bidder⁷³ for ₹215.55 crore with a scheduled completion time of nine months (April 2017).



Picture 4: Showing construction of additional lanes on SAR

As the work could not be completed within the stipulated time, Extension of Time (EoT) was granted three times upto March 2019. While granting EoT-III, the length of the road was de-scoped (December 2018) to 14.47 km (from Dondapadu village to Venkata Palem) from originally contemplated 18.27 km due to incomplete land acquisition. Thus, the targeted length of road could not be completed despite incurring expenditure of ₹185.71 crore.

Meanwhile, a separate package (XV) was awarded (March 2018) for expansion of proposed four-lane of SAR to nine lane including Bus Rapid Transit (BRT) road basing on the traffic studies conducted for the 4-lane SAR package. As no connectivity was

⁷¹ M/s Aarvee Associates

⁷² connecting National highway No.5 (presently NH 16)

⁷³ M/s NCC Ltd., at a tender premium of 4.45 per cent over the Estimated Contract Value of ₹206.37 crore

made from SAR to NH, the APCRDA should have conducted⁷⁴ a fresh traffic study without considering the earlier traffic projection.

Hence, the implementation of package XV without reassessment and re-survey, lacked justification and unnecessary commitment (₹111.15 crore for the additional lanes component) on road works especially in view of huge capex requirement and scarcity of funds. An amount of ₹44.24 crore was spent as of March 2019 on these additional lanes and BRT on SAR which was imprudent.

ADCL replied (May 2022) that there were proposals of National Highway Authority of India (NHAI) and Roads & Buildings (R&B) Department to connect Vijayawada by-pass to SAR which would connect to old NH near Prakasam barrage. The intended NH-16 traffic would reach SAR and the already executed portion would be utilised. ADCL further stated that once the mandatory trunk utilities along SAR were laid, it would be difficult to dig again for widening the SAR and hence it was proposed to execute additional lanes.

The reply is not acceptable as the SAR itself was not connected to NH16 as the work was de-scoped in the road stretch from 21.34 km to 14.47 km. The survey conducted for SAR on NH16 was extrapolated to additional lanes without conducting further traffic study. As of September 2021, the status of the SAR remains the same as was in March 2019. Hence the construction of additional lanes proved imprudent.

(ii) Expenditure on protection of granular sub-base layer

During execution of four lane SAR, the median (proposed as BRT) and shoulders (proposed to be constructed as future lane) was constructed up to Granular Sub-base (GSB) layer, which was to be covered with soil/earth. Subsequently, ADCL instructed⁷⁵ (February 2017), the contractor to provide 100 mm sand layer over GSB layer (between GSB and selected earth) in median and shoulders to protect GSB layer (to avoid mixing of soil with GSB). An amount of ₹5.47 crore⁷⁶ was paid to the contractor for selected earth and sand layer.

Subsequently, a separate work Package-XV⁷⁷ was sanctioned (October 2017) and awarded (March 2018) to the lowest bidder for contract value ₹1,174.22 crore. The work included extension of earlier four lane SAR with additional two lanes and a BRT road for construction of Wet Mix Macadam (WMM) over the existing GSB layer. A payment of ₹3.60 crore was made towards GSB profile correction⁷⁸ (removal of selected earth/sand layer and levelling the GSB layer).

⁷⁴ as per IRC 106:199059 which prescribes guidelines for capacity (lanes) of urban roads

⁷⁵ letter No. 635/CE/(ADCL)/Eng dated 14/02/2017

⁷⁶ ₹4.65 crore for earth and ₹0.82 crore for sand layer

⁷⁷ Survey, Investigation, Design, Construction, Testing Commissioning of smart infrastructure works of additional lanes of Roads, Storm water drains, Culverts, Minor/Major bridges, water supply including head works

⁷⁸ the department issued notice to the contractor to provide sand layer between GSB and selected earth.

Providing a protection layer with sand/selected earth layer over the GSB in SAR package and removing the same within eight months of its laying (in February 2017), while the earlier four lane work was in progress, shows improper planning in execution of work. The improper planning of APCRDA in execution of works had resulted in wasteful expenditure of ₹5.47 crore towards laying of selected earth/sand layer and subsequent GSB profile correction at ₹3.60 crore.

ADCL replied (May 2022) that the engineers provided for protection of GSB layer. Subsequently, GoAP decided to lay additional lanes. Due to changes in decisions of GoAP, ADCL had to execute both orders.

The reply is not acceptable, as MORTH guidelines specify profile correction over the GSB layer before laying Wet Mix Macadam layer. As SIIMP master plan was already available and BRT Road was proposed in it, protection of those GSB lanes was unnecessary. As the ADCL is responsible for planning, implementation and execution, it cannot escape from the responsibility by quoting Government decisions.

(c) Non/short recovery of cost of earth

The APCRDA had allotted various sites/quarries⁷⁹ for lifting of selected earth/metal to be used by various contractors for different packages of works to be taken up/executed by ADCL. As per terms and conditions in 'No Objection Certificate (NOC)' issued by APCRDA, for quarrying of earth, the basic cost of such lifted selected earth was to be recovered from the contractors bills payable for the works done.

Scrutiny of measurement books revealed that ADCL did not affect recovery of cost of selected earth from the work bills of the contractors. The details of non-recovery of cost of selected earth were given in *Table 2.9*.

Table 2.9: Statement showing non/short recovery of selected earth material

(Amount in ₹)

Sl. No	Name of the Work	Name of the Agency (M/s.)	Quantity utilised (in Cu. m)	Rate as agreed by ADCL per Cu. m	Amount to be recovered	Amount recovered	Non/Short Recovery
1.	Seed Access Road (SAR)	NCC Ltd	8,77,011	40	3,50,80,440	Nil	3,50,80,440
2.	Package-II	BSRIIL	4,68,759	50	2,34,37,950	58,63,563	1,75,74,387
3.	Package-III	BSCPL	4,59,671	50	2,29,83,550	Nil	2,29,83,550
4.	Package-IV	BSCPL	5,95,468	50	2,97,73,400	Nil	2,97,73,400
5.	Package-XII	MEIL	54,285	55	29,85,675	Nil	29,85,675
6.	Package-XII	MEIL	60,117	55	33,06,435	Nil	33,06,435
7.	Package-XI	L&T	24,753	55	13,61,415	Nil	13,61,415
8.	Package-XI	L&T	1,61,624	55	88,89,320	Nil	88,89,320
9.	MSK Prasad Academy	-	1,16,000	55	63,80,000	Nil	63,80,000
Total					13,41,98,185	58,63,563	12,83,34,622

Source: information furnished by ADCL

ADCL promised (July 2020) to recover the cost of earth material in the above packages except in the case of soil lifted by MSK Prasad Academy. It was further replied that

⁷⁹ within the capital region or jurisdiction of APCRDA

APCRDA had been addressed to decide on the recovery from MSK Prasad Academy. The total outstanding cost of earth/soil of ₹12.83 crore remained unrecovered as of May 2022. ADCL also replied (May 2022) that recovery would be effected as and when pending payments to the contractors are settled.

(d) Construction of iconic bridge

An agreement (Engineering Procurement Construction (EPC)) for a contract value of ₹1,387 crore was entered (July 2018) into with a firm⁸⁰ for 'Construction of Iconic Bridge across the river Krishna⁸¹ with a stipulation to complete the work in 18 months. As a part of contract, ADCL paid (March 2019) ₹2.22 crore to the firm towards submission of reports/ designs and drawings. Subsequently, the works were stopped as per GoAP orders (May 2019). Due to stoppage and further non-commencement of work even after a lapse of more than two years (as of September 2021), the continuance of the work and utility of the designs for the work is doubtful. Hence, the expenditure incurred so far had become unfruitful.

ADCL replied (May 2022) that NHAI, New Delhi had enquired for extension of NH 30⁸² up to Amaravati from Ibrahimpatnam (other side of the river Krishna) including a major bridge on River Krishna and the designs already procured would be utilised.

Further, it was observed that as per records of ADCL, the NHAI enquired into reasons of halting the project and called for the DPR and approved plan and there was no proposal for extension as such. Hence the expenditure of ₹2.22 crore incurred towards designs and drawings of Iconic Bridge had become unfruitful.

(e) Expenditure on internal roads in Amaravati Central Park at Sakhamuru

ADCL accorded (July 2018) administrative approval for construction of internal roads in Amaravati Central Park at Sakhamuru along with two other inter-connected/ dependent works⁸³. The two inter-connected works are to be executed before taking up of the internal road works. ADCL entered (September 2018) into agreement with contractor⁸⁴ for ₹6.19 crore for construction of internal roads. In July 2019, the contractor stopped the work as other two inter-connected/ dependent works were not completed prior to commencement of this work. The total value of work done was ₹1.86 crore and the contractor was paid (January 2019) ₹1.39 crore. The road was laid only till sub-grade level and hence, cannot be used in the present form for the purpose.

ADCL replied (May 2022) that the extraneous situation happened due to sudden stoppage of works by Government which was not anticipated by ADCL. It further

⁸⁰ M/s L&T Ltd, Chennai

⁸¹ from Pavithrasangamam on North of Krishna and N-10 road on south side of Krishna

⁸² NH30 starts from Sitarganj, Uttarakhand and ends at Ibrahimpatnam (near Vijayawada) in Andhra Pradesh

⁸³ providing water supply, waste water network and reuse water arrangement (awarded in April 2019) and construction of storm water drain (awarded in February 2019)

⁸⁴ Sri Purnachandra Rao Donthala, Krishna District

replied that soon after the approval of Government, the connected works would be taken up.

The reply of the ADCL is not acceptable, as ADCL was fully aware of the fact that the work under discussion could be taken up only after the two connected works were completed. However, it went ahead in awarding this work. Further, the two works were either not commenced or the progress was less than 25 per cent. Hence, further progress of the road work is doubtful, and expenditure of ₹1.86 crore incurred so far had become unfruitful.

(f) Levy and collection of liquidated damages

The work 'construction of four lanes Road from Krishnayapalem to Nekkallu-E8 (Package-I)' with a length of 14.954 km was awarded (March 2017) to a contractor at a cost of ₹272.20 crore with a condition to complete by March 2018 (12 months) as detailed in *Table 2.10*.

Table 2.10: Showing the status of works as per milestone

Mile-stone	Period number months (dates)	Description of the various works planned to be executed	Financial progress to be achieved at each milestone (in ₹)
I	0 to 4 (23/03/2017 to 22/07/2017)	Earthwork upto 60 per cent, Culverts 40 per cent, Bridges 30 per cent, Subbase and Base upto 20 per cent & EMP-25 per cent	97,13,28,665
II	4 to 8 (23/07/2017 to 22/11/2017)	Earthwork upto 30 per cent, Culverts 50 per cent, Bridges 40 per cent, Subbase and Base upto 60 per cent & EMP-50 per cent	88,79,46,009
III	8 to 12 (23/11/2017 to 22/03/2018)	Earthwork upto 10 per cent, Culverts 10 per cent, Bridges 30 per cent, Subbase and Base upto 20 per cent, BT works-70 per cent, Drainage and Protection Works – 50 per cent, Miscellaneous Works-40 per cent, Electrical-50 per cent & EMP-25 per cent	86,27,00,000
Total			2,72,19,74,674

Source: information furnished by ADCL

The progress of work was not as per agreed milestones. The Chief Engineer, ADCL proposed⁸⁵ (December 2017) to levy Liquidated Damages⁸⁶ (LDs) of ₹ 77.42 lakh as the contractor failed to accelerate the progress of the bridge work after issue of notices and personal interaction during weekly review meetings.

Subsequently, the contractor requested (March 2018) Extension of Agreement Time (EoAT) up to September 2018 as delays were occurred for the reasons⁸⁷, not attributable to him. The Project Management Consultant (PMC) reviewed (17 May 2018) the request and recommended interim EoAT up to September 2018. Regarding LDs, the PMC stated that bridge works were delayed for the reasons attributable to the contractor

⁸⁵ the proposal was to be accepted with Chief Managing Director, ADCL

⁸⁶ as per contract condition 47.1, for the delays attributable to the contractor to complete the milestone would be penalised by levying of LDs at 0.01 per cent of milestone value per calendar day limited to maximum of 10 per cent of contract value.

⁸⁷ handing over of the site, delay in provision of TCS and Plan/profile, Bridge Drawings, Provision of storm water drains culverts, heavy monsoon etc.,

and there was no clause in the agreement to impose LDs for single event, hence imposing penalty only for the slow progress of bridge work was not correct. The contention of the PMC was not endorsed (May 2018) by the Chief Engineer and stated that, LDs were imposed on the overall slow progress of the work based on the milestones I and II. However, the ADCL granted EoAT up to September 2018 without levying any LDs.

The work could not be completed within 1st EoAT (September-2018) and 2nd EoAT up to March 2019 was approved by Committee-III⁸⁸ in November 2018. The Committee-III also recommended to levy LDs for delays attributable to the contractor. However, the Department had not levied and recovered LDs from bills (Interim Payment Certificate (IPC) –XIV) paid in December 2019.

The Department stated (July 2020) that, as per the condition of contracts, LDs shall be imposed for whole of works/milestone and not for single event or activity.

The reply is not acceptable, as the bridge work (a sub-component) was delayed for the reasons attributable to contractor and led to non-achievement of milestones as fixed in the contract and EoAT sanctioned. Further, the Chief Engineer also reiterated to levy LD for the delay in execution.

2.1.4.3 Execution of Government buildings and quarters

The construction work of Amaravati Government Complex, Residential quarters for the employees and School Buildings⁸⁹ was divided into 19 packages. Out of the 19 packages, seven packages were meant for residential⁹⁰ purpose. The status of all works as of September 2021 is given in *Appendix 2.7*. We noted that:

- ❖ The 19 packages were awarded (between March 2016 and July 2018) with a contract value of ₹6,848.58 crore. However, as of September 2021 only two works (awarded prior to Master Plan) viz., construction of Interim Government Complex and School Building were completed⁹¹ at a cost of ₹526.74 crore.



Picture 5: Interim Government Complex housing the AP Secretariat and Legislative Assembly completed in November 2016 prior to Master plan

⁸⁸ Government constituted committee-III vide G.O. Ms. No. 399 dated 14/11/2017 to review/approve EoAT beyond six months

⁸⁹ as part of the Social Development package for the LPS farmers

⁹⁰ consisting of residential Complexes/Bungalows for Judges of the Andhra Pradesh High Court and Ministers, Principal Secretaries and Heads of Departments, All India Services officers, Member Legislative Assembly, Gazetted Officers, NGOs and Group-IV quarters

⁹¹ Interim Government Complex in 2016 and School Building at Venkatapalem in 2018

- ❖ The balance 17 packages slated to be completed between September 2018 and March 2021 are still incomplete. The physical progress of these works ranged between zero and 95 per cent.
- ❖ With physical progress of two works i.e., Judicial Complex (G+2) (95 per cent) and Judicial Complex (Phase-II) (85 per cent) the buildings were put to use and the Hon'ble High Court of Andhra Pradesh has been functioning in these buildings since April 2019. The expenditure spent on two works was ₹78.81 crore and ₹17.92 crore respectively.

With regard to the remaining 15 works, the construction was stopped since May 2019 after incurring an expenditure of ₹1,408.63 crore. Of them, five works as indicated in *Table 2.11* hereunder had made physical progress of more than 50 per cent (ranging from 52 per cent to 72 per cent) with an amount of ₹1,214.28 crore.

Table 2.11: Physical progress of more than 50 per cent of five works

(₹ in crore)

Sl. No	Name of the work	Date of agreement	Intended date of completion	Agreement value	Gross value of work done	Progress of work (in percentage)	
						Financial	Physical
1.	MLAS & AIS Housing	13/11/2017	12/02/2019	635.90	363.68	57.19	72
2.	APCRDA Project office (G+1)	20/11/2017	19/09/2018	39.69	17.12	43.13	52
3.	NGOs Housing	13/11/2017	12/08/2019	866.10	417.79	48.24	60
4.	Gazetted Type I & II and Class-IV	06/03/2018	12/02/2019	707.40	389.11	55.01	65
5.	APCRDA Project Office (addl. 6 floors)	13/08/2018	12/08/2019	45.05	26.58	59.00	65
Total				2,294.14	1,214.28		

- ❖ As of December 2021, ₹2,031.96 crore (30 per cent) was incurred towards execution of works. The reason for delay in completion was attributed to delay in finalisation of designs, non-payment of contractors' bills after May 2019.

Scrutiny of records revealed the following lapses.

(a) Execution of re-routing of high-tension power lines

The Commissioner requested (January 2018) the Andhra Pradesh Transmission Corporation (APTRANSCO) for dismantling existing Electrical High Voltage (EHV) towers and erecting new ones in their place avoiding obstruction to construction of Government complex in capital city.

Accordingly, the APCRDA accorded (February 2018) administrative approval for (i) re-routing of 400 kV EHV lines (Over Head (OH)) at an estimated cost of ₹491.93 crore and (ii) 220 kV EHV lines (through underground cables) at an estimated cost of

₹883.55 crore. The total cost for the above two works entrusted to APTRANSCO was ₹1,375.48 crore.

Audit noted that:

(i) Re-routing of 220 kV OH lines with underground cable

APTRANSCO awarded (March 2018) the work of re-routing 220 kV underground cable (UG) work⁹² passing across the Seed Capital Region on turnkey basis to a firm⁹³ at a cost of ₹544.64 crore. The firm as a part of contract had supplied UG cable of length of 116.41 km worth ₹208.67 crore and kept in the custody of APTRANSCO.

However, the re-routing of UG cables was put on hold for want of clearance from APCRDA for the finalisation of gantry⁹⁴ locations, finalisation of all the road crossings and the canal crossings as it involved crossing of number of utilities at junction points and approval of cable schedules.

Subsequently, APCRDA decided (November 2019) to drop the proposal of diversion of 220 kV OH line through UG Cable to minimise the financial burden of GoAP. The APCRDA informed APTRANSCO, to explore various other options within the State to utilise the already procured UG cable to minimise the burden to GoAP.

APTRANSCO informed (November 2019) that it had not contemplated the 220 kV UG transmission system in any of the project across the State and unable to utilise the cable at present. It also requested to accord approval for permanent diversion of 220 kV lines with combined type of transmission system (UG Cable +OH Line) and communicate a route in which portion of UG cable shall be laid keeping in view of alignment in front of prime plots if any or aesthetic view.

APTRANSCO also informed that EHV cables should not be left in idle condition for long periods as moisture may ingress and damage the entire cable length. The entire quantity of cable would be infructuous either to intended project or to APTRANSCO. Thus, due to non-finalisation of various aspects of laying of UG cables after its purchase and consequent abrupt decision of APCRDA to stop the works, the material worth ₹208.67 crore was not put to use and was lying idle as of September 2021.

The Authority replied (May 2022) that APTRANSCO was instructed to utilise the already procured cable for any other works without any financial burden to APCRDA.

The reply is not acceptable, as the confirmation to utilise the already procured cable from APTRANSCO is not on record. Further, APTRANSCO had earlier rejected using underground cable elsewhere in the State. As such, utilisation of cables by APTRANSCO is doubtful.

⁹² supply, laying, testing and commissioning of 220 kV, 1000 sq.mm Cross-Linked Poly Ethylene (XLPE) underground (UG) Copper Cable with associated accessories including services for jointing, terminations, site testing and commissioning the complete cable system for diversion of 220KV lines

⁹³ M/s GVPR Engineers Ltd (Joint Venture with M/s LS Cables & Systems Ltd)

⁹⁴ a bridge like overhead structure with a platform supporting cranes

(ii) Permanent re-routing of 400kV OH lines

APCRDA addressed (June 2017) APTRANSCO to take up the work of re-routing of 400 kV EHV lines at a cost of ₹491.93 crore. APTRANSCO had awarded contract to a firm for ₹394.60 crore. An amount of ₹60 crore was advanced to APTRANSCO towards this project. The firm had completed laying of 18 foundations, 42 tower foundation works (nearing completion) and erection of 10 Towers along N6 and E11 road.

In this backdrop, we observed that the amount spent so far by APCRDA of ₹60 crore had become unfruitful as the works were stopped as per the instructions of the GoAP.

Thus, total expenditure of ₹268.67 crore (₹208.67 crore + ₹60 crore) incurred so far on re-routing of transmission lines had become unfruitful and UG cables and towers erected were left idle. The Authority replied (May 2022) that APTRANSCO was instructed to resume the work as planned earlier without any further funding and hence the expenditure would be fruitful as the works are planned to be completed by January 2023.

Though APCRDA instructed to resume work, there is no commitment of APTRANSCO on record and the Authority was not referring to the amount already incurred in this regard.

(b) Unauthorised construction and demolition of grievance hall

The Executive Engineer, Krishna Central Division Vijayawada informed⁹⁵ that it was not possible to issue clearance for construction of the proposed grievance hall within the camp office site and flood bank in River Krishna as the location was a flood prone area. APCRDA accorded (July 2017) administrative approval for construction of Grievance Hall (Hall at a cost of rupees five crore. Agreement was entered (October 2017) into with a firm⁹⁶ for ₹4.35 crore. Subsequently, the Commissioner, APCRDA increased (December 2017) the administrative sanction to ₹8.90 crore. The work was completed (February 2018) at a cost of ₹7.85 crore. In addition to this work, APCRDA had incurred ₹4.06 crore on ancillary⁹⁷ works. The total expenditure incurred towards construction of Hall along with ancillary works was ₹11.91 crore.

⁹⁵ letter No.cB/Supdt/ MC 27 Rev, Dated 30/07/2017

⁹⁶ M/s NCC Ltd

⁹⁷ levelling pf parking site: ₹1.02 crore, levelling of site near grievance hall-₹0.61 crore, compound wall-₹1.60 crore, and paid ₹0.83 crore to Information and Public Relation Department towards installation of Public Address System and Audio-visual equipment

Audit noticed that though permission to construct the Hall was not accorded by the Development Promotion (DP) wing of APCRDA. Engineering wing of APCRDA commenced the construction of Hall. It was further observed that the building was constructed on the land having Sy.No. 272/1 of Undavalli village and this survey number is situated within the flood bank of river. As such, construction for Government activity is incorrect. At any instance of time, the DP wing did not raise any objection regarding unauthorised construction of Hall. Further, instead the APCRDA released funds even for increased cost without preventing unauthorised construction.



Picture 6: The demolished Grievance Hall as on 26 June 2019

On receipt (June 2019) of orders from MA&UD Department, declaring the building as unauthorised and to be demolished, the Authority demolished the building in June 2019 stating that the Hall did not have building approval, the site under reference was located in between River Krishna & Karakatta (Buffer zone) and was located within the Maximum Flood Level and the Krishna Central Division, (Irrigation Department) had not issued clearance for construction.

It is evident from the above that, APCRDA had violated its own prescribed rules laid for approval, construction of buildings and release of funds. Instead of taking action on an unapproved building permission application, the Authority allowed continuance of construction of building and spent ₹11.91 crore. Subsequently, demolished the building after receipt of orders from MAUD.

APCRDA replied (May 2022) that the CE (H&B) applied for approval to the DP wing and in the meanwhile, the construction work was taken up due to urgency expressed by the Government. Further, replied that DP wing did not accord building permission. The authority replied that as the building permission not accorded, the unauthorised building was demolished.

Thus, action of APCRDA to allow construction of building unauthorisedly within the flood bank without the approval of the Irrigation Department against the laid rules and subsequent demolition of building had resulted in waste of public money of ₹11.51 crore (₹11.91 crore less salvage value of ₹0.40 crore).

Government should investigate the matter and responsibility may be fixed for the waste of public money.

(c) Incorrect inclusion of Goods and Services Tax in the work bill

APCRDA awarded (November 2018) the work 'Providing amenities and other miscellaneous works' for phase 2 development of judicial complex in Super block 'F'

of Amaravati Government Complex area to a firm⁹⁸ for a contract value of ₹58.89 crore with a condition to complete the work in 12 months.

Scrutiny of the estimates and rate analysis of work revealed that the Engineering Department obtained quotations from two reputed firms and considered rates quoted (₹6.51 crore) by these firms in preparing the estimates for one of the item 'Furniture' to be provided as a part of above work. The quotations spelt out that the said quoted rates of ₹6.51 crore were inclusive of Goods and Services Tax (GST) at 18 per cent. However, the Engineering Department made additional provision of GST at the rate of 18 per cent in the work awarded. We observed that APCRDA paid GST on furniture to a tune of ₹0.80 crore on the gross value of ₹11.47 crore even though the tax component was front loaded in the estimates.

The Authority accepted (May 2022) the audit observation and promised to recover the same in next bill.

(d) Provisioning of treated water to Amaravati Government Complex area

In order to fulfil the need of constructing a smart and sustainable capital, APCRDA planned to provide treated water wherever ground water is unsuitable for consumption. APCRDA awarded works in three packages for water supply to Amaravati Government Complex (AGC) area at Thullur under lift irrigation scheme on the bank of river Krishna as detailed in Table 2.12.

Table 2.12: Showing the expenditure incurred towards provision of treated water

SL. No	Name of the Work	Date of Agreement	Agreement Amount (₹ in crore)	Agreement Period	Expenditure Incurred (₹ in crore)
1.	Construction of 5 MLD WTP	31/10/2018	5.89	6 months (30/04/2019)	1.84
2.	Construction of 5 MLD WTP	27/06/2021	6.76	6 months (26/12/2021)	0.33
3.	Providing Water Supply Main	23/02/2019	8.16	4 months (22/06/2019)	4.76
Total					6.93

Source: Information furnished by APCRDA

Scrutiny of relevant records/information furnished by the APCRDA, revealed that the above three works were incomplete and the total expenditure incurred amounted to ₹6.93 crore which remained unfruitful as of September 2021. The Package No. XV which was envisaged for water supply for the entire Amaravati already achieved physical progress of 25 per cent and spent ₹305.74 crore (out of the Contract Value of ₹1,174.22 crore) for providing drinking water to entire capital city including AGC area. Hence, the instant work would be mere duplication of work.

The APCRDA attributed (May 2022) the delay to the COVID pandemic and non-availability of skilled and unskilled labour.

⁹⁸ M/s. Larsen & Toubro Limited, Chennai

The reply is not acceptable, as the two works were agreed to be completed by June 2019 *i.e.*, before the incidence of covid pandemic (in March 2020). Thus, non-completion of works resulted in wasteful expenditure.

2.1.4.4 Halting of works as per government instructions

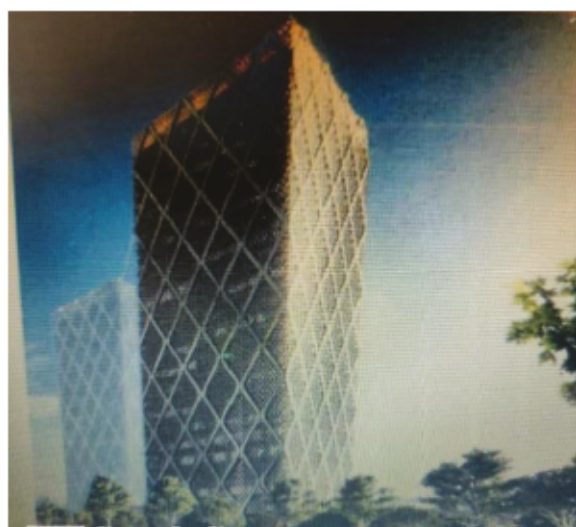
In May 2019, the Finance Department of GoAP issued instruction to all the departments to review the ongoing projects, stating that priorities were not followed in execution of works. All the departments concerned were instructed to first halt works, cancel the works that were sanctioned prior to 01 April 2019 but not commenced and to review the works, where the expenditure was less than 25 per cent of originally estimated value. Details of both physical and financial progress of works taken up by APCRDA/ADCL have been detailed in *Appendices 2.3, 2.5 and 2.7*. The summarised financial progress of the various packages under three types of infrastructure as of September 2021 is detailed in *Table 2.13*.

Table 2.13: Financial progress of infrastructure works

Type of construction	Total packages/works awarded	Progress of works		Completed (100 per cent)
		more than 25 per cent	less than 25 per cent	
LPS Infrastructure	16	0	16	0
Trunk Infrastructure	22	8	14	0
Government Buildings	19	6	11	2
Total	57	14	41	2

Source: Information furnished by APCRDA & ADCL

As of September 2021, there was no review of the orders of the Finance department and GoAP had not released any funds towards execution of development works, after April 2019 as discussed in *Para 2.1.2.3(c)*. Review was not done in respect of 41 works with progress of 25 per cent and below. Similarly, 14 works which showed more than 25 per cent progress were not taken forward after April 2019. As a result, all the ongoing works were stalled after incurring an expenditure of ₹5,428.41 crore.



Picture 7: Graphical view of GAD Towers proposed for construction



Picture 8: Latest status of halted work in GAD towers as of September 2021

Summing up

- *As of September 2021, out of the proposed LPS infrastructure works worth ₹13,802.75 crore, only ₹183.04 crore could be spent. The physical progress of three works was up to 18 per cent and remaining works/packages were not yet commenced. (Para 2.1.4.1)*
- *The expenditure of ₹10.87 crore incurred towards site clearance had remained unfruitful as LPS layouts could not be developed even after a lapse of more than three years. (Para 2.1.4.1(a))*
- *The financial progress of the 22 packages worth ₹12824.90 crore ranged between zero and 59 per cent (except SAR). As all the packages came to grinding halt since May 2019, the progress of these packages is doubtful, The amount of ₹3,213.41 crore already spent on these packages remained idle. (Para 2.1.4.2)*
- *The expenditure incurred of ₹712.17 crore under trunk infrastructure towards procurement of pipes to be used in various packages, designs and drawings for construction of Iconic Bridge, water supply works, material procured for re-routing of 220 KV underground cables and re-routing of 400 KV lines have become unfruitful as they were not put to use for the purpose for which procured/executed (Para 2.1.4.1(b), 2.1.4.2(a), 2.1.4.2(d), 2.1.4.3(a)(i) & (ii) and 2.1.4.3(d))*
- *Expansion of existing four to nine lane road on SAR was taken up in anticipation of traffic study conceptualised based on the 50 per cent volume of traffic of National Highways that would ply through SAR. However, the SAR could not be connected to National Highways due to land acquisition problem and the expenditure incurred towards expansion of four to nine lane of ₹44.24 crore is imprudent. (Para 2.1.4.2(b)(i))*
- *There was wasteful expenditure of ₹5.47 crore towards laying of sand and soil on GSB layer as protection to Seed Access Road and ₹1.86 crore towards internal roads in Amaravati central park. (Para 2.1.4.2(b)(ii) and 2.1.4.2(e))*
- *The cost of selected earth material of ₹12.83 crore provided to the contractors for utilisation in various works remained unrecovered from the work bills of the contractors. (Para 2.1.4.2(c)) Table 2.9*
- *Action of APCRDA to allow construction of grievance cell building unauthorisedly within the flood zone and subsequent demolition had resulted in wasteful expenditure of ₹11.51 crore. (Para 2.1.4.3(c))*

2.1.5 Other significant observations

2.1.5.1 Loss due to liquidation of Amaravati Development Partners Private Limited

Government of Andhra Pradesh (GoAP) selected (May 2017) a firm⁹⁹ to develop a Start-Up Area¹⁰⁰ (SUA) of 1,691 acres located on the south of River Krishna in the proposed capital city.

A Joint Venture company, the Amaravati Development Partners Private Limited (ADPPL) was incorporated (March 2018) with Amaravati Development Corporation Limited (ADCL) holding 42 *per cent* equity and the firm with 58 *per cent* equity for the development of SUA.

Shareholders' Agreement was entered (June 2018) among ADCL, firm and ADPPL for initial capitalisation of ADPPL. ADCL and firm invested their share, by issue of shares of ADPPL by transferring (February 2019) ₹52.09 crore (42 *per cent*) and ₹71.95 crore (58 *per cent*) respectively. GoAP had entered (June 2018) into Concession and Development Agreement with ADPPL and firm and delivered (June 2018) possession of land.

The intended objectives of the SUA are that the ADPPL was to

- i. develop the Start-Up Area and deliver public utility infrastructure to GoAP upon completion
- ii. develop plots and market them
- iii. provide Government Administrative Core Services to GoAP
- iv. undertake catalytic development¹⁰¹

The ADPPL was to complete (i) Flood Management works in 12 months (ii) Earth work, drains, roads and water supply in 36 months (after the handing over of land) by GoAP in three phases. The Phase 1 shall be completed in 12 months. The ADPPL had taken up basic works like filling, levelling of land and appointment of consultants, *etc.*, by November 2019.

Meanwhile, Government instructed¹⁰² (November 2019) to refrain from proceeding further in the Start-up Area Development Project as the intended development in the Project and the concept of SUA had not served its intended purpose. GoAP, thus, directed winding up of ADPPL through voluntary liquidation on mutual consent basis between the shareholders. The liquidation process was in progress as of November 2021.

⁹⁹ Singapore Amaravati Investment Holdings Pte Ltd (SAIH), a consortium of Ascendas-Singbridge Pte. Ltd. and Sembcorp Development Ltd

¹⁰⁰ parcel of land admeasuring 6.84 sq. km or 1,691 Acres inside Seed Development Area of Amaravati located in Lingayapalem and Uddandarayunipalem

¹⁰¹ development of state-of-the art buildings for mixed use to be developed in phase-1

¹⁰² G.O.Ms.No.288, MA&UD (CRDA2) Department dated 11/11/2019

Audit noticed that:

(a) Loss due to pre-incorporation expenses

As per the details submitted by the ADCL (November 2021), at the time of decision of liquidation, the audited pre-incorporation expenditure was shown as ₹7.68 crore (ADCL: ₹3.23 crore and firm: ₹4.45 crore). ADCL had met pre-incorporation expenses of ADPPL from its own capital and did not claim the reimbursement of the same from the ADPPL.

ADCL replied (November 2021) that as a goodwill gesture, ADCL and firm agreed 'not to claim' their respective share of audited pre-incorporation expenditure and absorb the same. ADCL stated that these expenses are mandatory before setting up of a company on need basis.

Audit observed that the GoAP in its orders (November 2019) for voluntary liquidation of the Company on mutual consent, did not approve the goodwill gesture of "not to claim" the pre-incorporation expenditure and hence the non-claiming resulted in loss to ADCL to an extent of ₹3.23 crore.

(b) Loss to ADCL due to Government decision

GoAP issued¹⁰³ approval for the financial loss of ₹7.93 crore (towards third party payments, office set-up costs, other ADPPL expenses and to discharge third party liabilities) being the share (42 per cent) of ADCL in the ADPPL, before initiating the liquidation process. Due to the liquidation, Government had to bear the loss of ₹7.93 crore which was already spent by the ADPPL.

Thus, the haphazard decision of Government to liquidate ADPPL, without giving the project the requisite stipulated time to develop or flourish had resulted in loss of ₹11.16 crore (₹3.23 crore + ₹7.93 crore).

2.1.5.2 Irregular refund of forfeited amount

Government had approved¹⁰⁴ (July 2016) allocation of land measuring 150 acres on free-hold basis in two tranches to Indo-UK Institute of Health (IUIH) at a concessional rate of ₹50 lakh per acre. The terms and conditions to be adhered to by the allottee were also communicated (April 2017) through Letter of Intent (LoI). The IUIH had given letter of acceptance (May 2017) and agreed to all the terms and conditions mentioned in the LOI. Accordingly, the allottee paid an amount of ₹24.99 crore towards sale value of land. APCRDA prepared the sale agreement and shared it with the allottee with a request to execute the agreement for sale.

As per terms and conditions mentioned in the LoI, the allottee had to enter into an agreement for sale within one month from the date of payment and was also required to commence construction within six months from the date of possession of land.

¹⁰³ G.O Ms. No. 204, MA&UD(CRDA) Department dated 02/12/2020

¹⁰⁴ G.O.Ms.No.171 of Municipal Administration & Urban Development (CRDA.2) Department dated 04/07/2016

However, the allottee did not come forward to execute sale agreement despite making protracted correspondence.

Meanwhile, Government had issued instructions¹⁰⁵ (March 2019) to APCRDA to review all land allocations and directed to take action for cancellation of lands in case the conditions were violated. Accordingly, APCRDA issued (April 2019) a letter of cancellation and forfeited ₹24.99 crore (including Tax Collected at Source). However, at the request (June 2019) of IUIH, APCRDA refunded¹⁰⁶ (January 2020) ₹24.99 crore¹⁰⁷.

Thus, APCRDA had irregularly refunded ₹24.99 crore which was forfeited as per norms stipulated for violation of agreed terms and conditions of land allotment.

The Authority replied (May 2022) that the refund was made to IUIH as per minutes of review meeting conducted (November 2019) by Chief Minister on APCRDA and that refund was initiated to avoid further litigation.

The reply is not acceptable, as the Authority itself had reversed its own decision of forfeiting for violation of agreed terms and conditions. Moreover, when the decision taken was in contravention to existing Amaravati Land Allotment Regulations, 2017, there would not be any legal complication, as stated by APCRDA in its reply. Further, this would set precedence and lead to litigations as the other parties may also request for same favour even after violation of agreed terms and conditions.

2.1.5.3 Arbitrary land pricing policy for lands given to various organisations

Scrutiny of land allotments made by APCRDA during the period from 2014-15 to 2021-22 (September 2021), revealed that different rates/pricing was adopted by Authority while allotting land to various institutions/organisations. In six test-checked cases out of 63 allotments on freehold basis, uniform rates were not adopted by the Government. Hence, in the absence of a uniform basis of pricing in land allotment, the chance of arbitrary and discretionary pricing cannot be ruled out by Audit. The test-checked cases are illustrated in *Appendix 2.8*.

The Authority replied (September 2021) that the recommendations of the GoM were not binding on the Cabinet which was superior to GoM whose decision finally comes out in the form of Government Order. Hence, the land allotments were made based on the orders issued by the Government.

Audit did not accept the reply of the Authority, as the land allocations made above were not supported by any uniform land allotment policy. The Authority/Government failed to formulate a uniform pricing policy for land allocations against the constitutional spirit of fundamental right of equality before law resulting in arbitrariness.

¹⁰⁵ Memo No.847589/CRDA.2/2019 dated 26/03/2019

¹⁰⁶ Proceeding file No. CRDA-14024 (33)/1/2016 dated 25/01/2020

¹⁰⁷ inclusive of Tax Collected at Source: ₹24.88 lakh

2.1.5.4 Collection of lease rents from contractors

The APCRDA had leased out certain parcels of own land to contractors/firms for establishment of plant, machinery and labour camps for execution of works on behalf of APCRDA & ADCL at rupees one lakh per acre per annum. It is the responsibility of ADCL to recover the lease rentals as the works are being executed and monitored by ADCL.

Scrutiny of records on allotment and collection of lease rentals revealed that ADCL had not recovered the lease rentals from the contractors and there was non/short collection of lease rentals from seven contractors as of September 2021. The short/ non-collection of lease rents works out to ₹4.09 crore (*Appendix 2.9*).

APCRDA replied (September 2021) that the above works were being executed by ADCL, and the ADCL would be intimated to recover the lease rents from future bills to be released to the Contractors.

Thus, lack of coordination between the two implementing/executing organisations there was short/non-collection of lease rentals from contractors causing loss of revenue to exchequer.

2.1.5.5 Recovery of mobilisation advance

As per the conditions of respective agreements executed by APCRDA and ADCL with the contractors/firms for execution of works, the contractors/firms were permitted to avail the facility of mobilisation advance¹⁰⁸ (MA) up to 10 per cent of the contract value against an unconditional and irrevocable bank guarantee. As per terms of agreement, the mobilisation advance would be recovered from the Running Account Bills of the works along with interest.

Audit noted that in respect of 30 works, mobilisation advance worth ₹1,282.83 crore was advanced to the contractors during the period 2016-17 to 2018-19 and an amount of ₹338.57 crore was recovered and ₹944.26 crore remained unrecovered as of September 2021 from the contractors/firms as detailed in *Table 2.14*.

Table 2.14: Details of outstanding mobilisation advances

(₹ in crore)				
Agency	Number of works/ packages for which mobilisation advance was paid	Mobilisation Advance paid	Amount recovered (September 2021)	Mobilisation Advance outstanding
ADCL	16	644.52	166.66	477.86
APCRDA	14	638.31	171.91	466.40
Total	30	1,282.83	338.57	944.26

Source: Information furnished by APCRDA

The mobilisation advance could not be recovered due to halting of works by the Government in May 2019 and non-resumption of works thereafter. As such, an amount of ₹944.26 crore was locked up with the contractors/firms.

¹⁰⁸ for labour, machinery and material

APCRDA replied (May 2022) that Government have been addressed for resumption of halted works and the balance mobilisation advances would be recovered along with interest from pending bills soon after resumption of works.

Despite this, GoAP did not decide on the future course of the works already grounded particularly where mobilisation advances are lying with the contractors/firms. In effect, money borrowed from market for capital expenditure in the capital city is lying with the contractors with no benefit.

2.1.5.6 Failure to utilise equipment received under Solid waste management

APCRDA had taken up the work of “Providing sanitation in the villages covered in Tadikonda & Mangalagiri constituencies” to safeguard the health interests of public residing in Amaravati Capital City area. Accordingly, APCRDA decided (November 2018) to procure eight Compactors. The work was awarded (February 2019) to a firm¹⁰⁹ for ₹1.60 crore. The Compactors were handed over (September 2019) to APCRDA by the contractor and ₹2.04 crore (including GST at the rate of 28 *per cent*) was paid to the firm. Similarly, another work was awarded (February 2019) to a firm¹¹⁰ for procurement of 300 compactor bins (1100 litre (400 Kgs) capacity) for ₹67.25 lakh. These Compactor Bins were handed over (June 2019) to APCRDA and ₹79.36 lakh was paid to the firm.

Audit noticed that though the above equipment worth ₹2.84 crore were procured in June/ September 2019, were not put to use till date (as of September 2021) and were kept idle. During physical verification, audit team observed wild vegetation grown on the body of the compactors and rusting of compactor bins. This indicates that the equipment was procured without assessing the actual requirement and ultimately idling the same.



Picture 9: Showing the Compactor vehicles and bins lying idle at Tulluru Government hospital compound

The department replied (May 2022) that some of the bins were being utilised in Solid Waste Management operations of 29 villages. The site allotted by Government for Integrated Solid Waste Management Facility (ISWMF) for storing, processing and

¹⁰⁹ M/s PPS Motors Pvt. Ltd. Quoted 7.59 *per cent* less than the ECV of ₹1.73 crore

¹¹⁰ M/s Kriti Engineering & Services

disposal of the Solid Waste collected from the villages was objected by the local villagers and therefore this site could not be put to use. After allocation of the site for ISWMF, both the Compactors and Compactor Bins would be used. Meanwhile, APCRDA/ASSCCL requested (August 2021) Managing Director, Swachha Andhra Corporation to take over some of the Compactors and Bins available with APCRDA on lease basis and put them to use elsewhere, with a condition that this machinery would be taken back by the APCRDA on allocation of site by the Government.

Thus, purchase of equipment without assessing the requirement, utilisation and availability of site for disposal of waste generated resulted in idling of huge capacity compactors and bins and rendered the entire amount of ₹2.84 crore as unfruitful. Further, equipment would become obsolete due to efflux of time.

2.1.5.7 Expenditure on development of building approval system

APCRDA proposed (May 2017) development of integrated online building permission management system styled as 'Building Information Model Based Building Approval System'¹¹¹ for Amaravati Capital City'. The work was awarded to a firm¹¹² for ₹2.47 crore and agreement was entered (September 2017) into with a stipulation to complete the work in eight months. However, the contract was terminated (April 2021), as the agency was unable to deliver the required deliverables on stipulated time¹¹³.

Thus, expenditure of ₹0.61 crore (October 2018) towards kick-off meeting and submission of Software Requirement Specification (SRS) document had become unfruitful, as the building approvals in Capital City was being carried out manually.

APCRDA replied (May 2022) that the above application(s) can be reconnected in future based on the decision taken by the authority, to re-trigger online approvals in capital city area, instead of starting the application from scratch.

However, till such time of re-trigger, the amount spent of ₹0.61 crore remained idle. The Development Promotion wing of APCRDA is still manually approving the building applications from the capital area.

2.1.5.8 Expenditure on Integrated Electronic Project and Document Management System

APCRDA awarded (August 2018) Integrated Electronic Project and Document Management System (EPDMS) Project to a firm¹¹⁴ for ₹8.85 crore. EPDMS included e-measurement book, in-built approval workflows, schedule management, document management and contract management features. The service provider agreed to complete the entire project work by June 2019.

¹¹¹ create automated Building permit/approval system for ensuring compliance towards various parameters as defined as per the Zoning Regulations and other related regulations, as prescribed by the Authority from time to time

¹¹² M/s Soft Tech Engineers Pvt Ltd.

¹¹³ Clause 3.2.2 of the Request for Proposal

¹¹⁴ M/s Aurion Pro Solutions Limited

As of September 2021, work pertaining to EPDMS viz., integration of E-dongle with EPDMS, linking e-payment to e-Mbook module were still pending and thus, the EPDMS project was not put to use even after three years of award of contract.

APCRDA replied (May 2022) that the usage and necessity of electronic mode of project and document management system was not foreseen due to cessation of works. Based on the decision to re-trigger construction works in Amaravati, the above application can be re-connected to the other pending modules such as integration of e-dongle, e-payment etc., at any point of time in future irrespective of the technology changes.

Reply is not convincing as technology changes and upgrades very rapidly and becomes obsolete. Due to efflux of time, the entire expenditure of ₹4.54 crore involved/ incurred for the work may prove to be unfruitful.

Summing up

- *The abrupt decision of Government to liquidate ADPPL, without giving the project the requisite stipulated time to develop or flourish had resulted in loss of ₹11.16 crore to exchequer. (Para 2.1.5.1)*
- *Though there was violation of agreed terms and conditions of land allotment, the forfeited amount of ₹24.99 crore was irregularly refunded to the allottee. (Para 2.1.5.2)*
- *Lack of uniform land allotment policy resulted in arbitrary allotments to various private organisations. In addition, there was non/short collection of lease rentals of ₹4.09 crore from contractors for the sites provided for temporary establishment required for execution of works. (Para 2.1.5.3 & 2.1.5.4)*
- *Due to non-resumption of works, an amount of ₹944.26 crore paid towards mobilisation advance was locked up with the contractors/firms. (Para 2.1.5.5)*
- *Compactors and bins procured at a cost of ₹2.84 crore were kept idle without being put to use. (Para 2.1.5.6)*
- *The proposed integrated online building permission management system for Amaravati Capital City was not developed despite incurring ₹0.61 crore. (Para 2.1.5.7)*

2.1.6 Conclusion

The State Government did not reveal the key parameters considered while selecting the location of greenfield capital city of Amaravati and the details of feasibility study conducted to assess the actual requirement of land for development of capital city. Contrary to the recommendations of Expert Committee for green field capital, State Government without looking for a location having large parcel of Government land had pooled huge extent of land from private parties causing financial burden on the finances of the State in the immediate and future periods. GoAP opted for greenfield capital with 53,678 acres of land comprising a meagre portion of government land measuring 15,167 acres (28 per cent of the total land) located between cities of Vijayawada and Guntur. State Government has provided insufficient budgetary

support which ranged from 0.13 per cent to 0.39 per cent of the total budget of the state during the period 2014-15 to 2021-22. State Government did not honour its commitment envisaged in the financial plan brought out after February 2019. Except ₹1,500 crore, State Government could not mobilise more funds from GoI due to delayed/ non-pursuance on the DPRs submitted for requisite of funds. As such, APCRDA could raise ₹11,487.16 crore only from all sources against the requirement of ₹55,343 crore for period 2016-2023.

Thus, the planning was not detailed and comprehensive and the financing was majorly hindered, making the entire project of capital city development a non-starter.

The State Government have a stated commitment to honour all the aspects of Land Pooling Scheme irrespective of decision to stop progress of works after May 2019. However, even after lapse of four years, the implementation of LPS was left awry, as APCRDA could not develop the lands into returnable plots as guaranteed to landowners though scheduled to be developed by January 2020. The other benefits to landowners and landless labour viz., health cards, wage labour for 365 days a year, housing to homeless, etc., were not continued further after February/May 2019.

The State Government did not fulfil the assurances/commitments made to the farmers/ labourers within the agreed timeframe resulting in frustration in beneficiaries.

The LPS infrastructure could not be developed as all the works taken up (November 2017 to February 2019) were either not started or were at initial stages. The expenditure incurred so far had not served any purpose. The trunk infrastructure consisting of road works were taken up without proper assessment and preliminary survey which marred the progress of works. The provisioning of government buildings and residential accommodation to government employees and other officials/staff in the capital area could not be completed due to delay in finalisation of designs and drawings. The expenditure incurred so far remained unfruitful.

Thus, the development of essential infrastructure facilities in the capital area is way behind the milestones and further progress or achievement of desired goals is doubtful due to stoppage of works in May 2019 and lack of further review of works.

2.2 Unfruitful expenditure towards provisioning of Under Ground Drainage (UGD) System - ₹1.58 crore

The construction of Under Ground Drainage system taken up at a cost of ₹18.77 crore in Eluru Municipal Corporation remained incomplete with physical progress of 8.75 per cent, as requisite funds were not provided by the Government and the expenditure of ₹1.58 crore incurred so far had become unfruitful

Infrastructure projects like water supply and Under Ground Drainage (UGD) ultimately aim at bringing improvement in well-being of citizens and the benefits of these projects shall fully accrue to the citizens. Accordingly, Government of Andhra Pradesh (GoAP) accorded (February 2009) administrative sanction to release ₹17.30 crore to Eluru Municipal Corporation (EMC) to take up the work 'Remodelling of Under Ground Drainage (UGD) System in I-town area of Eluru Municipal Corporation (EMC)' under State Finance Commission grants¹¹⁵. Estimate for the work was technically sanctioned (August 2009) by Engineer-in-chief (Public Health) for ₹17.30 crore. Tenders were invited (April 2010) under Engineering Procurement and Construction (EPC) system. Meanwhile, GoAP permitted (February 2011), EMC to use the available Corporation funds to an extent of ₹2.00 crore for the above said purpose, subject to reimbursement of funds.

As the value of work was more than ₹10 crore, GoAP approved (July 2011) to award the work to the firm¹¹⁶ as proposed by the EPC Committee¹¹⁷ for ₹18.77 crore subject to the condition that ₹17.30 crore would be released from Budget Estimates 2011-12 and the balance to be met from the General Fund of EMC. However, the work could not be taken up immediately due to non-availability of funds and GoAP proposed (October 2011) to defer the execution of work. Subsequently, in December 2011, GoAP instructed Commissioner & Director Municipal Administration (CDMA) to start the work immediately with available budget. Finally, agreement was entered (April 2012) into with the firm with a condition to complete the work within 18 months (October 2013). The work was grounded in May 2012 by the firm.

Till January 2013, only 8.75 per cent¹¹⁸ of the total quantum of work was completed valuing ₹1.60 crore and thereafter, the work was abruptly stopped¹¹⁹ by the firm. Meanwhile, at the request (July 2013) of CDMA, the GoAP had released (October 2013) an amount of ₹2.24 crore under State Finance Commission grant to EMC. For the work done, a total payment of ₹1.48 crore¹²⁰ was made to the firm up to November 2013. Despite providing (May 2014) extension of time up to February 2015,

¹¹⁵ 50 per cent allocation of the Plan Budget for the year 2008-09 under Assistance to Municipalities

¹¹⁶ M/s Venteru Infra Projects (India) Private limited

¹¹⁷ the EPC Committee-II proposed the tender in favour a firm for 18.77 crore at 8.50 per cent above the estimated contract value

¹¹⁸ Earthwork excavation, Supply delivery, Lowering and Laying of 160,200,250,315 mm dia OD PV_U_Ring Tile Sewer lines (82.5 per cent), Construction of Fal-G Man Holes (21.64 per cent) and Construction of Inspection Chambers (12 per cent)

¹¹⁹ as there was delay in making payments by EMC, uncertainty of funds etc.

¹²⁰ in three phases August 2012-₹1,01,05,621, May 2013-₹23,67,080 and November 2013-₹23,67,080

the firm did not respond to the notices of EMC. As such, the Municipal Council had resolved¹²¹ to cancel the work and forfeit the deposits of the firm.

Subsequently, the firm came forward (May 2015) to execute the balance components of work with current Standard Schedule of Rates (2015-16) and requested EMC to accord permission. The Council revoked (May 2015) the issue of cancellation and requested GoAP to consider the request of the firm and to release the budget. As per Government instructions (September 2015), EMC submitted (August 2016) revised estimate for the balance work for ₹35.95 crore to Chief Engineer, Public Health and Municipal Engineering. However, the work could not be taken up further due to non-receipt of any response from GoAP and provisioning of UGD to I-town area in EMC remained incomplete.

Audit also noted that the work of providing UGD System in the same area of EMC was previously taken up at a cost of ₹1.36 crores¹²². However, the work could not be progressed¹²³ after incurring an expenditure of ₹10 lakh and subsequently the work was cancelled¹²⁴.

Thus, it is evident from the above that the entire expenditure of ₹1.58 crore (₹1.48 crore + ₹0.10 crore) incurred towards provisioning of Under Ground Drainage system in EMC had become unfruitful due to non-provisioning of funds by the Government and also the intended purpose of providing civic amenity could not be achieved even after a lapse of more than nine years from the initial date of agreement with the firm.

The Commissioner, EMC replied (September 2022) that due to pending decision from the Government the balance work was not resumed.

¹²¹ C.R No.9 dated 30/8/2014

¹²² Administratively sanction given in December 2004 for ₹6.94 crore. The work was to be taken up with financial assistance (loan) from Housing and Urban Development Corporation Limited and Municipal share at 90 and 10 per cent respectively

¹²³ as the loan from HUDCO could not be tied up by ULB

¹²⁴ the details of month and year of cancellation were not on record

2.3 Imprudent expenditure management

The Urban Local Bodies did not comply with the provisions of different Acts for timely payment/remittance of statutory/obligatory dues viz., remittance of Service Tax, Employees Provident Fund and Employees State Insurance contributions, Electricity Consumption Charges to the statutory/concerned authorities. The delayed remittance/ payments attracted levy of penal charges of ₹14.84 crore by the concerned authorities, which was avoidable.

The Accounts wing of the Urban Local Bodies (ULBs) is responsible¹²⁵ to ensure that the relevant recoveries are made from employees, contractors, suppliers *etc.*, and to watch their prompt remittance to the respective heads/departments without any delay. Further, as per *Paragraph 9.13* of Municipal Accounts Manual, the Accounts wing shall ensure that the statutory deductions such as Tax Deducted at Source, Seignorage Charges, Value Added Tax, *etc.*, deducted from the bills are remitted to the Statutory Authorities concerned within the time.

Scrutiny (November 2017 to January 2020) of records of 23 ULBs revealed that the ULBs did not ensure timely remittance of the statutory¹²⁶ deductions recovered from lessees/ contractors/ employees and other obligatory¹²⁷ payments to the respective authorities. The delayed remittances/ payments attracted penal charges levied by the concerned authorities which resulted in avoidable expenditure. The instances of imprudent management of expenditure which resulted in avoidable payments is detailed as here under: -

(a) Delayed remittance of service tax

Sale of space or time for advertisement¹²⁸ and renting of immovable property¹²⁹ service was brought under service tax net with effect from May 2006 and June 2007 respectively. It is mandatory for every person providing services to be registered¹³⁰ with Central Excise & Service Tax (CE&ST) Department. Section 68 (1) of Finance Act, 1994 provides that every person providing taxable service¹³¹ to any person shall

¹²⁵ as per Manual of role and responsibilities of various functionaries in ULBs

¹²⁶ Service Tax recovered from lessees on renting activity and sale of space or time for advertisement to Central Excise & Service Tax (CE&ST) Department, payment of contributions of Employees Provident Fund (EPF) to Employees Provident Fund Organisation (EPFO)/Employees State Insurance (ESI) to Employees State Insurance Corporation recovered from employees

¹²⁷ Electricity/Current Consumption Charges to Electricity department

¹²⁸ means any form of presentation for promotion of, or bringing awareness about, any event, idea, immovable property, person, service, goods or actionable claim through newspaper, television, radio or any other means but does not include any presentation made in person (GOI Notification No.15/2006 ST dated 25/4/2006)

¹²⁹ includes renting, leasing or other similar arrangements of immovable property for use in the course or furtherance of business or commerce (as per section 65 (90a) of the Finance Act, as amended)

¹³⁰ as per Section 69 (1) of Finance Act, 1994

¹³¹ 'Service' means any activity carried out by a person for another for consideration and includes a declared service (Section 65B (444) of Finance Act 1994).

pay service tax¹³² by 6th day of the month immediately following the calendar month in which the service is deemed to be provided as per the rules framed in this regard.

Audit noted that six¹³³ ULBs have leased out municipal shops and provided sale of space or time for advertisement which attracts the provisions of service tax. However, the ULBs have registered belatedly with the CE&ST and did not discharge their service tax liability in time. The CE&ST issued notices to the ULBs for delayed remittances of service tax and levied ₹1.77¹³⁴ crore towards interest and penalty for the period (May 2006 to June 2017). Audit also noticed that one ULB¹³⁵ let out shops from April 2010 to March 2016¹³⁶ without collecting service tax in accordance with the lease agreements and paid an amount of ₹0.14¹³⁷ crore towards service tax. Further ULBs had not responded to the notices issued, the CE&ST department recovered ₹1.68¹³⁸ crore (*Appendix 2.10*) from the bank accounts of the respective ULBs. Audit also noticed that in reference of two ULBs¹³⁹ penalty equal to the Service Tax demand was imposed attributing the reason to suppression of the facts to evade the payment of Service Tax.

Thus, delayed registration of the ULBs to register with CE&ST and to remit the service tax in time resulted in avoidable expenditure of ₹1.91 crore¹⁴⁰ by way of service tax, interest and penalty.

(b) Delayed remittance of Employees Provident Fund contributions

As per the Employee's Provident Fund (EPF) and Miscellaneous Provisions Act, 1952 (EPF Act)¹⁴¹, read with the Employee's Pension Scheme, 1995¹⁴² and Employee's Deposit Linked Insurance Scheme, 1976¹⁴³, the employer of the establishment¹⁴⁴ is required to remit the EPF contributions along with administrative charges within 15

¹³² is a tax levied on the transaction of certain services specified by the Central Government under the Finance Act, 1994

¹³³ Eluru Municipal Corporation, Gudivada Municipality, Guntur Municipal Corporation, Nandyal Municipality, Nellore Municipal Corporation and Palasa Kasibugga Municipality

¹³⁴ out of ₹ 2,48,61,618 levied on ULBs, ₹71,64,319 was refunded to Guntur Municipal Corporation after an appeal made by the ULB

¹³⁵ Palasa-Kasibugga Municipality

¹³⁶ The service tax was collected from lessees from April 2016 onwards

¹³⁷ ₹8,04,702 for the period April 2010 to March 2015 and ₹5,91,597 for the period April 2015 to March 2016 which was appropriated by the Superintendent of Central Tax vide OIO No. 01/2018-19 dt 11/5/2018

¹³⁸ ₹1.41 crore towards interest and ₹0.27 crore towards penalty after issuing notice under Section 87 of the Finance Act, 1994

¹³⁹ PalasaKasibugga, Nandyal Municipalities were levied penalty under section 78 of Finance Act, 1994.

¹⁴⁰ ₹0.14 crore towards service tax, ₹1.41 crore towards interest and ₹0.36 crore towards penalty

¹⁴¹ Section 6 – provides for payment of Employer and Employee contribution to the Employees Provident Fund; Section 6A –provides for establishment of Employee's Pension Scheme and Section 6C – provides for establishment of Employees Deposit Linked Insurance Scheme

¹⁴² Para-38 of EPS,1995 provides for application of EPF Scheme, 1952 in cases where either there is no provision or inadequate provision in EPS

¹⁴³ Para 8(1) provides for remittance of contribution together with administrative charges within 15 days from the closure of every month

¹⁴⁴ Section 3 (b) - any establishment employing twenty or more persons or class of such establishments which the Central Government may by notification in Official Gazette, specify in this behalf

days of the close of every month. If the employer defaults in payment of contribution or any administrative charges, the Commissioner, EPF Organisation (EPFO) is empowered¹⁴⁵ to recover by way of penalty, such damages and interest at the rate as specified in EPF Acts¹⁴⁶. During scrutiny (July 2018 to September 2021) of the records of the Urban Local Bodies Audit noticed that in 10 instances of delayed remittance of EPF contributions by the ULBs and EPF Authorities levied penalty and interest to the tune of ₹1.57 crore as detailed below.

Table 2.15: Details of Damages /Interest

Category	Number of instances	Damages/ Interest levied	Damages/ Interest paid	(₹ in crore)
				Damages/ Interest to be paid
Municipal Corporations	1	0.63	NIL	0.63
Municipalities	5	0.68	0.07	0.61
Panchayats	4	0.26	0.02	0.24
Total	10	1.57	0.09	1.48

Source: Information furnished by ULBs/EPFOs

The Office-wise details of penalty and interest levied and paid are given in *Appendix 2.11*.

Out of this, an amount of ₹0.09 crore was already paid by three ULBs from its Municipal General Fund and ₹1.48 crore have not been paid by three ULBs due to shortage of funds.

ULBs attributed the delay in remittance of EPF contributions to non-availability of General Fund, concerned official on leave, updation of software. The reply is not acceptable, as the EPF contributions consist of employees' contribution as well as employers' contribution and are statutory in nature. Audit also noticed that the employees' contributions were deducted by the ULBs through salary bills. However, these contributions along with the employers' contributions were not remitted to EPFO.

Thus, delayed remittances of EPF contributions resulted in an avoidable expenditure of ₹1.57 crore including the unpaid liability of ₹1.48 crore.

(c) Delayed remittances of Employees State Insurance contributions

The provisions of Employees State Insurance (ESI) Act stipulates levy of penalty (interest and damages) for belated remittance of ESI contributions.

During test check of the records of the Urban Local Bodies, Audit noticed that in three instances of delayed remittance of ESI contributions by the ULBs and ESI.

¹⁴⁵ Section-14B authorises the Provident Fund Commissioner to recover from Employer by way of penalty, such damages not exceeding the amount of arrears

¹⁴⁶ As per Section-7Q, the employer shall be liable to pay simple interest at the rate of 12 per cent or higher per annum as may be specified from the date on which the amount is due and till date of actual payment

Table 2.16: Delayed remittance of ESI contributions

(Amount in ₹)

Category	Number of instances	Damages/ Interest levied	Damages/ Interest paid	Damages/ Interest to be paid
Nagar Panchayat	1	8,97,125	0	8,97,125
Municipalities	2	4,16,102	0	4,16,102
Total	3	13,13,227	0	13,13,227

Source: Information furnished by ULBs/ESIC

The office-wise details of penalty and interest levied and paid are given in *Appendix 2.12*.

ULBs attributed the delay in remittance of ESI contributions to lack of sufficient funds in Municipal fund, the staff not well acquainted with ESI rules and concerned official on leave. The reply is not acceptable, as the ESI contributions consist of employees' contribution as well as employers' contribution and are statutory in nature.

Thus, delays in remittances of ESI contributions resulted in an avoidable expenditure of ₹13.13 lakhs. The matter was reported to the Government in March 2022; their reply is awaited.

(d) Failure to ensure timely payment of electricity bills

Andhra Pradesh Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2004, stipulated that if the consumers do not pay the bills by the due date, additional charges (penalty) for delayed payment of bills would be collected as per tariff orders issued from time to time.

Audit scrutiny of records (December 2017 to July 2019) of 10 ULBs¹⁴⁷ revealed that ULBs have availed High Tension (HT) electricity connections for providing water supply and other allied services to its residents. However, the ULBs had not paid the monthly electricity charges within the stipulated date fixed by the Electricity department. As a result, an amount of ₹11.23 crore (*Appendix 2.13*) was paid towards delayed payment surcharge (DPS) on late payment of energy charges/ electricity bills during the period from April 2014 to March 2020. The percentage of penalty charges paid by the ULBs ranged from 0.76 per cent to 32.62 per cent of the total bills raised. Thus, these ULBs failed to pay electricity bills timely out of their own funds resulted in avoidable expenditure of ₹11.23 crore incurred towards DPS.

Audit also noticed that 11¹⁴⁸ out of 23 ULBs had made provision in their budget estimates for remittance of statutory and obligatory payments and funds were available at the end of the financial years. However, funds were not utilised towards payment of statutory/obligatory payments to avoid penal charges.

¹⁴⁷ Rayachoti Municipality, Jammalamadugu Nagar Panchayat, Kadapa Municipal Corporation, Kandukur Municipality, Nellore Municipal Corporation, Ongole Municipal Corporation, Eluru Municipal Corporation, Narsipatnam Municipality, Kakinada Municipal Corporation and Tenali Municipal Corporation

¹⁴⁸ Addanki, Naidupet, Narasaraopet, Narsipatnam Rayachoti Tenali, Piduguralla Municipalities and Kakinada, Ongole, Eluru, Kadapa Municipal Corporations

The ULBs attributed (December 2017 to February 2022) the delays in remittance of statutory/obligatory dues to the concerned authorities due to their weak financial position or insufficient Municipal General funds, ignorance towards rules and other administrative reasons. ULBs¹⁴⁹ (22) also stated that proper care would be taken to remit the statutory dues without delay in future. The reply is not justifiable in view of specific statutory requirements.

The Accounts wings of the ULBs had also not discharged their responsibilities in timely payment/remittance of the statutory dues despite having budget allocations and funds. This imprudent management of expenditure resulted in avoidable payments of ₹14.84 crore¹⁵⁰ towards service tax/interest/penalty/late payment fee/damages to the concerned authorities.

¹⁴⁹ Out of 23 ULBs, 22 ULBs replied. Kandukur Municipality yet to reply

¹⁵⁰ Service Tax (1.91 crore), EPF Contributions (1.57 crore), ESI contributions (₹0.13 crore) and Current Consumption Charges (₹11.23 crore)

School Education Department

2.4 Management of mid-day meals during COVID-19 pandemic period in Andhra Pradesh'

2.4.1 Introduction

The Centrally Sponsored Scheme 'National Programme of Mid-Day Meal (MDM) in Schools' is being implemented in collaboration with the State Governments and Union Territories. The State Government, however, renamed the National Programme as "Jagananna Gorumudda" after revising the menu and adding some additional items. Each child studying in elementary classes¹⁵¹ supported under Samagra Shiksha (SS) are provided one hot cooked Mid-day meal containing prescribed energy and protein, on each school day¹⁵². The Central Government provides free food grains to the States for classes I to VIII. The cooking cost, payment of honorarium to cooking staff is shared by Centre and State in the ratio of 60:40. In respect of High School (Class IX & X), the entire cost of free meal is borne by the State Government. The scheme covered 40.84 lakh (January 2021) to 41.29 lakh (September 2021) children in 45,453 schools in Andhra Pradesh.

Due to outbreak (March 2020) of pandemic (COVID-19), schools in the State were closed from 19 March 2020, as a precautionary measure and hence no cooked meal could be provided in schools. In this regard, Ministry of Human Resource Development's (MHRD) Department of School Education & Literacy advised (20 March 2020) the State Governments and Union Territories to provide hot cooked mid-day meal or pay 'Food Security Allowance'¹⁵³ (FSA) to every child, whichever is feasible, to all eligible children till such time their schools are closed due to pandemic. Accordingly, Government of Andhra Pradesh (GoAP) instructed (23 March 2020) the Director, Mid-Day Meal, for distribution of dry ration consisting of rice, eggs, chikkies¹⁵⁴ to all the enrolled children and as per the number of working days during which the schools remain closed. Instructions were issued to the District Educational Officers (DEOs) and dry ration was distributed (from 19 March 2020 to 31 July 2021¹⁵⁵) to school children in a phased manner¹⁵⁶. Further, Government of India (GoI) also directed (April 2020) the State Governments and Union Territories to provide dal and oil (or at least dal) in lieu of cooking cost, as part of dry ration to school children. Thus, during COVID-19 pandemic period, dry ration consisting of rice, egg,

¹⁵¹ classes I to VIII in Government and Government-Aided schools, Specials Training Centres (STC) and Madrasas & Maqtabas

¹⁵² as mandated under section 5(1)(b) of National Food Security Act, 2013 and Rule 3 of Mid-day Meal Rules 2015

¹⁵³ consisting of (a) quantity of the food grains as per entitlement of the child and (b) cooking cost prevailing in the State as per rule 9 of Mid-Day Meal Rules 2015

¹⁵⁴ sweet made out of peanuts and jaggery

¹⁵⁵ schools were open from 1/2/2021 to 23/4/2021 and Mid-day meal was provided at school and from 24/4/2021 to 11/6/2021 schools were not open due to summer holidays and no dry ration was provided.

¹⁵⁶ phase-I to IX commencing from 19/3/2020 to 31/7/2021

chikkies and dal was to be distributed to children of elementary to high school in State of Andhra Pradesh.

2.4.1.1 Organogram

The organisational hierarchy of the School Education Department involved in MDM is as under.



Source: Mid-day Meal Scheme website of GoAP

2.4.1.2 Modalities of Implementation

(a) Indenting and supply mechanism

The details of placement of indent and supply of dry ration during the pandemic period is given here under *Table 2.17*.

Table-2.17: Details of indent placement and supply of dry ration

Sl. No.	Item of supply	Indent placement and supply
1.	Rice	The School Education Department provided child information data consisting of children enrolled in the schools to the State Civil Supplies (SCS) Department. Based on the data, the SCS released required quantity of rice to Mandal Level Stock points of concerned mandals and further to Fair Price Shops (FPS) which were tagged to the concerned schools. The Headmasters (HMs) of the schools collected the rice from FPS for distribution.
2.	Eggs	District Educational Officers (DEO) identified, division ¹⁵⁷ wise suppliers through competitive bidding for supply of eggs directly to the schools. The DEOs provided school wise student strength to the suppliers based on which eggs were supplied to each school.
3.	Chikkies	Director, MDM identified, zone ¹⁵⁸ wise suppliers through competitive bidding for the supply of chikkies directly to the schools. The DEOs provided school wise student strength to the suppliers based on which chikkies were supplied to each school.

¹⁵⁷ cluster of two or more Mandals

¹⁵⁸ cluster of two or more districts

Sl. No.	Item of supply	Indent placement and supply
4.	Red Gram Dal	Dal (in packets ¹⁵⁹) was procured from National Agricultural Cooperative Marketing Federation of India Limited (NAFED) and was directly supplied to the school points as per requirement.

2.4.1.3 Distribution

As per the guidelines issued (August 2020) by the Director (MDM), priority should be given for distribution of dry ration at the doorsteps of the students by the village and ward volunteers. In unavoidable circumstances, the parents can voluntarily come to schools without any compulsion and get the ration.

The DEOs shall ensure distribution of dry ration as per the enrolment in Child Info Services in School Education portal. Headmasters (HMs) of the respective schools were responsible for distribution as per the enrolment and maintain proper records¹⁶⁰. Based on the actual distribution, the HMs shall send the bills to DEOs through Mandal Educational Officers (MEOs) and in turn the DEOs would send consolidated statements to Director, MDM. Entire distribution period was divided into different phases. The quantities of entitlement for each student, in each phase, are given in *Table 2.18*.

Table 2.18: Showing the entitlement¹⁶¹ quantity of each student during all phases

Sl. No.	Phase	Period		No. of working days	Quantity of rice, eggs, chikkies and dal to be distributed per child in the given phase					
		From	To		Rice (in Kg)		Dal (in Kg)		Egg	Chikki (in number)
					Primary	UP/ High school	Primary	UP/ High school		
1.	I	19/03/2020	31/03/2020	10	1.00	1.50	--	--	08	04
2.	II	01/04/2020	23/04/2020	17	1.70	2.55	--	--	14	09
3.	Hostel ¹⁶² students	--		--	12.50		--	--	30	28
4.	III	24/04/2020	11/06/2020	40	4.00	6.00	--	--	34	20
5.	IV	12/06/2020	31/08/2020	62	6.20	9.30	--	--	56	35
6.	V	01/09/2020	31/10/2020	38	3.80	5.70	4.50	6.50	21	19
7.	VI	01/11/2020	30/11/2020	24	2.40	3.60			13	13
8.	VII	01/12/2020	31/12/2020	25	2.50	3.75			12	12
9.	VIII	01/01/ 2021	31/01/ 2021	13	1.30	1.95			07	07
10.	IX	12/06/ 2021	31/07/ 2021	40	4.00	6.00	--	--	22	22

Source: Information furnished by Director, MDM

¹⁵⁹ single packet of 4.5 Kg for Primary school students and 6.5 Kg for Upper Primary and High school students

¹⁶⁰ stock register, acknowledgement register, Inspection register, *etc.*, as per GoAP circular dated 19/08/2020

¹⁶¹ rice 100 grams per day for primary and 150 grams per day for Upper Primary and High School students, five eggs per week to all students, chikkies 75 grams per week (*i.e.*, 25 grams per day for three days to all students).

¹⁶² proceeding of Director MDM dated 13/04/2020 to supply and distribute dry ration to Residential schools and hostellers

2.4.1.4 Financial Management

The details of funds received from Central and State Government for implementation of MDM during 2019-20 & 2020-21 was as given in *Table 2.19*.

Table-2.19: Details of funds received from Central and State Government

(₹ in crore)

Year	As per proposals in PAB		Opening Balance (as per UC)		Total funds received during the year		Total funds available with the state	Actual Expenditure incurred during the year		UCs submitted for central share
	Central	State	Central	State	Central	State		Central	State	
2019-20	262.06	150.14	13.96	0.00	251.40	144.50	409.86	245.32	137.65	265.36
2020-21	358.24	207.56	1.89	0.00	375.10	216.73	593.72	178.86	105.48	373.21

Source: Data furnished by Director, MDM

Program Approval Board (PAB) approved (July 2019) ₹262.06 crore for Central assistance for the year 2019-20. Central Government released an amount of ₹265.36 crore out of which ₹251.40 crore was for the year 2019-20 and ₹13.96 crore towards unspent balance of the previous year, revalidated by GoI. The State Government utilised ₹245.32 crore and submitted a utilisation certificate for ₹265.36 crore to the Central Government.

For the year 2020-21, an amount of ₹358.24 crore was approved (July 2020) by PAB as Central assistance. Central Government released an amount of ₹375.10 crore as Central assistance, out of which, the State Government spent ₹178.86 crore (47.9 per cent of released amount) and submitted a utilisation certificate for ₹373.21 crore to the Central Government. Thus, the State Government submitted an inflated utilisation certificate to the Central Government.

The Director, MDM replied that the Utilisation Certificates included committed expenditure. The reply of the Director, MDM is not acceptable, as the conditions attached with the release of Grant-in-aid by the Central Government stipulated that the grant shall be utilised only for undertaking activities proposed in the Annual Work Plan & Budget for the specified year. Further, revalidation of the unspent balances of ₹194.85 crore was not obtained from the Central Government.

2.4.1.5 Audit Framework

Compliance Audit on 'Management of mid-day meals during COVID-19 pandemic period in Andhra Pradesh' was carried out during August 2021 to December 2021 covering the period 19 March 2020 to 31 July 2021.

The compliance audit was taken up with an objective to assess (i) whether all the stakeholders complied with the prevalent guidelines to ensure the timeliness and quality of ration. (ii) whether all the eligible students received the ration as per the entitlements.

The Audit findings were benchmarked against the criteria sourced from Annual work plans, budget release orders of State Government, sanction orders of GoI; norms prescribed for utilisation of rice & other items by GOI/State; Chapter II (Sections 5,6 and 7) and Chapter III (Section 8) of National Food Security Act, 2013; Mid-day meal Rules, 2015 issued by MHRD (Department of School Education and Literacy), GoI;

Orders issued by the Competent Authority for the activity; agreements entered with the suppliers; parameters of the timelines for placing the indents by the various stakeholders and timelines for distribution of items received for coverage of eligible beneficiaries.

2.4.1.6 Audit Methodology

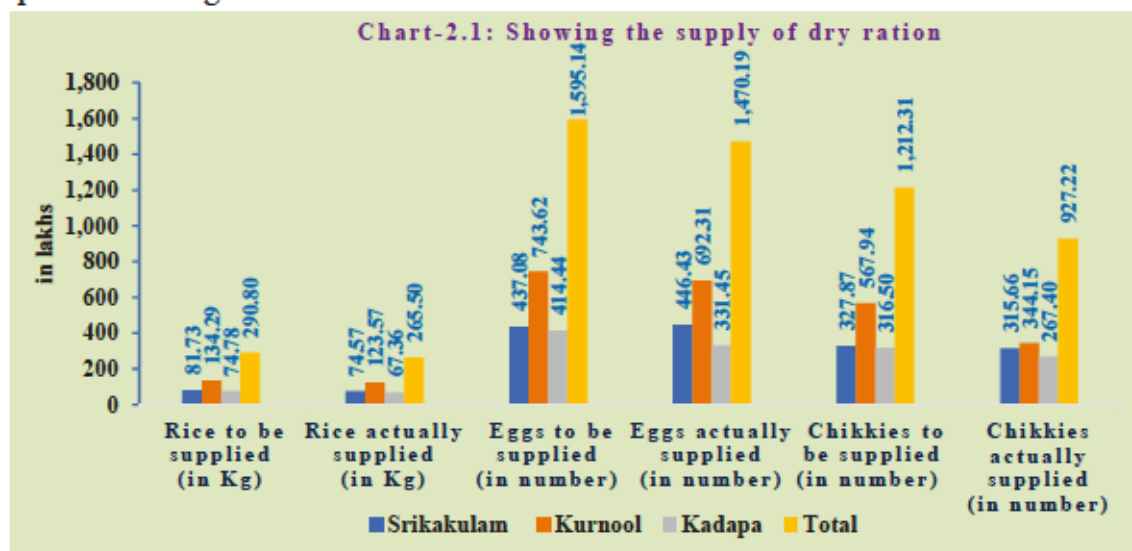
Audit methodology involved scrutiny of records at Director, Mid-Day Meal, selected DEOs, MEOs and schools. Discussions were held with departmental authorities at various levels to understand the process and the constraints involved due to the pandemic and accompanying restriction. Wherever available, the data from the IT application used by the department were analysed for insights.

Four out of thirteen districts were selected through “Simple Random Sampling without Replacement Method (SRSWRM)”. Five Mandals in each selected district¹⁶³ and one High School (HS) and one Primary(P) or Upper Primary (UP) school in each selected Mandal (*Appendix 2.14*) were selected through SRSWRM. In addition, 734¹⁶⁴ parents in the selected schools were surveyed for obtaining first-hand information about the awareness of the scheme, disbursement of the entitlement and quality of dry ration.

2.4.2 Audit Findings

2.4.2.1 Supply of dry ration

During the dry ration distribution, the required rice was supplied by the local FPS to the schools based on the indents as per the enrolment of students. The suppliers identified through the tendering system had supplied the eggs and chikkies directly to the school points as per requirement. NAFED had supplied the dal in packets to the school points as per the requirement. Audit observation on the supply aspects of the ration during pandemic period in three test-checked districts except Guntur where records were not provided is as given in *Chart 2.1*.



Source: Data provided by the respective DEOs

¹⁶³ out of 38 mandals in Srikakulam, 58 in Guntur, 55 in Kurnool, 51 in Kadapa,

¹⁶⁴ as against 800 parents (20 parents at each school), 734 parents were surveyed due to low strength of students in the school, parents busy with agriculture work

It can be seen from the chart, that there was short supply of rice (8.7 per cent), eggs (7.8 per cent) and chikkies (23.5 per cent) in the three test-checked districts viz., Srikakulam, Kurnool and Kadapa during pandemic period.

Government replied (May 2022) that, dry ration was distributed to all eligible students and no complaints were received on short supply of commodities. Non-receipt of any complaints on the short supply does not necessarily indicate full supply of dry ration. Hence, it is evident from the records produced that there was short supply of dry ration.

Government further stated that the records were not provided in Guntur for reasons attributed to staff in DEO Offices, MEO offices and teachers getting infected with COVID 19 virus and some deaths. Resistance came from HMs and teachers claiming that their lives would be under threat with the exposure and field difficulties. The reply of the Government justifying the non-production of records at Guntur district is not acceptable as it is not the only district to have been infected with Covid-19 virus. Hence, without maintaining appropriate records, the consolidated expenditure on the scheme for the entire State cannot be vouchsafed by Audit.

(a) Supply of eggs

As per the terms and conditions of agreement entered into with the suppliers by DEOs, the eggs¹⁶⁵ were to be supplied¹⁶⁶ with colour coding by edible ink. If the supplier fails to deliver any or the entire commodity (egg) or to perform services within the periods specified in the contract, the purchaser shall deduct from the contract price, as liquidated damages (LD) at two per cent of the delivered price for each week or part thereof of delay to a maximum of 10 per cent of the contract price.

Audit observed that the dates of receipts of stock were not maintained properly in test-checked schools in all phases. As such, Audit could not conclude whether the eggs were supplied within the due dates of particular phase or not. However, from the stock registers wherever available, we observed that in four test-checked schools there was delay in supply of eggs ranging from three to 105 days as given in *Table 2.20*. However, action was not initiated against the suppliers to levy or deduct LD for the delayed period of supply as per agreement.

Government in their reply (May 2022) stated that strict instructions were issued to HMs to maintain separate stock registers, issue registers and observe the color coding on the eggs. The reply was however, silent on the imposition of LD against the suppliers for the delayed period of supply

(b) Supply of peanut jaggery chikki

As per the conditions stipulated in agreement entered into between Suppliers and Director, MDM, the supplier must supply peanut jaggery chikki¹⁶⁷ once in a fortnight

¹⁶⁵ Eggs were procured at NECC rate plus transport cost

¹⁶⁶ 1st to 10th day– Blue, 11th to 20th day– Pink, 21st to 30/31st day- Green

¹⁶⁷ Quantity of peanut jaggery Chikki Supplied for Srikakulam – 7,89,155 kgs, expenditure incurred- ₹11.68 crore; Kurnool – 8,60,373 kgs, expenditure incurred- ₹12.27 crore; Kadapa – 6,68,510 kgs, expenditure incurred- ₹9.53 crore

(15days). In case of delay in supply, penalty will be levied at one *per cent* for each day of delay.

However, the date of receipts of stock were not maintained properly in all the 40 test-checked schools in respect of all phases. Hence, audit could not conclude whether the chikkies were supplied within the due dates and the penalty could also not be assessed for the delayed supply. However, from the stock registers wherever available, we observed that in four test-checked schools there was delay in supply of chikkies which ranged from three to 96 days as given in *Table 2.20* and penalty was not levied.

Table 2.20: Showing the delay in supply of eggs and chikkies by suppliers

District	Name of the School	Delay period (in days)	
		Eggs	Chikkies
Srikakulam	ZPHS ¹⁶⁸ , Ippili	3 to 36	3 to 20
Guntur	ZPHS Sekuru	49 to 72	50 to 73
Kurnool	ZPHS, Gudipadu	20 to 105	8 to 96
Kadapa	MPUPS G Obulampalli	41 to 100	26

Source: Records of respective test-checked schools

Government in its reply (May 2022) stated that instructions were issued to HMs to maintain separate stock registers. The reply was however, silent on the imposition of LD against the suppliers for the delayed period of supply.

(c) Supply of red gram dal

The GoI instructed (July 2020) State Government to take necessary action to provide Food Security Allowance comprising of food grains and pulses, oil *etc.*, (equivalent to cooking cost¹⁶⁹) to all eligible children. It was also instructed to ensure the distribution of food grains and pulses, oil *etc.*, by 10th August 2020. Accordingly, GoAP (May 2021) started to supply red gram dal¹⁷⁰ to 40,84,256 (as of January 2021) school students for the period from September 2020 to January 2021 (for 100 school working days) in the State. Audit observed that:

- (i) As per instructions of GoI and terms of agreement (March 2021) with NAFED¹⁷¹ the red gram dal was to be supplied to the school children as per entitlement. Based on the cooking cost received for 100 days, NAFED had supplied 23237.84¹⁷² Metric Tonne (MT) of dal as per work order. However, the agreement was entered into for supply of 22248.588¹⁷³ MT for 40,84,256 students. The details of distribution of excess dal received was not made available to Audit.
- (ii) The red gram which was proposed to be provided in lieu of food security allowance for the period from September 2020 to January 2021 was belatedly

¹⁶⁸ Zilla Parishad High School

¹⁶⁹ ₹4.97 for primary and ₹7.45 for Upper primary or High school

¹⁷⁰ quantity of red gram dal supplied for Srikakulam – 13,62,861 kgs, expenditure incurred- ₹14.72 crore; Kurnool – 23,32,257.5 kgs, expenditure incurred- ₹25.18 crore; Kadapa – 1300305.5 kgs, expenditure incurred- ₹14.04 crore

¹⁷¹ National Agricultural Cooperative Marketing Federation of India Limited

¹⁷² (₹4.97 x 21,49,538 primary students x 100 days)/ ₹108 per kg + (₹7.45 x 19,34,718 UP/HS x 100 days)/ ₹108 per kg

¹⁷³ 4.5 kg x 21,49,538 primary students = 96,72,921 kg; 6.5 kg x 19,34,718 UP/HS = 1,25,75,667 kg

distributed w.e.f 12 June 2021. The delay is due to bills pending for payments to the Civil Supplies Corporation and delay in placing supply order to NAFED. The entire portion of the red-gram for 100 days was supplied at once after a delay of nine months. However, red gram was not provided to the students for the earlier period from 19 March 2020 to 31 August 2020.

Thus, the State Government, by not supplying red gram dal timely as intended deferred nutrition to the children at the time of pandemic spreading.

- (iii) In three test-checked districts, we observed that there was shortfall in supply of red gram dal as given in *Table 2.21*.

Table 2.21: Details of short supply of dal in test-checked Districts

District	No. of Students	No. of Red Gram dal packets received	Short(-)/ Excess(+)	Details of Excess/Short as per eligibility	
				No. 4.5 Kg packets	No. 6.5 Kg packets
Srikakulam	2,49,959	2,49,722	(-)237	(-)205	(-)32
Guntur ¹⁷⁴	3,95,580	3,75,884	(-)19,696	(-) 8,302	(-)11,394
Kurnool	4,49,355	4,30,691	(-)18,664	(-)7,660	(-)11,004
Kadapa	2,21,527	2,41,147	(+)19,620	(+)13,012	(+) 6,608

Source: Information furnished by respective DEOs and for Guntur district taken from website

Government replied (May 2022) that the red gram was supplied for five months in bulk. However, HMs managed the available stock among all eligible students though there was rising strength of students from February 2021 to June-2021. No complaints were received either from the HMs or from the parents for the shortfall of red gram dal.

The reply of Government is not acceptable as shortfall in supply of red gram was noticed in test-checked districts and there was a delay of nine months in supply of red gram dal to the students at the time of pandemic spreading.

2.4.2.2 Distribution of dry ration

Government had accorded sanction for dry ration distribution by ensuring all the essential precautionary steps required in the distribution and instructed that whole process shall be undertaken by involving gram volunteers, Gram Sachivalaya Staff and Education Department to avoid any leakages. This would also ensure that COVID-19 protocol was strictly observed in the schools and there would be less exposure to the parents/students to COVID-19.

However, relating to all test checked schools (Nos 40), 93.6 *per cent* of the parents confirmed during the survey conducted by Audit that they had collected dry ration from the schools.

(a) Lapses in distribution

(1) At district level

The data related to distribution of dry ration was not made available to Audit by three test checked DEOs. In Guntur district, 100 *per cent* distribution of dry ration was shown,

¹⁷⁴ DEO, Guntur has not furnished the data, hence, the data was taken from the website.

however, the records examined in five test-checked mandals in Guntur district about 72 to 100 *per cent* students¹⁷⁵ availed the benefit of dry ration.

(2) At mandal level

(i) In five test-checked mandals¹⁷⁶ in Srikakulam district, the MEOs did not furnish any records related to distribution of dry ration attributing reason to heavy pandemic.

(ii) During March 2020 to August 2020, in Kurnool Mandal chikkies were not distributed due to non-supply and there was short distribution¹⁷⁷ of eggs and chikkies in two test-checked Mandals (Midthur and Veldurthy Mandals).

(iii) In one test-checked Mandal (Vallur Mandal) of Kadapa district, there was short distribution¹⁷⁸ of eggs and chikkies due to short supply.

(3) At school level

(i) In 13 out of 40 test checked schools (*Appendix 2.15*), we observed that in one or more phases, rice was not distributed in four schools, eggs and chikkies were not distributed in six schools and chikkies were not distributed in three schools.

(ii) As per the guidelines issued (August 2020) by GoAP, acknowledgement sheets from parents for distribution of dry ration should be maintained date wise. However, the dates of supply and distribution were not recorded in stock register or acknowledgement sheets in the test checked schools. In three¹⁷⁹ schools, acknowledgements were obtained at once for every four to five phases instead of on every occasion and the same were not obtained at all in the two¹⁸⁰ schools.

The eggs were not supplied for the period from 12 June 2020 to 31 August 2020 and there by the students were deprived of the additional nutrients. Though the eggs pertaining to the above period *i.e.*, 12 June 2020 to 31 August 2020 were issued in October 2020 and November 2020 along with the eggs pertaining to latter months *i.e.*, October 2020 and November 2020 and excess intake of eggs were consumable, supply of additional nutrients above their propensity is irregular and uncalled for.

Government replied (May 2022) that, due to the heavy COVID-19 pandemic no transport facilities were available and there was no permission to mobilise men for collection of acknowledgements from parents.

¹⁷⁵ in Guntur Mandal-92 *per cent* students, Prathipadu mandal-76 to 95 *per cent* students, Tadikonda mandal-72 to 100 *per cent* students, Chebrolu mandal-92 to 100 *per cent* and Mangalagiri mandal-83 to 100 *per cent* students

¹⁷⁶ Srikakulam, Amudalavalasa, Narsannapeta, Sitampeta, Etcherla

¹⁷⁷ eggs-4,31,375 & Chikkies-6,06,168 (Nos)

¹⁷⁸ eggs-27,173 & Chikkies-38,602 (Nos)

¹⁷⁹ MPPS, Badurlapeta in Srikakulam district, MPPS, Yenamdala and ZPHS, Sekuru in Guntur district
¹⁸⁰ Municipal Primary School, T.Manayyapeta in Srikakulam district and MPPS, Patimeedipalli in Kadapa (March 2020 to November 2020)

(b) Distribution of dry ration to students of Residential schools

Students studying in Government Residential Schools & Hostels¹⁸¹ are not covered in MDM Programme as they would be getting food normally in the hostels. Hence, to cater to these students Government issued orders (April 2020) to provide dry ration¹⁸² to all the students studying in Residential Schools & Hostels with the help of Field Officers of the School Education Department. The Directors/Secretaries of the Welfare Departments were instructed to make sure that the District Officers of the Welfare Departments shall submit District Consolidated information¹⁸³ of students to the DEOs concerned for mapping of student to respective village and hence to inform the HMs of identified Government school.

(i) During physical verification, Audit observed that in one of the test-checked schools viz., Government High School, Seethampeta, Srikakulam District dry ration was provided to 55 out of 60 hostellers. The school could not provide dry ration for the remaining hostellers due to incorrect mapping of these hostellers to the school.

(ii) In Guntur District, dry ration was provided to 2,281 out of 2,497 hostellers¹⁸⁴. Further, 14 hostellers who were mapped to ZPHS, Tikkireddypalem, Prathipadu mandal were not provided rice.

(iii) In Kadapa district, eggs and chikkies were not distributed to 1,801 hostellers in four¹⁸⁵ out of five test checked mandals. In Kadapa mandal, records related to dry ration distribution to hostellers were not maintained.

(iv) In the Kurnool district, out of 39,491 hostellers, rice was not distributed to 5,485 hostellers, eggs to 17,270 hostellers and chikkies to 30,082 hostellers.

Further, the dates of distribution of dry ration to hostellers was not available in the test-checked schools except in Government Girls High School, Guntur. Further, from the records of the school, it was observed that there was abnormal delay of five months (distributed in October 2020 instead of in April 2020) in distribution of ration.

Hence, the objective of distribution of dry ration to the hostellers could not be achieved timely as intended.

The DEO, Kurnool replied that parents did not show interest in receiving dry ration at school point and hence there was shortfall. However, DEOs of other test-checked districts did not reply on this shortfall.

¹⁸¹ run by various Welfare departments, Andhra Pradesh Residential Educational Institutions Society (APREIS), Andhra Pradesh Social Welfare Residential Educational Institutions Society (APSWREIS), Andhra Pradesh State Tribal Residential Educational Institutional Societies (APSTREIS), Andhra Pradesh Model Schools, Kasturba Gandhi Balika Vidyalaya (KGBV)

¹⁸² rice: 12.5 kg per student for 30 days; Eggs: 30 per students for 30 days; Chikkies : 28 Nos (of 25 grams each) per student for 30 days

¹⁸³ student name, class, parents address, native village, Aadhar Number and contact number

¹⁸⁴ Guntur mandal-2,138 out of 2,312 hostellers and Prathipadu mandal-143 out of 185 hostellers

¹⁸⁵ Vallur, Atloor, Chennur and Sidhout Mandals

Government in their reply (May 2022) stated that, all residential school students were mapped based on their native village and some of the students were not identified as they had migrated to livelihood places during COVID-19 pandemic period.

(c) Lack of measurement tools

In 2018-19, the GoAP proposed to provide weighing machines in schools for measuring rice and other items. However, during the inspection it was observed that except four schools¹⁸⁶, no weighing machines/ measurement tools were provided for measuring the quantity of rice to remaining 36 test-checked schools.

Hence, the staff of the schools were using the locally available uncalibrated tools for measurement of the ration. In the absence of measuring tools/weighing machine the correctness of distribution of the prescribed quantities to students was doubtful.



Picture 1: Tin used as measuring tool at MPPS, Badurlapeta, Srikakulam district

Government while accepting the audit observation (May 2022) stated that no measurement tools were supplied by the Government to schools for measuring the commodities.

2.4.2.3 Quality of dry ration

At school level, the MEOs are responsible¹⁸⁷ for check of quality and quantity of items. Though 98.8 per cent of parents were satisfied with the quality of dry ration provided, Audit noticed that provisions set forth for quality of items to be supplied were not strictly ensured by the Department as detailed below:

(a) Quality of eggs

The agreements entered into (June 2020) with the suppliers contained, the specific provisions for ensuring quality of the eggs procured for distribution. The provisions and their compliance at school level were as detailed below:

- (i) The weight of egg (hen) should not be less than 50 grams. The shell of the egg should be clean, unbroken, practically normal and thickness of the shell should be at least 0.33 mm. The Yolk's outline may be fairly defined and practically free from defects. The Egg whites should be 60 to 70 Haugh¹⁸⁸ units and density should be more than that of water. There is no evidence to ensure the quality of eggs supplied at school according to the normative quality standards.

¹⁸⁶ MPPS, Yenadmadala and ZPHS, Thikkireddypalem in Prathipadu mandal, Guntur district, MPUPS G Obulampalli and MPPS Mittapalli, in Kadapa district.

¹⁸⁷ as per the circular dated ESE-02/ 27021/60/2020-MDM CSE Dated 19/08/2020 (Point no. 02)

¹⁸⁸ Haugh unit is a measure of egg protein quality based on the height of its egg white (albumen).

- (ii) The suppliers should supply the eggs with colour coding¹⁸⁹ by edible ink. However, during physical inspection of test-checked schools, Audit noticed that no colour coding was observed on eggs in 34 out of 40 test-checked schools, except for the supplies made to six schools¹⁹⁰.



Picture 2: Supply of Eggs with edible ink in pink color at ZPHS (Board), Narasannapeta, Srikakulam district

Further, in ZPHS (Board), Narasannapeta, Srikakulam district, we observed (6 November 2021) that the eggs were coded with pink colour instead of blue as per colour code for first 10 days of supply, implying that the supplies were made with the old stock. Thus, there was no assurance derived as to ensure the stock supplied was fresh. We also observed instances of spoiled eggs¹⁹¹ during audit. In Srikakulam district, HMs Association had registered a complaint with DEO regarding the quality and size of the eggs.

- (iii) The crates containing eggs should be impressed with logo 'MDM Andhra Pradesh' to avoid diversion of these supplies. However, marking/logo on crates was not seen in 38 out of 40 test-checked schools, except for two¹⁹² schools.



Picture 3: Eggs supplied without MDM logo at Government High School, Seethampeta, Srikakulam district

- (iv) At the time of delivery of stocks by the suppliers, the stocks are subjected to quality verification by the quality control committee at school or mandal level. In all the test-checked schools, the quality control committees were not formed, and as such there is no assurance that quality checks were conducted. Thus, it is evident that MEOs & School HMs were also unaware of the agreement conditions related to quality assurance.

Government in their reply (May 2022) stated that instructions were issued to MEOs/HMs to strictly follow the norms and keep watch on the eggs quantity, quality, weight, logo and colour marking.

¹⁸⁹ 1st to 10th -Blue, 11th to 20th - Pink, 21st to 30/31st - Green

¹⁹⁰ MPPS Diguvaipeta, MPPS Mittapalli, ZPHS Vallur, MPPS Patimadipalli and MPL HS MADRAS road in the Kadapa district and in the ZPHS (Board), Narasannapeta, Srikakulam district

¹⁹¹ observed at ZPHS, Sekuru, Guntur district, Model School Nandyal and ZPHS Gudipadu in Kurnool district.

¹⁹² ZPHS(Board), Narasannapeta and ZPHS, Dharmavaram in Srikakulam district

(b) Quality of peanut jaggery chikki

As per the agreement conditions, the stocks would be randomly or wholly subjected to laboratory tests at any laboratory at the discretion of the department at the cost of manufacturer. Audit noticed that no such tests were conducted in the test-checked districts. Further, it was noticed that:

- i) In Srikakulam district there was discrepancy on the date of expiry for the chikkies supplied. On the pack, the date of expiry was mentioned as one month from the date of manufacturing and on the label attached to the chikkies, it was mentioned as two months from the date of manufacturing. Hence, we could not ascertain the exact date of expiry.
- ii) The chikkies should be easily separable and non-sticky. However, during the inspection (December 2021) of 10 test-checked schools in Guntur district and one MPPS Patimeedipalle, Kadapa district, Audit observed that the entire quantity of chikkies were sticky and stuck together.
- iii) The supply agreement provides for FSSAI¹⁹³ certification of the chikkies to be supplied. During the inspection of the test-checked schools¹⁹⁴ audit noticed that chikkies did not have FSSAI certification on the label as mentioned in the agreement. Hence, quality of chikkies supplied could not be ensured.
- iv) At the time of delivery of stocks by the supplier, the stocks shall be subjected to quality verification by the quality control committee at Mandal or School level. However, during physical inspection of the test-checked schools it was noticed that no such committees were formed. As such, no quality verification at school or Mandal level was done in the test-checked districts. Thus, it is evident that MEOs, HMs and teachers were also unaware of the agreement conditions.

Government while accepting the audit observation (May 2022) replied that, HMs/ MEOs were instructed to issue the acknowledgment only after confirming the quality and quantity.

(c) Quality of red gram dal

- (i) As per the agreement conditions entered into with the supplier, for every batch, the samples would be sent for testing to NABL¹⁹⁵ accredited laboratory and the certificate would be enclosed along with the supply. However, copies of such certificates for the supply made were not made available to audit to verify the quality of dal supplied. However, DEO Kadapa had submitted (for the month of October 2021) the quality assurance certificate issued by Regional Public Health

¹⁹³ Food Safety and Standards Authority of India is mandatory compliance that ensures the safety of food products supplied or manufactured by various establishments in India

¹⁹⁴ "Mandal Praja Parishad Primary School, Yenamadala" in Guntur district, ZPHS Kamalakur and SPBVD HS Upparapalli, in Kadapa district; MPPS (U) Hajarathji Nagar and MPPS (JB) Naglapuram) in Kurnool District

¹⁹⁵ National Accreditation Board for Testing & Calibration Laboratories

laboratory, Guntur. It cannot be ascertained from the records whether the lab is NABL accredited or not.

- (ii) The supplier shall keep the stock at selected stock points for verification by the State Level Technical Committee. Samples which do not meet quality requirement shall be liable to be rejected/replaced. In the event of the samples of commodity supplied failing quality tests or found to be not as per specifications, the Department is at liberty to make alternative purchase arrangements of the item of commodity for which the purchase order have been placed from any other sources.

We observed that the reports of the State Level Technical Committee confirming the quality of dal supplied were not available either at the Directorate or at DEOs of test-checked districts. Thus, in the absence of reports, the quality of dal supplied could not be ensured.

Government replied (May 2022) that, the samples of Red-gram dal of two packets from each division have sent to Laboratory at Guntur for testing the quality.

The reply is not tenable as State Level Technical Committee confirming the quality of dal supplied were not available either at the Directorate or at DEOs of test-checked districts.

2.4.2.4 Monitoring mechanism

Director, MDM issued (August 2020) Guidelines to the DEOs, Assistant Directors (AD), MDM, MEOs and HMs for implementing and monitoring of the scheme. We observed that;

Sl. No.	Monitoring mechanism as per guidelines	Audit observation
1.	DEOs and the ADs had to conduct meetings, video conferences and teleconferences with the MEOs. The DEOs shall check at least half <i>per cent</i> of the schools in a week for monitoring the distribution of dry ration. Further, Deputy DEOs must check five <i>per cent</i> of schools in their jurisdiction.	No such records were made available to Audit. Hence, Audit could not ascertain whether the prescribed guidelines were complied with at all levels.
2.	MEOs must conduct meetings/video conferences/teleconferences with the HMs and monitor the implementation of the programme on the aspects of transparency, accountability, maintenance of records, timely delivery, maintenance of the quality and quantity of the items being distributed. Further, MEOs must inspect 20 <i>per cent</i> of the schools in their Mandals.	No such inspection records were made available to Audit except in Kurnool district. In Kurnool district, more than 20 <i>per cent</i> schools were inspected by the MEOs.

Sl. No.	Monitoring mechanism as per guidelines	Audit observation
3.	Welfare & Educational Assistants in rural areas and Ward Welfare Development Secretaries in urban areas must inspect the schools twice a week for checking the distribution of the dry ration and shall take a sample of the dry ration randomly in a village/municipality for quality checking. Malpractices noticed should be reported to the MEO immediately.	No inspections were conducted by Welfare and Educational Assistants in test-checked mandals of three out of four test-checked districts. In Kurnool district, inspections were conducted by Educational and Welfare assistants in test-checked schools in four ¹⁹⁶ out of five test-checked Mandals.
4.	The list of the beneficiaries who got the dry ration distribution in each phase was to be displayed on the notice board by the schools.	During the physical verification, no evidence of exhibiting the list of beneficiaries on notice boards was available in test-checked schools.
5.	The Parents Committee ¹⁹⁷ (PC) should be involved in the process of distribution of dry ration, and suggestions and feedback from the villagers to be obtained. The PC meeting should be held every week. All records related to the dry ration, the acknowledgements & other registers have to be verified and a resolution has to be passed regarding the correctness of the records & evidence. Suggestions given by the Parents Committee have to be recorded in the resolutions.	In one ¹⁹⁸ out of 40 test-checked schools, PC was not formed. Further, in 39 test-checked schools, the PCs did not meet and pass any resolutions for correctness of the records & evidence of distribution of dry ration. However, 99.20 per cent of parents expressed that ration was received as per eligibility.
6.	The Ward and Village Volunteers shall take photos of each student to whom the dry ration is distributed and hand over the photos of the students to the HMs. While capturing the photos either through mobile phones, the date and time has to be enabled to display on the photos, so that they can be checked for any verification in future.	No such photos with date and time were provided to Audit.

Government replied (May 2022) that Joint Collectors, DEOs, Dy. EOs, MEOs, AD/MDM at district level was monitoring the schools every day and time to time instructions were being issued. Further, HMs were also strictly instructed to maintain separate registers for stock, eggs and chikkies, taste registers, meals taken registers and pre-dispatch registers *etc.*

¹⁹⁶ as per proforma submitted by MEO Gudur, MEO Kurnool, MEO Veldurthy and MEO Midthur

¹⁹⁷ Three parents/guardians elected by parents/guardians of children in each class will constitute the Parents Committee. Among them Chairman and Vice-Chairman will be elected

¹⁹⁸ ZPHS Kamalapur, Kadapa District

The reply is not tenable as seen during the audit of the test checked districts. Government should have ensured that implementation and monitoring of the scheme were carried out according to the guidelines.

2.4.3 Conclusions

- *The stakeholders (DEOs, MEOs and HMs) did not comply with the prevalent guidelines to ensure the timelines and entitlements for ration distribution which led to delay in supply and distribution of dry ration to all the eligible students during pandemic period.*
- *Quality control committees (consisting of DEOs, MEOs and HMs) were not formed to ensure the quality of dry ration supplied/ distributed. The intended monitoring mechanism was not functioning in the test checked districts.*
- *The State Government, by not taking timely action, delayed the much needed nutrition to the children. The entire portion of the red-gram for 100 days was supplied in bulk after a delay of nine months.*
- *As supply/distribution records were not maintained, there was no assurance about receipt of dry ration as per entitlement of the students.*

2.4.4 Recommendation

- *The Government should examine the matter and the responsibility may be fixed for the deficiencies pointed out by the audit.*

Environment, Forest, Science and Technology Department

2.5 Compliance audit on Applicable Environmental Laws in Visakhapatnam District

2.5.1 Introduction

The indiscriminate utilisation of natural resources for meeting developmental demands, rapid industrialisation and unplanned urbanisation are adversely impacting the environment. Dumping of waste into the rivers and lakes and increased emission of harmful pollutants into the environment have contributed to degrading our ecosystem. Trends towards environmental degradation can, however, be slowed even reversed, by active government interventions.

Pollution control is the process of reducing or eliminating the release of pollutants (usually man-made) into the environment. It is regulated by various environmental agencies that prescribe limits for the discharge of pollutants into the air, water and land. Non-compliance with the laid down standards for pollution control poses risk to human health and to the environment.

The Ministry of Environment, Forests & Climate Change (MoEF & CC) is the nodal agency for the planning, promotion, co-ordination and monitoring of implementation of India's environmental programmes. The Environment (Protection) Act, 1986 authorises the Central Government to protect and improve environmental quality, control and reduce pollution from all sources and prohibit or restrict the setting and/ or operation of any industrial facility on environmental grounds. In this regard, various acts and rules¹⁹⁹ have been framed by Government for prevention and control of pollution.

The Central Pollution Control Board (CPCB), a statutory organisation, was constituted in September 1974 under the Water (Prevention and Control of Pollution) Act, 1974 (Water Act). Further, CPCB was entrusted with the powers and functions under the Air (Prevention and Control of Pollution) Act, 1981 (Air Act). Besides other functions, the CPCB co-ordinates the activities of the State Boards and provides technical assistance and guidance to the State Boards on pollution related matters.

As per Section 5 of the Environment (Protection) Act, 1986, the Central Government had delegated²⁰⁰ the powers vested in the Act to the State Governments. Section 4 of the Water Act and Section 5 of the Air Act provides the power to the State Governments to constitute the State Pollution Control Boards (SPCBs) in the respective States.

The SPCBs are responsible for the implementation of the regulations through the mechanism of consent management²⁰¹.

¹⁹⁹ Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, and some of the provisions under Environmental (Protection) Act, 1986 and the rules framed thereunder

²⁰⁰ Notification. No. S.O. 152 (E) dated 10 February 1988 published in Gazette No. 54 of the same date

²⁰¹ Consent for Establishment and Consent for Operation

In Andhra Pradesh, the State Board for Prevention and Control of Water Pollution was constituted in January 1976 under the Water Act. After the Air Act came into force, the Board's name was changed as Andhra Pradesh Pollution Control Board (APPCB) (hereafter referred to as Board). The Board comprises of the Chairman, Member Secretary and fifteen other members nominated by the Government of Andhra Pradesh. The Members of the Board include the representatives of the Government, Local Authorities, Technical and Scientific Community. The Board is the apex body empowered with taking policy decisions on the matters relating to prevention and control of environmental pollution under various Acts. The Principal Secretary, Environment, Forests, Science and Technology Department oversees implementation of all the Acts and Rules relating to environmental pollution in the State.

The activities of Board *inter alia* include:

- Monitoring of highly polluting industries;
- Inventorisation of polluting industries in the state and ensuring their compliance with the pollution control norms;
- Pollution control from industries discharging wastewater into rivers and lakes;
- Monitoring of water quality and ambient air quality within the state;
- Management of hazardous, bio-medical, plastic and municipal waste;
- Monitoring and management of environmental quality in critically polluted areas;
- Issuance of various environmental permits *viz.*, Consent for Establishment, Consent for Operation, *etc.*
- Conducting research and development activities on environmental matters;
- Imparting training on environment;
- Building environmental awareness for the community.

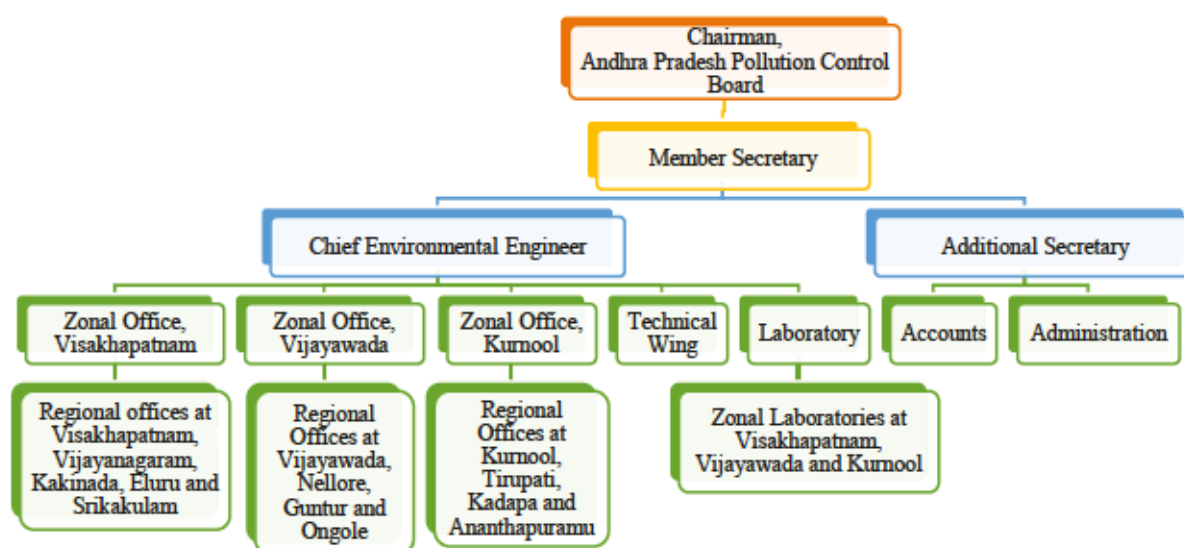
The Board is not financially assisted either by the State Government or the Government of India. The Board functions with its own resources, the major source of revenue being collection of consent fees, sample analysis fees, bio-medical waste authorisation fee, interest from fixed deposits and savings accounts, *etc.* The revenue collection during the period (2017-2020) is given in *Table 2.22*.

Table-2.22: Year-wise collection of Revenue

Year	Revenue Collection
2017-18	84.38
2018-19	63.13
2019-20	56.18

Source: Information furnished by the Board

Organogram of Andhra Pradesh Pollution Control Board



2.5.2 Audit Objectives

The compliance audit was carried out to assess whether:

- Statutory/ designated authorities are performing their functions in an efficient and effective manner and are ensuring compliance with the provisions of various Acts / Rules relating to prevention and control of pollution.

2.5.3 Scope and Methodology

Visakhapatnam district was selected for the compliance audit as it was the most polluted city (March 2019) in Andhra Pradesh in respect of hazardous waste and plastic waste generation. In respect of red category industries, bio-medical waste generation and population it stood in the second, third and fourth places respectively. Audit was conducted (between October and December 2020) to assess compliance with 'Applicable environmental laws in Visakhapatnam District' relating to prevention, control and abatement of pollution in air, water and land/ soil.

We conducted an entry conference with the Chief Environmental Engineer & Chief Accounts Officer, and other officers of AP Pollution Control Board in October 2020. The exit conference was held with Special Secretary, Department of Environment, Forest, Science & Technology in June 2021. Replies of the Government have been suitably incorporated in the report.

Audit methodology involved scrutiny of records for the period from 2017-18 to 2019-20 and issue of audit enquiries, collection of information from the Heads of Offices concerned (*viz.*, Office of the Member Secretary, Andhra Pradesh Pollution Control Board (APPCB), Vijayawada; Zonal and Regional Offices at Visakhapatnam, Greater Visakhapatnam Municipal Corporation (GVMC) and District Panchayat Office) of Visakhapatnam district.

(a) Selection of Sampled units

As per the CPCB's directions, industries are categorised as red, orange and green based on relative pollution index. Within the above categories, the industries are further classified into small, medium and large based on the investment. Out of a total of 876 industries (units) 234 of all the three categories viz., red (121), orange (73) and green (40) were selected for audit.

Similarly, in respect of Health Care Establishments (HCEs), 176 units (out of 1,314) were selected based on bed strength, which is the criteria for granting authorisation by Board to HCEs. Regarding Local Bodies (Urban and Rural), units were selected based on population²⁰². Of the three urban local bodies in the district, GVMC has been selected and against 282 RLBs in Visakhapatnam division 43 have been selected. All the sampled units were selected using stratified random sampling method. The sample selection is depicted in *Appendix 2.16*.

2.5.4 Audit Criteria

Audit findings were benchmarked against the following criteria:

- The Water (Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981
- Prevention and Control of Pollution (uniform consent procedure) Rules, 1999
- Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
- Solid Waste Management Rules, 2016
- Bio-Medical Waste Management Rules, 2016
- Plastic Waste Management (Amendment) Rules, 2018 and
- Orders issued by the Central/ State Government from time to time

2.5.5 Acknowledgement

We acknowledge the cooperation extended by AP Pollution Control Board, Zonal and Regional Offices at Visakhapatnam, Greater Visakhapatnam Municipal Corporation and the District Panchayat Office.

2.5.6 Audit findings**2.5.6.1 Non-implementation of Action Plan**

As per Section 17(1)(a) of the Air Act the SPCB has to plan a comprehensive programme for prevention, control or abatement of water and air pollution in the State and to secure the execution thereof. Post identification (2009) of Visakhapatnam city as

²⁰² in respect of Solid Waste Management, as per Greater Visakhapatnam Municipal Corporation, the average waste generated by each individual is assessed at 2.5 kg per day; hence population has been adopted as criteria for selecting Rural Local Bodies/ Panchayats

a critically polluted area²⁰³ (CPA) by CPCB and imposition of moratorium (March 2010) by MoE&F for ban on projects for environmental clearance in the bowl area²⁰⁴, a Comprehensive Action Plan for Visakhapatnam was prepared and submitted to CPCB (November 2010). Subsequently, due to decrease in the Comprehensive Environmental Pollution Index (CEPI) the MoE&F lifted (September 2013) the moratorium.

Further, in July 2016 Visakhapatnam was identified by CPCB as a 'non-attainment city' for not meeting National Ambient Air Quality Standards (NAAQ). In this connection a Comprehensive Clean Air Action Plan was prepared by the Board, based on the Hon'ble National Green Tribunal's (NGT) directions (October 2018), which was approved by Air Quality Monitoring Committee²⁰⁵ in January 2019. Thereafter no review was taken up regarding implementation of the action plan. Specific reasons for non-implementation of action plan were not furnished, though called for.

Meanwhile, based on the Comprehensive Action Plan (November 2010) a committee inspected (June 2017) the industries in bowl area and observed that non-complied issues viz. air quality and monitoring assessment; industrial pollution; pollution through vehicular emissions; open burning of waste; pollution from mining operations, etc., remained unattended.

Government replied (June 2021) that as per NGT directions, a State Environmental Management Plan was prepared and submitted (January 2020) to CPCB and the plan was being reviewed quarterly.

The fact remains that despite the quarterly reviews conducted by the Board, the status of issues pointed out in the subsequent paragraphs, remained unchanged and these industries continued to pollute the environment, which is detrimental to public health and environment at large.

(a) Utilisation of funds on environmental schemes

One of the objectives of the Board is to create environmental awareness and compliance in close co-ordination and rapport with Industries' Associations, Government organisations, etc. Further, the general activities of the Board include conducting research and development activities on environmental matters; encouraging and promoting environmental research by academicians and institutions; imparting training on environment and building environmental awareness amongst the public.

- (i) The Board made provisions²⁰⁶ in the budget during the years 2017-18 to 2019-20 towards environmental schemes viz., hazardous waste management (including training and inventorisation); air and water quality surveys; environmental awareness programmes; capacity building for industrial pollution management projects; environmental research programmes, etc. However, the expenditure

²⁰³ CEPI score of 70.82-minimum score for declaration as critically polluted area is 70

²⁰⁴ Spoon shaped basin surrounded by hill ranges on three sides and sea on the other side is called as bowl area for assessment of environmental related issues

²⁰⁵ Air Quality Monitoring Committee constituted by GoAP vide GO No.167 dated 14/11/2018

²⁰⁶ ₹84.98 crore (2017-18); ₹72.98 crore (2018-19) and ₹75.89 crore (2019-20)

incurred²⁰⁷ across the State during the said three-year period ending March 2020 was meagre and only around five *per cent* of the funds provided as shown in *Table 2.23*.

Table-2.23: Year-wise funding and expenditure details

Year	Environmental Schemes		(₹ in crore)
	Budget provision	Actual Expenditure	Percentage of Expenditure
2017-18	84.98	3.97	4.67
2018-19	72.98	3.85	5.28
2019-20	75.88	3.77 ²⁰⁸	4.97

Source: Information furnished by the Board

We observed that 26 environmental schemes were proposed for implementation in the State during the three-year period *i.e.*, 2017-20 out of which the expenditure was over 40 *per cent* in respect of five schemes; between one and 39 *per cent* on 11 schemes and in respect of the remaining 10 schemes, no expenditure was incurred (*Appendix 2.17*).

- (ii) In Visakhapatnam region, the funds provided and expenditure on environmental schemes showed a downward trend over the three-year period (2017-20). In 2017-18, budget provision of ₹4.30 crore was made for 16 environmental schemes which came down to ₹0.33 crore during 2019-20, that too on only three schemes (as shown in *Table 2.24*) viz., (i) Environmental Awareness Programmes (ii) seminars & conferences/ workshops (iii) World Environment Day. No expenditure was incurred on the 13 schemes which were meant for dealing with pollution control issues. Thus, there was insufficient engagement by the Pollution Control Board with measures needed to combat pollution.

Table-2.24: Year-wise details of Visakhapatnam district

Year	No. of Schemes	Environmental Schemes		(₹ in crore)
		Budget provision	Actual Expenditure	Percentage of expenditure
2017-18	16	4.30	0.16	3.72
2018-19	12	0.65	0.30	46.15
2019-20	3	0.33	0.14	42.42

Source: Information furnished by the Board

- (iii) Though Visakhapatnam city was declared as ‘non-attainment city’ for not meeting the NAAQ standards (2016), funds allocation on air related environmental schemes showed a downward trend during the period 2017-18 to 2019-20 (*Appendix 2.18*). In fact, there was no budget provision for the year 2019-20. Of the four schemes, the expenditure was NIL in respect of three schemes²⁰⁹ during the period.

Government assured (June 2021) that the allocated amounts would be spent for the intended purpose.

²⁰⁷ ₹3.97 crore (2017-18); ₹3.85 crore (2018-19) and ₹3.77 crore (2019-20)

²⁰⁸ Provisional figures furnished by the APPCB since accounts not audited

²⁰⁹ Automobile Pollution Control, Noise Survey in Cities & Industrial Estates and CAAQMS

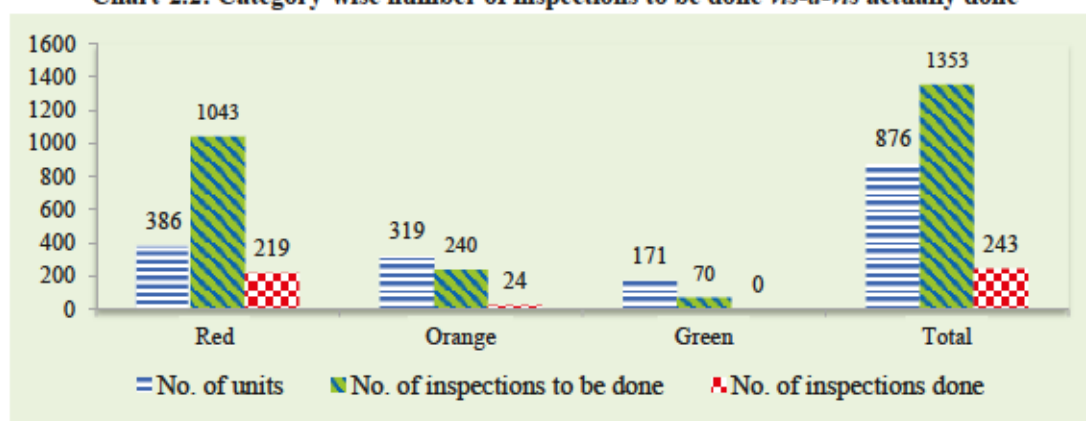
(b) Shortfall in inspection of industries

Rule 6 of 'Prevention and Control of Pollution (Uniform Consent Procedure) Rules, 1999' issued by MoE&F²¹⁰, defines the frequency of inspections, sampling and schedule of monitoring so that officers of the State Boards may chalk out the programme of inspection or sampling in a manner that all the units are covered for vigilance and monitoring purposes. The frequency of inspections is determined based on the category on which industrial units are classified.

As of March 2020, there were 882²¹¹ industries in Visakhapatnam. Out of these, 386 are Red category, 319 are Orange category and remaining 171 are Green category industries.

The category-wise inspections to be carried out and actual inspections carried out by the Board during 2019-20 are given in the *Chart 2.2* below.

Chart-2.2: Category-wise number of inspections to be done vis-à-vis actually done



Source: Information furnished by the Board

Though 1,353 inspections were required to be done for the year 2019-20 by the Board, the actual number of inspections conducted were 243²¹² (around 18 per cent) only. For instance, in the case of industries under red category, it is mandatory to conduct four inspections in a year in respect of large and medium categories. We observed that requisite number of inspections were not conducted in respect of Red Category units during the years covered in audit.

Government stated (June 2021) that at present the Board was working with less than 50 per cent of the sanctioned strength and issue of recruitment of staff was yet to be finalised. Hence, the frequency of the mandatory inspections was reduced under intimation to CPCB.

²¹⁰ notification dated 20/12/1999

²¹¹ though the number of industries are 882, data was furnished by APPCB Regional office, Visakhapatnam in respect of 876 units only

²¹² out of 1043 inspections in respect of Red Category Industries to be conducted (Large: 172 units x 4 occasions = 688; Medium: 47 x 4 = 188 and Small: 167 x 1 = 167), only 219 inspections & out of 240 inspections in respect of Orange Category Industries (Large: 39 x 2 = 78; Medium: 41 x 2 = 82 and Small :239 once in three years = 80) to be conducted only 24 inspections were conducted.

Reply of the Government is not acceptable as the failure to conduct regular inspections as laid down in the rules resulted in industries taking advantage of the same and illegally discharging effluents/ hazardous gas emissions into the open and causing damage to the environment (as detailed in subsequent paragraphs) with severe consequences for living beings.

(c) Industries/ units operating without valid consent under various Environmental Acts/ Rules

The mission of the Board is to prevent, control and abate pollution of streams, wells, land and air in the State and to protect the environment from any degradation by effective monitoring and implementation of pollution control legislations. As per Section 25 of the Water Act²¹³ and amendments thereof and Section 21 of the Air Act²¹⁴ and amendments thereof, no person shall establish or operate any industrial plant/ operation/ process/ any treatment or disposal system without previous consent of the Board. As per conditions of the 'consent order for renewal', the applicant should make an online application for renewal of consent (under Water and Air Acts) and authorisation under Hazardous and other Waste Management Rules at least 120 days before the date of expiry of the consent order. Delay or non-renewal attracts penalty as stipulated under the said Acts²¹⁵.

We observed that penalty was not levied even in a single case though there have been cases of considerable delay in submission of application for renewal of consent for operation. In Visakhapatnam region, 70 out of the 876 industries (*Appendix 2.19*) were operating without valid consents/ authorisations (as on November 2020) as detailed in *Table 2.25*. The amount of penalty to be levied for the delayed period worked out to ₹22.56 lakh.

Table-2.25: No. of industries operating without valid consents

Description	Category		
	Red	Orange	Green
No. of units with expired validity of consent for operation	9	29	18
No. of units that applied for renewal and under process	9	5	—
Total Units –70	18	34	18
Range of delay in submission of application for renewal of consent for operation (in days)	122 to 427	122 to 700	122 to 366

Source: Information furnished by APPCB

Government stated (June 2021) that the Board is ensuring that the industries apply for renewal of CFO before 120 days and had issued closure notices, as per Hon'ble Supreme Court orders to the industries operating without CFO.

Reply of the Government is not acceptable as the delay in submission of application indicates that there is no action on the part of Board to ensure prompt renewal of consent for operation. We also observed that there was no mechanism to send an alert/ issue of

²¹³ Water (Prevention and Control of Pollution) Act, 1974

²¹⁴ Air (Prevention and Control of Pollution) Act, 1981

²¹⁵ Section 44 (Chapter-VII) of the Water Act; and Section 39 of the Air Act

notice to the industry prior to the date of expiry of the consent. Being the monitoring authority in ensuring compliance with the environmental laws by the industries, the responsibility of timely renewal of consent also lies with the Board.

(d) Manpower management

Deployment of outsourced personnel for carrying out core functions of the Board

The Government of Andhra Pradesh issued (August 2016) Comprehensive Guidelines²¹⁶ on outsourcing of functions and functionaries wherein it was stated that core functions of the Board should not be outsourced and should be carried out by the regular employees. The outsourcing of functionaries should be only against the sanctioned posts. The initial recruitment posts and promotional posts should not be outsourced.

We noticed that the Zonal Office, Visakhapatnam had outsourced the core functions of Assistant Environmental Engineers (7 posts), Analysts (19 posts) and Fieldsman/ Field Assistant (41 posts) during the year 2017-19, in excess of sanctioned posts, contrary to the Government orders *ibid*.

Excess posts outsourced and operated were Assistant Environment Engineers (6 posts), Analysts (12) and Field Assistant (41 posts) during 2017-19 and expenditure incurred on the said posts operated worked out to ₹3.93 crore.

Government replied (June 2021) that the issue of recruitment of staff is yet to be finalised.

2.5.6.2 Water and Air Pollution

Water pollution is the presence of harmful and objectionable material in water in sufficient concentrations to make it unfit for use. Similarly, air pollution can be defined as the presence of harmful substances like particulates, carbon monoxide, nitrogen dioxide, lead, *etc.*, in the atmosphere in high enough concentrations and for long enough duration to cause undesirable effects on human health.

The two Acts for prevention and control of water and air pollution are the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

With the vast industrial growth and ever-increasing urbanisation and pollution related issues, there is a need for continuous monitoring to ensure that the industries are operating in compliance with the directions issued by the Board/ CPCB in maintaining/ restoring the environmental quality. Significant observations relating to the water and air pollution issues in Visakhapatnam district are detailed in succeeding paragraphs.

²¹⁶ G.O. Ms. No. 151 Finance (HR-I-Plg. & Policy) Department, dated 08/08/2016

(a) Non-compliance with pollution related stipulations/ Board directions by industrial units

(i) M/s. Visakhapatnam Port Trust (VPT) and other industries/ units

The VPT is operating a port facility and handles high dust generating cargoes like coal, iron ore, fertilisers, fertiliser raw material, manganese ore, etc. Hon'ble National Green Tribunal (NGT) ordered (March 2017) VPT to comply with the action plan submitted by VPT for implementation of short-term, medium-term and long-term measures for suppression of dust and pollution control. Board also issued directions to the VPT for installation of Mechanical Dust Suppression System (MDSS) at all the dusty areas, handling dust free cargo like fertilisers, food grains and follow strict procedures for maintaining cleanliness at the wharf, from time to time. The Hon'ble NGT²¹⁷ directed (January 2020) the Board to take necessary action within two months (by March 2020) against VPT, to monitor the unit periodically and submit compliance to the pollution norms to avoid further pollution in the area.

In line with the NGT orders, the Board issued further directions (March 2020) and imposed an environmental compensation of ₹1.97 crore on the unit which was remitted by VPT (July 2020).

However, the fact remains that VPT is yet (July 2021) to fully comply with the NGT directions issued in this regard.

As per the consent orders of the Board, VPT along with the private operators is authorised to handle 100.60 million metric tons (MMT) per annum, out of which the authorised quantity for VPT is 34.10 MMT per annum. We noticed that the Board levied environmental compensation on VPT alone, which had a consented quantity of 34.10 MMT per annum while the other private operators whose consented quantity was 66.50 MMT were not penalised and were just issued directions to comply with the consent orders despite their larger role in polluting the environment. To control air pollution and ensure that the pollution levels are within the set parameters of respirable suspended particulate matter (RSPM_{2.5}) and RSPM₁₀, the collective efforts of VPT and private operators are required.

The authorised Users/ Operators with VPT and registered with the Board were not complying with the norms and had deviations similar to the deviations noticed in respect of VPT (*Appendix 2.20*).

It was also observed that inspections as stipulated were not being conducted by the Board even though the firms/ units fell under the Red Hazardous category as was mentioned in *Para 2.1.2*.

Government accepted the audit observation and replied (June 2021) that it would ensure that M/s. VPT would follow the Board directions and implement the same without fail. In respect of other adjacent industries who had not obtained CFOs, notices would be served shortly to bring them into the consent management.

²¹⁷ in O.A. No. 68 of 2015 (SZ) vide order dated 03/01/2020

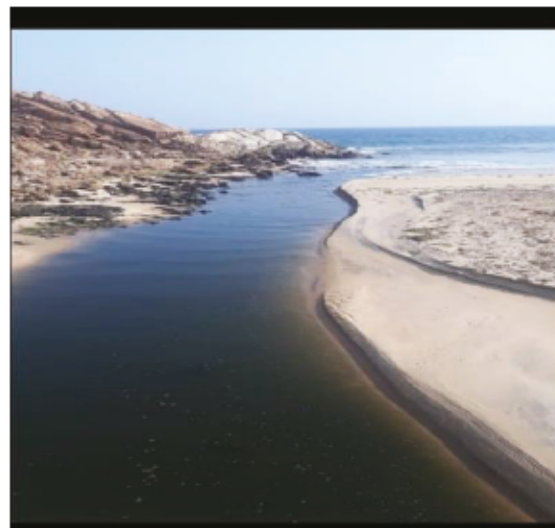
(ii) M/s. Rashtriya Ispat Nigam Ltd. (RINL) (Visakhapatnam Steel Plant)

M/s. RINL, Visakhapatnam is a manufacturer of Pig Iron, Saleable Steel, Coke products, Generation of Power, etc., and a Red and Hazardous category industry. The Board issued (January 2020) a show cause notice to RINL for non-compliance with the Consent for Operation (CFO) conditions and standards. Non-compliance issues covered in the show cause notice, causing severe air and water pollution are discussed below: -

Sl. No.	Area of operation	Type of pollution	Remarks
1.	Sinter Plant-I, ACP Stack, Thermal Power Plant & Blast Furnace-II.	Smoke	No record of effluent was kept.
2.	Effluent Treatment Plant (ETP) and areas at coke oven batteries	Water pollution	Around 13,000 KLD of untreated sewage/ industrial effluents besides 2,000 KLD from coke oven batteries was discharged through a bypass pipeline at final ETP directly into the Appikonda and Gangavaram creeks respectively. Board further observed that the effluent management and record keeping was very poor and most of the effluent generated was unaccounted.
3.	Guard ponds	Water pollution	RINL did not construct guard ponds ²¹⁸ for regulating the marine discharge. The same remained unfulfilled as of November 2020. In the intervening period, RINL has been discharging effluents into sea through marine outfall as was being done earlier.
4.	Ash ponds	Air and water pollution	RINL provided two ash ponds ²¹⁹ out of which only one is in operation. The fly ash was made into slurry and pumped to the ash pond and the overflow thereof was discharged into Appikonda drain.
5.	Open area in South eastern side of RINL premises and storage yards.	Air pollution	Around 15 lakh tons of blast furnace slag and huge quantity of low-density slag was stored in the open areas and other solid wastes in the miscellaneous storage yards. Housekeeping in the yards was poor and solid waste was stocked haphazardly.
6.	continuous ambient air quality monitoring (CAAQM) stations	Air pollution	RINL installed four CAAQM stations to monitor air quality, which were mal-functioning. Further, the same were not integrated with the Board's website even though required as per CPCB directions.

²¹⁸ Guard pond is a safeguard mechanism for preventing discharge of untreated effluents into marine environment

²¹⁹ Ash pond is a pond used as a landfill to prevent the release of ash into the atmosphere



Picture 1: Outlet from ETP to join Gangavaram Creek

Picture 2: Gangavaram Creek at confluence to sea

The Board decided to levy environmental compensation at ₹37,500 per day from the date of inspection (January 2020) to date of legal hearing (February 2020) i.e., for 29 days or alternatively RINL had to submit a bank guarantee (BG) (minimum ₹64 lakh – maximum of ₹128 lakh).

However, we noticed that the BG obtained from RINL was for ₹20 lakh only²²⁰. Instead of either collecting environmental compensation of ₹10.87 lakh in cash or taking a BG of minimum amount of ₹64 lakh, Board chose to take BG of just ₹20 lakh only. This indicates lenient attitude of the Board towards polluting industries. Board did not furnish specific reasons/ reply for collecting lesser amount of BG.

(iii) Other cases of non-compliance

In addition to the individual cases reported above, we observed that six industries did not comply with the consent conditions granted under Water and Air Acts and authorisation under Hazardous Waste Management Rules.

Some of the major non-compliance issues are given in *Table 2.26* (details in *Appendix 2.21*).

²²⁰ Directions of the Board vide order No. 714/ Board/ UH-II/ TF/ VSP/ 2020-1978 dated 11/03/2020

Table – 2.26: Major non-compliance issues by the six industries

Sl. No.	Name of the firm/ operator	Non-compliance issues
1.	M/s. Hinduja National Power Corp.	i) The industry did not fully comply with fly ash utilisation notification which stipulates 100 <i>per cent</i> utilisation of fly ash. Only 50 <i>per cent</i> of fly ash was utilised and rest was pumped into ash ponds. ii) The emissions from stack-1 exceeded the PM values (119 to 146 Mg/Nm ³ on 7 February 2020 and 120 to 205 Mg/Nm ³ on 16 June 2020) against the standard of 100 Mg/Nm ³ .
2.	M/s. Sree Kanya Devullu & Sons Hotels Pvt. Ltd.	i) STP of 6 KLD capacity was installed against the total wastewater generation of 43 KLD indicating discharge of untreated wastewater into the municipal drain causing more water pollution. ii) Analysis of the samples collected from the STP outlet revealed that values exceeded the set standards.
3.	M/s. Deccan Fine Chemicals Pvt. Ltd.	i) The values of Chlorides, Total Alkalinity, Total Hardness, Calcium, Magnesium and Sulphates were more than the acceptable limits and exceeding the drinking water standards (as indicated in <i>Appendix 2.21</i>); ii) The hazardous wastes (431 tons) lying within the factory premises were not disposed off;
4.	M/s. The Thandava Co-operative Sugars Ltd.	i) Inspections were being conducted by the Board's officials in non-crushing season only. ii) Online continuous stack emission monitoring system was not installed. iii) Online effluent quality monitoring system at the outlet of the effluent treatment plant was not provided;
5.	M/s. Sai Aditya Stone Crusher	i) New machinery with higher capacities was installed without obtaining CFE of the Board ii) Wind breaking walls were not constructed for prevention of dust spreading to surrounding areas;
6.	M/s. Sri Vijaya Visakha Milk Producers Co. Ltd.	i) The dairy is discharging 400 KLD of wastewater to outside drain against zero discharge as stipulated in the CFO; ii) The industry has constructed lined storage pond of capacity 600 KLD (half day storage capacity) against the three days storage capacity;

Source: Records furnished by the Board

Government replied (June 2021) that the Board is continuously monitoring and reviewing the industries from time to time. The Board officials inspect these industries under randomised inspection for strict compliance with Board conditions/ directions.

The continuous emission monitoring system (CEMS) is connected to APPCB website and auto generated alerts are being issued to the industries for immediate action.

As far as emissions from industries are concerned the Government reply is acceptable, the other issues identified during inspections are to be physically verified for ensuring compliance with the relevant consent conditions, which remained unattended.

(iv) Vehicular pollution

Section 20 of the Air (Prevention and Control of Pollution) Act, 1981 stipulates that the State Government shall, in consultation with the State Board with a view to ensure the standards for emission of air pollutants from automobiles laid down by the State Board are complied with, give such instructions as may be deemed necessary to the concerned authority.

Visakhapatnam city is identified as one of the non-attainment cities in Andhra Pradesh for not meeting the national ambient air quality standards. The vehicle pollution (emission from vehicle movements) is one of the components contributing to ambient air pollution in Visakhapatnam city. In the process of ensuring that emissions from vehicles plying are within the set parameters, the Transport Department issues the Pollution under Control (PUC) certificate under the AP Motor Vehicles Rules, 1989 to those vehicles that pass the test. The validity of PUC is for six months from the date of issue.

As of December 2020, 7,56,340 vehicles were registered in Visakhapatnam as per dynamic data maintained in RTO. The status of the cases registered for non-compliance with the PUC certificate in the Visakhapatnam District is shown in *Table 2.27*.

Table-2.27: Cases registered for non-compliance with PUC certificate

Year	No. of cases registered for non-compliance with PUC certificate		
	Visakhapatnam (Urban)	Visakhapatnam (Rural)	Total
2017-18	383	5	388
2018-19	803	113	916
2019-20	1399	74	1473

Source: Information obtained from Office of Deputy Transport Commissioner, Visakhapatnam; the office of Commissioner of Police, Visakhapatnam and office of Superintendent of Police, Visakhapatnam.

It can be seen that there is an increasing trend in non-compliance cases of pollution through vehicles during the period from 2017-18 to 2019-20.

The Board assured (June 2021) that the above aspect would be taken care of and the district officers are being instructed to take up regular checks of vehicles without PUC. It was also stated that this being a continuous process, would be pursued on a regular basis. Reply from Government has not been received (May 2022).

2.5.6.3 Solid Waste Management

The Ministry of Environment, Forest and Climate Change, Government of India notified (April 2016) Solid Waste Management Rules, 2016 (SWM Rules) in supersession of the Municipal Solid Waste (Management & Handling) Rules, 2000. These Rules prescribe the manner in which the authorities have to undertake collection,

segregation, storage, transportation, processing and disposal of solid waste generated within their jurisdiction.

As required by SWM Rules and reiterated in Hon'ble Supreme Court orders (July 2018), the Government of Andhra Pradesh formulated the 'Solid Waste Management Policy' (August 2018)²²¹. This policy mentions the governing framework on which the solid waste is to be managed. SWM is to be achieved through involvement of Urban Local Bodies (ULBs) and Rural Local Bodies (RLBs). Rule 15 of SWM Rules provides that every local body is responsible for management of waste scientifically.

In Greater Visakhapatnam Municipal Corporation (GVMC), implementation of SWM rules commenced from December 2016 in a phased manner in all the 74 wards.

The process of SWM involves generation, segregation, collection, storage, transportation, processing and disposal of solid waste generated. Solid waste generated is collected door to door, transported to secondary transfer stations/ material recovery facilities/ treatment facilities, segregated and transferred to the final/ main dump. Wet solid waste is sent to the composting unit and dry waste to the dry waste resource/ recycling centres. The process is depicted in the adjacent flowchart.

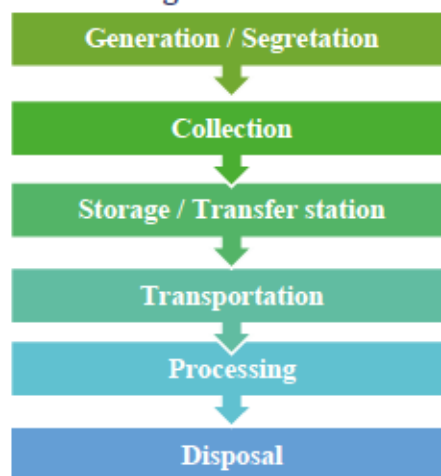
GVMC established infrastructure facilities for processing wet waste (eight plants) and dry waste (six plants) located at different material storage facilities (MSFs)/ material recovery facilities (MRFs).

(a) Collection of Solid Waste

As per Rule 15(b) of SWM Rules, collection of waste from door to door/ gate to gate from all households, commercial, institutional and other non-residential premises is the basic objective which ensures collection of waste from all waste generating units.

As per clause 10 of the State Solid Waste Management Policy (2018) for the State of Andhra Pradesh, a real time monitoring system (RTMS) is to be put in place. This involves GPS tracking of collection vehicle, radio frequency identification device (RFID) scanning of every household gate as well as weighing of the segregated waste with respect to every household attended and to be able to monitor and ensure service delivery to every gate within the micro-pockets²²² in real time.

Chart on Solid Waste Management Process



²²¹ G.O. Ms. No. 254, MAU&D (B1) Department, dated 02/08/2018

²²² a micro pocket is a collection of 350 households

GVMC estimated that 3,06,273 RFID tags are to be fixed at every gate, (micro-pocket level) to cover the entire area under its jurisdiction. Agreement to this extent was made (February 2019) with an agency for supply and fixing of tags (with additional five per cent for replacement, if necessary).

We observed that the total number of RFID tags fixed was 3,03,785 against the total number of waste generating units of 7,27,294²²³ indicating coverage of 42 per cent only. Thus, GVMC failed to cover the entire area under its jurisdiction in implementing the SWM services.

We further noticed from the data made available for the period April 2020 to October 2020 (Table 2.28) that the number of available RFID tags for scanning was on decreasing trend month after month whereas the number of gates scanned showed an increase.

Table-2.28: Details of waste collection with reference to RFID tags

Month	Total gates where tags are available	Total gates scanned
April 2020	2,87,763	58,617
May 2020	2,45,812	83,025
June 2020	2,45,864	57,313
July 2020	2,45,117	1,05,391
August 2020	2,12,711	1,05,757
September 2020	2,12,553	1,21,678
October 2020	1,76,266	1,49,834

Source: Records of GVMC

This indicates that the RFID tags already fixed were either mal-functioning or getting tampered with. The GVMC should ensure that the tags fixed are available for scanning and solid waste collecting staff should also be made aware of the importance of scanning the RFIDs so that complete data is captured and reliable information available for effective monitoring.

Government replied (November 2021) that RFID tagging was introduced in accordance with the State Solid Waste Management policy (2018) and the difference in numbers of tags was due to mal-functioning but the waste collection service had been ensured. Further it was added that a re-survey had been conducted (May 2021) in all parts of GVMC to identify the number of additional tags required and mal-functioning tags and concerned agency was directed to rectify the same.

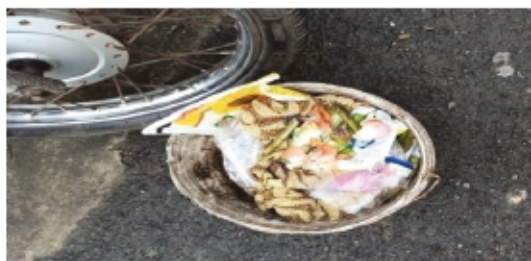
(b) Segregation of Solid Waste

In terms of Rule 4(a) of SWM Rules, every waste generator has to segregate and store the waste generated in three separate streams namely bio-degradable, non-biodegradable and domestic hazardous wastes in suitable bins and handover the same to the authorised waste pickers/ waste collectors as per the directions or notifications issued by the local authorities from time to time. Further, Rule 15(i) stipulates that local

²²³ individual households (6,54,981), apartments (40,079), bulk commercial units (217) and commercial cum residential units (32,017) – Total: 7,27,294

body should establish waste deposition centres for domestic hazardous waste and give direction to waste generators to deposit domestic hazardous wastes at this centre for its safe handling. The State Solid Waste Management Policy (2018) also insists waste be segregated at source and then be handed over to the authorised waste picker.

We observed that the waste generators, (especially households), use only one bin for storage of all types of waste generated in their homes. As such, there is very limited scope for segregation of waste at source *i.e.*, at households, as stipulated in the guidelines.



Picture 3: Use of Single Bin

Further, domestic hazardous waste was not segregated either at the point of waste generator or waste picker. The GVMC has also not notified exclusive deposition centres for domestic hazardous waste in its jurisdiction for safe disposal till date (November 2020).

GVMC replied (November 2021) that it had entered into an MOU with HPCL to distribute bin in the slums of GVMC and 1,12,380 bins were already supplied. Proposals were also sent to Government for procuring 15,14,251 bins (3-coloured) using XV Finance Commission Grants.

(c) Secondary storage facilities/ material recovery facilities

In terms of Rule 15(h) of SWM Rules, every local body has to setup material recovery facilities or secondary storage facilities with sufficient space for sorting of recyclable materials to enable informal or authorised waste pickers and waste collectors to separate recyclables from the waste and provide easy access to waste pickers and recyclers for collection of segregated recyclable waste from the source of generation or from material recovery facilities. Moreover, separate colour bins are to be provided for storage of bio-degradable wastes (green), recyclable wastes (white) and other wastes (black). Further, Rule 15(c) stipulates to establish a system for integration of organised waste pickers and informal waste collectors to facilitate their participation in Solid Waste Management.

As the waste disposal site is far away from the city, GVMC had established nine material storage/ transfer stations/ material recovery stations within the eight city zones. The collection vehicles *i.e.*, dumper placers, tippers and mini vans, *etc.*, pick up the waste from the secondary collection points and dumper bins and transfer the waste directly to the transfer stations.

During the field verification of two material storage/ recovery facility centres²²⁴, we noticed that waste/ garbage collected through mini-vehicles from households,

²²⁴ Mudasarlova (MSF I) and Town Kotha Road (MSF III)

apartments, commercial areas, *etc.*, is transported to the MSF and stored temporarily in open yards and then transported to the main dump yard at Kapuluppada.

In the jurisdiction of GVMC, segregation of waste like plastic, metal, glass, *etc.*, was being done by waste pickers or waste collectors. However, GVMC did not make any arrangement to have an organised system for deploying waste pickers though it is a requirement as per Rule 15(c) of SWM Rules.

We noticed that around three to four waste pickers/collectors were collecting recyclable waste from the waste dump with no personal protective equipment (PPE) and working in highly unhygienic conditions. Further, documentary evidence of quantitative data of the different kinds of solid waste collected by the waste pickers is not maintained and hence, does not facilitate proper



Picture 4: MSF-I, Mudasarlova

analysis and decision making to improve compliance with SWM Rules. Solid waste from these secondary dumps is moved to the main dump at Kapuluppada in bigger trucks almost immediately because of which there is no time for segregation by the waste pickers. GVMC had reported that it dumped unsegregated waste ranging from 45 to 71 *per cent* during the last three years. Dumping around 50 *per cent* of waste without processing (as can be seen from Table 2.28) does not augur well for maintaining a pollution free environment. It would also cause contamination of ground and surface water, bad odour, release of greenhouse gases, *etc.*

Table-2.29: Details of unsegregated solid waste

Year	Solid waste (in tons per day)			Percentage of waste dumped
	Collected	Processed	Dumped	
2017-18	1,050	300	750	71
2018-19	838	451	384	46
2019-20	838	460	378	45

Source: Annual reports submitted by GVMC to Board

Further, colour bin system, as directed in Rule 15(h) is not being followed for storage of bio-degradable, recyclable and other wastes in any of the inspected storage facilities.

GVMC accepted (November 2020) the audit observation and assured to develop an action plan (i) to modernise the existing transfer stations and processing facilities to minimise the human interference in handling the waste, (ii) to provide sufficient time for the rag pickers to recover maximum recyclable materials from the collected waste, (iii) to impart necessary training and (iv) to provide PPE kits to all the rag pickers to implement the best practices in handling waste.

Government further stated (November 2021) that GVMC has entered into an MOU with a private firm to handle the dry waste on pilot basis at two places. The process of mechanised segregation and recycling with proper PPE kit would be extended to other MSFs upon receiving the pilot study report.

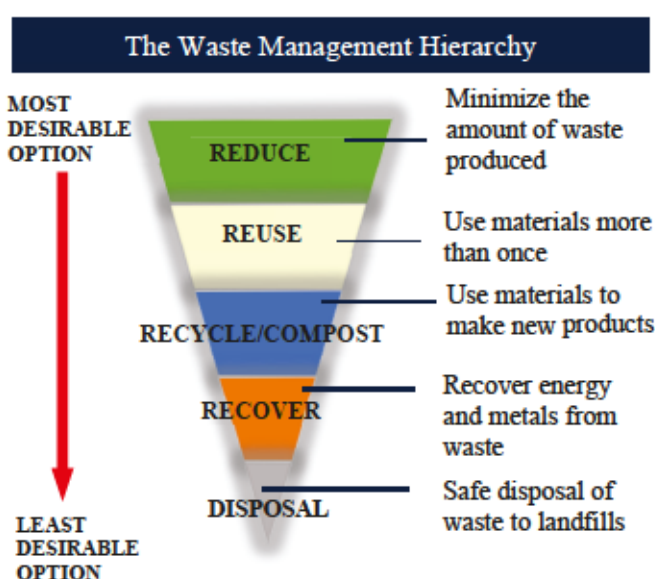
(d) Processing of Solid Waste

To minimise the transportation costs and impact on environment, decentralised processing of waste should be preferred as stipulated in Rule 15 (v) of SWM Rules. An effective method for managing wet solid waste is through home composting. However, we observed from the information provided by GVMC that only 14,600 (2.2 per cent) out of total 6,54,981 household units are practicing home composting.

GVMC should take proactive steps to educate and create awareness amongst the general public on this aspect as it encourages civic responsibilities and also helps in changing the mindset of people towards waste disposal.

(e) Waste to energy

Rule 15(v)(b) of SWM Rules mandates that all local bodies should facilitate the process of 'waste to energy'. Due to increasing population and high levels of industrialisation in GVMC area, there is consumption of large quantities of natural resources. In the process, a major chunk of the resource inputs return to the environment in the form of garbage/ waste. A key principle of sustainable waste management is to deal with waste according to their environmental impacts. To handle the solid waste generated, the first priority would be to avoid producing waste by reducing consumption and recycling followed by composting of organic waste. The post-recycled waste can either be used for generating energy or in landfills.



GVMC had entered into a concession agreement (February 2016) with a private firm for setting up of a waste to energy (15 MW) power plant for processing the solid waste, at GVMC dumping yard, Kapuluppada.



Picture 5: Jindal waste to energy power plant, Kapuluppada

The project was to be completed within a period of 28 months i.e., by February 2020²²⁵, which however could not be completed even as of November 2021.

²²⁵ since possession of land was taken over by the agency in November 2017

Government replied (November 2021) that due to delay in handing over the land, issues related to Government sand policy (April 2019) and non-availability of labour owing to COVID pandemic the project was delayed.

(f) Disposal of Waste

Rule 15(g) of the SWM Rules prohibits open burning of waste by waste generators, besides littering.

For dumping of waste generated in the city, GVMC is maintaining a dump yard spread over 100 acres, located 25 km away from city, at Kapuluppada. On an average 504 MT of waste²²⁶ is being dumped per day in the yard.



Picture 6: Leachate at Kapuluppada Dump yard

During physical verification of dump yard we found:

- i) large quantity of leachate containing organic or inorganic chemicals, heavy metals as well as pathogens, which causes significant threat to surface water and groundwater.
- ii) Waste collected in dump yard was being burnt openly.

Government replied (November 2021) that GVMC has taken steps to clear the existing legacy waste at Kapuluppada which is a major source of leachate through M/s. Zigma Global which has already treated 1,39,219 tons. Further, GVMC has strictly banned open burning of waste in the limits of GVMC.

(g) User Charges – meagre collection of user charges

In terms of Rule 15(f) of the SWM Rules, 2016, the GVMC had notified²²⁷ (December 2018) the user charges to be collected from the waste generators towards the cost of collection and transportation of solid waste to be effective from 29 December 2018. The user charges were fixed considering the expenditure incurred by the GVMC on its collection, transportation and disposal. The user charges are fixed at variable rates for different categories of waste generators.

The user charges (for the year 2019-20) to be collected worked out to ₹101.18 crore²²⁸. GVMC stated (November 2020) that user charges are being collected from all categories except individual households (domestic) in the first phase. However, we observed that for the year 2019-20, an amount of only ₹1.45 crore (2.13 per cent) had been collected against a collectable amount of ₹68.31 crore from users other than individual households.

²²⁶ average of three years upto March 2020 as reported to Board

²²⁷ Resolution no. 1477/2018 dated 29/12/2018

²²⁸ domestic at ₹32.87 crore and Commercial establishments at ₹68.31 crore per annum

Government replied (November 2021) that GVMC has increased user charges from ₹30 to ₹120 per month, per household and to bring about transparency in collection of user charges, on-line collection mode has been introduced. However, the reply is silent about non-recovery of ₹66.86 crore of the previous dues.

(h) Implementation in Gram Panchayats:

Management of solid waste in Gram Panchayats: Management of solid waste is a priority area in Gram Panchayats (GPs). The Government issued (April 2018)²²⁹ guidelines for speedy implementation of solid waste management in all GP.

We observed from the data furnished by the District Panchayat Officer (DPO), Visakhapatnam that 635 GPs (66 per cent) are implementing the SWM Rules 2016. Physical verification of 21 GPs²³⁰ and information obtained from all test checked 43 GPs revealed that:

- (i) There is no segregation of waste at source even though plastic bins were supplied to households in 26 (out of 43) GPs free of cost.
- (ii) Waste collected is transported in tricycles to the dump site and being dumped without segregation.
- (iii) Open burning of waste is a common feature observed in all 21 GPs verified
- (iv) Open dumping of waste along the road, water bodies, nearby habitations and low lying areas is also a common feature in all the 21 GPs
- (v) Solid Waste Processing Centre (SWPC) sheds were constructed in all the 43 sampled GPs in the year 2018-19. Activities such as segregation of solid waste and preparation of compost were carried out initially. However, the composting activity was discontinued from 2019-20 (except at Chidikada and Chouduwada GPs), because of abnormal delay in payment of wages to the garbage collection personnel. It is pertinent to mention here that the GPs are empowered to incur expenditure to the extent of 10 to 15 per cent of XIV Finance Commission funds towards wages but they failed to utilise these funds despite Government orders. As a result, the SWPC sheds are kept idle and not utilised for the intended purpose.



Picture 7: Kothakota GP



Picture 8: Cheepurupally GP

²²⁹ G.O. Ms. No. No.24, PR&RD (PTs.III) Department, dated 06/04/2018

²³⁰ questionnaire issued to all 43 GPs but physical verification done in 21 GPs

- (vi) Due to poor marketing facilities and lack of awareness among the local farmers, GPs were not able to generate revenue from sale of vermi compost (generated and lying in SWPC sheds).

The DPO replied (November 2020) that the garbage collectors were over aged and hence unable to take up the issues related to segregation of mixed waste with the households. Further he assured about creating awareness amongst the farmers for purchase of compost. The newly recruited village volunteers would be imparted training on the above issues on receipt of orders from the Commissioner (PR&RD).

2.5.6.4 Bio-Medical Waste Management

Government of India published the Bio-Medical Waste (Management and Handling) Rules, 1998²³¹ providing a regulatory framework for management of bio-medical waste generated in the country. To implement these rules more effectively and to improve collection, segregation, processing, treatment and disposal of these bio-medical wastes thereby, reducing bio-medical waste generation and its impact on the environment, the Central Government, in supersession of the above rules has revised and notified the Bio-Medical Waste (Management and Handling) Rules, 2016 (BMW (M&H) Rules).

As per Rule 9 of the BMW (M&H) Rules, the prescribed authority for implementation of provisions of these rules shall be the State Pollution Control Boards in respect of States and Pollution Control Committees in respect of Union territories. As per Schedule III (item no.6) of the Rules besides others, the responsibilities of the State Pollution Control Board included inventorisation of occupiers and data on bio-medical waste generation, treatment and disposal, monitoring of compliance with various provisions and conditions of authorisation and initiation of action against health care facilities or common bio-medical waste treatment facilities for violation of these rules.

(a) BMW authorisation not obtained by non-bedded health care establishments under Government sector

Rule 10 of BMW (M&H) Rules, 2016 stipulates that every occupier or operator handling bio-medical waste irrespective of quantity shall make an application for grant of authorisation to prescribed authority *i.e.*, State Pollution Control Board. Further, the authorisation shall be one-time for non-bedded hospitals.

As per the information obtained from Commissioner, Health and Family Welfare, Andhra Pradesh, there are 725 health care establishments²³² (HCEs) under Government sector in Visakhapatnam District. However, as per the Regional Office, Visakhapatnam there are only 139 HCEs (as of March 2020) in Government sector and 1,131 in the private sector, indicating a significant variation (586) in number of HCEs in the Government sector. We further noted that 586 health sub-centres in Government sector

²³¹ vide notification number S.O. 630 (E), dated 20/07/1998

²³² District Hospitals, Sub-divisional / Taluka Hospitals, Primary Health Centres and Community Health Centres

did not obtain one-time authorisation from the Board on the plea that it is non-bedded hospital/ clinics.

Government replied (June 2021) that the total HCEs furnished by the Commissioner, Health and Family Welfare, Andhra Pradesh is matching with the total HCEs in the records of Board excluding health sub-centres. It was further stated that the health sub-centres operated are non-bedded, which operate occasionally and whenever bio-medical waste is generated, the same would be handed over to nearby primary health centres.

The reply of the Government is not acceptable as obtaining one-time authorisation from the Board is mandatory for non-bedded occupiers also, as per above rules.

(b) HCEs functioning without valid consent under BMW (M&H) rules

As per Section 25 of the Water Act, 'all HCEs having bed strength of 25 or more shall take consent for establishment and operation of outlets²³³. As per the terms and conditions of authorisations issued, the applicant shall make an application for renewal of authorisation under Bio-Medical Waste Management Rules, 2016 at least 120 days before the date of expiry of the order along with prescribed fee.

As per the information furnished by the Regional Office, Visakhapatnam, there are 1,270²³⁴ HCEs in the region of which 1,162 HCEs having bed strength of less than 25 have been accorded with one-time authorisation as per rule. We noticed that 40 out of the remaining 108 HCEs (with bed strength of 25 or more) did not renew the bio-medical waste authorisation (*Appendix 2.22*) though the rule envisages that the authorisation should be renewed at least 120 days before expiry of the same. There is no mechanism to send an alert/ issue of notices to the HCEs prior to the date of expiry of the consent/ authorisation. Though the onus lies on the HCEs to renew the consent to avoid interruption, yet failure to renew the consent cannot be attributed to the HCEs alone as the Board is equally responsible to ensure that HCEs functioning within its jurisdiction are abiding by the laws made for the purpose.

Board in its reply (June 2021) stated that notices were being issued to the HCEs to apply for renewal before 120 days. However, the fact remains that the HCEs, as depicted in *Appendix 2.22* are operating without valid consents (as of November 2020).

Reply from Government has not been received (May 2022).

(c) Non-compliance with Bio-Medical Waste Management Rules – King George Hospital, Visakhapatnam

King George Hospital (KGH), Visakhapatnam, a HCE (Government of Andhra Pradesh) falling under the Red and Hazardous category is operating with bed strength of 1,037. Approval for renewal of the consent was given to the hospital in June 2017.

²³³ 'outlet' includes any conduit pipe or channel, open or closed, carrying sewage or trade effluent or any other holding arrangement which causes, or is likely to cause, pollution; - 2 (dd) of Water Act 1974

²³⁴ Government HCEs 139 and Private HCEs 1,131, veterinary and Ayush HCEs are not considered since they do not possess bed strength

An inspection conducted (February 2017) by the Board however, revealed the following issues and a notice was issued to the HCE in August 2017.

- (i) The HCE is storing general garbage in the GVMC dust bins which were located within its premises and significant quantity of bio-medical waste was mixed with the general garbage.
- (ii) Used syringes, needles, contaminated cotton swabs, interveinal sets, *etc.*, were mixed with general garbage.
- (iii) GVMC truck meant for lifting solid waste was also lifting general garbage containing un-segregated bio-medical waste.
- (iv) Bio-medical waste is being transported from the wards to common collection point through an open trolley-rickshaw and the waste is handled without any personal protective equipment.
- (v) The HCE has not constructed the ETP to treat the wastewater so as to meet prescribed conditions in compliance with BMW (M&H) rules 2016. The wastewater generated is being let out into the open drains.

However, we noted that against the receipt of auto-renewal application of the Hospital (November 2019), the Regional Office of the Board issued (December 2019) auto-renewal of CFO, Hazardous Waste Authorisation and Bio-Medical Waste Authorisation (HWA & BMWA) to the HCE for a further period of three years *i.e.*, upto 30 November 2022 without conducting any inspection for verification of the issues raised in the previous inspections/ notices issued. Further, non-compliance with the conditions in disposing of the Bio-medical waste generated as prescribed in the rules, would pose potential threat to public health and environment and also spread diseases to human beings and animals. Government reply is awaited (May 2022).

(d) Non-construction of STP/ ETPs by Health Care Establishments

The Hon'ble Supreme Court of India, in a judgment (22 February 2017²³⁵) directed that 'all the State Governments and the Union Territories are to ensure that no industry which requires 'consent to operate' from the concerned Pollution Control Board, is permitted to function, unless it has a functional effluent treatment plant (ETP), which is capable of meeting the prescribed norms for removal of pollutants from the effluent, before it is discharged' and the directions shall be complied within 3 months from the date of the judgment *i.e.*, by 21 May 2017. We observed that in eight HCEs²³⁶, ETPs were not constructed and in one HCE²³⁷, ETP of required capacity was not constructed thereby violating the standards specified in the consent orders.

²³⁵ W.P (C) No.375 of 2012 dated 22/02/2017

²³⁶ (i).M/s. Apoorva Health Services Pvt. Ltd., (ii). Government Victoria Hospital for women and children, (iii). M/s. AMG Ruth Deichmann Hospital, (iv). Rani Chandramathidevi Hospital, (v). Dr.Y.S.R. Childrens' & Dental Hospital (Narsipatnam), (vi). M/s. Amulya Hospital, (vii). M/s. Kumar Hospitals Pvt. Ltd., and (viii). M/s. Suraksha Health Park Limited

²³⁷ M/s. Care Hospitals (Unit.1)

During issue of the CFO, BMW and HWA (Renewal) authorisation orders to the above mentioned HCEs, it was clearly stipulated in special conditions of Schedule- B that the HCEs shall construct and commission ETP within three months and shall submit the compliance report to the Board. Though the HCEs failed to do so for years together, the Board did not take any action as prescribed by law. The discharge of the effluents into the municipal drains without treating/ disinfecting is highly hazardous to environment. Government stated (June 2021) that ETP/ STPs were constructed in two HCEs and one is under construction. The Board is pursuing with the remaining five HCEs for their construction.

2.5.6.5 Plastic Waste Management

In exercise of the powers conferred by Sections 3, 6 and 25 of the Environment (Protection) Act, 1986 and in supersession of the Plastic Waste (Management and Handling) Rules, 2011 the Government of India, Ministry of Environment, Forest and Climate Change notified the Plastic Waste Management (PWM) Rules, March 2016, amended in March 2018. These rules shall apply to every waste generator, local body, Gram Panchayat, manufacturer, importer and producer of plastic.

As per Rule 3(p) of the PWM Rules, 2016, plastic means material which contains as an essential ingredient a high polymer such as polyethylene terephthalate, high density polyethylene, vinyl, low density polyethylene, polypropylene, polystyrene resins, multi materials like acrylonitrile butadiene, styrene, polyphenylene oxide, polycarbonate, polybutylene terephthalate. The discarded plastic, after use or after their intended use is over is defined as 'plastic waste'. Plastic never degrades and remains on landscape for several years. Disposal of plastic waste is a matter of serious concern. As per rules, the State Pollution Control Board is the authority for enforcement of the provisions relating to registration, manufacture of plastic products and multi-layered packaging, processing and disposal of plastic wastes. The Secretary-in-charge of Urban Development of the State and the Gram Panchayat is the authority for enforcement of the provisions relating to plastic waste management in urban and rural areas respectively.

(a) Non-submission of action plans and non-renewal of registrations

As per Rule 9 (1&2) of the PWM Rules, the producers, within a period of six months from the date of publication of these rules, shall work out modalities for plastic waste collection system based on Extended Producers Responsibility (EPR) either individually or collectively. The responsibility for collection of used multi-layered plastic sachet or pouches or packaging lies with the producers, importers and brand owners. They need to establish a system for collecting back the plastic waste generated and the plan of collection is to be submitted to the Board.

We observed that all the nine Plastic Producers²³⁸ and 11 Brand Owners²³⁹ in Visakhapatnam district have not submitted the action plans since introduction of these rules and continue to operate in violation of the Rules.

In terms of Rule 9 (4&5), every producer shall apply to the Board, within a period of three months from the date of final publication of these rules, for grant of registration and no producer shall manufacture or use any plastic or multi-layered packaging for packaging without registration after expiry of six months. Further, as laid down in Rule 13(1)(2) and (3), every manufacturer, brand owner and recycler shall also obtain registration from the Board.

We observed that of the above, only nine plastic producers have registered (January 2019) with Board with validity of one year. However, none of the plastic producers have renewed their registrations even after a lapse of 11 months (*i.e.*, up to November 2020) contrary to Rule 13. Four brand owners and two recyclers have not registered themselves with the Board as of June 2021.

Government confirmed (June 2021) the non-submission of action plans by plastic producers. It was also stated that four brand owners have applied for registration with CPCB. In respect of both the plastic recyclers, registration is under process. As per CPCB's standard operating procedures, the Board issued notice to all producers, importers and brand owners (operating without registration) for registration with CPCB/ SPCB by 1 July 2021.

(b) Non-submission of annual reports

As per Rule 17(1), every person engaged in recycling or processing of plastic waste shall prepare and submit an annual report to the local body concerned under intimation to the Board by 30 April every year.

We observed that M/s. India Youth for Society, Visakhapatnam registered with Board as plastic waste recycler working in the jurisdiction of GVMC had not submitted annual reports, in the absence of which the correctness of the actual quantities of plastic waste received and recycled could not be ascertained. GVMC agreed to (November 2020) the audit observation.

²³⁸ (i).M/s. Srilakshmi Ganapathi Industries, (ii). M/s. Aditya Packtec Polyfilms, (iii). M/s. Sree Polyfilms (P) Ltd. (iv). M/s. Arunodaya Packing Pvt. Ltd., (v). M/s. Sri Gowri Parameswara Industries, (vi). M/s. Balaji Polyfilmex, (vii). M/s. Jayadurga Polyfilms; (viii). M/s. Pavani Industries; and (ix). M/s. Lunar Polypacks

²³⁹ (i). M/s. Pearl Beverages; (ii). M/s. Tirumala Milk Products Pvt. Ltd., (iii). M/s. Sri Vijaya Visakha Milk Producers Co. Ltd., (iv). M/s. Heritage Foods (India) Ltd., (v). M/s. Ramco Cements Ltd., (vi). M/s. My Home Industries; (vii). M/s. Sagar Cements Ltd., (viii). M/s. Coromandal International Ltd., (ix). M/s. Creamline Dairy Products Ltd., (x). M/s. Walmart India Pvt. Ltd; and (xi). M/s. Asain Paints Ltd.

2.5.7 Conclusion

We observed that Board did not review implementation of Comprehensive Clean Air Action Plan (October 2018) with reference to non-complied issues viz., air quality and monitoring assessment, industrial pollution, pollution through vehicular emissions, burning of waste in the open, for prevention, control or abatement of pollution in the city of Visakhapatnam. Acute shortage of technical and scientific staff in the Board led to shortfall in mandatory inspections of industries/ units and 70 out of 876 industries in the Visakhapatnam region are operating without valid consents. Meagre utilisation of allocated funds against environmental schemes during the three-year period i.e., 2017-20 indicates inadequate attention to pollution control related activities. The Board had not taken strict measures against the polluting units which did not comply with the envisaged provisions/ conditions of consent for operation, thus allowing the polluting units to continue operations by granting renewals of consents.

The household coverage for collection of solid waste in GVMC was only 42 per cent against the service level benchmark of 100 per cent indicating non-collection of waste from a sizeable number of waste generators. Greater Visakhapatnam Municipal Corporation has not notified exclusive deposition centres for domestic hazardous waste in its jurisdiction for safe disposal. One-time authorisation for bio-medical waste management was not obtained by non-bedded health care establishments (HCEs) under Government sector which was not insisted upon by the Board also.

2.5.8 Recommendations

- *Board may review implementation of Comprehensive Clean Air Action Plan for prevention, control or abatement of pollution in the Visakhapatnam city and ensure compliance with environmental laws/ rules;*
- *The Board may ensure that mandatory inspections of industries/ establishments are carried out regularly for effective monitoring and compliance to environmental laws;*
- *A mechanism should be evolved for ensuring remedial action/ compliance with Board's directions by the establishments before granting renewal of consents;*
- *A system should be evolved for periodical reporting on the progress of various programmes/ schemes included in the annual plans for monitoring and ascertaining the utilisation of allocated funds;*
- *GVMC may streamline the process of waste collection, its segregation and its proper disposal including effective plan for landfills;*
- *Board may closely monitor conditions of CFO/ hazardous waste authorisations and bio-medical waste authorisation, construction of ETPs in HCEs and inspect HCEs periodically;*
- *GVMC should collect user-charges from waste generators so as to meet the expenses related to collection and transportation of waste.*

Health, Medical and Family Welfare Department

2.6 Non-completion of Maternity and Child Health block

The construction of Maternity and Child Health block at Government General Hospital, Kakinada was stalled after incurring an expenditure of ₹12.99 crore due to non-release of timely funds by Government of Andhra Pradesh received under National Health Mission from Government of India (GoI). Also, the intended purpose of providing maternity and child health care with requisite facility could not be achieved even after a lapse of seven years from the date of provisioning of funds by GoI and the expenditure made became wasteful.

Government of Andhra Pradesh (GOAP) accorded administrative sanction²⁴⁰ (July 2014) for construction of a new Maternity & Child Health (MCH) Block in Government General Hospital (GGH), Kakinada at a cost of ₹20.00 crore (Civil work: ₹14.60 crore and Equipment: ₹5.40 crore) under National Health Mission (NHM) grants for the year 2013-14. The Chief Engineer, APMSIDC²⁴¹ (the executing agency) accorded (August 2015) technical sanction for construction of MCH building with Ground and First floor (G+1) accommodating 117 beds.

The work was awarded (March 2016) by APMSIDC to a contractor²⁴² for ₹11.49 crore with stipulation to complete the work in 18 months by September 2017. The work could not be commenced immediately by the Contractor, as there was delay in handing over²⁴³ of site by GGH. The site was handed over to the Contractor in January 2017. Subsequently the Superintendent, GGH, mooted a proposal (September 2017) to shift the general medicine and general surgery departments in the GGH building to the proposed new MCH building as the existing GGH building is very old and obsolete. Accordingly, the Superintendent requested (September 2017) Director of Medical Education (DME) to accord permission for construction of three additional floors in the new MCH block. As per the proposal (September 2017) of the Superintendent, the DME requested (January & March 2018) GoAP for additional funds of ₹40 crore for construction of three additional floors.

Accordingly, the designs of the building which were originally planned for G+1 floor was revised²⁴⁴ (March 2017) to accommodate up to G+4 floors. The work was executed (as of July 2018²⁴⁵) by the contractor as per revised design for a value of ₹12.99 crore²⁴⁶. However, there was no progress of work after July 2018. Further, as per the request made by DME, GoAP had accorded administrative sanction²⁴⁷ (February 2019) for ₹6.30 crore to complete

²⁴⁰ GO Ms No.114, H.M.& FW dept., dated 21/7/2014

²⁴¹ Andhra Pradesh Medical Services Infrastructure Development Corporation

²⁴² M/s Surya Rama Constructions

²⁴³ delay was due to unauthorised encroachments/occupants of GGH land, cleared by District authorities

²⁴⁴ strength and width of the pillars and width of the base/foundation was increased

²⁴⁵ extension of time was granted (January 2018) up to July 2018

²⁴⁶ ₹8.05 crore (₹7.20 crore to contractor and ₹0.85 crore to APMSIDC towards Engineering Supervision charges) and balance amount payable to contractor is ₹4.94 crore for the work done

²⁴⁷ G.O. Rt. No. 91, H.M&FW Dept., dated 08/2/2019

the incomplete G+1 floor of MCH building in full shape. However, the funds were not released by GoAP as of January 2022.

Thus, despite release of funds by GoI, even the originally planned G+1 floor²⁴⁸ could not be completed due to non-release of funds by GoAP to the implementing agency. As a result, the construction of Maternity and Child Health block at Government General Hospital, Kakinada was stalled after incurring an expenditure of ₹8.05 crore and an additional committed liability of ₹4.94 crore. Further, the intended purpose of providing maternity and child health care with requisite facility could not be achieved even after a lapse of seven years from the date of provisioning of funds by GoI and the expenditure of ₹12.99 crore became wasteful.

Government accepted the Audit observation and replied that soon after receipt of funds the balance work will be completed.

²⁴⁸ completed ground floor and first floor slabs and panel walls in ground floor of the building.

Higher Education Department

2.7 Infertuous expenditure towards water consumption charges

Non-laying of dedicated pipelines led to short drawal of water and infertuous payment of ₹three crore by Andhra University

The Andhra University (University) entered into an agreement²⁴⁹ (May 2005) with Greater Visakhapatnam Municipal Corporation (GVMC) for supply of 2.5 lakh imperial gallons²⁵⁰ of water per day as a bulk water consumer. As per the agreement²⁵¹ the university had to pay minimum charges of 60 per cent of the agreed quantity per month if the quantity of water consumed in a month is less than 60 per cent of agreed quantity or the actual consumption of water whichever is higher.

The agreement was entered for a period of five years subject to alterations after expiry of the period with mutual consent of both the parties. As per the agreement, GVMC charged ₹25 per Kilo Litre (KL) excluding the charges towards maintenance, repairs, replacement and testing of meters. The rates²⁵² were to be revised as and when the new rates are published by GVMC in the Andhra Pradesh Gazette or the date of publication in the newspapers or date of issue of letters to the individuals whichever is earlier.

After completion of the agreement period (11 May 2010), water supply was continued for the period from 12 May 2010 to 18 April 2018 by following same terms and conditions of the previous agreement.

Subsequently, the University made agreements in April 2018 (in force up to March 2020) & June 2020 with the GVMC for supply of the same quantity i.e., 2.5 lakh imperial gallons (i.e., 1136.5 KL²⁵³) of water per day with the same terms and conditions. The agreement entered (June 2020) will be in force up to 31 March 2025 or enhancement of bulk water supply charges by GVMC whichever is earlier from the date of entering into the agreement.

Audit noticed (September 2019) that University has been drawing less quantity of water than the minimum 60 per cent of the agreed quantity since March 2005 despite its requirement for more quantity of water. The university made several requests to increase quantity of water supply as per the agreement. However, GVMC categorically stated (March 2014) that university should make their own arrangements to take the water from

²⁴⁹ agreement dated 11/5/2005 (for 2 lakh imperial Gallon) and 13/5/2005 (for 0.5 lakh imperial Gallon)

²⁵⁰ one imperial gallon = 4.546 litres

²⁵¹ agreement condition 13 of agreement (Year 2005); Condition no.8 (Year 2018 & Year 2020);

²⁵² rates up to September 2011-₹25 per KL; from October 2011 to November 2015-₹36 per KL; from December 2015- ₹60 per KL.

²⁵³ total requirement of water for AU is 1900 KL per day (760 KL per day being met from bore well and balance 1136.5 KL from GVMC)

off-take of GVMC by laying the new pipelines from the nearest GVMC reservoirs to get continuous water as per their agreed quantity as stipulated²⁵⁴ in the agreement.

In April 2021, based on the request²⁵⁵ of the university to increase the water quantity, GVMC invited tenders for connecting²⁵⁶ pipeline work. However, the work remained incomplete as of September 2021.

Thus, the University despite being aware of short drawal of water from GVMC for 11 years and minimum mandatory monthly payment for water supply as well as its requirement for more quantity of water, did not make efforts to lay a dedicated pipeline to increase the quantity of water. This resulted in infructuous payment of ₹three crore (as detailed in the *Appendix 2.23*) to GVMC during the period January 2015 to July 2021.

The University replied (December 2021) that it has been decided to pay the water bills for the actual consumption of water only until the present agreement is revised and it has also requested GVMC to revise the agreement in force. The reply of the University is not acceptable as GVMC reserved right to revise the rates and conditions of supply of water.

²⁵⁴ as per agreement condition no.7 (agreement year 2005); condition no.4 (year 2018 & 2020), the consumer has to make his own arrangements to provide connecting main from the nearest GVMC water supply main.

²⁵⁵ the University paid (July 2020) ₹0.29 crore to GVMC towards cost of 200 KLD (i.e., Kilo Litres per Day) bulk water supply pipeline connection from GVMC supply point to university for which GVMC has accepted to provide within the sanctioned agreement quantity of 2.5 lakh imperial gallons of water per day.

²⁵⁶ from Resapuvanipalem ELSR to AU Engineering college campus

Labour, Employment, Training & factories (IMS) Department

2.8 Non-levy of penalty for delayed supply of drugs and dressing material

The Director, Insurance Medical Services, Andhra Pradesh did not invoke the provisions of Rate Contract for delayed supply of drugs and dressing material which resulted in undue benefit to the pharmaceutical firms of ₹8.27 crore

Employee's State Insurance Corporation²⁵⁷ (ESIC) provides comprehensive medical care services through a large network of Employee's State Insurance (ESI) Health Institutions to ESI beneficiaries²⁵⁸. ESIC provides drugs and dressing material through Rate Contract (RC) formulated at ESIC Headquarters office, New Delhi. The Rate Contracts are used by the ESI Health Institutions, all over the country to ensure uniform supply of quality generic drugs and dressing material to the end users at competitive rates.

As per instructions²⁵⁹ issued (November 2013 to March 2020) by ESIC to all the Chief Direct Demanding Officers²⁶⁰ (Chief DDOs), the Rate Contract holders (Pharmaceutical firms) shall deliver the drugs and dressing material within six weeks from the date of Supply Order placed by the Chief DDOs. The terms and conditions of the RC states that, if the pharmaceutical firm fails to execute the Supply Order within the stipulated period²⁶¹ of six weeks, a penalty of two *per cent* of the value of the order calculated at the contract rate per week or a part of the week would be levied. The maximum penalty for late supply shall not exceed 10 *per cent* of the total value of the order/orders. The Chief DDOs were also instructed to monitor the performance of the Rate Contract holding firms regarding their execution of Supply Orders in time and send to Director General, ESIC, New Delhi a consolidated quarterly non-supply report including the details of penalty levied. Audit noticed that no such report was being submitted to the Director General, ESIC.

Audit scrutiny of bill payments²⁶² by the Director, Insurance Medical Services, Andhra Pradesh (AP) during the period 2018-19 to 2020-21 towards procurement of drugs and dressing material revealed that various pharmaceutical firms supplied the drugs and dressing material with delays ranging from three to 50 weeks. However, the Director, Insurance Medical Services, AP did not invoke the provisions of penalty relating to delayed supply while making payments to the pharmaceutical firms.

²⁵⁷ ESI Corporation was established under the Employee's State Insurance Act, 1948

²⁵⁸ the ESI scheme is applicable to factories employing 10 or more persons irrespective of whether power is used in the manufacturing process or not. The scheme has been extended to educational institutions, shops, hotels, restaurants and cinemas *etc*

²⁵⁹ ESI Corporation issues instructions under the ESI Corporation Centralised Contracts entered with pharmaceutical firms to all the Chief DDOs

²⁶⁰ Heads of ESI Scheme of various States/ Medical Superintendents of ESIC Model Hospitals shall be designated as Chief DDOs for the purpose of Rate Contract

²⁶¹ the cut of date of delivery period shall be counted from the date of actual dispatch of supply orders to date of receipt of supplies at F.O.R. destination

²⁶² for bills valuing more than ₹10 lakh including Goods and Services Tax (GST)

The penalty which should have been levied for such delayed supplies worked out to ₹2.59 crore²⁶³ in 119 cases as detailed in *Appendix 2.24*.

Thus, non-invoking of provisions of the Rate Contract by the Director of Insurance Medical Services, AP resulted in extension of undue benefit of ₹2.59 crore to the pharmaceutical firms.

The Director of Insurance Medical services (AP) replied (December 2021 and April 2022) that penalty at stipulated rates will be recovered based on Audit Observation. Accordingly, out of ₹8.27²⁶⁴ crore (*Appendix 2.25*) as initially was observed by Audit, an amount of ₹5.68²⁶⁵ crore (*Appendix 2.26*) was recovered by the Department. Further the Department ensured (May 2022 and January 2023) that the remaining penalty (₹2.59²⁶⁶ crore) will also be recovered from the pharmaceutical firms.

The matter was reported (November 2021) to Government. Their reply is awaited.

²⁶³ 2018-19: ₹0.23 crore in 10 cases; 2019-20: ₹1.92 crore in 86 case; 2020-21: ₹0.44 crore in 23 cases

²⁶⁴ 2018-19: ₹1.45 crore in 69 cases; 2019-20: ₹4.04 crore in 170 cases; 2020-21: ₹2.78 crore in 110 cases

²⁶⁵ ₹6.14 crore was recovered, however ₹5.68 crore is only admissible as per money value limitation

²⁶⁶ 2018-19: ₹0.23 crore in 10 cases; 2019-20: ₹1.92 crore in 86 case; 2020-21: ₹0.44 crore in 23 cases

Panchayat Raj Engineering Department

2.9 Unfruitful expenditure towards construction of high-level bridge- ₹6.18 crore

Non-extension of agreement time by the State Government resulted in stalling of a Project after incurring an expenditure of ₹6.18 crore. Besides, the objective of providing connectivity between two villages remained unachieved rendering the expenditure incurred so far unfruitful. .

The Government of Andhra Pradesh (Government) had administratively sanctioned²⁶⁷ (September 2011) the work 'Construction of Low level cause way across Penna river between P. Kothapalli and Katrimala village of Pamidi Mandal, Ananthapuramu district' at a cost of ₹6.30 crore. Thereafter, on the request²⁶⁸ of the Chief Engineer (CE), Panchayat Raj (PR), Government accorded (June 2013) revised administrative sanction²⁶⁹ for 'Construction of high-level bridge²⁷⁰' instead of low-level cause way at a cost of ₹14 crore based on the abstract estimate prepared by Superintendent Engineer (SE), PR. The designs and drawings for high level bridge were prepared by the Chief Engineer Designs, PR, Hyderabad and approved by Engineer in Chief, PR. The work was technically sanctioned (July 2013) by the Engineer-in-Chief, PR for ₹13.10 crore.

The work was awarded (February 2014) to a firm²⁷¹ for an agreement value of ₹10.92 crore with a stipulation to complete the work in 24 months (February 2016). The site for execution of work was handed over to the firm in February 2014 by PR, Ananthapuramu Engineering Division.

As the work could not be completed within the scheduled date, the Government accorded²⁷² (September 2016) Extension of Agreement Time (EOAT) up to 23 March 2017 (405 days including holidays) without levy of liquidated damages (LD), as the delay²⁷³ was not attributed to the firm. However, prior to the sanction of EOAT, the firm had stopped the work in July 2016 due to the obstruction of work by the local people in view of division of their lands due to construction of approaches to the bridge. As of July 2016, the firm could complete work valuing ₹6.18 crore i.e., pillars stage (sub structure) only.

After settlement²⁷⁴ of the land dispute (February 2017), the firm did not commence the work as EOAT was only up to 23 March 2017. The firm requested (February 2017) the SE, PR Division to extend the agreement period up to 22 September 2018. The SE, PR Division

²⁶⁷ based on the proposals of the Panchayat Raj (PR) department

²⁶⁸ based on the abstract estimate submitted by the Superintending Engineer (SE), PR

²⁶⁹ G.O.Rt.No.915 of Panchayat Raj & Rural Development (Progs.I) Department dated 05/6/2013

²⁷⁰ under the head Assistance to Panchayat Raj (PR) Institutions for construction of rural roads

²⁷¹ single tenderer M/s BRR Infra Projects, Hyderabad

²⁷² G.O.Rt.No.801 of Panchayat Raj & Rural Development (Progs.1) Department dated 06/9/2016.

²⁷³ due to delay in approval of designs (45 days), sudden lifting of gates at reservoir located 5.00 kms to the bridge site (180 days), rainy seasons of 2014 and 2015 (120 days), forecast of good rains in 2016 (46 days), etc.

²⁷⁴ dispute of local people was settled by Hon'ble Member Legislative Assembly, Guntakal.

forwarded (July 2017) the proposal to the CE, PR for approval of second EOAT up to 22 September 2018 without levy of LD.

The firm did not resume the work as second EOAT was not approved (as of September 2021) by Government. Further, in October 2021 the SE, PR requested the Engineer-in-Chief, PR to release ₹10 crore to complete the balance work. However, the bridge work remained incomplete despite incurring ₹6.18 crore.

Audit observed that:

- (i) Due to non-approval of second EOAT by the State Government, the work could not be completed, despite lapse of five years after settlement of land issues. This eventually resulted in unfruitful expenditure of ₹6.18 crore incurred towards construction of bridge. Besides, the objective of providing connectivity between two constituencies in general and two villages in particular is not accomplished even after a period of eight years from the date of commencement of work.
- (ii) Incidentally, it was also noticed that as per conditions of contract (Clause 24.1 and rate of progress), the total period of completion of work of 24 months from the date of handing over of site included rainy season. However, it is observed that out of 405 days of EOAT sought by the contractor, 166 days were attributed to rainy seasons. The Department recommended extension of time of 405 days without imposing Liquidated Damages (LD) and government approved the same. As rainy season is included in the agreement for completion of work, LD at the rate of ₹100 per day per lakh of balance cost of work which works out to ₹0.79 crore²⁷⁵ was to be levied from the contractor.

The Department replied (November 2022) that the second EOAT and revised action plan was not granted/approved by Government till date.

The government should take appropriate and necessary action.

²⁷⁵ milestone 3 & 4 not achieved: balance cost of the work ₹ 474.70 lakh (₹1092.48 lakh-₹617.78 lakh) x ₹100 per day per lakh x 166 days = ₹78,80,020

Social Welfare Department

2.10 Wasteful expenditure due to stalled project

Stalled construction of Dr. B. R. Ambedkar Smruthi Vanam with a Convention Hall, Memorial Hall Auditorium, Meditation Hall along with 125 feet Statue of Dr. B. R. Ambedkar, in Amaravati, led to unthoughtful and wasteful expenditure of ₹44.61 crore

Government of Andhra Pradesh (GoAP) had accorded in-principle sanction²⁷⁶ (March 2016) for the project 'Erection of 125 feet statue of Dr. B.R. Ambedkar and to develop Dr. B.R. Ambedkar Smruthi Vanam at Amaravati, Guntur district with a Memorial Park, Convention Centre, Buddhist Dhyana Kendram and a Library' as part of year-long celebrations of 125th birth anniversary of Dr. B.R. Ambedkar in 20 acres of land at Amaravati.

The objectives of the project were as under:

- To develop the India's best Memorial Centre with International standards in terms of availability of facilities and infrastructure.
- To develop a Memorial which will cater to the vision of GoAP, towards developing the Capital Region of Amaravati, as a futuristic city, with better facilities and amenities catering to the vast campus and visitors.
- To develop as a prominent landmark for the entire region as a show case for visitors both nationally and internationally.
- Design to cater for minimum 6,000 visitors, who would visit different facilities and experience the Memorial.

GoAP specified²⁷⁷ (January 2017) the project details, tentative estimated cost (₹97.69 crore), implementation details and timelines, etc., and appointed Andhra Pradesh Industrial Infrastructure Corporation (APIIC) as Executive Agency and Director, Social Welfare Department (SWD) as Nodal Officer for completion of the project. A Memorandum of Understanding (MoU) was entered (April 2017) between SWD and APIIC for execution of above work. As per MoU, the SWD shall deposit 100 per cent of the estimated amount in advance to APIIC and APIIC will complete the work in 24 months from the date of signing the MoU.

Government permitted²⁷⁸ (June 2017) Director, SWD to deposit the estimated cost of the project of ₹97.69 crore into the Personal Deposit (PD) Account of the Chief Engineer, APIIC and the same was deposited between November 2017 and March 2018. Andhra Pradesh Capital Region Development Authority (APCRDA) allotted²⁷⁹ (October 2017)

²⁷⁶ G.O.Ms.No.38 Social Welfare (Budget & LA) Department, dated 30/3/2016

²⁷⁷ G.O.Ms.No.28 Social Welfare (CV.POA) Department, dated 25/1/2017

²⁷⁸ G.O.Ms.No.220 Social Welfare (CV.POA) Department, dated 06/6/2017

²⁷⁹ G.O Ms No.368 MA&UD (CRDA.2) Department, dated 18/10/2017

20 acres of land²⁸⁰ for the project. The land was handed over to SWD by APCRDA in April 2018.

Meanwhile, the Approval Committee²⁸¹ has accorded (May 2018) consent to the revised conceptual plan for ₹200 crore for the said work due to change in the Master Plan design. The revised estimated cost of ₹200 crore was administratively sanctioned by Vice Chairman & Managing Director, APIIC instead of by Government and technically sanctioned by Chief Engineer, APIIC in July 2018.

After due tender process, APIIC awarded the work to a firm²⁸² and entered into a contract²⁸³ (September 2018) for a Contract Value of ₹136.03 crore (Estimated Contract Value of ₹130.19 crore) with scheduled date of completion as 18 months *i.e.*, by March 2020. As the work was not completed within the scheduled due date, Extension of Time was granted (May 2020) up to September 2020. In the meanwhile, an amount of ₹76.61 crore (out of provided funds ₹97.69 crore) lying in the Personal Deposit account of APIIC was lapsed to Government Account to the end of March 2020. In June 2020, the Approval Committee had directed APIIC to go ahead with construction²⁸⁴ duly minimising and limiting the scope of work to the released budget amount of ₹97.69 crore and to complete the work by April 2021.

However, audit noticed that at the request (September 2020) of the firm, APIIC permitted (September 2020) the firm to shift the material like sand, crusher metal *etc.*, from the site as the work was stalled. As of February 2022, the physical progress of work was only 21.50 *per cent* and the total value of work done was ₹44.61 crore towards civil works, GST, consultation, *etc.* However, only an amount of ₹18.59 crore was incurred/paid²⁸⁵ to the firm and also towards other related charges. The pending bills worth ₹19.93 crore (as of February 2022) payable for the work done was held up at Comprehensive Financial Management System²⁸⁶ (CFMS) due to non-appropriation of funds to the budgetary head and the bill amounting to ₹6.09 crore was to be prepared (as of February 2022) by APIIC.

²⁸⁰ at Shakamuru and Inavolu villages in Amaravati

²⁸¹ consisting of Principal Secretary to Government, Social Welfare Department, VC&MD APIIC, Commissioner APCRDA *etc.*, as members

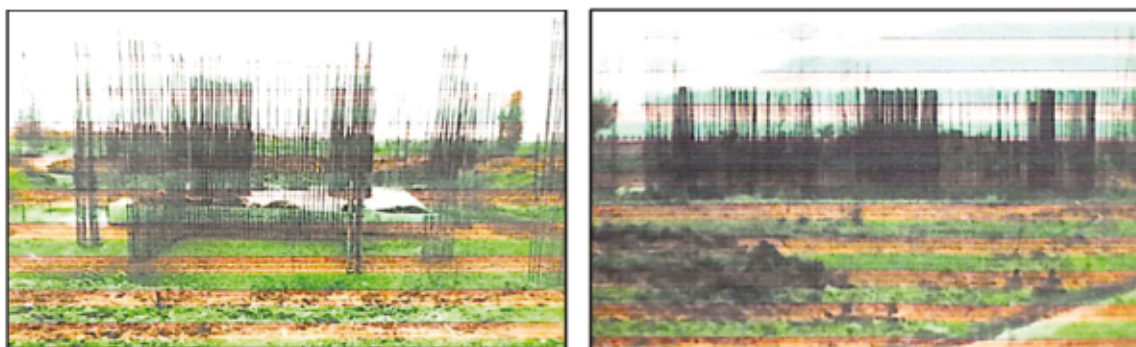
²⁸² M/s KPC Projects Limited

²⁸³ agreement No.12/CE (C)/APIIC/2018-19 dated 17/9/2018

²⁸⁴ bronze statue with pedestal finishing, earth berm, landscaping and ancillary block

²⁸⁵ civil works : ₹7.15 crore, GST : ₹10.47 crore, consultant charges : ₹0.84 crore and others : ₹0.13 crore

²⁸⁶ enterprise level application, implemented by Andhra Pradesh Centre for Financial Systems and Services (APCFSS) on behalf of the Finance Department



Source: Photographs of the project provided by APIIC

Thus, it is evident from above that the project to develop Dr. B.R. Ambedkar Smruthi Vanam at Amaravathi as a best memorial centre in the country and as a prominent landmark for the entire region has been stalled (since September 2020) and non-release of the required funds by the State Government was unthoughtful which rendered the expenditure of ₹44.61 crore incurred on the project, wasteful.


The Executing Agency replied (February 2022) that due to non-release of funds by the Nodal agency for the project, the works were stopped after incurring expenditure of ₹44.61 crore.

The matter regarding wasteful expenditure was reported to Government in February 2022 and April 2022, the reply was awaited.

Vijayawada
The 24 AUG 2023

इन्दु अग्रवाल,
(INDU AGRAWAL)
Principal Accountant General (Audit)
Andhra Pradesh

New Delhi
The 25 AUG 2023


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix-1.1

(Reference to paragraph 1.6.1, page 4)

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

Department	Number of IRs/Paragraphs pending as of 31 December 2019	
	IRs	Paragraphs
BC Welfare Department	102	999
Director State Audit Department	13	100
Education (Higher Education)	241	2,059
Education (School Education)	338	3,070
Health, Medical and Family Welfare Department	272	2,555
Housing Department	10	57
Labour Employment Training & Factories	69	363
Minorities Welfare Department	39	292
Municipal Administration & Urban Development	255	5,096
Panchayat raj & Rural Development	588	5,158
Skill Development	193	1,166
Social Welfare Department	150	1,442
Tribal welfare Department	144	1,600
Women Development & Child Welfare Department	211	899
Youth Advancement Tourism & Cultural Affairs	79	636
Environment, Forest, Science and Technology	231	648
Total	2,935	26,140

Appendix-1.2

(Reference to paragraph 1.6.3, page 5)

Position of Pending Explanatory Notes (as of 30 June 2022)

A. Exclusively pertaining to the State of Andhra Pradesh

Department	2014-15	2015-16	2016-17	2017-18	2018-19	Total
General Administration	-	-	-	-	1	1
Health, Medical and Family Welfare	-	2	-	-	-	2
Higher Education	-	-	1	2	1	4
Labour, Employment, Training and Development	-	-	-	1	-	1
Municipal Administration & Urban Development	-	-	-	3	3	6
Minorities Welfare	1	-	-	-	-	1
Panchayat Raj and Rural Development	-	-	1	-	2	3
School Education	1	-	-	-	-	1
Tribal Welfare	-	-	1	-	-	1
Women, Children, Disabled and Senior Citizens	1	1	-	-	-	2
Youth Advancement, Tourism and Culture (Sports)	-	-	-	-	1	1
Environment, Forest, Science and Technology	-	-	1	1	-	2
Total	3	3	4	7	8	25

B. Pertaining to both the States of Andhra Pradesh and Telangana

Department	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Backward Classes Welfare	-	-	1	-	-	1
Finance	1	-	1	1	-	3
Home	-	-	-	-	1	1
Rural Water Supply and Sanitation	-	-	1	-	-	1
Tribal Welfare	-	1	-	-	1	2
Youth Advancement, Tourism and Culture	1	-	-	-	1	2
Environment, Forest, Science and Technology	-	-	-	1	1	2
Total	2	1	3	2	4	12

Appendix-1.3

(Reference to paragraph 1.6.4, page 6)

Position of Pending Action Taken Notes (as of 30 June 2022)

A. Exclusively pertaining to the State of Andhra Pradesh - Legislative Assembly (LA) wise

Department	XIII LA	XIV LA	Total
	2009-14	2014-18	
Higher Education Department	1	-	1
Municipal Administration & Urban Development Department (MA)	6	-	6
Municipal Administration & Urban Development Department (PH Wing)	1	2	3
Revenue Department	-	1	1
Total	8	3	11

B. Pertaining to both the States of Andhra Pradesh and Telangana - Legislative Assembly (LA) wise

Department	XI LA	XIII LA	XIV LA	Total
	1999-2004	2009-14	2014-18	
Backward Classes Welfare Department	-	1	-	1
General Administration Department	-	3	-	3
Health, Medical and Family Welfare Department	-	2	2	4
Higher Education Department	-	1	-	1
Municipal Administration & Urban Development (MA)	-	1	1	2
Municipal Administration & Urban Development (PH Wing)	-	1	-	1
Panchayat Raj & Rural Development Department	3	-	-	3
School Education Department	-	2	-	2
Women, Children, Disabled & Senior Citizens Department	-	1	1	2
Total	3	12	4	19

Appendix - 2.1

(Reference: Paragraph 2.1.1.1, page 7)

List of revenue villages enlisted in the Capital city jurisdiction

Name of the Mandal	Name of the Village	Extent of land (in Sq.Km)
Thulluru	1. Lingayapalem including Hamlet Villages of Modugulankapalem	14.49
	2. Uddandarayunipalem	
	3. Malkapuram	
	4. Velagapudi	8.09
	5. Nelapadu	5.74
	6. Sakamuru	6.58
	7. Ainavolu	4.85
	8. Mandadam including Hamlet Villages of Tallapalem	20.19
	9. Venkatapalem	11.09
	10. Ananthavaram	10.30
	11. Nekkallu	5.71
	12. Thulluru	14.92
	13. Dondapadu	4.97
	14. Pichukala Palem	
	15. Abbarajupalem	5.86
	16. Borupalem	
	17. Rayapudi	24.34
	18. Kondaraju Palem (De-Populated)	3.43
Tadepalli	19. Undavalli	13.05
	20. Penumaka	8.85
	21. Part of Mangalagiri Municipality (Dolaspetta and Nulakpetta)	1.88
Mangalagiri	22. Krishnayapalem	6.34
	23. NIdamaru	11.30
	24. Kuragallu including hamlet of Neerukonda	14.33
	25. Nowluru Including villages of Yerrabalem&Bethapudi	20.92
Total		217.23

Appendix- 2.2

(Reference: Paragraph 2.1.3.1, page 22)

Statement showing benefits to landowners and residents

Benefit	Land Category (For every one Acre)		
		Dry (in Square yard)	Jareebu* (in Square yard)
For the landowners with Patta or zeroyat or private ownership	Residential Plot	1,000	1,000
	Commercial Plot	200	450
For Bethapudi, Navuluru, Errabalem, Penumaka and Undavalli villages	Residential Plot	1,000	1,000
	Commercial Plot	450	450
For the land owners with Assigned lands	Residential Plot	800	1,000
	Commercial Plot	200	450
For Bethapudi, Navuluru, Errabalem, Penumaka and Undavalli villages	Residential Plot	1,000	1,000
	Commercial Plot	200	450
Annuity payment for the next ten years to all land owners		₹30,000	₹50,000
For Bethapudi, Navuluru, Errabalem, Penumaka and Undavalli villages		₹50,000	₹50,000

*Jareebu: Refers to land under multiple crops with access to underground percolated water.

Appendix 2.3

(Reference: Paragraph 2.1.2.2 (b) & 2.1.4.1, pages 16 & 26)

Status of LPS Infrastructure works as of September 2021

Sl. No.	Zone No.	Agreement value (₹ in crore)	Date of commencement of work	Scheduled date of completion	Total amount paid (₹ in crore)	Financial Progress (in percentage)	Physical progress of work completed (in percentage)
1.	1	679.64	16/11/2017	15/11/2020	23.50	3.45	8.00
2.	2	752.72	17/11/2017	16/11/2020	24.54	3.38	10.10
3.	3	653.68	18/11/2017	17/11/2020	9.48	1.45	5.12
4.	4	622.87	25/01/2019	24/01/2022	0.00	0.00	0.60
5.	5A	599.53	19/02/2019	18/02/2022	0.00	0.00	0.10
6.	5B	399.46	19/02/2019	18/02/2022	0.00	0.00	0.09
7.	5C	472.84	19/02/2019	18/02/2022	0.00	0.00	0.07
8.	5D	417.78	19/02/2019	18/01/2022	0.00	0.00	0.08
9.	6	378.90	01/02/2018	31/01/2021	30.35	8.01	16.00
10.	7	867.53	31/01/2018	30/01/2021	54.47	6.28	18.00
11.	9A	1,102.91	13/02/2019	12/09/2022	0.00	0.00	0.70
12.	9	1,636.72	13/02/2019	12/02/2022	0.00	0.00	0.60
13.	10	1,018.81	31/01/2018	30/01/2021	40.70	3.99	15.00
14.	12	1,771.78	31/01/2018	30/01/2021	0.00	0.00	0.80
15.	12A	1,281.07	01/02/2019	21/01/2022	0.00	0.00	1.20
16.	AGC infra	1,146.51	04/12/2018	03/12/2021	0.00	0.00	6.00
Total		13,802.75			183.04		

Appendix-2.4**(Reference: Paragraph 2.1.4.1(a), page 27)****Statement showing details of expenditure incurred
on site clearance works in LPS zones**

Sl. No.	Name of the Work	Contractor	Date of award of work	Total Expenditure incurred (in ₹)
1.	Site clearance works in Abbarajupalem, Borupalem, Dondapadu and Pichukulapalem villages	M/s RSR Infra Works	04/10/2016	2,05,32,295
2.	Site clearance work in Nowluru LPS Layout (Part-I)	M/s Sudhakara Infratech Pvt., Ltd. (LS & Part - II)	20/06/2017	1,64,52,031
3.	Site clearance work in Nowluru LPS Layout (Part-II)	M/s Sudhakara Infratech Pvt., Ltd. (LS II & Part)	29/05/2017	1,18,96,308
4.	Site clearance work in Uddandarayunipalem and Lingayapalem villages LPS layouts	M/s Sudhakara Infratech Pvt., Ltd. (LS II & Part)	15/03/2017	66,24,142
5.	Site clearance work in Nidamaruru village LPS layouts	M/s RSR Infra Works (LS I & Part)	06/06/2017	1,23,60,983
6.	Site clearance work in Velagapudi village LPS layouts	M/s RSR Infra Works (LS I & final)	06/03/2017	88,36,934
7.	Site clearance work in Krishnayapalem village LPS layouts	M/s RSR Infra Works (LS I & final)	15/03/2017	61,53,085
8.	Site clearance work in Kondamarajupalem and Malkapuram village LPS layouts	M/s Srinivasa Edifice Pvt. Ltd., (F&F)	21/02/2017	46,16,255
9.	Site clearance work in Venkatapalem village LPS layouts	M/s Sudhakara Infratech Pvt., Ltd. (LS II & final)	16/03/2017	1,29,75,578
10.	Site clearance work in Nekkalu village	M/s Sudhakara Infratech Pvt., Ltd. (LS II & final)	07/02/2017 (LOA)	82,05,830
Total				10,86,53,441

Appendix – 2.5

(Reference: Paragraph 2.1.4.2, page 28)

Statement showing status of the Trunk Infrastructure works as of March 2022

Package No	Value of the agreement (₹ in crore)	Agreement date	Scheduled date of completion	Total value of the work done/measure (₹ in crore)	Gross amount paid so far (₹ in crore)	Amount to be paid – pending bills (₹ in crore)	Percentage of Financial progress of work (col.6/col.2)	Percentage of Physical progress (col.5/col.4)
1	2	3	4	5	6	7	8	9
SAR	215.55	16/07/16	15/04/18	185.71	170.10	15.61	78.91	86.16
I	272.19	23/03/17	22/03/18	102.08	84.83	17.25	31.17	37.5
II	214.94	13/03/17	22/03/18	126.49	113.27	13.22	52.70	58.85
III	266.25	22/03/17	22/03/18	125.70	93.87	31.83	35.25	47.21
IV	337.97	24/03/17	23/03/18	91.62	80.40	11.22	23.79	27.11
V	275.10	19/02/18	18/02/19	51.06	28.23	22.83	10.26	18.56
VI	226.67	19/02/18	18/02/19	18.31	14.38	3.93	6.34	8.08
VII	279.37	19/02/18	18/02/19	57.24	36.02	21.22	12.89	20.49
VIII	408.84	24/11/17	24/10/18	78.37	56.20	22.17	13.75	19.17
IX	564.08	15/11/17	14/11/18	278.60	220.49	58.11	39.09	49.39
X	509.79	10/11/17	09/11/18	212.83	128.56	84.27	25.22	41.75
XI	1,123.62	20/11/17	19/11/18	406.15	297.83	108.32	26.51	36.15
XII	1,067.81	24/11/17	23/11/18	441.99	358.52	83.47	33.57	41.39
XIII	1,073.23	16/12/17	15/12/18	265.93	163.74	102.19	15.26	24.78
XIV	972.95	17/11/17	16/11/18	302.35	142.59	159.76	14.66	31.08
XV	1,174.22	12/03/18	11/09/19	305.74	176.77	128.97	15.05	26.04
XVI	1,387.00	16/07/18	15/07/20	60.99	2.22	38.80	0.16	0.44
XVII	791.68	21/02/19	20/08/20	0.00	0.00	0.00	0.00	0.00
XVIII	715.75	14/02/19	13/08/20	1.00	0.00	1.00	0.00	0.14
XIX	299.62	08/03/19	07/03/20	79.44	28.57	50.87	9.53	26.51
XX	248.21	24/01/19	23/01/20	46.97	12.43	34.54	5.00	18.92
XXI	399.99	11/02/19	10/02/20	29.73	0.00	29.73	0.00	7.43
Total	12,824.90			3,213.41	2,209.02	1,004.39		

Appendix - 2.6

(Reference: Paragraph 2.1.4.2(a), page 29)

Table showing the payment made towards supply of pipes in ADCL packages

Sl. No.	Name of the Package	Amount paid towards supply of pipes (in ₹)	Percentage of Payments for supply of pipes	Month & Year of Payment
1.	Package-VIII	13,60,91,443	3.30	March 2019
2.	Package-IX	48,21,63,071	8.54	May 2019
3.	Package-X	19,09,92,898	3.75	May 2019
4.	Package-XI	55,04,84,557	4.90	May 2019
5.	Package-XII	26,90,28,716	2.40	March 2019
6.	Package-XIII	16,17,69,102	1.52	May 2019
7.	Package-XIV	50,18,76,720	5.16	October 2019
8.	Package-XV	41,14,34,046	4.23	March 2019
	Total	2,70,38,40,553		

Appendix- 2.7

(Reference: Paragraph 2.1.4.3, page 35)

Table showing the Status of Government Building Works

(₹ in crore)

Sl. No	Name of the work	Date of agreement	Intended date of completion	Agreement value	Gross value of the work done	Progress of work (in percentage)	
						Financial	Physical
1.	MPP School, Venkatapalem	19/07/2018	18/11/2018	00.63	0.17	100.00	100.00
2.	Judicial Complex, G+2	12/06/2018	11/03/2019	108.00	85.12	78.81	95.00
3.	Judicial Complex, Phase-II	28/07/2018	27/05/2020	64.00	11.47	17.92	85.00
4.	MLAS & AIS Housing	13/11/2017	12/02/2019	635.90	363.68	57.19	72.00
5.	APCRDA Project office (G+1)	20/11/2017	19/09/2018	39.69	17.12	43.13	52.00
6.	NGOs Housing	13/11/2017	12/08/2019	866.10	417.79	48.24	60.00
7.	Gazetted Type I & II and Class-IV	06/03/2018	12/02/2019	707.40	389.11	55.01	65.00
8.	APCRDA Project Office (addl. 6 floors)	13/08/2018	12/08/2019	45.05	26.58	59.00	65.00
9.	CRDA Project office MEP Services	23/02/2019	22/08/2019	39.90	0.00	0.00	0.10
10.	NGO MEP services	02/03/2019	01/03/2020	223.82	0.00	0.00	0.07
11.	GO MEP services	05/03/2019	04/03/2020	108.64	0.00	0.00	0.00
12.	Bungalows for Ministers and Judges	17/05/2018	16/08/2019	211.54	35.18	16.63	25.00
13.	Principal Secretaries Bungalows	17/05/2018	16/08/2019	246.10	41.83	17.00	25.00
14.	Permanent High Court	29/09/2018	28/09/2020	731.60	0.00	0.00	0.09
15.	Interim Government Complex	NA	NA	526.57	526.57	100.00	100.00
16.	GAD Tower	19/07/2018	18/07/2020	554.06	32.90	5.93	19.00
17.	HOD Towers 1&2	19/07/2018	18/07/2020	932.46	46.21	4.95	18.00
18.	HOD Towers 3&4	19/07/2018	18/07/2020	784.62	38.23	4.87	20.00
19.	Advocate Block at Temporary High Court	07/03/2019	06/09/2019	22.50	0.00	0.00	3.00
Total				6,848.58	2,031.96		

Appendix – 2.8

(Reference: Paragraph 2.1.5.3, page 45)

Statement showing the test checked cases of allotment on freehold basis

Sl. No.	Type	Organisation	GoM recommended price (₹ in crore)	Price of allotment (₹ in crore)	Extent of the land (in Acres)
1.	Private educational Institutions	Xavier Labour Relations Institute	0.50	0.10	50.00
		Brahmakumaris Educational Society	0.50	0.10	10.00
		VIT-AP	0.50	0.50	100.00
		SRM University	0.50	0.50	150.00
		Amritha University	0.50	0.50	50.00
2.	Banks	NABARD	4.00	2.00	4.30
		APCOB	4.00	2.00	4.00
		Union bank of India	4.00	4.00	1.57
		Indian Bank	4.00	4.00	1.50
		Vijaya Bank	4.00	4.00	1.50
3.	Health care institutions	Nandamuri Basavataraka Rama Rao Memorial Cancer Foundation (NBTRCF)	0.50	0.25	15.00
		Hyderabad Eye Institute (LVPEI)	0.50	0.25	12.00
		BRS Medicity Healthcare and Research Centre	0.50	0.50	100.00

Appendix – 2.9

(Reference: Paragraph 2.1.5.4, page 46)

Statement showing short-collection of lease rents from contractors

(Amount in ₹)

Sl. No.	Name of the work	Extent of Land/ Site (in Acre)	Date of Allotment	Lease rent to be collected	Lease rent collected	Short-collection
1.	SAR	25.52	20/10/2016	1,27,60,000	Nil	1,27,60,000
2.	Package-I	15.00	28/03/2017	60,00,000	15,00,000	45,00,000
3.	Package-II	19.00	28/03/2017	76,00,000	19,00,000	57,00,000
4.	Package-III	13.50	28/03/2017	54,00,000	13,50,000	40,50,000
5.	Package-IV	15.00	23/08/2017	60,00,000	Nil	60,00,000
6.	Package-V, VI, VII	24.50	08/12/2017	73,50,000	Nil	73,50,000
7.	Package-IX	2.47	23/02/2019	4,94,000	Nil	4,94,000
	Total			4,56,04,000	47,50,000	4,08,54,000

Appendix – 2.10
(Paragraph 2.3(a), page 54)

Statement showing the avoidable expenditure by ULBs towards interest and penalty payments to Service Tax Department

(Amount in ₹)

Sl. No.	ULB	Period for which Service tax levied	Service rendered	Demand Raised by Central Excise Department			Paid by the ULBs/ Recovered by CE&ST			Total avoidable Expenditure
				Principal	Interest	Penalty	Principal	Interest	Penalty	
1	2	3	4	5	6	7	8	9	10	11
1.	Eluru Municipal Corporation	June 2007 to June 2012	Renting Activity	53,05,516	NA	0	53,05,516	27,33,650	0	27,33,650
2.	Gudivada Municipality	April 2011 to March 2012	Renting Activity	76,89,606	0	3,96,015	76,89,606	0	3,96,015	3,96,015
			Sale of Space	4,89,037	0	25,185	4,89,037	0	25,185	25,185
		June 2007 to March 2011	Renting Activity	27,45,644	10,76,156	0	27,45,644	10,76,156	0	10,76,156*
			Sale of Space	1,99,381	2,15,692	0	1,99,381	2,15,692	0	2,15,692*
3.	Guntur Municipal Corporation	May 2006 to March 2012	Renting Activity	83,59,406**	80,16,035#	NA	83,59,406	80,16,035#	0	80,16,035*
			Sale of Space	81,30,331			81,30,331			
4.	Nandyal Municipality	June 2007 to February 2010	Renting Activity	16,03,645	NA	NA	1,66,995	10,52,290	19,10,245	29,62,535
		April 2011 to March 2012	Renting Activity	6,42,936	-	-	6,42,936	1,16,667	3,43,834	4,60,501
5.	Nellore Municipal Corporation	April 2016 to June 2017	Renting Activity	NA	NA	NA	41,43,076	9,06,613	0	9,06,613*
6.	Palasa Kasibugga Municipality	April 2010 to March 2015	Renting Activity	8,04,702##	NA	8,24,702	6,30,321	NA	0	16,29,404^
		April 2015 to June 2017		7,02,149#	NA	80,215	5,91,597##	NA	0	6,71,812^^
	Total			3,66,72,353	93,07,883	13,26,117	3,90,93,846	1,41,17,103	26,75,279	1,90,93,598

* Recovered directly by the CE&ST Department through bank accounts of the ULBs

No separate details on record.

^ =8,04,702+8,24,702 (No payment details) ^^ 5,91,597(Paid)+80,215 (No payment details)

** =70,30,023 (May 2006 to March 2011) +13,29,383 (April 2011 to March 2012)

It is also unavoidable expenditure as the ULB not included service tax in rent agreement

Appendix – 2.11

(Paragraph 2.3(b), page 55)

Statement showing the details of Damages/Interest due, paid and balances to EPFO

(Amount in ₹)

Sl. No	Name of ULB	Dates of Audit	Period of Delay (Days) (min-max)	Damages/ Interest levied (₹)	Damages/ Interest paid (₹)	Balance (₹)
1.	Chittoor Municipal Corporation	September 2018	13-718	63,42,582	0	63,42,582
Total				63,42,582	0	63,42,582
1.	Tenali Municipality	November 2019	11-658	23,71,933	0	23,71,933
2.	Naidupeta Municipality	January 2020	3-283	7,94,381	0	7,94,381
3.	Narsaraopet Municipality	November 2019	29-606	24,57,755	0	24,57,755
4.	Jangareddygudem Municipality	November 2019	10-420	6,61,760	0	6,61,760
5.	Gudivada Municipality	January 2020	14-267	5,24,786	6,70,500*	
Total				68,10,615	6,70,500	61,40,115
1.	Addanki Nagar Panchayat	September 2019	Data not provided	1,95,412	1,76,492	18,920
2.	Gudur Nagar Panchayat	August 2019	53-1756	9,42,584	0	9,42,584
3.	Pamidi Nagar Panchayat	December 2018	2-77	2,13,687	28,542	1,85,145
4.	Madakasira Nagar Panchayat	November 2018	1375-2374	12,23,894	0	12,23,894
Total				25,75,577	2,05,034	23,70,543
Grand Total				1,57,28,774	8,75,534	85,10,658

*Includes payment of ₹1,45,714 which pertains damages for the period March 2013 to Sept 2015

Appendix – 2.12

(Paragraph 2.3(c), page 56)

Statement showing the avoidable expenditure by ULBs towards damages and interest due to failure in ensuring timely remittance of ESI contributions

(Amount in ₹)

Sl. No.	Name of the ULB	Dates of Audit	Period of Delay (Days) (min-max)	Penal damages/interest levied by ESIC			Damages paid by ULB
				Damages	Interest	Total	
1.	Jammalamadugu Nagar Panchayat	September 2019	Data not provided	0	8,97,125	8,97,125	0
2.	Piduguralla Municipality	April 2018	1-286	1,88,653	1,45,897	3,34,550	0
3.	Palasa Kasibugga Municipality	July 2018	Data not provided	48,628	32,924	81,552	0
Total				2,37,281	10,75,946	13,13,227	0

Appendix – 2.13
(Paragraph 2.3(d), page 56)

Statement showing the avoidable expenditure by ULBs towards delayed payment surcharge due to failure in ensuring timely payment of electricity consumption charges

(Amount in ₹)

Sl. No.	Name of the ULB	Bill Period	Service Connection Numbers	Total Demand/ bills raised	Delayed Payment Surcharge	Charges on Total Bill (Percentage)
1.	Rayachoti Municipality	April 2014 to October 2019	CDP255	1,36,72,88,132	5,42,59,539	3.97
2.	Jammalamadugu Nagar Panchayat	April 2016 to March 2020	CDP 205, CDP 206	3,28,58,073	90,93,318	27.67
3.	Kadapa Municipal Corporation	March 2015 to March 2018	CDP30, CDP54, CDP84, CDP115, CDP125, CDP156, CDP 283	29,70,46,049	2,25,94,154*	7.61
4.	Kandukur Municipality	January 2014 to July 2020	ONG 393	2,81,77,753	10,64,467	4.32
5.	Nellore Municipal Corporation	January 2016 to April 2019	NLR012, NLR026, NLR224, NLR315, NLR374, NLR449, NLR457, NLR465	Not Available	2,02,84,700	--
6.	Ongole Municipal Corporation	April 2017 to July 2020	ONG 157, ONG 250	15,65,04,746	22,97,852	1.47
7.	Eluru Municipal Corporation	January 2015 to December 2017	ELR001, ELR 730, ELR671	9,06,13,336	6,86,058	0.76
8.	Narsipatnam Municipality	February 2017 and April 2017	SERVICE NO: 115451	25,74,880	8,41,007	32.62
9.	Kakinada Municipal Corporation	Jan 2019 to Nov 2019	RJY 240, RJY 231, RJY 633	1,80,18,726	3,53,491	1.96
10.	Tenali Municipality	April 2016 to October 2019	CRD3196, CRD3601, CRD3897	Not Available	8,58,939	--
Total				1,99,30,81,695	11,23,33,525	

* Including interest on Electricity Duty

Appendix – 2.14
(Paragraph 2.4.1.6, page 62)

Statement showing the test-checked schools covered during audit

Sl. No.	District	Mandal	Name of the School	Type of School
1.	Guntur	Guntur	SSV Guntur	Primary
2.		Guntur	GOVT HS (G) Choutra	High School
3.		Parthipadu	MPPS(HE) Enamadala	Primary
4.		Parthipadu	ZPHS Thikkareddypalem	High School
5.		Mangalgiri	MPPS Bapanaiahnagar	Primary
6.		Mangalgiri	ZPHS Chinakakani	High School
7.		Chebrolu	MPPS Suddapalli	Primary
8.		Chebrolu	ZPHS Sekuru	High School
9.		Tadikonda	MPPS garikapadu	Primary
10.		Tadikonda	SREE Rama HS Mothadaka	High School
11.	Srikakulam	Narsannapeta	MPPS Urlam	Primary
12.		Narsannapeta	ZPHS Narasannapeta	High School
13.		Srikakulam	MES Badurlapeta	Primary
14.		Srikakulam	ZPHS Ippili	High School
15.		Seethampeta	GES Adali	Primary
16.		Seethampeta	GHS Seethampeta	High School
17.		Amadalavalasa	MPL T Mannayyapeta	Primary
18.		Amadalavalasa	MPL HS Amadalavalasa Gate	High School
19.		Etcherla	MPPS Ambedkarnagar	Primary
20.		Etcherla	ZPHS Dharmavaram	High School
21.	Kadapa	Kadapa	MPL UPS Urdu bismillah nagar	Upper Primary
22.		Kadapa	MPL HS madras road (U&G)	High School
23.		Atloor	MPPS patimeedipalle	Primary
24.		Atloor	ZPHS Kamalakur	High School
25.		Chennur	MPUPS G Obulampalle	Upper Primary
26.		Chennur	ZPHS Ramanapalli	High School
27.		Vallur	MPPS Mittapalli	Primary
28.		Vallur	ZPHS Vallur	High School
29.		Sidhout	MPPS Diguwapeta	Primary
30.		Sidhout	SPBVD HS Upparapalli	High School
31.	Kurnool	Kurnool	MPPS(U) Hajarathjinagar	Primary
32.		Kurnool	GOVT HS(GIRLS) B. Camp Kurnool	High School
33.		Gudur	MPPS(JB) K. Nagalapuram	Primary
34.		Gudur	ZPHS Gudipadu	High School
35.		Midthur	MPPS(DPEP) Chowtakur	Primary
36.		Midthur	ZPHS Kadumur	High School
37.		Veldurthi	MPPS S. Boyanapalle	Primary
38.		Veldurthi	ZPHS Pullagummi	High School
39.		Nandyal	MPUPS Billalapuram	Upper Primary
40.		Nandyal	AP Model School Nandyal	High School

Appendix – 2.15

**Statement showing the non-distribution of dry ration in test-checked schools
(Paragraph 2.4.2.2(a), page 66)**

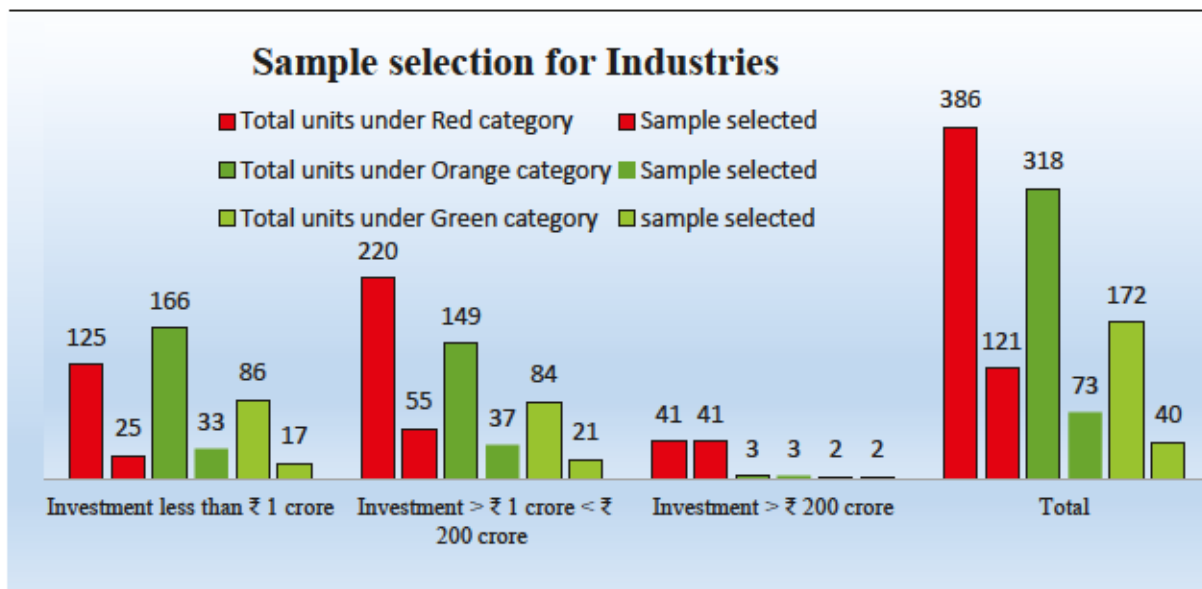
Sl. No.	Item not distributed	Name of the School
1.	Rice	Sri Sitharama Vidyalaya, Guntur
2.		Sree Rama High School Mothakanda Guntur
3.		ZPHS Thikareddypalli, Prathipadu mandal, Guntur
4.		SPBVD High School Upparapalli, Kadapa
5.	Eggs &Chikkies	MPPS (U) Hajrathji Nagar, Kurnool
6.		ZPHS Gudipadu, Kurnool
7.		MPPS S. Boyanapalli, Kurnool
8.		MPUPS Billalpuram, Kurnool
9.		Model School Nandyal, Kurnool
10.		MPPS Mittapalli Kadapa
11.	Only Chikkies	GHS B camp, Kurnool
12.		MPPS(JB) Naglapuram, Kurnool
13.		ZPHS Kadumur, Kurnool

Appendix – 2.16

(Reference to paragraph 2.5.3(a), page 77)

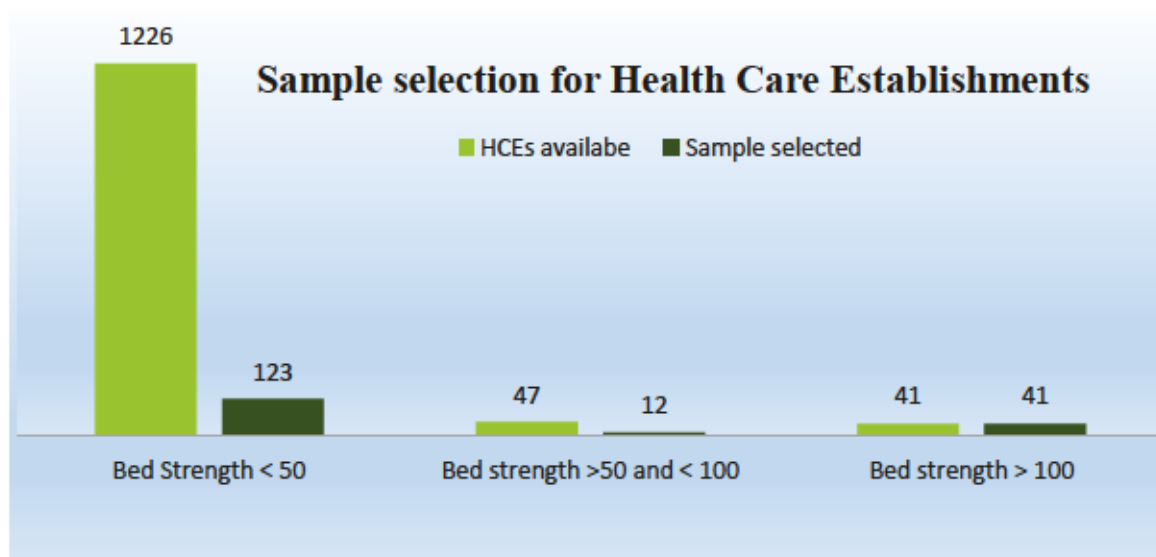
Bar charts showing units sampled against the units available

A. Sample selection in respect of Industries – criteria based on the investment

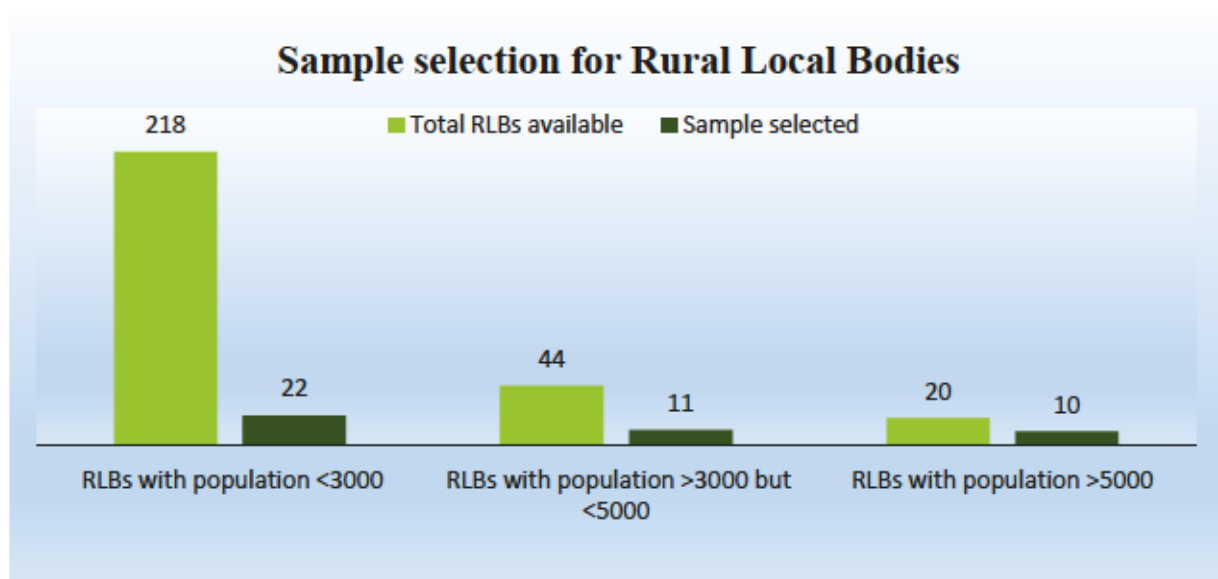


As seen from the chart above, out of a total of 876 units, 234 were selected, covering Red (121), Orange (73) and Green (40) categories.

B. Sample selection in respect of Health Care Establishments – criteria based on bed strength



As seen from the above, out of a total of 1314 units, 176 were selected for audit.

C. Sample selection for Rural Local Bodies – criteria based on population

As seen from the above chart, out of 282 RLBs 43 were selected for audit.

Appendix -2.17

(Reference to paragraph 2.5.6.1(a), page 79)

Statement showing expenditure on environmental schemes by the APPCB against budget provisions

SL No.	Particulars	Budget Provision 2017-18	Actual Exp. for 2017-2018	Percentage of expenditure	Budget Provision 2018-19	Actual Exp for 2018-2019	Percentage of expenditure	Budget Provision 2019-20	Actual Exp for 2019-20 (provisional)	Percentage of expenditure
1.	Hazardous Waste Management (Including Training, Inventorisation and Studies)	1,26,00,000	0	0	1,24,50,000	0	0	1,17,00,000	0	0
2.	Air Quality Surveys and Displays/Reports	1,43,00,000	3,78,474	3	92,00,000	3,80,550	4	63,00,000	1,08,460	2
3.	Automobile Pollution Control	19,00,000	0	0	12,50,000	0	0	5,50,000	0	0
4.	Noise Survey in Cities & Industrial Estates	25,00,000	0	0	13,25,000	0	0	5,75,000	0	0
5.	Water Quality Survey, Monitoring & Reporting	2,61,00,000	2,81,307	1	2,65,00,000	5,22,050	2	57,00,000	7,53,328	13
6.	Bio-Medical Waste Management	1,31,00,000	53,77,712	41	1,45,50,000	61,43,896	42	1,28,50,000		0
7.	Clean & Green Programme	25,00,000	5,29,000	21	24,50,000	0	0	13,00,000	30,999	2
8.	Environmental Awareness programmes	1,82,50,000	1,38,59,624	76	1,95,90,000	1,14,69,139	59	2,22,20,000	1,44,48,519	65
9.	Implementation of Solid Waste Management	35,00,000	0	0	17,00,000	2,00,000	12	14,50,000	0	0
10.	Implementation of Plastic Waste Management	21,00,000	0	0	17,25,000	82,844	5	18,00,000	2,01,206	11
11.	Mobile exhibition	2,05,00,000	5,80,248	3	31,50,000	1,85,020	6	10,50,000	5,93,073	56
12.	NAAQM & SAAQM	78,00,000	0	0	1,14,00,000	4,81,544	4	1,13,00,000	16,43,146	15
13.	Seminars & Conferences/workshops	85,00,000	14,08,108	17	75,00,000	53,03,439	71	72,00,000	18,36,102	26
14.	World Environment Day	63,00,000	36,71,913	58	42,40,000	59,99,448	141	64,50,000	43,71,659	68
15.	Training Programme	1,20,00,000	7,92,700	7	1,21,00,000	18,56,815	15	1,20,00,000	14,28,989	12
16.	Exhibition expenses	21,00,000	0	0	5,00,000	0	0	4,00,000	0	0
17.	Consent Management and Monitoring	67,00,000	14,28,575	21	21,00,000	0	0	20,00,000	1,82,900	9
18.	Environmental Zoning - GIS	1,60,00,000	7,08,944	4	1,60,00,000	8,60,000	5	80,00,000	0	0

Sl. No.	Particulars	Budget Provision 2017-18	Actual Exp. for 2017-2018	Percentage of expenditure	Budget Provision 2018-19	Actual Exp for 2018-2019	Percentage of expenditure	Budget Provision 2019-20	Actual Exp for 2019-20 (provisional)	Percentage of expenditure
19.	Capacity Building for Industrial Pollution Management Project - CBIPM Project of World Bank - Centrally sponsored Scheme by MoE&F - APPCB Contribution.	9,44,00,000	0	0	6,00,00,000	0	0	19,00,00,000	0	0
20.	CAAQMS	5,11,00,000	0	0	3,25,00,000	0	0	2,22,00,000	0	0
21.	Environmental Research Programmes	1,21,00,000	6,60,050	5	2,27,00,000	0	0	2,10,00,000	70,77,422	34
22.	Environmental Promotional Activities at Uppalapadu and Pulikat	22,00,000	0	0	7,00,000	0	0	3,00,000	0	0
23.	Financial Assistance for establishment of STPs/Solid Waste Management - Wastewater Treatment	44,80,00,000	1,00,00,000	2	45,01,00,000	50,00,000	1	40,00,00,000	50,00,000	1
24.	Model School	4,35,00,000	0	0	23,00,000	0	0	15,00,000	0	0
25.	Action Plan for Kolleru	1,58,00,000	0	0	1,37,50,000	0	0	1,10,00,000	0	0
26.	Action Plan for Coringa	60,00,000	0	0	0	0	0	0	0	0
	Total	84,98,50,000	3,96,76,655		72,97,80,000	3,84,84,745		75,88,45,000	3,76,75,803	
	Percentage of Actual expenditure against the Provision		4.67			5.27			4.96	

Appendix -2.18

(Reference to paragraph 2.5.6.1(a), page 79)

Statement showing funds allocation and expenditure on environmental schemes for APPCB Regional Office at Visakhapatnam

SL No	Particulars	2017-18			2018-19			2019-20		
		Budget Provision	Expenditure	Expenditure (%)	Budget Provision	Expenditure	Expenditure (%)	Budget Provision	Expenditure	Expenditure (%)
1.	Hazardous Waste Management (Including Training, Inventorisation and Studies)	1,00,000	0	0	2,50,000	0	0	0	0	0
2.	Air Quality Surveys and Displays/Reports	50,00,000	0	0	10,00,000	0	0	0	74,266	0
3.	Automobile Pollution Control	5,00,000	0	0	5,00,000	0	0	0	0	0
4.	Noise Survey in Cities & Industrial Estates	8,00,000	0	0	0	0		0	0	0
5.	Water Quality Survey, Monitoring & Reporting	1,00,00,000	0	0	3,00,000	0	0	0	0	0
6.	Bio-Medical Waste Management	2,00,000	0	0	7,50,000	0	0	0	0	0
7.	Clean & Green Programme	2,00,000	0	0	3,00,000	0	0	0	0	0
8.	Environmental Awareness programmes	15,50,000	7,68,829	50	12,00,000	11,87,721	99	13,00,000	7,52,007	58
9.	Implementation of Solid Waste Management	1,00,000	0	0	2,50,000	0	0	0	0	0
10.	Implementation of Plastic Waste Management	1,00,000	0	0	2,50,000	0	0	0	0	0
11.	Making of film on Environmental Issues	1,00,00,000	0	0	10,00,000	0	0			0
12.	Seminars & Conferences /workshops	8,00,000	1,35,544	17	2,00,000	9,98,022	499	15,00,000	0	0
13.	World Environment Day	5,00,000	6,24,709	125	5,00,000	7,83,687	157	5,00,000	5,54,305	111
14.	Training Programmes	0	1,10,013		0	41,795		0	0	0
15.	Exhibition expenses	1,00,000	0	0	0	0		0	0	0
16.	CCAQMS	80,00,000	0	0	0	0		0	0	0
17.	Model School and Model Village level wastewater treatment system	50,00,000	0	0		0				0
	Total	4,29,50,000	16,39,095	4	65,00,000	30,11,225		33,00,000	13,80,578	
	Percentage of Expenditure		4			46			42	

Appendix -2.19

(Reference to paragraph 2.5.6.1(c), page 81)

List of Industries / units operating without valid consent (Category Red)

Sl. No.	Name of the Industry/Unit	Line of Activity	Investment (₹ in Cr)	HW	Large/Medium/Small	Validity Period	Remarks	To the end of	Delay (in No. of days)
1.	Mylan Injectables (formerly SMS Pharmaceuticals Ltd.)	Bulk Drugs	117.00	Yes	Large	30/09/2019	Industry applied and same was reviewed by HO and sought clarification	30/11/2020	427
2.	M/s Vizag Cement Works, (ACC Ltd.) SDF-3,	Slag grinding	25.00	Yes	Large	31/10/2019	Not applied	30/11/2020	396
3.	Anahitha Resources Pvt. Ltd. (Formerly Meherkiran Enterprises Ltd.)	Coke manufacturing	32.32	Yes	Large	31/12/2019	Expired CFO	30/11/2020	335
4.	1.0 Ha Building Stone & Gravel Quarry of Sowbhagaya Quarry workers Mutually Aided Labour Contract Co-operative Society Limited	Mining	0.30	Yes	Small	31/01/2020	Expired CFO	30/11/2020	304
5.	0.50 Ha Building Stone & Gravel Quarry of Sri Sariki Naga Raju	Mining	0.30	Yes	Small	31/01/2020	Expired CFO	30/11/2020	304
6.	1.0 Ha Building Stone & Gravel Quarry of Sri Siva Ganesh Mutually Aided Labour Contract Co-operative Society Ltd	Mining	0.30	Yes	Small	31/01/2020	Expired CFO	30/11/2020	304
7.	New Coaching complex (East Coast Railway)	Railway	13.30	Yes	Medium	31/03/2020	Expired CFO	30/11/2020	244
8.	Flash Forge Private Limited (unit-III)	Engineering	5.44	Yes	Medium	31/03/2020	Applied and under process at RO, VSP	30/11/2020	244
9.	Andhra Cements	Cement grinding	41.00	Yes	Large	31/03/2020	Applied and under process at RO, VSP	30/11/2020	244
10.	V. Venkat Rao Quartzite Mine	Mining	0.15	No	Small	30/04/2020	Expired CFO	30/11/2020	214
11.	4.910 Ha Colour Granite of Sri K. Anil Kumar	Mining	0.80	No	Small	30/04/2020	Expired CFO	30/11/2020	214

Sl. No.	Name of the Industry/Unit	Line of Activity	Investment (₹ in Cr)	HW	Large/ Medium/ Small	Validity Period	Remarks	To the end of	Delay (in No. of days)
12.	Maithan Alloys Limited (Formerly Anjaney Alloys Ltd.)	Ferro alloys	240.00	Yes	Large	30/04/2020	Applied and under process at Head Office	30/11/2020	214
13.	Flash Forge Pvt. Ltd., Unit – I	Engineering	23.90	Yes	Large	30/04/2020	Applied and under process at RO, VSP	30/11/2020	214
14.	Visakha Asphalts	Bitumen based products	0.06	No	Small	30/06/2020	under process at RO	30/11/2020	153
15.	Vallabha Rocks,	Mining	0.10	No	Small	31/07/2020	Expired CFO	30/11/2020	122
16.	K. Santhapalem Quartz Mine of P. Gopala Reddy	Mining	0.20	No	Small	31/07/2020	under process at RO	30/11/2020	122
17.	Admiron Life Sciences Pvt., Ltd.	Bulk Drugs	64.52	Yes	Large	31/07/2020	Applied and Board Office sought information from the industry	30/11/2020	122
18.	P. Gopalareddy, (Quartz Crusher)	Quartz Crushing Unit	0.60	No	Small	31/07/2020	Applied and under process at RO, VSP	30/11/2020	122
	Abstract								
	No. of units with expired validity of consent for operation		9						
	No. of units applied for renewal and under process		9						

List of Industries / units operating without valid consent (Category Orange)

Sl. No.	Name of the Industry / Unit	Line of Activity	Investment (₹ in Cr)	HW	Large/ Medium/ Small	Validity Period	Remarks	To the end of	Delay (in No. of days)
1.	Sri Shirdi Sai Stone Crusher	Stone crusher	NA	No	Small	31/12/2018	Expired CFO	30/11/2020	700
2.	M/s Jayam Enterprise	Mineral processing through dry screening	0.05	No	Small	31/12/2018	Expired CFO	30/11/2020	700
3.	Olam Exports India Ltd., (Unit - III)	Cashew	5.60	Yes	Medium	31/01/2019	Expired CFO	30/11/2020	669
4.	Balaji Blue Chips (Formerly Sri Tirumala Stone Crusher)	Stone crusher	0.10	No	Small	31/03/2019	Expired CFO	30/11/2020	610
5.	Sun Food Corporation (Formerly, Lakshmi Cashew Foods)	Cashew	0.45	Yes	Small	30/06/2019	Expired CFO	30/11/2020	519
6.	Sri Sambha Siva Stone Crusher	Stone Crusher	0.12	No	Small	30/08/2019	Expired CFO	30/11/2020	458
7.	V One Industries (Sri Sai Ram Cashew Industries)	Cashew	0.72	No	Small	31/08/2019	Expired CFO	30/11/2020	457
8.	S.L.G Smt Dhobi	Mechanised laundry using oil fired boiler	1.25	NA	Small	31/08/2019	Expired CFO	30/11/2020	457
9.	Padmavathi Alloy Castings	Casting	0.35	No	Small	31/10/2019	Expired	30/11/2020	396
10.	M/s Sri Sai Ram Dairy Products	Ice Cream Unit	0.30	No	Small	30/11/2019	Expired CFO	30/11/2020	366
11.	Igloo Frozen Foods Pvt. Ltd.	Cold Storage	6.70	NA	Medium	30/11/2019	Expired CFO	30/11/2020	366
12.	Sri Sairam Industries	Casting	0.86	No	Small	31/12/2019	Expired CFO	30/11/2020	335
13.	Jenny Teja Stone crusher & Fal – G – Brick industry	Stone crusher	NA	No	Small	31/12/2019	Expired CFO	30/11/2020	335
14.	Sri Sairam Enterprises	Stone Crusher	0.22	NA	Small	31/12/2019	Under Process at RO, VSP	30/11/2020	335
15.	P.B. Ranga Raju & Co., (formerly Vamsi Krishna Stone Crusher)	Stone crusher	0.26	No	Small	31/01/2020	Expired CFO	30/11/2020	304
16.	PSN MY3 Analytical and Quality Services Private Limited	Testing Laboratory.	0.71	NA	Small	28/02/2020	Expired CFO	30/11/2020	276
17.	Nagabhushanam & Co.	Stone crusher	2.75	No	Small	28/02/2020	Under Process at RO, VSP	30/11/2020	276

Sl. No.	Name of the Industry / Unit	Line of Activity	Investment (₹ in Cr)	HW	Large/ Medium/ Small	Validity Period	Remarks	To the end of	Delay (in No. of days)
18.	Sri Sai Venkateswara Stone Crusher	Stone crusher	0.24	No	Small	31/03/2020	Expired CFO	30/11/2020	244
19.	Heritage Polymers	Plastic	2.47	No	Small	31/03/2020	Expired CFO	30/11/2020	244
20.	Tejasri Polymers Pvt. Ltd.	Plastic	3.21	No	Small	30/04/2020	Expired CFO	30/11/2020	214
21.	Sri Sai Baba Enterprises	Stone crusher	0.14	Yes	Small	30/04/2020	Expired CFO	30/11/2020	214
22.	Bharathi Stone Crusher	Stone crusher	0.08	No	Small	30/04/2020	Expired CFO	30/11/2020	214
23.	Tejkamal Moulded Furniture Pvt. Ltd.	Recycling plastic	7.25	No	Medium	30/04/2020	Expired CFO	30/11/2020	214
24.	M/s Ashok Reddy Servicing	Servicing Centre	0.18	Yes	Small	30/04/2020	Expired CFO	30/11/2020	214
25.	Parameswari Stone Crusher (Formerly Nataraj Stone Crusher)	Stone Crusher	0.16	No	Small	31/05/2020	Expired CFO	30/11/2020	183
26.	Sandy Bay Sea Foods (India) Pvt. Ltd., (Formerly Omsons Marine Ltd.)	Sea foods	3.24	Yes	Small	31/05/2020	Expired CFO. ZO VSP Sought certain clarification	30/11/2020	183
27.	Vijaya Stone Crusher	Stone crusher	0.25	No	Small	30/06/2020	Expired CFO	30/11/2020	153
28.	Royal Fort (Formerly, Vellanki Estates & Constructions (P) Ltd.)	Hotels	5.21	Yes	Medium	30/06/2020	Expired CFO	30/11/2020	153
29.	K.S. Princeton rubber Industries	Pulverising unit	1.23	No	Small	30/06/2020	Expired CFO	30/11/2020	153
30.	A.S. Wire Industries (Vsp.) Pvt. Ltd.	Wire drawing	7.44	No	Medium	30/06/2020	Under Process at RO, VSP	30/11/2020	153
31.	Sri Datta Bio – Fuels	Biomass briquettes	1.45	NA	Small	31/07/2020	Expired CFO	30/11/2020	122
32.	M/s Fusion Building Materials (Vizag) Pvt. Ltd.	Autoclaved Aerated Concrete (AAC) Blocks	24.50	Yes	Large	31/07/2020	Expired CFO	30/11/2020	122
33.	M/s Lotus Aqua Feeds,	Fish feed, poultry feed and cattle feed	1.42	Yes	Small	31/07/2020	Expired CFO	30/11/2020	122

Sl. No.	Name of the Industry / Unit	Line of Activity	Investment (₹ in Cr)	HW	Large/ Medium/ Small	Validity Period	Remarks	To the end of	Delay (in No. of days)
34.	M/s Chandini Wires & Allied Products	Wire drawing and Wire netting unit	3.07	Yes	Medium	31/07/2020	Under Process at RO, VSP	30/11/2020	122
	Abstract								
	No. of units with expired validity of consent for operation		29						
	No. of units applied for renewal and under process		5						

NA: Not available

List of Industries / units operating without valid consent (Category Green)

Sl. No.	Name of the Industry / Unit	Line of Activity	Investment (₹ in Cr)	Large/ Medium/ Small	Validity Period	Remarks	To the end of	Delay (in No. of days)
1.	Vijay Plastic Industries	Plastic	0.09	Small	30/11/2019	Expired CFO	30/11/2020	366
2.	Vaisakhi Bio Marine (Formerly Siri Aqua Farms & Exports Pvt. Ltd.)	Hatchery	3.04	Small	30/11/2019	Expired CFO	30/11/2020	366
3.	Sri Mohana Siva Shakthi Bio Mass Industries	Biomass briquettes	0.90	Small	31/12/2019	Expired CFO	30/11/2020	335
4.	Srinivasa Paper Converters Pvt. Ltd.	corrugated Box	0.27	Small	31/01/2020	Expired CFO	30/11/2020	304
5.	HPCL, (Visakhapatnam – Vijayawada – Secunderabad Pipe Line) VR – ATP	LPG Pipeline	434.00	Large	31/01/2020	Expired CFO	30/11/2020	304
6.	M/s Akhilesh Concrete Solutions, (within the leased premises of M/s Global Entropolis Asia Pvt. Ltd.)	Ready mix	0.15	Small	31/01/2020	Expired CFO	30/11/2020	304
7.	GKC Projects	Ready mix		Small	28/02/2020	Expired CFO	30/11/2020	276
8.	SV Polymers	Plastic Unit	0.80	Small	28/02/2020	Expired CFO	30/11/2020	276
9.	Sun Polymers	Plastic	1.67	Small	31/03/2020	Expired CFO	30/11/2020	244
10.	Eastern India Containers (P) Ltd.	corrugated Box	1.33	Small	31/03/2020	Expired CFO	30/11/2020	244
11.	Airmid Real Estate Limited	Ready mix	2.60	Small	31/03/2020	Expired CFO	30/11/2020	244
12.	M/s PRG Buildcon India Private Limited., (within the premises of Housing Project of APTIDCO)	Ready mix	0.80	Small	30/04/2020	Expired CFO	30/11/2020	214

Sl. No.	Name of the Industry / Unit	Line of Activity	Investment (₹ in Cr)	Large/ Medium/ Small	Validity Period	Remarks	To the end of	Delay (in No. of days)
13.	M/s PRG Buildcon India Private Limited., (within the premises of Housing Project of APTIDCO)	Ready mix	0.80	Small	30/04/2020	Expired CFO	30/11/2020	214
14.	Sthira Infra Projects Private Limited	Ready mix cement concrete	2.31	Small	30/04/2020	Expired CFO	30/11/2020	214
15.	Easy Way Industries	Plastic	0.84	Small	31/05/2020	Expired CFO	30/11/2020	183
16.	Power Mech BSCPL Consortium Private Limited., (Within the leased premises of M/s Andhra Pradesh Med Tech Zone Limited)	Ready mix	1.00	Small	30/06/2020	Expired CFO	30/11/2020	153
17.	Sri Mahalakshmi Hatchery	Hatchery	0.57	Small	31/07/2020	Expired CFO	30/11/2020	122
18.	M/s R Industries	Plastic	0.58	Small	31/07/2020	Expired CFO	30/11/2020	122
	Abstract							
	No. of units with expired validity of consent for operation		18					
	No. of units applied for renewal and under process		0					

Appendix- 2.20

(Reference to paragraph 2.5.6.2(a) (i), page 83)

Statement showing non-compliance with the Consent Order conditions by industries / operators adjacent and within Visakhapatnam Port Trust premises

Sl. No.	Name of the firm / operator	Category	Non-compliance with the applicable environmental laws
1.	M/s Vizag General Cargo Berth Private Limited – GCB & East Yards – Handling of coal	Red Hazardous	Audit observed that directions were issued (24 August 2020) for non-compliance with the conditions such as i) Only 70 percent of coal stacks was covered with tarpaulins against 100 per cent coverage. ii) development of green belt in the balance area of 7.26 acres at the locations as directed by VPT / District Administration / Forest department
2.	M/s Visakha Container Terminal (P) Limited – Container Cargo Handling and shipping.	Red Hazardous	Audit observed that the firm: i) did not construct the Sewage Treatment Plant (STP) for treatment of domestic effluents; ii) has not provided any flow meters and is not maintaining records for the effluent generated and disposed; iii) did not provide the mechanical mist type water sprinkling systems to suppress dust emissions (due to be constructed by 20 April 2020); iv) has not developed the requisite green belt; and v) is consuming water exceeding the consented quantities.
3.	M/s ESSAR Vizag Terminals Pvt. Ltd., - Iron Ore Handling facility – 16.2 MMT per annum.	Red – Hazardous	Audit observed that: i) though the facility has to maintain berths properly to avoid the joining of iron slurry into the sea water the same was not complied with by the firm; ii) the PM ₁₀ and PM _{2.5} values are exceeding the AAQ Standards; iii) the leakages in the conveyor belt were not arrested; iv) the height of the stack yard was exceeding 6meters; v) the stack yard was not properly covered with tarpaulins; vi) storm water drains were not provided to control the run off properly; vii) 33 per cent green belt was not developed; and viii) the facility was not operating the MDSS continuously to control dust emissions.
4.	M/s Vizag Seaport Pvt. Ltd., - Handling of coking coal and other materials - 9.5 MMT per annum	Red – Hazardous	Audit observed that: i) the dust emissions from stock piles of coal in yards, conveyor transfer points in mechanical handling system, unloading of coal and vehicle movement were not suppressed; ii) the height of few stack piles was about 9 meters, thereby exceeding the stipulated 6 meters height limit; iii) there are uncovered portions of conveyor belts which needed to be covered; iv) though the firm needed to obtain amendment to Authorisation covering the waste reception facility for management of hazardous waste (used/waste oil, chemical wastes, incineration ash residue sewage, garbage etc.,) and also to provide the details of the same in annual report, the same was not complied with.

Sl. No.	Name of the firm / operator	Category	Non-compliance with the applicable environmental laws
5.	M/s Indian Oil Corporation Ltd., Aviation Fuelling Station, Visakhapatnam – Aviation Storage facility -540 KL	Red Hazardous	M/s IOCL, Aviation fuelling station, Visakhapatnam Air Port obtained consent for operation (4 April 2015) for handling 2 x 70 KL valid upto 28 February 2018. The Consent Order and Authorisation is auto renewed (14 February 2018) for a further period of 5 years up to 28 February 2023. The firm applied (13 March 2018) for consent for establishment for expansion of 2x200 KL ATF storage tanks. Audit however, observed that at the time of verification /inspection (24 March 2018) <i>i.e.</i> , within 10 days it was observed that the firm has installed 2x200 KL semi buried storage tanks for storage of Aviation Turbine Fuel indicating establishment of storage tanks for expansion without obtaining CFE of the board. However, the CFE was issued on 6 April 2018. As of November 2020 CFO for the revised capacity of 540 KL was not issued.
6.	M/s Hindustan Petroleum, White Oil Terminal	Red Hazardous	Similarly, in respect of HPCL White Oil terminal also the CFO is not issued against the CFE issued (12 October 2018) for expansion capacity.
7.	M/s East India Petroleum Private Limited - Storage terminal for 1,09,274 KL of liquid chemicals and 9000 T of LPG	Red hazardous	Audit observed that the facility: i) is not operating the ETP continuously and also not maintaining the log registers to record total effluents generated, treated and disposed; ii) has not provided electromagnetic flow water meters at inlet and outlet of ETP; iii) has not informed APPCB before taking up of cleaning of storage tanks, cleaning of product receiving pipelines and internal pipelines thereby giving scope for discharge of the effluents into the open; and iv) has not connected the storm water drains to the oil water separators and not provided guard pond to ensure the water quality within the prescribed standards before utilisation for recycling/ on-land irrigation.
8.	M/s IMC Limited, WQ-2 Backup area, VPT – Handling, reception and storage & transportation of Sulphuric acid / Caustic Soda Iye /Molasses – 10,000 MT	Red Hazardous	Audit observed that inspections were not at all conducted by APPCB since April 2017, despite the fact that the said firm falls under the Red and Hazardous category, which is supposed to be inspected four times in a year as per the Act/Rule.
9.	M/s IMC Limited, S4 Gallery, VPT	Red Hazardous	The unit was last inspected in April 2019. Since then the inspections by the Board were pending though the firm is storing some of the most dangerous chemicals viz., Styrene, Xylene, Phenol and other petroleum products within the Visakhapatnam bowl area.

Sl. No.	Name of the firm / operator	Category	Non-compliance with the applicable environmental laws
10.	National Aluminium Company Ltd., Visakhapatnam – Storage and handling of Alumina (15 lakh tons per annum) & Caustic Soda lye (4 lakh tons per annum)	Red Hazardous	The firm was last inspected in May 2016, wherein it was observed that: (i) Alumina powder was found spilt at all the transverse points around the enclosure; (ii) all the loading operations at the ship and at the transverse points were not upgraded to maintain good housekeeping. Despite non-compliance with the above, consent order/ authorisation was auto renewed (May 2017) with validity up to 31 July 2022 indicating poor implementation of pollution control measures.
11.	M/s Arcelor Mittal Nippon Steel India Limited (formerly ESSAR Steel Limited) - production of Iron Oxide pellets (Palletisation Plant –I) – 11000 TPD, Iron Oxide Pellets (Palletisation Plant –II) – 12333 TPD, Electricity Energy (Captive use) – 25 MW.	Red Hazardous	Audit observed that: 1. The stacking height of coal exceeded the consented height of 6 meters; 2. Wind breaking walls of 2 meters more than the stacking height to be provided within 2 months are yet to be complied with; 3. The industry has provided online stack connectivity to three stacks of Pellet Plant I (PP 1), Pellet Plant 2 (PP 2) and Captive Power Plant (CPP). Between 1 September 2019 and 29 February 2020, the PM values exceeded once in CPP stack and by 16 times in respect of combined stacks. 4. On 29 February 2020 the PM ₁₀ value was also 206 µg/m ³ against the standard of 100 µg/m ³ and PM _{2.5} was 115 µg/m ³ against the standard of 60 µg/m ³ indicating high level of dust emissions; 5. BG for ₹64 lakh for compliance with the above directions was not furnished by the firm despite orders for submission of the same within 15 days. Audit further observed that similar directions were issued by CPCB in 2011 and by APPCB in February 2017. One of the consent conditions is that the industry should expedite the conversion of oil burners into gas burners and report the progress every six months. However, the firm is yet to be complied with the above directions.

Sl. No.	Name of the firm / operator	Category	Non-compliance with the applicable environmental laws
12.	M/s Coromandel International Ltd, Visakhapatnam Complex fertiliser unit producing individual fertilisers and combination of fertilisers.	Red Hazardous	<p>Audit observed that:</p> <ul style="list-style-type: none"> i) the industry did not provide lining to the delay pond. There is considerable quantity of around 1000 KL effluent with very low PH observed which is stored in unlined delay pond; ii) the industry shall completely remove gypsum from the unlined gypsum pond by 31 January 2020 and shall construct HDPE lined pond in an additional 10 acres by October 2019. Thereafter the old and fresh gypsum shall be stored on HDPE lining only. But the industry is yet to comply with the same; iii) as per CFO the industry shall cover existing three lakh tones of old gypsum with clay liner. But the industry is in the process of development of plants in the nursery and it will take another one year to cover the gypsum with clay liner; iv) the industry has not provided online temperature difference measurement between inlet and outlet sea water. v) the industry has not provided online monitoring for Phosphates, BOD, COD, TSS and fluorides; vi) the CAAQM stations and online stack monitoring stations have not been calibrated as per the CPCB Protocol; and more importantly vii) the industry has clamped the SO₂ concentration at around 200 mg/Nm³ for uploading and displaying in the APPCB website, which was identified by the Task Force against a compliant. There is a vast difference between the CEMS data and that actually displayed. Thus the industry was manipulating the data being submitted to the Board website; viii) the BG for ` 10 lakh obtained for the above non-compliances is yet to be forfeited by the Board despite Task Force remarks.
13.	M/s Hindustan Ship Yard Ltd – Ship construction and repairing unit (in operation since the year 1942) - Consent for Operation (CFO) valid up to 31 March 2021	Red Hazardous	<p>Audit observed that the industry was directed many times through inspection reports²⁸⁷ and notices²⁸⁸ to construct Sewage Treatment Plant (STP) for treatment of domestic effluents generated from township and plant as the same (800 KLD) was being discharged into the sea directly without treatment. Apart from this it was also observed that:</p> <ul style="list-style-type: none"> • though the Hon`ble Supreme Court in its orders dated February 2017 reiterated to issue closure order to the industries which are operating without valid CFO and without having primary effluent treatment plant for treatment of the effluents discharged, the industry is yet to comply with the same as of November 2020. • despite discharging untreated effluents into the sea, the industry did not monitor the sea water quality. A test report²⁸⁹ of the sea water quality was conducted and the results revealed that total suspended solids at 105°C was 232 against the standard parameter of 200 mg/L; and bio-chemical oxygen demand was 132 (standard is 100 mg/L); • Dyke wall was also not constructed around the oil storage area leading to spillage into sea; • the industry developed Green belt in just Acre 10.00 instead of the consented area i.e., Acre 76.56 (33 per cent of the total area of Acre 232.00); and further • the industry was not sending oil-soaked cotton collected from the premises to TSDF Parawada for incineration as membership of the TSDF was not obtained. The quantity of oil-soaked cotton was not on record too. The above factors would only end up in polluting the environment unabated.

²⁸⁷ dated 17 October 2015, 16 August 2016 and 08 August 2017

²⁸⁸ dated 30 October 2015, 16 August 2016, 24 March 2017, 11 September 2017, 13 April 2018, 28 May 2018, 07 July 2018, 24 September 2018

²⁸⁹ dated 06 August 2016

Appendix – 2.21

(Reference to paragraph 2.5.6.2(a)(iii), page 85)

Other cases of non-compliance with environmental laws

Sl. No.	Name of the firm / operator	Non-compliance with the applicable environmental laws
1.	M/s Hinduja National Power Corp.	<p>Audit observed that:</p> <ul style="list-style-type: none"> the industry did not comply with fly ash utilisation notification as a huge quantity of 12.55 lakh tons was lying in ponds. Only 50 <i>per cent</i> of fly ash was utilised during the last 6 months and remaining quantity is pumped into ash pond; water curtains in ash pond-2 were not provided to prevent flying of ash; the CAAQM station installed at Coal Handling area was not working properly and showing very low values of PM₁₀ and PM_{2.5} as per the online data the emissions from stack-1 exceeded the PM values on 17 February 2020 and 16 June 2020. Against the standard of 100 Mg/Nm³ the values ranged between 119 and 205.25 Mg/Nm³ indicating high level air pollution similarly the Stack-2 PM values exceeded the standards on four occasions during the last six months; the industry did not provide water meters at service water/domestic/ash water sumps to ascertain the quantity utilised; there were leakages / discharges of the once through cooling water into marine outfall; the industry transported coal by road till 3.4.2017, without obtaining permissions from the MOEF&CC
2.	M/s Sree Kanya Devullu & Sons Hotels Pvt. Ltd.	<p>Audit observed that:</p> <ul style="list-style-type: none"> STP of 6 KLD capacity was installed but as per CFO committee's findings the total wastewater generated was 43 KLD indicating discharge of untreated wastewater into the municipal drain causing more water pollution; as per the analysis result of the samples collected from the STP outlet (6 KLD capacity), the values exceeded the set standards.
3.	M/s Deccan Fine Chemicals Pvt Ltd	<p>Audit observed that:</p> <ul style="list-style-type: none"> water testing reports of the samples collected by Board (29 June 2020) in Gajapathinagaram, Rajavaram and Venkatanagaram villages revealed that values (parameters) viz., chlorides, total alkalinity, total hardness, calcium, magnesium and sulphates were more than the acceptable limits and exceeding the drinking water standards; the industry has not disposed-off the hazardous wastes, organic residues, inorganic salts, ETP sludge, spent acids lying within the factory premises. The Board directed the industry to dispose-off the hazardous wastes immediately, which is yet to be complied with. Green belt of 33 <i>per cent</i> was not maintained.

Sl. No.	Name of the firm / operator	Non-compliance with the applicable environmental laws
4.	M/s The Thandava Co-operative Sugars Ltd.	<p>Audit observed that the inspections were being conducted by the Board's officials in non-crushing season (August, 2017; February 2018; August 2018; September 2019; July 2020), wherein the industry either remained closed or no activity took place to ensure compliance with the consent conditions. The latest inspection done by the Board in the crushing season was in January 2017, wherein it is observed that:</p> <ul style="list-style-type: none"> • Online Continuous Stack Emission Monitoring System (OCSEMS) was not installed; • online effluent quality monitoring system (EQMS) at the outlet of the effluent treatment plant was not provided and connected to the APPCB and CPCB servers to ascertain the online data of the effluents/emissions from the industry; • Green belt as required under the EC, was not provided; • the ETP was not in operation; • the industry was by-passing the effluents from ETP and discharging the same into nearby gedda ultimately joining the Bhoomi canal during the crushing season; • no separate energy meters to the ETP and air pollution control equipment were provided; • as per the stack monitoring conducted for the common stack attached to boilers the SPM values were measured as 156.80 mg/Nm³ against the standard of 115 Mg/Nm³
5.	M/s Sai Aditya Stone Crusher	<p>Audit observed that the industry</p> <ul style="list-style-type: none"> • installed new machinery with higher capacities without obtaining CFE of the Board • has not constructed the wind breaking walls for prevention of dust spread to surrounding areas; • has not laid metal roads within the premises to avoid fugitive emissions; • has not provided cladding to the dust conveyor; • has not developed green belt.
6.	M/s Sri Vijaya Visakha Milk Producers Co. Ltd.	<p>Audit observed that</p> <ul style="list-style-type: none"> • though the dairy shall ensure zero discharge of wastewater and there shall not be wastewater discharge to outside the premises under any circumstances as per CFO order conditions, the dairy is discharging 400 KLD of wastewater to outside drain; • the dairy has not provided separate meters for treated wastewater at recycling areas like crate washings, defrosting, civil works and boiler feed; • the industry is constructing the lined storage pond²⁹⁰ of capacity 600 KLD (half day storage capacity) against the 3 days storage capacity; further • the treated wastewater is not meeting the Board standards.

²⁹⁰ for storing the treated wastewater before discharge

Appendix – 2.22

(Reference to paragraph 2.5.6.4(b), page 96)

Statement showing list of HCEs (25 or more bedded) without valid consent

Sl. No.	Name of the Health Care Establishment	Bed Strength	BMW Authorisation Validity up to	Consent Valid up to	Tie up with CBMWTF (Yes/No)	Govt./ private	Date	No. of days delayed from date of expiry of validity
1.	Visakha Institute of Medical Sciences (VIMS), Visakhapatnam	450	Report forwarded to HO, APPCB on 06/04/2016		Yes	Govt.	30/11/2020	--
2.	KGH Hospital, Visakhapatnam	1,037	30/11/2019	30/11/2019	Yes	Govt.	30/11/2020	366
3.	East Coast Rly. Hospital, Visakhapatnam	154	31/12/2019	31/12/2019	Yes	Govt.	30/11/2020	335
4.	Community Health Centre, Chintapalli Visakhapatnam	30	31/12/2019	31/12/2019	Yes	Govt.	30/11/2020	335
5.	A.N. Beach Hospital, Visakhapatnam	65	31/01/2020	31/01/2020	Yes	Private	30/11/2020	304
6.	Venkatarama Hospital, Anakapalli, Visakhapatnam	70	28/02/2020	28/02/2020	Yes	Private	30/11/2020	276
7.	Sri Krishna Surgical Hospital (A unit of Kalasimha Hospitals Pvt- Ltd), Visakhapatnam	25	28/02/2020	28/02/2020	Yes	Private	30/11/2020	276
8.	Mahatma Gandhi Cancer Hospital and research institute, (Vizag Hospital & Cancer Research Centre Pvt Ltd), Visakhapatnam	100	29/02/2020	29/02/2020	Yes	Private	30/11/2020	275
9.	Adithya Multicare Hospitals, Visakhapatnam	55	29/02/2020	29/02/2020	Yes	Private	30/11/2020	275
10.	Gayatri Vidya Parishad Institute of Health Care & Medical Technology, Visakhapatnam	300	31/03/2020	31/03/2020	Yes	Private	30/11/2020	244
11.	District Hospital, Anakapalli, Visakhapatnam	200	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
12.	Government ENT Hospital, Visakhapatnam	100	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
13.	Area Hospital, Paderu, Visakhapatnam	100	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
14.	RCD Hospital, Visakhapatnam.	70	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
15.	Community Hospital, APVVP-ARAKU VALLY, Visakhapatnam	50	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244

Sl. No.	Name of the Health Care Establishment	Bed Strength	BMW Authorisation Validity up to	Consent Valid up to	Tie up with CBMWTF (Yes/No)	Govt./ private	Date	No. of days delayed from date of expiry of validity
16.	Sri Sai Hospitals (Formerly Abhaya Critical Care) Visakhapatnam	50	31/03/2020	31/03/2020	Yes	Private	30/11/2020	244
17.	Community Health Centre, Nakkapalli, Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
18.	Community Health Centre, Munchingput (V & M), Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
19.	Community Health Centre, Chodavaram Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
20.	Community Health Centre, Kotavaratla, Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
21.	Community Health Centre, Pendurthi, Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
22.	Primary Health Centre, Pendurthi, Gopalapatnam, Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
23.	Community Health Centre, Bheemunipatnam, Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
24.	Community Health Centre, K-Kotapadu, Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
25.	Community Health Centre, V- Madugula (V & M), Visakhapatnam District	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
26.	Community Health Centre, Yelamanchili (V & M), Visakhapatnam District	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
27.	Community Health Centre, Gopalapatnam, Visakhapatnam	30	31/03/2020	31/03/2020	Yes	Govt.	30/11/2020	244
28.	Sagar Durga Hospital, Krishna Nagar, Visakhapatnam	65	30/04/2020	30/04/2020	Yes	Private	30/11/2020	214
29.	Suraksha Health Park Pvt. Ltd., Visakhapatnam	100	30/04/2020	30/04/2020	Yes	Private	30/11/2020	214
30.	Apoorva Hospitals, Visakhapatnam	50	30/04/2020	31/04/2020	Yes	Private	30/11/2020	214
31.	Govt- Hospital for Chest & Communicable Diseases, Visakhapatnam,	288	31/05/2020	31/05/2020	Yes	Govt.	30/11/2020	183

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Sl. No.	Name of the Health Care Establishment	Bed Strength	BMW Authorisation Validity up to	Consent Valid up to	Tie up with CBMWTF (Yes/No)	Govt./ private	Date	No. of days delayed from date of expiry of validity
32.	Manipal Hospital, (Formerly Manipal Women and Children Hospital, Visakhapatnam)	100	31/05/2020	31/05/2020	Yes	Private	30/11/2020	183
33.	R.S.P.R. Govt. Regional Eye Hospital, Visakhapatnam	75	31/05/2020	31/05/2020	Yes	Govt.	30/11/2020	183
34.	Sujatha Hospital, Gajuwaka, Visakhapatnam	43	31/05/2020	31/05/2020	Yes	Private	30/11/2020	183
35.	Dr. Y.S. Rajasekhar Reddy Childrens& Dental Hospital, (Lakshmi Kantha Hospital), Narsipatnam, Visakhapatnam	25	31/05/2020	31/05/2020	Yes	Private	30/11/2020	183
36.	Simhadri Hospital, Maharanipecta, Visakhapatnam	60	30/06/2020	30/06/2020	Yes	Private	30/11/2020	153
37.	Ramasarma Hospitals Pvt. Ltd., Unit - II, Visakhapatnam	80	31/07/2020	31/07/2020	Yes	Private	30/11/2020	122
38.	SKE Susruta Institute of Medical Sciences Pvt. Ltd., (Susruta ENT Hospital)	50	31/07/2020	31/07/2020	Yes	Private	30/11/2020	122
39.	Sai Godavari Super Specialty Hospital, Chinagadili, Visakhapatnam	50	31/07/2020	31/07/2020	Yes	Private	30/11/2020	122
40.	Care Unit - III, Rly. New Colony, Visakhapatnam	69	30/09/2020	30/09/2020	Yes	Private	30/11/2020	61

Appendix – 2.23
(Paragraph 2.7, page 104)

Details of Excess payment by Andhra University towards water charges

Sl. No.	Month	Agreed quantity in Kilo Litres (KL) (100%)	Minimum bill quantity (60% of agreed quantity) (KL)	Rate per KL (₹)	Bill amount for minimum agreed quantity (₹) (D+E)	Meter maintenance charges at 0.75% of minimum agreed bill amount (₹) (₹)	Total (₹) (F+G)	Actual consumption (KL)	Difference of units billed and actually consumed quantity (KL)	Value of difference quantity (₹) (J+E)	Value of difference meter maintenance (0.75% of K) (₹)	Percentage drawn compared to minimum bill quantity (60% of Agreed quantity) (I ⇒ D)	Percentage drawn compared to 100% agreed quantity. (I ⇒ C)
A	B	C	D	E	F	G	H	I	J=D - I	K	L	M	N
1.	Jan-15	35,231.50	21,138.90	36	7,61,000	5,708	7,66,708	12,026.64	9,112.26	3,28,041	2,460	57%	34%
2.	Feb-15	31,822.00	19,093.20	36	6,87,355	5,155	6,92,510	15,462.87	3,630.33	1,30,692	980	81%	49%
3.	Mar-15	35,231.50	21,138.90	36	7,61,000	5,708	7,66,708	17,405.53	3,733.37	1,34,401	1,008	82%	49%
4.	Apr-15	34,095.00	20,457.00	36	7,36,452	5,523	7,41,975	16,153.70	4,303.30	1,54,919	1,162	79%	47%
5.	May-15	35,231.50	21,138.90	36	7,61,000	5,708	7,66,708	13,043.82	8,095.08	2,91,423	2,186	62%	37%
6.	Jun-15	34,095.00	20,457.00	36	7,36,452	5,523	7,41,975	11,723.18	8,733.82	3,14,418	2,358	57%	34%
7.	Jul-15	35,231.50	21,138.90	36	7,61,000	5,708	7,66,708	16,580.87	4,558.03	1,64,089	1,231	78%	47%
8.	Aug-15	35,231.50	21,138.90	36	7,61,000	5,708	7,66,708	16,800.78	4,338.12	1,56,172	1,171	79%	48%
9.	Sep-15	34,095.00	20,457.00	36	7,36,452	5,523	7,41,975	17,831.55	2,625.45	94,516	709	87%	52%
10.	Oct-15	35,231.50	21,138.90	36	7,61,000	5,708	7,66,708	16,271.58	4,867.32	1,75,224	1,314	77%	46%
11.	Nov-15	34,095.00	20,457.00	36	7,36,452	5,523	7,41,975	8,008.50	2,448.50	88,146	661	88%	53%
12.	Dec-15	35,231.50	21,138.90	60	2,68,334	9,513	12,77,847	7,142.08	3,996.82	2,39,809	1,799	81%	49%
13.	Jan-16	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	14,251.20	6,887.70	4,13,262	3,099	67%	40%
14.	Feb-16	32,958.50	19,775.10	60	11,86,506	8,899	11,95,405	14,563.58	5,211.52	3,12,691	2,345	74%	44%
15.	Mar-16	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	17,140.20	3,998.70	2,39,922	1,799	81%	49%
16.	Apr-16	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	16,168.86	4,288.14	2,57,288	1,930	79%	47%
17.	May-16	5,231.50	21,138.90	60	12,68,334	9,513	12,77,847	10,910.20	10,228.70	6,13,722	4,603	52%	31%

Compliance Audit Report for the year ended March 2021

Sl. No.	Month	Agreed quantity in Kilo Litres (KL) (100%)	Minimum bill quantity (60% of agreed quantity) (KL)	Rate per KL (₹)	Bill amount for minimum agreed quantity (₹) (D+E)	Meter maintenance charges at 0.75% of minimum agreed bill amount (F) (₹)	Total (₹) (F+G)	Actual consumption (KL)	Difference of units billed and actually consumed quantity (KL)	Value of difference quantity (₹) (J+E)	Value of difference meter maintenance (0.75% of K) (₹)	Percentage drawn compared to minimum bill quantity (60% of Agreed quantity) (I ⇒ D)	Percentage drawn compared to 100% agreed quantity. (I ⇒ C)
A	B	C	D	E	F	G	H	I	J=D - I	K	L	M	N
18.	Jun-16	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	12,248.03	8,208.97	4,92,538	3,694	60%	36%
19.	Jul-16	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	17,765.00	3,373.90	2,02,434	1,518	84%	50%
20.	Aug-16	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	15,969.59	5,169.31	3,10,159	2,326	76%	45%
21.	Sep-16	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	15,663.70	4,793.30	2,87,598	2,157	77%	46%
22.	Oct-16	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	11,767.50	9,371.40	5,62,284	4,217	56%	33%
23.	Nov-16	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	12,550.31	7,906.69	4,74,401	3,558	61%	37%
24.	Dec-16	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	10,859.64	10,279.26	6,16,756	4,626	51%	31%
25.	Jan-17	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	10,896.42	10,242.48	6,14,549	4,609	52%	31%
26.	Feb-17	31,822.00	19,093.20	60	1,45,592	8,592	11,54,184	11,098.00	7,995.20	4,79,712	3,598	58%	35%
27.	Mar-17	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	15,370.34	5,768.56	3,46,114	2,596	73%	44%
28.	Apr-17	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	14,050.76	6,406.24	3,84,374	2,883	69%	41%
29.	May-17	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	1,758.77	9,380.13	5,62,808	4,221	56%	33%
30.	Jun-17	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	11,976.35	8,480.65	5,08,839	3,816	59%	35%
31.	Jul-17	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	15,646.58	5,492.32	3,29,539	2,472	74%	44%
32.	Aug-17	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	16,213.20	4,925.70	2,95,542	2,217	77%	46%
33.	Sep-17	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	12,938.47	7,518.53	4,51,112	3,383	63%	38%
34.	Oct-17	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	14,788.07	6,350.83	3,81,050	2,858	70%	42%
35.	Nov-17	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	12,466.70	7,990.30	4,79,418	3,596	61%	37%
36.	Dec-17	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	12,527.21	8,611.69	5,16,701	3,875	59%	36%
37.	Jan-18	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	11,911.21	9,227.69	5,53,661	4,152	56%	34%

Sl. No.	Month	Agreed quantity in Kilo Litres (KL) (100%)	Minimum bill quantity (60% of agreed quantity) (KL)	Rate per KL (₹)	Bill amount for minimum agreed quantity (₹) (D+E)	Meter maintenance charges at 0.75% of minimum agreed bill amount (F) (₹)	Total (₹) (F+C)	Actual consumption (KL)	Difference of units billed and actually consumed quantity (KL)	Value of difference quantity (₹) (J+E)	Value of difference meter maintenance (0.75% of K) (₹)	Percentage drawn compared to minimum bill quantity (60% of Agreed quantity) (I ⇒ D)	Percentage drawn compared to 100% agreed quantity. (I ⇒ C)
A	B	C	D	E	F	G	H	I	J=D - I	K	L	M	N
38.	Feb-18	31,822.00	19,093.20	60	11,45,592	8,592	11,54,184	13,288.67	5,804.53	3,48,272	2,612	70%	42%
39.	Mar-18	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	14,077.23	7,061.67	4,23,700	3,178	67%	40%
40.	Apr-18	34,095.00	2,457.00	60	12,27,420	9,206	12,36,626	14,572.36	5,884.64	3,53,078	2,648	71%	43%
41.	May-18	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	11,254.25	9,884.65	5,93,079	4,448	53%	32%
42.	Jun-18	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	14,543.83	5,913.17	3,54,790	2,661	71%	43%
43.	Jul-18	35,231.50	21,138.90	60	12,6,334	9,513	12,77,847	16,606.68	4,532.22	2,71,933	2,039	79%	47%
44.	Aug-18	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	17,857.00	3,281.90	1,96,914	1,477	84%	51%
45.	Sep-18	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	17,708.30	2,748.70	1,64,922	1,237	87%	52%
46.	Oct-18	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	16,731.30	4,407.60	2,64,456	1,983	79%	47%
47.	Nov-18	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	15,043.10	5,413.90	3,24,834	2,436	74%	44%
48.	Dec-18	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	15,789.40	5,349.50	3,20,970	2,407	75%	45%
49.	Jan-19	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	15,445.20	5,693.70	3,41,622	2,562	73%	44%
50.	Feb-19	31,822.00	19,093.20	60	11,45,592	8,592	11,54,184	14,534.20	4,559.00	2,73,540	2,052	76%	46%
51.	Mar-19	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	16,939.20	4,199.70	2,51,982	1,890	80%	48%
52.	Apr-19	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	14,803.70	5,653.30	3,39,198	2,544	72%	43%
53.	May-19	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	14,670.10	6,468.80	3,88,128	2,911	69%	42%
54.	Jun-19	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	12,613.00	7,844.00	4,70,640	3,530	62%	37%
55.	Jul-19	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	15,026.40	6,112.50	3,66,750	2,751	71%	43%
56.	Aug-19	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	14,957.20	6,181.70	3,70,902	2,782	71%	42%
57.	Sep-19	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	12,641.40	7,815.60	4,68,936	3,517	62%	37%

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Sl. No.	Month	Agreed quantity in Kilo Litres (KL) (100%)	Minimum bill quantity (60% of agreed quantity) (KL)	Rate per KL (₹)	Bill amount for minimum agreed quantity (₹) (D+E)	Meter maintenance charges at 0.75% of minimum agreed bill amount (F) (₹)	Total (₹) (F+G)	Actual consumption (KL)	Difference of units billed and actually consumed quantity (KL)	Value of difference quantity (₹) (J+E)	Value of difference meter maintenance (0.75% of K) (₹)	Percentage drawn compared to minimum bill quantity (60% of Agreed quantity) (I ⇒ D)	Percentage drawn compared to 100% agreed quantity. (I ⇒ C)
A	B	C	D	E	F	G	H	I	J=D - I	K	L	M	N
58.	Oct-19	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	13,165.50	7,973.40	4,78,404	3,588	62%	37%
59.	Nov-19	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	16,105.90	4,351.10	2,61,066	1,958	79%	47%
60.	Dec-19	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	14,293.90	6,845.00	4,10,700	3,080	68%	41%
61.	Jan-20	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	14,798.60	6,340.30	3,80,418	2,853	70%	42%
62.	Feb-20	32,958.50	19,775.10	60	11,86,506	8,899	11,95,405	15,242.30	4,532.80	2,71,968	2,040	77%	46%
63.	Mar-20	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	13,319.00	7,819.90	4,69,194	3,519	63%	38%
64.	Apr-20	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	10,848.40	9,608.60	5,76,516	4,324	53%	32%
65.	May-20	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	11,877.80	9,261.10	5,55,666	4,167	56%	34%
66.	Jun-20	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	12,882.20	7,574.80	4,54,488	3,409	63%	38%
67.	Jul-20	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	12,590.90	8,548.00	5,12,880	3,847	60%	36%
68.	Aug-20	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	10,888.80	10,250.10	6,15,006	4,613	52%	31%
69.	Sep-20	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	12,641.39	7,815.61	4,68,937	3,517	62%	37%
70.	Oct-20	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	11,326.41	9,812.49	5,88,749	4,416	54%	32%
71.	Nov-20	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	10,584.50	9,872.50	5,92,350	4,443	52%	31%
72.	Dec-20	35,231.50	21,138.90	60	1268,334	9,513	12,77,847	12,030.10	9,108.80	5,46,528	4,099	57%	34%
73.	Jan-21	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	11,977.20	9,161.70	5,49,702	4,123	57%	34%
74.	Feb-21	31,822.00	19,093.20	60	11,45,592	8,592	11,54,184	15,569.50	3,523.70	2,11,422	1,586	82%	49%
75.	Mar-21	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	16,969.60	4,169.30	2,50,158	1,876	80%	48%
76.	Apr-21	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	13,083.30	7,373.70	4,42,422	3,318	64%	38%
77.	May-21	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	12,989.30	8,149.60	4,88,976	3,667	61%	37%

Sl. No.	Month	Agreed quantity in Kilo Litres (KL) (100%)	Minimum bill quantity (60% of agreed quantity) (KL)	Rate per KL (₹)	Bill amount for minimum agreed quantity (₹) (D+E)	Meter maintenance charges at 0.75% of minimum agreed bill amount (F) (₹)	Total (₹) (F+G)	Actual consumption (KL)	Difference of units billed and actually consumed quantity (KL)	Value of difference quantity (₹) (J+E)	Value of difference meter maintenance (0.75% of K) (₹)	Percentage drawn compared to minimum bill quantity (60% of Agreed quantity) (I => D)	Percentage drawn compared to 100% agreed quantity. (I => C)
A	B	C	D	E	F	G	H	I	J=D - I	K	L	M	N
78.	Jun-21	34,095.00	20,457.00	60	12,27,420	9,206	12,36,626	9,255.40	11,201.60	6,72,096	5,041	45%	27%
79.	Jul-21	35,231.50	21,138.90	60	12,68,334	9,513	12,77,847	14,870.80	6,268.10	3,76,086	2,821	70%	42%
										3,00,20,703	2,25,155	68%	41%
											Max	88%	53%
											Min	45%	27%
											Average	68%	41%

Appendix 2.24

(Reference to paragraph 2.8, page 106)

Statement showing details of penalties yet to be levied firm wise and year wise

Sl. No.	Name of the firm	No. of Purchase Orders (PO)			Amount of penalty to be levied (in ₹)			Total amount of penalty not levied (in ₹)	Min. Delay Period (in Weeks) considering part of a week as full week	Max. Delay Period (in Weeks) considering part of a week as full week
		2018-19	2019-20	2020-21	2018-19	2019-20	2020-21			
1.	Abbott	-0	-	6	-	-	14,25,394	14,25,394	4	17
2.	Astrazeneca pharma	-	3	-	-	8,69,396	-	8,69,396	8	8
3.	Bharat Biotech	1	-	-	3,09,013	-	-	3,09,013	20	20
4.	Bhuvaneswari Medicine House	-	1	-	-	1,69,100	-	1,69,100	6	6
5.	Bluten Pharmaceuticals	-	1	-	-	1,51,938	-	1,51,938	7	7
7.	CIPLA	-	1	2	-	1,77,715	3,14,311	4,92,026	4	21
8.	CMG Biotech	1	-	-	77,400	-	-	77,400	3	3
9.	Dr.Reddys	-	-	1	-	-	16,192	16,192	3	4
11.	Hema trade links	-	3	-	-	3,94,600	-	3,94,600	10	50
13.	LG Life Science	1	-	3	1,85,000	-	4,16,040	6,01,040	4	9
14.	Medley Pharmaceuticals Ltd	-	1	-	-	1,11,000	-	1,11,000	8	8
17.	Nabros Pharma	2	-	-	4,47,180	-	-	4,47,180	3	3
18.	Novo Nordisk India pvt ltd	-	8	-	-	19,317	-	19,317	4	46
19.	Overseas Health Care	-	-	8	-	-	13,76,000	13,76,000	4	25
20.	RaptakosBertt & Co. Ltd	-	2	-	-	2,27,420	-	2,27,420	8	8
22.	SANOFI	-	1	-	-	1,08,000	-	1,08,000	19	14
23.	SERDIA Pharmaceuticals	-	3	-	-	5,43,182	-	5,43,182	5	9
24.	Shivaleela Pharma	-	4	-	-	8,71,796	-	8,71,796	3	14
25.	Sri Sai Krishna Marketing	-	3	1	-	6,01,599	2,62,360	8,63,959	7	14
28.	Upkar Remedies Pvt. Ltd.,	5	51	2	12,76,331	1,45,77,171	6,41,990	1,64,95,492	3	34
30.	Venkat Rama Medical Agencies	-	2	-	-	2,05,860	-	2,05,860	5	10
31.	Zim Laboratories ltd	-	2	-	-	1,55,820	-	1,55,820	3	4
Overall Figures		10	86	23	22,94,924	1,91,83,914	44,52,287	2,59,31,125	3	50

Appendix 2.25
(Reference to paragraph 2.8, page 106)
Statement showing details of penalties firm wise and year wise.

Sl. No.	Name of the firm	No. of Purchase Orders (PO)			Amount of penalty leviable (in ₹)			Total amount of penalty (in ₹)	Min. Delay Period (in Weeks) considering part of a week as full week	Max. Delay Period (in Weeks) considering part of a week as full week
		2018-19	2019-20	2020-21	2018-19	2019-20	2020-21			
1.	Abbott	-	-	6	-	-	14,25,394	14,25,394	4	17
2.	Astrazeneca pharma	-	3	-	-	8,69,396	-	8,69,396	8	8
3.	Bharat Biotech	1	-	-	3,09,013	-	-	3,09,013	20	20
4.	Bhuvaneswari Medicine House	-	1	-	-	1,69,100	-	1,69,100	6	6
5.	Bluten Pharmaceuticals	-	1	-	-	1,51,938	-	1,51,938	7	7
6.	Boehringer Ingelheim (India) Pvt.Ltd.,	1	-	-	3,20,200	-	-	3,20,200	11	11
7.	CIPLA	-	1	2	-	1,77,715	3,14,311	4,92,026	4	21
8.	CMG Biotech	1	-	-	77,400	-	-	77,400	3	3
9.	Dr.Reddys	-	-	1	-	-	1,01,200	1,01,200	3	4
10.	Glenmark	33	34	65	67,20,275	86,28,994	1,57,83,468	3,11,32,737	4	40
11.	Hema trade links	-	3	-	-	3,94,600	-	3,94,600	10	50
12.	Hindustan	3	24	2	4,66,472	53,62,080	6,64,000	64,92,552	4	29
13.	LG Life Science	1	-	3	1,85,000	-	4,16,040	6,01,040	4	9
14.	Medley Pharmaceuticals Ltd	-	1	-	-	1,11,000	-	1,11,000	8	8
15.	Merck	-	-	3	-	-	4,33,400	4,33,400	3	5
16.	MSD Pharma	-	2	-	-	1,65,899	-	1,65,899	4	7
17.	Nabros Pharma	2	-	-	4,47,180	-	-	-	3	3
18.	Novo Nordisk India pvt ltd	-	8	-	-	15,12,068	-	15,12,068	4	46
19.	Overseas Health Care	-	-	8	-	-	13,76,000	13,76,000	4	25
20.	RaptakosBertt& Co. Ltd	-	2	-	-	2,27,420	-	2,27,420	8	8
21.	Roche products (India) pvt ltd	-	1	-	-	76,400	-	76,400	4	4
22.	SANOFI	-	1	-	-	1,08,000	-	1,08,000	19	14
23.	SERDIA Pharmaceuticals	-	3	-	-	5,43,182	-	5,43,182	5	9
24.	Shivaleela Pharma	-	4	-	-	8,71,796	-	8,71,796	3	14
25.	Sri Sai Krishna Marketing	-	3	1	-	6,01,599	2,62,360	8,63,959	7	14
26.	Tablets India	8	-	9	14,52,138	-	29,12,615	43,64,753	7	92

Sl. No.	Name of the firm	No. of Purchase Orders (PO)			Amount of penalty leviable (in ₹)			Total amount of penalty (in ₹)	Min. Delay Period (in Weeks) considering part of a week as full week	Max. Delay Period (in Weeks) considering part of a week as full week
		2018-19	2019-20	2020-21	2018-19	2019-20	2020-21			
27.	Troikaa Pharma	-	1	8	-	2,95,992	34,53,240	37,49,232	3	17
28.	Upkar Remedies Pvt. Ltd.,	5	51	2	12,76,331	1,45,77,171	6,41,990	1,64,95,492	3	34
29.	USV India Pvt Ltd.	14	22	-	33,04,026	52,09,081	-	85,13,107	13	42
30.	Venkat Rama Medical Agencies	-	2	-	-	2,05,860	-	2,05,860	5	10
31.	Zim Laboratories Ltd	-	2	-	-	1,55,820	-	1,55,820	3	4
Overall Figures		69	170	110	1,45,58,035	4,04,15,111	2,77,84,018	8,27,57,164	3	92

Appendix 2.26
(Reference to paragraph 2.8, page 106)
Statement showing details of penalties levied firm wise and year wise

Sl. No.	Name of the firm	No. of Purchase Orders (PO)			Amount of penalty to be levied (in ₹)			Total amount of penalty not levied (₹)	Min. Delay Period (in Weeks) considering part of a week as full week	Max. Delay Period (in Weeks) considering part of a week as full week
		2018-19	2019-20	2020-21	2018-19	2019-20	2020-21			
6.	Boehringer Ingelheim (India) Pvt.Ltd.,	1	-	-	3,20,200	-	-	3,20,200	11	11
9.	Dr.Reddys*	-	-	1	-	-	85,008	85,008	3	4
10.	Glenmark	33	34	65	67,20,275	86,28,994	1,57,83,468	3,11,32,737	4	40
12.	Hindustan	3	24	2	4,66,472	53,62,080	6,64,000	64,92,552	4	29
15.	Merck	-	-	3	-	-	4,33,400	4,33,400	3	5
16.	MSD Pharma	-	2	-	-	1,65,899	-	1,65,899	4	7
18.	Novo Nordisk India pvt ltd#	-	8	-	-	14,92,751	-	14,92,751	4	46
21.	Roche products (India) pvt ltd	-	1	-	-	76,400	-	76,400	4	4
26.	Tablets India	8	-	9	14,52,138	-	29,12,615	43,64,753	7	92
27.	Troikaa Pharma	-	1	8	-	2,95,992	34,53,240	37,49,232	3	17
29.	USV India Pvt Ltd.	14	22	-	33,04,026	52,09,081	-	85,13,107	13	42
Overall Figures		59	92	88	1,22,63,111	2,12,31,197	2,33,31,731	5,68,26,039	3	92

* Penalty has recovered from Dr.Reddys partially for 1 purchase order

Penalty has recovered from Novo Nordisk India pvt ltd. partially for 8 purchase orders

Glossary

Abbreviation	In Full
ACP	Air Cleaning Plant
AD	Assistant Directors
ADCL	Amaravati Development Corporation Limited
ADPPL	Amaravati Development Partners Private Limited
AGC	Amaravati Government Complex
AMRDA	Amaravati Metropolitan Region Development Authority
APCRDA	Andhra Pradesh Capital Region Development Authority
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APMRUDA Act	Andhra Pradesh Metropolitan Region and Urban Development Authorities Act
APMSIDC	Andhra Pradesh Medical Services Infrastructure Development Corporation
APPCB	Andhra Pradesh Pollution Control Board
APREIS	Andhra Pradesh Residential Educational Institutions Society
APSTREIS	Andhra Pradesh State Tribal Residential Educational Institutional Societies
APSWREIS	Andhra Pradesh Social Welfare Residential Educational Institutions Society
APTRANSCO	Andhra Pradesh Transmission Corporation
APUIAML	Andhra Pradesh Urban Infrastructure Asset Management Limited
AQI	Ambient Air Quality Index
ASSCCL	Amaravati Smart and Sustainable City Corporation Limited
ATFD	Agitated Thin Film Dryer
ATNs	Action Taken Notes
BMWTF	Bio Medical Waste Treatment Facility
BOD	Biological Oxygen Demand
BRT	Bus Rapid Transit
BRTS	Bus Rapid Transport System
C&AG	Comptroller and Auditor General
CBMWTF	Common Bio Medical Waste Treatment Facility
CDMA	Commissioner & Director Municipal Administration
CE	Chief Engineer
CE&ST	Central Excise & Service Tax
CEPI	Comprehensive Environmental Pollution Index
CFE	Consent for Establishment
CFMS	Comprehensive Financial Management System
CFO	Consent for Operation
Chief DDOs	Chief Direct Demanding Officers
CMRF	Chief Minister Relief Fund
CO	Carbon Monoxide
CPA	Critically Polluted Area
CPCB	Central Pollution Control Board

Abbreviation	In Full
CPWD	Central Public Works Department
CRMP	Calcining and Refractory Material Plant
dB	Decibel
DEIAA	District Environmental Impact Assessment Authority
DEO	District Educational Officer
DME	Director Medical Education
DP	Development Promotion
DPC Act	Duties, Powers and Conditions of Service Act
DPRs	Detailed Project Reports
DPS	delayed payment surcharge
EC	Environmental Clearance
EC	Environmental Clearance
ECV	Estimated Contract Value
EHV	Electrical High Voltage
EIA	Environment Impact Assessment
EMC	Eluru Municipal Corporation
EMP	Environmental Management Plan
ENs	Explanatory Notes
EOAT	Extension of Agreement Time
EOt	Extension of Time
EPC	Engineering, Procurement & Construction
EPDMS	Electronic Project and Document Management System
EPF	Employees Provident Fund
EPFO	Employees Provident Fund Organisation
ESI	Employees' State Insurance
ESIC	Employees' State Insurance Corporation
ETP	Effluent Treatment Plant
FPS	Fair Price Shop
FSSAI	Food Safety and Standards Authority of India
GAD	General Administration Department
GFC	Good for Construction
GGH	Government General Hospital
GO MEP	Gazetted officer's Mechanical, electrical and plumbing
GoAP	Government of Andhra Pradesh
GoI	Government of India
GoM	Group of Ministers
GoS	Government of Singapore
GSB	Granular Sub-base

Abbreviation	In Full
GST	Good and Service Tax
GVMC	Greater Visakhapatnam Municipal Corporation
HCE	Health Care Establishment
HD	High Density
HDPE	High Density Poly Ethylene
HMs	Head masters
HOD	Head of the Department
HS	High School
HT	High Tension
HUDCO	Housing and Urban Development Corporation Limited
ICT	Information and Communication Technology
IDC	Interest during Construction
IGC	Interim Government Complex
IPC	Interim Payment Certificate
IR	Inspection Report
ISWMF	Integrated Solid Waste Management Facility
IUIH	Indo-UK Institute of Health
KGBV	Kasturba Gandhi Balika Vidyalaya
KL	Kilo Litre
KLD	Kilo Liters per day
KMs	Kilo Meters
LA	Land Acquisition
LD	liquidated damages
LD	Low Density
LOI	Letter of Interest
LPS	Land Pooling Scheme
MA	mobilisation advance
MA&UD	Municipal Administration & Urban Development
MCH	Maternity & Child Health
MDM	Mid-Day Meal
MDSS	Mechanised Dust Suppression System
MEE	Multi Effect Evaporator
MEOs	Mandal Educational Officers
MHRD	Ministry of Human Resource Development
MHRD	Ministry of Human Resource Development
MoHUA	Ministry of Housing and Urban Affairs
MORTH	Ministry of Road Transport & Highways
MoU	Memorandum of Understanding
MPPS	Mandal Parishad Primary School

Abbreviation	In Full
MPUPS	Mandal Parishad Upper Primary <i>School</i>
MRF	Material Recovery Facility
MSF	Material Storage Facility
MSME	Micro, Small and Medium Enterprises
MT	Metric Tonne
MT	Metric Tonnes
NAFED	National Agricultural Cooperative Marketing Federation of India Limited
NAMP	National Air Quality Monitoring Programme
NGO MEP	Non-Gazetted officer's Mechanical, electrical and plumbing
NGT	National Green Tribunal
NH	National Highway
NHAI	National Highway Authority of India
NHM	National Health Mission
NITI Aayog	National Institution for Transforming India
NOC	No Objection Certificate
OH	Over Head
PAB	Program Approval Board
PAC	Public Accounts Committee
PC	Parents Committee
PD	Personal Deposit
PMC	Project Management Consultant
PR	Panchayat Raj
R&B	Roads & Buildings
RC	Rate Contract
RFID	Radio Frequency Identification Device
RLB	Rural Local Body
RO	Regional Office
ROW	Right of Way
RP&RD	Panchayat Raj & Rural Development
RSPM	Respirable suspended particulate matter
RTMS	Real Time Monitoring Stations
SAIH	Singapore Amaravati Investment Holdings Pte Ltd
SAMP	State Air Quality Monitoring Programme
SAR	Seed Access Road
SCM	Smart Cities Mission
SCS	State Civil Supplies
SE	Superintending Engineer
SEIAA	State Environmental Impact Assessment Authority (India)
SICPL	M/s Surbana International Consultants Pte Ltd

Abbreviation	In Full
SIIMP	Smart Integrated Infrastructure Master Plan
SLEIAA	State Level Environment Impact Assessment Authority
SPCB	State Pollution Control Board
SPM	Suspended Particulate Matter
SRS	Software Requirement Specification
SRSWRM	Simple Random Sampling without Replacement Method
SS	Samagra Shiksha
STC	Specials Training Centres
STP	Sewage Treatment Plant
SUA	Start-Up Area
SWD	Social Welfare Department
SWPC	Solid Waste Processing Centre
TPA	Tonnes per Annum
TPD	Tonnes per day
TSDF	Treatment Storage Disposable Facility
TSPM	Total Suspended Particulate Matter
UCs	Utilisation Certificates
UGD	Under Ground Drainage
ULB	Urban Local Body
ULBs	Urban Local Bodies
UPS	Upper Primary School
VLC	Voucher level compilation
VOC	Volatile Organic Compound
WMM	Wet Mix Macadam
XLPE	Cross-Linked Poly Ethylene
ZO	Zonal Office
ZPHS	Zilla Parishad High School

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