

PREFACE

This Report on the audit of expenditure incurred by the Government of Andhra Pradesh has been prepared for submission to the Governor under Article 151 of the Constitution. The Report covers significant matters arising out of the compliance and performance audits of various departments including the Public Works and Irrigation Departments, audit of Autonomous Bodies.

Audit observations on the Annual Accounts of the Government would form part of a Report on State Finances which is being presented separately. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are also presented separately.

The Report starts with an Introductory Chapter which provides auditee profile, comparative position of fiscal operations of the Government of Andhra Pradesh, authority for audit, planning and extent of audit, the key audit findings which emerged during the year-long audit exercise and follow-up on Audit Reports. Chapter-II covers performance audits while Chapter-III discusses material findings emerging from compliance audits.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2009-10 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2009-10 have also been included wherever necessary.

CHAPTER I

INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from Performance audit of selected programmes and activities and Compliance audit of Government departments and autonomous bodies.

Compliance audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with. On the other hand, Performance audit, besides conducting a Compliance audit, also examines whether the objectives of the programme/activity/department are achieved economically and efficiently.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations, thus contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter-II of this report contains findings arising out of Performance audit of selected programmes/activities/departments. Chapter-III contains observations on audit of transactions in Government departments and autonomous bodies.

1.2 Auditee profile

There are 30 departments in the State at the Secretariat level, headed by Chief Secretary, Special Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Deputy Secretaries/Commissioners/Engineers-in-Chief/Chief Engineer/Principal Chief Conservator of Forest/Chief Conservator of Forest and subordinate officers under them and 57 autonomous bodies which are audited by the civil wing of the Principal Accountant General (Civil Audit), Andhra Pradesh. The comparative position of expenditure incurred by the Government during the year 2009-10 and in the preceding two years is given in Table-1.

Table-1

(Rupees in crore)

	2007-08			2008-09			2009-10		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue Expenditure									
General Services	1058	17112	18170	152	18578	18730	181	21211	21392
Social Services	8041	10619	18660	12303	12701	25004	10699	15058	25757
Economic Services	4802	12103	16905	6538	11269	17807	4562	11651	16213
Grants-in-aid	-	249	249	-	313	313	-	86	86
Total	13901	40083	53984	18993	42861	61854	15442	48006	63448
Capital Expenditure									
Capital outlay	12866	(-)92	12774	10611	(-)244	10367	13955	(-)162	13793
Loans and Advances disbursed	2221	700	2921	3098	316	3414	1514	76	1590
Payment of Public Debt*	-	-	4993	-	-	4833	-	-	6277
Contingency Fund*	-	-	1	-	-	7	-	-	0
Public Accounts disbursement*	-	-	55126	-	-	74149	-	-	70243
Closing Cash balance*	-	-	8512	-	-	4973	-	-	5983
Total			84328			97743			97886
Grand Total			138311			159597			161334

* Plan and Non-plan classification is not applicable

1.3 Authority for audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's (DPC) Act). CAG conducts audit of expenditure of the departments of Government of Andhra Pradesh under Section 13¹ of the CAG's (DPC) Act. Principal Accountant General (Civil Audit), Andhra Pradesh is the Principal Auditor in respect of 12 Central autonomous bodies and the Sole Auditor in respect of 45 State autonomous bodies which are audited under Sections 19² and 20³ of the CAG's (DPC) Act. In addition, CAG also conducts audit of 330 autonomous bodies under Section 14⁴ of CAG's (DPC) Act, which are substantially funded by the Government.

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

² Audit of the accounts of Corporations (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations

³ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the CAG and the Government

⁴ Audit of all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated Fund of the State in a financial year is not less than ₹ one crore

Principles and methodologies for various audits are prescribed in the Auditing Standards, Regulations on Audit and Accounts, 2007 and the Manual of instructions for Autonomous Bodies issued by the CAG. Manual of Inspection (Civil) is followed for audit under Section 13 of CAG's (DPC) Act.

1.4 Planning and conduct of audit

Audit process starts with the assessment of risk of the Department/Organisation as a whole and each unit based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. Focus is given on schematic/thematic audits. An annual audit plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the head of the unit. The units are requested to furnish replies to the audit findings within one month of receipt of the IR. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations pointed out in these IRs are processed for inclusion in the Audit Reports which are submitted to the Governor of Andhra Pradesh under Article 151 of the Constitution of India.

During 2009-10, 11,767 party-days were used to carry out audit of 1,095 units (Compliance audits and Performance audits) of the various departments/organisations. The audit plan covered those units/entities which were vulnerable to significant risk, as per our assessment.

1.5 Organisational structure of the Office of the Principal Accountant General (Civil Audit), Andhra Pradesh

Under the directions of the CAG, the Office of the Principal Accountant General (Civil Audit), Andhra Pradesh conducts the audit of the Civil Departments/Offices of Government of Andhra Pradesh and Autonomous Bodies/Institutions thereunder. It also conducts audit of civil offices and autonomous institutions of Central Government located in the State. For carrying out these functions in respect of Civil, Works, Projects and Forest Wings, Principal Accountant General is assisted by five Group officers.



1.6 Significant observations of Performance audit

Performance audit is undertaken to ensure whether Government programmes have achieved the desired objectives at the minimum cost and given the intended benefits. The focus has been on auditing the specific programmes/schemes and offering suitable recommendations, with the intention of providing an aid to the Executive in taking corrective action, and improving service delivery to the citizens. The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgemental basis. Audit conclusions have been drawn and recommendations made, taking into consideration the views of the Government.

In the last few years, audit has reported on several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of Internal Controls in selected departments which impact the success of programmes and functioning of the departments.

A summary of the audit comments on the performance of the Government in implementation of certain programmes and schemes included in this Report is given below:

1.6.1 Integrated Child Development Services

The 'Integrated Child Development Services' (ICDS) Scheme is a Centrally sponsored scheme launched in 1975, designed to promote holistic development of children in the age group of 0 - 6 years, expectant and lactating mothers and adolescent girls of 11 - 18 years. The objectives of ICDS are to be achieved through a package of services comprising Supplementary Nutrition, Immunisation, Health Check-ups, Nutrition and Health Education and Non-formal Pre-school Education of children of 3 - 6 years.

The implementation of the Scheme suffered as the State failed to cover the whole targeted population under the scheme despite availability of Central assistance. The department has not complied with the audit observations included in the Audit Report for the year ended 31 March 1999 and the deficiencies persisted during the five year period 2005-10. Augmentation of Anganwadi centres was not given adequate priority. Majority of Anganwadi centres (67 per cent) were functioning in rented buildings which lacked basic facilities such as safe drinking water, toilets, non-provision of utensils. Adolescent girls who were to be covered under Supplementary Nutrition Programme as contemplated by Government of India way back in 2004 were not even identified in the State. Audit also noticed deficiencies such as erratic supply of Ready to Eat (RTE) food/Hot Food Mixes (by AP Foods), supply of substandard/time expired food to children, huge shortfalls in visits of Medical Officers to Anganwadi centres, etc. The objective of ensuring micronutrients in diet as per Recommended Dietary Allowance norm remains unachieved. Underweight children is an indicator of inadequate nutrition. Weighment of children assumes significance as it gives a good feedback on the impact of

nutrition programme. This important aspect was ignored. No mechanism was in place to watch proper distribution of medicines to the beneficiaries. There were huge shortages in deployment of Child Development Project Officers (CDPOs) and Supervisors. Monitoring of the functioning of Anganwadi centres by CDPOs/ Supervisors was inadequate.

1.6.2 Mahatma Gandhi (Kalwakurthy) Lift Irrigation Scheme

Mahatma Gandhi (Kalwakurthy) Lift Irrigation Scheme was taken up with the objective of providing irrigation facilities to 3.40 lakh acres and drinking water facility for a population of 4.36 lakh in 303 villages of chronically drought prone areas in Mahbubnagar District.

Since irrigation projects involve huge financial outlays, 'cash flow management' and 'cost control' are vital for achieving the objective of value for money. Lack of proper planning and sequencing/synchronization of various activities/works under the project resulted in premature consumption of funds in non-critical activities. Abnormal delay in land acquisition, a critical activity, prolonged the gestation period and the same resulted in denial of any benefit to the targeted beneficiaries. Even though the stipulated execution period is already over, the department has not provided irrigation facility to a single acre of land. Serious flaws in cost control resulted in excessive spending without any commensurate benefit. Reduction in the quantities of works executed did not result in commensurate reduction in project cost. Thus, bad planning and flawed contracts only benefited the contractors.

1.6.3 Functioning of Visakhapatnam Urban Development Authority (VUDA)

Visakhapatnam Urban Development Authority (VUDA) was constituted (June 1978), under AP Urban Areas (Development) Act, 1975 (Act). Its jurisdiction extends to Visakhapatnam Municipal Corporation and four municipal towns comprising an area of 1,721 sq. km. One of the important functions of VUDA is to prepare the master plan and its implementation.

The Authority, which was established for planned development of the city and to improve the quality of life of its inhabitants, failed to achieve its objectives to a large extent. Audit noticed huge shortfalls (64 to 100 *per cent*) in the achievement of the First Master Plan. VUDA did not also effectively coordinate with the departments/agencies concerned for implementation of the master plan. Approvals for change of land use were given on a case to case basis in violation of the master plan conferring undue benefits to the land owners thus vitiating the sanctity of the master plan. Contract management was deficient. Preparation of Annual Accounts was in arrears. Maintenance of cashbook was deficient and reconciliation of cashbook balances was not done with the Bank statements. Internal Audit was also absent. Thus, there was no assurance to VUDA that the Rules and Procedures were being complied with by various wings of VUDA. Non-existence of a public grievance redressal mechanism was indicative of the lack of seriousness of the Authority in handling its mandate.

1.6.4 Rajiv Yuva Sakthi

The State Government launched (November 2004) Rajiv Yuva Sakthi (RYS) Programme with the objective of making the unemployed employable. The Scheme on which an expenditure of ₹ 106 crore was incurred, was implemented in a shoddy and unprofessional manner. Publicity regarding eligibility criteria, permissible activities, etc. was not given and the whole process of selection of beneficiaries was deficient. There was no authenticated centralised database of assistance given to beneficiaries under other scheme(s)/programmes. Audit also noticed non-insisting of project reports from the applicants/assessment reports from banks while arriving at project cost, sanctions to non-asset based activities, sanction of subsidy to already existing units and ineligible applicants, huge delays in release of loans by banks, deficiencies in Utilisation Certificates furnished by banks, etc. Due to major flaws in the operation of the Scheme, such as non-assessment of viability of the business being financed, non-verification of premises from which the new units would operate, there were large scale defaults (65 per cent) in payments by the beneficiaries. Large scale defaults indicates that the scheme was not so successful and it also resulted in losses for the public sector banks.

1.7 Significant audit observations during Compliance audit

Audit observed several significant deficiencies in critical areas which impact the effective functioning of the Government departments/organisations. Some important findings of compliance audit (20 paragraphs having financial implications of ₹1,480.08 crore) have also been reported. The major observations relate to:

- (i) Fraud and detection of fraud
- (ii) Audit against propriety and cases of expenditure without adequate justification
- (iii) Persistent and pervasive irregularities
- (iv) Failure of oversight/governance

1.7.1 Fraud and detection of fraud

- Audit detected payment of fraudulent medical reimbursement claims amounting to ₹ 2.29 crore in 162 cases of School Education Department in nine districts⁵.

[Paragraph 3.1.1]

- Audit detected payment of fraudulent LTC claims in 994 cases of School Education and Tribal Welfare Departments in Adilabad District. The DDOs/ Treasury Officers failed to exercise the required checks which resulted in payment of fraudulent claims amounting to ₹ 84.91 lakh (School Education: 942 cases/₹ 80.50 lakh; Tribal Welfare: 52 cases/₹ 4.41 lakh).

[Paragraph 3.1.2]

⁵ Adilabad, Khammam, Mahbubnagar, Medak, Nalgonda, Nizamabad, Ranga Reddy, Vizianagaram and Warangal

1.7.2 Audit against propriety and cases of expenditure without adequate justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money. Audit scrutiny revealed instances of impropriety and extra expenditure involving ₹ 17.60 crore.

- Construction of 70 out of 112 backward class welfare hostel buildings sanctioned during 2003-08 under the Centrally sponsored scheme was delayed beyond stipulated time of two years (September 2010) depriving the benefit of improved facilities in hostels to the backward class students for whom the facilities were contemplated, besides cost escalation of ₹ 16.72 crore. Similarly, 31 hostel buildings sanctioned under 'Food for Work' programme also remained incomplete.

[Paragraph 3.2.1]

1.7.3 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs year after year. It is deemed pervasive when prevalent in the entire system. Recurrence of irregularities, despite being pointed out in earlier audits, is indicative of slackness on the part of the executive and lack of effective monitoring. This in turn encourages wilful deviations from observance of rules/regulations and results in weakening of administrative structure. Audit observed instances of persistent and pervasive irregularities of ₹ 50.60 crore which are as follows:

- Deficiencies *inter alia* absence of fairness and transparency in selection of beneficiaries, non-ensuring supply of quality animals, defective regulation of payments to supplying agencies (amount involved ₹ 1.68 crore), etc. were found in the implementation of the scheme 'Induction of high yield milch animals'. Selection of beneficiaries suffered from lack of fairness and transparency. Monitoring by the department of the implementation of the scheme was poor.

[Paragraph 3.3.1]

- Deficiencies like non-completion of works, execution of inadmissible works, non-transfer of assets to user agencies, non-remittance of unspent balances of completed works, etc. involving ₹ 48.92 crore in implementation of Member of Parliament Local Area Development (MPLAD) Scheme denied the envisaged benefits to the public at large.

[Paragraph 3.3.2]

- Audit scrutiny of functioning of selected schools revealed shortages in provision of classrooms, library rooms, laboratories; lack of basic infrastructure facilities/amenities like benches, black boards, toilets, drinking water, etc. and non-functioning of audio visual equipment in majority of the schools. The shortages in inspection of schools by DEOs/Dy. DEOs ranged from 72 to 93 *per cent* during 2007-08 to 2009-10.

[Paragraph 3.3.3]

1.7.4 Failure of oversight/governance

Government has an obligation to improve the quality of life of the people in the area of health, education, development and upgradation of infrastructure, public services, etc. Audit noticed instances where the funds released by the Government for creating public assets remained unutilised/blocked or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. The amount involved in these cases is ₹ 1,408.74 crore. Some of the important observations are as follows:

- Incorrect sequencing/synchronization of various activities/works under the Flood Flow Canal of Sriram Sagar Project led to incurring of huge expenditure of ₹ 1,476.30 crore on project works earlier than required and blocked in an incomplete asset without any benefit till reservoirs are completed.

[Paragraph 3.4.4]

- Failure to incorporate requisite safeguards in the agreements relating to (i) Dr. K.L. Rao Sagar (Pulichintala) Project, (ii) Rajiv Bhima Lift Irrigation Scheme and (iii) Kandula Obula Reddy Gundlakamma Project, resulted in Government not getting the benefit of post tender reduction in quantities and undue benefit of ₹ 100.20 crore accruing to the contractor due to payments being higher than the value payable. Further, defective formulation and implementation of contract clauses relating to three⁶ projects resulted in avoidable expenditure/undue benefit to contractors to the extent of ₹ 77.67 crore.

[Paragraphs 3.4.3 to 3.4.6]

- Undue favours at every stage to M/s Emmar MGF Land Limited by Tirupati Urban Development Authority (TUDA) in the Satellite Township Project taken up for development of Integrated Temple Tourism Township under Public Private Partnership Mode, resulted in entering into a revised agreement which assures revenue of ₹ 580 crore less than the initial offer.

[Paragraph 3.4.12]

- Audit scrutiny of Mobilisation Advances paid to contractors in eight irrigation projects revealed many deficiencies including incorrect payment of advances of ₹ 111.84 crore; and loss of revenue of ₹ 33.07 crore due to incorrect stipulation of interest rate. Due to starting of civil works without addressing the issues such as (a) statutory clearances like Forest and Environmental clearances (b) land acquisition and (c) rehabilitation and resettlement (R&R), the progress of works was hampered and also resulted in blocking-up of huge amount of ₹ 702.70 crore with the contractors.

[Paragraph 3.4.7]

⁶ (i) Flood Flow Canal of Sriram Sagar Project (₹ 67.56 crore), (ii) Rajiv Bhima Lift Irrigation Scheme (₹ 7.88 crore) and (iii) Kandula Obula Reddy Gundlakamma Project (₹ 2.23 crore)

- Non-adherence to the tender conditions by the Hyderabad Metropolitan Development Authority in auctioning the land for development of land in the adjoining area of Hyderabad city resulted in undue benefit of ₹ 239.88 crore to the bidders.

[Paragraph 3.4.9]

- Despite facing serious power shortage, Government failed to cancel the allotment of land (in Visakhapatnam District) to a private party (M/s Hinduja National Power Corporation Limited) which failed to set up power plant and allot it to other parties who were willing to supply power at competitive rates.

[Paragraph 3.4.14]

- Scrutiny of 50 (out of 77) transactions in four districts (Chittoor, East Godavari, Karimnagar, Visakhapatnam) relating to cases of land transferred by Government to various parties revealed that undue benefit of ₹ 101.43 crore was passed on to the parties and there was lack of transparency and fairness in allotment of lands.

[Paragraph 3.4.13]

- Due to non-incorporation of the safeguards in the agreements the benefit of post tender reduction in quantities did not accrue to Government in the construction work of PVNR Elevated Expressway Corridor. This resulted in an undue benefit of ₹ 86.67 crore to the contractor.

[Paragraph 3.4.8]

- Deficient bidding procedure by the Hyderabad Metropolitan Development Authority led to award of work for a value higher than the lowest quoted value by ₹ 23.68 crore in Package-II of Phase-I of Outer Ring Road project in Hyderabad.

[Paragraph 3.4.10]

- Effective functioning of Anti Corruption Bureau (ACB) has the potential to yield substantial benefits to Government several times the budget (₹ 19.27 crore) of ACB. The constraints faced by the ACB at various stages of its operations have seriously impaired the achievement of objective of promoting honest and transparent functioning of public servants. Also, this has adverse implications of diluting the effectiveness of functioning of the ACB.

[Paragraph 3.4.2]

1.8 Response of the Departments to the draft paragraphs and Performance reviews

As per the Para 4.7 of Finance Department's Handbook of Instructions and their U.O. No. 23810-C/200/Public Accounts Committee/93-2, dated 3 November 1993, all departments are required to send their response to the draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India, within six weeks.

Accordingly, draft paragraphs/draft Performance audit reviews are 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 is brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before State Legislature, it would be desirable to include their remarks in the matters. They are also advised to have meetings with the Principal Accountant General to discuss the reviews/draft audit paragraphs, which are proposed for inclusion in Audit Reports.

Despite this, nine departments⁷ did not furnish replies to nine draft paragraphs and two draft Performance Audit review/long paragraph⁸ and this position was also intimated (November 2010) to the Chief Secretary to the Government. The responses of the Departments, received in respect of nine paragraphs/four Performance reviews/long paragraphs, have been appropriately incorporated in the Report.

⁷ Energy; Finance; Irrigation and Command Area Development (Irrigation & Projects Wings); Municipal Administration and Urban Development; Planning; Revenue; School Education; Women Development, Child Welfare and Disabled Welfare; and Youth Advancement, Tourism and Culture (Youth Services)

⁸ Integrated Child Development Services and Rajiv Yuva Sakthi

CHAPTER II

PERFORMANCE AUDIT

This chapter contains performance audit of Integrated Child Development Services (2.1), Mahatma Gandhi (Kalwakurthy) Lift Irrigation Scheme (2.2), Functioning of Visakhapatnam Urban Development Authority (VUDA) (2.3) and Rajiv Yuva Sakthi (2.4).

WOMEN DEVELOPMENT, CHILD WELFARE AND DISABLED WELFARE DEPARTMENT

2.1 Integrated Child Development Services

Executive summary

The Integrated Child Development Services (ICDS) is a Centrally sponsored scheme (CSS) launched throughout the State in October 1975. It is designed to promote holistic development of children in the age group of 0 - 6 years, expectant and lactating mothers and adolescent girls of 11 - 18 years. The objectives of ICDS are to be achieved through a package of services comprising Supplementary Nutrition, Immunisation, Health Check-ups, Nutrition and Health Education and Non-formal Pre-school Education of children of 3 - 6 years.

During the five year period 2005-10, a sum of ₹ 3,633 crore was provided including the Government of India (GOI) releases of ₹ 1,966 crore in the budget for implementing the ICDS programme. Against this, an amount of ₹ 2,783 crore was spent.

The implementation of the programme in the State was last reviewed and the findings included in the Audit Report for the year ended 31 March 1999. As a follow-up audit assessed and evaluated the action taken by the Government on the audit observations included in the Audit Report for 1998-99. The purpose of follow-up, is to inform the Legislature about actions that the department has taken to address previous observations and recommendations of the Comptroller and Auditor General of India.

The present performance audit review covers the period from 2005-06 to 2009-10. For this purpose, test-check of the records of Government in the State Secretariat, Directorate of Women Development and Child Welfare and the offices of Child Development Project Officers (CDPO) in seven (out of 23) districts¹ including Anganwadi centres (AWCs) was conducted.

The department has not complied with the audit observations and most of the deficiencies continued to exist during the five year period 2005-10.

¹ Anantapur (8 Projects), Chittoor (11 Projects), East Godavari (14 Projects), Guntur (8 Projects), Kurnool (6 Projects), Nalgonda (14 Projects) and Visakhapatnam (8 Projects)

Major audit observations/main points

- Eight to as high as forty *per cent* of the allocated funds under ICDS (including Supplementary Nutrition Programme - SNP) remained unspent during the years 2005-06 to 2009-10. Audit noticed shortfalls in establishment of AWCs, inadequate delivery of package of services like feeding interruptions, etc.
- There was a shortage of 26,362 AWCs (28 *per cent*) under urban/rural sector and 1,237 AWCs (20 *per cent*) in the tribal sector. Strengthening of the existing projects with population of more than two lakh envisaged (November 2008) by GOI remains unachieved. Two urban projects in Ranga Reddy District and 9,743 additional AWCs in existing projects in the State, sanctioned (December 2008) by GOI were also not yet operationalised.
- The construction of AWCs suffered significantly due to failure of the department to effectively utilise NABARD/World Bank assistance. More than 72 *per cent* functional AWCs in the test checked ICDS projects lacked basic infrastructure facilities like safe drinking water, toilets, etc. More than 33 *per cent* AWCs in the State were not provided even the utensils required for cooking and distribution of food. Absence of basic infrastructural facilities in AWCs had adverse implications on the delivery of services to the targeted beneficiaries.
- Neither all the eligible beneficiaries were enrolled (shortfall: 6 to 23 *per cent*) under Supplementary Nutrition nor all the enrolled beneficiaries were covered defeating the objective of achieving universalisation of the scheme as envisaged.
- Adolescent girls who were to be covered under SNP as contemplated by GOI way back in 2004, were not even identified in the State thereby depriving the population of the benefit under the scheme besides foregoing the Central assistance.
- Supply of substandard/time expired food, etc. was noticed. The objective of ensuring micronutrients in diet as per Recommended Dietary Allowance (RDA) norm remains unachieved in the State.
- The number of children who remained out of Pre-school Education in the State during 2005-10 varied from 0.73 lakh to as high as 1.31 lakh.
- The department has made progress in addressing the findings with regard to 'Referral Services' pointed out in Para 3.4.5 (iii) of the Audit Report for the year ended 1999. However, in about half of the test checked projects no mechanism was in place to watch proper distribution of medicines to the targeted children, pregnant and lactating mothers.

- Underweight children is an indicator of inadequate nutrition. Weighment of children assumes significance as it gives a good feedback on the impact of nutrition programme. This important aspect was ignored.
- Immunisation of children under ICDS was not fully carried out. Under the component 'Nutrition and Health Education' the achievements were far below the targets.
- Huge number of vacancies existed in the key posts viz., CDPOs (upto 55 *per cent*) and Supervisors (upto 20 *per cent*) during the period 2005-10. There were huge shortfalls (upto 47 *per cent*) in the visits of Supervisors to AWCs during 2007-10. Thus, the objective of physical monitoring of the functioning of AWCs has not been fully achieved in all the projects.

Recommendations

- Efforts should be made to augment Anganwadi centres and provide them with adequate infrastructure.
- Database of beneficiaries should be prepared for all components of the scheme to facilitate effective implementation of the scheme.
- Ready to Eat (RTE)/Hot Food Mixes supplied to Anganwadi centres should conform to ICDS norms.
- Implementation of Supplementary Nutrition Programme should be strengthened by identifying adolescent girls and periodical weighment for monitoring the impact of the programme.
- Vigorous monitoring of the ICDS programme should be done to make it more effective.

2.1.1 Introduction

The Integrated Child Development Services (ICDS) is a Centrally sponsored scheme (CSS) launched throughout the State in October 1975. It is designed to promote the holistic development of children in the age group of 0 - 6 years, expectant and lactating mothers and adolescent girls of 11 - 18 years. The objectives of the ICDS are (i) to improve the nutritional and health status of children in the age group of 0 - 6 years, (ii) to lay the foundation for proper psychological, physical and social development of the child, (iii) to reduce the incidence of mortality, morbidity, malnutrition and school drop-out, (iv) to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education and (v) to achieve effective coordination of policy and implementation among the various departments to promote child development. The objectives are to be achieved through a package of services comprising Supplementary Nutrition, Immunisation, Health Check-ups, Nutrition and Health Education and Non-formal Pre-school Education of children of 3 - 6 years.

2.1.2 Organisational Setup

At the State level, the Special Chief Secretary, Women Development, Child Welfare and Disabled Welfare Department, is the administrative head for overall implementation of the programme. The Director of Women Development and Child Welfare (Director) is the implementing and coordinating officer. The Director is assisted by two Joint Directors, three Deputy Directors, five Assistant Directors, two Accounts Officers, etc. Six Regional Deputy Directors function in six zones² in the State. At the district level, the programme is implemented by Project Director (PD) who is assisted by Child Development Project Officers (CDPOs) at project level and Supervisors at Anganwadi centres (AWCs). The ICDS services are delivered through AWCs in a village or urban ward (especially slum areas) by engaging trained female workers designated as Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) on honorarium³ basis. As of June 2010, out of 387 ICDS projects sanctioned there were 385 ICDS projects functioning in the State and on average a project covers 190 AWCs.

2.1.3 Audit objectives

The objectives of the performance audit were to assess and evaluate whether

- funds allotted were utilised economically, effectively and efficiently for achieving the scheme objectives;
- required infrastructure facilities viz., buildings, drinking water, supporting manpower, etc. created for the projects were adequate for efficient and smooth delivery of quality services; and
- delivery of services under various packages i.e. Supplementary Nutrition, Non-formal Pre-school Education, Health Check-ups and Referral Services, Immunization, Nutrition and Health Education, etc. of the scheme was effective.

2.1.4 Scope and Methodology of Audit

The implementation of the programme in the State was last reviewed and the findings included in the Audit Report for the year ended 31 March 1999. The present performance audit review covers the period from 2005-06 to 2009-10. For this purpose, test-check of the records of Government in the State Secretariat, Directorate of Women Development and Child Welfare and 69 out of 385 offices of Child Development Project Officers (CDPO) in seven⁴ (out of 23) districts including AWCs was conducted. As a follow-up, Audit assessed and evaluated the action taken by the Government on the audit observations included in the Audit Report for the year ended 31 March 1999.

² Eluru, Hyderabad, Kurnool, Ongole, Visakhapatnam and Warangal

³ ₹ 2,200 (₹ 1,400 upto 31 August 2008) to AWW; ₹ 1,200 (₹ 700 upto 31 August 2008) to AWH

⁴ Anantapur (8 Projects), Chittoor (11 Projects), East Godavari (14 Projects), Guntur (8 Projects), Kurnool (6 Projects), Nalgonda (14 Projects) and Visakhapatnam (8 Projects)

Selection of districts and the projects was done based on Simple Random Sampling without Replacement method. The methodology of the performance audit was explained to the Officers of the State Government in the entry conference held in February 2010. Views of the Supervisors/CDPOs and the Director have been taken into account while arriving at the audit conclusions. The audit observations were discussed with the Director and other officers concerned in the exit conference held in August 2010.

Audit analysis of follow-up action by the Government on earlier audit observations

The following major deficiencies in the implementation of the scheme were pointed out in the Audit Report for the year ended 31 March 1999:

- (i) Non-utilisation of allocated scheme funds in full;
- (ii) Non-operation of sanctioned ICDS projects;
- (iii) Shortfall in coverage of identified beneficiaries under the Supplementary Nutrition and other components of the scheme;
- (iv) Shortfall in number of feeding days under Supplementary Nutrition;
- (v) Inadequate coverage of beneficiaries for immunization/supply of Vitamin-A solution to the targeted beneficiaries;
- (vi) Shortage in attendance of children in Pre-schools;
- (vii) Shortage in deployment of staff for scheme implementation;
- (viii) Shortfall in training of personnel in the key areas of the programme implementation;
- (ix) Shortfall in field visits to Anganwadi centres by CDPOs/Supervisors; and
- (x) Non-conduct of Project level Coordination Committee meetings.

In the Explanatory Notes submitted (October 2000) to the Public Accounts Committee (PAC) the Government assured that steps would be taken to address the audit findings.

Audit also analysed whether the Government have addressed the audit observations included in the Audit Report for the year ended 31 March 1999. The analysis revealed that the audit findings were not fully addressed and the deficiencies continued to exist as discussed in the succeeding paragraphs.

Audit findings

2.1.5 Utilisation of funds

Upto forty per cent of the allocated funds remained unspent during the five year period 2005-10

2.1.5.1 Financial outlay and expenditure

The Programme was fully funded by GOI (except SNP) upto 2008-09 and from the year 2009-10 onwards, the funding is in the ratio of 90:10 (GOI : State).

For Supplementary Nutrition Programme (SNP), the expenditure is borne by GOI and the State Government on 50:50 basis (from 2006-07⁵).

Non-utilisation of substantial scheme funds was pointed out earlier in the Audit Report for the year ended 31 March 1999 (Para 3.4.4). Audit noticed similar deficiency during the current review period 2005-10. During the five year period 2005-10, a sum of ₹ 3,633 crore was provided (including the GOI releases of ₹ 1,966 crore) in the budget for implementing the ICDS programme. Against this, an amount of ₹ 2,783 crore was spent. The year-wise details are given in Table-1.

Table-1

(Rupees in crore)

Year	GOI* releases	Budget provision** (GOI as well as State Share [§])	Expenditure**	Unutilised funds (Percentage)
2005-06	148.91	295.86	242.65	53.21 (18)
2006-07	327.47	504.15	452.83	51.32 (10)
2007-08	384.21	790.38	598.31	192.07 (24)
2008-09	427.60	811.65	750.43	61.22 (8)
2009-10	677.50	1231.03	738.94	492.09 (40)
Total	1965.69	3633.07	2783.16	849.91 (23)

*Figures as furnished by the department; **Figures as booked by the PAG (A&E) Office

[§]towards Honorarium payable to Anganwadi Workers and Anganwadi Helpers

Note: Apart from the above, for construction of Anganwadi centres, the State Government made a budget provision of ₹ 80.50 crore (World Bank assistance: ₹ 49 crore; NABARD (RIDF-XIV) loan: ₹ 22.50 crore; and Scheme funds: ₹ 9 crore) during 2005-10. Against this a meagre amount of ₹ 14.24 crore was spent

Table-1 indicates that 8 to as high as 40 *per cent* of the allocated funds remained unspent during the five year period 2005-10. The Director while accepting the audit observation, attributed (August 2010) the non-utilisation of funds to submission of Budget proposals on the basis of sanctioned AWCs instead of operational AWCs and release of funds by the Government at the fag end of the financial year, non-finalisation of tenders for procurement of food material, etc. Thus, deficient budgetary exercise, as well as non-utilisation of funds in time pointed towards lax financial controls.

Audit noticed shortfalls in establishment of AWCs, inadequate delivery of package of services like feeding interruptions, etc. as discussed in succeeding paragraphs. The fund-wise Budget provision made, GOI releases and the expenditure incurred thereon during 2005-10 towards ICDS and SNP are given separately in [Appendix-2.1](#).

⁵Upto 2005-06 the expenditure on SNP was fully borne by the State Government

2.1.5.2 Item-wise expenditure

The item-wise expenditure on scheme implementation is detailed in Table-2.

Table-2

(Rupees in crore)

Item of expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Supply of food under Supplementary nutrition	78.20	204.28	307.00	337.77	270.15	1197.40
Material and Supplies*	1.09	8.13	10.49	10.37	17.91	47.99
IEC**	0.43	0.82	0.94	0.73	5.17	8.09
Total	79.72	213.23	318.43	348.87	293.23	1253.48
Salaries	37.38	49.12	57.13	71.35	85.49	300.47
Honorarium to AWWs/AWHs	90.17	143.98	157.47	263.05	292.38	947.05
Office expenses	35.38	46.50	65.28	67.16	67.84	282.16
Total	162.93	239.60	279.88	401.56	445.71	1529.68
Grand Total	242.65	452.83	598.31	750.43	738.94	2783.16

* Pre-school kits under 'Pre-school Education', Medical kits under 'Health check-ups', etc.

**Information, Education and Communication activities under 'Nutrition and Health Education'

Source: Figures as booked by the PAG (A&E) Office

While the basic purpose of the scheme is to improve the nutritional status of children, the above table shows that the expenditure on procurement of food and material component was only 45 *per cent* indicating that a very large percentage (55 *per cent*) was spent on delivering the material to the ultimate beneficiaries. It is also pertinent to note that the salaries do not include salaries of Health officials⁶ involved in carrying out the Health Check-ups.

2.1.6 Infrastructure and capacity building

Anganwadi centre is a focal point for delivery of ICDS services in a village or an urban ward. In order to discharge the functions effectively, the AWCs require basic infrastructure facilities such as spacious buildings with store, kitchen and toilets, drinking water, utensils, furniture, etc.

Non-operation of sanctioned ICDS projects was already commented upon earlier in the Audit Report for the year ended 31 March 1999. In the Explanatory Notes submitted (October 2000) to the PAC although the Government assured that as a part of universalisation of ICDS programme, it was proposed to cover all the erstwhile blocks with ICDS projects in a phased manner. Audit noticed non-augmentation of the required number of AWCs, delays in construction of AWCs and inadequate infrastructure facilities in AWCs, etc. as follows.

⁶except Health Officials working in urban projects

Operationalisation/re-organisation of Anganwadi centres

There was a shortage of 26,362 AWCs (28 per cent) under urban/rural sector and 1,237 AWCs (20 per cent) in tribal sector

- According to the prescribed norms⁷, the requirement of AWCs in urban/rural areas of the State was 95,263⁸ during the period (2005-10) covered under the review. Against this, 68,901 AWCs were sanctioned. In tribal projects, as against the requirement of 6,280 AWCs, only 5,043 were sanctioned. Thus, there was a shortage of 26,362 AWCs (28 per cent) under the urban/rural sector and 1,237 AWCs (20 per cent) in the tribal sector. Failure to augment AWCs needs to be looked into.

Two urban projects (in Ranga Reddy District) and 9,743 additional AWCs in the State sanctioned (December 2008) were also not operationalised

- As per the revised population norms under Phase-III expansion of the ICDS programme GOI sanctioned (December 2008) two Urban projects (Sherlingampally and Quthbullapur) in Ranga Reddy District and 6,537 additional AWCs and 3,206 Mini-AWCs in the State, along with staff. None of the additional projects (and the AWCs) were operationalised as of September 2010.

Strengthening of the existing projects with population of more than two lakh remains unachieved

- Although GOI asked the States way back in November 2008, to furnish specific requirement of additional projects based on the revised population norms⁹ under 3rd phase (April 2007) of expansion of ICDS Scheme, proposals for reorganisation of 80 projects into 161 projects were sent belatedly in April 2010. Thus, strengthening of the existing projects with population of more than two lakh remains unachieved with adverse implications on the coverage of the whole targeted population under ICDS.

- Under the expansion of Phase-IV (June 2009) there was also failure of the Director in submitting the proposals for sanction of additional AWCs/Mini-AWCs consequent on mapping of uncovered habitations. Failure to operationalise the sanctioned projects/AWCs not only resulted in losing Central assistance of about ₹ 62 crore every year but also deprived the targeted population of the benefits under the scheme.

Construction of Anganwadi centres

Majority of AWCs (67 per cent) in the State are functioning in rented buildings without adequate facilities

- Out of 73,409 operational AWCs (other than Mini-AWCs) in the State, 48,900 (67 per cent) AWCs were functioning in rented accommodation (of which 4,045 AWCs were located in houses of AWWs/AWHs) as of May 2010. In the seven test checked districts, out of 8,820 AWCs only 1,972 AWCs (22 per cent) were housed in Government accommodation and 6,035 AWCs (69 per cent) were functioning in rented accommodation as shown in Table-3.

⁷ The scheme envisaged (April 2007) establishment of one AWC for 400 - 800 population in a rural/urban project and one AWC for 300 - 800 population in a tribal project

⁸ worked out on the basis of 2001 census norms

⁹ GOI revised the population norms in November 2008, according to which, for blocks with more than two lakh population, the State could opt for more than one project or strengthen the existing staff pattern

Table-3

District	Number of Projects	Number of AWCs	Number of AWCs functioning in		
			Government accommodation	Rented accommodation	Community Centres, etc.
Anantapur	8	1696	409	1207	80
Chittoor	7	1200	437	652	111
East Godavari	9	1810	372	1365	73
Guntur	2	364	21	184	159
Kurnool	6	1191	222	946	23
Nalgonda	10	1733	316	1219	198
Visakhapatnam	6	826	195	462	169
Total	48*	8820	1972	6035	813
Percentage			22	69	9

* The information in respect of 17 Projects (consisting of 3,252 AWCs) is not available

Source: Data as furnished by the CDPOs



AWCs functioning (13th & 20th March 2010) under a small roof in Udatalapalli (V) (Nalgonda District) and dilapidated kutcha house in Bommarajupalli (V) (Guntur District)

The construction of AWCs suffered significantly due to failure to effectively utilise World Bank/NABARD assistance

- NABARD sanctioned (May 2008) a loan of ₹ 47.82 crore (apart from State Government's share of ₹ 8.50 crore) for construction of 1,976 AWCs (unit cost: ₹ 2.85 lakh). Out of the 1,976 AWCs taken up for construction, a meagre 152 AWCs (8 per cent) had been completed; 857 AWCs (43 per cent) were at various stages of construction and construction of 967 AWCs (49 per cent) has not yet started as of May 2010. While the target date for completion of all the AWCs was fixed as 31 March 2011 the progress made so far is not satisfactory. Low unit cost (₹ 2.85 lakh per AWC), site disputes, delay in finalisation of tenders, election code, etc. were quoted as reasons for the delay/non-taking up of construction of the remaining AWCs by the Director.
- As a part of the World Bank assistance envisaged for the period 1998-2006 (for which the project period ended in 2000 but extended upto 30 September 2005) the State Government released (2005-06) ₹ 5 crore for construction of 400 additional Anganwadi centres (AWCs) under Tsunami relief in 21 districts. All the 400 additional AWCs remained incomplete by the end of the project period. Consequently, World Bank assistance of

₹ 5 crore could not be availed of. As a result, as of May 2010, 166 AWCs¹⁰ (out of the 400 sanctioned) still remained incomplete at various stages as against the stipulated date (30 September 2005) of completion.

Basic infrastructure facilities in Anganwadi centres

Seventy two to eighty two per cent functional AWCs in the test checked ICDS projects lacked basic infrastructure facilities

- In all the 65 test checked projects in the seven test checked districts (consisting of 12,072 AWCs) basic amenities (safe drinking water, separate kitchen, toilets, etc.) were not available in 72 to 82 per cent of the AWCs as shown in Table-4. Absence of basic infrastructural facilities in AWCs had adverse implications on the delivery of services to the targeted beneficiaries as was also confirmed by the CDPOs.

Table-4

District	Number of Projects	Number of AWCs	Non-provision of basic facilities					
			Safe drinking water	Separate kitchen and Store room	Gas stoves	Furniture	Toilets	Play-ground
Anantapur	8	1667	1487	1163	1667	1458	1438	1525
Chittoor	11	2079	1604	1633	1923	1552	1542	1801
East Godavari	10	1936	1164	1296	1033	1244	1354	1452
Guntur	8	1284	767	1130	380	965	907	949
Kurnool	6	1191	1092	1036	1191	1191	1096	1167
Nalgonda	14	2659	2054	1722	2063	1627	2225	2058
Visakhapatnam	8	1256	533	775	753	600	996	959
Total	65	12072	8701	8755	9010	8637	9558	9911
Percentage			72	73	75	72	79	82

Note: Information pertaining to four Projects of East Godavari District is not available

Source: Data as furnished by the CDPOs



AWCs functioning (20th & 13th March 2010) without basic infrastructure facilities in Ipur (V) (Guntur District) and Udatalapalli (V) (Nalgonda District)

¹⁰Adilabad (14), Chittoor (4), East Godavari (20), Guntur (16), Karimnagar (6), Khammam (15), Krishna (2), Mahbubnagar (15), Medak (14), Nalgonda (10), Nizamabad (4), Prakasam (5), Ranga Reddy (7), SPS Nellore (16), Srikakulam (4), Vizianagaram (3), Warangal (8) and YSR (3)

More than 33 per cent AWCs in the State were not provided even the utensils required for cooking and distribution of food

- Though for cooking of Hot Food Mixes and distribution thereof necessary utensils are required to be supplied to AWCs, more than 33 per cent of AWCs in the State were not provided (June 2010) even the utensils¹¹ required for cooking and distribution of Hot Food Mixes. The Director while confirming the audit observation stated that procurement of utensils was being made.

2.1.7 Supplementary Nutrition

Mention was earlier made in the Audit Report (Para No. 3.4.5 (i) and (iv) (c)) for the year ended 31 March 1999 pointing out non-enrolling (upto 25 per cent) the eligible beneficiaries and non-coverage of even the enrolled beneficiaries under SNP and shortage in number of feeding days. In the Explanatory Notes submitted (October 2000) to the PAC the Government stated that steps would be taken to ensure 100 per cent coverage under SNP. These assurances remained unfulfilled and the shortfalls still continued to exist as discussed below:

Six to twenty three per cent of eligible beneficiaries were not enrolled under SNP. Not all the enrolled beneficiaries were fed

- Preparation and maintenance of database of beneficiaries facilitate assessment of logistics of delivery in terms of requirement of funds and procurement/supply of supplementary food material, etc. Audit observed that such database of beneficiaries was not maintained at State level by the Director. Further, there was no provision in the Scheme guidelines for maintaining such a database.
- There was a significant shortfall upto 23 per cent in enrolling the eligible beneficiaries themselves under SNP during 2005-10. Even out of the enrolled beneficiaries, 1.84 lakh to as high as 4.34 lakh beneficiaries were not covered under SNP during the five year period 2005-10 as could be seen in Table-5.

Table-5

(Population in lakh)

Year	Total number of eligible beneficiaries	Number of beneficiaries enrolled	Number of beneficiaries covered under SNP	Shortfall in enrolling eligible beneficiaries (Percentage)	Shortfall in coverage of enrolled beneficiaries under the SNP (Percentage)
2005-06	42.82	33.15	31.31	9.67 (23)	1.84 (6)
2006-07	51.10	43.14	41.04	7.96 (16)	2.10 (5)
2007-08	57.96	53.21	50.78	4.75 (8)	2.43 (5)
2008-09	60.26	56.40	53.95	3.86 (6)	2.45 (4)
2009-10	59.16	55.04	50.70	4.12 (7)	4.34 (8)

Source: Figures as furnished by the department

The details of coverage of different categories of beneficiaries under SNP during 2005-10 are given in [Appendix-2.2](#). In the seven test checked districts, the shortfall in enrolling the eligible beneficiaries was upto

¹¹Aluminium Bogonas, Stainless Steel plates, glasses, basins, hastams, etc.

34 per cent during the years 2005-10 as detailed in [Appendix-2.3](#). Thus, neither all the eligible beneficiaries were enrolled nor all the enrolled beneficiaries provided with supplementary nutrition defeating the objective of achieving universalisation of the scheme as envisaged.

The Director while accepting the audit observation attributed (August 2010) the low coverage of beneficiaries under SNP to people preferring private educational institutions, lack of attractive infrastructure in existing AWCs, etc.

Seven to ten per cent of the AWCs in the State were provided SNP below 21 days in a month (as against minimum 25 days) during 2005-10

- (iii) Seven to ten per cent of the AWCs in the State were provided SNP for below 21 days in a month during the five year period 2005-10 as detailed in Table-6.

Table-6

Year	Number of AWCs operated (on average)	Number of AWCs (on average) provided SNP below 21 days per month
2005-06	55204	4413 (8%)
2006-07	58891	4146 (7%)
2007-08	66040	4848 (7%)
2008-09	71552	7198 (10%)
2009-10	73155	6214 (8%)

Source: Figures as furnished by the department

- (iv) Of the 69 test checked ICDS projects, SNP was not provided for all the 300 days to the targeted beneficiaries in 28 projects¹² as prescribed as shown in Table-7.

Table-7

Year	Number of AWCs	Number of AWCs which provided feeding for		
		150-200	201-250	251-299
2005-06	925	594	103	228
2006-07	1509	246	362	901
2007-08	3368	182	306	2880
2008-09	4452	301	1979	2172
2009-10	2876	717	855	1304

Source: Data as furnished by the CDPOs

Thus, the minimum requirement with regard to provision of nutrition to the beneficiaries was not ensured by the CDPOs of the aforementioned 28 projects in the seven sampled districts.

¹²Anantapur (2), Chittoor (4), East Godavari (5), Guntur (2), Kurnool (3), Nalgonda (7) and Visakhapatnam (5)

The objective of ensuring micronutrients in diet as per Recommended Dietary Allowance norm remains unachieved

- (v) Provision of 50 *per cent* of micronutrients as per Recommended Dietary Allowance norm through 80 gram of supplementary food¹³ to different target groups as prescribed by GOI remains unimplemented in the entire State even after lapse of over four years of the GOI's directive (January 2006). The CDPOs in the test checked districts stated that the instructions of GOI would be implemented from the year 2010-11 due to non-finalisation of tenders for supply of food material by the District Purchase Committee.

Adolescent girls who were to be covered under SNP as contemplated by GOI way back in 2004 were not even identified in the State

- (vi) Though GOI accorded approval way back in October 2004, adolescent girls were not identified (June 2010) in the State for coverage under supplementary nutrition thereby depriving the population of the benefit under the scheme besides foregoing the Central assistance. The Director confirmed (August 2010) the audit observation.

Deficiencies viz., erratic supply of RTE food, supply of substandard food, etc. were noticed in supply of RTE food/ Hot Food Mixes

- (vii) The RTE and Hot Food Mixes supplied by AP foods are to be utilised within 45 days and 30 days respectively from the date of manufacture. Audit observed that the AP Foods was not supplying the RTE food/Hot Food Mixes based on the requirement/need based allocation to the projects and the supply was erratic. Some times more quantity of food was being dumped at a time (sufficient for more than two months) to the projects without considering the monthly requirement. In the test checked ICDS projects, as against the average requirement of about 4,000 to 7,000 kg per month, the AP Foods had supplied (2008-10) 6,000 kg to 34,000 kg to the projects resulting in the excess quantity of food (1.96 lakh kg¹⁴ costing ₹ 62 lakh) becoming time expired. On the other hand, there was short supply of RTE food/Hot Food Mixes to the extent of 16,000 MT in the year 2007-08; 15,000 MT in the year 2008-09; and 19,000 MT in the year 2009-10 while the actual requirement for the 222 projects was 76,800 MT for the years 2007-08 and 2008-09 and 91,800 MT for the year 2009-10.

- (viii) The report of 'Social Audit'¹⁵ stated that the supplementary menu consisting of upma, kichidi and halwa mix was found unpalatable by the beneficiaries and some of the children had fallen ill after consuming the above items. Further, the analysis of reports of Food and Nutrition Board¹⁶, Ministry of Women and Child Development also revealed that Kichidi Mix and Modified Therapeutic Food (MTF) supplied were

¹³ with the help of vitamin-mineral premix and incorporation of green leafy vegetables, seasonal fruits, milk, egg in supplementary feeding

¹⁴ (i) CDPOs of six projects (Ipur, Singanamala, Visakhapatnam Urban-II, Chennakotha Pally, Korukonda and Peddapuram) distributed 79,940 kg (value: ₹ 27.98 lakh) time expired food to the AWCs during 2008-10

(ii) AWWs of six projects (Puttur, Chennakotha Pally, Karvetinagaram, Singanamala, Kudair and Narsipatnam) distributed 1,15,698 kg (value: ₹ 33.84 lakh) time expired food to the beneficiaries during 2008-10

¹⁵ conducted (September - November 2008) by Council for Social Development, New Delhi, in respect of 154 AWCs in Anantapur District

¹⁶ inspected (April and May 2009) the AWCs which are located at Visakhapatnam Urban-II, Ponnur (Guntur District) and Vijayawada and collected the samples of SNP from AWCs and got the samples analysed at Quality Control Laboratory at Chennai

found to be not conforming to ICDS nutritional norms. However, there has been no improvement in the quality of food (as of August 2010) as 'AP Foods' continued to supply the same food which are not liked by children/pregnant and lactating mothers as reported by the CDPOs as well as the beneficiaries during the field visits by Audit.

The Director replied (August 2010) that action had been initiated by constituting a cell to monitor the issue.

- (ix) VAT at 12.5 per cent was being paid instead of 4 per cent to AP Foods for supply of RTE foods and Hot Food Mixes. Though the AP Food was also remitting VAT at 12.5 per cent to the Sales Tax Department, due to the excess payment of VAT on the food supplies (₹ 43.65 crore¹⁷ during 2007-10), the ICDS scheme was deprived of the funds to that extent, which could have been utilised to cover more number of beneficiaries under the SNP. The Director replied (June 2010) that the matter would be pursued with AP Foods.

2.1.8 Pre-school Education

Mention was earlier made in the Audit Report for the year ended 31 March 1999 (Para 3.4.5 (v)) regarding the shortage in attendance of children in Pre-schools. The deficiency continued to exist as discussed below:

0.73 lakh to as high as 1.31 lakh children remained out of Pre-school education during 2005-06 to 2009-10

- As per the data furnished by the department, 96 lakh children in the age group of three to six years were enrolled during the five year period 2005-10 in AWCs for Pre-school Education; of which, only 91 lakh children attended Pre-school during the period as shown in Table-8.

Table-8 (figures in lakh)

Year	Number of children		
	Enrolled	Attended	Shortfall
2005-06	16.10	15.28	0.82
2006-07	19.03	18.30	0.73
2007-08	20.97	20.18	0.79
2008-09	20.98	19.70	1.28
2009-10	19.04	17.73	1.31
Total	96.12	91.19	4.93

Source: Figures as furnished by the department

The shortages in attendance were considerably high in East Godavari and Visakhapatnam Districts as detailed in [Appendix-2.4](#). The CDPOs in the test checked projects attributed the shortage in the attendance of wards to lack of infrastructure facilities in the AWCs and sending of children to convents by parents.

¹⁷ 2007-08: ₹ 11.33 crore; 2008-09: ₹ 14.24 crore; 2009-10: ₹ 18.08 crore

There was excess procurement of about 21,000 Pre-school kits (value: ₹ 1.09 crore) during the five year period 2005-10

- Pre-school kits were being procured by the department for all sanctioned AWCs instead of operational AWCs and also without taking into account the balance stocks available at the beginning of year. The excess kits procured in the respective years were not being used statedly due to change in syllabus every year and this has resulted in the 21,171 excess kits worth ₹ 1.09 crore lying in the godowns (May 2010). The details are given in Table-9.

Table-9

Year (Month & Year of supply)	2005-06 (July 2006)	2006-07 (June 2007)	2007-08 (June 2008)	2008-09 (October 2009)	2009-10 (March 2010)
Actual requirement of kits	56278	60761	77013	79501	79888
Number of kits procured	66101	66101	81564	80423	80423
Number of excess kits procured	9823	5340	4551	922	535

Source: Figures as furnished by the Department

The Director replied (February 2010) that the Pre-school kits were procured for all the sanctioned AWCs presuming that all the sanctioned AWCs would be operational at any time during the year. The reply does not explain as to how the unused kits would be utilised in subsequent years in the context of prescription of usage of new items of kits as per the new learning curriculum (adopted by the Government) every year.

The Director assured (August 2010) that the action would be taken to avoid such type of lapses/errors in future.

2.1.9 Health check-ups

Health check-up service includes antenatal care of expectant mothers, post natal care of nursing mothers and care of newborn babies and children below 6 years of age. There was satisfactory performance with regard to 'Referral Services' which was pointed out earlier in the Audit Report for the year ended 31 March 1999. The Health check-ups of ICDS beneficiaries was however, inadequate as discussed below:

There was 100 per cent shortfall in visits of MOs to the AWCs in 19 (out of 69) test checked projects; no joint visits of CDPOs and MOs in 17 projects during 2007-10

- No database of eligible beneficiaries was maintained at State level.
- As per the scheme guidelines, each Medical Officer (MO) should visit each sub-centre under his supervision at least once in a week including AWCs located at sub-centre/village area. However, in 19¹⁸ (out of 69) test checked ICDS projects, no MO visited the AWCs located under his sub-centres during the period 2007-10. Further, in 17 projects¹⁹, no joint visits of CDPOs and MOs were conducted during 2007-10²⁰. The year-wise and project-wise details are given in [Appendix-2.5](#).

¹⁸ Anantapur (1), Chittoor (4), East Godavari (3), Kurnool (1), Nalgonda (9) and Visakhapatnam (1)

¹⁹ Anantapur (1), Chittoor (1), East Godavari (3), Guntur (3), Nalgonda (8) and Visakhapatnam (1)

²⁰ Particulars for the period 2005-07 were not furnished by CDPOs

The Director while accepting the audit observation, stated (August 2010) that efforts would be made to coordinate with the Health, Medical and Family Welfare Department to ensure regular visits by the MOs to the AWCs.

Medical kits were not being supplied in a regular and timely manner to the AWCs. These were supplied in excess of requirement resulting in most of the medicines becoming time expired

- Scheme guidelines stipulate that the Medical kits²¹ should be procured and supplied to AWCs in a regular and timely manner and should be made available in AWCs before the onset of monsoon especially in tribal and hilly areas to prevent outbreak of common seasonal diseases among children. It was observed that while the department placed the supply orders for Medical kits, the medicines were supplied to AWCs during the subsequent years as could be seen in Table-10.

Table-10

Year	Date of issue of supply order	Month/year of allotment of funds	Date of supply by the firm
2005-06	30 January 2006	March 2006	May 2006
2006-07	27 December 2006	March 2007	May 2007
2007-08	5 March 2008	March 2008	November 2008
2008-09	14 March 2009	March 2009	January 2010
2009-10	11 March 2010	March 2010	Under process

Source: Figures as furnished by the department

The Director attributed (June 2010) the delay to belated release of budget by the Government, and delayed supply of Medical kits by the firms, etc.

In about half of the test checked projects mechanism was not in place to watch proper distribution of medicines to the beneficiaries

Monitoring of growth was hampered due to non-functioning of weighing scales in all the test checked ICDS projects

- As in the case of Pre-school kits, Medical kits were also being procured for all the sanctioned AWCs instead of operational AWCs. During the period 2006-10 there was excess procurement of 12,489 Medical kits (including 2,282 mini-kits) worth ₹ 53.02 lakh. In nine ICDS projects²² the Medical kits supplied to the CDPOs (96 kits worth ₹ 0.43 lakh) in excess of the requirement were lying in the project godowns and the possibility of the medicines (shelf life: two years) in the kits becoming time expired cannot be ruled out.
- In 30 out of 69 test checked ICDS projects, no mechanism was in place to watch proper distribution of medicines and there was no recorded evidence of these having been distributed.
- Underweight children is an indicator of inadequate nutrition. Weighment of children assumes significance as it gives a good feedback on the impact of nutrition programme. The scheme guidelines stipulate that children in the age of 0 - 6 years are to be weighed every month in the AWCs to watch

²¹ As a vital input to provide the essential service of Health check-up, each operational AWC is to be provided every year with a Medical kit (worth ₹ 600) consisting of easy to use and dispensable medicines to remedy common ailments like cough and common cold, skin infections, etc.

²² Anantapur (CK Palli, Singanamala & Kudair), Chittoor (Gangadhara Nellore), Nalgonda (Suryapet, Huzurnagar, Munugodu and Peddavoora) and Visakhapatnam (Kotauratla)

their growth and to assess their nutritional status (monthly reports thereof are to be sent to the CDPOs). In none of the test checked ICDS projects in the seven districts baby and adult weighing scales supplied to the AWCs were even functioning, thus hampering the monitoring of growth of the targeted children and pregnant and lactating mothers.

2.1.10 Immunization

Non-coverage of beneficiaries for immunization was already pointed out earlier in the Audit Report for the year ended 31 March 1999 (Para No. 3.4.5 (ii)). In the Explanatory Notes submitted (October 2000) to the PAC the Government assured that the Medical and Health Department would be asked to ensure 100 *per cent* immunization and also to keep bottles of Vitamin-A solution in every Anganwadi centre. This problem was not addressed and the deficiency continued to exist. Audit scrutiny revealed that immunisation of children was deficient under ICDS as discussed below:

- No database of children to be immunised was being maintained.
- There was significant performance in immunization of children of below one year age enrolled in the State. Out of 64 lakh children enrolled in the State, 45 lakh children (70 *per cent*) and 51 lakh children (80 *per cent*) were given immunization of BCG and Measles during the period 2005-10.

The shortfall was 100 *per cent* in Anantapur, Chittoor and Guntur for Measles followed by East Godavari (80 *per cent*) during 2005-06 and Nalgonda (68 *per cent*) during 2006-07. In respect of BCG, the shortfall ranged between 25 to 55 *per cent* in Guntur, 32 to 49 *per cent* in Nalgonda and 32 to 48 *per cent* in Chittoor Districts during 2005-10.

- As per the schedule of immunization, children of 18 months to 24 months age are to be given first dose of Typhoid Monovalent or Bivalent vaccine (injection) and after an interval of 1 - 2 months second dose is to be administered. It was observed that, in none of the test checked projects in the seven districts, vaccination against Typhoid was given to the children under ICDS projects during 2005-10.
- The Deputy Director (ICDS) had no information with regard to the supply of Vitamin-A solution to the ICDS projects as the entire supply was being made by the Health Department. Further, the details regarding supplies made by the Health Department were also not available in the Directorate. In none of the test checked ICDS projects in the seven districts, Vitamin-A solution was administered to infants.

2.1.11 Nutrition and Health Education

Scheme guidelines contemplate imparting of Nutrition and Health Education to all women in the age group of 15 - 45 years, priority being given to nursing and expectant mothers. The department incurred ₹ 8.09 crore on Information, Education and Communication (IEC) activities during 2005-10. The performance under various health indicators *vis-à-vis* the targets during the years 2007-08, 2008-09 and 2009-10 are detailed in Table-11.

Forty five lakh children (70 *per cent*) and fifty one lakh children (80 *per cent*) were immunised against BCG and Measles respectively during 2005-10

The achievements were far below the targets under the component 'Nutrition and Health Education'

Table-11

Health Indicator	Target	Achievement
	in the years 2007-08, 2008-09 and 2009-10	
Infant mortality rate	Below 40 per 1,000 live births	53 per 1,000 live births
Child mortality rate	Below 75 per 1,000 live births	98 per 1,000 live births
Maternal mortality rate	Below 145 per 1,00,000 live births	175 per 1,00,000 live births
Consumption of iodized salt	35/35/40 <i>per cent</i>	20/20/20 <i>per cent</i>
For SC/ST population		
Colostrum feeding within one hour of birth	20/30/80 <i>per cent</i>	15/10/10 <i>per cent</i>
Child exclusively breast feeding for first six months	80/40/80 <i>per cent</i>	30/63/63 <i>per cent</i>
Children given semi-solid food at six months along with breast milk	75 <i>per cent</i>	64 <i>per cent</i>
Children given first dose of Vitamin-A	40 <i>per cent</i>	21 <i>per cent</i>

Source: Data as furnished by the department (No targets were fixed for the years 2005-06 and 2006-07)

Audit observed that the achievements were far below the targets.

2.1.12 Manpower

The programme aims at providing adequate services at AWCs to the targeted beneficiaries. Shortfall in deployment of staff and shortfall in training of personnel in the key areas of the programme implementation were commented upon in the Audit Report for the year ended 31 March 1999 (Para 3.4.8 and 3.4.6). In the Explanatory Notes submitted (October 2000) to the PAC Government assured that action would be taken to fill up the vacant posts. Audit observed that the deficiency persisted as discussed below:

Shortage in deployment of CDPOs was upto 55 per cent and that of Supervisors upto 20 per cent during the period 2005-10

- As against the sanctioned strength of 661 CDPOs/ACDPOs and 2,708 Supervisors (in AWCs), only 413 CDPOs/ACDPOs and 2,452 Supervisors were in place leaving a shortage of 248 (38 *per cent*) CDPOs/ACDPOs and 256 (9 *per cent*) Supervisors as of May 2010. The year-wise shortages ranged from 38 to 55 *per cent* (CDPOs/ACDPOs) and 9 to 20 *per cent* (Supervisors) as detailed in [Appendix-2.6](#). The shortages in deployment of manpower especially in CDPOs and Supervisors posts has adverse implications with regard to delivery of reliable and quality services to the targeted population.

Shortfall in imparting training to CDPOs/ Supervisors/ AWWs, etc. was 27 per cent

- For successful implementation of different components of the programme to promote a convergence of actions in the areas of health, nutrition and early education, the scheme envisaged training of ICDS functionaries. As against the target of 4.66 lakh personnel, only 3.43 lakh personnel (73 *per cent*) in various cadres were trained; leaving 1.24 lakh personnel (27 *per cent*) not being covered for training during 2005-10 as shown in [Appendix-2.7](#).

2.1.13 Monitoring

For effective implementation of the scheme and for its physical monitoring, each CDPO is required to undertake field visits at least 18 days per month. Similarly, field visits are required to be made by the Supervisors to all the AWCs under their jurisdiction every month.

Shortfall in field visits to Anganwadi centres and non-conduct of Project level Coordination Committee meetings were earlier commented upon in the Audit Report for the year ended 31 March 1999 (Paras 3.4.7 and 3.4.11). Audit noticed that these deficiencies were not addressed by the department and continued to exist as discussed below:

There were huge shortfalls (upto 47 per cent) in visits of Supervisors to AWCs during 2007-10

- Huge shortfalls (upto 47 per cent) in visits of Supervisors to AWCs were noticed during 2007-10 as shown in Table-12.

Table-12

District	Number of projects	Number of visits required to be made	Actual visits (Percentage)	Shortfall (Percentage)
Anantapur	8	52734	32016 (61)	20718 (39)
Chittoor	8	42839	23153 (54)	19686 (46)
East Godavari	10	66045	48283 (73)	17762 (27)
Guntur	3	17276	10930 (63)	6346 (37)
Kurnool	6	41833	30121 (72)	11712 (28)
Nalgonda	14	86668	52025 (60)	34643 (40)
Visakhapatnam	8	44080	23421 (53)	20659 (47)

Source: Data as furnished by the CDPOs

Note: Information for the years 2005-06 and 2006-07 is not available

The CDPOs attributed the shortfall in field visits of Supervisors to shortage of staff. Thus, the objective of physical monitoring of the functioning of the AWCs has not been fully achieved in all the projects.

- ICDS is a multi-sectoral programme involving several departments like Health and Family Welfare, Social Welfare. Therefore, their services are required to be coordinated at village, project, district and State level to facilitate planning, monitoring and evaluation of the programme. The Coordination Committees under the scheme are required to meet monthly at the project and the district level and quarterly at the State level. However, out of the 69 ICDS projects test checked, Project Coordination Committees were not even formed in 29 projects. Though committees were formed there were no regular meetings in 18 projects as detailed in [Appendix-2.8](#).

2.1.14 Constraints and achievements

The constraints and achievements as reported by the Department are discussed below:

Although, spread of ICDS increased in the last five years due to universalisation, vacancies at various levels have not been filled up and there was no direct recruitment of Supervisors since 1994-95. There were also delays in deployment of Anganwadi Workers/Helpers. Besides, Anganwadi Workers were getting entrusted with the works of other departments like weeding out of bogus ration cards, etc. Infrastructural support was not being provided for encouraging enrolment of children. Despite these constraints, the department stated that the following achievements were made:

- About 51 lakh pregnant, lactating mothers and children were covered under SNP during the year 2009-10.
- About 20 lakh children were covered under Pre-school Education (PSE) and to stabilise PSE, child friendly curriculum was introduced in all AWCs from July 2009. Award of Pre-school certificates to all children was introduced from 2009.
- About 5 lakh children were admitted in primary schools by the AWWs under the school readiness programme.
- Five best practices viz., (i) Effective fixed nutrition and health day, (ii) Prioritised home contacts by AWWs, (iii) Prioritised AWC visits by ICDS Supervisor, (iv) Prioritised conduct of structured sector meeting by Supervisor, and (v) Supply chain management of food commodities for un-interrupted feeding were introduced (2009) to improve the services.

2.1.15 Conclusions

The implementation of Integrated Child Development Services (ICDS) scheme suffered as the State failed to cover the whole targeted population under the scheme despite availability of Central assistance. The department has not complied with the audit observations included in the Audit Report for the year ended 31 March 1999 and the deficiencies persisted during the five year period 2005-10. Augmentation of Anganwadi centres was not given adequate priority. Majority of Anganwadi centres (67 per cent) were functioning in rented buildings which lacked basic facilities such as safe drinking water, toilets, non-provision of utensils. Adolescent girls who were to be covered under SNP as contemplated by Government of India way back in 2004 were not even identified in the State. Audit also noticed deficiencies such as erratic supply of Ready to Eat (RTE) food/Hot Food Mixes (by AP Foods), supply of substandard/time expired food to children, huge shortfalls in visits of Medical Officers to Anganwadi centres, etc. The objective of ensuring micronutrients in diet as per Recommended Dietary Allowance norm remains unachieved. Underweight children is an indicator of inadequate nutrition. Weighment of children assumes significance as it gives a good feedback on the impact of

nutrition programme. This important aspect was ignored. No mechanism was in place to watch proper distribution of medicines to the beneficiaries. There were huge shortages in deployment of CDPOs and Supervisors. Monitoring of the functioning of Anganwadi centres by CDPOs/Supervisors was inadequate.

2.1.16 Recommendations

- Efforts should be made to augment Anganwadi centres and provide them with adequate infrastructure.
- Database of beneficiaries should be prepared for all components of the scheme to facilitate effective implementation of the scheme.
- Ready to Eat/Hot Food Mixes supplied to Anganwadi centres should conform to ICDS norms.
- Implementation of Supplementary Nutrition Programme should be strengthened by identifying adolescent girls and periodical weighing for monitoring the impact of the programme.
- Vigorous monitoring of the ICDS programme should be done to make it more effective.

The above audit observations were discussed with the Director and other officers concerned in the exit conference held in August 2010. The Director assured to take remedial action on the audit observations. The recommendations made were also discussed and accepted. Government's reply had not been received (November 2010).

IRRIGATION AND COMMAND AREA DEVELOPMENT DEPARTMENT (Projects Wing)

2.2 Mahatma Gandhi (Kalwakurthy) Lift Irrigation Scheme

Highlights

Mahatma Gandhi (Kalwakurthy) Lift Irrigation Scheme was taken up with the objective of providing irrigation facilities to 3.40 lakh acres and drinking water facility for a population of 4.36 lakh in 303 villages of chronically drought prone areas in Mahbubnagar District. Audit noticed that the Scheme was badly planned and shoddily executed. The works were awarded without fully acquiring lands and consequently, even though the stipulated execution period is over the lands are yet to be acquired in full. This resulted in the project remaining incomplete despite substantial investment of funds and even two years after the lapsing of the stipulated time for completion of the project. Consequently, no irrigation or drinking water facility has reached the targeted areas/people. Cost control was lacking in the contract procedure adopted for this project. There was failure to incorporate necessary safeguards in the agreements to protect Government interest and as a result, the benefit of reduction in expenditure arising from execution of less quantities than contracted for did not accrue to Government and thereby substantial undue benefits were passed on to the contractors. There were deficiencies in formulation of contract clauses and their implementation.

As a cost control measure, the Government stipulated that works should be awarded to contractors only if the quoted value does not exceed 105 per cent of the estimate. The spirit of this order was vitiated by preparation of inflated estimates.

[Paragraphs 2.2.6.1 and 2.2.7.1]

Due to failure to incorporate necessary safeguarding clauses in the agreements to protect Government interest, undue benefits of ₹ 402.66 crore passed on to the contractors as the payments were substantially higher than the amounts payable.

[Paragraph 2.2.6.4]

There was failure to specify time frames in the agreements for the obligations to be fulfilled by the department in addition to the obligations of the contractors, for effective operation of the clause with regard to Liquidated Damages.

[Paragraph 2.2.7.4]

Lack of proper sequencing/synchronization of activities/works led to prolonged gestation period of the project on which an amount of ₹ 1,696.76 crore had already been spent. Not a single acre has been irrigated even after a lapse of five years.

[Paragraph 2.2.5.2]

2.2.1 Introduction

Mahatma Gandhi (Kalwakurthy) Lift Irrigation Scheme was taken up to provide irrigation facilities to 3.40 lakh acres and drinking water facility for a population of 4.36 lakh in 303 villages of chronically drought prone areas in Mahbubnagar District by lifting 25.00 TMC²³ of water from foreshore of Neelam Sanjeeva Reddy Sagar (Srisailem) Project on Krishna river at Regumangadda of Yellur village in Kollapur Mandal of Mahbubnagar District. Government accorded (November 2005) administrative sanction for ₹ 2,990 crore for the scheme. The scheme consists of three packages for lifting of water and three packages for excavation of main canals and distributary network. The schematic diagram is given in [Appendix-2.9](#).

2.2.2 Organisational setup

The administration and coordination of the scheme rests with the Secretary to Government, Irrigation and Command Area Development Department (Telangana region). Planning, budgeting, implementation, coordination and monitoring of the project are in the purview of Engineer-in-Chief (Irrigation) and Chief Engineer (Projects), Mahbubnagar (CE). The Superintending Engineer, MGJLIP Circle, Mahbubnagar (SE) supported by three Executive Engineers (EEs) is responsible for monitoring the execution of works.

2.2.3 Audit objectives

The objective of this Performance Audit was to assess whether

- the project was taken up after due benefit-cost assessment;
- project planning ensured proper sequencing/synchronization of various activities/works under the project for optimal utilisation of precious financial resources and effective cash flow management;
- cost control mechanism was effective at the formulation, estimation, award and execution stages of works to ensure economising the project cost; and
- contract management effectively protected Government interests.

2.2.4 Scope and Methodology of Audit

The performance audit covers the period from 2003-04 to 2008-09²⁴. Audit of records of the offices of the CE, SE and all the three EEs was undertaken from February 2009 to May 2009. The Detailed Project Report, Estimates, agreements, running account bills of agencies and related correspondence were scrutinised in audit. The replies of the Government have been taken into consideration while arriving at the audit conclusions.

²³ Thousand million cubic feet

²⁴ Subsequently updated in February 2010

An entry conference was held in January 2009 with Secretary to Government I&CAD (Telangana Region), ENC, CE, SE and the EEs and the objectives of the Performance Audit were explained to them. Physical evidences were obtained in the form of replies to audit queries, copies of documents, photographs, maps, etc. The exit conference was held in August 2010 with the Secretary to Government and the departmental officers. The results of the performance audit are discussed in the succeeding paragraphs.

Audit findings

2.2.5 Project planning

2.2.5.1 Benefit-Cost ratio

Before embarking on a major project, it is a normal practice to assess benefits vis-à-vis cost on the project. Benefit may be economic, social or a combination of both. Good governance pre-supposes informed decisions, based on rational considerations.

In the instant case, as per the original Detailed Project Report (DPR) (August 2002), the scheme envisaged creation of irrigation facilities to 2.50 lakh acres and provision of drinking water facility to villages enroute. The estimated cost was ₹ 1,766 crore and the Benefit-Cost (B/C) ratio of the project was computed as 1.29. Subsequently the DPR was revised (November 2005) in which the cost of the project was increased to ₹ 2,990 crore due to increase in the proposed ayacut to 3.40 lakh acres. Audit observed that the increased cost was worked out without computing the quantities of soil to be excavated. The revised B/C ratio was yet to be worked out.

The Government replied (June 2010) that the lift irrigation scheme was taken up in a most backward and drought prone area and the B/C Ratio is important but not the sole factor. While the Government has social compulsions yet the social benefits derived from any project should be computed in order to justify such financial outlays.

2.2.5.2 Project execution

The execution of the project broadly involves the following activities:

- (a) Land acquisition; and
- (b) Execution of civil works, electro and hydro-mechanical works.

Audit observed lack of proper sequencing/synchronization in execution of the above activities as follows:

The project works were divided into six packages and entrusted (March/September 2005) to different contractors under Engineering, Procurement and Construction (EPC) contract system. The works were in progress. The status of the works as of February 2010 was as shown in Table-13:

Table-13

Package/ Component	IBM value (Rupees in crore)	Agreement value (Rupees in crore)	Stipulated period for completion	Date of Commencement	Stipulated date for completion	Progress as of February 2010	Time overrun (in months)
Canal works							
Package-28	243.04	249.75	24 months	20.03.2005	20.03.2007	82.78%	35
Package-29	549.34	546.30	24 months	19.03.2005	19.03.2007	23.61%	35
Package-30	220.88	201.40	24 months	20.03.2005	20.03.2007	61.53%	35
Lift works							
Lift-I package	517.25	495.21	36 months	02.03.2005	02.03.2008	91.41%	23
Lift-II package	560.29	578.04	36 months	26.09.2005	26.09.2008	81.06%	17
Lift-III package	639.55	631.99	36 months	28.09.2005	28.09.2008	65.70%	17

None of the works were completed even though stipulated dates of completion were long over. Audit observed the following:

Land acquisition

Land required to ensure smooth progress of work was not acquired in advance before award of works

Para 180 of Andhra Pradesh Public Works Department code stipulates that no work should be started without acquiring land. Government orders²⁵ also stipulated that lands should be acquired in advance for taking up of works without interruption for the first two years.

Besides the land already in the possession of the department, the project needed acquisition of additional 20,107.22 acres of land from private owners. The time stipulated for execution of different works in this project was not more than three years. Given the short duration of the project works, large parcels of land to be acquired and the complex process for its acquisition, sizeable portion of land should have been acquired before award of works. Audit noticed that lands were not even identified for acquisition at the time of award of works. Works were being executed in the lands already available with the department and on the portions of lands acquired from time to time after award of works. Even though the period stipulated for completion of the project works is over, more than 7,200 acres of land is yet to be acquired even after five years since commencement of the works.

The Government replied (June 2010) that since the task of conducting detailed survey and investigation is also entrusted to the same contractor under EPC²⁶ system, the land acquisition was initiated only after award of work after completion of investigation and finalization of canal alignments. The reply is not tenable. Commencement of works without acquiring land is not only against the codal provisions/Government orders, but also is an unprofessional way of project planning and execution. Such an approach has a risk of progress of works getting hampered, as evident in the instant case.

²⁵G.O. Ms. No.177, dated 27 September 1997 of I&CAD Department

²⁶Engineering, Procurement and Construction

Due to commencement of works without acquiring land, the project has not been completed even two years after the scheduled date of its completion and not a single acre has been provided with irrigation facility so far. The drinking water facility has also not been provided. An amount of ₹ 1,696.76 crore²⁷ incurred on the portions of works executed in the available lands has remained blocked in an incomplete project for a prolonged period without any benefit accruing to the targeted areas and people.

2.2.6 Cost control

Audit observed that in the contract procedure followed for execution of this project there was failure to incorporate certain controls. Consequently, undue benefits of ₹ 402.66 crore either already passed on or committed for payment to the contractors, as discussed in subsequent paragraphs.

2.2.6.1 Preparation of estimates

Preparation of estimates is an important element in cost control mechanism which helps to define the quantity of work to be executed and its cost. For the various components of irrigation projects, such as execution of main canal, excavation of distributary network, construction of concrete structures, laying of pipelines, etc. the appropriate unit rate can be derived from the Standard Schedule of Rates (SSRs) issued by the department every year. In this project, the estimates were not properly prepared for a number of components of the work.

Preparation of estimates after opening of price bids: The Government orders stipulated that works should be awarded only if price bids do not exceed 105 *per cent* of the estimated value. Thus, transparency demands that the estimates are prepared before receipt of bids. In the Lift packages (Lifts-I, II and III) audit noticed that tenders were invited before obtaining technical sanctions of estimates as shown in Table-14.

Table-14

	Date of NIT	Last date of bids	Date of Technical sanction of estimates	Date of opening of price bids	Date of Tender evaluation	Date of agreement
Lift-I	13.07.2004	08.11.2004	31.12.2004	19.01.2005	01.02.2005	02.03.2005
Lift-II	12.01.2005	10.03.2005	26.09.2005	08.04.2005	28.07.2005	26.09.2005
Lift-III	12.01.2005	10.03.2005	26.09.2005	08.04.2005	28.07.2005	28.09.2005

In respect of Lift-II and Lift-III the technical sanction was accorded (September 2005) more than five months after opening (April 2005) of price bids. Further, the reasons for the more than five months gap between the date of opening of price bids and the date of concluding (September 2005) the agreements were not on record.

²⁷ Expenditure as of February 2010

The estimates of distributary network were exaggerated due to adoption of incorrect higher rate - ₹ 119 crore

Inflated estimates: In respect of distributary network the bulk of the cost is on excavation of distributaries/field channels. SSRs have unit rates for different categories of soils to be excavated. In all the three packages, the glaring deficiency noticed was that while preparing the estimates the quantities of different types of soils to be excavated were not assessed in respect of distributary network and the values were computed by adopting a figure of ₹ 15,000 per acre of ayacut to be irrigated. This procedure was inappropriate and overlooks the basic principle that the cost of execution is directly linked to quantities of soil to be excavated. There is no unit rate for excavation work expressed in terms of acre of ayacut to be irrigated. Indication of quantities is one of the vital controls. In the absence of quantities, the risk of undue benefits accruing to contractor (due to the amount paid being higher than the cost of quantities executed) cannot be ruled out.

Inflated estimates leading to extra expenditure of ₹ 58.47 crore

Audit noticed that the estimates were exaggerated by adopting a higher rate of ₹ 15,000 per acre as compared to ₹ 11,500 per acre adopted in two other projects viz., Koilsagar Lift Irrigation Scheme and Jawahar Nettampadu Lift Irrigation Scheme located in the same district having the same topography, taken up in the same year (2005). Due to adoption of higher rate, the estimates were inflated by ₹ 119 crore²⁸. This resulted in incorrect acceptance of bids, despite exceeding the stipulated ceiling of 105 per cent by ₹ 58.47 crore, defeating the cost control objective of the Government, as shown in Table-15.

Table-15

(Rupees in crore)

Package (Ayacut to be developed)	Estimate value of the total work	Excess amounts* provided in the estimate	Estimate value if correct amount is provided		Actual agreement value	Extra expenditure to Government
			100 %	100% + 5%		
Package-28 (70,000 acres)	243.04	24.50	218.54	229.47	249.75	20.28
Package-29 (1,80,000 acres)	549.34	63.00	486.34	510.66	546.30	35.64
Package-30 (90,000 acres)	220.88	31.50	189.38	198.85	201.40	2.55
Total		119.00				58.47

* 'Acres of ayacut to be developed' X '₹ 3,500 (i.e. the difference in rate) per acre'

The Government replied (June 2010) that the rate of ₹ 15,000 per acre was adopted based on the similar rate provided in the Alimineti Madhava Reddy (AMR) Project as the terrain was similar in both cases. The reply is not acceptable as AMR Project is located in Nalgonda District whereas Koilsagar, Jawahar Nettampadu and Kalwakurthy Lift Irrigation Schemes are located in Mahbubnagar District.

2.2.6.2 Selection of contractors

Audit could not verify the aspect of selection of bidders, as the department did not produce the tender documents, bids and the related files to audit on the plea that the same were taken by Upa-Lokayukta.

²⁸(₹ 15,000 – ₹ 11,500) X 3,40,000 acres

2.2.6.3 Measuring the quantities of work executed

Measurement of the quantities executed is a critical element of cost control as the cost of the work has a direct relation to the quantities. Audit observed that as per clause 42.1 of the agreements, the critical task of measuring the work and recording the measurements in the Measurement Books was left to the contractors executing the work, instead of doing it departmentally which would have assured better accountability.

Besides, in respect of excavation work relating to canals, distributary network and lift packages though the measurements of earthwork excavated were being recorded in the measurement books no details as to the category of soil excavated were noted. The payments released were thus not with reference to the volume of work executed in each category of soil.

In respect of concrete structures also, though measurements were being recorded, the payments were not with reference to the cubic meters of concrete used.

During the exit conference, the department replied that only the outcomes of the project are important and that the quantities do not form the basis for payments. The reply is not acceptable as the reply of the Government that quantities are not relevant is not correct. Absence of the cost control mechanism has led to payments higher than the amounts payable, as discussed below:

2.2.6.4 Payments to contractors

As per the procedure prevailing prior to August 1998, when tenders were invited for execution of works relating to Public Works Departments in the State, the bidders used to quote their unit rates for each item of work separately. In August 1998, the Government changed the procedure for regulation of payments through standardisation of unit rates adopted for making payments to contractors. The Government ordered²⁹ that:

- (i)** The tender schedules should contain:
 - the quantities of each item of work;
 - the rates worked out by the department for each item of work (i.e. unit rates);
 - the amount for each item; and
 - total estimated contract value
- (ii)** The bidders will not have to quote rates for each item but only quote their overall tender percentage for the entire work.

²⁹Para g (5) of G.O. Ms. No. 132, dated 11 August 1998 of Transport, Road and Buildings Department

Government of Andhra Pradesh, as an additional cost control measure, decided³⁰ that contracts can be awarded only if the tender percentage does not exceed 105 *per cent* of the estimated value.

With the introduction of these measures, in the conventional Unit Price Contract system, the unit rate for each item of work is derived from the Standard Schedule of Rates (SSR)³¹ and is adjusted for the overall tender percentage quoted by the contractors. This rate is applied to the quantities finally executed, to compute the value payable to the contractor. Thus, the amount payable for each item of work under a contract gets restricted to the amount computed as shown below:

$$\text{Value payable} = (\text{unit rate derived from SSR}) \times (\text{tender percentage}) \times (\text{quantity executed})$$

A mention was made in the Performance Audit (Para 3.2) on ‘Godavari Water Utilisation Authority’ which featured in the Audit Report (Civil) for the year ended 31 March 2007 that “there was no suitable provision in the agreements to safeguard the Government interest, resulting in reduction of substantial quantity of material, with benefit passing on to the contractor” and that “the agreements were one sided in favour of the contractors”. It was recommended therein that “suitable changes/provisions may be made to safeguard Government interest in EPC system of contract”. While reiterating this aspect in the Audit Report (Civil) for the year ended 31 March 2009 (Para 1.4) on ‘Accelerated Irrigation Benefit Programme’ it was specifically recommended that “when the quantities of work to be executed have not been firmed up it would be in the interest of the Government to link payments to quantities executed rather than awarding works on fixed price basis”.

Before award of work, the reasonableness of the price quoted by the bidder is assessed by comparing it with the value of the estimated quantities. To address the risk of inflated estimates and to restrict payment to the work already executed, payments were to be regulated by comparing the quantities finally executed with the estimated quantities and rates. Audit observed that this was not the case. As a consequence, the benefit of reduction in expenditure due to execution of less work than contracted for did not accrue to Government. Audit compared the payments under EPC contracts with the Unit Price Contract by adoption of unit rates as adopted in the departmental estimates (derived from SSR) and adjusting it with the tender percentages quoted by the contractors³².

Canal Packages

Works under the Canal packages (Packages 28, 29 and 30) broadly involve:

- Construction of main canal/distributary network
- Construction of concrete structures

³⁰ G.O. Ms. No. 133, dated 20 November 2004 of I&CAD (PW Reforms) Department

³¹ Prepared by the department every year

³² Amount payable = (unit rate as per departmental estimates) X (tender percentage) X (quantity executed)

Release of payments without reference to the quantities executed - undue benefit of ₹ 130.19 crore to the contractors

Construction of Main Canals

In canal packages, the department prepared the estimates in respect of main canals based on the anticipated quantities and the unit rates derived from SSR. Audit noticed that the payments for main canals were substantially higher than the amount payable if safeguards had been incorporated. Consequently, undue benefits of ₹ 130.19 crore accrued to the contractors as detailed in Table-16:

Table-16

Package No.	Estimated quantity of excavation (in Cum)	Estimate value (Rupees in crore)	Tender percentage quoted by the contractors	Cost of this component with tender percentage (Rupees in crore)	Quantities executed (in Cum)	Value payable as per actuals (Rupees in crore)	Amount scheduled for payment (Rupees in crore)	Excess (Rupees in crore)
1	2	3	4	5	6	7	8	9 (8-7)
Pkg-28	82,33,499	82.99	(+) 2.76 %	85.28	63,97,525	66.26	126.19	59.93
Pkg-29	1,54,04,760	145.31	(-) 0.55 %	144.51	Work in progress	144.51	193.28	48.77
Pkg-30	39,57,505	37.69	(-) 8.82 %	34.37	51,79,246	44.97	66.46	21.49
Total undue benefit to contractors								130.19

The package wise details are as under:

Package-28: The estimated value for excavation of main canal was ₹ 82.99 crore. The cost of this component after adjusting towards the tender percentage works out to ₹ 85.28 crore. Audit noticed that the quantities executed were less than the estimated quantities. The monetary value payable to the contractor taking into account this reduction works out to ₹ 66.26 crore. As against this an amount of ₹ 126.19 crore is scheduled for payment giving a clear undue benefit of ₹ 59.93 crore to the contractor.

Package-30: The cost of this component, after giving due allowance for tender percentage on the estimated value of ₹ 37.69 crore, works out to ₹ 34.37 crore. Considering the quantities executed by the contractor, the monetary value payable works out to ₹ 44.97 crore. As against this an amount of ₹ 66.46 crore is scheduled for payment giving undue benefit of ₹ 21.49 crore to the contractor.

In respect of **Package-29**, the estimated value was ₹ 145.31 crore. The cost of this component after adjusting the tender percentage works out to ₹ 144.51 crore. Amount scheduled for payment was ₹ 193.28 crore. The canal work was still in progress. Even if the quantities executed are equal to the estimated quantities, the benefit to the contractor would be ₹ 48.77 crore.

Construction of concrete structures

The cost of construction of concrete structures depends on the quantities of different types of concretes (and the quantities of cement, steel, etc.) to be used. A structure comprises of different sections. Thus, the unit to be adopted

for regulation of payment is the ‘quantity (expressed in terms of Cum)’ of each ‘type of concrete’. The SSRs facilitate determination of unit rate for each concrete structure expressed in terms of monetary value per Cum for that structure. In the three canal packages the following provisions were made in the estimates.

Table-17

	Number of structures contemplated	Amount provided
Package - 28	75	₹ 27.58 crore
Package - 29	317	₹ 92.87 crore
Package - 30	165	₹ 32.02 crore

In all the three packages (28, 29 and 30) audit noticed the following:

- The estimates were not prepared on the basis of quantities which have a direct relation to the cost of execution. There were no records to show that these amounts were arrived at based on the designs of the structures and the quantities of materials to be used in their construction.
- The NITs did not stipulate the designs of the structures indicating the dimensions, specifications and the quantities of materials required. In the absence of this, the description of scope of work was inadequate.
- The amounts scheduled for payment for concrete structures in Packages 28, 29 and 30 are ₹ 37.46 crore, ₹ 54.63 crore and ₹ 20.14 crore respectively. However, the payments were not with reference to the cubic meters of concrete used.

The payments were not with reference to cubic meters of concrete used - ₹ 112.23 crore

In the absence of these safeguards, the risk of inflated estimates and the Government not getting the benefit of reduction in quantities after award of work was not addressed.

Lift Packages

In the Lift works, there were substantial reduction in quantities as compared to those initially estimated and the payments for some components like pipelines, tunnel works and for earthwork in pump houses and surgepools were substantially higher than the amounts payable. Consequently, undue benefits of ₹ 272.47 crore accrued to the contractors as detailed below:

No reduction in payments to contractors despite reduction in earth work quantities - ₹ 75.39 crore

Earthwork excavation for surgepools and pump houses: All the lift packages envisaged construction of surgepools and pump houses which *inter alia* involve earthwork excavation. In all the three packages estimates were prepared based on the quantities of earthwork in each category of soil based on the dimensions of the structures. Audit noticed that during execution there was substantial reduction in the earthwork quantities in these structures as shown in Table-18.

Table-18

	Item of work	Quantities as per estimate (Cum)	Estimated value (Rupees in crore)	Quantities being excavated (Cum)	Amount payable as per actuals (Rupees in crore)	Amount scheduled for payment (Rupees in crore)	Undue benefit to contractor (Rupees in crore)
Lift-I	Surgepool & Pump House	6,89,210	27.75	4,56,040	17.58	53.89	36.31
Lift-III	Surgepool	9,62,078	47.95	4,45,000	21.92	61.00	39.08
Total undue benefit to contractors							75.39

No reduction in payments to contractors despite reduction in pipeline quantities - ₹ 74.76 crore

Due to absence of requisite safeguarding clauses in the agreements, payments to contractors were not being reduced despite the reduction in quantities, resulting in undue benefit to contractors.

Delivery mains (pipeline): Similarly, there were reductions in the length of delivery mains as against the estimated length with attendant adverse consequences as shown in Table-19.

Table-19

	Length of pipeline as per estimate	Estimated value (Rupees in crore)	Actual execution		Amount payable [#] (Rupees in crore)	Amount scheduled for payment (Rupees in crore)	Excess (Rupees in crore)
Lift-I	700 m	59.21	Pipeline	233.66 m	18.18	50.18	27.94
			Tunnel	388.50 m	4.06 *		
			Total	622.16 m	22.24		
Lift-II	495 m	33.36	320 m		21.37	25.66	4.29
Lift-III	538 m	31.99	243.60 m		13.80	56.33	42.53
Total undue benefit to contractors							74.76

[#] worked out on pro-rata basis duly applying the contractors tender percentage

* worked out with rates adopted for tunnel in Lift-III package and applying contractor's tender percentage

Amounts scheduled for payment to contractors were far in excess of the amounts payable - ₹ 122.32 crore

Tunnel: In respect of tunnel works under Lift-II and Lift-III packages, audit noticed that the amounts scheduled for payment to the contractors was far in excess of the amounts they would be eligible, considering the estimated cost and overall tender percentages quoted by them.

Table-20

(Rupees in crore)

	Item of work	Estimated value	Amount payable	Amount scheduled for payment (percentage)	Excess
Lift -II	Tunnel, Surgepool, pump house and Draft Tube tunnels	156.28	161.23	229.13 (142.11 %)	67.90
Lift -III	Tunnel	74.59	73.70	128.12 (173.84%)	54.42
Total undue benefit					122.32

Audit observed that there was no mechanism in the agreements to ensure that the amounts scheduled for payment for this component is released to the contractors only when they execute 42.11 *per cent* and 73.84 *per cent* extra over and above the estimated quantities.

Payments to the tune of ₹ 54.43 crore were being made without recording measurements in support of actual execution of work

Payments for Shotcreting³³: In respect of Lift-II and Lift-III packages, the contractors quoted ₹ 40.41 crore and ₹ 14.02 crore respectively towards shotcreting. However, while making payments towards execution of this item no measurements were recorded in the Measurement Books in terms of quantity of concrete used to authenticate its actual execution.

The Government replied (June 2010) that the recording of execution of shotcreting work was not possible. The reply is incorrect as while preparing the estimate the quantities of various materials to be used in the work were assessed.

In its reply, the Government did not deny the fact of undue benefits to contractors due to reduction in quantities than those initially estimated. Incorporation of the requisite safeguarding clauses in the agreements would have avoided the undue benefits to contractors.

2.2.7 Implementation of contract clauses

2.2.7.1 Clauses relating to taxes and duties

NIT stipulated that the contractor should include in his price bid the taxes and duties payable. The basic flaw in the NIT was that it did not insist for exhibition of taxes and duties separately. Such a clause would have had the following benefits:

- (a) If the tax element has been included incorrectly in the bid, it would have been rectified. It also helps to regulate payments in case of change in taxes and duties.
- (b) It helps tax authorities for the correct realisation of taxes and duties from contractors.

In case of Lift-I package, excise duties and taxes were included in the estimate. The contractor was awarded the work in March 2005. The contractor indicated an amount of ₹ 30.23 crore towards taxes and duties separately, but no tax-wise break up was furnished. At the time of award of work the Central Excise Duty (CED) was exempted and the Turnover Tax (TOT) was not applicable³⁴ from April 2005 after introduction of Value Added Tax (VAT). There are no corresponding adjustments in payments to contractor towards tax components.

³³ Shotcrete is small-aggregate of concrete conveyed through a hose and shot from an air gun onto a backup surface. It is a temporary safety arrangement against falling of muck at weak zones while excavating a tunnel

³⁴TOT was applicable only for turnover below ₹ 40 lakh

Extra expenditure of ₹ 65.87 crore due to inflated estimates

Government order stipulated award of contract only if the quoted value does not exceed 105 *per cent* of the estimate. The spirit of this order was vitiated as the estimates of Lift-II and Lift-III packages became inflated by inclusion of such cost element as CED on the value of Electro Mechanical components though the exemptions were available on irrigation works and TOT which was not applicable. The IBM values resulted in incorrect acceptance (September 2005) of bids, despite exceeding the 105 *per cent* limit by ₹ 65.87 crore as detailed in Table-21.

Table-21

(Rupees in crore)

Package	Estimate value	Amounts incorrectly provided in the estimate towards CED and TOT	Correct estimate value without CED and TOT	Maximum permissible award value (105% of Col. No. 4)	Agreement value	Extra expenditure to Government
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(6)-(5)
Lift-II	560.29	54.92	505.37	530.64	578.04	47.40
Lift-III	639.55	55.25	584.30	613.52	631.99	18.47
Total extra expenditure						65.87

The prices quoted by the contractors for Lift-II and Lift-III packages did not indicate separately tax elements included in the total price bid. There is thus no assurance with regard to correct regulation of payments towards taxes and duties.

During the exit conference (August 2010), the Secretary to Government agreed that insistence of break up of taxes and duties separately in the price bids would help in regulation of payments for tax components.

2.2.7.2 Clause relating to collection of EMD

Short collection of EMD due to incorrect stipulation in NIT – ₹ 5.80 crore

As per the prevailing orders an Earnest Money Deposit (EMD) of ₹ 15.80 crore was to be collected at 2.5 *per cent* on the agreement value of ₹ 631.99 crore. However, the NIT of Lift-III package prescribed collection of ₹ 10 crore as EMD. This led to short collection of security of ₹ 5.80 crore.

Government replied (June 2010) that the agency paid the EMD as per the NIT conditions and when payment of EMD at 2.5 *per cent* was insisted by the department as per the Government orders, the High Court restrained the department from doing so. The reply is evasive inasmuch as it was silent on why the correct amount of EMD was not mentioned in the NIT.

2.2.7.3 Clause relating to rate of interest on Mobilisation Advance

Post tender reduction in the rate of interest on Mobilisation Advance – ₹ 2.76 crore

Mobilisation advance of ₹ 24.05 crore was paid (March 2005) to contractors. As per NIT and Agreement of Lift-I package, the rate of interest to be charged was at 12 *per cent* per annum on mobilisation advance. No conditions were prescribed to the effect that any change in rate of interest in future would be made applicable to advances paid earlier. Despite this, the rate of interest was

reduced (September 2007) to 8/10 *per cent* retrospectively, thereby vitiating the sanctity of tender conditions. The incorrect decision of extending the benefit resulted in reduction of recovery of interest by ₹ 2.76 crore.

Government in its reply (June 2010) while agreeing that as per the agreement the mobilisation advance carried interest of 12 *per cent*, stated that it subsequently revised the rate of interest to be at par with the prevailing interest rate. The reply is not tenable. Since there was no clause in the agreement for change in rate of interest from time to time, post tender reduction in the interest rate contrary to agreement conditions led to loss of revenue to Government and undue benefit to contractor.

2.2.7.4 Operation of liquidated damages clause

Non-operation of liquidated damages clause

As per the contract conditions, if the contractor fails to complete the whole work or part thereof within the stipulated individual milestones due to the reasons attributable to them, the competent authority may impose liquidated damages. However, there was no specific time frame fixed or stipulated in the agreement for the obligation to be fulfilled by the Department. Despite delays in execution of works no liquidated damages (LD) were collected from the contractors.

Government replied (June 2010) that the agencies could not adhere to the initial programme due to delay in land acquisition, finalisation of selection of pumps/motors, delay in payments by the department, etc. and hence there was no ground for levy of LDs. The reply is not tenable as the agreement did not stipulate the specific dates for completion of the various tasks on the part of the department. In the absence of specific time frames, attributing all the delays to the department was incorrect.

2.2.8 Conclusions

Since irrigation projects involve huge financial outlays, 'cash flow management' and 'cost control' are vital for achieving the objective of value for money. Lack of proper planning and sequencing/synchronization of various activities/works under the project resulted in premature consumption of funds in non-critical activities. Abnormal delay in land acquisition, a critical activity, prolonged the gestation period and the same resulted in denial of any benefit to the targeted beneficiaries. Even though the stipulated execution period is already over, the department has not provided irrigation facility to a single acre of land. Serious flaws in cost control resulted in excessive spending without any commensurate benefit. Reduction in the quantities of work executed did not result in commensurate reduction in project cost. Thus, bad planning and flawed contracts only benefited the contractors.

2.2.9 Recommendations

- For effective cash flow management, proper planning and sequencing/synchronization of various activities/works should be followed in execution of projects so that precious funds are not spent earlier than required and get blocked up in incomplete assets for prolonged periods without deriving benefits.
- Government may consider bringing about suitable changes in the EPC system of contracts to make the preparation of estimates as realistic as possible both in terms of quantities to be executed as well as financial commitments in order to protect Government interests and achieve closure.
- Where the quantities of work to be executed have not been firmed up it would be in the interest of the Government to link payments to quantities executed rather than awarding works on fixed price basis, by making suitable changes in the EPC system of contract.
- Specific time frames should be fixed and stipulated in the agreements for the obligations to be fulfilled by the department in addition to the obligations of the contractors, for effective operation of liquidated damages clause.

MUNICIPAL ADMINISTRATION AND URBAN DEVELOPMENT DEPARTMENT

2.3 Functioning of Visakhapatnam Urban Development Authority (VUDA)

2.3.1 Introduction

Visakhapatnam Urban Development Authority (VUDA) was constituted (June 1978), under AP Urban Areas (Development) Act, 1975 (Act). Its jurisdiction extends to Visakhapatnam Municipal Corporation and four municipal towns namely Anakapalli, Bheemunipatnam, Gajuwaka and Vizianagaram including 287 villages in 178 Gram Panchayats, comprising an area of 1,721 sq km.

The major functions undertaken by VUDA *inter alia* include the following:

- Preparation of Master Plan and its implementation
- Development of housing projects/satellite townships, sites, etc.
- Sale/auction of Government lands
- Laying and widening of roads
- Shopping complexes/Office establishments
- Urban Forestry

The management of VUDA is vested with a nominated Board headed by a Chairman, constituted by the State Government from time to time under the Andhra Pradesh Urban Areas (Development) Act, 1975. The Chief Executive of the organisation is the Vice Chairman (VC) who is a senior officer from the Civil Service assisted by various officers in specialised fields.

Scrutiny of the records of VUDA for the period 2005-06 to 2009-10 revealed the following:

Audit findings

2.3.2 Preparation of Master Plan and its implementation

2.3.2.1 First Master Plan

There were huge shortfalls in achievement of First Master Plan

Orderly development of the city is a major task assigned to an urban development authority. VUDA prepared its First Master Plan (FMP) for the years 1989 to 2001 with a view to develop four Urban and 287 rural settlements which were spread over an area of about 1,721 sq km with an investment of ₹ 1,060 crore.

Huge shortfalls ranging from 64 *per cent* to 100 *per cent* were noticed in respect of laying of roads, construction of traffic junctions, truck terminals, satellite townships in implementation of the FMP as shown in Table-22.

Table-22

Description	Targets	Achievements	Shortfall
Roads	970.6 km	225.1 km	745.5 km (77%)
Traffic Junctions	16 Nos.	4 Nos.	12 Nos. (75%)
Truck terminals	5 Nos.	Nil	5 Nos. (100%)
Recreational	1400 acre	500 acre	900 acre (64%)
Land use in Visakhapatnam Metropolitan Region			
Residential	35843.49 acre	16601 acre	19242.49 acre (54%)
Transportation	20896.13 acre	793 acre	20103.13 acre (96%)
Industrial	11431.49 acre	7940 acre	3491.49 acre (31%)
Recreational	2761.75 acre	2533 acre	228.75 acre (8%)
Satellite Townships	15 Nos.	Nil	15 Nos. (100%)

VUDA attributed (June 2010) the shortfalls in the FMP to non-integration of industrial development, improper planning of environmental management with focus on disaster management, planning of parking places, etc. Audit observed that there was lack of coordination among the various departments including VUDA. There was also no institutional mechanism with VUDA for implementation of the master plan.

2.3.2.2 Revised Master Plan

VUDA prepared a Revised Master Plan (RMP) for the years 2002 to 2021 including major developmental works which were not projected in the earlier master plan. The following deficiencies were noticed:

- Government laid down certain conditions in the RMP for change of land use to necessitate having a well structured master plan with specific zones for each activity keeping in view the harmonious development of the city. Government, on the basis of representations submitted (April – June 2006) by the individuals directly, *suo-motu* approved (June 2006) certain changes of land use. VUDA also sent (November 2005) proposals recommending change of land use based on representations received from public before publishing of RMP. These were however, not incorporated in the RMP as detailed in [Appendix-2.10](#).
- Though sectoral investments (Phase-I - 2002-07: ₹ 4,540 crore; Phase-II - 2007-12: ₹ 5,266 crore) were mentioned in the RMP (details are given in [Appendix-2.11](#)), VUDA did not ensure compliance of this requirement. Even the details of actual investments made by various departments/agencies concerned were not available with VUDA. Thus, deficiencies identified in FMP were not addressed in the RMP.

VUDA replied (June 2010) that it would review the progress envisaged in the master plan by conducting the coordination committee meetings.

Deficiencies identified in FMP were not addressed while preparing/approving RMP

Change of land use approvals were given in violation of RMP thus vitiating the sanctity of master plan

- During the five year period 2005-10, VUDA approved 74 cases of change of land use. In 10 out of 30 cases of change of land use test checked in audit, approvals were given in violation of the provisions of the RMP thus vitiating the sanctity of the master plan. The details are given in [Appendix-2.12](#).

VUDA replied (October 2010) that, as per AP Urban Areas (Development) Act 1975, the authority can make any modifications of the master plan. The reply is not acceptable as the power to modify does not mean plot by plot changes in violation of the master plan. In wider public interest there can be reclassification of large pieces of land where no narrow individual interests are involved.

- Contrary to the provisions of AP Urban Area (Development) Act, 1975, land use conversion charges to an extent of ₹ 4.39 crore were waived by Government in respect of two private Firms/Institutions³⁵ without laying down any conditions. VUDA replied (October 2010) that, to encourage entrepreneurs to set up industries, the conversion charges were waived. The reply is not acceptable. In the absence of notification stipulating which categories of entrepreneurs would be exempted from such conversion charges, waiver of conversion charges selectively to these firms was objectionable.

2.3.3 Development of housing projects/satellite townships, sites, etc.

Loss of revenue of ₹ 355.23 crore due to deficient contract management

During the five year period 2005-10, VUDA had taken up 17 projects³⁶. Of these, only two projects³⁷ had been completed, two projects³⁸ were in completion stage, eight projects³⁹ were at the initial stage and the remaining five projects⁴⁰ were yet to start.

Audit scrutinised the contracts in 14 out of the 17 projects which revealed systemic weaknesses/lapses as discussed below:

- Clear title of lands was not ensured before undertaking projects resulting in VUDA being bogged down with legal disputes.
- Decisions were taken to the detriment of VUDA's interest leading to revenue losses.
- Mobilisation advances were paid to contractors even when the lands were not ready (pending clearance of title of land, etc.) for execution of housing projects.

The following are some of the case studies conducted by Audit. The aggregate loss of revenue to VUDA in these cases alone amounted to ₹ 355.23 crore.

³⁵ M/s Ramkey Pharmacy (₹ 4.29 crore) and Ambedkar Institute of Management Studies (₹ 10.12 lakh)

³⁶ Build-operate-transfer (BOT): 5, Public Private Partnership (PPP): 8, and VUDA: 4

³⁷ PPP: 1 and VUDA: 1

³⁸ PPP: 2

³⁹ BOT: 4, PPP: 3 and VUDA: 1

⁴⁰ BOT: 1 (pending in Court), PPP: 2 and VUDA: 2

2.3.3.1 Loss of revenue due to deficient contract management (Rushikonda Housing project)

One of the key features of a Public Private Partnership (PPP) project is the revenue sharing arrangement. Audit observed deficiencies in the revenue sharing arrangement with a Bangalore based firm resulting in substantial loss of revenue to VUDA.

**Loss of revenue of
₹ 348.23 crore due
to deficient contract
management**

VUDA entered into an agreement (March 2007) with M/s Global Entropolis Asia Private Limited, which is Special Purpose Vehicle of M/s ABS Infrastructure (India) Private Limited, Bangalore, for development of an Integrated Housing Project at Rushikonda on PPP mode on 80 acres of land with a project cost of ₹ 581.20 crore and estimated to yield revenue of ₹ 882.46 crore. The expenditure was to be borne by the firm and a minimum guarantee amount of ₹ 236.50 crore or 26.8 *per cent* gross revenue, whichever was higher, was payable to VUDA over a period of 30 months.

The firm approached (October 2007) State Level Environmental Impact Assessment Authority (SLEIAA) seeking environment clearance⁴¹ for built-up area i.e. 86,33,274 sft with a projected cost of ₹ 1,800 crore, endorsing a copy to VUDA.

However, in the meantime, in January 2008, the firm approached VUDA and the Government for pre-closure⁴² of the agreement proposing to pay on the basis of projected revenue of ₹ 1121.34 crore on the built-up area of 51,49,790.31 sft which is less than the built-up area (86,33,274 sft) projected at the time of seeking environment clearance. This was accepted (March 2008) by the Government and the firm paid ₹ 242.29 crore⁴³ on the projected revenue of ₹ 1,121.34 crore. The built-up area of 86,33,274 sft for which the firm got the clearance (February 2008) of SLEIAA would have meant higher revenue of ₹ 732.44 crore⁴⁴ to VUDA (26.8 *per cent* on gross revenue).

Having got a copy of the representation for 86,33,274 sft area utilisation in October 2007 itself, VUDA should not have agreed for pre-closure for a value of ₹ 242.29 crore as it was linked to comparatively less built-up area of 51,49,790.31 sft but ₹ 590.52 crore⁴⁵ on the basis of revised built-up area of 86,33,274 sft. This resulted in loss of revenue to VUDA to the extent of ₹ 348.23 crore⁴⁶.

⁴¹ The firm got clearance of SLEIAA in February 2008 for the same

⁴² Except in this case, the pre-closure clause which could be exploited by the private party to the detriment of VUDA was not included in any of the eight PPP Projects already undertaken by VUDA

⁴³ being the Net Present Value (at 11 *per cent*) of ₹ 300.52 crore which is 26.8 *per cent* of projected gross revenue

⁴⁴ For a project cost of ₹ 581.20 crore, the projected revenue was ₹ 882.46 crore. Extrapolating for the project cost of ₹ 1,800 crore (projected revenue: ₹ 2,733 crore) the value of ₹ 732.44 crore is arrived at

⁴⁵ being the Net Present Value of ₹ 732.44 crore at 11 *per cent*

⁴⁶ ₹ 590.52 crore – ₹ 242.29 crore

VUDA replied (October 2010) that there was no condition in the sale deed for collection of balance VUDA's share for additional built-up area. VUDA did not however, specifically explain as to why the revenue share was not insisted upon with reference to the increased built-up area. The reply is not tenable and reinforces the audit contention that Government interests were not protected.

2.3.3.2 Mega Housing Project at Madhurawada

Failure of VUDA in ensuring clear title of the land before commencing the project resulted in unintended benefit to the contractor

VUDA took up (October 2004) a mega Housing project with 2002 houses on design-build-contract basis in 40 acres of Hill Forest area of Madhurawada. The execution of the project was entrusted (December 2004) to M/s Jurang Infrastructure (India) Private Limited, Bangalore, with a total built-up area of 21,81,000 sft with construction cost of ₹ 635.54 per sft at an estimated cost of ₹138.61 crore.

Audit observed that VUDA did not either verify the title of the land nor conduct feasibility survey regarding the utilisation of the land for the housing project. VUDA also did not obtain Government's approval for conversion of land use from 'hill forest area' to 'residential' for execution of the project. Pending these requirements, the firm was paid (December 2004) a mobilisation advance of ₹ 3 crore at 8.35 *per cent* per annum. Meanwhile, a writ petition was filed (February 2005) by the district unit of All India Trade Union Congress, Visakhapatnam, challenging that the mega project was in protected area of Buddhist Monument. Consequently, no progress could be made on the ground that the land was a reserved area. The fact was that it was not a reserved area as there was only an error⁴⁷ in the initial notification issued in the year 1981. The error could have been immediately rectified so that the construction could progress smoothly and the mobilisation advance recovered speedily. It took two years (2004 to 2006) to remedy the deficiency and three further years (2006 to 2009) to arrive at a revised cost. Pending this rectification, further mobilisation advance of ₹ 3.93 crore was paid (March 2005).

Early realisation of mobilisation advance (MA) is dependent on smooth progress of work. Grant of MA without clear title for land impedes smooth progress of work with the following adverse consequences:

- (i) The funds get blocked for prolonged period with the contractor.
- (ii) As the interest is charged on simple interest basis, the effective rate of interest would be much lower than the rate originally contemplated.

This resulted in the contractor enjoying the benefit of having the mobilisation advance with him for prolonged period of four to five years (December 2004 to November 2009) where the effective rate of interest would be much lower than the rate chargeable on simple interest basis. There was failure to have a detailed break up of various costs on the basis of which the initial rates were arrived at. Subsequently, supplementary agreement was concluded (November 2009) with built-up area of 9,43,168 sft and the contractor was given a higher rate of ₹ 1,054 per sft (as against ₹ 635.54 per sft initially agreed upon)

⁴⁷the project area was stated to be in the protected area of Buddhist Monument though it does not fall under the protected area

without computation on the basis of such detailed break up and then linking it to inflation. Eventually work commenced in December 2009.

Thus, due to not conducting the feasibility study regarding the title of land, etc. VUDA had to face legal problems and as a result there was a delay of five years in implementing the project. This also caused unnecessary extra burden on the prospective buyers to the extent of ₹ 39.47 crore⁴⁸.

VUDA while admitting the lapses stated (October 2010) that it could not foresee the problems.

2.3.3.3 Revenue forgone due to incorrect fixation of VUDA's share

VUDA entrusted (December 2003) a Housing project to M/s Ambience Properties (India) Private Limited⁴⁹, Hyderabad in Rushikonda Village on 50 acres of land.

VUDA demanded (November 2003) ₹ 15 - ₹ 17 crore as minimum guarantee share or 15 *per cent* share on gross revenue as VUDA's share, following a suggestion by its Chartered Accountant (CA), from the Firm. However, subsequently VUDA accepted (December 2003) a lesser share of ₹ 7 crore as minimum guarantee or 7.5 *per cent* share on gross revenue which ever is higher. Meanwhile, VUDA, on the directions (November 2004) of the Government, cancelled the tender process as there was steep hike in real estate prices and went for fresh tenders. Aggrieved by the decision, the firm filed (December 2004) a writ petition invoking arbitration clause. However, the court permitted VUDA to proceed for re-tendering and directed it not to finalise the tenders till the outcome of the judgement.

During the re-tender process (December 2004) the highest tenderer offered ₹ 20 crore as VUDA's share. When the matter was still pending in the court, with the intervention of the Government, the writ petition was withdrawn by the project proponent and the Government directed (July 2005) VUDA to enter into an agreement with the project proponent. Accordingly, VUDA entered into an agreement (July 2005) for a minimum share of ₹ 13 crore or 7.5 *per cent* of gross revenue whichever is higher, thus ignoring the highest offer in second bidding process. This out of court settlement resulted in loss of ₹ 7 crore to VUDA.

VUDA replied (June 2010) that, it would yield revenue of ₹ 20 crore (at 7.5 *per cent* on gross revenue) with a minimum guarantee of ₹ 13 crore. The reply of VUDA is not acceptable because even though VUDA cancelled the tender process keeping in view the steep hike in real estate prices it failed to get the minimum revenue share of ₹15 - ₹17 crore or 15 *per cent* of gross revenue as suggested by CA when the firm approached for an out of court settlement and also could not take the advantage of highest bidding in re-tender process.

Thus, the contract management of VUDA was deficient.

⁴⁸ (₹ 1,054 - ₹ 635.54) X 9,43,168 sft

⁴⁹ one of the contenders of the four firms selected by the technical committee who offered higher revenue share

2.3.4 Sale/auction of Government lands

VUDA/
Government
sustained a loss of
revenue of ₹ 15.71
crore due to
incorrect decisions
by VUDA in
sale/auction of
Government lands

In order to support the State budget, Government entrusted VUDA with sale/auction of Government lands within their purview. Audit scrutiny revealed the following:

2.3.4.1 Incorrect clubbing of clear title land with that of disputed land

In order to support State budget, VUDA decided to sell a Plot⁵⁰ consisting of 28 acres (later decided to reduce to 23.30 acres) at Madhurawada. Out of the 23.30 acres, 9.40 acres, which was under dispute was to be separated (as per the Collector's orders of 5 January 2008) and the remaining 13.90 acres with clear title was to be put for auction. Auction of 13.90 acres took place on 6 January 2008 with an upset price of ₹ 4 crore per acre. M/s Devona Infrastructure Limited, Mumbai, who quoted the highest price i.e. ₹ 7.06 crore per acre, out of the two bidders was allotted the land.

During the course of auction the Vice Chairman had offered to allot the additional extent of 9.40 acres of the land for the same price if the case in the High Court is cleared within 90 days in VUDA's favour. Accordingly, VUDA on the day of auction, ignoring the instructions of the Collector and without specifying any reasons, passed a resolution (6 January 2008) clubbing the clear title land (13.90 acres) with that of disputed land (9.40 acres). The resolution provided for an exit provision without however, specifically restricting it to 9.40 acres.

This lacuna was exploited by the private party by allowing it to go back on its initial offer to acquire the land of 13.90 acres without having to pay penalty of ₹ 13.27 crore⁵¹. The firm decided to exit and demanded (June 2008) for refund of entire amount of ₹ 98.13 crore⁵² which was accepted (January 2009) by the Government.

VUDA replied (October 2010) that it never clubbed the disputed land with clear title land. Clubbing of the lands during the course of auction is unfair to other bidders as it was not known in advance and thereby many prospective bidders could have been left out.

2.3.4.2 Loss of revenue due to reduction in upset price

VUDA decided (November 2007) to sell 10 plots⁵³ at Madhurawada through tender-cum-auction basis and fixed an upset price of ₹ 4 crore per acre for all the plots. Except plot No.17 all the plots which were put to auction on 6 January 2008, were sold between ₹ 4.02 crore to ₹ 7.06 crore per acre. Further, plot No.9 which has got the same features⁵⁴ of plot No. 17 was sold for ₹ 4.42 crore per acre. Thus, there was good response.

⁵⁰ bearing No.15

⁵¹ EMD: ₹ one crore plus ₹ 12.27 crore (50 per cent of initial deposit of ₹ 24.53 crore)

⁵² paid by the party during January – February 2008 for 13.90 acres @ ₹ 7.06 crore per acre

⁵³ plot No(s) 9 to 18

⁵⁴ as per the brochure released by VUDA

On the same day of auction (6 January 2008), for plot No. 17 (extent: 3.13 acres) however, the upset price was reduced from ₹ 4 crore to ₹ 3 crore and sold⁵⁵ for ₹ 3.22 crore per acre which had revenue loss implication of ₹ 2.44 crore⁵⁶ to Government.

VUDA replied (October 2010) that, due to recession in land values the upset price had been reduced. The reply is not acceptable, as six other plots were auctioned on the same day which fetched between ₹ 4.02 crore to ₹ 7.06 crore which is more than the upset price. The reduction in upset price was selectively applied to a single plot leading to a low realisation.

In the above two cases VUDA/Government sustained a total loss of revenue of ₹ 15.71 crore.

2.3.5 Laying and widening of roads

VUDA deals with the execution of various developmental works in the layouts, infrastructural works and deposit works.

Execution of Visakhapatnam - Bheemli beach road work - undue benefit to Contractor

VUDA awarded two road works to an agency⁵⁷ in August 2006 (Phase-II) and January 2007 (Phase-III) for widening and improvement of Visakhapatnam - Bheemli beach road for a value of ₹ 9.77 crore. The works were to be completed by February 2007 and October 2007 respectively. The agency executed the work only to the extent of 23 *per cent* in Phase-II and 9 *per cent* in Phase-III within the stipulated period. The works were eventually stopped in January 2008 after completing 50 and 17 *per cent* respectively demanding an increase in contract price by the contractor in contravention of clause 33 of agreements. VUDA instead of forfeiting the EMD and other amounts payable (₹ one crore) due to the agency and terminating the contracts by invoking clause 60 (a) of Preliminary Specifications to APDSS⁵⁸, agreed to the demand of the agency and paid price escalation of ₹ 1.33 crore without imposing any penalties. The works were completed in October 2008. The payment of rates as demanded by the contractor resulted in undue benefit to the contractor to the extent of ₹ 1.33 crore.

VUDA replied (October 2010) that, the price escalation was paid as a special case in the interest of the organisation and to fulfill the demand of public. The fact remains that an undue benefit has been conferred to the contractor by treating it as a special case. It has also raised doubts as to whether the instant contractor was ultimately the lowest tenderer.

⁵⁵ to M/s Deccan Infrastructure, Hyderabad

⁵⁶ (₹ 4.00 crore – ₹ 3.22 crore) X 3.13 acres

⁵⁷ M/s GVR construction, Khammam

⁵⁸ Andhra Pradesh Detailed Standard Specifications

2.3.6 Shopping Complexes

VUDA had 374 shops/offices in 27 shopping/office establishments and the same were being let out to public and Government organisations. Audit observed that VUDA has not evolved a mechanism for prompt realisation of the rentals resulting in huge accumulation of dues.

- Rental dues from Government departments accumulated to ₹ 2.04 crore as of June 2010.
- Of the rental dues of ₹ 80 lakh from private parties, ₹ 55 lakh were due from three parties⁵⁹ alone. No lease agreements were concluded with these three parties.

VUDA admitted (October 2010) the lapses pointed out by audit and agreed to recover the dues from the parties concerned.

2.3.7 Urban Forestry

The functions of Urban Forestry wing under VUDA are to develop and maintain parks, greenery and recreational facilities.

Deficient revenue recovery arrangements

VUDA developed a hill top park at Kailasagiri and entered (July 2006) into an agreement with a contractor for sale of tickets at Kailasagiri Hill for a period of two years with lease rent of ₹ 4.32 lakh per month.

The contractor was irregular in payment of monthly rent and the dues accumulated (September 2008) to ₹ 8.02 lakh from time to time. Despite the accumulation of dues, VUDA extended (September 2008) the licence with enhancement of licence fee to ₹ 5.01 lakh per month from July 2008 and obtained bank guarantee of ₹ 15.03 lakh equivalent to three months lease rent. The contractor again defaulted. Instead of cancelling the agreement when the dues were equal to the bank guarantee, the agreement was cancelled at a belated stage in July 2009 when the dues accumulated to ₹ 63.77 lakh much higher than the bank guarantee whereby VUDA sustained a loss of ₹ 48.74 lakh⁶⁰.

VUDA replied (October 2010) that a case has been filed for recovery of the amount and action would be taken to recover the dues. VUDA also assured to fix responsibility on the persons responsible for continuing the operations despite continuous defaults by the contractor.

⁵⁹ Fusion foods: ₹ 21.91 lakh; Pyda College: ₹ 29.85 lakh; and Adarsh School: ₹ 3.65 lakh

⁶⁰ ₹ 63.77 lakh - ₹ 15.03 lakh

2.3.8 Financial management

VUDA's funds include its own revenue i.e. development charges, sale receipts from disposal of developed plots and built-up houses, lease rents, etc. The receipts and expenditure of VUDA for the five year period 2005-10 are as shown in Table-23.

Table-23 (Rupees in crore)

Year	Receipts *	Expenditure
2005-06	92.57	56.73
2006-07	92.42	50.98
2007-08	1172.87	1074.37
2008-09	150.28	229.72
2009-10	76.03	54.78

(Source: Data as furnished by VUDA)

Note: Figures for 2007-08 to 2009-10 are provisional as the Annual Accounts for the years were not prepared (August 2010)

*out of ₹ 1,172.87 crore, ₹ 1,007.93 crore (2007-08) and out of ₹ 150.28 crore, ₹ 51.13 crore (2008-09) represent the sale proceeds of Government lands which were remitted to Government account

Financial management in VUDA was deficient as discussed below:

2.3.8.1 Preparation of Annual Accounts

Preparation of Annual Accounts was badly delayed

As per sub-para 24(4) of Chapter-VI of the Act, the Authority is required to prepare annual accounts and get them certified by an Auditor appointed for the purpose and submit the same to the Government. The Government shall cause the copy of the same to be laid before both the Houses of the State Legislature. Audit observed that, as of June 2010, the Annual Accounts for the years from 2007-08 to 2009-10 had not been prepared. The delay was stated (VUDA) to be due to non-closure of certain accounts pertaining to transactions of earlier years on account of the Board meetings not taking place annually. It was observed that the Board has not met during the three year period August 2007 to July 2010. This is a serious lapse on the part of VUDA. Due to non-preparation of annual accounts the financial position of the Authority could not be vouchsafed and the possibility of irregularities, frauds, etc. remaining undetected cannot be ruled out.

VUDA stated (October 2010) that the compilation of annual accounts for the years 2007-08 and 2008-09 was in progress.

Maintenance of cashbook was deficient. Reconciliation of cashbook balances were not done with the Bank statements

2.3.8.2 Improper Maintenance of Cash Book

VUDA maintains 21 bank accounts with four nationalised banks. The maintenance of cash books in respect of these accounts was deficient as follows.

Non-recording of opening/closing balances in cashbook

As per sub-rule 3 of Rule 10 and sub-rule 2 of Rule 11 of Andhra Pradesh Treasury Code, cash book is to be closed regularly and at the end of each month. Further, closing balances are to be brought forward. Audit noticed that, during the five year period 2005-10, monthly opening/closing balances were not being reflected in the cashbooks maintained by VUDA. VUDA was maintaining year-wise receipts and payments only.

VUDA stated (October 2010) that closing balances were not brought forwarded as the bank reconciliation was not done properly (succeeding para also refers).

Reconciliation

As per Para 19.6 of Andhra Pradesh Budget Manual, the cash book figures are to be reconciled with bank statements monthly and at the end of each year. Audit observed that reconciliation of cashbook figures with bank statements was not being done by the Accounts wing of VUDA during the five year period 2005-10. In the absence of reconciliation, the correctness or otherwise of the amounts credited to banks was not ensured with the attendant risk of misappropriations/embezzlements.

Despite the above deficiencies/lapses being pointed out repeatedly in earlier audits, no remedial measures were taken by VUDA and as a result these deficiencies continued to exist.

VUDA replied (October 2010) that reconciliation had been taken up on priority basis.

2.3.8.3 Non-utilisation of funds towards Development Activity

Utilisation of funds (collected towards developmental charges) towards development activity was a meagre 39 per cent

As per Section 27 of the Act read with Government directions (February 1996), the Urban Development Authorities shall utilise 85 *per cent* of the income to implement the provisions of Master Plan viz., traffic improvement; construction of bridges; development of Green belt; and parks, etc. and the remaining 15 *per cent* can be utilised for administration and other maintenance.

During the years 2005-06 to 2009-10, VUDA collected development charges towards layout/building plan approvals amounting to ₹ 46.03 crore. As against ₹ 39.13 crore (85 *per cent*) to be spent, only an amount of ₹ 17.95 crore (39 *per cent*) was utilised towards development leaving ₹ 21.18 crore unspent. This could be one of the contributing factors for the shortfall in the achievement of targets envisaged in the master plan.

VUDA replied (October 2010) that these funds would be utilised for the development works being proposed in the year 2010-11.

2.3.9 Public Grievances Redressal Mechanism

Proper control mechanism was not in place for redressal of public grievances

VUDA is to deal with the public. For effective public grievances redressal, mechanism for registration of complaints, follow-up and monitoring, arrangement for receipt of complaints and their due acknowledgement, arrangement for diarising of the complaints, arrangement for disposal of complaints in first-cum-first served manner, noting of action taken in respect of complaints in a register, periodic monitoring of system of disposals by a superior authority were necessary. Such a system was lacking.

While there was a Citizen Charter for speedy disposal of various works such as approval of layouts, allotment of shops/office complexes, etc. there was no separate Public Grievances Redressal Cell in VUDA.

VUDA while accepting (October 2010) the audit observation stated that, presently all the Heads of Departments are directly dealing with grievances, and assured that public grievances cell would be set up shortly. Since there was no record of registering the complaints and their disposal, there was no assurance with regard to quality service in respect of redressal of public grievances.

2.3.10 Internal Audit

Internal Audit was absent in VUDA

Internal Audit examines and evaluates the level of compliance with the departmental rules and procedures and provides reasonable assurance to the management on the adequacy of the existing internal controls. The primary function of Internal Audit is to assist in ensuring the accuracy of the accounts and correct statement of financial transactions of the organisation.

It was however, observed that no Internal Audit wing was established (October 2010) by VUDA to conduct internal audit of various wings. In the absence of Internal Audit, there was no assurance to VUDA management that the Rules and Procedures were being complied with by various wings.

VUDA while attributing the absence of internal audit to constraints of staff stated that internal audit would be established after sanction of additional staff by the Government for which the proposals were stated to have been sent earlier.

2.3.11 Conclusions

The Authority, which was established for planned development of the city and to improve the quality of life of its inhabitants, failed to achieve its objectives to a large extent. Audit noticed huge shortfalls (64 to 100 *per cent*) in the achievement of the First Master Plan. VUDA did not also effectively coordinate with the departments/agencies concerned for implementation of the master plan. Approvals for change of land use were given on a case to case basis in violation of the master plan conferring undue benefits to the land owners thus vitiating the sanctity of the master plan. Contract management

was deficient. Preparation of Annual Accounts was in arrears. Maintenance of cashbook was deficient and reconciliation of cashbook balances was not done with the Bank statements. Internal Audit was also absent. Thus, there was no assurance to VUDA that the Rules and Procedures were being complied with by various wings of VUDA. Non-existence of a public grievance redressal mechanism was indicative of the lack of seriousness of the Authority in handling its mandate.

2.3.12 Recommendations

- There should be effective coordination with all the departments/agencies concerned to achieve the targets envisaged in the master plan. Sanctity of Master Plan should be ensured.
- To safeguard its housing revenues in respect of infrastructure/projects, the contract management needs to be streamlined as these have large revenue implications.
- Immediate steps should be taken for preparation of Annual Accounts in time.

Government endorsed (October 2010) the replies of VUDA but did not offer their remarks on the above audit observations.

YOUTH ADVANCEMENT, TOURISM AND CULTURE (Youth Services) DEPARTMENT

2.4 Rajiv Yuva Sakthi

2.4.1 Introduction

The State Government launched Rajiv Yuva Sakthi (RYS) Programme in November 2004 with the objective of making the unemployed employable. While the Society for Training and Employment Promotion (STEP) is the implementing agency at the district level, the Commissioner of Youth Services (CYS⁶¹) oversees the implementation of RYS. The Programme has three sub-schemes⁶². In all, 93,309 units were operational with subsidy amounting to ₹ 106.25 crore sanctioned during 2006-10⁶³.

Guidelines stipulated the quantum of assistance allowed under each component which ranged from ₹ 50,000 to ₹ 5 lakh. CYS releases 20 *per cent* of the unit cost as subsidy up-front. Banks sanction loan equivalent to 70 *per cent* of the unit cost and the balance 10 *per cent* is borne by the beneficiary.

Scrutiny of records relating to the implementation of the scheme covering the period 2006-07 to 2009-10⁶³ in four⁶⁴ District STEPs, where 18,975 units (64 *per cent*) were sanctioned against the target of 29,663 units involving subsidy of ₹ 25.11 crore, revealed the following:

Audit findings

2.4.2 Selection of beneficiaries

2.4.2.1 Adequacy of publicity with regard to eligibility criteria

Publicity regarding eligibility criteria, permissible activities, etc. was not given

Guidelines of the scheme prescribed different eligibility norms for each sub-scheme. As a general norm, the applicants should be in the age group of 18 - 35 years with an annual income limit of the family below ₹ 50,000. Under Individual category, the applicant should be Class X (pass or fail)/Vocational course, etc. Under the Group component, at least one member should have passed Class X and other members should have passed Class VII. It would be sufficient if the applicant seeking assistance under Petty Business category is literate (VII pass or fail).

In order that all the potential applicants are aware of the Scheme, its eligibility criteria as well as the quantum of financial assistance, the issue of advertisements is vital. There were no advertisements specifying the eligibility criteria, permissible activities under the Scheme, guidelines for preparation of project

⁶¹ CYS is the Ex-officio Managing Director of APSTEP which is the apex Society for STEP

⁶² Individual (Petty Business) - project cost: ₹ 0.50 lakh; Individual - project cost: ₹ 1 lakh; and Group - project cost: ₹ 3 lakh to ₹ 5 lakh

⁶³ During the year 2009-10 although funds were provided in the Budget, no releases were made and CYS reported zero progress during this year

⁶⁴ Chittoor, East Godavari, Medak and Visakhapatnam

reports, details of jurisdiction of participating banks, procedure for submission of applications, dates of interviews, place of publication of results, etc.

Audit also observed that the notifications appeared as mere news items without the above details. Further, except in East Godavari District the guidelines for availing activity-wise financial assistance under each sub-scheme were not made available to applicants through brochure, booklets.

The system of issuing acknowledgement and communication of results which would bring about greater transparency in the procedure was not followed by STEPs.

2.4.2.2 Verification of eligibility criteria and assessment of viability of the proposed project/activity

Selection of beneficiaries was deficient

The guidelines provided for verification of applications with regard to the assessment of project reports, fulfillment of norms of income, education, caste, etc. by the Mandal Parishad Development Officer (MPDO). Audit observed the following:

- As per the guidelines of the Scheme the beneficiary was required to submit a project report for the proposed activity under Group Sub-scheme/ Individual Sub-scheme. The report was to be evaluated by the Designated Committee⁶⁵ to assess the viability of the activity. This critical exercise was missing in the operation of the Scheme.
- Of 1,813 applications (out of 18,975 sanctioned) test checked by audit in the four districts, only 68 applicants submitted the project reports and the balance 1,745 applicants were sanctioned the subsidy without the project reports. In these cases, the Unit cost was arrived at on *ad hoc* basis. District STEPs, Chittoor, East Godavari and Medak did not insist on submission of the mandatory project reports. In Visakhapatnam District though the beneficiaries submitted project reports at the time of attending the Entrepreneur Development Programme (EDP) during the year 2005-06, the project reports were not appraised by the designated committee.
- Possession of entrepreneurial skills is the most vital requirement. Audit observed that this requirement did not figure in the check slip thereby reducing the significance of the EDP training which is an important component of the Scheme. In respect of other criteria also, candidates who scored just 10 marks in the overall assessment were selected.
- District Youth Welfare Officers (DYWOs) of Chittoor, East Godavari and Visakhapatnam Districts did not register the 'Groups' of beneficiaries although there was a requirement to that effect.
- Each beneficiary was to submit a digital photograph of his unit after it was established. STEPs, Chittoor, East Godavari and Visakhapatnam did not obtain the digital photographs from the beneficiaries.

⁶⁵The Committee comprises the representatives of bank, STEP and Mandal Parishad

- Details of insurance of assets as well as personal insurance of beneficiaries were not obtained by East Godavari and Visakhapatnam district STEPs.

The whole process of selection of beneficiaries was thus deficient and arbitrary.

While accepting the observations, STEPs assured (November – December 2009) to take necessary action.

Audit also carried out an assessment of the mechanism for verification of various certificates issued by the Tahsildars⁶⁶. The verification mechanism was also deficient as discussed below:

- The format of the Income Certificate provided for certification of annual family income of the beneficiary. Tahsildars have, however, been certifying the income of the applicants instead of certifying the income of the family.
- Tahsildars did not have the details of verification conducted prior to issue of income certificates. In the absence of requisite records, it cannot be said that Tahsildars are verifying the particulars of applicants before issuing certificates.
- STEPs also did not cross-check the certificates of income, caste, nativity, residence, etc. issued by the Tahsildars.
- As per the guidelines of the Scheme, financial assistance was to be given if the subsidy was not availed by the applicant under any other scheme. It was observed that there was no authentic centralised database at any level of such assistance given under various schemes. Total reliance was placed on the self certificate given by applicants with regard to this criterion.

Tahsildars accepted (March – April 2010) the audit observations and assured to maintain relevant registers and follow the procedure with regard to verification mechanism.

2.4.3 Disbursement of subsidy

2.4.3.1 Shortfall and delay in disbursement of subsidy

The shortfall in disbursement of subsidy was as high as 51 per cent

As against the receipt of ₹ 39.50 crore for 29,663 units, Chief Executive Officers (CEOs) disbursed only ₹ 25.11 crore to 18,975 units. Under-performance of STEP resulted in shortfall of 10,688 units (36 per cent). The shortfall was as high as 51 per cent in Visakhapatnam followed by East Godavari District with 39 per cent.

There were huge delays in release of loans by the banks

Guidelines provided for release of subsidy by banks within a period of 10 days from the date of sanction by STEP. Audit observed that there were delays in release of the loan by the banks in all the four districts so much so that the funds earmarked for 2005-06 were utilised in 2006-07, that of 2006-07

⁶⁶erstwhile Mandal Revenue Officers

in 2007-08 and so on. An amount of ₹ 11.60 crore⁶⁷ representing subsidy amount remained unutilised (during 2004-09) depriving 8,050 beneficiaries⁶⁸. Details are given in Table-24.

Table-24

(Rupees in crore)

Year	Units targeted	Subsidy drawn	Units sanctioned	Subsidy sanctioned	Units set up	Subsidy utilised	Units not established	Unutilised subsidy
2004-05	5959	9.77	5286	8.06	4527	6.68	759	1.38
2005-06	11918	21.66	8684	12.62	7094	10.25	1590	2.37
2006-07	16337	22.84	10707	14.28	8213	10.94	2494	3.34
2007-08	6156	8.27	7269	10.07	5781	7.72	1488	2.35
2008-09	7170	8.39	6700	8.62	4981	6.46	1719	2.16
Total	47540	70.93	38646	53.65	30596	42.05	8050	11.60

STEPs attributed (November – December 2009) the delays to defaults of family members, extension of due dates by CYS, migration of beneficiaries to major cities and non-submission of collateral security. In addition, banks also insisted on collateral security which was contrary to the guidelines of the Scheme.

2.4.3.2 Sanction of subsidy to Group Units

In the four districts, against the target of 1,589 new units⁶⁹ (project cost: ₹ 66.23 crore and subsidy: ₹ 9.28 crore) covering 7,945 beneficiaries during 2006-09 under the Group Sub-scheme, 381 units/groups⁷⁰ were sanctioned and only 217 units/groups⁷¹ comprising 1,080 beneficiaries were set up. Subsidy of ₹ 1.79 crore (19 *per cent*) (project cost: ₹ 8.94 crore i.e. 13 *per cent*) could only be utilised. The extent of under-performance was as high as 81 *per cent*. This resulted in shortfall of 1,372 new units depriving 6,865 beneficiaries. STEP s attributed (November 2009) the poor performance to preference of beneficiaries to individual sub-schemes, internal disputes among the members, inability of the beneficiaries to produce collateral security and inadequacy of the EDP to set up industrial units.

2.4.3.3 Reduction in project cost

STEPs arrived at Project cost without insisting for project reports from the applicants/ assessment reports from banks

Seventy six applicants sought total financial assistance of ₹ 1.09 crore in the districts of Chittoor (₹ 25.90 lakh), East Godavari (₹ 21.50 lakh) and Visakhapatnam (₹ 61.20 lakh). As against this, STEP s sanctioned ₹ 65.70 lakh (Chittoor: ₹ 15.15 lakh; East Godavari: ₹ 10.65 lakh; and Visakhapatnam: ₹ 39.90 lakh) by scaling down the project cost in the range of 25 to 75 *per cent*. Further, STEP, Chittoor sanctioned unit cost in excess of the unit cost sought, indicating inconsistency of approach. STEP s attributed (April 2010) the variation in project cost to applicant's lack of required knowledge of the

⁶⁷Chittoor: ₹ 2.43 crore; East Godavari: ₹ 5.43 crore; Medak: ₹ 1.02 crore; and Visakhapatnam: ₹ 2.72 crore

⁶⁸ Chittoor: 1,716; East Godavari: 4,035; Medak: 751; and Visakhapatnam: 1,548

⁶⁹ Chittoor (388), East Godavari (540), Medak (267) and Visakhapatnam (394)

⁷⁰ Chittoor (61), East Godavari (124), Medak (32) and Visakhapatnam (164)

⁷¹ Chittoor (32), East Godavari (73), Medak (17) and Visakhapatnam (95)

proposed unit and the assessment of the selection committee keeping in view the location and type of the unit and the exposure of the applicant. Audit, however, noticed that STEPs arrived at the project cost without insisting for project reports from the applicants and without also obtaining the assessment reports from banks. Scaling down the project cost not only results in the projects getting the inadequate funding but could also lead to closure of units ultimately.

2.4.3.4 Irregular sanction of units

Subject	Audit observation
Non-asset based business activities	CYS advised (June 2007) District Collectors to encourage asset based schemes suitable to the area by giving adequate publicity and not to encourage non-asset based activities such as kirana, general store, etc. Scrutiny revealed that STEPs continued to sanction non-asset based units like Cloth/Saree business, Ladies Emporium, Kirana and General Store, etc. Aggregate subsidy released to such activities during 2007-09 amounted to ₹ 3.63 crore ⁷² . The district-wise details are given in Appendix-2.13 .
Sanction to existing units	Contrary to norms, financial assistance of ₹ 27.99 lakh ⁷³ (project cost: ₹ 31.10 lakh) to 29 already existing units was released. This indicates lack of due diligence on the part of authorities as they appeared not to have sought details of the premises from which the new business units would operate and prior verification of such units before disbursement of financial assistance.
Medical shops to ineligible applicants	The stipulated qualification for sanction of subsidy for setting up Medical Shops was Diploma in Pharmacy. STEPs ⁷⁴ , East Godavari, Medak and Visakhapatnam sanctioned 32 out of 34 Medical Shops to Matriculates (SSC) which is a serious lapse.
Insurance of cows/ buffaloes	STEPs sanctioned 2,633 Dairy units ⁷⁵ in Animal Husbandry Sector. The amount of subsidy released to beneficiaries under this activity was ₹ 2.63 crore ⁷⁶ . Although insurance of cows/buffaloes is a pre-requisite, STEPs did not obtain details of number of the cows/ buffaloes insured.

2.4.3.5 Drawal of funds ahead of requirement and diversions

In contravention of Article 3 of AP Financial Code, CEOs have kept the moneys in multiple savings bank accounts and in term deposits with several banks (₹ 39.50 crore during the period 2006-09). Interest earned on the term deposits was utilised towards the activities not related to the Scheme, as follows:

⁷² 2007-08: ₹ 2.11 crore and 2008-09: ₹ 1.52 crore

⁷³ Chittoor: 10 units – ₹ 1.42 lakh (₹ 7.10 lakh); East Godavari: 9 units – ₹ 2.30 lakh (₹ 11.50 lakh); Medak: 3 units – ₹ 0.40 lakh (₹ 2 lakh); and Visakhapatnam: 7 units – ₹ 2.10 lakh (₹ 10.50 lakh); beneficiary contribution of 10 *per cent* excluded

⁷⁴ data not available in respect of Chittoor District

⁷⁵ Chittoor – 1,804; East Godavari – 241; Medak – 334 and Visakhapatnam – 254 units

⁷⁶ Calculated at the subsidy of ₹ 10,000 per unit under Petty Business component

- STEP, East Godavari District spent ₹ 30.54 lakh towards construction of office building (₹ 10 lakh), repairs and renovation to office building (₹ 4.75 lakh), construction of cement concrete platform (₹ 1.30 lakh), procurement and supply of Gym material to Youth Associations (₹ 2.16 lakh), VIP visit expenses (₹ 9.60 lakh), charges on advertisements not related to the scheme (₹ 2.73 lakh), etc.
- STEP, Visakhapatnam spent ₹ 31 lakh (from out of receipts from interest on term deposits) on ineligible activities such as release to Greater Visakhapatnam Municipal Corporation (₹ 30 lakh) and ₹ one lakh for the Yuva Yatra organised by Brahmakumaris, contrary to the codal provisions⁷⁷.

STEPS stated (November – December 2009) that the funds were utilised with the approval of the District Collectors. The reply is not acceptable as Scheme funds were utilised for purposes other than those for which they were released.

2.4.4 Post-disbursement follow-up

2.4.4.1 Utilisation Certificates

Deficiencies were noticed in Utilisation Certificates furnished by Banks

At present, Banks are furnishing Utilisation Certificates (UCs) which are basically disbursement certificates. These contain the following deficiencies:

- UCs did not contain the names to whom the amount of subsidy and loan was disbursed.
- Dates of disbursement were not indicated.
- Details of personal insurance of beneficiaries and insurance of assets procured were not indicated.

There was no system of obtaining vouchers from the applicants in support of the utilisation of finances followed by sample check of such utilisation particulars. In the absence of this, there is no assurance that the money was utilised for the purpose for which it was disbursed. STEPs stated (November – December 2009) that, to obtain the desired information, necessary columns would be included in the proforma.

On receipt of UCs from the banks, STEPs were to book the expenditure. Scrutiny revealed that the expenditure of ₹ 81.31 lakh booked by Chittoor (₹ 19.37 lakh), East Godavari (₹ 46.01 lakh) and Visakhapatnam (₹ 15.93 lakh) Districts was not supported by UCs. Booking of expenditure without receipt of UC thus resulted in overstatement of expenditure. This also casts doubts about the veracity of actual disbursement of subsidy to the beneficiaries.

STEPS while accepting the observations assured to obtain UCs from banks concerned.

⁷⁷ Rule 22 of General Financial Rules and Article 3 of AP Financial Code (Volume-I)

2.4.4.2 Recovery mechanism

Large scale defaults (65 per cent) indicates major failure of the scheme

The loans financed through Banks are repayable, along with interest, in monthly instalments without any moratorium. Recovery Cells to be established at the Mandal level are responsible for monitoring and recovery of dues to banks. Audit observed the following:

- Recovery Cells were not established.
- Fully verifiable particulars of the premises from which the person operates the business were not maintained by any of the STEPs in the four districts. Survey agency⁷⁸ has also found it difficult to locate addresses of a majority of the beneficiaries.
- Though required, STEPs did not obtain the financial statements, details of assets, minutes of meetings of beneficiary with co-beneficiaries of the Group sub-scheme, etc. from the beneficiaries.
- Neither the STEPs nor the CYS have the data relating to the amounts recovered by banks from the beneficiaries. Prompt repayment would have served as one indicator of a successfully run enterprise. No amount was recovered under Revenue Recovery Act despite identification of defaults and the agreements concluded with beneficiaries did not have penal provisions for defaults/wilful defaults in repayment of loans. The information relating to the defaulters/outstanding loans though available with the banks was not made available to the CYS.

Due to major flaws in the operation of the Scheme such as non-assessment of the viability of the business being financed, non-verification of the premises from which the new units would operate, there were large scale defaults in payments by the beneficiaries.

As ascertained (February 2010) by audit from the State Level Bankers' Committee, an aggregate loan of ₹ 446.22 crore (State Bank of India (SBI): ₹ 268.44 crore and Andhra Bank (AB): ₹ 177.78 crore) to 62,022 units (SBI: 36,235; AB: 25,787 units) in the State had been sanctioned. As against the amount of ₹ 151.91 crore due for recovery (March 2009), only ₹ 52.73 crore was re-paid leaving a huge overdues of ₹ 99.18 crore (65 per cent). The above two banks classified an amount of ₹ 131 crore (SBI: ₹ 129.48 crore and AB: ₹ 1.49 crore) as non-performing assets.

⁷⁸AP Industrial and Technical Consultancy Limited – an agency entrusted with the task of conducting survey of sanctioned units

2.4.5 Monitoring and evaluation

Guidelines prescribed (April 2006) fortnightly monitoring of the units by the MPDO and submission of reports to the Government. CYS requested (February 2007) the District Collectors to have a regular mechanism at their level due to insufficiency of the staff in the Youth Services Department. As such, STEPs were absolved of the responsibility of monitoring the implementation of the Scheme and it remained unmonitored by the department at the ground level.

In order to evaluate the functioning/status of RYS units, CYS commissioned two semi-Government agencies⁷⁹ to conduct rapid appraisal survey during May 2007 to June 2008 at the instance of the Government. The survey pointed out 2,642 units (non-existing – NE: 1,424 and non-performing – NP: 1,218). Subsidy released to the defaulting units in three⁸⁰ districts was ₹ 2.59 crore⁸¹. Details are given in [Appendix-2.14](#). Proposals to recover the subsidy released to the NE units and NP units under RR Act were not yet submitted to the District Collectors concerned by the STEPs. Further, Vigilance and Enforcement Directorate pointed out that 71 *per cent* of the 101 units verified by it in Chittoor District were either ghost (not existing) units or not established units and that loans and subsidy were given to 16 already existing units, contrary to norms. However, as of October 2009, no follow-up action was taken by the STEP on the report. These findings confirm the two major flaws pointed out by audit.

2.4.6 Conclusions

The Scheme ‘Rajiv Yuva Sakthi’ on which an expenditure of ₹ 106 crore was incurred, was implemented in a shoddy and unprofessional manner. Publicity regarding eligibility criteria, permissible activities, etc. was not given and the whole process of selection of beneficiaries was deficient. There was no authenticated centralised database of assistance given to beneficiaries under other scheme(s)/programmes. Audit also noticed non-insisting of project reports from the applicants/assessment reports from banks while arriving at project cost, sanctions to non-asset based activities, sanction of subsidy to already existing units and ineligible applicants, huge delays in release of loans by banks, deficiencies in Utilisation Certificates furnished by banks, etc. Due to major flaws in the operation of the Scheme, such as non-assessment of viability of the business being financed, non-verification of premises from which the new units would operate, there were large scale defaults (65 *per cent*) in payments by the beneficiaries. Large scale defaults indicates that the scheme was not so successful and it also resulted in losses for the public sector banks.

⁷⁹ AP Productivity Council and AP Industrial and Technical Consultancy Limited

⁸⁰ Chittoor, East Godavari and Medak Districts

⁸¹ Amount of subsidy in Visakhapatnam has not been furnished

2.4.7 Recommendations

- The format of application and the eligibility criteria should be uploaded in the website of the Department and a reference to the website may be given in the notifications calling for applications.
- A centralised database of assistance given to beneficiaries under all Government schemes/programmes should be maintained at all levels.
- Appraisal mechanism should be put in place to ensure that the funds are utilised for productive purposes to enable the borrowers to service the loans. Post-disbursement monitoring needs to be strengthened.

The above observations were reported to Government in March 2010 (also reminded in May 2010); reply had not been received (November 2010).

CHAPTER III

COMPLIANCE AUDIT

3.1 Fraud and detection of fraud

SCHOOL EDUCATION DEPARTMENT

3.1.1 Fraudulent medical reimbursement claims

Audit detected payment of fraudulent medical reimbursement claims amounting to ₹ 2.29 crore in 162 cases of School Education Department in nine districts.

In the Government orders issued from time to time and the latest in March 2005, powers were delegated to all the district level officers of all the departments in the State to sanction medical reimbursement claims upto a value of ₹ 25,000 subject to scrutiny by the District Medical Board/ District Hospital Superintendent/Superintendent of Teaching Hospitals. Where the claim exceeded ₹ 25,000 it was to be referred by the district officers concerned to the Director of Medical Education (DME) for scrutiny.

During the course of test-check of vouchers¹ relating to reimbursement of medical claims by audit, 162 cases of officials belonging to the School Education Department covering nine² districts during the period April 2009 – March 2010 were referred to the hospitals for confirmation of the bonafides of the claims. The cases in which the claims exceeded ₹ 25,000 were referred to the DME for confirmation with regard to scrutiny having been conducted. Following are the audit findings:

- (i) All the 162 cases which were referred to the hospitals were found to be fake/fabricated/forged as confirmed by the hospital authorities.
- (ii) In 34 out of 149 cases³ referred to DME, it was confirmed by the DME that the letters purported to have been issued by his office had actually not been issued by him and were forged.

The DDO-wise fraudulent claims admitted involving an aggregate amount of ₹ 2.29 crore (162 cases) are given in [Appendix-3.1](#).

As per the codal provisions⁴, detailed checks are to be exercised by the DDOs/Controlling Officers while passing the medical claims of employees. The category (i) type of claims could have been detected by the DME through sample check of claims from time to time with the Hospital

¹ in Central Audit

² Adilabad, Khammam, Mahbubnagar, Medak, Nalgonda, Nizamabad, Ranga Reddy, Vizianagaram and Warangal

³ Thirteen cases were less than ₹ 25,000 and hence not referred to DME

⁴ AP Integrated Medical Attendance Rules, 1972

authorities. The category (ii) types of claims could have been detected by the DDOs themselves. This indicates that due care has not been exercised by them while passing the claims.

Thus, failure of the DDOs/DME to exercise the required checks resulted in payment of fraudulent claims amounting to ₹ 2.29 crore.

The Commissioner and Director of School Education stated (December 2010) that the District Education Officers concerned were instructed to place the said teachers under suspension and also to recover the said fraudulent payment from the teachers/employees. He also stated that the Government had been requested to take up the issue with Vigilance and Enforcement Department for issue of necessary instructions in the matter. Government's reply had not been received (November 2010).

It is recommended that signatures of the claimants should invariably be obtained on all the documents submitted by them. There is also a need to introduce the practice of having specimen signatures of the persons authorised by the hospitals to sign the bills.

SCHOOL EDUCATION, TRIBAL WELFARE AND FINANCE DEPARTMENTS

3.1.2 Fraudulent leave travel concession (LTC) claims

Audit detected payment of fraudulent LTC claims amounting to ₹ 84.91 lakh in 994 cases of School Education and Tribal Welfare Departments in Adilabad District.

Scrutiny (January 2010) of LTC vouchers⁵ for the period September 2008 to December 2009 pertaining to School Education and Tribal Welfare Departments in Adilabad District revealed payment of fraudulent LTC claims amounting to ₹ 84.91 lakh in 994 cases.

The types of frauds involved in these claims are:

- Fabrication of the computerised railway tickets by producing manipulated Xerox copies thereof, interpolation of figures and particulars of journey
- Submission of claims with cancelled tickets
- Submission of fake printed tickets

Audit observed the following:

- (i) In 611 out of 994 cases, there was repetition of Passenger Name Record (PNR – a unique ten digit number printed on the railway reservation ticket) in the tickets produced by the claimants.

⁵in Central Audit

- (ii) In 348 cases, the claims were submitted with same ticket numbers.
- (iii) In 28 cases, the claims were submitted with cancelled tickets.
- (iv) In seven cases, the claims were submitted with fake printed tickets.

The DDO-wise/department-wise fraudulent claims admitted are given in [Appendix-3.2](#).

Further, Para 12(e) of Annexure-VII to Rule 92(1) of AP Travelling Allowance Rules stipulates that a record of all assistance granted under these rules should be made in Service Register of the employee including the dates of journeys and the family members together with the particulars of amount reimbursed as travelling allowance. Audit scrutiny (May 2010) of service registers in respect of 138 (out of 994) cases (14 *per cent*) which were produced to audit by the DEO⁶, however revealed that the Service Registers did not contain the following entries:

- (a) Declaration of family members
- (b) Permission from competent authority for availing LTC
- (c) Declaration of home town/place of visit
- (d) Evidence of availing any kind of leave and corresponding debit in the leave account
- (e) Amount of LTC claimed and date of payment

The DEO while admitting the above lapses confirmed (May 2010) that the claims were preferred by the individuals without actually performing journeys to the declared place of visit.

As per the codal provisions⁷, detailed checks⁸ are to be exercised by the Drawing and Disbursing Officers (DDOs)/Controlling Officers while passing LTC claims of employees. Further, Treasury Rules enjoin Treasury Officers to perform prescribed checks and to exercise due care while passing a bill or other vouchers in order to ensure that the financial interests of the Government are protected against fraud, misappropriation and inadmissible claims. Further, the Treasury Officer shall disallow any inadmissible or doubtful item which can be easily eliminated.

Thus, claims in the category (i), (ii) and (iv) could have been easily detected by the DDOs/Treasury Officers. This indicates that due care has not been exercised by them while passing the claims. Had the DDOs/Treasury Officers been vigilant, category (iii) claims could have been detected by sample check of claims from time to time with the Railway authorities.

⁶during the field visit

⁷Para 12(d) of Annexure-VII to Rule 92(1) of AP Travelling Allowance Rules

⁸As per Government instructions of September 1981, September 1982 and August 1986

The DDOs/Treasury Officers however, failed to exercise the required checks above which resulted in payment of fraudulent claims amounting to ₹ 84.91 lakh (School Education: 942 cases/₹ 80.50 lakh; Tribal Welfare: 52 cases/₹ 4.41 lakh).

The Special Chief Secretary to Government, Tribal Welfare Department accepted (May 2010) the audit observations and ordered recovery of the fraudulent LTC claims by attaching the salaries of the concerned employees and also to initiate disciplinary action against the employees and the DDOs concerned. Reply had not been received from the School Education Department (November 2010).

3.2 Audit against propriety and cases of expenditure without adequate justification

BACKWARD CLASSES WELFARE DEPARTMENT

3.2.1 Backward Classes Welfare Hostels

Construction of 70 out of 112 hostel buildings sanctioned during 2003-08 was delayed beyond stipulated time of two years (September 2010) depriving the benefit of improved facilities in hostels to the backward class students for whom the facilities were contemplated, besides cost escalation of ₹ 16.72 crore. Similarly, 31 hostel buildings sanctioned under 'Food for Work' also remained incomplete. Majority of the hostels lack basic amenities.

There are 1,422 Backward Classes (BC) welfare hostels in the State accommodating 1.79 lakh boarders. Of these, 807 are in Government owned buildings and the balance 615 in rented buildings. During the audit (December 2009 - February 2010) of the Commissioner of BC Welfare (Commissioner) and the District BC Welfare Officers (BCWOs) of five⁹ districts, Audit carried out an assessment of the activities of construction of hostel buildings, maintenance of the hostel buildings already constructed and the provision of basic amenities in the hostels. In five districts, 223 hostels¹⁰ (out of 331) (Government buildings: 137; rented buildings: 86) were test checked. Scrutiny revealed the following:

Construction of Hostel buildings

Hostel buildings under the Centrally Sponsored Scheme (CSS)

GOI sanctions construction of buildings under the Centrally Sponsored Scheme of 'Construction of Hostels for Other Backward Classes (OBC) Boys and

⁹Anantapur, Adilabad, Medak, Nizamabad and Prakasam

¹⁰Adilabad: 22; Anantapur: 79; Medak: 39; Nizamabad: 14; and Prakasam: 69

Girls' based on the proposals¹¹ sent by the State Government. Priority is to be given to the places where hostels are currently located in private rented buildings. The expenditure is borne by GOI and the State Government on 50:50 basis. During the six year period 2003-09, GOI sanctioned construction of 143 hostel buildings (estimated cost: ₹ 36.15 crore). As per the GOI guidelines, hostels sanctioned should be completed within two years. Audit accordingly carried out an assessment of completion of hostel buildings which were sanctioned during the period 2003-08. Following are the audit observations:

Non-identification of sites

Prior to sanction by GOI, the Commissioner is required to certify that the sites for construction of buildings are available. The department, while sending proposals for sanction of hostel buildings confirmed the availability of sites. Audit, however, observed that, in 26¹² out of 123 buildings sanctioned during 2004-05 to 2008-09 the works were not commenced as of April 2009 due to non-identification/non-availability of sites. Government replied (November 2010) that, before sending the proposals to GOI the availability of sites was ascertained from District Officers. However, some of the sites had to be changed due to non-feasibility and legal problems delaying the constructions. This showed that the proposals sent to GOI were *ab initio* unsound in respect of the above cases.

Delay in according administrative sanctions

Audit observed that there were delays of four to twelve months in according administrative sanction by the State Government in respect of hostels approved by GOI during 2003-09. Even in the case of 12 (out of 31) hostel buildings sanctioned by GOI in the year 2008-09 the State Government accorded administrative sanction only in March 2010 for want of availability of sites and due to non-provision of funds. The department while regretting the delay assured that such instances would not be repeated.

Release of funds

Availability of requisite funds upfront ensures speedy payments to contractors and smooth progress of execution of works. Audit observed that the construction of hostel buildings was taken up without ensuring availability of sufficient funds. State Government did not release its share of funds fully. As against ₹ 18.07 crore to be released towards matching State share in respect of hostels sanctioned during 2003-09, the State Government released only ₹ 7.15 crore¹³ leaving a gap of ₹ 10.92 crore.

¹¹ which are formulated duly applying the criteria such as concentration of OBC population, inadequate education facilities, availability of sites, etc. also keeping in view the hostels functioning in rented buildings

¹² Adilabad: 1; Anantapur: 1; Chittoor: 1; East Godavari: 2; Guntur: 2; Krishna: 1; Kurnool: 1; Medak: 1; Nalgonda: 2; Nizamabad: 1; Prakasam: 2; Ranga Reddy: 3; SPS Nellore: 1; Srikakulam: 2; Visakhapatnam: 1; and West Godavari: 4 (2004-05: 1; 2005-06: 2; 2007-08: 13 and 2008-09:10)

¹³ 2003-04: ₹ 2.20 crore; 2004-05: ₹ 3.30 crore; 2005-06: ₹ 1.65 crore

In the five test checked districts 16 buildings¹⁴ (out of 223 test checked) were not completed due to non-release of funds in time. This resulted in avoidable payment of rent (₹ 13.16 lakh) on the hired buildings sanctioned upto 2007-08 alone.

Submission of incorrect Utilisation Certificates to GOI

During the year 2005-06, Government received Central assistance of ₹ 4.40 crore. As against this, Government released only ₹ 3.40 crore. Similarly, in 2008-09 also Government received Central assistance of ₹ 5.42 crore. As against this, Government released only ₹ 3.32 crore as a result of which the Central assistance of ₹ 3.10 crore remains to be released to the Commissioner by the Government. However, incorrect utilisation certificates (UCs) were submitted to GOI stating that the entire amount of Central assistance of ₹ 9.82 crore had been fully utilised in the above two years. Non-utilisation of the funds sanctioned by GOI resulted in non-completion of the hostel buildings.

Absence of centralised database

Audit observed that no centralised database was maintained to monitor the status of construction of hostel buildings. This would have not only enabled the department to monitor the progress of construction works, but also prioritise the expenditure as per the requirement. Such monitoring was not possible in the absence of centralised database.

Entrustment of majority of works to a party not having the requisite capacity to execute works

Out of 143 hostel buildings sanctioned during 2003-09, Government entrusted the construction of as many as 94 buildings¹⁵ (estimated cost: ₹ 22.92 crore/ releases: ₹ 19.33 crore) to the Executive Engineer in the Office of the Commissioner of Fisheries (EE, Fisheries), Hyderabad. It was observed that the Fisheries Department did not have adequate infrastructure in the districts where works were to be executed. The District Collector, Karimnagar, brought this fact to the notice of Government as early as April 2005 with regard to the lack of infrastructure in the Office of the EE, Fisheries. Despite this, Government continued to entrust the works to the EE till 2008-09. Audit noticed that 65¹⁶ (69 per cent) out of 94 works entrusted to the EE, Fisheries remained incomplete as of October 2010.

Government replied (November 2010) that the construction work of hostel buildings had been withdrawn from EE, Fisheries, and entrusted to AP Education and Welfare Infrastructure Development Corporation (APEWIDC) for completion of buildings. Government also stated that the case relating to EE, Fisheries was under investigation.

¹⁴Adilabad: 2; Anantapur: 5; Medak: 4; Nizamabad: 2 and Prakasam: 3

¹⁵2003-04: 20; 2004-05: 25; 2005-06: 37; and 2007-08: 12

¹⁶Adilabad: 3; Anantapur: 6; Chittoor: 2; East Godavari: 6; Guntur: 1; Hyderabad: 2; Khammam: 1; Karimnagar: 1; Krishna: 5; Kurnool: 4; Medak: 4; Nalgonda: 2; Nizamabad: 6; Prakasam: 4; Ranga Reddy: 2; SPS Nellore: 2; Srikakulam: 3; Vizianagaram: 1; Visakhapatnam: 5; West Godavari: 2; and YSR: 3

Escalation in cost due to non-completion of hostel buildings in time

As a result of the deficiencies pointed out above, as many as 70¹⁷ out of 112 hostels¹⁸ during the years 2003-04 to 2007-08 (expenditure incurred so far: ₹ 10.84 crore) remained incomplete as of September 2010. Guidelines stipulated completion of the hostel buildings within 24 months of sanction. Audit however, noticed that there were delays ranging upto as high as 56 months as of September 2010, in completing the hostel buildings as detailed in Table-1.

Table-1

Year	Number of buildings sanctioned by GOI	Month of sanction by GOI	Due date for completion of hostel buildings	Number of incomplete hostel buildings	Delay (in months) in respect of incomplete buildings (as of September 2010)
2003-04	20	February 2004	January 2006	8	56 months
2004-05	30	November 2004	October 2006	14	47 months
2005-06	30	September 2005	August 2007	26	37 months
	10	March 2006	February 2008	-	-
2007-08	22	December 2007	November 2009	22	10 months

Note: No hostel buildings were sanctioned by GOI during 2006-07

This deprived the targeted BC students of the benefit of improved facilities in hostels. APEWIDC to whom the construction of incomplete hostel buildings was entrusted (December 2008), sought (November 2009) sanction of additional funds of ₹ 23.48 crore in respect of the 70 pending hostel buildings and the Government's approval was awaited as of September 2010. Thus, due to non-completion of the hostel buildings in time there was cost escalation of ₹ 16.72 crore¹⁹.

Construction of hostels under 'Food for Work (FFW)' Programme

During the year 2002-03, State Government took up construction of buildings for 307 hostels under FFW programme (in addition to the hostels sanctioned under CSS). Audit noticed that, as of September 2010, 31 out of the 307 buildings remained incomplete mainly due to non-provision of funds leading to an avoidable payment of rent of ₹ 30.56 lakh on hired buildings. Audit also noticed the following:

- In the case of hostels to be constructed under FFW scheme, sanction was accorded for the construction of hostels for 100 boarders at an estimate of only ₹ 11 lakh whereas under the CSS scheme in the same year provision of ₹ 22 lakh was made for similar hostel. Audit noticed that, in respect of 10 hostel buildings constructed under FFW in Prakasam District, the EE, Fisheries, instead of going in for revised estimates, restricted the plinth area to 2,351 sft as against 3,869 sft to be constructed thereby reducing the accommodation for the 100 boarders and also compromising on the quality of the hostel buildings under FFW.

¹⁷ 2003-04: 8; 2004-05: 14; 2005-06: 26; and 2007-08: 22

¹⁸ 2003-04: 20; 2004-05: 30; 2005-06: 40; and 2007-08: 22

¹⁹ Additional funds sought ₹ 23.48 crore – (Original estimate ₹ 17.60 crore – Expenditure ₹ 10.84 crore) = Escalation ₹ 16.72 crore

- Four (Anantapur: 3; Ranga Reddy: 1) hostel buildings taken up (2002-03) under FFW were stopped/dismantled due to structural deficiencies after incurring ₹ 44 lakh, leading to wasteful expenditure. The department confirmed the wasteful expenditure. Government stated (November 2010) that the matter was under investigation.

Maintenance of hostel buildings

Government launched 'Samkshema Bata'²⁰ in March 2008 with a view to take up the repair works and provide additional infrastructure facilities in Government BC hostel buildings.

Audit observed non/short release of funds by the State Government. In 2008-09, Government sanctioned 1,087 repair works in 780 hostels at a cost of ₹ 55.80 crore under 'Samkshema Bata'. As of March 2010, Government released only ₹ 33.07 crore²¹ (59 per cent) for this purpose. As a result, only 765 works had been completed (expenditure: ₹ 17.94 crore) and 322 (30 per cent) works were stopped midway for want of funds. Further, an amount of ₹ 16.24 crore was yet to be paid to the executing agencies in respect of the works already completed.

There is also no centralised database of repairs required to be carried out in the hostels and the cost involved. Absence of such a centralised database resulted in lack of monitoring of the repair works from time to time.

Provision of amenities in Hostels

Audit assessed the availability of basic amenities in 223 (out of 331) hostels test checked and observed the following:

- (i) As per norms fixed by Government, one bath room and one toilet shall be provided for every 10 boarders. Audit noticed that out of 223 hostels, 48 hostels (Government buildings: 17, Rented buildings: 31) did not have even single bathroom/toilet. Even out of the remaining 175 hostel buildings, 108 (Government buildings: 58, Rented buildings: 50) did not have even five bath rooms/toilets against ten required.
- (ii) As per GOI guidelines, each hostel building was to accommodate a maximum of 100 boarders. Audit observed that more than 100 boarders were accommodated in 140 out of 223 hostels test checked in the five districts. Of these, in 51 hostels more than 150 boarders were accommodated which not only resulted in uncomfortable living but also deprived a congenial environment for studies. Government replied (November 2010) that the boarders were allowed in the hostels in excess of 100 as per the demand under unavoidable circumstances.

²⁰ a Telugu word which means 'Path to Welfare'

²¹ ₹ 11.29 crore released during February - March 2010

- (iii) As per the recommendations (March 2006) of the House Committee (2004-2006) on welfare of Backward Classes, protected water is required to be supplied to hostel inmates. It was however, observed that bore well water was being directly given without filters for drinking purpose in all the 223 hostels test checked.
- (iv) Though GOI guidelines prescribed, compound wall was not provided in 97 out of the 223 hostels including the six girls' hostels test checked.

Government while accepting the audit observations, stated (November 2010) that the Director, BC Welfare and the Chief Engineer, APEWIDC, had been asked to take action on these deficiencies and that they have been asked to ensure that such lapses are not repeated in the new constructions taken up by them.

3.3 Persistent and pervasive irregularities

ANIMAL HUSBANDRY DEPARTMENT

3.3.1 Induction of high yield milch animals

Deficiencies *inter alia* absence of fairness and transparency in selection of beneficiaries, non-ensuring supply of quality animals, defective regulation of payments to supplying agencies, etc. were found in the implementation of the scheme.

The scheme 'Induction of high yield milch animals' under implementation²² in the State from 2007-08 envisages supply of two milch animals (Cow/Buffalo/Heifer) to each below poverty line (BPL) beneficiary with a gap of six months at a subsidy of 50 *per cent* of the total unit cost²³ (maximum unit cost: ₹ 35,000) limited to ₹ 15,000. The balance cost of the animal is to be borne by beneficiary by way of a bank loan. The beneficiary should have 0.25 acre land to spare for fodder cultivation.

In the State, 1.03 lakh animals were stated to have been supplied (expenditure: ₹ 141.12 crore²⁴) during 2007-09 under the scheme. Audit scrutiny (May – September 2009) of the records of the Director of Animal Husbandry (Director) and the Joint Directors of Animal Husbandry (JDs) in 11 districts²⁵ revealed the following deficiencies in the implementation of the scheme:

²² Implemented under Prime Minister's Package (PM Package), Rashtriya Krishi Vikas Yojana (RKVY) and the State scheme of Chief Minister's Package

²³ Unit cost includes basic cost, transportation charges and insurance charges for purchase of one animal

²⁴ During 2007-09, PM Package: 36,502 animals (₹ 53.09 crore); CM Package: 64,814 animals (₹ 86.08 crore); RKVY: 1,442 animals (₹ 1.95 crore)

²⁵ Adilabad, East Godavari, Guntur, Karimnagar, Khammam, Medak, Nalgonda, Nizamabad, Srikakulam, Visakhapatnam and Vizianagaram

Publicity and selection of beneficiaries

Audit found that adequate publicity was not given and no funds were released to the JDs towards incurring expenditure on publicity. Audit also noticed that the applications received from the applicants were not acknowledged and no registers were maintained for registering all the applications received. The lists of selected/rejected applicants were also not displayed. Though the beneficiaries were to be selected through Gramsabhas, there was no evidence of conducting the same. Government stated (October 2010) that Gramsabhas were not conducted initially due to lack of experience and beneficiaries were selected through Self Help Groups (SHGs) of District Rural Development Agencies (DRDAs) and through cooperative societies. Thus, the selection of beneficiaries was not open to all the BPL families. Also, in all the 11 districts covered by audit, the JDs/Mandal Development Officers could not produce any evidence of conducting Gramsabhas for both 2007-08 and 2008-09. Due to non-maintenance of records coupled with non-conducting of Gramsabhas, the selection of beneficiaries suffered from lack of fairness and transparency.

Supply of quality animals

The following deficiencies were noticed:

- Though the Guidelines prescribed that the animals should be screened by an expert group of veterinarians²⁶ before selection of animals by the purchase committee²⁷, there were no reports available with JDs or Veterinary Assistant Surgeons (VAS) in support that the animals were screened by the expert committee.
- As per the rate contract agreement, the supplier should vaccinate all the animals and submit the certificate at the time of sale. Vaccination certificates were not found in the records of any of the district authorities (JDs) or with the VAS.

Though Government stated (October 2010) that certification was obtained in respect of vaccinations and screening of animals, the JDs/VAS did not produce any evidence thereof.

The animals should be rejected and replaced if its milk yield (at delivery point) goes down below 25 *per cent* of that at the display point (i.e. 25 *per cent* discount to be given on account of transportation stress). However, Audit noticed in 10 out of the 11 districts (i.e. except Medak District) covered, that the details of milk yield at the delivery point were not recorded. Also, the details of cases rejected/replaced were not recorded by the JDs/VAS. Government while admitting that no rejection list was maintained stated (October 2010) that the low milk yield animals were rejected/replaced. In the absence of record of milk yield at the delivery point, it is not clear how such an exercise was conducted to identify low milk yield animals before their rejection and replacement.

²⁶ Post graduates in veterinary science

²⁷ consisting of Veterinary Assistant Surgeon (VAS), banker and the beneficiary

Regulation of payments

The JDs make payments to the suppliers. Audit observed the following in the release of payments:

- The JDs rely on VAS for release of payments. The payments were not correctly regulated as even the errors²⁸ made by the VAS were not rectified. The JDs did not obtain the invoices in full and relied merely on the report of VAS showing the cost and details of the animals.
- A test-check of the reports furnished by the VAS revealed incorrect details. Out of 62 heifers verified (Vizianagaram (45) and Srikakulam (17)), 24 heifers of age upto two years (cost: ₹ 7,800) were shown as 30 months (Murra heifer-cost: ₹ 14,500) in payment records and the payments were made at higher rates. Government stated (October 2010) that they had planned to purchase Murrah heifers of age 30 months and above only and the age of heifers was mentioned as 24 months due to oversight/typographical mistake done by the district administration. This reply of Government can not be accepted as the rate contract included purchase of heifers upto 24 months age.

Similarly, out of 44 pregnant cows (unit cost: ₹ 19,500) physically verified in Karimnagar (12 cows) and Srikakulam (32 cows), 16 cows were shown as cow with calf (cost upto ₹ 25,200) in payment records and payments were made at higher rates. While admitting the excess payments, Government stated (October 2010) that action was initiated for recovery of the excess payments.

- In a large number of cases, the VAS had calculated the cost of animals in excess of the rates stipulated in the rate contract (RC), which were paid by the JDs without restricting to RC rates. In eight out of eleven districts²⁹, the excess payment to suppliers on account of not restricting the cost of animals (in 4,050 out of 33,911 animals) to RC prices amounted to ₹ 75.86 lakh. Scrutiny also revealed that the JDs in five districts paid an excess amount of ₹ 70.27 lakh³⁰ to the suppliers due to initial wrong computation of the rate of the animal and adoption of higher rates. Government replied (October 2010) that the matter was reviewed and part of the excess amount was recovered. Government also stated that orders were issued (April 2010) for identification of persons responsible and also for initiating disciplinary action through vigilance cell.

Incidentally, it was observed that the beneficiary is not aware of the process of valuation with regard to milk yield and age as revealed from interaction with 31 beneficiaries in six districts³¹.

²⁸ recording a pregnant cow as 'cow with calf', calculation of cost of animals in excess of the ceiling rates, incorrect computation of transportation charges against the Rate contract

²⁹ Adilabad (₹ 26.32 lakh), East Godavari (₹ 0.67 lakh), Guntur (₹ 6.23 lakh), Karimnagar (₹ 2.25 lakh), Medak (₹ 1.00 lakh), Nalgonda (₹ 0.74 lakh), Visakhapatnam (₹ 14.74 lakh) and Vizianagaram (₹ 23.91 lakh)

³⁰ Adilabad (₹ 37.37lakh), East Godavari (₹ 1 lakh), Guntur (₹ 25.50 lakh), Karimnagar (₹ 3.71 lakh) and Medak (₹ 2.69 lakh)

³¹ Adilabad, Karimnagar, Medak, Nalgonda, Srikakulam and Vizianagaram

- As per the RC entered with the suppliers by the Director of Animal Husbandry, transportation charges are to be paid to the suppliers for transporting the animals from the source point to the beneficiary village for the actual distance transported at prescribed rates. The way bill is a very important document to establish the bonafides of transportation as it contains vital information, like vehicle number, date of transportation, etc. As per the RC agreement, submission of way bills by the supplier is mandatory for making payments.

In none of the districts covered by Audit, the JDs obtained the way bills from the suppliers for payment of transportation charges. In six³² out of 11 districts, scrutiny revealed an excess payment of ₹ 21.69 lakh towards transportation charges on account of incorrect exhibition of distance, incorrect calculation of rates, etc. Government accepted (October 2010) the miscalculations in Adilabad and Karimnagar Districts and stated that action was taken to recover the excess payments on case-wise basis. As regards other districts, Government stated that payments were correctly made by calculating the distances based on Google-earth maps, etc. The reply is not acceptable. In the absence of way bills, the bonafides of purchase and transportation of animals, actual source point and destination point and whether the animals were transported by train or truck, etc. were not verifiable. Further, no test-check was done by the JDs to cross-check the particulars of the animals by actual verification in the field with regard to animals supplied to beneficiaries.

As regards the total excess payment of ₹ 1.68 crore pointed out by Audit as above, Government accepted (October 2010) the excess payments to the extent of ₹ 43.43 lakh and stated that an amount of ₹ 38.97 lakh was recovered from the suppliers. In this context, Audit noticed that while replying to the para, the department changed the basic characteristics of animals (pregnant cow as per basic records which costs less is now shown as cow with calf which costs more), which is in contradiction of the information/data already furnished earlier (November 2009) by the Director. The reply of the department is hence not acceptable and the matter calls for investigation.

Thus, the balance excess payments to the suppliers amounting to ₹ 1.25 crore also needs to be recovered from the suppliers. The department should also review all such cases in the remaining districts (not covered by audit) and recover the excess payments, if any, made in those districts also.

Unique identity of animals

The system of tag followed by the department was not foolproof as the tag is detachable from the animal. As a result, there is no assurance that all the animals for which payments were made were actually inducted in the State and were available with the beneficiaries.

³²Adilabad (₹ 3.18 lakh), East Godavari (₹ 4.13 lakh), Karimnagar (₹ 6.16 lakh), Khammam (₹ 7.38 lakh), Nalgonda (₹ 0.69 lakh) and Nizamabad (₹ 0.15 lakh)

Supply of second animal to beneficiaries

In the eleven districts, it was observed that the second animal was supplied only to 4,824 beneficiaries (25 per cent) out of 19,601 beneficiaries to whom first animal was supplied in 2007-08. The JDs stated that the banks had not sanctioned loan for the second animal due to irregular repayment of loan by the beneficiaries. The objective of ensuring continued income generation was thus not achieved. Government stated (October 2010) that the issue of supply of second animal is totally based on regular repayment of instalments for the first animal by the beneficiaries and extending loan to the beneficiaries by the banker. It further stated that if the repayment was poor, it would not be possible to provide second animal to the beneficiaries. Non-availment of the benefit of second animal due to non-repayment of loan obtained for the first is indicative of the limited success of the scheme as the objective of ensuring continued income generation was also not achieved.

Poor monitoring by the department

Post disbursement follow-up would have served a vital purpose of checking whether the beneficiaries were able to improve their economic status through the occupation of dairy farming or that they had sold the animals. However, no information was available either with the Director or with the district authorities (JDs) with regard to such action being taken. Most of the VAS did not also maintain any records regarding the milk yield of the inducted milch animals. Further, District level Committees or Mandal level Committees are required to regularly monitor the implementation of the scheme. It was, however, observed that the JDs could not produce any records regarding convening of meetings of the Committees.

The Government replied (October 2010) that the Director of Animal Husbandry was instructed to take corrective steps to implement the scheme in a foolproof manner. Government also stated that the Director has been asked to take expeditious action to identify the personnel responsible for making excess payments to the suppliers and initiate disciplinary action against them.

PLANNING DEPARTMENT

3.3.2 Member of Parliament Local Area Development Scheme

Deficiencies like non-completion of works, execution of inadmissible works, non-transfer of assets to user agencies, non-remittance of unspent balances of completed works, etc. involving ₹ 48.92 crore in implementation of MPLAD Scheme denied the envisaged benefits to the public at large.

Introduction

The “Member of Parliament Local Area Development Scheme (MPLADS)” was designed to enable the Members of Parliament (MPs) to recommend works for creation of durable assets of national priorities viz., drinking water, primary education, public health, sanitation and roads, etc based on the locally

felt needs in their constituencies. The scheme is fully funded by Government of India. The District Collector is the Nodal officer at the district level and the works are executed by District Rural Development Agency (DRDA), District Water Management Agency (DWMA) and Chief Planning Officer of the district.

Observations relating to MPLADS were earlier included in the Reports of the Comptroller and Auditor General of India for the year ended 31 March 2007, 2008 and 2009 covering 17 districts of the State. The present review covers the remaining six districts³³ comprising 20 Members of Parliament³⁴ (Lok Sabha: 11 and Rajya Sabha: 9). Scrutiny (August - October 2009 and October 2010) of the transactions of the scheme was conducted by test-check of the records of four Chief Planning Officers (CPOs) and two Project Directors (PDs), DWMA for the period 2004-05 to 2009-10. During the period 2004-05 to 2009-10, as against the releases of ₹ 180.00 crore, an amount of ₹ 159.87 crore was spent in the six districts. Following are the audit findings:

Audit findings

Previous reviews covering the period from 2001-02 to 2008-09 revealed mainly the following deficiencies in the implementation of the scheme:

- (i) Works recommended by MPs were either not taken up or left incomplete.
- (ii) Funds were not spent in full resulting in denial of full benefits envisaged under the scheme.
- (iii) Scheme funds were spent on inadmissible works/items by the implementing agencies.
- (iv) The MPLADS funds were diverted towards administrative expenses and other schemes.
- (v) The district authorities/implementing agencies kept the MPLADS funds in fixed deposits in private banks contrary to scheme guidelines which defeated the objective of speedy execution of works.
- (vi) MPLADS funds were released in excess of the prescribed limits to trusts in violation of scheme guidelines.
- (vii) The district authorities failed to obtain the unutilised balances lying with the implementing agencies in respect of completed works.
- (viii) The implementing agencies did not furnish Utilisation Certificates to the district authorities regularly.
- (ix) Asset register was not maintained by the district authorities. The district authorities did not maintain any record of assets transferred to user agencies/beneficiaries after their completion.

³³ Anantapur, Hyderabad, Kurnool, SPS Nellore, Srikakulam and YSR

³⁴ **Lok Sabha:** Anantapur District: Anantapur and Hindupur; Hyderabad District: Hyderabad and Secunderabad; Kurnool District: Kurnool and Nandyal; SPS Nellore District: Nellore; Srikakulam District: Srikakulam and Parvathipuram; YSR District: Kadapa and Rajampeta;
Rajya Sabha: Hyderabad District (6 MPs) and YSR (3 MPs- Releases and expenditure details for one MP (Tenure:2004-05) not available)

- (x) The implementing agencies awarded the works on nomination basis instead of calling for tenders.
- (xi) Inspection of works was not conducted by the district authorities and other concerned officers.
- (xii) Unspent balances in respect of retired members of Rajya Sabha were not passed on to the successor MPs of Rajya Sabha as required under the scheme.

The current review indicated that these deficiencies were not fully addressed and the deficiencies continued to exist as noticed from the following:

Shortfall in completion of works was 20 per cent (estimated cost: ₹ 47.94crore)

<p>Incomplete works</p>	<p>As stipulated in Para 3.13 of the scheme guidelines works taken up under the scheme should generally be completed within one year. In the six districts, out of 10,211 works sanctioned during 2004-05 to 2008-09 (estimated cost: ₹ 166.53 crore), only 8,202 works (estimated cost: ₹ 118.59 crore) were completed leaving a balance of 2,009 works (20 per cent) (estimated cost: ₹ 47.94 crore) (of which 186 works were taken up five years ago) not yet completed as detailed in Appendix-3.3. Further, 247 works³⁵ sanctioned during the years 2004-05 to 2008-09 (estimated cost: ₹ 3.78 crore; release: ₹ 1.15 crore) were not even started (October 2010) resulting in non-utilisation of funds already released to the implementing agencies. There was no justification in keeping the moneys unutilised with the implementing agencies when the works could not even be started for several years.</p> <p>The CPOs of Hyderabad, SPS Nellore and PD, DWMA, Kurnool replied (October 2010) that the matter was being pursued with the implementing agencies to complete the works immediately.</p>
<p>Delay in sanction/ commencement of works</p>	<p>As per the scheme guidelines, as far as possible all requisite sanctions for works should be accorded within 45 days from the date of receipt of proposal from the MP concerned. In all the test checked districts (except YSR District), there was inordinate delay in sanction of 2,734 works³⁶ (2004-10) ranging upto as high as 36 months after recommendation of works by the MPs concerned.</p>

There was inordinate delay in sanction of works ranging upto as high as 36 months against the stipulated period of 45 days

³⁵ Hyderabad: 38 works (Estimated Cost: ₹ 1.23 crore/release: ₹ 0.79 crore); Kurnool: 29 works (Estimated Cost: ₹ 0.43 crore/release: ₹ 0.21 crore); SPS Nellore: 16 works (Estimated Cost: ₹ 0.25 crore/release: ₹ 0.13 crore); and YSR: 164 works (Estimated Cost: ₹ 1.87 crore/release: ₹ 0.02 crore);

³⁶ Anantapur: 971; Hyderabad: 165; Kurnool:511; SPS Nellore: 69; and Srikakulam: 1,018

		<p>The PDs, Anantapur and Kurnool attributed (October 2010) the delays in sanction of works to delayed preparation of estimates by the implementing agencies. The CPO, Hyderabad, being the nodal district authority in respect of the works recommended by Rajya Sabha Members, stated (October 2010) that there were delays in sanction by the other district authorities where the works were located. As the proposed works are required to be completed within the one year period, there is a need to ensure coordination with implementing agencies for expeditious finalisation of estimates to ensure early commencement of works.</p>
<p>Inadmissible works numbering 38 (estimated cost: ₹ 42.04 lakh) were sanctioned</p>	<p>Execution of inadmissible works</p>	<p>In five out of six test checked districts, 38 inadmissible works³⁷ (estimated cost: ₹ 42.04 lakh; release: ₹ 34.79 lakh) viz., repairs of roads, construction of office buildings and leveling of sites which were prohibited under the scheme were sanctioned for execution during 2004-05 to 2009-10 (Appendix-3.4).</p> <p>The district authorities, Anantapur, Kurnool, Srikakulam and YSR, took the plea (October 2009 and October 2010) that the works were executed as they were proposed by the MPs. The district authority, SPS Nellore stated (October 2009) that the works were taken upto avoid encroachment of Government lands. The reply is not tenable. It is the responsibility of the CPOs/PD to ensure that the guidelines are kept in view while issuing the sanctions.</p>
	<p>Non-remittance of unutilised balances and interest</p>	<p>District authorities in three out of six test checked districts failed to obtain the unutilised amount of ₹ 0.63 crore (Hyderabad: ₹ 0.16 crore; Kurnool: ₹ 0.05 crore³⁸ and SPS Nellore: ₹ 0.42 crore) and interest thereon for completed works from the implementing agencies as of September 2010.</p> <p>The CPOs of Hyderabad and SPS Nellore and PD, DWMA, Kurnool replied (October 2010) that the implementing agencies would be asked to refund unspent balances with interest.</p>

³⁷ Ananthapur: 1 work (₹ 2.00 lakh/₹ 1.00 lakh); Kurnool: 1 work (₹ 2.00 lakh/₹ 1.00 lakh); SPS Nellore: 5 works (₹ 9 lakh/₹ 7.75 lakh); Srikakulam: 3 works (₹ 7.05 lakh/ ₹ 5.45 lakh); and YSR: 28 works (₹ 21.99 lakh/₹ 19.59 lakh)

³⁸ Inclusive of interest of ₹ 1.90 lakh

Appendix-2.1
(Reference to paragraph 2.1.5.1 page 16)

A. Budget provision, GOI releases and the expenditure incurred towards ICDS during 2005-10

(Rupees in crore)

Year	GOI releases*	Budget provision** (GOI as well as State share)	Expenditure**	Unutilised funds (percentage)
2005-06	148.91	149.50	164.45	(-) 14.95
2006-07	236.95	291.54	248.55	42.99 (15)
2007-08	249.14	346.22	291.31	54.91 (16)
2008-09	299.24	377.31	412.66	(-) 35.35
2009-10	364.64	547.51	468.79	78.72 (14)
Total	1298.88	1712.08	1585.76	126.32 (7)

*Figures as furnished by the department; **figures as booked by the PAG (A&E) Office

B. Budget provision, GOI releases and the expenditure incurred towards Supplementary Nutrition Programme (SNP) during 2005-10

(Rupees in crore)

Year	GOI releases*	Budget provision** (GOI as well as State share)	Expenditure**	Unutilised funds (percentage)
2005-06	NIL	146.36	78.20	68.16 (47)
2006-07	90.52	212.61	204.28	8.33 (4)
2007-08	135.07	444.16	307.00	137.16 (31)
2008-09	128.36	434.34	337.77	96.57 (22)
2009-10	312.86	683.52	270.15	413.37 (60)
Total	666.81	1920.99	1197.40	723.59 (38)

*Figures as furnished by the department; **figures as booked by the PAG (A&E) Office

Appendix-2.2
(Reference to paragraph 2.1.7 page 21)

Category-wise coverage of Supplementary Nutrition Programme (SNP) under ICDS scheme during 2005-10

(Population in lakh)

Year	Eligible			Enrolled			Covered under SNP			Shortfall in coverage of enrolled beneficiaries under the SNP (%)		
	Pregnant	Lactating	Children (6months-6years)	Pregnant	Lactating	Children (6months-6years)	Pregnant	Lactating	Children (6months-6years)	Pregnant	Lactating	Children (6months-6years)
2005-06	3.78	3.94	35.10	3.44	3.60	26.11	3.11	3.18	25.02	0.33 (10)	0.42 (12)	1.09 (4)
2006-07	4.59	4.83	41.68	4.33	4.41	34.40	4.27	4.21	32.56	0.06 (1)	0.20 (5)	1.84 (5)
2007-08	5.30	5.42	47.24	5.11	5.23	42.87	4.96	5.06	40.76	0.15 (3)	0.17 (3)	2.11 (5)
2008-09	5.55	5.85	48.86	5.44	5.67	45.29	5.26	5.51	43.18	0.18 (3)	0.16 (3)	2.11 (5)
2009-10	5.45	5.77	47.94	5.59	5.62	43.83	5.21	5.22	40.27	0.38 (7)	0.40 (7)	3.56 (8)
Total	24.67	25.81	220.82	23.91	24.53	192.50	22.81	23.18	181.79	1.10 (5)	1.35 (6)	10.71 (6)

Source: Figures as furnished by the department

Appendix-2.3
(Reference to paragraph 2.1.7 page 22)

Statement showing shortfall in enrolling eligible beneficiaries under Supplementary Nutrition in the test checked districts

District	Shortfall in enrolling eligible beneficiaries (percentage)				
	2005-06	2006-07	2007-08	2008-09	2009-10
Anantapur	28692 (30)	13827 (11)	2107 (2)	7146 (6)	4260 (3)
Chittoor	15456 (15)	3669 (3)	768 (1)	11219 (7)	10085 (7)
East Godavari	60203 (29)	40364 (19)	23734 (10)	4949 (2)	14928 (6)
Guntur	23396 (26)	14986 (15)	9403 (9)	4331 (4)	7819 (8)
Kurnool	17575 (25)	0	0	0	0
Nalgonda	54572 (34)	25881 (12)	12406 (6)	9442 (5)	9088 (5)
Visakhapatnam	16819 (24)	10552 (13)	9952 (9)	3582 (3)	14617 (12)

Source: Figures as furnished by the department

Appendix-2.4
(Reference to paragraph 2.1.8 page 24)

Statement showing shortfall in attendance of children in Pre-schools in East Godavari and Visakhapatnam Districts

Year	Enrolled		Attended		Shortfall (percentage)	
	East Godavari	Visakhapatnam	East Godavari	Visakhapatnam	East Godavari	Visakhapatnam
2005-06	70623	27115	63836	24753	6787 (10)	2362 (9)
2006-07	82953	29704	71476	25944	11477 (14)	3760 (13)
2007-08	93032	33390	83276	31962	9756 (10)	1428 (4)
2008-09	103412	34190	91923	27359	11489 (11)	6831 (20)
2009-10	81564	33585	66235	28327	15329 (19)	5258 (16)

Source: Figures as furnished by the department

Appendix-2.5
(Reference to paragraph 2.1.9 page 25)

(a) Statement showing the details of projects where hundred *per cent* shortfalls in visits of MOs to Anganwadi centres during 2007-10 (ICDS scheme) were noticed

Visits of Medical Officers in 19 test checked projects							
Name of the Project	2007-08	2008-09	2009-10	Name of the Project	2007-08	2008-09	2009-10
Uravakonda	No visits	No visits	No visits	Munugodu			No visits
Kasimkota		No visits	No visits	Huzurnagar		No visits	
G.D.Nellore			No visits	Nalgonda (U)	No visits	No visits	No visits
Chandragiri			No visits	Aluru	No visits	No visits	No visits
Miryalaguda	No visits	No visits	No visits	Rangampeta			No visits
Nakrekal	No visits	No visits		Rajanagaram	No visits		
Suryapeta (U)	No visits	No visits	No visits	Korukonda	No visits	No visits	
Alair		No visits	No visits	Puttur		No visits	
Nalgonda (R)		No visits		Karvetinagaram		No visits	
Suryapeta (R)	No visits						

Source: Data as furnished by the CDPOs

(b) Statement showing the details of projects where hundred *per cent* shortfalls in joint visits of CDPOs and MOs to Anganwadi centres during 2007-10 (ICDS scheme) were noticed

Joint visits by CDPOs and MOs in 17 test checked projects							
Name of the Project	2007-08	2008-09	2009-10	Name of the Project	2007-08	2008-09	2009-10
Suryapeta (U)	No joint visits	No joint visits	No joint visits	Thadikonda		No joint visits	No joint visits
Huzurnagar			No joint visits	Kothapeta		No joint visits	No joint visits
Miryalaguda	No joint visits	No joint visits	No joint visits	Rajanagaram	No joint visits		
Bhongiri			No joint visits	Peddapuram	No joint visits	No joint visits	No joint visits
Munugodu	No joint visits	No joint visits	No joint visits	Uravakonda	No joint visits	No joint visits	No joint visits
Nalgonda (R)	No joint visits	No joint visits		G.D.Nellore			No joint visits
Nalgonda(U)	No joint visits	No joint visits	No joint visits	Anakapalli	No joint visits	No joint visits	
Ipuru	No joint visits		No joint visits	Suryapeta (R)	No joint visits	No joint visits	No joint visits
Tenali	No joint visits	No joint visits	No joint visits				

Source: Data as furnished by the CDPOs

Appendix-2.6

(Reference to paragraph 2.1.12 page 28)

Shortage in deployment of CDPOs/ACDPOs and Supervisors *vis-à-vis* the sanctioned strength during 2005-10 under ICDS Scheme

Year	CDPOs/ACDPOs			Supervisors		
	Sanctioned strength	Men in position	Vacancy (%)	Sanctioned strength	Men in position	Vacancy (%)
2005-06	630	335	295 (47)	NA	NA	NA
2006-07	651	295	356 (55)	2644	2120	524 (20)
2007-08	661	315	346 (52)	2708	2385	323 (12)
2008-09	661	375	286 (43)	2708	2412	296 (11)
2009-10	661	413	248 (38)	2708	2452	256 (9)

Source: Figures as furnished by the department; NA: Not available

Appendix-2.7

(Reference to paragraph 2.1.12 page 28)

Target *vis-à-vis* the achievement with regard to imparting of training in various cadres during 2005-10

Cadre	Target			Achievement			Shortfall (Percentage)		
	JTC	RC	OC	JTC	RC	OC	JTC	RC	OC
CDPOs / ACDPOs	183	205	-	100	131	-	83 (45)	74 (36)	-
Supervisors	2140	9888	-	1035	7443	-	1105 (52)	2445 (25)	-
AWWs	37430	179082	-	25654	171546	-	11776 (31)	7536 (4)	-
AWHs	-	194186	43231	-	107047	29735	-	87139 (45)	13496 (31)
Total	39753	383361	43231	26789	286167	29735	12964 (33)	97194 (25)	13496 (31)
Grand Total	466345			342691			123654 (27)		

JTC: Job Training Course; RC: Refresher Course; OC: Orientation course

Source: Figures as furnished by the department

Note: An expenditure of ₹ 35 crore was incurred on the training component during the five year period 2005-10

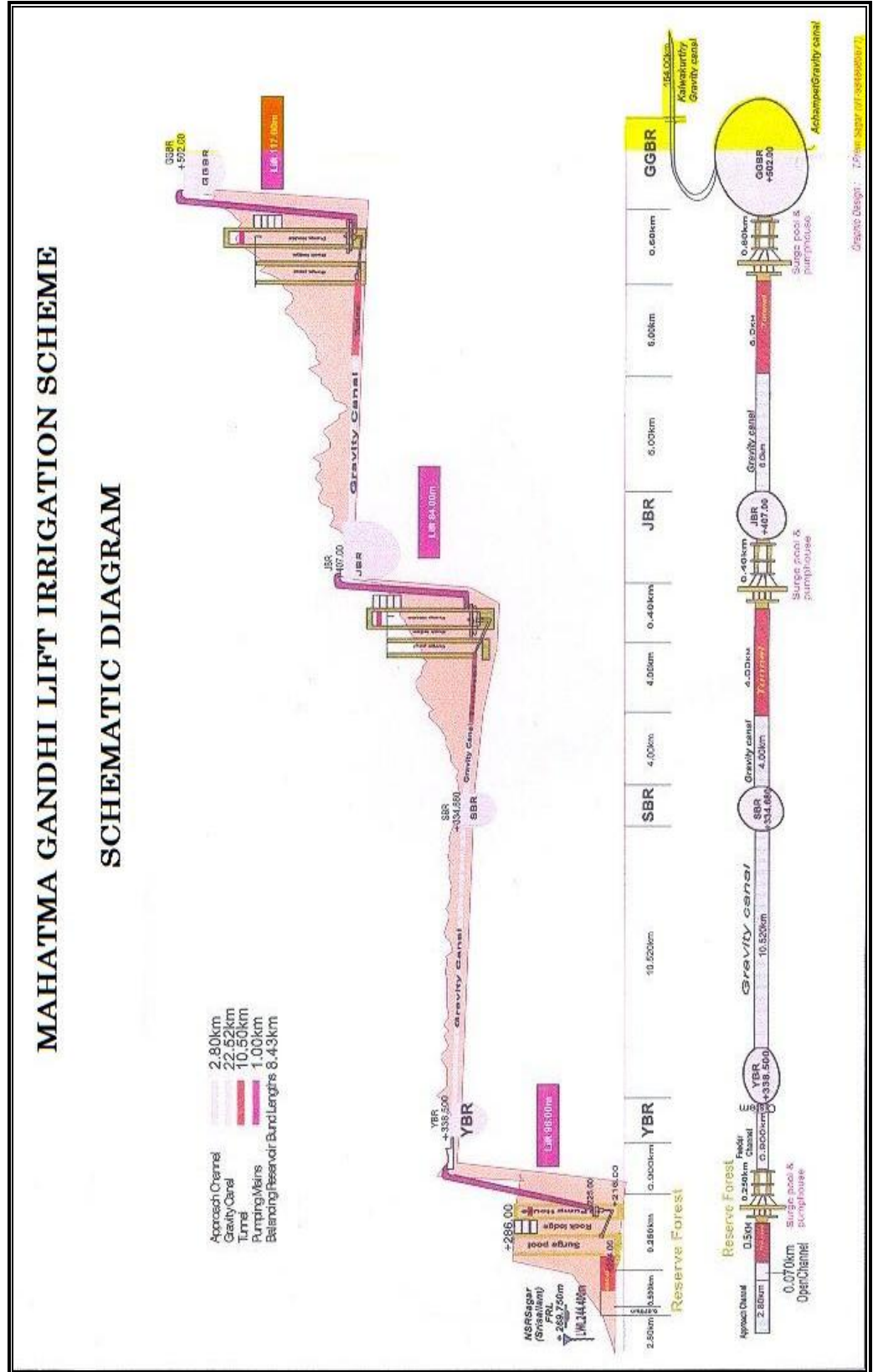
Appendix-2.8
(Reference to paragraph 2.1.13 page 29)

Status of functioning of Project Coordination Committees under ICDS Scheme

Name of the District	Project Coordination Committees have not been formed (29 Projects)	Though Project Coordination Committees formed, no regular meetings were conducted (18 Projects)
Anantapur	Tadipatri	Kudair
	Dharmavaram	Anantapur (U)
	Uravakonda	
	C.K.Palli	
Chittoor	Chandragiri	G.D.Nellore
	Thottembedu	RASS (Tirupati)
	Puttur	Thamballapalli
	Karvetinagaram	Madanapalli
East Godavari District	Korukonda	Rajahmundry
	Kothapeta	Rajanagaram
	Rangampeta	Sankhavaram
	Mummidivaram	
	Kapileswarapuram	
Guntur		Tenali
		Thadikonda
		Ipuru
Kurnool	Adoni (U)	Kodumuru
	Adoni (R)	
	Aluru	
Nalgonda	Miryalguda(U)	Chintapalli
	Huzurnagar	Alair
	Bhongiri	
	Munugodu	
	Suryapeta (R)	
	Nakrekal	
	Pedavoora	
	Mothkur	
	Suryapeta (U)	
	Ramannapeta	
Visakhapatnam	Bhimili	Kotauratla
	Kasimkota	Anakapalli
	Ravikamatam	Narsipatnam

Source: Data as furnished by the CDPOs

Appendix-2.9
(Reference to paragraph 2.2.1 page 33)



Appendix-2.10
(Reference to paragraph 2.3.2.2 page 48)

Proposals of Government/VUDA for change of land use which are not included in the RMP

Sl. No.	Survey Numbers	Location	Change of land Use	
			From	To
1	332/P to 335/P	Sontayam (v)	Agricultural	Institutional
2	107/P	Ardhannapalem (v)	Residential	Industrial
3	77A/A1,77A1	Waltair Ward	Residential	Commercial
4	86/P	Sanivada (v)	Agricultural	Residential
5	45/P,56/P	Rawada (v)	Agricultural	Residential
6	59/P,65/P,66/P & 72/P	Sowbhagyapuram	Agricultural	Residential
7	35/P,36/P,38/P to 41/P	Laximipuram	Agricultural	Residential
8	99/P and 114/P	Vellanki Peddipalem	NA	NA
9	148,168/P,174/P,175/P	Madhurawada	NA	NA
10	8/3,4,5,6,9/1,10,11,12/1P,2,3,4P,10,11,12,67/12 and 68/2P	Juttada	Agricultural	Residential
11	106/1B2	Marripalem	Institutional	Residential and Commercial
12	387	Madhurawada	Hill/Forest	Industrial
13	5,8,221 to 226	Tadi	Agricultural	Residential
14	365,367 and 365/24	Maredipudi(v)	Agricultural	Residential
15	166 and 167	Mantripalem(v)	Agricultural	Residential
16	27	Nerellavalasa(v)	Agricultural/ Institutional	Residential
17	93,94,95,96/P,97 and 101/P	Gurrampalem	Agricultural	Residential
18	1/7A,1/8A	Tadi(v)	Agricultural	Residential
19	109/P,110/P,162/P,164/P & 167/P	Gambhiram	Agricultural	Institutional
20	142/5	Vepagunta	Institutional	Hospital
21	Road Widening	RTC Junction to Ambedkar Junction	40.00 Mts	30.00 Mts
22	Road Widening	Asilmetta Junction to Rednam Gardens	40.00 Mts	30.00 Mts
23	Road Widening	VIP Road to Masjid	24.00 Mts	20.00 Mts
24	Fly Over Bridge	Asilmetta Junction to Rama Talkies	120'-00"	120'-00"
25	Fly Over Bridge	Asilmetta Junction to DRM Office near Dondaparthi	120'-00"	120'-00"
26	Road Alignment	Airport Authority lands at Marripalem	60' road	Slightly changed to follow the existing road
27	32	Dharmapuri	Residential, Agricultural and 30 Mts Road	Residential
28	40	Dharmapuri	Residential, Agricultural and 30 Mts Road	Residential
29	41	Dharmapuri	Tank	Residential

30	75&77	Dharmapuri	Agriculture	Residential
31	114, 115	Gurrampalem	Agriculture	Residential
32	141	Ardhannapalem	Agriculture	Residential
33	21,43,45 and 49/P	V.T. Agraharam	Agriculture	Commercial
34	49,51,52,53,56,57/P,58/P & 59/P	Vizianagaram II nd Bit	Agriculture	Residential
35	1	Vepagunta	Agriculture	Residential
36	29	Vepagunta	Hill & Agriculture	Residential
37	337	Narava	Tank & Canal	Residential
38		Pharmacy	(a) Railway line (b) 500 mts Green belt	To be deleted
39	Sector 6	MVP layout	Recreation/Open space	Community centre
40	29	MVP layout	Recreation/Open space	Town Centre
41	TS No.693	Jail Premises	Major Park/ Stadium	Park and Family entertainment complex
42	15/P	Mulakuddu	Gostani River and Agriculture	Residential
43	27	Madhurawada	Hill & Residential	Residential
44	179	Paradesipalem	Hill	Residential
45	168	Paradesipalem	Hill	Residential
46	613/2AP	Thumpala	Park/Partly residential	Residential
47	48/P,56/P & 152/P	Cheepurupalli	Industrial	Residential
48	37/P and 38/P	Resapuvanipalem	Institutional	Park
49	Road	Medical College Boy's Hostel to Collector Office	7 Mts	12 Mts.
50	Road	Nowroji Road to Collector Office	15 Mts	25 Mts
51	Road	Dandu Bazaar Road	6 Mts	12 Mts
52	Road	Circuit House to Nowroji Road	10 Mts.	12 Mts
53	Road	By the side of Judge Court Road	6 Mts.	12 Mts.
54	Road	Lepakshi Junction to Poorna Market	20 Mts.	30 Mts.
55	Road	Poorna Market to Old Post Office	20 Mts.	30 Mts.
56	Road	Collector Office to Jagadamba Junction	20 Mts.	25 Mts.
57	Road	Singh Hotel Junction to Hotel Green Park	12 Mts.	12 Mts.
58	Road	Hotel Dolphin Junction to Super Bazar	12 Mts	25 Mts.
59	Road	Jagadamba Junction to Leela Mahal Junction	16 Mts.	25 Mts.
60	Road	KGH OP Gate to Main Road via Salipeta	10 Mts.	18 Mts.

Appendix-2.11
(Reference to paragraph 2.3.2.2 page 48)

Sector-wise investments envisaged in the Revised Master Plan

(Rupees in crore)

Department	Sector	Phase I (2002-07)	Phase-II (2007-12)
APIIC	Business & Industrial Projects	614.09	622.78
Municipal Bodies	Water Supply (WTP)	30.02	0
Transport Department	Transport	1051.96	1529.73
Municipal Bodies	Solid Waste Disposal	16.32	0
VUDA	Urban Extension	837.57	975.32
Municipal Bodies	Sewerage (STP)	31.48	0
Education and Medical and Health	Education, health & facility Centre	172.66	351.27
Tourism Department	Recreation and Tourism Development	11.84	13.12
APIIC	Special Economic Zone	1366.92	1366.92
Port Trust	Port & related activities	349.20	349.20
Rural Development	Rural growth Centre	57.51	57.51
Total		4539.57	5265.85

Appendix-2.12
(Reference to paragraph 2.3.2.2 page 48)

Statement showing changes of land use approved by VUDA/Government though not permissible

Sl. No.	Name of the applicant	Area	Land originally earmarked in the RMP	Change of land use
1	Sri T.V. Ratnam	3.05 acres at Kurmannapalem	Stadium (Public and Semi Public)	Residential
2	Vizag Urban Infrastructure	97.3 acres at Madhurawada	33 acre residential 49.50 acre agricultural 14.80 Hill area	Multiple use i.e. 10% commercial & 90% residential
3	M/s Divis bio-tech (P) Limited	Madhurawada	100 ft Road linking NH5 from Sontayam	Realignment of 100 ft wide road
4	M/s Simhadri Developers	25.02 acres at Appikonda Village	Recreational	Residential
5	Smt. S. Padma	4409 Sq. Yards	Institutional	Residential
6	Sri G.D.L.V. Prasad	3 acres at Parvada	Industrial	Residential
7	Bhavya Constructions	6.47 acres at Ravada Village	Institutional	Residential
8	M/s Mehar Kiran Enterprises	12.71 acres at Pisindi Village	Agriculture	Industrial
9	Subadra Enterprises	1180.62 Sq. Mt. at Tummapala Village	Open space	Storage of gas cylinders
10	M/s Clasil Refractories Private Limited	13.28 acres at Venkatapuram Village	Agriculture	Industrial

Appendix-2.13
(Reference to paragraph 2.4.3.4 page 64)

Statement showing the year-wise details of subsidy released to non-asset based activities

(Rupees in lakh)

Year	Activity	Chittoor	East Godavari	Medak	Visakhapatnam	Total
2007-08	Cloth/Saree business	7.01	28.27	5.36	8.06	48.70
	Ladies emporium	2.66	16.76	1.00	6.28	26.70
	Kirana & General Store	16.24	63.20	29.37	26.77	135.58
	Total	25.91	108.23	35.73	41.11	210.98
2008-09	Cloth/Saree business	6.23	14.66	4.03	8.42	33.34
	Ladies emporium	3.19	8.80	---	4.65	16.64
	Kirana & General Store	10.81	31.16	39.70	20.49	102.16
	Total	20.23	54.62	43.73	33.56	152.14
Grand Total		46.14	162.85	79.46	74.67	363.12

Appendix-2.14
(Reference to paragraph 2.4.5 page 67)

Statement showing the district-wise details of subsidy released and action taken on the defaulting units of 2004-05 and 2005-06

District	Units grounded	Units surveyed	NP units	NE units	Total	Subsidy (Rupees in lakh)	Action Taken by STEP
Chittoor	2865	2865	322	345	667	22.34	Verification of 123 units is not complete
East Godavari	3989	3989	395	539	934	133.00	Only 134 of the 539 units (Non-existing) responded
Medak	2130	2130	278	354	632	103.39	Follow-up action is incomplete.
Visakhapatnam	2469	1868	223	186	409	NA	41 of the 223 units were performing; Verification was not complete
Total	11453	10852	1218	1424	2642	258.73	

Note: Chittoor district furnished amount released to only NE units

NP: Non-performing; NE: Non-existing; NA: Not available

Appendix-3.1
(Reference to paragraph 3.1.1 page 69)

Statement showing the District-wise/Drawing Officer-wise payment of fraudulent medical claims

District	Drawing Officer	Amount (Rupees)
Adilabad	DY.EO, Luxettipet, H/O Mancherial	97200
	GHM, ZPSS, Pochera, (M) Adilabad	187200
	HM, GHS (New), Kaghaznagar	97200
	HM, GPSS (G), Bellampalli	90000
	HM, School Complex, Gupas, Mawad	97200
	HM, ZPHS (B), Boath	142775
	HM, ZPSS, Tandur	97200
	HM, ZPSS, Tiryani	97200
	MEO, Jainoor	1791952
	MEO, MP, Mudhole	451932
	MEO, MP, Adilabad	144112
	MEO, MP, Jainoor	164812
	MEO, MP, Kaghaznagar	97200
	MEO, MP, Laxmanchanda	86709
	MEO, MP, Makloor	162112
	MEO, MP, Mudhole	779647
	MEO, MP, Nirmal	164809
	MEO, MP, Sirpur (U)	141576
	MEO, MP, Tandur	90000
	MEO, MP, Wankidi	97200
	MEO, MPP, Jainad	145360
	MEO, MPP, Nirmal	972162
	MEO, MRC, Sirpur Town	97200
MEO, Tandur	284400	
District Total	6577158	
Khammam	DEO, Khammam	180000
	GHM, ZPSS, Gandugulapalli	180000
	MEO, Julurupadu	360000
	MEO, MP, Dammapeta	180000
	MEO, MP, Kukunoor	180000
	MEO, MP, Madhira	180000
	MEO, MP, Sathupally	180000
	MEO, MP, Vemsoor	180000
	Principal, KYKRY & BN GOUD'S GJC Chunchupalli, Kothagudem	180000
	District Total	1800000
Mahbubnagar	GHM, GHS, Market Lane, Narayanpet	83700
	GHM, ZPHS, Balmoor	90000
	MEO, Kothur	90000
	MEO, MP, Achampet	32673

	MEO, MP, Bomraspet	158245
	MEO, MP, Damargidda	85811
	MEO, MP, Doualthabad	90000
	MEO, MP, Kollapur (M)	90000
	MEO, MP, Maddur	90000
	MEO, MP, Makthal	146694
	MEO, MP, Narayanpet	90000
	MEO, MP, Peddamandadi	153000
	District Total	1200123
Medak	GHM, ZPHS, Laxmapur, (M) Ramayampet	22392
	GHM, ZPHS, R.C. Puram	21505
	GHM, ZPHS, Rangampet	19562
	GHM, ZPSS, Kusangi, (M) Tekmal	19743
	HM GR-II, GHS, Narsapur	21664
	MEO, MP, Jinnaram	21218
	MEO, MP, Medak	19598
	MEO, MP, Papannapet	90000
	MEO, MP, Patancheru	20959
	MEO, MPRC, Jagadevpur	173055
	Principal, GJC, Budhera, (M) Muniapally	22433
	District Total	452129
Nalgonda	DDO, ZPHS, Peepal Pahad, (M) Choutuppal	12240
	GHM, S.V.ZPHS, Valigonda	178603
	GHM, ZPHS, Cherlagouraram, (M) Kanagal	180000
	GHM, ZPHS, Elikatte	180000
	GHM, ZPHS, Kakkireni, (M) Ramannapet	317597
	GHM, ZPHS, Naginenipally, (M) Bommalararam	180000
	GHM, ZPHS, Pamulapahad	180000
	GHM, ZPHS, Peddadevulapally, MP, Thripuraram	180000
	GHM, ZPHS, Wangapally	154318
	HM, GHM, ZPHS, Cherkupally (K)	180000
	HM, GUPS, Police Lines, Nalgonda	180000
	HM, ZPHS (B), Vellemla	180000
	HM, ZPHS (G), Ramannapet	180000
	HM, ZPHS, Gurajala	180000
	HM, ZPHS, Mamidala, Thipparthi	180000
	HM, ZPHS, Medipally, (M) Bommalararam	81672
	HM, ZPHS, Peddasuraram	180000
	HM, ZPHS, Sarajipeta, (M) Aler	161100
	HM, ZPHS, Somavaram, (M) Nereducherla	180000
	HM, ZPSS, Koppole, Gurrampode	360000
	MAO, MP, Nampally	180000
	MEO, (M) Pedda Adisharlapally	180000
	MEO, Atmakur (M)	540000

	MEO, Bhongir	521752
	MEO, Gundlapally (M)	153047
	MEO, MP, Athmakur (M)	180000
	MEO, MP, Bhongir	21780
	MEO, MP, Bibinagar	134554
	MEO, MP, Chintapally	180000
	MEO, MP, Chityala	90000
	MEO, MP, Damaracherla	102064
	MEO, MP, Gundala	630000
	MEO, MP, Mothkur	180000
	MEO, MP, Munagala	180000
	MEO, MP, Nakrekal	180000
	MEO, MP, Nalgonda	180000
	MEO, MP, Nampally	180000
	MEO, MP, Narketpally	360000
	MEO, MP, Nereducherla	180000
	MEO, MP, Noothankal	180000
	MEO, MP, Pedda Adisherlapally	41973
	MEO, MP, Suryapet	360000
	MEO, MP, Thirumalagiri	177277
	MEO, MP, Thurkapally	354838
	MEO, MP, Yemulapally (M)	90000
	MEO, MP, Bibinagar	180000
	MEO, MP, Chintapally	180000
	MEO, MPP, Athmakur (S)	180000
	MEO, MPP, Nalgonda	180000
	MEO, MPP, Ramannapet	180000
	MEO, MPP, Yadagirigutta	353123
	MEO, MPS, Pochampally	720000
	Principal, DIET, Nalgonda	180000
	District Total	11315938
Nizamabad	GHM, ZPHS, Ibrahimpet, (M) Banswada	18740
	GHM, ZPHS, Kondoor (A), (M) Nizamabad	146588
	MEO, MP, Lingampet	180000
	MEO, MP, Nizamabad	163872
	MEO, MP, Yellareddy	180000
	District Total	689200
Ranga Reddy	HM, ZPPHS, Kandawada, (M) Chevella	172514
	MEO, MPP, Kandukur	163294
	District Total	335808
Vizianagaram	MEO, Makkuva	90000
Warangal	GHM, ZPSS (G), Narsampet	90000
	MEO, Bachannapet	162921
	PGHM, ZPSS, Obulkeshwapur	180000
	District Total	432921
	Grand Total	22893277

Appendix-3.2
(Reference to paragraph 3.1.2 page 71)

Statement showing DDO-wise fraudulent claims

(A) School Education

DDO	DDO Office Name	Fraudulent claim (Rupees)	DDO	DDO Office Name	Fraudulent claim (Rupees)
MEO	MP, Utnoor	686560	PGHM	Govt. AHS, Gadiguda	233444
MEO	MRC, Narnoor	725530	PGHM	GAHS, Marlawai	5040
MEO	MRC, Jainoor	1069064	PGHM	GAHS, Pochamloddi	55472
MEO	MP, Sirpoor-U	201520	HM	Govt. AHS, Jainoor	156412
MEO	MRC, Indervelly	375678	HM	TAHS, Narsapur -B	246772
HM	ZPSS (U), Utnoor	57346	HM	AUPS (G), Indervelly	284304
HM	ZPSS, Utnoor	194532	HM	GAUPS, Hatti	11788
HM	ZPSS, Yenda	36830	HM	Govt. AUPS, Tosham	314992
HM	ZPSS, Bheempur	75974	HM	GAHS (G), Umri	28290
HM	ZPSS, Hasnapur	32028	HM	GAHS (G), Rasimetta	415984
HM	ZPHS, Jainoor	94944	HM	GAUPS, Pangdi	12054
PGHM	ZPSS, Lakkaram	28520	HM	Govt. AHS, Pittabongaram	231958
PGHM	ZPSS, Narnoor	74412	HM	GAUPS, Jhari	51722
HM	ZPSS, Shampur	17802	HM	AHS, Thadihatnoor	212160
HM	ZPSS, Tadi Hadapnoor	52052	PGHM	GAHS, Mankapur	351182
HM	ZPSS, Muthnoor	16120	HM	GAHS (G), Mahagoan	51096
HM	ZPSS, Dhanora(B)	23040	HWO	STBH, Tosham	8520
PGHM	ZPSS, Perkaguda	24840	MEO	MRC, Kerameri	941752
HM	ZPSS, Danthanpally	4600	PGHM	ZPSS, Kerameri	19968
HM	Govt. TWSHS, Utnoor	376160	HM	ZPSS, Indhani	11648
HM	Govt. AUPS, Hasnapur	134914	HM	GAHS, Anarpally	70084
PGHM	GAHS. (G), Keslapur	33370	Total		3714642
Total		4335836	Grand Total		8050478

(B) Tribal Welfare

DDO	DDO Office Name	Fraudulent claim (Rupees)
HM	AHS, Luxettipet	99356
PGHM	GAHS (G), Keslapur	37488
PGHM	GAHS, Pochamloddi	5100
HM	Govt. AHS, Jainoor	20678
HM	AUPS (G), Indervelly	10224
HM	GAHS (G), Umri	16910
HM	GAHS (G), Rasimetta	25860
HM	GAUPS, Jhari	5280
HM	AUPS, Kanchampally	30672
PGHM	GAHS, Kohinoor (K)	157940
PGHM	GAHS, Mankapur	5460
HM	GAHS (G), Mahagoan	13608
HM	TWGH, Indervelly	11938
Total		440514

Appendix-3.3
(Reference to paragraph 3.3.2 page 83)

Statement showing district-wise, year-wise works sanctioned, works completed and works not completed under MPLAD Scheme

Name of the Nodal Agency	Year	Works sanctioned		Works completed		Works not completed	
		No of works	Estimated cost (Rupees in crore)	No of works	Estimated cost (Rupees in crore)	No of works	Estimated cost (Rupees in crore)
Anantapur (PD, DWMA)	2004-05	328	3.84	327	3.84	1	0.00*
	2005-06	437	5.12	436	5.10	1	0.02
	2006-07	230	4.85	228	4.79	2	0.06
	2007-08	210	4.30	207	4.18	3	0.12
	2008-09	177	4.19	169	4.07	8	0.12
Hyderabad (CPO)	2004-05	89	2.68	60	1.75	29	0.93
	2005-06	264	8.95	109	3.40	155	5.55
	2006-07	442	14.63	109	5.38	333	9.25
	2007-08	391	11.94	172	5.18	219	6.76
	2008-09	412	12.30	132	5.29	280	7.01
Kurnool (PD, DWMA)	2004-05	211	4.21	209	4.15	2	0.06
	2005-06	260	4.38	260	4.38	0	0
	2006-07	240	5.39	240	5.39	0	0
	2007-08	229	6.01	176	3.69	53	2.32
	2008-09	245	6.29	28	0.53	217	5.76
SPS Nellore (CPO)	2004-05	104	1.97	102	1.94	2	0.03
	2005-06	119	1.79	119	1.79	0	0
	2006-07	111	1.84	100	1.62	11	0.22
	2007-08	181	2.79	164	2.46	17	0.33
	2008-09	105	2.32	95	2.04	10	0.28
Srikakulam (CPO)	2004-05	442	4.00	442	4.00	0	0
	2005-06	588	4.00	588	4.00	0	0
	2006-07	457	4.00	457	4.00	0	0
	2007-08	331	4.00	331	4.00	0	0
	2008-09	384	4.00	381	3.97	3	0.03
YSR (CPO)	2004-05	577	4.79	425	2.65	152	2.14
	2005-06	954	7.95	792	5.90	162	2.05
	2006-07	696	9.10	590	7.46	106	1.64
	2007-08	627	9.18	442	6.73	185	2.45
	2008-09	370	5.72	312	4.91	58	0.81
Total		10211	166.53	8202	118.59	2009	47.94

* Estimated Cost: ₹ 40,000

Appendix-3.4
(Reference to paragraph 3.3.2 page 84)

Statement showing district-wise ineligible works sanctioned under MPLAD Scheme

(Rupees in lakh)

Sl No	Work description	Estimated cost being MPLADS share	Releases
Anantapur District			
1	Construction of Welcome Arch near Uma Nagar 13th Division, Old town of Anantapur Municipal Corporation	2.00	1.00
Total		2.00	1.00
Kurnool District			
1	Construction of compound wall to Sri Chenna Kesava Temple at SC Colony in Palamani Village in Papidyala Mandal	2.00	1.00
Total		2.00	1.00
SPS Nellore District			
1	Levelling of House site at Pathavelathi AW of Nellore rural Manda	2.00	1.90
2	Levelling of House sites in Survey No. 1129 and formation of internal roads at V. Palem	2.00	1.00
3	Levelling of House sites and formation of roads, aletipadhu mixed colony	3.00	2.85
4	Leveling of sevangumta in Venkatadri	1.00	1.00
5	Surface leveling work in P. Chengaiah colony Venkannapalem of kota	1.00	1.00
Total		9.00	7.75
Srikakulam District			
1	Improvements to the Old Bridge across Gonamarigeeda at Peddakarrivanipalem H/o Bejjiputtuga	3.20	1.60
2	Urgent repairs to damaged carriage way of CSP Road to Allena from K.M. 3/0 to 7/600 in Bits	2.85	2.85
3	Improvements to Road from N.M. road to Ch. Laxmipuram	1.00	1.00
Total		7.05	5.45
YSR District			
1	Repairs to road from Bayanapalle to Alidenna	0.20	0.15
2	Repairs to Road from Soglapalle to Agraharam	0.20	0.20
3	Repairs to Road from Ankamma Temple to Kingalaiahpalle	0.20	0.20
4	Repairs to Elementary School at Beechuvaripalle	0.30	0.22
5	Repairs to Road from Peddacheppali to Samudrapalle	0.30	0.28
6	Repairs to Road to Putlampalle	0.10	0.10
7	Jungle clearance and leveling providing Bore and Motor Near Ahobilam	1.20	1.20
8	Repairs to Road from Abdul Fields to Zuari Road	0.20	0.12
9	Improvements and Repairs to Road from RV Road to Addalavarri, Chakrayapet	0.40	0.39

10	Repairs to Thottikadalava to Nooliveedu of Galiveedu Mandal	0.10	0.10
11	Repairs to Ramaswamy Kalava Siddreddigaripalli H/o YB Palli of Chakrayapet Mandal	0.10	0.09
12	Improvements to Road from Guttkindapalli to Mundiavaripalli of Chinnamandam	0.06	0.05
13	Improvements to Road from Rayachoti Angallur Road to Yerragatlavandalapalli	0.14	0.10
14	Improvements to Road from Balaparalla Bavi to Patha Road in Vandadil Village of Chinnamandam	0.08	0.06
15	Improvements to Road from Narella vanka to Bangarollapalli of Chinnamandam	0.08	0.06
16	Improvements to Road from Rayachoti Angallu Road to Narella Vanka of Chinnamandam	0.08	0.06
17	Improvements to Road from Srinivasapuram to Sriramulu nagar colony of Chinnamandam	0.08	0.06
18	Improvements to Road from Rayachoti Angallu Road to Reddivaripalli village	0.14	0.10
19	Improvements to Road from Chinnamandam kalibanda Road to kammappalli of Chinnamandam	0.20	0.15
20	Improvements to Road from Chinnarasupalli to Matam of Chinnamandam	0.10	0.08
21	Improvements to Road from Chinnamandam kalibanda Road to Nadigeddapalli of Chinnamandam	0.12	0.09
22	Repairs to Road side from Chinnamandam kalibanda Road to Balireddigaripalli	0.30	0.23
23	Road repair at KP Devalalu Road village Annam Rajugaripalli to Mallekuntapalli H/o Sibyala	0.21	0.15
24	Improvements to the road Chitvel Moogaranipalle Road to Mylapalle Arundathiwada village	5.50	3.75
25	Construction of Mandal Head Quarters Type of TTD Kalyanamandapam of Kalikiri Mandal	6.60	6.60
26	Improvements to community hall at Gurramkonda Town	1.00	1.00
27	Improvements to Road from Kasalavalla Gari to Anjaneyapuram of Addlamarri GP of Chakrayap	1.00	1.00
28	Construction of Press Club at Kadapa	3.00	3.00
	Total	21.99	19.59
	Grand Total	42.04	34.79

Appendix-3.5
(Reference to paragraph 3.3.3 page 89)

Details of the Schools test checked

Nalgonda District	East Godavari District	Chittoor District
ZPHS, Kothapally	ZPHS, Rameswaram	APSWR School, Ramakuppam
ZPHS, Kanagal	ZPHS, Madhava patnam	ZPHS (B), Ramakuppam
ZPHS, Nakerkal	ZPHS, Nadakuduru	ZPHS (G), Ramakuppam
ZPHS, Rajapeta (B)	ZPHS, Aratlakatta	MPUP School, Manendram
ZPHS, Kolanapaka	ZPHS, Kovvuru	MPPS, Kemp Samudram
ZPHS, Hanumapur	ZPHS, Velangi	ZPHS, Lakkanapalli
ZPHS, Pallerla	ZPHS, peddapurrapadu	APRWS (G), Kammanapalli
ZPHS, Gudur	ZPHS, Golla palem	MPPS, Pathapeta
ZPHS, Mariyala	ZPHS, Turangipeta	MPPS, Bireddypalli
ZPHS, Nadigudem	ZPHS, Vemulavada	MPUPS, Deva doddi
ZPHS, Kodad (B)	ZPHS, Siripuram	SVOHS, Tirupathi
ZPHS, Mothukur	ZPHS, VK Rayapram	SVHS, Tirupathi
ZPHS, Gundala	ZPHS, G Mamidada (B)	SVGHS, Tirupathi
ZPHS, Kudakuda	ZPHS, G Mamidada (G)	SGSHS, Tirupathi
ZPHS, Gumpula tirumalagiri	ZPOHS, Kakinada	ZPHS, Vanamala Dinne
ZPHS, Palivela	ZPHS, Nemam	ZPHS (G), Pugganur
ZPHS, Chityala	ZPHS, Indrapalem	MHS, Kothaindlu
ZPHS, Sarvail	ZPHS, Gaigolupadu	MPUPS, Pujagani Palli
ZPHS, Damaracherla	ZPHS, APSP Qtrs, Kakinada	MPPS, Yedigapalli
ZPHS, Arvapalli	ZPHS, Suryarao peta	GRT HS, Madanapalli
ZPHS, T. Tirumalagiri	ZPHS, Kovvada	Hope HS, Madanapalli
ZPHS, Pochampalli (G)	ZPHS, Thimmapuram	ZPHS Madanapalli
ZPHS, Haliya	Guild of Service Aided HS Sriramnagar, Kakinada	Vivekananda MHS, Neerugattuvari palli
ZPHS, Devarakonda (B)	ZPHS, Sarpavaram	ZPHS, M Bandapalli
ZPHS, Chinna madaram	ZPHS, Vakalapudi	MPUPS, T Rangampet
	PR Govt.HS, Kakinada	MPPS, Timmireddy Palli
	ZPHS, Unduru	
Visakhapatnam District	Ranga Reddy District	SPS Nellore District
ZPHS, Mindi	ZPHS, Budvel	GGHS, Mulapet
ZPHS, Gazuwaka	ZPHS (G), Shamshabad	ZPHS (G), Indukurupet
GHS, Vishakapatnam	ZPHS, Kharman ghat	ZPHS, Patur
GHS, Pendurthi	ZPHS,Koheda	GAHS, Mipadu
GHS, Sabhavaram	ZPHS,Kothagadi	MKRHS, Indukurupet
ZPHS, Padmanabham	ZPHS, U/m Alampally	MSM (Aided) HS, Vaddipalem
GQM (G), HS Visakhapatnam-I	ZPHS (B), Vikarabad	Aided PS Vaddipalem
ZPHS (G),Gopalapatnam	ZPHS, Anthagiri pally	Sri. JBR GHS, Kovur
ZPHS, Medivada	ZPHS, Kerelly	ZPHS, Kothur
ZPHS, Gondupalem	ZPHS, (B) Dharur	ZPHS, Musnur

ZPHS, K.Kotapadu	ZPHS, Quthbullapur	MPHS, 8 th Ward, Kavali
ZPHS, Medicherla	ZPHS, Jeedimetla	ABMPS, Kavali
ZPHS, Koruvada	ZPHS, Gandhi Nager	Aided UPS, 6 th ward kavali
ZPHS, Pathavalasa	ZPHS, Shapoor Nager	ZPHS, Rudrakota
ZPHS, A. Koduru	ZPHS, Kukatpally	ZPHS, (G) kavali
ZPHS, Pudi Madaka	ZPHS, Bhadur Guda	MPHS, 4 th ward Kavali
ZPHS (G), Chittivalasa	ZPHS, (G) Ibrahim patnam	ZPHS, Kothur
ZPHS, Thallapalem	ZPHS, Chinthapalli	GHS, Rapur
ZPHS, Thotada	ZPHS, Suraram coloney	ZPHS, Balayapalli
ZPHS, Yellapuvanipalem	ZPHS, Manikonda	ZPHS, Chittedu
ZPHS (B), Chittivalasa	ZPHS, Hydershakote	SMG Aided HS, Gudur
ZPHS, Nadupuru	ZPHS, Narsinghi	ZPHS (B), Tada
GHS, Bheemunipatnam	GHS, Sivarampalli	GHS, Sullurupet
ZPHS, Pendurthy	ZPHS, Saroornager	MPHS, Devipalem
ZPHS, Chandrampalem	ZPHS, R.P.Coloney	ZPHS, L.A. sagaram
ZPHS, Majjipeta		
Anantapur District	Srikakulam District	Kurnool District
ZPHS, Tapovan nager	TPMH School, Srikakulam	GHS (B)B Camp, Kurnool
SAAR ZPHS (B), Kothacheruvu	MPL School, Srikakulam	GHS (G) B Camp, Kurnool
GVEZP (G)HS,Dharmavaram	NTRMH school, Srikakulam	ZPHS (G), Veldurthi
ZPHS (G), Madakasira	GHS, srikakulam	ZPHS (G), Dhone
ZPHS (G), Muddireddipalli	ZPH school, Palakonda	GHS (G)Urdu, Kurnool
ZPHS, Kalyandurgh	ZPH school, Neelanagaram	GHS (B) Urdu, Kurnool
ZPHS (G), Penukonda	GGHS, Srikakulam	ZPHS (WC), Immeganur
GHS No.1, Oldtown, Anantapur	ZPHS, Ampolu	MPHS (G), Immeganur
KMC (G) HS, Old town, Anantapur	GHS, Amudalavalasa	ZPHS (B), Emmeganur
SKGHS, Uravakonda	MHS, Amadalavalasa	ZPHS, Mantralayam
SMCGHS, Anantapur	ZPHS, Voppangi	ZPHS, Tungabhadra
SPSMCHS, Anantapur	MHS, Laxminagar	ZPHS (G), Kudumuru
RMCHS, Anantapur	ZPGHS, Sreekurmam	ZPHS (B), Kudumuru
GHS No:2, Oldtown, Anantapur	ZPBHS, Sreekurmam	ZPHS Urdu, Emmiganuru
SSBNHS, Anantapur	Douglas Memorial HS, Srikakulam	ZPHS, Gudical
GHS, Dharmavaram	PSNMH School, Srikakulam	ZPHS, Brahmanakottam
GHS, Penukonda	GHS, Palakonda	ZPHS (G), Allagadda
ZPHS (G), Kadiri	ZPHS, Tettangi	ZPHS (B), Allagadda
ZPHS, Chukkalar		ZPHS, Kolimigundla
St.MHS (G), Anantapur		ZPHS (G), Owk
Aided NERS, MPR Dam		ZPHS (B), Owk
ZPHS (B), Gooti		ZPHS, Karumanchi
CSI Aided PS, Oldtown, Anantapur		ZPHS, Daivamdinne
MA Aided Hs, Raidurg		ZPHS, M S Nagar ,Emmeganur
CSI, A. Elec. S, Muntimadugu		ZPHS, Nagaladenne

Appendix-3.6
(Reference to paragraph 3.3.3 page 90)

(A) Details of requirement and availability of benches, etc. available in schools

District	Benches		Chairs		Black boards	
	Required	Available	Required	Available	Required	Available
Anantapur	2250	666	630	287	337	239
Chittoor	3948	1970	542	427	331	320
East Godavari	2902	2414	454	254	260	191
Kurnool	5149	826	753	308	375	154
Nalgonda	3111	2014	545	308	247	194
Ranga Reddy	3969	1690	643	267	255	179
SPS Nellore	2310	1207	523	319	246	141
Srikakulam	2559	1057	271	130	148	129
Visakhapatnam	7431	3497	715	375	385	259
Total	33629	15341	5076	2675	2584	1806
Shortfall (per cent)		18288(54)		2401(47)		778(30)

(B) Details of the number of schools in which basic amenities were not provided

District	No of schools	Drinking water	Toilets	Compound wall	Play ground	Power connection
Anantapur	25	7	12	9	12	6
Chittoor	26	5	6	10	6	6
East Godavari	27	5	19	15	16	3
Kurnool	25	4	16	11	8	3
Nalgonda	25	10	12	11	6	3
Ranga Reddy	25	9	14	5	8	2
SPS Nellore	25	7	14	15	11	6
Srikakulam	18	1	14	13	7	2
Visakhapatnam	26	7	10	16	6	3
Total	222	55	117	105	80	34

Appendix-3.7
(Reference to paragraph 3.3.3 page 91)

Details of Schools test checked in which TVs could not function due to non-supply of antenna

S. No.	District	Name of the School
1	Chittoor	ZPHS (G), Ramakuppam
2	Kurnool	GHS (G) B Camp Kurnool
3	Nalgonda	ZPHS, Kothapally
4		ZPHS, Kanagal
5		ZPHS, Nakerkal
6		ZPHS, Rajapeta (B)
7		ZPHS, Pallerla
8		ZPHS, Mariyala
9		ZPHS, Kudakuda
10		ZPHS, Pochampalli (G)
11	Ranga Reddy	ZPHS, Kharman ghat
12		ZPHS, Kothagadi
13		ZPHS (B), Vikarabad
14		ZPHS, Bhadur Guda
15	Srikakulam	ZPH School, Neelanagaram
16		MHS, Amadalavalasa
17		ZPGHS, Sreekurmam
18		ZPHS, Tettangi
19	Visakhapatnam	ZPHS, Gazuwaka
20		GHS, Vishakapatnam
21		ZPHS, Padmanabham
22		GQM (G), HS, Visakhapatnam-I
23		ZPHS (G), Gopalapatnam
24		ZPHS, Medicherla
25		ZPHS, Pudi Madaka
26		ZPHS, Yellapuvanipalem
27		ZPHS (B), Chittivalasa

Appendix-3.8
(Reference to paragraph 3.4.2 page 95)

Status of according sanction by Government for prosecution on final reports of ACB as on 31 July 2010

Sl. No.	Name of the Dept.	1999 (including previous years cases)	2000 to 2004 (More than 5 years)	2005 to 2009 (Less than 5 years)	Total	Oldest case pertains to the year
1.	Agriculture & Co-operation	-	4	6	10	2002
2.	Animal Husbandry	-	1	7	8	2002
3.	Backward Classes Welfare	-	-	3	3	2009
4.	Consumer Affairs Food & Civil Supplies	-	-	4	4	2008
5.	Education	-	-	12	12	2005
6.	Energy	-	-	13	13	2005
7.	Environment, Forests, Science & Technology	1	-	8	9	1997
8.	Finance (Finance Wing)	-	3	4	7	2001
9.	GAD	-	4	9	13	2001
10.	Health, Medical & Family Welfare	2	3	18	23	1997
11.	Home	-	-	31	31	2005
12.	Housing	-	1	10	11	2004
13.	Industries & Commerce	1	-	4	5	1997
14.	Information Technology & Communication	-	-	1	1	2006
15.	Irrigation & Command Area Development	1	-	4	5	1998
16.	Irrigation (Projects)	-	-	2	2	2009
17.	Labour, Employment, Training & Factories	-	-	2	2	2009
18.	Legislative Assembly	-	-	1	1	2006
19.	Municipal Administration & Urban Development	-	7	25	32	2001
20.	Panchayat Raj & Rural Development	1	1	22	24	1997
21.	Revenue	2	3	85	90	1997
22.	Social Welfare	-	2	7	9	2000
23.	Tribal Welfare	-	1	7	8	2001
24.	Transport, Roads & Buildings	-	-	11	11	2008
25.	Women Development, Child Welfare and Disabled Welfare	-	-	3	3	2008
26.	Youth Advancement, Tourism & Culture	-	-	5	5	2009
Total		8	30	304	342	

Appendix-3.9
(Reference to paragraph 3.4.5 page 106 and 110)

Packages under Rajiv Bhima Lift Irrigation Scheme

Lift-I

Sl. No.	Package	Stipulated period of completion	Date of Commencement	Stipulated date of completion	Time over run
Lift work					
1.	Lift-I	30 months	07.03.2005	06.09.2007	30 months
Reservoir/Canal works					
2.	Package-46 (Approach channel)	12 months	12.07.2007	11.07.2008	20 months
3.	Package-47 (Approach channel)	12 months	30.05.2007	29.05.2008	22 months
4.	Package-20	24 months	07.03.2005	06.03.2007	36 months
5.	Package-21	24 months	25.02.2005	24.02.2007	37 months
6.	Package-22	24 months	25.02.2005	24.02.2007	37 months
7.	Package-13	24 months	03.03.2005	02.03.2007	36 months
8.	Package-14	24 months	24.02.2005	23.02.2007	37 months

Lift-II

Sl. No.	Package	Period of completion	Date of Commencement	Stipulated date of completion	Time over run
Lift work					
9.	Lift-II	30 months	14.03.2005	13.09.2007	30 months
Reservoir/Canal works					
10.	Parallel canal (first reach)	12 months	12.12.2008	11.12.2009	3 months
11.	Parallel canal (second reach)	12 months	23.10.2008	22.10.2009	5 months
12.	Package-48 (Approach channel)	12 months	30.05.2007	29.05.2008	22 months
13.	Package-15	24 months	05.03.2005	04.03.2007	36 months
14.	Package-17	24 months	07.03.2005	06.03.2007	36 months
15.	Package-16	24 months	02.03.2005	01.03.2007	37 months
16.	Package-18	24 months	14.03.2005	13.03.2007	36 months
17.	Package-19	24 months	19.02.2005	18.02.2007	37 months
18.	Package-27	24 months	05.10.2005	04.10.2007	29 months
19.	Sangambanda Gates	12 months	05.09.2007	04.09.2008	18 months

Appendix-3.10
(Reference to paragraph 3.4.7 page 114 and 116)

Mobilisation advances blocked up with the contractors

(Rupees in crore)

Sl. No.	Name of the Project	Year of commencement	Amount of advance paid	Amount blocked with the contractors as of February 2010 (% of total advance)	Time elapsed with reference to the Agreement period (as of February 2010)
1	Indira Sagar Polavaram Project (ISP)	2004-05 & 2006-07	353.73	160.39 (45%)	119% - 270%
2	Handri Neeva Sujala Sravanthi (HNSS)	2004-05 2006-07 & 2007-08	256.26	14.41 (6%)	90% - 250%
3	Alimeneti Madhava Reddy Srisailam Left Branch Canal Project (AMRP)	2004-05 & 2005-06	218.41	133.37 (61%)	100% - 166%
4	Mahatma Gandhi (Kalwakurthy) Lift Irrigation Scheme (MGKLIS)	2004-05	195.80	24.89 (13%)	103% - 250%
5	Telugu Ganga Project (TGP)	2004-05 & 2005-06	101.44	9.91 (10%)	150% - 250%
6	Somasila Project	2005-06 & 2006-07	18.32	12.62 (69%)	100% - 250%
7	Modikuntavagu Project	2005-06	5.95	5.95 (100%)	233%
8	Dr. B.R. Ambedkar Pranahita Chevella Sujala Sravanthi Project (Dr. BR APCSS Project)	2008-09	341.16	341.16 (100%)	19% - 70%
Total			1491.07	702.70 (47%)	

Appendix-3.11
(Reference to paragraph 3.4.13 page 126 and 128)

Statement showing undue benefit extended to parties in alienation of lands

(Rupees in lakh)

Sl. No.	Name of the institution	Extent of land alienated (acres)	Place at which land alienated	Date of alienation	Market/Basic rate per acre	Rate charged per acre	Undue benefit
(for House sites)							
1	Accredited Journalist Sangham, Visakhapatnam	14.00	Madhuravada (V), Visakhapatnam Rural (M)	20-02-2009	435.60	35.81	5597.06
2	District Panchayat Secretaries Housing Society	3.34	Teegalaguttapalli (V), Karimnagar (M)	26-02-2009	13.18	2.00	37.34
3	APNGO's MAC Society, Visakhapatnam	50.00	Gidijala (V), Anandapuram (M) Visakhapatnam Dist.	20-02-2009	14.52	5.00	476.00
(for Establishing educational institutions)							
4	Deccan Education Society, Pune	49.59	Kurukalva (V), Renigunta (M), Chittoor Dist.	21-02-2009	17.31	2.60	729.47
5	Ambedkar Educational and Welfare Society, Srikakulam	15.00	Bakkannapalem (V), Visakhapatnam Rural (M)	08-03-2007	40.00	6.00	510.00
6	St. Luke's Ministry Educational Society, Visakhapatnam	7.35	Endada (V), Visakhapatnam Rural (M)	20-02-2009	150.00	25.00	918.75
(for Construction of community project)							
7	AMG India International, Kakinada	1.46	Kakinada Urban	26-02-2009	145.20	24.20	176.66
(for Construction of industrial unit modified as tourism development)							
8	Sudarshan Steels Pvt. Limited, Visakhapatnam	5.00	P. Mallyapalem (V), Visakhapatnam Rural (M)	09-10-2008	75.00	0.25	373.75
(for Construction of cottages for aged and orphans)							
9	Hayagreeva Farms & Developers, Visakhapatnam	12.51	Endada (V), Visakhapatnam Rural (M)	12-06-2008	150.00	45.00	1313.55
(for Construction of community halls)							
10	District Yadava Sangham	0.25	Pothgal (V), Karimnagar (M)	04-12-2007	14.64	0.40	3.56
11	District Mudiraj Sangham	0.25	Pothgal (V), Karimnagar (M)	04-12-2007	14.64	0.40	3.56
12	District Kuruma Sangham	0.25	Pothgal (V), Karimnagar (M)	04-12-2007	14.64	0.40	3.56
Total		159.00					10143.26

Appendix-3.12
(Reference to paragraph 3.4.13 page 128)

Statement showing extent of land alienated and their utilisation

Sl. No.	Name of the alienee	Place at which land alienated	Date of alienation	Extent of land alienated/utilised (acres)
Chittoor				
1	Blue bell Agro Tech., Chittoor	Kothapalli	19-04-2007	7.64/Nil
2	M/s Mohan Granites, Chittoor	Mapakshi	12-02-2007	2.95/Nil
3	M/s Neela Granites, Chittoor	Tenebanda	25-03-2008	1.46/Nil
4	M/s Srinu Granites, Chittoor	Tenebanda	25-03-2008	0.63/Nil
5	M/s Baba Ehasannullah Khan Warsi Trust, Madanapalle	Madanapalle	07-10-1996 10-09-2003	7.80/0.46
Visakhapatnam				
6	M/s Sudarshan Steels Pvt. Limited Visakhapatnam	Pothinamallayapalem (V) Visakhapatnam Rural (M)	1988	5/Nil
Total				25.48/0.46

Appendix -3.13
(Reference to paragraph 3.5.1 page 131)

Statement showing number of paragraphs in respect of which Explanatory Notes had not been received for specific paras from Government (as of October 2010)

A. Audit Reports for the years 1997-98 to 2002-03

Department	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	Total
Agriculture and Co-Operation	-	-	-	-	-	2	2
Health, Medical and Family Welfare	-	-	-	-	-	2	2
Revenue	1	1	-	-	2	3	7
School Education	-	-	-	-	1	-	1
Tribal welfare	-	-	-	-	-	1	1
Total	1	1	-	-	3	8	13

B. Audit Reports for the years 2003-04 to 2008-09

Department	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total
Environment, Forests, Science and Technology	-	-	1	-	-	-	1
Finance	-	-	-	-	-	1	1
General Administration	-	-	-	-	-	2	2
Health, Medical and Family Welfare	2	1	-	-	1	1	5
Higher Education	-	-	-	2	1	1	4
Home	1	-	1	1	-	-	3
Housing	-	-	-	-	1	-	1
Infrastructure and Investment	2	-	-	1	-	2	5
Irrigation and Command Area Development	-	-	-	2	-	-	2
Municipal Administration and Urban Development	1	2	3	1	1	1	9
Revenue	-	1	2	1	1	2	7
School Education	2	-	1	-	1	-	4
Transport, Roads and Buildings	-	-	-	-	-	1	1
Tribal Welfare	-	-	-	3	2	-	5
Youth Advancement, Tourism and Culture	-	-	1	2	-	2	5
Total	8	4	9	13	8	13	55

Appendix -3.14
(Reference to paragraph 3.5.2 page 131)

Statement showing the number of Action Taken Notes (ATNs) yet to be received on the recommendations of the Public Accounts Committee (as of October 2010)

Sl. No.	Department	ATN Not Received
1	Agriculture and Co-operation	21
2	Animal Husbandry and Fisheries	3
3	General Administration	3
4	Higher Education	7
5	Home	2
6	Infrastructure and Investment	4
7	Irrigation and Command Area Development	213
8	Municipal Administration and Urban Development	1
9	Panchayat Raj	4
10	Revenue	40
11	Rural Development	5
12	School Education	34
13	Social Welfare	11
14	Tribal Welfare	1
15	Women Development, Child Welfare and Disabled Welfare	1
16	Youth Advancement, Tourism and Culture	2
	Total	352

Appendix-3.15
(Reference to paragraph 3.5.3 page 132)

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

Year	Number of outstanding		Number for which even first replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
2005-06 and earlier years	3454	10107	60	698
2006-07	1580	5842	15	27
2007-08	1993	8845	50	951
2008-09	1672	8601	402	1614
2009-10	1271	7642	387	2867
Total	9970	41037	914	6157

Appendix-3.16
(Reference to paragraph 3.5.3 page 132)

Department-wise details of outstanding Inspection Reports and Paragraphs as on 30 June 2010

Department	Number of Outstanding		Earliest year of the outstanding IRs	Number for which even first replies have not been received		Earliest year of the report for which first replies have not been received
	IRs	Paragraphs		IRs	Paragraphs	
Agriculture and Co-operation	457	1828	2003-04	41	320	2009-10
Animal Husbandry, Dairy Development and Fisheries	208	791	2003-04	39	295	2007-08
Backward Classes Welfare	116	596	2003-04	10	79	2004-05
Education (Higher Education)	1394	7458	2003-04	15	283	2009-10
Education (School Education)	354	2706	2003-04	29	669	2007-08
Energy	7	8	2003-04	2	3	2008-09
Environment, Forests, Science and Technology	259	743	1999-00	31	143	2009-10
Finance	117	226	2003-04	1	2	2009-10
Food, Civil Supplies and Consumer Affairs	128	345	2003-04	23	67	2008-09
General Administration	121	376	2003-04	2	7	2009-10
Health, Medical and Family Welfare	752	4582	2003-04	81	1009	2004-05
Home	278	1106	2003-04	17	55	2009-10
Housing	10	63	2003-04	2	36	2003-04
Industries and Commerce	181	621	2003-04	23	80	2009-10
Information Technology and Communications	8	51	2003-04	-	-	-
I& C.A.D. (Projects Wing)	535	1481	1999-00	-	-	-
I& C.A.D. (Irrigation Wing)	952	2809	1999-00	46	224	2009-10
Labour, Employment, Training and Factories	293	812	2003-04	10	62	2009-10
Law	345	699	2003-04	20	37	2006-07
Legislature	3	14	2003-04	-	-	-
Minorities Welfare	15	57	2003-04	3	14	2009-10
Municipal Administration and Urban Development	160	785	1999-00	29	160	2005-06
Panchayat Raj	40	318	2003-04	8	82	2007-08
Rural Development	105	1299	2002-03	20	310	2007-08
Planning	49	176	2003-04	5	24	2008-09
Public Enterprises	4	6	2003-04	1	1	2008-09
Revenue	1628	4268	2003-04	335	1078	2008-09
Social Welfare	189	1708	2003-04	17	242	2003-04
Tribal Welfare	178	1346	2003-04	14	307	2008-09
Transport, Roads and Buildings	478	1324	1999-00	24	94	2009-10
Women Development, Child Welfare and Disabled Welfare	459	1718	2003-04	40	267	2007-08
Youth Advancement, Tourism and Culture	143	707	2003-04	25	206	2007-08
Rain-Shadow Areas Development	3	9	2005-06	-	-	-
Infrastructure and Investment	1	1	2008-09	1	1	2008-09
Total	9970	41037		914	6157	

Appendix-3.17
(Reference to paragraph 3.5.3 page132)

Departments which have not conducted State level Departmental Audit and Accounts Committee Meetings since reconstitution in June 2004

Sl. No.	Department
1	Backward Classes Welfare
2	Education (Higher Education)
3	Energy
4	Environment, Forests, Science and Technology
5	Health, Medical and Family Welfare
6	Housing
7	Industries and Commerce
8	I& C.A.D. (Projects Wing)
9	I& C.A.D. (Irrigation Wing)
10	Law
11	Legislature
12	Minorities Welfare
13	Planning
14	Public Enterprises
15	Revenue
16	Social Welfare
17	Transport, Roads and Buildings
18	Youth Advancement, Tourism and Culture
19	Rain-Shadow Areas Development
20	Infrastructure and Investment

Glossary

ACDPO	:	Additional Child Development Project Officer
AMR Project	:	Alimineti Madhava Reddy Project
APDSS	:	Andhra Pradesh Detailed Standard Specifications
AWCs	:	Anganwadi Centres
AWH	:	Anganwadi Helper
AWW	:	Anganwadi Worker
BCG	:	Bacille Calmette Guerin Vaccine
BOT	:	Build-Operate-Transfer
CA	:	Chartered Accountant
CDPO	:	Child Development Project Officer
CED	:	Central Excise Duty
CEO	:	Chief Executive Officer
CSS	:	Centrally Sponsored Scheme
Cum	:	Cubic metre
CYS	:	Commissioner of Youth Services
DYWO	:	District Youth Welfare Officer
EDP	:	Entrepreneur Development Programme
EMD	:	Earnest Money Deposit
EPC	:	Engineering, Procurement and Construction
FMP	:	First Master Plan
GOI	:	Government of India
ICDS	:	Integrated Child Development Services
IEC	:	Information, Education and Communication
JTC	:	Job Training Course
LD	:	Liquidated Damages
MA	:	Mobilisation Advance

MO	:	Medical Officer
MPDO	:	Mandal Parishad Development Officer
MTF	:	Modified Therapeutic Food
NABARD	:	National Bank for Agriculture and Rural Development
NIT	:	Notice Inviting Tender
PAC	:	Public Accounts Committee
PD	:	Project Director
PPP	:	Public Private Partnership
RC	:	Refresher Course
RDA	:	Recommended Dietary Allowance
RIDF	:	Rural Infrastructure Development Fund
RMP	:	Revised Master Plan
RTE	:	Ready to Eat
SLEIAA	:	State Level Environmental Impact Assessment Authority
SNP	:	Supplementary Nutrition Programme
SSR	:	Standard Schedule of Rates
STEP	:	Society for Training and Employment Promotion
TMC	:	Thousand million cubic feet
TOT	:	Turnover Tax
UC	:	Utilisation Certificate
VAT	:	Value Added Tax
VC	:	Vice Chairman
VUDA	:	Visakhapatnam Urban Development Authority