सत्यमेव जयते

Report of the Comptroller and Auditor General of India on General & Social Sector for the year ended March 2018

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Andhra Pradesh

Report No. 2 of 2020

Report of the
Comptroller and Auditor General of India
on
General & Social Sector

for the year ended March 2018

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Preface

This Report pertaining to the State of Andhra Pradesh for the year ended March 2018 has been prepared for submission to Governor of Andhra Pradesh under Article 151 of the Constitution of India for being laid before legislature of the State.

This Report contains significant results of Performance Audit of 'Functioning of Guntur Municipal Corporation' besides Compliance Audit of the Departments of Government of Andhra Pradesh under the General and Social Sectors including Departments of Higher Education; Labour, Employment, Training and Factories; and 'Municipal Administration and Urban Development'.

The instances mentioned in this Report are those which came to notice in the course of test audit during the period 2017-18, as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2017-18 have also been included, wherever necessary.

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

Overview

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) contains matters arising from Performance Audit of selected programmes and Departments of Government of Andhra Pradesh. It also covers Compliance Audit of transactions of its various Government Departments pertaining to General & Social Sector.

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

Compliance Audit refers to the examination of transactions of audited entities. Compliance Audit is carried out to ascertain whether provisions of the Constitution of India, applicable laws, rules and regulations are complied with. This will also ensure that various orders and instructions issued by competent authorities are being complied with. On the other hand, Performance Audit, examines whether objectives of programme/activity/Department are being achieved economically, efficiently and effectively.

Chapter I of this Report provides the audited entity's profile, planning and extent of audit. Chapter II deals with the findings of Performance Audit and Chapter III deals with compliance audit of various Departments.

1.2 Audited Entity's Profile

There are 39 Departments in the State, headed by Special Chief Secretaries/ Principal Secretaries/ Secretaries at the Secretariat level. They are assisted by Commissioners/ Directors and Sub-ordinate Officers. Of these, 21 Departments are coming under General and Social Sector. This Report includes the results of audit of three[1] out of the 21 Departments dealt with in General and Social Sectors.

A summary of the expenditure incurred during last five years by Departments of Government of Andhra Pradesh falling within General and Social Sector is given in **Table-1.1**.

[1] (i) Higher Education (ii) Labour, Employment, Training and Factories and (iii) Municipal Administration & Urban Development (MA&UD)

Table-1.1: Expenditure incurred by Departments falling within General and Social Sector

(₹ in crore)

Sl. No.	Name of the Department	2013-14	2014-15	2015-16	2016-17	2017-18
A	**General Sector**					
1	Finance and Planning	36,747.60	32,113.70	61,115.96	60,991.55	85,551.07
2	General Administration	819.71	831.12	460.43	187.10	725.29
3	Home	5,692.96	4,655.24	4,079.63	4,726.52	5,101.18
4	Law	752.51	658.55	542.36	610.94	651.09
5	Revenue	3,265.35	2,424.34	2,306.14	2,680.61	3,646.53
6	State Legislature	112.63	83.62	79.95	101.50	114.01
	Total (A)	**47,390.76**	**40,766.57**	**68,584.47**	**69,298.22**	**95,789.17**
B	**Social Sector**					
1	Backward Classes Welfare	3,538.31	2,371.15	2,720.09	4,117.68	4,919.33
2	Consumer Affairs, Food and Civil Supplies	3,288.36	2,228.93	2,487.01	2,560.59	3,241.75
3	Health, Medical & Family Welfare	5,737.45	5,392.67	5,067.03	6,331.63	6,140.67
4	Higher Education	3,416.79	2,857.87	3,071.71	2,465.32	2,811.59
5	Housing	2,083.02	1,201.46	1,678.49	589.13	2,905.74
6	Labour, Employment, Training and Factories	503.93	347.64	342.27	304.40	444.00
7	Minorities Welfare	505.34	400.07	337.79	635.33	651.12
8	Municipal Administration and Urban Development	3,038.02	3,423.13	3,586.69	5,073.21	4,246.59
9	Panchayat Raj$	4,670.09	6,429.85	4,943.97	5,742.32	8,035.94
10	Rural Development$	4,157.06	9,496.05	13,830.48	12,832.15	13,546.74
11	School Education	15,094.40	14,226.10	13,737.77	14,995.38	16,978.12
12	Social Welfare	2,450.96	2,468.46	2,131.73	2,499.07	3,135.98
13	Tribal Welfare	1,288.01	1,096.42	995.22	1,219.85	1,738.45
14	Women, Children, Differently Abled and Senior Citizens	2,031.82	1,752.93	1,420.91	1,551.15	1,546.32
15	Youth advancement, Tourism and Culture	302.23	254.38	304.83	396.55	654.65
	Total (B)	**52,105.79**	**53,947.11**	**56,655.99**	**61,313.76**	**70,996.99**
	Grand Total (A+B)	**99,496.55**	**94,713.68**	**1,25,240.46**	**1,30,611.98**	**1,66,786.16**

Source: Appropriation Accounts of Government of Andhra Pradesh for relevant years
$ under one Secretariat Department 'Panchayat Raj and Rural Development'

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 Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's DPC Act). The CAG conducts audit of expenditure of General and Social Sector Departments of Government of Andhra Pradesh under Section 13[2] of the CAG's DPC Act, 1971. In addition, the CAG conducts audit of autonomous bodies under

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

Sections 19(2)[3] and 20(1)[4] of the DPC Act, and under Section 14[5] of the DPC Act, of other autonomous bodies which are substantially funded by the State Government. Principles and methodologies for various audits are prescribed in Auditing Standards and Regulations on Audit and Accounts, 2007 issued by the CAG.

1.4 Planning and conduct of audit

Audit process starts with the risk assessment of the Department/organisation as a whole and that of each unit. The assessment is based on expenditure incurred, criticality/ complexity of activities and level of delegated financial powers and assessment of internal controls. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit is decided. 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 (IR) containing audit findings are issued to Heads of the entities. The entities 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 made in the Inspection Reports/Performance Audit are processed for inclusion in the Audit Reports. These are submitted to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for being laid before the Legislature of the State.

1.5 Response of Departments to Audit findings

Heads of offices and next higher authorities are required to respond to observations contained in Inspection Reports (IRs) and take appropriate corrective action. Audit observations communicated in Inspection Reports are also discussed in meetings at district/ State levels by officers of the Accountant General's office with officers of the Departments concerned.

As of 30 September 2018, 2,977 IRs containing 25,785 paragraphs pertaining to the years up to 2017-18 were pending settlement as detailed in **Table-1.2**. Of these, no replies have been received in respect of 421 IRs (7,462 paragraphs). Department wise details are given in ***Appendix-1.1.***

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

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

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

Table-1.2: Details of IRs and Paragraphs pending settlement

Year	Number of IRs/Paragraphs as of 30 September 2018		IRs/Paragraphs where no replies have been received	
	IRs	**Paragraphs**	**IRs**	**Paragraphs**
2013-14 and earlier years	2,339	16,312	72	1,266
2014-15	147	2,571	23	601
2015-16	178	2,485	94	1,935
2016-17	176	2,279	117	1,835
2017-18	137	2,138	115	1,825
Total	**2,977**	**25,785**	**421**	**7,462**

Absence of action on audit Inspection Reports and paragraphs is fraught with risk of perpetuating serious financial irregularities pointed out in these reports. It may also result in dilution of internal controls in the process of governance, inefficient and ineffective delivery of public goods/services, fraud, corruption and loss to public exchequer.

1.5.1 Follow up action on Audit Reports

As per instructions issued by Finance and Planning Department in November 1993, administrative Departments were required to submit Explanatory Notes on paragraphs and performance audits included in Audit Reports within three months of their presentation to Legislature. The Explanatory Notes were to be furnished without waiting for any notice or call from Public Accounts Committee, duly indicating action taken or proposed to be taken. However, as of 30 September 2018, 13 Departments have not submitted Explanatory Notes in respect of 39 paragraphs/performance audits that featured in the Audit Reports (Civil/General & Social Sector) for the years 2006-07 to 2016-17. Details are given in ***Appendix-1.2***.

Further, all Departments were required to send their responses to draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India, within six weeks of their receipt. During 2017-18, two performance audits and seventeen draft paragraphs (pertaining to seven Departments) were forwarded to the Special Chief Secretaries/Principal Secretaries/Secretaries of the Departments concerned. Government replies have been received from five Departments[6] in respect of two Performance Audits and eleven paragraphs as on the date of finalisation of this Report. The responses of the Departments have been appropriately incorporated in the Report.

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[6] (i) Health, Medical and Family Welfare (ii) Home (iii) Labour, Employment, Training and Factories (iv) Municipal Administration and Urban Development and (v) Panchayat Raj and Rural Development

This Report contains findings of audit from a test-check of accounts and transactions of three[7] Departments of Government of Andhra Pradesh during 2017-18.

One Performance Audit report on Functioning of Guntur Municipal Corporation concerning Municipal Administration and Urban Development Department and seven Compliance Audit paragraphs have been included in this Report.

[7] (i) Labour, Employment, Training and Factories (ii) Higher Education and (iii) Municipal Administration and Urban Development

Performance Audit

Pages 7- 46

Municipal Administration and Urban Development Department

2. Functioning of Guntur Municipal Corporation

Executive Summary

Guntur Municipal Corporation (GMC) is responsible for providing civic services and infrastructure facilities in its jurisdiction covering a population of 7.43 lakh (as per 2011 Census). The Corporation is empowered to levy and collect taxes to meet the expenditure on these services. The Performance Audit of GMC was conducted (during April to July 2018), covering the period 2013-18. The Audit objective was to assess levy, collection and accounting of taxes, efficient management of land and adequacy in providing civic services.

Performance Audit of GMC was conducted, covering the period 2013-18, in seven selected areas *viz.*, Property Tax, Vacant Land Tax, Building Permissions (major revenue yielding functions), Management of lands, Water supply, Drainage and Solid Waste Management (major expenditure areas). The overview of audit findings is given below:

Property Tax

Property Tax was not assessed and levied in respect of 107 cases out of 6,116 cases regularised under Building Penalisation Scheme and 55 cases out of 822 cases where occupancy certificates were issued, due to lack of coordination between Town Planning Wing and Revenue Wing. This resulted in loss of revenue of ₹1.16 crore.

(Paragraph 2.4.1 (a) (iii))

Library Cess

GMC collected (2007-18) ₹27.95 crore towards Library Cess but did not transfer the same to 'Zilla Grandhalaya Samstha' as of June 2018, instead, the amount was credited to its General Fund.

(Paragraph 2.4.1 (b) (iii))

Short levy/collection of Building Permit Fee

Scrutiny of 575 selected out of 11,175 Building permission cases revealed short levy/collection of ₹4.50 crore due to incorrect computation.

(Paragraph 2.4.2.1 (a))

Water supply system

GMC had not installed water meters in 1,01,679 households (53 *per cent* of 1,91,515 households). Thus, the objective of minimising wastage, ascertaining the actual quantity and economic pricing of water could not be ensured.

(Paragraph 2.6.1 (a) (ii))

Water supply services

The Project 'Comprehensive Planning of Water Supply Services Improvements in Guntur' sanctioned in 2012 could not be completed due to improper planning of GMC, which resulted in non-achievement of objective of providing 135 'Litres per Capita per Day' of water to all residents and distribution of satisfactory levels of piped water to meet domestic needs and the needs of commercial establishments.

(Paragraph 2.6.1 (b))

Solid Waste Management

Solid waste was not segregated and not scientifically disposed off. GMC awarded contract for lifting of garbage from Commercial and institutional establishments. The contract firms were, however, covering only 2,000 of the 19,259 establishments which were contrary to the agreement conditions.

(Paragraph 2.7)

2.1 Introduction

Guntur Municipal Corporation (GMC) covers an area of 159 Sq.km. It was upgraded as Corporation in March 1994. The population of GMC was 7.43 lakh as per 2011 Census and consisted of 1.91 lakh households. Functioning of GMC is governed by Andhra Pradesh Municipal Corporations Act, 1994[8]. It falls under Capital Region Development Authority (CRDA) of Andhra Pradesh[9]. GMC provides civic amenities to the residents of Guntur city.

The main source of GMC revenue comes from Own revenue, Assigned revenue and Government grants. Own revenue of GMC comprises of receipts from tax and non-tax revenue. Tax revenue includes Property Tax (PT), Advertisement Tax (Advt. Tax) and Vacant Land Tax (VLT). Major non-tax revenue comprises of receipts from Building permission fee, Building Penalisation Scheme (BPS) charges, Trade Licence fee, water charges, drainage charges, layout permission fee, rental income from shops, etc. Assigned revenue is the Appropriation of surcharge on stamp duty received from Stamps and Registration Department. Major expenditure was incurred for providing amenities and infrastructure *viz.*, water supply, drainage, solid waste management, etc. GMC also received

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[8] Under Section 14(1) of Andhra Pradesh Municipal Corporations Act 1994, all the provisions of the Greater Hyderabad Municipal Corporation Act, 1955 as amended by Act No.13 of 2008 (July 2008) shall apply mutatis-mutandis to this Act

[9] The Government of Andhra Pradesh established CRDA (December 2014) for development of New Capital Area of the State for the purpose of planning, co-ordination, execution, supervision, financing, funding and for promoting and securing the planned development of the Capital Region and Capital City Area for the State of Andhra Pradesh

grants from State and Central Governments. The major revenues received during 2013-18 are shown in **Table 2.1**.

Table-2.1: Major revenue sources of GMC during 2013-18

(₹ in crore)

Year	PT	Advt Tax	VLT	Building Permit Fee	BPS charges	Trade Licence Fee	Rents, Leases etc.	Water charge	Sewerage	Assigned Revenue	GoI Grant
2013-14	91.51	2.02	1.33	10.49	0.49	0.92	3.58	6.86	0.43	21.28	0.07
2014-15	47.80	1.37	2.12	33.34	0.20	16.97	4.59	3.43	0.42	32.00	5.74
2015-16	48.91	1.81	2.44	37.99	0.02	1.44	6.58	9.02	0.35	31.99	14.00
2016-17	51.82	1.92	4.29	48.06	9.46	0.89	4.80	10.27	0.45	21.31	0.00
2017-18	61.92	0.01	9.71	4.79	0.07	0.12	3.90	13.91	0.04	0.00	0.00

Source: Annual Accounts of GMC

2.2 Organisational set up

The Municipal Commissioner manages the day to day affairs of the Corporation. Organisational hierarchy of the Corporation is detailed below:

Municipal Administration and Urban Development Department (MA&UD)	**Governing body of Government of Andhra Pradesh for the purpose of planning and development of urban areas and civic governance, headed by Principal Secretary.**
Commissioner and Director of Municipal Administration (CDMA)	**Apex authority of the Municipal Administration Department – Provides guidance to the Urban Local Bodies (ULBs) for effective administration. Line authority to coordinate between State and Corporation. Supervising and monitoring authority in implementation of various developmental activities/schemes.**
Municipal Commissioner	**Manages the day to day affairs of the Corporation with the support of sectional heads *viz.* Additional Commissioner (Administration & Education), Additional Commissioner (Revenue), Deputy Commissioner (Public Health), Superintendent Engineer (Engineering), City Planner (Town Planning) and Examiner of Accounts (Accounts).**

2.3 Audit framework

2.3.1 Audit objectives

Performance Audit of GMC was conducted in seven selected areas *viz.*, Property Tax, Vacant Land Tax, Building Permissions, Management of lands (major revenue yielding functions), Water supply, Drainage and Solid Waste Management (major expenditure areas) with the objective of assessing whether:

i. the assessment, levy, collection and accounting of Property Tax, Vacant Land Tax and Building Permit Fee were efficient and effective

ii. management of GMC land was efficient

iii. provision of safe drinking water supply and drainage was adequate and

iv. management of solid waste was effective.

2.3.2 Audit criteria

Following were the Audit criteria:

- AP Municipal Corporation Act, 1994
- The Greater Hyderabad Municipal Corporation Act (GHMC), 1955[10]
- Manuals on (i) Water Supply and Treatment (ii) Sewerage and Treatment and (iii) Operation and Maintenance of Water Supply Systems issued by Central Public Health and Environmental Engineering Organisation (CPHEEO)[11]
- National Water Policy, 2012[12] and State Water Policy, 2008
- Andhra Pradesh Regulation of Receipts and Expenditure Rules, 1968
- Andhra Pradesh Manuals on Asset Management and Accounts
- Relevant scheme/project guidelines and Service level benchmarks
- Solid Waste Management Rules, 2016 issued by GoI
- Orders and Circulars issued by State Government and GoI from time to time

2.3.3 Audit sample

Five *per cent* of total properties assessed/permissions issued during the review period (2013-18) were selected in respect of Property tax, Vacant Land Tax (VLT) and Building permissions. Works in respect of water supply and drainage were selected on the basis of expenditure[13] for conducting the Performance Audit. Selection was made through stratified random sampling method (***Appendix-2.1***). Land records maintained by GMC and major areas in implementation of Solid Waste Management (SWM) were also covered in this audit.

2.3.4 Audit scope and methodology

Performance Audit of GMC, covering the period 2013-18, was conducted between April and July 2018. Audit methodology involved scrutiny of relevant records/documents at the Office of Commissioner of GMC, Andhra Pradesh Urban Finance and Infrastructure Development

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[10] Section 14(1) of AP Municipal Corporations Act, stipulates that all the provisions of GHMC Act 1955 shall be applicable mutatis mutandis to a Corporation under this Act

[11] Under Ministry of Urban Development, Government of India (GoI). There are no specific manuals followed by the State Government except the CPHEEO Manual

[12] Issued by Ministry of Water Resources, GoI

[13] All the water supply works with estimated cost of ₹10.00 lakh and above and all drainage works with estimated cost of above ₹50.00 lakh

Corporation (APUFIDC) and Public Health Engineering Division. Apart from scrutiny of records, physical verification of site was also conducted with the Departmental officials.

An Entry conference was held (February 2018) with the representatives of the Government/Corporation wherein audit framework was explained. Exit conference was held (November 2018) with the representatives of Government/Corporation and audit findings were discussed. Replies of the Government have been suitably incorporated in the report.

2.3.5 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the officials of GMC and Government during the course of audit.

Audit Findings

2.4 Assessment, Levy, Collection and Accounting of Property Tax (PT), Vacant Land Tax (VLT) and Building permit fee (BPF)

The Assessment, Levy, Collection and Accounting of PT, VLT and BPF were examined by Audit and were not found to be efficient and effective for the following reasons:

2.4.1 Assessment, Levy, Collection and Accounting of Property Tax

a) Assessment

(i) Revision of Annual Rental Value

As per Section 197A of GHMC Act, 1955 and recommendations of 13th Finance Commission, State Government constituted (March 2011) Property Tax Board (PTB) to provide assistance and technical guidance to Urban Local Bodies (ULBs) for proper assessment, revision and improvement in collection of PT.

Sections 197 and 199 of the Act, empowers GMC to levy Property Tax (PT) on lands and buildings on the basis of Annual Rental Value (ARV)[14] of the buildings. Accordingly, GMC fixed the ARV by notifying (May 2002) the rates for each category[15] of the building. Revenue wing of GMC discharges the functions of assessment, levy and collection of PT.

[14] Section 212 (a) of GHMC Act- **Annual Rental Value** of the lands and buildings shall be deemed to be the gross annual rent at which they may reasonably be expected to be let from month to month or from year to year with reference to location, type of construction, plinth area, age of the building, nature of use, etc.

[15] Categorised into residential, non-residential again on type of construction, etc.

Section 226 of the Act and Rule 7(5) of GHMC (Assessment of Property Tax) Rules, 1990 provide for revision of the rates of monthly or yearly rents once in five years for assessment of Property Tax (PT).

GMC last revised the ARV of residential and non-residential buildings in 2002 and 2007 respectively. GMC did not receive any recommendations from the PTB in this regard as of July 2018 except work plans for collection of taxes and non-taxes.

While accepting the audit observation, Government agreed to the fact that ARV requires revision for every five years and stated (November 2018) that upward revision of ARV was required and same would be taken up after receiving the recommendations from Property Tax Board.

(ii) Assessment and levy of Property Tax

Section 197 of the Act empowered the GMC to levy Property Tax (PT) at the rate not less than 15 *per cent* and not more than 30 *per cent* of the rateable[16] value for residential and non-residential properties. GMC levied the tax at a rate of 24.92 *per cent* on residential properties and 32.57 *per cent* on non-residential properties on rateable value. This showed that GMC levied more tax on non-residential properties contrary to the provisions of the Act.

(iii) Lack of coordination between the wings of GMC

Town Planning wing of GMC is responsible for regulation of planning activities like issue of building permissions, occupancy certificates, identification of unauthorised constructions etc., and Revenue wing is responsible to assess and collect various taxes and non-taxes.

During the review period 2013-18, GMC had assessed 15,830[17] properties. Of these, audit test checked 793 assessments (Five *per cent)*. Cross verification of assessments with the database of occupancy certificates issued and regularisation of unauthorised buildings revealed that:

Property Tax was not assessed and levied in respect of 107 cases out of 6,116 cases regularised under Building Penalisation Scheme and in 55 cases out of 822 cases where occupancy certificates were issued. Lack of coordination between Town Planning wing and Revenue wing resulted in non-levy and loss of revenue of ₹1.16[18] crore.

Government accepted (November 2018) the fact of non-assessment and assured that such cases may not arise in future as GMC had entered into

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[16] rateable value is the annual rent which is expected minus a rebate allowed for repairs or on any other account

[17] residential properties: 14,515 and non-residential properties: 1,315

[18] ₹0.98 crore towards 107 regularised cases and ₹0.18 crore towards 55 cases where Occupancy Certificates were issued

ERP (Enterprise Resource Planning) platform to provide internal communication among all the wings. Government did not furnish the reasons for higher tax rate on non-residential properties.

To start with, GMC must do a similar cross verification of assessment with regard to all the cases to establish the total revenue leakage and plug it. For the long term GMC needs to build its digital solutions so as to institutionalise coordination between the above two wings.

(iv) Assessment of taxes on Government Properties

- Central Government properties were exempted from payment of property tax and in lieu of property tax, Service Charges are leviable for the services provided by the Corporation. As of March 2018, an amount of ₹18.02 crore[19] **(*Appendix - 2.2*)** towards Service Charges was due from 144 Central Government Properties since 1993.

  Further, GMC also did not enter into Memorandum of Understanding (MoU) with Heads of Departments of Central Government for collection of Service Charges, which was contrary to the State Government instructions (May 2010).

  State Government assured (November 2018) that a special drive would be conducted to recover these dues and also orders for waiver of penalties would be issued as an incentive.

- An amount of ₹40.97 crore[20] was due from 260 State Government properties as of March 2018. The dues were pending since 1983-84.

  Government assured (December 2018) that action would be taken to collect tax from the State Government properties by addressing the concerned Departments.

b) Collection of Property Tax

Collection of Property tax was watched through Demand, Collection and Balance (DCB) register. Position of DCB during the period 2013-18[21] is given in **Table- 2.2.**

[19] including arrears and penalty on arrears
[20] including arrears and penalty on arrears
[21] excluding State Government and Central Government properties

Table-2.2: DCB Particulars of Property Tax in GMC

(₹in lakh)

Year	Demand			Collection			Balance			Percentage of collection
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total	
2013-14	3,717.75	4,854.04	8,571.79	1,117.84	3,604.77	4,722.61	2,599.91	1,249.27	3,849.18	55.09
2014-15	3,849.18	5,047.68	8,896.86	1,024.16	3,930.09	4,954.25	2,825.02	1,117.59	3,942.61	55.69
2015-16	3,942.61	5,415.68	9,358.29	780.86	4,300.03	5,080.89	3,161.75	1,115.65	4,277.40	54.29
2016-17	4,277.40	5,951.52	10,228.90	808.27	4,731.34	5,539.61	3,469.13	1,220.18	4,689.31	54.16
2017-18	4,689.31	6,531.74	11,221.10	866.95	5,335.84	6,202.79	3,822.36	1,195.90	5,018.26	55.28

Source: Data furnished by GMC

(i) Collection efficiency :

The efficiency of collection was below the target[22] fixed by the Government for each year. An amount of ₹50.18 crore (44.72 *per cent*) including ₹38.22 crore of arrears as of March 2018 was pending for collection. The collections shown in the DCB furnished by GMC are, however, not consistent with annual audited accounts of GMC as detailed in the **Table 2.3**.

Table-2.3: Property Tax collections as per DCB Register and Annual Accounts

(₹in lakh)

Year	PT as per Annual Accounts	PT as per DCB	Difference
2013-14	9,151.35	4,722.61	(+) 4,428.74
2014-15	4,780.45	4,954.25	(-)173.80
2015-16	4,890.97	5,080.89	(-)189.92
2016-17	5,182.47	5,539.61	(-)357.14
2017-18	6,191.77	6,202.79	(-) 11.02

(ii) Loss of Revenue of ₹17.19 crore due to non-enforcement

As per Section 269 read with 278 A of the Act, the Commissioner of the Corporation may recover the dues by distraint warrant[23] and sale of the moveable property of the defaulter, if PT is not paid by the assesees within fifteen days from the service of notice.

Audit noticed that an amount of ₹23.04 crore was pending from top 1,000 defaulters (since 1982) identified by GMC (as of March 2018). The following omissions were noticed by audit:

- Audit noticed that 104 properties escaped distraint for which a demand of ₹3.01 crore was pending. Distraint warrant cannot be served after expiration of three years from the date on which tax becomes due. These taxpayers escaped from recovery of tax due to limitation of time (lapse of three years) as of June 2018.

[22] 2013-14 (90 *per cent*), 2014-15 (92 *per cent*) and 2015-16 to 2017-18 (100 *per cent*)

[23] 'distraint' means seizure and holding of movable property as security for payment of tax and its sale in case of non-payment and 'warrant' means a command (which is enforceable)

- If for any reasons the distraint or a sufficient distraint of the defaulter's property is impracticable, the defaulter may be prosecuted before a Judicial Magistrate[24]. No prosecution shall be instituted after expiration of a period of six years from the date on which prosecution might first have been commenced. GMC did not institute prosecution. As of June 2018, out of top 1,000 defaulters identified, GMC could not prosecute 55 properties (demand pending for ₹2.26 crore) due to expiry of time limit.

- If distraint could not be made and prosecution not instituted for realisation of tax, a civil suit may be filed within nine years from the date on which the tax becomes due. No suit shall be filed after expiry of nine years from the date on which a suit might first have been instituted i.e., the day when tax became due. GMC did not file Civil Suits. Audit assessed that Civil Suits against 117 defaulters (demand pending for ₹17.19 crore) could not be instituted due to expiry of nine years as of June 2018. Thus, non-enforcement of Act provision led to revenue loss of ₹17.19 crore.

Government during exit conference (November 2018) agreed to the audit observation on Civil Suits and stated that there were other means of recovery such as invoking of Revenue Recovery Act and compliance would be intimated.

(iii) Irregular retention of amounts collected

Corporation shall levy and collect Library Cess and Education Cess at the rate of 8 and 2.33 *per cent* of PT respectively. The amounts collected along with PT should be remitted to Zilla Grandhalaya Samstha (ZGS) in respect of Library Cess and to Education Department in respect of Education Cess. It was noticed in Audit that:

- GMC collected (2007-18) ₹27.95 crore towards Library Cess. The amount was, however, not transferred to ZGS as of June 2018. GMC, instead of remitting the amount to ZGS, credited the same to its General Fund.

  GMC replied (November 2018) that an amount of ₹8.69 crore out of ₹27.95 crore was transferred to ZGS during 2007-18. The fact, however, was that about 70 *per cent* of the Library Cess collected was retained by GMC. Without the funds meant for their use the libraries suffered from inadequate infrastructure facilities. GMC collected ₹9.16 crore towards Education Cess during the period 2007-18. The amount collected was, however, credited to the General Fund instead of remitting to the Education Department.

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[24] Section 269(3) of GHMC Act, 1955

Government stated (December 2018) that action was being taken to make remittances to the concerned Department in a phased manner.

This indicated that GMC irregularly retained the funds belonging to the other departments.

Annual Rental Value (ARV) the basis for assessment of Property Tax, has to be revised every five years for augmenting revenue resources. GMC had not revised the ARV for residential properties since 2002 and for non-residential properties since 2007. Due to lack of coordination between Town planning and Revenue wings, Property tax was not assessed and levied in respect of 107 of 6,116 properties regularised under Building Penalisation Scheme and 55 of 822 properties where occupancy certificates were issued. Despite State Government instructions in this regard, GMC had not entered into Memorandum of Understanding with the HoDs of the Central Government properties for collection of Service charges in lieu of property tax. Failure to enforce the provisions of the Act in collection of Property Tax resulted in loss of revenue for GMC of ₹17.19 crore. The amounts collected under Library Cess and Education Cess were irregularly retained with GMC.

Recommendation 1:To start with GMC must do a cross verification of existing assessments with the database of occupancy certificates issued and regularisation of unauthorised buildings with regard to all the cases to establish the total revenue leakage and plug it. For the long term, GMC needs to build its digital solutions to institutionalise coordination between the Town Planning and Revenue wings. A comprehensive database of all taxable properties is to be established and updated regularly for stopping leakage of revenue due to non-assessment. Collection of PT must be made efficient and enforcement through civil suits etc. needs to be strengthened. GMC should transfer the cess funds collected to the related departments.

2.4.2 Assessment, Levy, Collection and Accounting of Vacant Land Tax

a) Assessment and Levy of Vacant Land Tax

Section 199(3) of GHMC Act, 1955, provides for levy (at half *per cent* of the estimated capital value of the land) of tax on Vacant Lands, which are not used exclusively for agricultural purposes or are not occupied or adjacent and appurtenant to buildings. Further, the Commissioner had to prepare inventory by identifying the names of the owners of vacant lands or layout plots for levying of Vacant Land Tax (VLT) by approaching the concerned Sub-Registrar. GMC collected an amount of ₹19.89 crore towards VLT for the years 2013-18.

As per Government Orders, VLT was to be levied from 2nd half year of 2013-14. Audit test-checked 275 cases out of 5,503 VLT cases assessed by GMC during 2013-18. Audit scrutiny revealed short levy of ₹2.95[25] crore due to not assessing the VLT from the 2nd half year of 2013-14. There may be similar such short levy in other cases not covered in the test audit. GMC may, therefore, internally examine all the cases with a view to ensure that the taxes are levied as per provisions of the Act and Rules.

b) Collection and Accounting of Vacant Land Tax

Review of DCB register revealed that the maximum efficiency in collection was only 17.64 *per cent* (2016-17). An amount of ₹32.77 crore including ₹21.50 crore of arrears as of March 2018 was pending collection as given in **Table 2.4**. Closing Balance was not carried forward in subsequent year correctly during any of the financial years. It was noticed that collection figures shown in DCB register were not matching with those of the Annual accounts.

Table-2.4: DCB particulars of Vacant Land Tax

(₹in lakh)

Year	Demand			Collection			Balance			Percentage of collection
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total	
2013-14	941.60	434.54	1,376.14	90.08	43.34	133.42	851.52	391.20	1,242.72	9.70
2014-15	1,275.80	504.66	1,780.46	125.37	90.29	215.66	1,150.43	414.37	1,564.80	12.11
2015-16	1,591.63	798.30	2,389.93	121.78	158.72	280.50	1,469.85	639.58	2,109.43	11.74
2016-17	2,057.09	1,063.38	3,120.47	301.81	248.49	550.30	1,755.28	814.89	2,570.17	17.64
2017-18	2,412.61	1,234.13	3,646.74	262.25	107.19	369.44	2,150.36	1,126.94	3,277.30	10.13

Source: Data furnished by GMC

Government during exit conference (November 2018) stated that they were now maintaining data in an ERP (Enterprise Resource Planning). System details were, however, not furnished.

2.4.2.1 Assessment, Levy, Collection and Accounting of Building Permit fee

Section 428 and 433 of GHMC[26] Act, 1955 require every person who intends to erect or make addition/alteration to a building, to apply for permission. Permission will be accorded after collecting the fee fixed by the Corporation. Government issued comprehensive Building Rules, 2012

[25] 2014 (112 cases) ₹0.83 crore; 2015 (79 cases) ₹1.24 crore; 2016 (21 cases) ₹0.80 crore; 2017 (one case) ₹0.08 crore

[26] Section 14(1) of AP Municipal Corporations Act, 1994 along with provisions of GHMC Act, 1955 shall be applied mutatis mutandis to a Corporation under this Act

(April 2012) to bring uniform stipulations. Section 437 of GHMC Act, 1955 prescribes a time limit of 30 days for disposing of applications seeking Building Permission. Failing which, the permission is deemed to have been granted and construction can be commenced, and such construction cannot be treated as unauthorised.

a) Improper assessment and short levy

As per section 622(2) of GHMC Act, 1955, for every such licence or written permission, a fee may be charged at such rate as shall, from time to time, be fixed by the Commissioner with the sanction of the Corporation. Building Permit fee was revised in March 2013 and March 2015. Audit scrutiny of selected 575 cases out of 11,175 Building permission cases related to 2013-18 revealed short levy/collection of ₹4.50 crore in 113 cases due to incorrect computation as discussed in **Table-2.5**.

Table-2.5: Short Levy/Collection of Building Permit fee

Sl. No.	Audit Observation	Short levy (₹in lakh)
1	Government ordered[27] (April 2012) to levy City Level Infrastructure Impact Fee (CLIIF) on all the buildings of height above 15 metres, with a view to ensure development of city level infrastructure facilities. In respect of two building permissions[28] issued in 2016-17, short assessment by GMC lead to consequential short levy of CLIIF.	225.31
2	Government ordered (June 2012) to collect shelter fee at ₹600 (revised to ₹1,500 in 2017) per Sq.mtr of the project from Group Housing/Group Development Schemes whose extent of land is more than 3,000 Sq.mtrs and up to five acres on 20 *per cent* of total site area. The shelter fee was not collected/short levied from three out of 48 eligible building permissions accorded in 2017-18 (***Appendix-2.3***).	42.18
3	As per Gazette Notifications (March 2013 and April 2015), Building License Fee (BLF) has to be levied at ₹75 per Sq.mtr of built up area (site area above 500 Sq.mtrs). However, BLF was short levied in respect of 32 building permissions accorded during 2013-18.	53.25
4	As per Gazette Notifications (March 2013 and April 2015), GMC has to levy Rain Water Harvesting (RWH) charges at ₹25 per Sq.mtr of site area. RWH charges were short levied in respect of 18 building permissions accorded during 2013-18.	6.86

[27] G.O.Ms.No.168 MA&UD dated 07.04.2012 (Rule 21)

[28] Building Application Nos. 1021/0895/B/GNTC/RAGR/2016 – ₹201.53 lakh and 1021/0712/B/GNTC/G.N/2016 – ₹23.78 lakh

Sl. No.	Audit Observation	Short levy (₹in lakh)
5	As per Gazette Notifications (March 2013 and April 2015), the Debris Charges shall be levied at ₹3,500 per unit (site area above 500 Sq.mtrs). These charges were short levied in respect of 22 building permissions accorded during 2013-18.	13.35
6	In accordance with Gazette Notification No.39, dated16.04.2015, the Betterment charges are to be levied at ₹125 per Sq.mtr of site area. In addition, 30 *per cent* of betterment charges are also to be collected as External Betterment charges. These charges were short levied in respect of five building permissions accorded in 2016-18 ***(Appendix-2.4)***.	80.34
7	Government orders (December 2009)[29] stipulated that GMC has to collect one *per cent* Cess (Labour Cess) on estimated Cost of "Building and Other Construction Work" at the time of according Building Permission. Labour Cess was short levied in respect of 30 building permissions accorded during 2014-18 ***(Appendix-2.5).***	23.68
8	As per Gazette Notifications (March 2013 and April 2015), GMC has to collect Urban Development Authority (UDA) charges at ₹60 per Sq.mtr. UDA charges were short levied in respect of one building permission (8,688.56 Sq.mtrs) issued in August 2014.	5.21
Total		**450.18**

Government assured (November 2018) that the shortfall cases noticed by audit would be re-verified and requisite fee would be collected by giving notices to the owners.

GMC should examine all other cases which are not test checked also to comply with the Government directions.

b) Inspection of Buildings and Monitoring

(i) Government has fixed (February 2016) timelines[30] for inspection of buildings after grant of permissions to check whether the building is being constructed as per agreed plan and to check other conditions of site. After inspection of buildings, they shall submit field inspection report online within 48 hours. Penalties may be levied if deviations

29 GO.Ms. No.112, Labour Employment Training & Factories (Lab. II) Department, dated 15.12.2009, Proceedings of the Commissioner & Inspector General of Registration & Stamps A.P. Hyderabad No: MV6/12658/2012 dated 02.02.2013 & MV6/10974/2009, dated 07.07.2015 and as per the provisions of Building and Other Constructions Workers Welfare Cess Act, 1996

30 All buildings-within 10 days of permission and in every 30 days thereafter; Assistant City Planner to inspect all the buildings above 300 Sq.mtrs. site area- once in three months and City Planner to inspect 10 *per cent* of the building randomly-once in three months

were noticed from sanctioned plan and conditions thereof. GMC did not conduct inspections as per the timelines prescribed. As such, it could not identify the deviations, if any, in time.

Government replied (December 2018) that during initial stages due to software problems the process of post verification and report was delayed. Government further stated that stipulation of inspecting the buildings within ten days after grant of permission was now being complied with. Government, however, did not furnish the supporting documents substantiating its contention.

(ii) Sections 428, 433 and 452 of the Act, empowers the Corporation to take all necessary steps for the demolition of any construction made without prior permission. Scrutiny of 793 Property Tax cases revealed that there were deviations and unauthorised constructions in 36 cases (residential 29 and non-residential seven). No action was taken against such unauthorised constructions.

Government assured (December 2018) that appropriate action would be taken to arrest the unauthorised constructions and penalty would also be imposed and collected.

Levy of Vacant Land Tax was not in accordance with Government orders. The collection efficiency of vacant land tax is very low. Due to incorrect computation and short levy of Building Permit fee, GMC had lost revenue of ₹4.50 crore in 113 out of 575 test checked cases. GMC did not conduct inspections to identify the unauthorised construction and to identify deviations from sanctioned plan.

2.4.3 Devolution of Funds, Functions and Functionaries

The 74th constitutional amendment defined the formal process of decentralised governance in ULBs. Article 243W of the constitution authorised the State legislatures to enact laws to endow the Local Bodies with powers and authority as may be necessary to enable them to function as institutions of self-government and make provisions for devolutions of powers and responsibilities. Accordingly, State Government enacted Andhra Pradesh Municipal Corporations Act, 1994 to set up Municipal Corporations in the State. Provisions of Hyderabad Municipal Corporation (HMC) Act, 1955 including the provisions relating to levy and collection of taxes or fees were extended to all other Municipal Corporations in the State of Andhra Pradesh. Municipalities are governed by the Andhra Pradesh Municipalities Act, 1965.

The 74th Constitutional Amendment Act, 1992 identified 18 functions for ULBs as incorporated in the Twelfth Schedule to the Constitution. All the functions mentioned in this Schedule were devolved to ULBs in the State except 'Fire Services'.

Article 243Y of the Constitution had made it mandatory for the State Government to constitute a State Finance Commission (SFC) within one year from the commencement of the Constitutional Amendment Act and thereafter on expiry of every five years to review the financial condition of the ULBs and to make recommendations to the Governor for devolution of funds. Third SFC was constituted in January 2003 and submitted its report in 2008. State Government, however, issued orders for implementation of the recommendations of SFC only in December 2013. Against ₹489.38 crore recommended by SFC for devolution of funds to ULBs every year, Government agreed to release only ₹123.12 crore per annum. While ₹319.52 crore per annum was not accepted by the Government, ₹46.74 crore per annum was treated as fulfilled on the grounds of budget allocation during earlier years in respect of salaries paid by Government. No SFC was constituted in 2013. The committee of Ministers and Secretaries felt that recommendations of Third Finance Commission could be applied for the period 2010-2015 also. AP Government constituted the Fourth SFC in January 2018 for the period commencing from 1 April 2020.

Consistent with the devolution of functions and responsibilities, the ULBs were to be provided with matching funds, broader tax and non-tax revenue base for revenue generation, increased share of State revenue and higher flow of grant in aid from Government. The transfer of functions was not accompanied by placement of matching funds by the State for efficient discharge of the functions thereby rendering transfer of functions meaningless. Guntur Municipal Corporation did not receive any assigned revenue and GoI Grant in 2017-18 and its own resources were limited as detailed in Table-2.1.

2.4.4 Non-maintenance of Comprehensive database

Section 214 of GHMC Act, 1955 specified that the Commissioner shall maintain the assessment book containing details of all taxable properties (including vacant lands) in its jurisdiction. GMC, however, maintained ward-wise assessment book wherein only the details of such properties on which they had levied and collected taxes, were recorded. Audit noted that properties were assessed only when the owners approached GMC or whenever new properties were identified by Revenue officials during their regular field visits. Comprehensive database comprising of survey number details of all taxable properties along with land area, built up area etc., was not maintained in coordination with Town Planning wing of GMC and Registration Department (To obtain the details of properties registered in the respective years).

Further, Government instructed (March 2012) Urban Local Bodies (ULB) for broadening the tax base by instituting Geographic Information System (GIS) for mapping of properties and rationalisation of house number system. GMC started mapping of properties belatedly in November 2017. Mapping was still in progress as of July 2018.

GMC replied (November 2018) that database could not be updated as Registration department did not respond to their copious correspondence. Further, GIS mapping, which was under progress, would help in compiling the database with unassessed and under assessed properties, vacant lands, unauthorised taps, drainage connections, etc. and tax would be levied accordingly. GMC needs to obtain data from Registration Department to identify vacant lands.

2.4.5 Lapses in Accounting of Receipts

All monies received by the Commissioner or under his authority shall be brought into accounts, as soon as they are received[31]. Andhra Pradesh Municipal Accounting Manual specified that the closing balance of cash as per Cashier's cash book shall be verified daily with the physical cash balance at all the cash collection offices and must be signed by the person verifying the cash.

(i) Receipts of GMC were credited to either bank or treasury. However, no receipts were recorded in the cash book. Monthly Reconciliation was also not carried out with treasury account. Due to which, audit could not verify the correctness of receipts of GMC during the period 2013-18.

(ii) An amount of ₹6,70,550 was collected towards UDA (Urban Development Authority) charges during 2013-15. However, an amount of ₹63,260 only was credited to the bank account. There was possible misappropriation of ₹6.07 lakh ***(Appendix-2.6).***

GMC replied (November 2018) that the cases pointed out by audit would be verified and notices would be issued to the Building owners for any shortfalls.

The misappropriation by way of short remittance to the bank needs investigation and responsibility to be fixed. Not recording daily

[31] as per Rule 16 of Regulation of Receipts and Expenditure Rules, 1968

receipts and short remittance to the bank is escaping attention of DDO because of non-reconciliation of accounts, all of which provides ample scope for misappropriation of public funds.

GMC may ensure proper accounting of receipts and initiate measures to fix the responsibility for short remittances noticed.

(iii) As per Building Rules (Rule 19(6) of Andhra Pradesh Building Rules, 2017), City Level Infrastructure Impact Fee (CLIIF) should be collected from the buildings of height more than 15 mtrs. Funds received towards CLIIF should be credited into a separate escrow account[32]. Half of the amount levied and collected should be utilised for development of infrastructure in the same area and the balance towards the improvement of city level capital infrastructure. GMC collected an amount of ₹13.34 crore towards CLIIF during 2013-18. However, GMC credited the entire amount into General Fund Account (PD Account) instead of separate escrow account.

Regarding maintenance of escrow account, Government during exit conference (November 2018) stated that Finance Department instructed to operate PD account for transparency of transactions.

The fund is intended to improve infrastructure in the area of collection, by drawing action plans. However, audit noticed that these amounts were deposited in General Fund Account. In the absence of escrow account audit could not verify the utilisation of the amounts collected towards CLIIF.

2.5 Management of Lands

Review of the Management of GMC lands revealed inefficiencies due to the following reasons:

2.5.1 Possession of title deeds

The Corporation shall record the increase or decrease in values arising on account of revaluation of the fixed assets[33]. GMC had fixed assets[34] measuring 12,15,365.43 Sq.mtrs as of July 2018. The value of these assets, recorded as of April 2009 was ₹572.90 crore. GMC stated that they did not have the title deeds to these assets which were continuing since the establishment of Guntur Municipality and assured to take action to obtain the same from Revenue Department. Non-possession of title deeds was fraught with the risk of losing ownership of its own lands.

GMC replied (November 2018) that site plans were already prepared to develop the un-protected open spaces in phased manner.

32 vide GO Ms No. 119 dated 28.03.2017
33 required as per Municipal Accounting Manual and Asset Management Manual
34 dumping yards, municipal markets, shops, open space lands, etc.

Government during exit conference (November 2018) agreed to look into the cases.

2.5.2 Encroachment of lands

As per Manual of Roles and Responsibilities of various functionaries in ULBs, GMC is responsible for detection and protection of layout open spaces.

(i) The Corporation had open space land of 2,58,680 Sq.mtrs. An extent of 80,411 Sq.mtrs (31.09 *per cent*) of land was encroached by various private parties as of July 2018. The market value of this land (March 2009) was ₹18.91 crore[35]. GMC did not initiate adequate action for removing these encroachments as of July 2018.

(ii) GMC identified (May 2008) that a political party encroached land measuring 1,637 Sq. yards adjacent to the land it had taken on lease. The value of land encroached as of March 2009 was ₹1.10 crore. The party constructed compound wall around the entire land and requested (June 2015) for allocation on lease basis for a period of 99 years. The request was pending Government's approval as of July 2018. Due to which GMC was neither collecting lease rent nor taking possession of the encroached land.

2.5.3 Leasing of lands

As per Regulation of Receipts and Expenditure Rules, 1968, lease deed should be executed[36] for each case of lease. The Municipal Council may renew[37] the lease for a period of three years at a time. Government may extend the lease period without public auction beyond three years. Government further amended (February 2011) the procedure for renewal[38].

Audit test-checked two out of three lease agreements entered by GMC and noticed that:

(i) GMC leased out (August 1999) land measuring 1,000 Sq. yards, at Pitchikulagunta, Arundalpet, Guntur (Survey No.826) to a political party by entering lease agreement for a period of three years at a lease rent of ₹25,000 per annum. The party's request (June 2015) for

[35] GMC did not update the value of assets thereafter

[36] specifying the duration of the lease, the amount of each instalment of the rent or fees to be collected etc.

[37] if the present lessee agrees to renew the lease in his favour at an amount which will be at 33⅓ *per cent* above the earlier rent or the prevailing market value of such shops situated in the vicinity, whichever is higher

[38] rent at 10 *per cent* of the current market value of the property per annum i.e., both building and land as per market value of the land and construction rates of the structures and buildings fixed by the Registration Department (or) rent at 33⅓ *per cent* above the earlier rent (or) prevailing rent of such properties in the vicinity, whichever is higher

allocation of entire land on lease basis for a period of 99 years was pending Government's approval as of July 2018. Lease rent was not revised on the current market value which resulted in loss of revenue of ₹48.52 lakh[39] for the leased land (1,000 Sq.yards) as of July 2018.

(ii) GMC leased out (August 1974) land admeasuring 8,345 Sq.yards at Arundalpet to a school for a period of 25 years at the rate of ₹50 per annum, with the approval of the Government. The lease was extended from time to time for every three years. GMC had not collected the lease rent at 10 *per cent* of market value since February 2011. This resulted in loss of revenue of ₹3.20 crore[40] as of July 2018.

GMC replied (November 2018) that both the above cases were still pending with Government and appropriate action would be taken soon after the receipt of orders from Government.

Thus, the inaction of the Government to finalise the above leases resulted in loss of revenue of ₹3.68 crore to GMC.

GMC did not initiate adequate action for removing encroachments on its lands. Due to inaction and lack of coordination with the Government Departments in fixing lease rents and in obtaining their approval, GMC suffered revenue loss of ₹3.68 crore.

2.6 Water Supply and Drainage

Review of the provision of safe drinking water and drainage system was found to be inadequate for the reasons detailed below:

2.6.1 Water Supply

The Central Public Health Engineering and Environment Organisation (CPHEEO) Manual specified the basic arrangements[41] of water supply. Commissioner shall manage[42] all municipal water works and maintain the same in good repair and efficient condition and shall cause all such alternations and extensions to be, from time to time, made in the said water works as shall be necessary or expedient for improving the said works.

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39 market value of the land is ₹6,690 per Sq.yard as on April 2009; Total value for 1,000 square yards is ₹66,90,000 and 10 *per cent* of the market value is ₹6,69,000. Lease rent for eight years (March 2011 to July 2018) is ₹53,52,000. Loss of Revenue is ₹48,52,033 (₹53,52,000 minus ₹4,99,967 collected by GMC)

40 market value of the land is ₹5,017 per Sq.yard as on February 2011. Total value for 8,345 square yards is ₹4,18,66,865 and 10 *per cent* of the market value is ₹41,86,686. Lease rent for eight years (March 2011 to July 2018) is ₹3,34,93,488. Loss of Revenue is ₹3,19,85,955 (₹3,34,93,488 minus ₹15,07,533 amount collected by GMC)

41 planning, identification of source of supply, development and transmission, water treatment, distribution system, testing and other related administrative aspects

42 Section 343 of GHMC Act, 1955

a) Water Supply System

GMC has three water sources[43] with treatment capacity of 117.20 Million Litres per Day (MLD). The City was divided into 10 Distribution Zones with a pipeline length of 611km. Against the present water demand[44] of 122.11 MLD, 90 MLD water was being supplied.

(i) GMC had not installed the water flow meters for measuring the water flow in water supply systems[45]. In the absence of flow meters GMC could not assess the transmission losses in supply of water.

GMC replied (November 2018) that proposals for supply of meters were pending administrative approval[46] from Project Director of Andhra Pradesh Municipal Development Project (APMDP).

(ii) Metering[47] of water supply is desirable to minimise the wastage and to maintain the economic pricing of water. However, GMC had not installed the meters in 1,01,679 households (53 *per cent* of 1,91,515 households). Thus, the objective of minimising wastage, ascertaining the actual quantity and economic pricing of water could not be ensured.

(iii) To provide house service connections, a project was sanctioned (March 2016), with an estimated cost of ₹22.02 crore under AMRUT[48]. Only 56,902 of 1,01,679 non-metered households were proposed to be covered. The work was entrusted (April 2017) to a contractor at a cost of ₹18.73 crore with a stipulation to complete by April 2018. As per agreement conditions, the contractor has to conduct the detailed survey for identification of households, which was not done. Only 15 *per cent* of the work was executed by the contractor as of June 2018. The contractor was allowed to continue without extension of time. Liquidated damages of ₹1.87 crore[49] were

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43 **Guntur canal** system with pump house & Water Treatment Plant(WTP) at Takkellapadu, **Kommamur canal** system with pump house & WTP at Sangam Jagarlamudi **and Mangalagiri** system with pump house at Mangalagiri &WTP at Takkellapadu

44 as per the DPR of 'Comprehensive Planning of water supply services improvements in Guntur'

45 which is an indispensable requirement for the purpose of assessment of source and its development, transmission, treatment, distribution, control of wastage, etc.

46 proposal of GMC (November 2017) for 24X7 water supply was technically finalised (September 2018) by the ENC (PH)

47 as per para 1.2.2 of CPHEEO Manual on Operation and Maintenance of Water Supply Systems

48 **Atal Mission for Rejuvenation and Urban Transformation**(**AMRUT**)- The objective of AMRUT is to (i) ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks) and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorised transport (e.g.walking and cycling)

49 10 *per cent* of contract value

not imposed on the contractor as per milestones for delay in execution of work.

(iv) The Corporation collected water charges at the rate of ₹80 per month from February 2001. During 2013-18, against the expenditure of ₹83.55 crore on Operation & Maintenance (O&M) costs, GMC collected only ₹45.40 crore towards water charges. This indicated that water charges were not sufficient to cover the O&M costs. As per CPHEEO manual water charges shall cover at least O&M costs. However, no review was undertaken by the Corporation to revise water charges.

GMC assured (November 2018) to review the water charges.

(v) Collection of water charges was watched through Demand, Collection and Balance (DCB) register. Efficiency of collection was up to 66 *per cent* during the review period against the benchmark of 90 *per cent*[50]. An amount of ₹8.72 crore and ₹3.96 crore was pending collection as of December 2017 from the private parties and Government properties respectively. This indicated that GMC had not taken effective steps for collection of water charges.

GMC assured (November 2018) that a decision would be taken for effective collection of water charges at the earliest.

(vi) As per the revised (2012) National Water Policy, ULBs shall publish water accounts and water audit reports duly indicating measures taken to curb leakages and pilferages. GMC was not conducting the water audits[51] for identifying the leakages and pilferages in water supply.

GMC replied (November 2018) that action would be taken to reduce the leakages and pilferages.

b) Water Supply Services Improvements Project

GMC had taken up a new project 'Comprehensive Planning of Water Supply Services Improvements in Guntur' with the objective of providing 135 lpcd[52] of water to all residents, cater to the water demand for fire services, industrial and commercial needs in addition to meeting domestic water demand. Detailed Project Report (DPR) was prepared in July 2012.

50 Service Level Benchmark of 13th Finance Commission
51 as per Chapter 15 of O&M manual
52 Litres Per Capita Per Day

Government sanctioned (June 2012) the Project with an estimated cost of ₹460 crore[53]. Package-I[54] was entrusted (February 2014) to a contractor at a cost of ₹277.03 crore with a stipulation to complete the work within 24 months. Package-II[55] was entrusted (June 2013) to another contractor at a cost of ₹88.50 crore with a stipulation to complete the work within 24 months.

(i) State Government insisted in its comprehensive order[56] (July 2003) that inter departmental clearances were to be obtained before commencement of work to ensure uninterrupted execution of works. GMC approached for inter-Departmental permissions only after the packages were taken up by the contractors. As a result, the project was delayed and not completed even after a lapse of six years from the date of approval (June 2012). An amount of ₹311.33 crore was paid to the contractors as of July 2018.

GMC stated (November 2018) that delays occurred due to non-receipt of approvals from various Departments, ban on sand quarrying during July 2014 and December 2014, unexpected rains, change of designs, site conditions, etc.

The reasons stated by GMC were those which ought to have been dealt with at the planning stage itself and were contrary to the directions contained in the comprehensive order of the Government.

(ii) CPHEEO Manual envisaged that water supply projects shall be designed normally to meet the requirements for a period over thirty years after completion of the project duly taking into consideration all the factors (industrial, commercial, educational, social and administrative) governing the future growth and development of the project area. The Environmental Hygiene Committee suggested a minimum water supply of 135 lpcd as service level benchmark. DPR was prepared by taking 2011 as base year and the years 2026 and 2041 were considered as prospective and ultimate years respectively. Water requirement and proposals made are detailed in the **Table-2.6**.

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53 Government grant: ₹322.00 crore (70 *per cent*), World Bank Loan: ₹92.00 crore (20 *per cent*) and ULB Share: ₹46.00 crore (10 *per cent*)

54 construction of intake well cum pump house in Krishna River, construction of rapid gravity water treatment plants, construction of balancing reservoirs, elevated service reservoirs, etc.

55 supply, laying, jointing, testing and commissioning of clear water distribution main in 23 water supply hydraulic zones in Guntur

56 G.O.Ms.No.94 Irrigation and CAD (PW-COD) Department dated 01.07.2003

Table-2.6: Details of Water Requirement and proposals made in DPR

(figures in MLD)

Clear Water Demand (in MLD)										
Description	**Clear water demand**	**Per capita domestic demand**	**For Floating population**	**For Fire fighting**	**For Institutional and commercial**	**For Industrial needs**	**For un-accounted water**	**Total water demand**	**Proposed water demand**	**Deficiency**
Base year 2011	Core area	90.98	4.90	2.33	5.57	2.40	15.93	122.11	122.11	24.98
	Merged	21.18	0.00	0.54	0.00	0.00	3.26	24.98		
	Total	112.16	4.90	2.87	5.57	2.40	19.19	147.09		
Prospective year 2026	Core area	114.44	5.95	2.63	7.03	2.76	19.92	152.73	157.20	24.87
	Merged	24.94	0.00	0.57	0.00	0.00	3.83	29.34		
	Total	139.38	5.95	3.20	7.03	2.76	23.75	182.07		
Ultimate year 2041	Core area	143.84	7.00	2.95	8.93	3.17	24.88	190.77	157.20	71.40
	Merged	32.24	0.00	0.66	0.00	0.00	4.93	37.83		
	Total	176.08	7.00	3.61	8.93	3.17	29.81	228.60		

Raw Water Demand (in MLD)					
Description	**Clear Water Demand**	**Filtration and Transmission losses**	**Total Raw water Demand**	**Proposed**	**Deficiency**
Base year 2011	147.09 (128.70)*	14.71 (0.00)	161.80 (128.70)	161.80	0.00
Prospective year 2026	182.07	18.21	200.28	174.50	25.78
Ultimate year 2041	228.60	22.86	251.46	220.00	31.46

Source: DPR of the Project

*Figures shown in brackets represent current water supply at GMC

From the above table, it is noticed that there was deficiency in assessment of Clear Water Demand for the prospective year (2026) of 24.87 MLD and for Ultimate year (2041) of 71.40 MLD. Similarly, there was deficiency in assessment of Raw Water Demand for the Prospective year (2026) of 25.78 MLD and for Ultimate year (2041) of 31.46 MLD. This indicated that proper assessment of water demand was not made and the demands proposed in the DPR did not meet the future requirements of the City.

Government replied (December 2018) that as per the revised DPR as against clear water demand of 152.74 MLD (2026) for core area of the town, clear water of 157.20 MLD was taken up for 2026 which was in excess by 4.46 MLD.

It was, however, noted that since the total water demand for the prospective year (2026) was 182.07 MLD for core area and merged area together (Table 2.6), the proposed water demand of 157.20 MLD in the revised DPR would still fall short of the requirement of entire city population.

(iii) GMC paid (July 2013 and July 2014) interest free Mobilisation Advance (MA) of ₹8.85 crore to the contractor under package-II. MA shall be recovered when the payment to the contractor exceeded 30 *per cent* of the contract value. It shall be recovered in five instalments (at the rate of 20 *per cent*) from the interim payments made to the contractor. Recovery of MA should have been commenced from

6th Running Account (RA) bill (exceeded 30 *per cent)* in March 2015 and completed by 10th RA bill. GMC paid an amount of ₹47.67 crore to the contractor (July 2018)[57] which covered the MA of ₹5.54 crore. However, MA for an amount of ₹3.31 crore[58] was pending recovery as of July 2018. This resulted in undue benefit to the contractor.

GMC replied (November 2018) that Mobilisation Advance of ₹7.15 crore was recovered upto 13th RA bill and the balance amount of ₹1.70 crore would be recovered from the future bills. GMC did not furnish supporting documents.

(iv) As per the agreement, GMC shall levy delay damages at the rate of 0.05 *per cent* of the contract price per day (maximum 10 *per cent*) for non-execution of work as per milestones. Five milestones were fixed for Package-I till completion of the work (February 2016). Extension of Agreement Time (EoAT) was sanctioned from time to time upto December 2017 with a condition to impose delay damages. The value of work done to the end of 5th milestone (February 2016) was ₹182.98 crore with a shortfall of ₹94.05 crore. GMC imposed delay damages of ₹37.86 lakh on the contractor for non-adherence to the 2nd and 3rd milestones. Thereafter, no damages were imposed on the contractor even though the work was not completed as per milestones.

GMC had not installed the water flow meters in 1,01,679 households for measuring the water flow in water supply systems. No review was undertaken by the Corporation to revise water charges though water charges were not sufficient to cover the O&M costs. Efficiency of collection was up to 66 per cent against the benchmark of 90 per cent. 'Comprehensive Planning of Water Supply Services Improvements in Guntur' project was pending and the objective of providing 135 lpcd of water to all residents was yet to be realised. There were deficiencies in assessment of water demand and the demands proposed in the DPR did not meet the future requirements of the City. Mobilisation Advance for an amount of ₹3.31 crore was pending recovery giving undue benefit to the contractor and no damages were imposed on the contractor even though the work was not completed as per milestones.

c) Water Quality Monitoring

Water supply and treatment laboratories with adequate facilities including qualified manpower are essential for inspection and evaluation of the suitability of water supplied for public use. GMC covered 1,91,515 households for water supply. Audit noticed that:

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[57] up to 12th RA bill paid in June 2017

[58] ₹8.85 crore (amount paid) *minus* ₹5.54 crore (amount recovered)

(i) A well-equipped laboratory could be divided into several units, *viz.*, laboratory for conducting physical, chemical, bacteriological, biological and virological analysis, a preparation room and store.

GMC had two labs at water treatment plants located at Takkellapadu and Sangam Jagarlamudi. These were not equipped for conducting tests with respect to the 33 parameters[59] prescribed under CPHEEO manual. Only sample tests for five parameters[60] were conducted at these laboratories. Records were, however, not maintained at these laboratories to show how many samples were drawn and to establish its frequency.

(ii) Water Supply and Treatment Manual (CPHEEO) prescribed that the samples are to be collected from different points on each occasion, with minimum of one sample per 10,000 of population per month, with a maximum interval of one day between successive samples to confirm the water quality.

GMC with a population of 7.43 lakh requires a minimum of 74 samples per month (888 in a year). However, GMC derived 51 samples on four occasions during the entire year 2017-18, which was inadequate. It was noted that GMC did not have proper quality monitoring mechanism.

(iii) Water Supply and Treatment Manual while prescribing above laboratory tests, also specified that the samples are to be collected from distribution system to confirm the water quality.

The Regional Public Health laboratory, Guntur was conducting sample tests on random basis as it was not fully equipped. It was noticed from the test reports[61] for the year 2017-18 that the Regional laboratory was examining only 18 parameters as against the 33 prescribed.

Government replied (December 2018) that water quality tests *viz.*, pH value, Electro conductivity, Alkaline and Total Dissolved Solids (TDS) were being conducted at two water treatment laboratories[62] which were provided with adequate testing equipment.

The reply is not acceptable as these laboratories were not fully equipped, were not conducting tests for all the prescribed parameters and adequate samples were also not being collected.

Thus, GMC was not ensuring supply of safe drinking water to its residents.

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59 Hardness, pH value, Turbidity, Alkaline, Electro-conductivity and Total Dissolved Solids, Presence of Chlorides, Sulphates, Fluoride, Nitrates, Calcium, Copper, Zinc, Arsenic, Cadmium, Chromium, Cyanides, Lead, etc.

60 pH value, Turbidity, Alkaline, electro-conductivity and Total Dissolved Solids

61 conducted on 21 April 2017, 5 July 2017, 16 March 2018 and 19 March 2018

62 at Takkellapadu Head works and Sangam Jagarlamudi water works

d) Supervisory Control and Data Acquisition Project

As part of Information System Improvement Plan (ISIP), Supervisory Control and Data Acquisition (SCADA) system was proposed to facilitate real time information from remote terminal units located at the water treatment plant, reservoir, flow meter, pumping stations, etc. and transmit to a central control station where the information is updated, displayed and stored manually or automatically. SCADA is useful to have the real time information on water networks to curb leakages, pilferages and unauthorised connections.

Government of India approved (March 2010) the proposal for ₹4.38 crore subject to achievement of milestones of work[63] and released 1st instalment of ₹1.32 crore (May 2010). GMC entrusted (September 2010) the work to a contractor at a cost of ₹2.86 crore with a stipulation to complete in twelve months (September 2011) along with three-year maintenance period from the date of commissioning of the project.

GMC granted Extension of Agreement Time (EoAT) up to March 2012. Deviations[64] during work execution and failure of electronic equipment due to power fluctuations, state bifurcation, etc. caused the firm to seek for EoAT up to December 2014. GMC paid an amount of ₹1.73 crore as of November 2011.

The firm requested (October 2015) GMC to conduct third party inspection and release the balance payment of ₹1.13 crore by claiming that the work was completed in December 2014. Contrary to this, GMC stated (July 2018) that the firm had not completed the work. Details of deficiencies were not on record. GMC did not pursue the matter for completion/commissioning. This resulted in rendering the expenditure of ₹1.73 crore incurred towards the project infructuous.

Government replied (December 2018) that the agency was instructed to put in use the systems established under SCADA and the balance amount would be released only when the agency rectify the defects identified and operationalise the systems established under SCADA. Government further stated that, systems would function within a short span of time.

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63 **30 *per cent*** -approval of proposals by sanctioning committee; **30 *per cent***- three months after release of 1st instalment subject to satisfactory achievement of deliverables and review by Ministry of Urban Development (MoUD); **30 *per cent***- three months after release of 2nd instalment subject to satisfactory achievement of deliverables and review by MoUD and **10 *per cent*** - on completion of all activities & achievement of outcomes and after evaluation of impact of the project

64 like increase in size of chambers, and heavy leakages during construction period, most of the electronic equipment and indicators were burnt due to heavy power fluctuation

The fact remained that due to non-completion of the project, GMC could not ensure the real time information on water networks to curb leakages, pilferages and un-authorised connections. Further, GMC had also foregone an amount of ₹3.07 crore as it failed to achieve the milestones for receipt of balance grant from GoI.

GMC did not have proper water quality monitoring mechanism. Supply of safe drinking water was not assured by GMC as the laboratories were not conducting tests for all required parameters. Supervisory Control and Data Acquisition Project was incomplete and GMC could not ensure real time information on water to curb leakages.

2.6.2 Drainage

The objective of a public waste water collection and disposal system is to ensure that sewage or excreta and sullage discharged from communities is properly collected, transported, treated to the required degree and finally disposed off without causing any health or environmental problems.

GMC had to maintain Demand, Collection and Balance (DCB) registers for watching the collection of drainage tax. However, no such registers were maintained even though GMC had given 18,028 drainage connections.

Government assured (December 2018) to maintain the DCB registers.

a) Drainage system

(i) CPHEEO Manual envisaged preparation of a City sanitation plan to replace existing septic tanks and to improve drainage system. However, GMC has not prepared City sanitation plan as per manual provisions. Though GMC had 1,853 km length of open drains, Comprehensive action plan towards maintenance of these open drains was not prepared and implemented.

Government stated (December 2018) that GMC had prepared pin point programme for drain cleaning and sweeping.

(ii) The length of the existing sewerage network was 121.50 km which covered only the city area to the extent of 25 *per cent*. GMC had only one Sewerage Treatment Plant (STP) at Suddapallidonka. During joint physical verification (July 2018), Audit noticed that one out of the two units of STP was under repair and that basic records relating to treatment of sewerage were also not maintained at either of the units. The report (June 2018) on water borne diseases recorded in GMC[65] showed a Diarrhoea outbreak (653 cases) in March 2018 due to contamination of drinking water on account of water pipeline leakage in Anandpet and Sangadigunta areas under GMC.

[65] during the period 2013-18 was prepared by Public Health section of GMC

Government stated (December 2018) that necessary precautionary measures were taken to arrest diarrhoea in the above areas and also assured maintenance of records at plant site.

b) Comprehensive Underground Sewerage Scheme

The project 'Comprehensive Underground Sewerage Scheme' in Guntur, was sanctioned by the Government of India[66] (March 2015) with an estimated cost of ₹903.82 crore[67]. Government designated the Engineering-in-Chief (ENC)/Public Health as Project Implementing Agency and Andhra Pradesh Urban Finance and Infrastructure Development Corporation (APUFIDC) as the nodal agency.

The work was entrusted (September 2016) to a Joint Venture firm at a cost of ₹853.35 crore with a stipulation to complete within 36 months (by September 2019). As of July 2018, an amount of ₹219.60 crore was paid.

Scrutiny of records revealed that:

(i) GoI, while communicating the list of empanelled consultants for DPR preparation (July 2007) for the projects sanctioned under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), advised to follow a transparent tender procedure for selection of consultancy firms. However, GMC selected the consultancy firm on nomination basis without following the due tender procedure. This was contrary to the guidelines and deprived the project of the benefit of competitive pricing.

Government replied (December 2018) that to submit DPR in time, the project was entrusted to a JNNURM empanelled firm with the approval of council.

The reply is not convincing as GMC selected the firm on nomination basis and work order was given in July 2012. However, council resolved to entrust the work to the agency in July 2014 and agreement was concluded in September 2014. Further, GoI also stated that the enlisted consultants shall not have any overriding priority compared to other suitable and eligible firms, which was also not adhered to.

(ii) As per the reimbursement cost structure[68] prescribed by GoI the maximum upper ceiling amount for expenses of single DPR was ₹2.00 crore. The council of GMC agreed to entrust the work

[66] under Special financial assistance for creation of Essential Urban Infrastructure in the new capital region of Andhra Pradesh State

[67] Central assistance: ₹540.00 crore and State share: ₹363.82 crore

[68] for water supply projects 0.60 *per cent*, sewerage 0.75 *per cent*, solid waste management & storm water drains 1.00 *per cent* of the project cost

(July 2014) as per the rates prescribed for JNNURM works. However, agreement was concluded (September 2014) without incorporating the condition of maximum ceiling limit of ₹2.00 crore. Due to which, GMC paid an amount of ₹7.70 crore[69] (March 2017) to the firm towards consultancy services for DPR preparation, resulting in excess payment of ₹5.70 crore.

Government stated (December 2018) that the consultancy charges were paid as per agreement conditions of 0.75 *per cent* of project cost. Also GMC comes under Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) hence, ceiling limit of ₹2.00 crore does not apply.

The reply is not acceptable as UIDSSMT is also a part of JNNURM and hence the condition of ₹2.00 crore applies to GMC.

(iii) Administrative sanction was given by the State Government in January 2016 and even though the GoI sanctioned the project and released funds ₹ 540.00 crore) in March 2015, it released funds (GoI share) only in August 2016. After according technical sanction (March 2016), agreement was concluded in September 2016 with the successful bidder. Specific reply for delay in administrative sanction and release of funds was not furnished. Further, State share of ₹363.82 crore was not released as of July 2018. However, the quarterly progress report furnished to GoI by the Nodal agency showed that the State share was released in January 2016.

Government during exit conference (November 2018) stated that the Government's share was being released whenever there was a need.

(iv) Provision towards contingencies[70] was to be restricted to ₹10.00 lakh in EPC[71] contracts. However, provision towards contingencies was made for ₹16.36 crore in the DPR.

(v) Government of India directed to keep the project funds in a separate account. Instead, State Government deposited them in the Personal Deposit (PD Account) of APUFIDC along with other scheme funds. Hence, cheques presented for ₹23.80 crore and ₹71.80 crore on 13 March 2018 and 27 March 2018 respectively by the nodal agency were not honoured by the bank due to non-availability of funds.

Nodal agency replied that the Finance Department rejected the request due to closure of financial year. The contention of the agency

[69] 0.75 *per cent* of ₹903.82 crore (project cost)
[70] Incidental expenses during the work execution
[71] Engineering Procurement and Construction guidelines stipulate that for estimates above ₹100 crore provision towards contingencies should be made at 0.05 *per cent* and the maximum limit prescribed is ₹10.00 lakh

is not acceptable as GoI directed to maintain a separate bank account for smooth implementation of the project which was not done.

(vi) As per Para 5.3.5.1 of CPHEEO Manual, the area of land required for construction of Sewage Treatment Plant (STP) ranges between 0.49 acres to 2.47 acres per MLD depending on the technology adopted keeping in view the size of the area/town. It was noticed that the implementing agency[72] had proposed to construct STPs under Sequencing Batch Reactor (SBR) technology at five locations. Minimum land requirement and area allocated are given in **Table-2.7**.

Table 2.7: Land requirement and area allocated for STPs

Sl. No.	Proposed location of the STP	Capacity of the STP Proposed (in MLD)	Minimum area required as per Manual (in Acres)	Area allocated (in Acres)
1	Gorantla	10	4.90	2.94
2	Reddypalem	20	9.80	2.39
3	Etukuru Road	28	13.72	2.93
4	Suddapallidonka	42	20.58	6.32
5	Near Railway track Zone-III	27	13.23	6.88

It was noticed that the implementing agency allocated the land for construction of STPs below the minimum requirement and without any basis. The reasons for the same were not furnished by the implementing agency though called for.

(vii) The implementing agency had not obtained the required inter-Departmental permissions from Roads & Buildings[73], National Highways Authority of India (NHAI) and South Central Railway[74] as of July 2018 even though the work was commenced (September 2016).

(viii) Agreement provided for third party quality control for reasonable assurance in the quality of work. However, third party quality control reports were not on record. Further, GMC had not furnished any reply.

(ix) As per the agreement to comply with CPHEEO standards, all designs, engineering drawings, processes in respect of all components *viz.*, designs and drawings pertaining to sewerage lines, sludge thickener, pre-treatment unit, centrifuge building etc. had to

72 Public Health Engineering Department (PHED)

73 abutting to NH-544D from Km 411/050 to 414/000 (LHS), from 412/450 to 412/950 (RHS) & Km 414/225 to 416/570 on RHS and crossings @km 412/950, 515/225, 414/880 & 415/220 at Guntur town limits

74 laying of sewer lines across at Km 1097-1098 between MIX-NGNT stations, at Km 1/29-30 between GNT-NLPD stations and at Km 3/19-21 between GNT-NBR stations

be vetted by an accredited third party technology institute like Indian Institute of Technology (IITs). However, only the designs of STPs were vetted by IIT Roorkee.

(x) Despite specific instructions for study of STP technologies at other places by the bidder, performance/evaluation reports of the bidder and visits made by the Department for detailed study were not on record.

(xi) Labour Cess at the rate of one *per cent* had to be deducted from the work bills and remitted to the Building and other Construction Workers Welfare Board. Agreement (clause 45.7) incorrectly provided for reimbursement to the contractor of the cess deducted. The contractor had claimed for reimbursement and obtained stay orders (June 2017) from Hon'ble High Court against the deductions from the work bills. An amount of ₹2.69 crore deducted from the contractor's work bills (July 2018) was retained by the implementing agency.

(xii) The contractor was paid mobilisation advance of ₹85.32 crore (November 2017 and June 2018) bearing an interest[75] from the date from which the amount was paid. Implementing agency had levied lower (MCLR rate[76]) interest rate on mobilisation advance. It was replied that the MA&UD Department acceded the request made by contractor and the executing agency acted accordingly.

Reply is not acceptable as the request was considered without obtaining concurrence from Finance Department and against the agreed conditions. This resulted in undue benefit of ₹1.78 crore to the contractor.

(xiii) The contractor did not achieve the milestones as per agreement as detailed in the **Table 2.8**.

Table-2.8: Component-wise milestones and achievements

Sl. No.	Name of the component	Estimated Quantity	Quantity to be executed to the end of 7th quarter (May 2018)	Quantity executed as on 31.5.2018	Percentage of execution
1	Laying of sewer lines	1,083 Km	649.80 Km (60 *per cent*)	483.94 Km	44.68
2	Man holes	43,574	26,144 (60 *per cent*)	15,322	35.16
3	STP (5 Nos).	construction of STPs	60 *per cent*	In Zones I & II, civil work completed upto 80 *per cent*. In Zones IV&V, civil works completed upto 10 *per cent* only. In Zone III, the work was not commenced.	
4	House service connections	1,40,000	84,000 (60 *per cent*)	0	0
5	Inspection chambers	87,148	52,289 (60 *per cent*)	6251	7.17

75 prevailing SBI Prime Lending Rate (PLR)+ two *per cent* per annum

76 SBI MCLR- State Bank of India Marginal Cost Lending Rate

The Department did not impose the liquidated damages on the contractor for delayed progress of work as of July 2018.

Thus, due to non-adherence to the agreement conditions and Government orders, undue benefit was extended to the contractor. Further, due to non-obtaining of pre requisite permissions before commencement of the work and non-execution of the work as per milestones the possibility of completion of the Project within stipulated timelines is doubtful.

c) Storm Water Drains

GMC identified 37 flood-prone areas in the city (July 2012) which require quick removal of drainage congestion by pumping or other means. At present storm water is drained away into Suddapallidonka[77] which ultimately reaches far away irrigation drains. As per CPHEEO manual, the Storm Water Drains (SWD) were to be designed based on topographical, meteorological and hydrological data. Developing a SWD design plan was essential to ensure that storm water runoff could be discharged from the catchment area in an efficient and timely manner with ultimate linkage to natural waterways / water bodies. Audit noticed that:

(i) GMC entrusted (September 2014) the work 'Providing consultancy services for preparation of DPR of Storm Water drainage' to a firm without following any due tendering process. The firm prepared DPR for a project cost of ₹585.08 crore. However, copy of DPR was not made available to Audit. GMC submitted (March 2015) the proposals to the Engineer-in Chief (Public Health) for its approval. Reasons for non-approval of DPR by the ENC (PH) were not on record. The DPR became obsolete as no sanction was awarded as of June 2018.

(ii) GMC proposed seven Storm Water Drain works[78] without survey, in two phases under 14th Finance Commission grants for the years 2015-16 and 2016-17 with an estimated cost of ₹30.42 crore[79]. Government sanctioned and released funds in September 2016 and February 2017 respectively[80] for the said works.

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77 'Suddapalli' is the name of the village and 'Donka' is a cart track/narrow path between fields. It is named as Suddapallidonka

78 **i)** NH16 at 14 mts culvert to Satya Sai trust at Peekalavaagu, **ii)** From Sampath Nagar extension to Etukuru road, **iii)** Etukuru road to Bonthapadu road at culvert, **iv)** From Koritipadu tank to connecting Amaravathi road, both sides at Palakaluru road, **v)** From Brindavanam apartment via Kabadigudem, **vi)** LR Colony to IPD Colony main road near Sai Baba temple and **vii)** JKC College to Koritipadu tank

79 2015-16 (₹15.97 crore); 2016-17 (₹14.45 crore)

80 September 2016-(₹15.97 crore) and February 2017(₹14.45 crore)

Four works[81] were in progress[82] as of May 2018 and three[83] works were at the initial stage of tender process. One work[84] was entrusted (December 2017) to a contractor at a cost of ₹1.52 crore and was stipulated to complete by June 2018. However, the work was not completed by achieving the milestones as per agreement. Value of work done to the end of June 2018 was ₹73.44 lakh which was 48 *per cent* of the contract value of work.

Government stated (December 2018) that the delay was due to clearance of encroachments along the alignment and the works were taken up only after survey.

Encroachments could have been identified and alternative arrangements proposed if survey had been conducted. Further, in the absence of SWD design plan the ultimate linkage to natural waterways cannot be assured.

Taking up the SWD works without proper study and without ultimate linkage to natural waterways/water bodies, may result in construction of SWDs with inadequate size, with the risk of further inundation of roads.

d) Status of other works

During the period 2013-14 to 2017-18, 3,286 works[85] were sanctioned with an estimated cost of ₹421.41 crore towards water supply and drainage under various grants. The details and status of works are detailed in the table below:

Table-2.9: Year-wise status of water supply and drainage works

(₹in crore)

Year	Description	Sanctioned works	Works completed	Works under progress	Works to be started	Works cancelled	Tender stage	Single Tender
1	2	3	4	5	6	7	8	9
2013-14	No. of works	859	679	17	67	2	94	0
	Estimated Cost	70.78	55.99	2.78	6.92	0.85	4.25	0
2014-15	No. of works	459	415	14	16	9	5	1
	Estimated Cost	45.02	35.02	4.41	2.14	3.15	0.31	1.02
2015-16	No. of works	675	591	29	30	2	23	1
	Estimated Cost	108.73	89.53	7.47	6.60	0.55	4.58	22.02

81 NH16 at 14 mts culvert to Satya Sai trust at Peekalavaagu, from Sampath Nagar extension to Etukuru road, Etukuru road to Bonthapadu road at culvert, from Koritipadu tank to connecting Amaravathi road

82 25 *per cent* to 75 *per cent*

83 from Brindavanam Apartment via Kabadigudem, from LR Colony to IPD Colony main road near Sai Baba temple and JKC College to Koritipadu tank and both sides at Palakaluru road

84 construction of Storm Water Drain from Koritipadu tank to connecting Amaravathi Road

85 construction of CC drains, open drains, laying of pipelines in place of damaged lines etc.

Year	Description	Sanctioned works	Works completed	Works under progress	Works to be started	Works cancelled	Tender stage	Single Tender
1	2	3	4	5	6	7	8	9
2016-17	No. of works	714	348	51	190	0	125	1
	Estimated Cost	125.82	38.11	23.30	38.24	0.00	26.18	1.16
2017-18	No. of works	579	100	16	284	0	179	0
	Estimated Cost	71.06	4.04	2.06	41.10	0.00	23.85	0
Total no. of works		**3,286**	**2,133**	**127**	**587**	**13**	**426**	**3**
Total Estimated Cost		**421.41**	**222.69**	**40.02**	**95.00**	**4.55**	**59.17**	**24.20**

Source: Data furnished by GMC

Audit observed that:

- ➢ Out of 3,286 works sanctioned during 2013-18, only 2,133 works (65 *per cent*) were completed with an estimated cost of ₹222.69 crore. As of March 2018, 127 works (four *per cent*) sanctioned with an estimated cost of ₹40 crore were not completed. Delay in execution of works ranged between one to three years.
- ➢ Agreements were concluded for 587 works (18 *per cent*) sanctioned with an estimated cost of ₹95.00 crore, however, these were not started as of March 2018. Reasons for non-commencement of these works were not forthcoming from the records. The Corporation did not cancel the agreements by forfeiting the EMD as per agreement conditions.
- ➢ GMC did not complete the tendering process in respect of 426 works[86] (13 *per cent*) sanctioned with an estimated cost of ₹59.17 crore.
- ➢ GMC entrusted three works with estimated cost of ₹24.20 crore on single tender basis during 2014-17 in violation of Government orders.

Government assured (December 2018) to comply with the observations made by audit. It was further stated that action would be initiated to fulfil the requirements in respect of works for which agreements were not concluded. Government replied (December 2018) that the single responsive tenders were accepted by GMC due to urgency of works.

The project 'Comprehensive Underground Sewerage Scheme in Guntur' was not completed as per schedule. Excess payment of ₹5.70 crore was made towards consultancy services contrary to JNNURM guidelines. Further, land allotment for Sewage Treatment Plants was made below the minimum requirement without any basis. Labour Cess

[86] 2013-14 (94 works); 2014-15 (five works); 2015-16 (23 works); 2016-17 (125 works); 2017-18 (179 works)

deducted from the work bills to be remitted to the Building and other Construction Workers Welfare Board was incorrectly provided in the Contractor's Agreement as reimbursement to the contractor. Implementing agency had levied lower interest rate on mobilisation advance and thereby the contractor was given undue benefit of ₹1.78 crore. No damages were imposed on the contractor even though the work was not completed as per milestones. Storm water drain works taken up with 14th FC grants were without proper survey.

2.7 Solid Waste Management

Observations on implementation of Solid Waste Management (SWM) for the period upto 2014-15 appeared in the Audit Report No.1 of 2016 related to Local Bodies of GoAP. Government of India issued (April 2016) SWM Rules, 2016 in supersession of Municipal Solid Waste (Management and Handling) Rules, 2000. Hence, the review covered implementation of the revised Rules.

The Government directed (June 2016) all the Urban Local Bodies (ULBs) to take immediate action for implementation of the SWM Rules, 2016. ULBs are responsible for preparation of solid waste management plan along with action plans for collection, segregation, storage, transportation, processing and disposal of solid waste in a scientific manner. It was noticed that the management of Solid Waste in GMC was not effective as detailed below:

2.7.1 Planning

(i) As per SWM Rules, 2016, the Government should constitute a State Level Advisory Body (SLAB) within six months from the date of publication of notification (April 2016) to review the matters related to implementation of these rules, State policy and strategy.

Government constituted (September 2017) SLAB[87] with a delay of one year from the date of publication of notification. The Board had not issued any recommendation despite conducting three meetings[88].

(ii) GMC was required to prepare its own strategy as per SWM Rules, 2016. However, it did not prepare the SWM plan as of July 2018.

GMC replied (November 2018) that Sanitation task force had been constituted (July 2016) as per the instructions of the Government. However, taskforce had not issued any recommendation despite conducting two meetings.

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[87] G.O.Ms.No.350 MA&UD Dept. dated 22.09.2017 with Prl. Secretary, MA&UD, other secretaries and officials of State Government along with representatives from ULBs

[88] September 2017, January 2018 and April 2018

Government stated (December 2018) that GMC has 'Swachh plan' with pin point programme and transportation maps. However, these were not produced to Audit.

Local authority has to frame Bye-laws[89] incorporating the provisions of SWM Rules, 2016 within one year from the date of notification (April 2016). GMC stated that Bye-laws were framed. However, bye-laws framed were not made available to Audit.

2.7.2 Segregation and Collection of Solid Waste

As per SWM Rules, 2016 issued by GoI, GMC has to arrange for door to door collection of segregated solid waste from all households[90], establish a system to recognise organisations of waste pickers and waste collectors to facilitate their participation in SWM including door to door collection of waste, frame bye-laws incorporating the provisions of the rules within one year from the date of notification and ensure timely implementation.

(i) The door to door collection was implemented in 52 out of 62 wards as of July 2018. However, the waste was being collected without segregation[91] as envisaged.

Government replied (December 2018) that, at present door to door collection was implemented in all the wards. Government, however, did not respond for non-segregation of waste at source.

(ii) GMC awarded contract (November 2015) for lifting of garbage from Commercial and institutional establishments. It was noticed that the contract firms were covering only 2,000 of the 19,259 establishments which was contrary to the agreement conditions. GMC did not furnish specific reply in this regard.

2.7.3 Storage and Transportation

As per Solid Waste Management Rules, 2016 (Rule 15-h) the local authority has to set up material recovery facilities or secondary storage facilities with sufficient space for sorting of recyclable material to separate recyclables from the waste. Further, the local authority has to establish waste deposition centres for domestic hazardous waste[92] (Rule 15-i) and to ensure safe storage and transportation of waste to the waste disposal facility. Audit noticed that:

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89 as per Rule 15(e) of SWM Rules, 2016

90 including slums and informal settlements, commercial, institutional and other non-residential premises

91 to separate the Municipal Solid Waste into the group of organic, inorganic, recyclable and hazardous waste (under Solid Waste Management Rules, 2016)

92 discarded paint drums, pesticide cans, CFL bulbs, tube lights, expired medicines, used batteries, etc., generated at household level

(i) Waste deposition centres for domestic hazardous waste were not established and hazardous waste was collected, transported and dumped along with municipal waste.

(ii) GMC did not make arrangements for segregation, collection and disposal of e-waste and plastic waste according to the Hazardous Waste (Management and Handling) Rules, 2003 and Plastic Waste Management Rules, 2016. It was noticed during joint verification that plastic waste was dumped in drains and on roadside.

Pic 2.1: Plastic waste dumped in drains in Guntur

2.7.4 Processing and Disposal

a) Solid Waste Management (SWM) Rules, 2016 envisaged that, Municipal Solid Waste (MSW) has to be segregated and processed scientifically for the purpose of reuse, recycling or transformation into new products. Post processed residual solid waste should be safely disposed of to prevent contamination of ground water, surface water, ambient air and attraction of animals or birds.

GMC is generating 420 Metric Tons of garbage per day and adopted open dumping at the dump yard at Naidupet village as the only disposal mechanism as on date. The Waste generated in the city was dumped in the dumping yard without any segregation or processing. During physical verification along with departmental officials it was noticed that the dumping yard was filled with smoke arising out of burning of waste.

GMC replied (June 2018) that wet waste dumped would produce heat due to decomposition and that steps would be taken to subside the smoke. It was noted that the failure of GMC to segregate dry and wet waste resulted in air pollution which posed health hazard to the public.

b) SWM Rules stipulate that Corporation shall obtain permission from the State Pollution Control Board (SPCB) for setting up waste processing, treatment or disposal facility, if the volume of waste exceeds five metric tons per day (TPD).

GMC submitted (June 2016) the application to the SPCB for establishing waste to energy plant. Permission was not accorded by the SPCB as of May 2018 due to non-submission of DPR for the proposed facilities[93].

c) Without obtaining the authorisation from SPCB, the New and Renewable Energy Development Corporation of Andhra Pradesh Limited (NREDCAP) issued (December 2015) work award in favour of M/s JITF Urban Infrastructure Limited for establishment of waste to energy generation plant. Though the project was proposed by group of Urban Local Bodies[94] at a cost of ₹212.89 crore, the entire cost was to be borne by the Concessionaire as it was taken up on DBFOT[95]basis. It aimed at developing a 'Waste to Energy Plant' in Guntur[96] and supply of power for a period of 25 years to the Andhra Pradesh Southern Power Distribution Company Ltd (APSPDCL). The Concession Agreement (CA) was concluded in February 2016. The project was to be completed by June 2018 but the work was still in progress.

Government accepted (June 2016) the proposal of GMC for allotment of 20.00 acres of land to the firm on lease basis.

Government alienated (November 2017) 51.20 acres of land in favour of GMC, which was already in its possession, on free of cost basis for utilising it for dumping yard. Audit noticed that:

(i) NREDCAP assessed requirement of 20.00 acres to produce 15 Mega Watt of power. Out of the total land of 51.20 acres alienated by Government, GMC instead of leasing 20.00 acres as approved by the

Pic 2:2 Waste to energy plant site

[93] details of water requirement, waste water generation, treatment methods adopted, plan demarking facilities and green belt and buffer area left all around the facility, etc.

[94] GMC concluded agreement as a lead ULB representing Vijayawada Municipal Corporation, Tenali Municipality, Narasaraopet Municipality, Chilakaluripet Municipality, Sattenapally Municipality, Ponnur Municipality, Mangalagiri Municipality and Tadepalli Municipality

[95] DBFOT- Design, Build, Finance, Operate and Transfer

[96] to develop and implement a viable and environmentally sustainable MSW management system

Government, leased out (February 2016) an extent of 15.50 acres of land for construction of waste to energy plant.

(ii) The balance land was to be given free of cost for development of scientific landfill after assessing the actual requirement. GMC, however, allotted (April 2017) 35.70 acres of balance land to the concessionaire free of cost for development of scientific landfill, without assessing the actual requirement as per agreement. As a result, GMC allotted 4.50 acres land less where it could have earned lease rent and allotted 35.70 acres of land without assessing actual requirement where it earned no revenue.

(iii) GMC did not obtain the Construction Performance Security of ₹50.00 lakh from the firm[97] to cover the damages in the event of default.

(iv) Extension of time was given upto December 2018. GMC attributed delay to alienation of land by Government which is not acceptable as the physical possession of the land was given in February 2016 itself. The work was still in progress as of December 2018.

Thus, the objective of generating energy from waste and supplying power to APSPDCL was not achieved due to non-completion of work.

Government stated (December 2018) that, after assessing the actual requirement of land for landfill site, the leftover land would be brought back to GMC for its future requirement.

2.7.5 Implementation of National Green Tribunal (NGT) directions

In December 2016, the Honourable National Green Tribunal (NGT), New Delhi issued 29 comprehensive directions to the State Government to ensure effective and expeditious implementation of SWM Rules, 2016. Accordingly, the State Government issued instructions to all the ULBs in February 2017 to follow these 29 directions scrupulously and also directed to take immediate action on five[98] directions. The directions were not complied with except direction numbers 25 (creation of public awareness) and 27 (Publication of guidelines in local languages). Position in respect of direction numbers 6, 17 and 20 was as under (as of July 2018).

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97 within 30 days of issue of letter of award and before signing the Concession Agreement

98 direction numbers 6, 17, 20, 25 and 27

Table-2.10: Status of implementation of NGT directions (6, 17 and 20)

Direction No.	Direction	Audit observation
6	All the State Governments, Departments and local authorities shall operate in complete coordination with each other and ensure that the solid waste generated in the State is managed, processed and disposed off strictly in accordance with the SWM Rules, 2016.	Segregation of Municipal Solid Waste was not ensured at source as envisaged. Infrastructure for processing and disposal of waste was yet to be created (para no 2.7.2).
17	The ULB should ensure that it would open or cause to be opened in discharge of Extended Producer Responsibility, appropriate number of centres in every colony which would collect or require residents of the locality to deposit the domestic hazardous waste like fluorescent tubes, bulbs, batteries, expired medicines etc. Hazardous waste, so collected by the centres should be either sent for recycling wherever possible and should be transported to the hazardous waste disposal facility.	No disposal facility for hazardous waste was created. Due to non-segregation, hazardous waste was also dumped in the yard (para no 2.7.3).
20	There shall be complete prohibition on open burning of waste on lands including at landfill sites. In the event of default, environmental compensation should be paid.	Open burning of waste was continuing at dumping yard. GMC accepted the audit observation and stated that the rag pickers were instructed not to burn the waste at dumpsite. GMC further stated that heat developed due to heavy wind flows were brought to normal condition by spraying the water through tankers.

Government stated (December 2018) that necessary steps would be taken to implement the directions of National Green Tribunal.

Solid waste was not segregated and not scientifically disposed off. Infrastructure for processing and disposal of waste was yet to be created. Disposal facility for hazardous waste was not created.

Recommendation 2: Secondary storage facilities with sufficient space for sorting of recyclable material to separate recyclables from the waste may be established after preparing action plans for proper collection, processing and disposal of solid waste as per SWM Rules, 2016.

Compliance Audit Observations

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Labour, Employment, Training and Factories Department

3.1 Industrial Training Institutes

Effectiveness of Industrial Training Institutes

The Industrial Training Institutes (ITIs) impart vocational training to the trainees in various trades[99]. The ITIs are intended to ensure uninterrupted supply of skilled manpower to domestic industries/service sectors. The objective of the ITIs is to provide systematic training so as to raise quantitatively and qualitatively industrial production, to reduce unemployment among the educated youth by providing them employable training, and to cultivate and nurture a technical and industrial attitude in the minds of the younger generation. Audit of 'Industrial Training Institutes' revealed the following:

- The Department incurred expenditure of only ₹12.62 crore out of allocated amount of ₹82.65 crore, on capital account meant for ITI buildings, machinery and equipment during the period 2015-18.
- The test checked ITIs had not adequately procured and installed the latest equipment as per revised syllabus by 'National Council of Vocational Training' in 2014. Shortage of 'tools and equipment' worth ₹24.72 crore was observed in seven out of eight test checked ITIs.
- State Government had not released or short released grants to ITIs during the period 2015-18 towards training grant, stipend, maintenance of tools and equipment, technical books and magazines at specified rates.
- Cadre strength of instructors was not sanctioned in rationalised manner as per norms by State Government. Regular instructors were not appointed for the last ten years, against the vacancies which were to be filled within one year.
- Instructors for the subject 'Employability Skills' needed desired qualifications as per Director General of Training (DGT) norms. The Instructors with required qualifications were not appointed in the test checked ITIs.
- ITI pass outs did not adequately utilise the apprenticeship opportunities due to lack of initiative from the ITIs in creating awareness about importance of apprenticeship.
- Placement cells in seven out of eight test checked ITIs were not functioning as per the DGT instructions defeating the objective of setting them up.

[99] Mechanic Motor Vehicle, Mechanic Diesel, Electrician, Welder, Fitter, etc.

3.1.1 Introduction

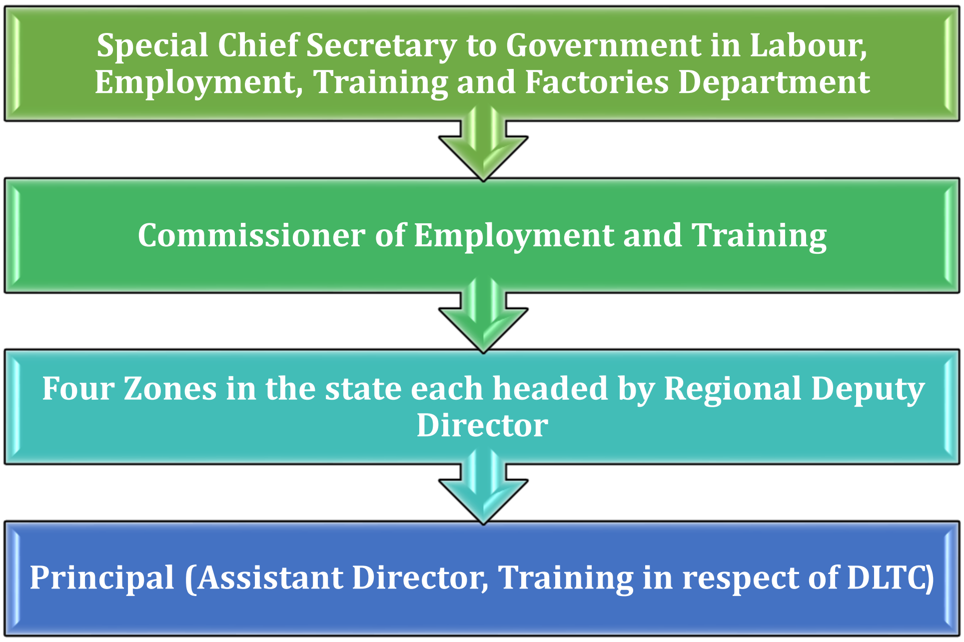
The Industrial Training Institutes (ITIs) impart vocational training to the trainees in various trades. The ITIs are intended to ensure uninterrupted supply of skilled manpower to domestic industries/service sectors. There were 79 ITIs[100] in the State in the Government sector with an annual intake capacity of 15,255. Apart from them, there were 414 ITIs functioning in the private sector as of March 2018.

Directorate General of Training (DGT) in the Ministry of Skill Development and Entrepreneurship, Government of India (GoI), is the apex organisation for development and co-ordination of vocational training programs to meet the skilled manpower requirement of industry. The ITIs are required to follow the manuals and orders issued by DGT.

The National Council for Vocational Training (NCVT) is an advisory body entrusted with the responsibilities of prescribing standards and curricula for training, advising the GoI on the overall policy and programs. It also conducts All India Trade Tests and awards National Trade Certificates.

State Government is responsible for day to day administration of the ITIs, arrangements for smooth conduct of trade tests and implementation of central schemes in their respective States.

Chart-3.1: Oraganisational Chart



During audit (March-June 2018), records pertaining to the period 2015-18 were scrutinised at the office of the Commissioner of Employment and Training and a risk assessment for planning and conduct of audit was carried

[100] including six District Level Training Centers (DLTCs)

out. Two out of the four Regional Deputy Directors (RDDs) and eight out of the 79 Government ITIs were selected through SRSWOR method[101].As regards details of apprenticeship and employment, the information pertaining to trainees passed during 2014-17 was considered. Joint physical verification of infrastructure in ITIs such as classrooms, workshops, tools and equipment was conducted along with officials of the ITIs. Significant findings noticed during audit are detailed in the following Paragraphs:

Audit Findings

3.1.2 Infrastructure

3.1.2.1 Non-Utilisation of funds

During the period 2015-18, the Government allocated an amount of ₹82.65 crore on capital account, meant for ITI buildings, machinery and equipment. The Department had, however, incurred expenditure of only ₹12.62 crore out of this. Year wise details are shown in **Table 3.1**

Table-3.1: Status of Budget and Expenditure (Capital Account)

(₹in crore)

Year	Budget	Expenditure
2015-16	9.65	6.92
2016-17	45.00	1.60
2017-18	28.00	4.10
Total	**82.65**	**12.62**

Source: Information provided by the office of Commissioner

It was noticed in audit that the infrastructure for the ITIs were inadequate, some of the ITIs were operating from hired accommodation with space less than the norm. State Government had not released or short released grants to ITIs during the period 2015-18 towards training grant, stipend, maintenance of tools and equipment, technical books and magazines as detailed below:

Land and buildings

The DGT, GoI, stipulated norms in connection with land (2003), space for workshops and classrooms (2014) in ITIs. Out of 79 Government ITIs in the State, 56 were located in their own buildings while another 14 were functioning from rent free buildings of other Government Departments[102].The remaining nine ITIs[103]were functioning in rented buildings. Audit verified the details in the eight test checked ITIs and noticed the following:

[101] Two RDDs out of four: RDD **Guntur** and RDD **Tirupati;** and two ITIs from each zone (out of four zones); ITI(B) **Nellore**; ITI(B) **Ongole**; ITI(G) **B.Thandrapadu**; DLTC **Kadapa**; Residential ITI **Araku**; ITI **Payakaraopeta**; DLTC **Eluru** and ITI **Vijayawada**: were selected based on Simple Random Sampling Without Replacement (SRSWOR) method

[102] Mandal Parishad Development Office, Mandal Revenue office, Zilla Parishad High School, Upper Primary School, etc.

[103] established during 2008

3.1.2.2 Buildings

The DGT, GoI guidelines stipulated the norms for floor space and other requirements for workshops and classrooms in respect of each trade. Scrutiny of records and joint physical verification of the building of ITI Payakaraopeta revealed that the building did not match the requirement of DGT norms. Against 522 Sq.mtrs. of space required for workshops for the five units[104] in the three trades in the ITI, there was only 176 Sq.mtrs. of space. Further, against 250 Sq.mtrs. of space required for classrooms in the ITI, there was only 150 Sq.mtrs. of space available. Thus, there was an overall shortage of 446 Sq.mtrs. of space for workshop and classroom at ITI Payakaraopeta.

As per DGT norms, the workshops for the trades 'Fitter' and 'Mechanic Diesel' should be provided in the Ground Floor. If the machinery of any trade was to be placed at any floor other than ground floor, a certificate regarding safety/suitability of structure from Civil/ Structural Engineer is necessary. In the ITI, the workshops for the trades 'Fitter' and 'Mechanic Diesel' were located in second floor of the building. Further the certificate of safety and suitability of the structure was also not obtained from competent authority.

It was further noticed that the ITI had not installed the equipment (₹14.93 lakh) procured (2013) for the 'Electrician' trade as the institute was established in the second floor and it was not safe to mount the equipment in the building. The students as a result were not given the required practical training in this trade. The Principal had not furnished any reasons for hiring an unsuitable building on rent for the ITI.

The Commissioner stated (August 2018) that there was requirement of funds for construction of buildings for 23 Government ITIs running in rented buildings/buildings of other Departments. The Commissioner also stated that although proposals were included in the budget estimates every year, Government had not allocated funds. Government replied (November 2018) that an amount of ₹69 crore had been allocated for construction of buildings during 2018-19 and the construction would be taken up now. The reply was not acceptable considering the fact that budget had been allotted every year (**Table 3.1**) while the required expenditure had not been incurred. Further, as there was no allotment of land, scope for utilisation of these funds during the year was limited.

[104] The unit is like section of a class. There may be more than one unit in a trade

3.1.2.3 Land

As per DGT, GoI norms, sufficient[105] land should be available as per requirements based on the strength of an institute for establishing a full-fledged ITI. It was noticed that out of eight test-checked ITIs, one[106] ITI was functioning from rented building. At the request of the Principal of the ITI (September 2009) for allotment of land, the Revenue authorities raised a demand (January 2011) for an amount of ₹1.19[107]lakh towards cost of 2.23 acres of land. Due to non-payment of ₹1.19 lakh, Revenue Department had not alienated the land to the ITI. Revenue authorities informed (November 2017) the Principal that the value of the land was enhanced from August 2017 and the land would now cost ₹52.96 lakh. Government stated (November 2018) that the District Collector had been instructed for identification and allotment of Government land to ITI Payakaraopeta free of cost. The fact, however, was due to inaction of the Department in releasing ₹1.19 lakh, land was not allotted to the ITI.

3.1.3 Tools and equipment

The ITIs in the State follow the curriculum prescribed by NCVT for various trades. The NCVT is a body set up by GoI to prescribe standards and curricula for training imparted in ITIs, conduct trade tests and award certificates to the successful trainees. With a view to keep pace in tune with changes in technology, the NCVT revised the syllabus for various trades of ITIs in 2014. The syllabus had given greater importance to practical training by allocating about 70 *per cent* of the training period to practical training. It was, however, noticed in the test checked ITIs that they had not adequately procured and installed the latest equipment to meet the requirements of the revised syllabus for imparting practical training as follows:

- The Principals of the ITIs in the State had identified (2015) the latest designed 'tools and equipment' for conduct of practical training as per new syllabus. Government, however, had released only ₹24.40 lakh to Residential ITI Araku during 2015-18. Government had not released any money for procurement of 'tools and equipment' to the other seven test checked ITIs. Out of the eight test checked ITIs, four ITIs under PPP[108] mode and three ITIs under VTIP[109] mode procured some equipment with the funds available with the Institute Management Committees

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[105] for an ITI with a minimum of 24 units, five acres if hostel facility is not provided and 10 acres if hostel facility is provided

[106] ITI Payakaraopeta in Visakhapatnam district which started functioning in 2008-09

[107] cost of land ₹6.69 lakh minus ₹5.50 lakh already available with them

[108] **Public Private Partnership (PPP):**An interest free loan of ₹2.50 crore is given by the Central government directly to the Institute Management Committee (IMC) Society for its functioning for these ITIs

[109] **Vocational Training Improvement Project (VTIP):** ITIs, under this project are financed using world bank funding project. 17 Government ITIs in Andhra Pradesh were upgraded with a project assistance of ₹3.50 /₹2.00 crore each

(IMCs)[110]. It was noticed that there was still huge shortage of tools and equipment[111]worth ₹24.72 crore[112] in seven (DLTC Kadapa did not furnish details) out of the eight test checked ITIs. As a result, the students had not been imparted practical training as per the revised syllabus with the latest tools and equipment. The objective of skill development to suit the industrial requirement was thus, not achieved. The Government accepted (November 2018) the shortage and stated that the non-procurement was due to non-release of funds.

- In Residential ITI Araku, it was noticed that three units of two different trades (Mechanic Motor Vehicle (MMV) and Mechanic Diesel) with 105 students were functioning with a single set of tools and equipment.
- As per Management manual of ITIs, about 70 *per cent* of the training period is allotted to practical training and the rest to theoretical training. As three units of two different trades were functioning with a single set of tools and equipment in Residential ITI Araku, the objective of 70 *per cent* of practical training was not achieved for the 105[113] students enrolled in these trades. The Principal of the ITI replied (May 2018) that the practical training could not be imparted to the trainees effectively due to lack of machinery.
- ITI (B) Ongole procured (2015-16) tools and equipment worth ₹8.62 lakh in 'Electrician' trade. The equipment[114]were, however, not installed for want of infrastructure like fixation of MCB (Miniature Circuit Breaker), bus bars, panel boards etc. The ITI had kept the equipment idle in the workshops, depriving the students of the intended benefit of practical training. The Principal replied (April 2018) that the equipment would be used after installing the requisite infrastructure.
- The NCVT had deleted (June 2014) the trade 'Mechanic, Radio and TV' for imparting training to the students in ITIs. Accordingly, the ITIs stopped admission into the trade from 2015. The Assistant Director (Training), DLTC, Kadapa, however, purchased (March 2016) tools and equipment worth ₹5.72 lakh pertaining to the deleted trade. The equipment was lying idle rendering the expenditure incurred

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110 The IMC is a committee constituted for each PPP/VTIP ITIs. The responsibility of managing the affairs of the ITI under PPP/VTIP is entrusted with the IMC. The members of IMC represent Industry Partner, State Government, Local Industry and the ITI. The committee is led by the Industry Partner

111 Diesel Generator Set, Oil testing Kit (**Electrician** Trade), Car Jet Washer with accessories, Heavy Commercial Vehicle without frame (**Mechanic Diesel** Trade), Magnetic Particle testing kit (**Welder** Trade), etc.

112 Residential ITI **Araku**:₹1.11 crore; ITI(G) **B.Thandrapadu**:₹0.40 crore; DLTC **Eluru**:₹2.08 crore; ITI(B) **Nellore**:₹9.04 crore; ITI(B) **Ongole**:₹1.66 crore; ITI **Payakaraopeta**:₹0.93 crore; ITI **Vijayawada**:₹9.50 crore

113 42 each during 2016-17 and 2017-18 for Mechanic Diesel and 21 trainees in 2016-18 for MMV trades

114 Capacitor motor, universal motor, oil testing kit, bath impregnating, DC motor, discrete component trainer, etc.

infructuous. The Assistant Director (Training) did not furnish any reasons for the unnecessary purchase.

- The Assistant Director (Training), DLTC Eluru purchased (2010) two cars (₹12.11 lakh) for practical training of students of 'MMV/Mechanic Diesel' trade. One car (Maruthi SX-4) only was, however, used for training purpose.

  The other car was given to the Regional Deputy Director, Kakinada for his use. The car met with an accident (April 2013) and was returned to ITI. It has not been repaired since then. Principal of ITI Eluru stated (September 2018) that the car (Maruti Swift Dzire) was handed over to RDD, Kakinada by the Member Secretary of IMC without authorisation of the IMC. Hence, the car worth ₹5.95 lakh meant for training of students was not serving the intended purpose of training.

- The Principal, ITI Vijayawada purchased (2009 and 2014) two cars at a cost of ₹9.41 lakh for imparting practical training to the students of 'MMV/Mechanic Diesel' trade. It was, however, noticed (June 2018) that the cars had been transferred (February 2013) to the RDD Kakinada (Hyundai make) and to the Commissioner of Employment and Training (Chevrolet make) in October 2016. Principal of ITI Vijayawada replied (August 2018) that cars were transferred to RDD Kakinada and Commissioner based on their requests.

It was noticed from the information obtained from the Commissioner office that three vehicles pertaining to three more ITIs had been transferred to the Commissioner office as detailed in **Table 3.2**:

Table-3.2: Transfer of vehicles from ITIs to Commissioner office

Name of the ITI	Year of purchase	Year of transfer
ITI(G) Chittedu	2013	2014
ITI Chittoor	2014	2014
ITI(M) Punganur	2012	2014

Source: Information provided by the office of Commissioner

Thus, the cars procured for imparting practical training to the students were being used elsewhere and were not being used to meet the intended objective.

Government attributed (November 2018) transfer of cars to commissioner's office to shifting of commissioner's office from Hyderabad to Vijayawada and mobility of officers. The reply was not acceptable as the intended objective of procuring the cars was for imparting practical training to the students, which was not being achieved.

3.1.3.1 Short release of funds

The DGT, GoI had stipulated that each ITI should be provided with grants towards stipend, maintenance of tools and equipment, technical magazines, etc., at specified rates. It was, however, noticed in the test checked ITIs that

Government had not released or short released grants to ITIs during the period 2015-18, as detailed in **Table 3.3**:

Table-3.3: Status of release of funds to ITIs

Budget item	Grant to be given	Audit finding
Training grant (for raw material, consumables, replacement of hand tools, stationery etc.)	₹400 (for engineering trades)/ ₹300 (for non-engineering trades) per month per trainee	Against ₹3.22 crore to be released for the eight test checked ITIs, Government had released only ₹27.51 lakh (8.54 *per cent*). Thus, the ITIs had to manage with the limited funds on these items adversely impacting the practical training.
Stipend	₹100 per trainee per month	Against ₹70.80 lakh to be released for the seven[115] test checked ITIs for 5,900 trainees, Government had released only ₹0.33 lakh (0.05 *per cent*) to one ITI (ITI(G) B.Thandrapadu). Of this, the ITI was stated to have spent an amount of ₹0.29 lakh towards stipend. Thus, the objective of paying stipend on monthly basis to the trainees was not achieved.
Technical books and magazines	₹25 per month per trainee	Against ₹19.90 lakh to be released for the eight test checked ITIs, Government had released only ₹873 (0.04 *per cent*) to only one out of the eight test checked ITIs (ITI(B) Ongole). The ITI had spent a meagre amount of ₹56 on purchase of magazines. Thus, the ITIs had not procured any technical books or magazines for the students of these ITIs during the period covered by audit.
Maintenance of tools and equipment	One to three *per cent* of cost of equipment	Government had not released any funds towards maintenance of tools and equipment. While there was shortage of equipment on one hand, as mentioned in para 3.1.3, some of the existing equipment were also not in working condition due to non-maintenance. It was noticed in Residential ITI, Araku that Petrol engine and diesel engine meant for MMV and Mechanic Diesel trades were not functioning due to dead battery from October 2017.

Government stated (November 2018) that the budget was allocated on certain heads only and had not specified any reasons for non/short release of funds. This indicates the absence of prioritisation on the part of the State Government with regard to implementation of the DGT, GoI instructions for ensuring the quality of training.

[115] except Residential ITI Araku which had not given any details on the stipend. The responsibility of paying stipend to the trainees in Residential ITI Araku is with Tribal Welfare Department

3.1.3.2 Irregular purchase procedure (DLTC Kadapa)

The Assistant Director (Training), DLTC Kadapa received (March 2016) an amount of ₹1.08 crore under the World Bank aided Vocational Training Improvement Project (VTIP) for procurement of 'tools and equipment'. As per VTIP guidelines, procurement of goods should be made through open tender system[116] wherever the estimated cost of material to be procured was more than US $ one lakh. Even in respect of limited tender system, sufficient time should be allowed for submission of bids.

In violation of the above stipulations, the Assistant Director (Training), DLTC Kadapa procured (March 2016) tools and equipment at a cost of ₹one crore (US$ 1.50 lakh approximately) from five firms[117] selected through 'limited tender system'[118] by splitting the tender into three parts, each valuing less than US $ one lakh so as to keep it within the monetary threshold of US $ one lakh and avoid open tender system. Scrutiny of purchase files revealed that the entire purchase process, starting from 'calling of quotations' to 'receipt of stock' was completed in two days (18 and 19 March 2016).

In respect of 'Mechanic, Radio & Television' trade, it was noticed that the stock was received (value ₹5.72 lakh) on 19 March 2016 even before comparative statement for selection of bidder was prepared (22 March 2016). Further, the tools and equipment worth ₹5.72 lakh procured pertained to the trade deleted by the advisory body NCVT (National Council for Vocational Training) and the equipment was lying idle. Considering the non-transparent manner of procurement, it requires detailed investigation.

In his reply (April 2018), the Assistant Director (Training) of the DLTC did not offer any explanation. The Government stated (November 2018) that suitable action would be initiated against the erring officer.

3.1.4 Manpower

3.1.4.1 Shortage of Instructors

The post of 'Instructor' (Training Officer (TO)/Deputy Training Officer (DTO)/Assistant Training Officer (ATO)) was the key post in imparting training to the trainees. As per DGT, GoI guidelines (Training Manual for ITIs), one ATO/DTO post was to be sanctioned to each unit in every trade. The position of post of Instructors, as of February 2020, in eight test checked ITIs is detailed in **Table 3.4**:

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[116] invitation to tender by public advertisement

[117] firms located at Vijayawada, Visakhapatnam and Hyderabad

[118] invitation to tender directly from selected firms

Table-3.4: Position of instructors in test checked ITIs

Name of the Test Checked ITIs	Trades	Units	Instructors required as per norms	Men in position (regular /contract)	Vacant posts (Col 4-5)	Percentage of vacant posts
1	2	3	4	5	6	7
Residential ITI Araku	8	17	17	8	9[119]	53
ITI (G) B.Thandrapadu	8	14	14	6	8[120]	57
DLTC / ITI Eluru	6	11	11	5	6[121]	55
DLTC/ ITI Kadapa	8	16	16	9	7[122]	44
ITI (B) Nellore	11	32	32	18	14[123]	44
ITI (B) Ongole	10	21	21	8	13[124]	62
ITI Payakaraopeta	5	10	10	7	3[125]	30
ITI Vijayawada	17	58	58	31	27[126]	47
Total	**73**	**179**	**179**	**92**	**87**	**49**

Source: Information furnished by the test checked ITIs

Against 179 instructors required as per norms, only 92 posts were filled. There were 87 vacancies (49 *per cent*) in the test checked ITIs. It was noticed that more vacancies existed in Fitter and Turner trades (13 and 10 vacancies respectively). Principals of the test checked ITIs replied that the matter would be intimated to higher authorities.

In respect of Residential ITI Araku, it was noticed that a single instructor was taking classes for three units pertaining to two different trades[127]. This was in violation of the norm of one instructor for each unit in a trade. The Principal agreed (May 2018) that practical training could not be imparted to the trainees effectively due to lack of manpower.

Government stated (November 2018) that proposals were submitted by the Department for according permission to fill up the remaining posts on outsourcing basis. Government, however, did not specify the details of action taken on the proposals submitted to it.

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[119] Electrician(2), Fitter(1), Electronic Mechanic(1), Draftsman Civil(1), Welder(1), Computer Operated Programme Assistant (COPA)(1), Mechanic Diesel(2)

[120] Electronic Mechanic (1), Draftsman Civil(2), COPA(1), Mechanic Diesel (2), Stenography(1), Dressmaking (1)

[121] Electrician(1), Refrigeration and Air Conditioning (1), Mechanic Motor Vehicle(1), Welder(2), Mechanic Diesel(1)

[122] Mechanic Motor Vehicle(2), Fitter(1), Machinist(1), Turner(2), Carpentry(1)

[123] Draftsman Civil(1), Electrician (2), Fitter(4), Instrument Mechanic(1), MMV(1), Refrigeration and Air Conditioning (1), Mechanic Diesel(1), Turner(2), Welder(1)

[124] Electrician (3), Fitter(2), MMV(1), Draftsman Civil(1), Turner(2), Electronic Mechanic (1), Stenography(1), Machinist(2)

[125] Draftsman Civil(1), Mechanic Diesel(1), COPA(1)

[126] COPA(2), Electrician(2), Electronic Mechanic (2), Fitter(5), Information & Communication System Maintenance (I&CTSM) (1), Machinist(2), Mechanic Diesel(2), MMV(1), Plastic Processing Operator(2), Refrigeration and Air Conditioning (2), Turner(4), Welder(2)

[127] one unit of Mechanic Motor Vehicle (MMV) trade and two units of Mechanic Diesel trade

3.1.4.2 Qualified Instructors

As per the DGT, GoI provisions, the subject 'Employability Skills' (IT skills, English skills, Communication skills, Occupational Safety and Health, Environment Education, Quality Management Tool and Labour Legislation) is mandatory for all trades. From August 2012, the subject was to be taught as part of the curricula for overall personality development of the trainees. The DGT, GoI had stipulated the qualifications[128] required for the post of 'Instructor' in the subject. It was noticed in all the test-checked ITIs that the Instructors for the various trades were teaching the subject 'Employability skills' even though they did not possess the requisite qualifications. In ITI Vijayawada, however, a separate contract Instructor was appointed (August 2017) to teach this subject, though without the requisite qualification. The Principals of the ITIs replied (March-June 2018) that the matter would be brought to the notice of the higher authorities for appointment of qualified instructors.

Government replied (November 2018) that there was no sanctioned post of regular Instructor for 'Employability Skills' in ITIs and the same had been conducted by utilising the services of the Training Officers (TO) who is in supervisory cadre.

3.1.4.3 Refresher courses for Instructors

All the instructors in ITIs must attend refresher training programme, for two weeks, every alternate year arranged by DGT, GoI/Commissioner/IMC. It was noticed in audit (March-June 2018) that none of the regular/contract instructors in the eight ITIs had attended the refresher training programmes during 2015-18. The Principals of seven test checked ITIs replied that refresher training was not conducted. Government replied (November 2018) that refresher training programmes were being conducted every alternate year and in 2017 teaching staff from 15 ITIs (out of 79 ITIs in the State) attended the training. Government, however, did not clarify as to why the refresher training was not imparted to the teaching staff of the remaining 64 ITIs.

3.1.5 Public Private Partnership (PPP) Scheme

Government of India introduced (2007) the scheme of 'Upgradation of 1,396 ITIs through Public Private Partnership'. The objective of the scheme was to improve the employment outcomes of the graduates from the vocational training system, by making design and delivery of training more demand responsive. To achieve this, an Institute Management Committee (IMC) is

[128] **1**. MBA / BBA / Graduate in Sociology/ Social Welfare/ Economics with two years' experience; Graduate/ Diploma with two years' experience and trained in Employability Skills and must have studied English/ Communication Skills and Basic Computer at 12th / Diploma level and above **or 2**. Existing Social Studies Instructors duly trained in Employability Skills from DGT institutes

constituted for each selected ITI. The IMC has to design an Institute Development Plan (IDP) defining long term goals of the institute and strategies for dealing with challenges faced by the institute, defining Key Performance Indicators (KPIs). The roles of three parties involved in the scheme are briefly described below:

First Party (Central Government) has to guide the PPP Scheme. Based on the IDP, GoI provides interest free loan (₹2.50 crore) to IMC. Out of this ₹2.50 crore, ITI could invest an amount not more than ₹50 lakh (20 *per cent* of ₹2.50 crore) as seed money in banks as Fixed Deposit. The remaining amount has to be spent on the infrastructure, manpower, consumables, etc. The loan was to be repaid in equal instalments over a period of twenty years after expiry of moratorium period of ten years.

Second Party (State Government) should ensure the provision of funds, manpower, constitution of IMC and monitoring of the scheme.

Third Party (Industry Partner) was expected to provide training to faculty members and On Job Training (OJT) to trainees, contribution to ITIs (financial / tools and equipment).

In the State, GoI selected 31 ITIs for upgradation under the scheme. GoI extended an interest free loan of ₹2.50 crore to each of the 31 selected ITIs. Out of the eight test checked ITIs, four[129] were functioning in PPP mode.

3.1.5.1 Non-compliance of PPP scheme guidelines

It was noticed that certain conditions as mentioned in the PPP Memorandum of agreement were not complied with. These are detailed below:

Table-3.5: Non-compliance of conditions of PPP scheme guidelines

Condition of PPP guidelines	Audit finding
The guidelines, though not mandatory, expected the private partner contribution either financially or in the shape of tools and equipment. The guidelines also expected the private partner to provide training to the faculty and On the Job Training to the students of the ITI.	It was noticed in the four test-checked PPP-ITIs, the private partners had not made any contribution including providing training. Government replied (November 2018) that in 13 Government PPP-ITIs out of 31, the Industry Partners were allowing the trainees for on the job training. Government, however, had not explained as to why "On the Job Training" was not allowed by the Industry Partner in respect of the remaining18 PPP-ITIs. Government also did not specify about the financial contribution or contribution in terms of equipment to be made by the Industry partner.

[129] Residential ITI **Araku**; ITI (G) **B.Thandrapadu**; DLTC **Eluru**; ITI (B) **Ongole**

Condition of PPP guidelines	Audit finding
The DGT, GoI instructions (July 2014) stipulated that the unspent balance out of PPP fund[130] including seed money and interest available with IMC after making of all required expenditure at the end of financial year 2015-16 should not exceed ₹one crore. Any balance beyond this amount may be repaid without waiting for moratorium period to GoI. This condition was imposed with a view to encourage ITIs to utilise the funds towards upgradation activities instead of idle investments in banks.	In two PPP-ITIs, there were balances of ₹1.26 crore (ITI (G) B.Thandrapadu) and ₹1.23 crore (DLTC Eluru) against the permitted amount of ₹one crore each indicating non-utilisation of the funds for the intended purpose. The Principals, replied that the amount in excess of ₹one crore would be utilised whenever necessary. The reply is not acceptable as the stipulated period for utilisation of funds was March 2016 and required to be repaid to GoI if unspent. Further, the Commissioner replied (November 2018) that letter had been addressed to the DGT, GoI to accord permission for incurring the expenditure from the amount exceeding ₹one crore instead of repaying the same.

3.1.5.2 Defaults by third party (Industry partner)

As per DGT, GoI instructions (July 2014) for the implementation of PPP scheme, some responsibilities like fixing the salary of the instructors not below the stipulated level, ensuring that at least 10 *per cent* of seats are filled on payment of minimum fee prescribed and achievement of 70 *per cent* level in Key Performance Indicators (KPIs) (as detailed in **Table 3.6**) are given to the IMC. Non-compliance of these will make the IMC liable to prepay an amount of ₹10 lakh from the PPP fund to GoI for each such default which continues for two years without waiting for the moratorium period of ten years from the date of release of fund. The following defaults were noticed in the test checked PPP-ITIs.

Table-3.6: Defaults in implementation of PPP scheme in test checked ITIs

Defaults	Audit finding
Salary of contract Instructors should not be fixed below the stipulated level of ₹14,000 per month.	In all the four test checked PPP-ITIs the salary of contract Instructors was fixed (₹7,000 - ₹12,100) below the specified amount (₹14,000). The Principals of ITIs stated that salary was paid to the contract Instructors as per resolutions of the IMCs. Government confirmed (November 2018) the replies of Principals. This makes the IMCs of the four ITI's liable to prepay ₹10 lakh each from their PPP fund.

[130] interest free loan received from GoI, income from investment and savings, receipts by way of fees and charges for training courses, income earned by running production/service centre, Grants/contribution/donations from any source, etc.

Defaults	Audit finding
IMC should ensure that at least 10 *per cent* of seats are filled on payment of the minimum fee of ₹5,000 per annum. The intent of the Government for this provision is revenue generation for development of ITI and repayment of loan.	Two[131] out of the four PPP-ITIs had not filled 139[132] seats on payment basis. Principals of the two ITIs stated that the trainees were not willing to join the institute on payment basis. The revenue that the two ITIs could generate during 2015-18 worked out to ₹6.95 lakh. While the Government had not given (November 2018) any specific reasons for this it stated in its reply that some of the PPP-ITIs seats were being filled in popular trades such as 'Electrician', 'Fitter' etc. In the absence of candidates interested in joining on payment basis, the intent of Government to make the ITIs generate revenue for development of ITI and repayment of loan was not achieved.
Key Performance Indicators (KPIs) are the performance indicator set by IMC of PPP-ITIs as per the guidelines of the scheme. The purpose of KPIs is to improve the internal as well as the external efficiency of the ITI against the base line information. Non-achievement of 70 *per cent* of the level in KPIs is treated as a default.	Audit noticed that all the four PPP-ITIs[133] had not achieved targeted 70 *per cent* levels during 2015-16 and 2016-17 as detailed in ***Appendix-3.1.*** The Principal of Residential ITI Araku attributed the poor performance to remote location of the ITI. Government had not explained any reasons for non-achievement of targets in respect of these Indicators.

3.1.6 Apprenticeship

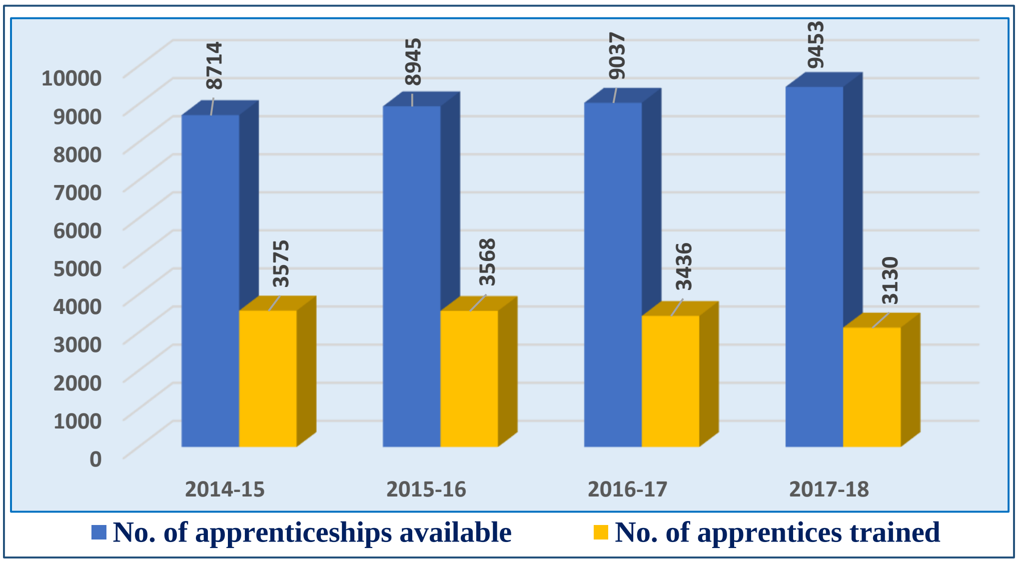
Modern Industry needs skilled workers to operate sophisticated machinery. The skills acquired by the trainees in ITIs were only basic and they need to undergo 'On Job Training' (OJT) in industries to acquire skills. GoI had, therefore, implemented Apprenticeship Scheme (ATS) up to 2015. With a view to give the trainees' real time Industrial experience, GoI introduced (2016) the National Apprenticeship Promotion Scheme (NAPS) to promote apprenticeship training.

The ITI pass outs were eligible to apply for apprenticeship online in DGT portal of GoI. The Principal of one ITI in each district was designated as 'Assistant Apprenticeship Advisor' to look after the apprenticeship activity in the district. It was noticed that the ITI pass outs in the State had not adequately

[131] ITI (G) **B.Thandrapadu** (63 seats); ITI (B) **Ongole** (76 seats)
[132] 10 *per cent* of total 1,391 seats in those ITIs, available during 2015-18
[133] Residential ITI **Araku**, ITI(G) **B.Thandrapadu**, DLTC **Eluru** and ITI(B) **Ongole**

utilised the apprenticeship opportunities available to them. Details of apprenticeships available to the trainees in the State and those actually availed during 2014-15 to 2017-18 were as shown in **Chart 3.2**:

Chart -3.2: Apprenticeship details in the State during 2014-18



Source: Information provided by the office of Commissioner

It was noticed in the eight test checked ITIs that the Principals were not maintaining data of trainees of their ITIs who joined apprenticeship. The Commissioner stated (June 2018) that the trainees intending to join apprenticeship were to apply directly through GoI portal and the ITI had no login facility.

The Department had not even taken advantage of novel suggestion of the scheme to appoint 'brand ambassadors'[134] to increase apprenticeships.

3.1.6.1 Apprenticeship Stipend

Under the 'National Apprenticeship Promotion Scheme 2016', GoI reimburses to the industrial establishment, an amount of ₹1,500 per apprentice per month or 25 *per cent* of the stipend already paid by industries to the apprentices, whichever is less.

- During 2016-17, the RDDs Guntur and Tirupati received an amount of ₹44.76 lakh and ₹1.56 crore respectively. Of this, the two RDDs paid ₹43.10 lakh and ₹76.30 lakh respectively to the industrial establishments towards stipend. It was, however, noticed that there was no system to ensure that the stipend was paid to the apprentices in full. The RDDs had paid the amounts to the industrial establishments based on the lists of the apprenticeship trainees submitted by the industrial establishments without confirming if the stipend had been paid in full to the apprentices to their Aadhaar linked bank accounts. Government accepted (November 2018) the audit observation and assured rectification.

[134] appointed to encourage students for apprenticeship by giving wide publicity

- The RDDs, Guntur and Tirupati, made excess payments to the industrial establishments to an extent of ₹3.22 lakh[135]. Government accepted the audit observation and stated (November 2018) that the excess amount would be adjusted in future payments.

3.1.7 Placements

As per DGT, GoI instructions (02 June 2008), each ITI was required to setup 'Placement Cell' to help the ITI pass outs in getting placed in different industries. The State Government would provide appropriate infrastructure and staff including one officer for functioning of the cell. The ITI should also keep track of the pass outs till they are suitably employed for at least three years after completing the training from that institute. These cells should provide counselling and guidance to the trainees by professionals and experts to make them capable of understanding the aspects of technicality, method, etc. for self-employment.

It was noticed that 'Placement Cells' were established in seven[136] out of eight test checked ITIs. They, however, did not have the data and details of all the pass outs (name, address, educational/technical qualification, telephone/mobile number, etc.) and their present status. Counselling and guidance to the trainees by professionals and experts was also not arranged. During 2014-16, 2,797 trainees, out of 3,992 enrolled, had passed in the eight test checked ITIs. Out of those, the ITIs had details of only 294 pass outs who were employed and 119 who were self-employed. In four test checked PPP-ITIs, out of 1,029 ITI pass outs, 82 were placed and 80 were self-employed. Thus, though required to track the pass outs for at least three years, the ITIs did not have the data regarding placements in respect of remaining ITI pass outs.

The Principals of ITIs replied (March-June 2018) that measures would be taken to strengthen the placement cell.

3.1.8 Quality assurance

With a view to maintaining a standard quality assurance mechanism, to give an opportunity to the ITIs lagging behind to improve upon, DGT, GoI introduced (2017) star rated grading of ITIs. The grading was based on benchmark for comparison against certain specific parameters. The parameters included possession of own dedicated land for the ITI, building, high end equipment as per NCVT norms, availability of instructors,

[135] RDD **Tirupati:**₹1.48 lakh in respect of 18 candidates towards duplicate payments; ₹0.18 lakh towards payments to candidates who did not pass the final trade test
RDD **Guntur:**₹0.16 lakh due to miscomputation of training period; ₹1.40 lakh towards payments to candidates who did not pass the final trade test

[136] Residential ITI **Araku**, DLTC **Eluru**, DLTC **Kadapa**, ITI(B) **Nellore**, ITI(B) **Ongole**, ITI **Payakaraopeta** and ITI **Vijayawada**

percentage of apprenticeship and placement. The DGT provided some incentives like eligibility for financial support, award of best ITI and best principal, allowing new trades in the ITIs graded three or above, although participation of ITIs in the grading system was voluntary.

It was noticed that out of 79 Government ITIs in the State, only 67 ITIs were graded. Of these, only three ITIs got grading three or above. None of the test checked eight ITIs were graded above three. Thus, none of them were eligible for incentives. Non-achievement of higher grading by majority of ITIs may be evidently due to the deficiencies noticed in the test checked ITIs as pointed out above. This indicated that majority of the Government ITIs required qualitative improvement.

3.1.9 Conclusions

- ***Out of the 79 Government ITIs, 23 do not have own buildings and are functioning from other departments' buildings and rented buildings. Government did not allot any budget for permanent buildings for these ITIs even though such proposals are included in the budget estimates.***

- ***The ITIs suffered from shortage of 'tools and equipment' which are essential for practical training and also affects quality of practical training imparted. The students had not been imparted practical training as per the revised syllabus prescribed by National Council for Vocational Training (NCVT) with the latest tools and equipment. Government released very minimal funds for books and magazines, training grants, stipend and maintenance of equipment.***

- ***There was shortage of instructors in the ITIs. In the test checked ITIs only 92 Instructor posts were filled against 179 posts required as per norms. Though DGT, GoI had stipulated qualifications required for the post of 'Instructor' in the subject 'Employability Skills' (IT skills, English skills, Communication skills, Occupational Safety and Health, Environment Education, Quality Management Tool and Labour Legislation), which was mandatory for all trades, it was being taught by Instructors who did not possess the requisite qualifications in all the test-checked ITIs.***

- ***There was non-compliance of PPP scheme guidelines by Industry Partner. With a view to give the trainees' real time Industrial experience, GoI introduced (2016) the National Apprenticeship Promotion Scheme (NAPS) to promote apprenticeship training. The Department had not taken advantage of novel suggestion of the scheme to appoint 'brand ambassadors' to increase apprenticeships. ITI pass outs did not adequately utilise the apprenticeship opportunities.***

- ***Placement cells in ITIs were not functioning as per the DGT, GoI instructions, in seven out of eight test checked ITIs they did not maintain data and details of all the pass outs and their present status. Counselling and guidance to the trainees by professionals and experts was also not arranged. DGT, GoI introduced (2017) star rated grading of ITIs and out of 79 Government ITIs in the State, only 67 ITIs were graded. Of these, only three ITIs got grading three or above indicating that majority of the Government ITIs required qualitative improvement.***

Higher Education Department

3.2 Idle equipment

Rajiv Gandhi University of Knowledge Technologies failed to install equipment valuing ₹1.57 crore for Nuzvid campus due to non-completion of civil and electrical works required for installation of the equipment. The equipment remained idle even after lapse of five years.

Article 4 of AP Financial Code (Vol-I) stipulates that every Government servant should be constantly watchful to see that the best possible value is obtained for all public funds spent by him or under his control and guard scrupulously against every kind of wasteful expenditure from public funds.

It was noted from scrutiny (September 2017) of records of the Rajiv Gandhi University of Knowledge Technologies, Nuzvid that the University placed purchase order (July 2013) on a private firm for supply of 'Servo Hydraulic Testing Machine' (SHM)[137]. The University imported[138] the equipment for Material Testing Laboratory of Metallurgical and Materials Engineering Department of Nuzvid campus, a constituent institute of the University. The equipment was very important for practical training of students, project and research work. The firm delivered the equipment in April 2014 and the University paid ₹1.52 crore (being 90 *per cent* of the cost) to the firm. As per conditions of the purchase order, the balance 10 *per cent* was to be paid after installation and commissioning of the equipment. The warranty period of 36 months from date of acceptance of the equipment by the University expired by March 2017. The equipment was, however, not installed.

Further, the University also purchased and installed (August 2017) a water chiller machine[139](₹4.92 lakh), an ancillary equipment for SHM. The warranty period of this equipment ended in June 2018, and it was also lying idle.

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[137] the system is used for testing low cycle fatigue and fracture toughness
[138] from United Kingdom
[139] for heat exchange of the power pack, mandatory for switching on Servo Hydraulic Testing Machine

The Institute replied (July 2018) that the equipment was not installed due to non-completion of civil works (accommodation with strong foundation for installation of the equipment) and electrical works. As of March 2019 the equipment namely, SHM and water chiller machine, were still lying idle.

In a previous Audit Report[140], non-utilisation of a washing machine (₹43 lakh) procured (May 2010) by the same University for Nuzvid campus, had been pointed out. State Government had replied (February 2015) that the equipment could not be installed due to non-completion of building required for installation. A subsequent scrutiny (October 2017) of records of the University and further correspondence indicated that though the construction of the building (₹1.33 crore) was completed in December 2015 but the washing machine remained idle as it was not installed as of March 2019.

Thus, Rajiv Gandhi University of Knowledge Technologies failed to install equipment valuing ₹1.57 crore for Nuzvid campus due to non-completion of civil and electrical works required for installation of the equipment. The equipment remained idle even after lapse of five years. This also deprived the students of key equipment required for practical training and research work.

The matter was reported to State Government in August 2018.

3.3 Non-collection of Affiliation Fee

Owing to absence of internal controls for collection of dues from affiliated colleges, Jawaharlal Nehru Technological University (JNTU) Kakinada failed to collect affiliation fee dues of ₹141.65 crore from the colleges during 2012-17.

As per the Affiliation Procedure and Regulations of the Jawaharlal Nehru Technological University, Kakinada (University), affiliation[141] to a college should be granted only after the remittance of affiliation fee, as per the rates approved by the University from time to time, subject to satisfaction of the conditions. Affiliation fee is the major internal source of income for the University. Affiliation fee is to be paid by the affiliated colleges to the University in respect of each academic year. Affiliation fee is included in the fee structure and is collected by the affiliated colleges from the students admitted. The fee so collected is used for development activities of the University.

[140] Audit Report (General and Social Sector) No.3/2015-AP for the year ended March 2014 (Para 5.8.1)

[141] affiliation means recognition of the college/courses of the college, by the university as approved by AICTE (All India Council for Technical Education)/PCI (Pharmacy Council of India)/other statuary regulatory bodies and satisfying the academic norms / regulations prescribed for admission to examination for award of degrees, diplomas and other distinctions of the University by the University and to run the academic programmes as per the curriculums prescribed by the University from time to time

There were 262 private colleges affiliated to the University for the academic year 2017-18. It was noticed that, as of July 2018, an amount of ₹141.65 crore pertaining to the years 2012-17 was due from private colleges affiliated to the University. Year wise details of dues from the affiliated colleges are given in **Table 3.7**.

Table-3.7: Details of year-wise dues from the affiliated colleges

(₹in crore)

Year	Amount to be collected	Amount collected (*per cent*)	Amount yet to be collected (*per cent*)	Number of colleges from which the amount was due (total number of colleges)
2012-13	54.37	49.33 (91)	5.04 (9)	77(274)
2013-14	67.78	52.32 (77)	15.46 (23)	122(267)
2014-15	72.22	39.34 (54)	32.88 (46)	166(264)
2015-16	74.75	35.54 (48)	39.21 (52)	211(267)
2016-17	72.88	23.82 (33)	49.06 (67)	256(263)
Total	**342.00**	**200.35 (59)**	**141.65 (41)**	

Source: Information provided by the University

The increasing trend of dues indicated absence of internal controls in place in the University to monitor and ensure collection of the affiliation fee from the colleges affiliated to it. This had resulted in reduction of its monetary resources meant for developmental activities.

Further, as per the AICTE norms 'No Objection Certificate' (NOC) from the affiliating University is prerequisite for closure of a recognised college. It was, however, noticed that the University had issued NOCs for closure of 15 affiliated colleges (2011-15) from which an amount of ₹0.99 crore was due towards affiliation fee.

The University stated (June 2018) that it had issued reminders to the colleges for remittance of the affiliation fee. The reply confirmed the audit finding of absence of internal control measures for collection of the affiliation fee in respect of each academic year before closure of the year and before issuing NOC for closure of recognised colleges. In the absence of internal controls, JNTU Kakinada failed to collect affiliation fee dues of ₹141.65 crore from the colleges for the period 2012-17 causing loss of revenue. Further, owing to issue of NOCs for closure of colleges without realisation of dues, the possibility of recovery of ₹0.99 crore was remote causing additional loss to the University.

The matter was reported to Government (July 2018); reply has not been received (January 2019).

Municipal Administration and Urban Development Department

3.4 Deficient planning for Municipal Office building led to infructuous expenditure

Improper planning by the Narsipatnam Municipality resulted in rendering expenditure of ₹60.78 lakh on the Municipal Office building infructuous.

Narsipatnam Municipality proposed (December 2012) construction of a new municipal office building in Pedaboddepallu under start-up[142] grant by Government of Andhra Pradesh (GoAP).The Municipal Council accorded administrative sanction (December 2012) for ₹50 lakh for the construction of Municipal office building. After completion of tender process, the work was entrusted (August 2013)[143] to a contractor for value of ₹43 lakh with a stipulation to complete it within six months from the date of concluding agreement. The work was to be completed by 31 January 2014.

Scrutiny (December 2017) of records of Narsipatnam Municipality revealed that the Municipality granted (January 2014) extension of time upto 28 February 2014 to complete the construction of the Municipal office building. Due to insufficient funds, the work remained incomplete (as of May 2014) after incurring an expenditure of ₹48.43 lakh. Subsequently, the balance works[144] were taken up (December 2015)[145] with ₹15 lakh allocated under the Special Development Package of GoAP. The work was completed (December 2016) with an additional expenditure of ₹12.35 lakh. Audit noticed that the building was, however, not occupied as of December 2018.

The Municipal Commissioner replied (December 2017) that the building was not in complete shape and was located in the outskirts of the Municipality in an undeveloped area without proper roads. Commissioner assured that action would be taken to procure funds to develop the building and make use of it. The fact was Narsipatnam Municipality had without proper assessment of its requirements, suitability of location and availability of infrastructure facilities like road connectivity had sanctioned construction of the Municipal office building and incurred an expenditure of ₹60.78 lakh[146]. By failing to use the building on the ground it was not fit for its office use and keeping the building unoccupied even after lapse of two years had rendered the expenditure incurred infructuous.

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[142] startup grant is an assistance given to new Municipalities/ Corporations for development works

[143] Agreement No.6/2013-14, dated 01.08.2013

[144] flooring, doors and windows

[145] Proceedings Rc.No.88/2015/SDP 2014-15/Dy SO (Plg-I), dated 17.12.2015

[146] ₹48.43 lakh + ₹12.35 lakh

Government accepted the audit comment and stated (December 2018) that the building was not occupied as there was no infrastructure facility available and assured that appropriate action would be taken to put the building in use.

3.5 Avoidable expenditure of ₹88.63 lakh

Non-revision of Contracted Maximum Demand (CMD) by Rajamahendravaram Municipal Corporation resulted in avoidable expenditure of ₹88.63 lakh.

Contracted Maximum Demand[147] (CMD) is the basis on which demands are raised by APEPDCL[148] including minimum charges or penalties on High Tension (HT) electricity consumers. As per clause 6.4 of Andhra Pradesh Retail Power Supply Tariff Rules, the Billing Demand shall be the maximum electricity consumed during the month or 80 *per cent* of the Contracted Maximum Demand (CMD) whichever is higher at the rates applicable from time to time. For consumption in excess of the CMD, charges are payable at two times the normal charges.

As per the General Terms and Conditions of Supply (GTCS) of electricity in AP (January 2006), the consumer can seek reduction of CMD or termination of the HT agreement by giving not less than three months' notice. The Engineer-in-Chief (Public Health) instructed (July 2015) all the Commissioners /Municipal Engineers to analyse the HT Bills and review the electricity consumption charges to fix the CMD accordingly.

Rajamahendravaram Municipal Corporation (RMC) had eight High Tension (HT) electricity connections for water supply arrangements, Sewage Treatment, etc. for which agreements were entered into between the period from June 1988 to March 2008. Scrutiny of electricity bills for the period April 2011 to December 2017of RMC by Audit (March 2018) showed that in respect of three HT connections[149], RMC paid electricity bills at the minimum chargeable rate of 80 *per cent* of CMD, though the actual consumption was less[150].In two other HT connections[151], RMC paid electricity bills at double the rate for the number of units consumed in excess of CMD.

Review of consumption pattern of electricity was necessary to avoid minimum charges when consumption was low and to avoid penalty when consumption exceeded CMD by providing a suitable clause in the agreements. However, audit noticed that no such clause was made in the agreements entered by RMC though such clause was available in the GTCS.

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[147] **'Contracted Maximum Demand'** means the maximum demand the consumer intends to put on the system and is so specified in the supply Agreement between the parties

[148] Andhra Pradesh Eastern Power Distribution Company Limited

[149] RJY 301, RJY 659 and RJY 715

[150] consumption ranged from 4.2 KVA to 195.0 KVA for a CMD of 250 KVA

[151] RJY 553 and RJY 613

Further, analysis of electricity consumption pattern as per the instructions of Engineer-in-Chief (PH) was also not done. This led to avoidable expenditure of ₹88.63 lakh during April 2011 to December 2017.

RMC replied that APEPDCL would be addressed for review of CMD.

Thus, RMC incurred loss of ₹88.63 lakh due to non-revision of CMD charges which was avoidable.

Government stated (December 2018) that RMC had filed applications for revision of CMD. The amounts paid so far was loss to the Corporation as it was not recoverable.

3.6 Avoidable payment of ₹2.03 crore from General Fund

Failure of the Urban Local Bodies in ensuring timely remittance to Employees Provident Fund Organisation resulted in avoidable payment towards damages and Interest.

Under the provisions of the Employee's Provident Fund (EPF) and Miscellaneous Provisions Act, 1952, the employer shall deduct the employee's contribution from his wages and remit the recovered amount together with his share to the fund within fifteen days after the end of the month. In case of default, the employer may be liable to pay damages and interest[152] as specified under EPF Act. Central Government notified (January 2011) that Municipal Corporations and Municipal Councils were covered under EPF Act.

Scrutiny of records (September 2015 to January 2018) of Six[153] Urban Local Bodies (ULBs) revealed that the ULBs remitted the EPF contributions to the Employees Provident Fund Organisation (EPFO), with delays ranging between 31 to 1,485 days *(**Appendix-3.2**)* in respect of its contractual employees. As per the provisions of EPF Act, the EPFO levied (between December 2014 and May 2018) damages and interest amounting to ₹3.69 crore[154]on account of delay in remittances on the six ULBs. Out of ₹3.69 crore payable, the ULBs paid an amount of ₹2.03 crore from the Municipal General Fund as damage charges and interest, and balance amount of ₹1.66 crore remained as a committed liability with four[155] ULBs towards these damages and interest. Thus, the said ULBs had incurred an expenditure of ₹2.03 crore from their General Fund which was avoidable had they remitted the EPF contributions in time.

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152 damage charges not exceeding the amount of arrears and interest at the rate of 12 *per cent*

153 Badwel Municipality (Kadapa District), Eluru Municipal Corporation (West Godavari District), Jaggaiahpeta Municipality (Krishna District), Kanigiri Nagar Panchayat (Prakasham District), Rajam Nagar Panchayat (Srikakulam District) and Rayachoti Municipality (Kadapa District)

154 damages ₹2.48 crore and interest ₹1.21 crore

155 Badwel (₹9.95 lakh), Jaggaiahpeta (₹31.12 lakh), Kanigiri (₹2.00lakh) and Rayachoti (₹122.55 lakh)

ULBs attributed the delay in remittance to their weak financial position.

Thus, the failure of the ULBs in ensuring timely remittance to EPFO resulted in avoidable payment towards damages and interest.

Government while stating (December 2018) that four out of six ULBs had remitted the amount of EPF and the other two ULBs made part remittances to EPFO, also assured that instructions would be issued to all the Local Bodies to ensure that amount of EPF deducted was remitted in time to avoid penal charges.

3.7 Non collection of labour cess

Visakhapatnam Metropolitan Region Development Authority (VMRDA) did not levy and collect labour cess in accordance with the provisions of 'The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996' and Government orders. Test check of building plans revealed that an amount of ₹4.82 crore towards labour cess was not collected by VMRDA.

As per provisions of 'The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996' and Rules[156], it was mandatory for Controlling Departments of Local Bodies/Authorities[157] which are competent to approve plans for 'Building and other Construction Work' to ensure collection of labour cess. Government ordered (December 2009) that labour cess at the rate of one *per cent* of the 'Estimated Cost of Construction' was to be collected and deposited with Andhra Pradesh Buildings and other Construction Workers Welfare Board (Board). The Board was responsible for formulating and implementing various welfare schemes for the benefit of the building and other construction workers in the State.

Visakhapatnam Metropolitan Region Development Authority (VMRDA[158]) was the competent authority to accord permissions for approval of plans for construction of buildings in its jurisdictional area and to collect labour cess. While conducting Audit of VMRDA (June 2018), it was noticed that, VMRDA had neither levied nor collected labour cess while issuing Building Permit Orders (BPOs). Audit test checked 110 BPOs[159] and worked out the cost for construction of buildings as ₹482 crore[160]. VMRDA had, however, not

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156 The Building and other Construction Workers Welfare Cess Rules,1998

157 Municipal Administration & Urban Development Department (in respect of all Urban Local Bodies); Panchayat Raj Department (All village Panchayats); Industries and Commerce Department (APIIC and Development Commissioners, SEZs) and all State/Central Government Departments where construction activity takes place involving local labour

158 Government vide G.O.Rt.No. 302 (MA&UD(M)) dated 05.09.2018 had notified Visakhapatnam Metropolitan Region Development Authority (VMRDA) duly dissolving Visakhapatnam Urban Development Authority(VUDA)

159 issued between May 2013 and September 2016

160 based on rate per square feet multiplied with area in square feet (of the permitted building)

collected labour cess amounting to ₹4.82 crore in respect of the building plans approved by it.

Thus, VMRDA failed to fulfil the statutory responsibility of collecting labour cess in violation of relevant provisions of the Act and Rules. In a reply, VMRDA stated (June 2018) that there were no specific instructions from higher authorities regarding collection of labour cess. The reply was not acceptable, as Government in its order (December 2009) stipulated the provision for collection of labour cess by competent authorities.

As a result, the Board had foregone revenue of ₹4.82 crore intended for welfare of construction workers.

During discussion of the Audit paragraph (November 2018), the Metropolitan Commissioner, VMRDA stated that they had introduced online system for Building permissions and the issue was taken care of in the online system. He also agreed to raise the demand and recover the cess in all the cases.

(L V SUDHIR KUMAR)
Principal Accountant General (Audit)
Andhra Pradesh

Hyderabad
The

Countersigned

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The

Appendices

Appendix-1.1

(Reference to paragraph 1.5, page 3)

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

Department	Number of IRs/Paragraphs pending as of 30 September 2018	
	IRs	Paragraphs
Backward Classes Welfare	88	770
Consumer Affairs, Food and Civil Supplies	36	154
Director State Audit	4	33
Finance	9	68
General Administration	38	256
Health, Medical and Family Welfare	317	3,377
Higher Education	659	3,467
Home	126	767
Housing	7	29
Labour, Employment, Training and Factories	121	672
Law	49	181
Minorities Welfare	20	110
Municipal Administration and Urban Development	164	4,156
Panchayat Raj and Rural Development	444	3,415
Planning	30	256
Revenue	88	619
School Education	224	3,077
Social Welfare	135	1,293
Tribal Welfare	134	1,565
Urban Development Authority	9	232
Women, Children, Differently Abled and Senior Citizens	251	1,146
Youth Advancement, Tourism and Culture (Sports)	24	142
Total	**2,977**	**25,785**

Appendix-1.2

(Reference to paragraph 1.5.1, page 4)

Position of Pending Explanatory Notes (as of 30 September 2018)

A. Exclusively pertaining to the State of Andhra Pradesh

Department	2014-15	2015-16	2016-17	Total
Backward Classes Welfare	1	-	-	1
Health, Medical and Family Welfare	-	2	-	2
Higher Education	-	1	-	1
Home	-	2	1	3
Minorities Welfare	1	-	1	2
Panchayat Raj and Rural Development	-	-	1	1
School Education	2	1	1	4
Social Welfare	-	-	1	1
Tribal Welfare	1	-	1	2
Women, Children, Differently Abled and Senior Citizens	1	1	-	2
Youth Advancement, Tourism and Culture (Sports)	-	-	2	2
Total	**6**	**7**	**8**	**21**

B. Pertaining to both the States of Andhra Pradesh and Telangana

Department	2006-07	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Backward Classes Welfare	-	-	-	1	-	-	1
Finance	-	1	-	1	1	-	3
Home	1	-	-	1	1	1	4
Rural Water Supply and Sanitation	-	-	-	1	-	-	1
School Education	-	-	-	-	2	2	4
Tribal Welfare	-	-	1	1	-	1	3
Youth Advancement, Tourism and Culture (Sports)	-	1	-	-	-	1	2
Total	**1**	**2**	**1**	**5**	**4**	**5**	**18**

Appendix -2.1
(Reference to paragraph 2.3.3, page 10)
Statement showing details of sample selection in GMC

Sl. No	Description	Category	Total Properties	Sample Selected	Percentage of selection	Remarks
1	Property Tax	Residential	14,515	727	5	Selection of properties was made based on highest tax demand by stratifying the properties on year wise demands
		Non Residential	1,315	66	5	
2	Vacant Land Tax		5,503	275	5	
3	Building Permissions		11,185	559	5	Selection of properties was made on highest floor area after year wise stratification of the applications
4	Building Penalisation Scheme		6,116	112	2	Stratification was done based on penalisation amount and properties were selected on random basis
5	Works (All the works were stratified with size measure as estimated amount)	Water Supply	152	15	10	Works with an estimated value less than ₹10 lakh
			6	6	100	Works with an estimated value more than ₹10 lakh
		Drainage	939	19	2	Works with an estimated value less than ₹25 lakh
			190	19	10	Works with an estimated value more than ₹25 lakh and less than ₹50 lakh
			6	6	100	Works with an estimated value more than ₹50 lakh

Appendix -2.2
(Reference to paragraph 2.4.1 (a) (iv), page 13)
Statement showing service charge dues from Central Government properties

(Amount in ₹)

Sl No	Assessment No	Owner Name	Total Dues
1	2	3	4
1	1021153859	Director & Jan Shikshan Samsthan	31,020
2	1021123180	Bharat Sanchar Nigam Ltd Telephone Exchange	1,92,134
3	1021123244	The Post Master	54,91,475
4	1021123245	Post Master Guntur Head Post Office	10,75,754
5	1021123246	The Post Master	33,34,809
6	1021123428	Bharat Sanchar Nigam Ltd (CTO)	4,54,453

Sl No	Assessment No	Owner Name	Total Dues
1	2	3	4
7	1021123450	Commissioner, Central Excise	1,52,82,489
8	1021123426	The Post Master & Post Office	6,71,603
9	1021123490	The Post Master	28,81,896
10	1021123554	Central Excise & Customs	94,33,464
11	1021123250	The General Manager	22,14,939
12	1021123251	The Post Master	76,35,904
13	1021123253	The Office Manager	60,30,233
14	1021123427	The Superintendent Post Office	11,31,696
15	1021123256	Sub Ordinate Rest House	5,77,680
16	1021123257	Model Running Guest House	80,998
17	1021123260	Cycle Stand Railway Station	1,97,271
18	1021123261	Office of the Assistant Divisional Engineer	5,26,176
19	1021123262	South Central Railway Work Shops	1,82,483
20	1021123263	South Central Railway Cycle Stand	81,260
21	1021123264	South Central Railway	19,226
22	1021123265	South Central Railway	40,499
23	1021123266	South Central Railway	72,75,984
24	1021123267	Office of The Divisional Railway Manager	68,90,635
25	1021123268	East Side South Central Railway Offices	17,70,624
26	1021123269	South Central Railway Godowns	6,70,813
27	1021123270	Cycle Stand South Central Railway	2,63,825
28	1021123271	Platforms S C Railway East Side	59,53,322
29	1021123272	S C Railway Offices on Platforms (E & W)	23,94,633
30	1021123273	Rail Kalyanamandapam	2,75,747
31	1021123274	Office of Sr. Engineer (Electrical)	3,28,250
32	1021123275	S C Railway Offices G Floor	27,16,054
33	1021123276	S C Railway Offices I & II Floors	9,68,701
34	1021123277	South Central Railway	59,332
35	1021123278	Railway Quarters East Side (165 Number Block)	20,143
36	1021123279	Railway Quarters East Side (154 Number Block)	30,755
37	1021123280	Railway Quarters East Side (131 Block)	5,175
38	1021123281	Railway Quarters East Side (178 Block)	60,380
39	1021123282	Railway Quarters East Side (41 Block)	16,966
40	1021123283	Railway Quarters West Side (183 Block)	59,332
41	1021123284	Railway Quarters West Side 184 Block	74,038
42	1021123285	Railway Quarters West Side (191 Block)	9,351
43	1021123286	Railway Quarters West Side (199 Block)	37,846
44	1021123287	Railway Quarters West Side (200 Block)	1,15,536
45	1021123288	Railway Quarters West Side (201 Block)	74,038
46	1021123289	Railway Quarters West Side (210 Block)	47,721
47	1021123290	Railway Quarters West Side (211 Block)	55,549
48	1021123291	Railway Quarters West Side (223 Block)	55,549
49	1021123292	Railway Quarters West Side 224 & 92	60,593
50	1021123293	Railway Quarters West Side (225 Block)	37,322
51	1021123294	Railway Quarters Block No 42	16,966
52	1021123295	Railway Quarters Block No 127 East Side	9,482
53	1021123296	Railway Quarters Block 190 East Side	35,324

Sl No	Assessment No	Owner Name	Total Dues
1	2	3	4
54	1021123297	South Central Railway Quarters	5,568
55	1021123298	South Central Railway Quarters No 150/C	5,568
56	1021123299	South Central Railway Quarters No 150/B	5,568
57	1021123300	South Central Railway Quarters No 150/A	5,568
58	1021123301	South Central Railway Quarters No 147/A	8,614
59	1021123302	South Central Railway Quarters No 147/B	8,614
60	1021123303	South Central Railway Quarters No 112/D	2,391
61	1021123304	South Central Railway Quarters No 112/C	2,391
62	1021123305	South Central Railway Quarters No 112/B	2,915
63	1021123306	South Central Railway Quarters No 112/A	2,915
64	1021123307	South Central Railway Quarters No 111/D	2,260
65	1021123308	South Central Railway Quarters No 111/C	2,260
66	1021123309	South Central Railway Quarters No 111/B	2,260
67	1021123310	South Central Railway Quarters No 111/A	2,260
68	1021123311	South Central Railway Quarters No 110/D	2,260
69	1021123312	South Central Railway Quarters No 110/C	2,260
70	1021123313	South Central Railway Quarters No 110/B	2,260
71	1021123314	South Central Railway Quarters No 110/A	2,260
72	1021123315	South Central Railway Quarters No 99/D	1,654
73	1021123316	South Central Railway Quarters No 99/C	1,654
74	1021123317	South Central Railway Quarters No 99/B	1,654
75	1021123318	South Central Railway Quarters No 99/A	1,654
76	1021123319	South Central Railway Quarters	26,710
77	1021123320	South Central Railway Hospital	3,26,989
78	1021123321	South Central Railway Homeo Clinic	1,07,921
79	1021123322	South Central Railway Quarters	74,513
80	1021123323	South Central Railway	23,275
81	1021123324	South Central Railway	10,42,849
82	1021123325	South Central Railway	3,59,228
83	1021123326	South Central Railway	4,74,130
84	1021123327	South Central Railway	22,555
85	1021123328	South Central Railway	6,52,177
86	1021123329	South Central Railway	20,314
87	1021123330	South Central Railway	11,913
88	1021123331	South Central Railway	11,913
89	1021123332	South Central Railway	2,91,389
90	1021123333	South Central Railway	35,008
91	1021123334	South Central Railway	10,859
92	1021123335	South Central Railway	18,073
93	1021123336	South Central Railway	57,351
94	1021123337	South Central Railway	32,589
95	1021123338	South Central Railway	2,39,038
96	1021123339	South Central Railway	3,84,599
97	1021123340	South Central Railway	91,59,356
98	1021123341	South Central Railway	17,92,148
99	1021123342	South Central Railway	2,61,619
100	1021123343	South Central Railway	3,75,426

Sl No	Assessment No	Owner Name	Total Dues
1	2	3	4
101	1021123344	South Central Railway	5,73,092
102	1021123345	South Central Railway	5,15,050
103	1021123346	South Central Railway	5,73,092
104	1021123347	South Central Railway	5,73,092
105	1021123348	South Central Railway	3,82,218
106	1021123349	South Central Railway	3,82,218
107	1021123350	South Central Railway	3,82,218
108	1021123351	South Central Railway	3,82,218
109	1021123352	South Central Railway	4,61,018
110	1021123353	South Central Railway	9,25,048
111	1021123354	South Central Railway	9,25,048
112	1021123355	South Central Railway	9,66,848
113	1021123356	South Central Railway	8,63,755
114	1021123357	South Central Railway	12,76,954
115	1021123358	South Central Railway	7,25,205
116	1021123359	S.C.Rly & S.C.Quarters No:191/A	1,99,731
117	1021123360	South Central Railway	3,04,221
118	1021123361	S.Central Railway & SCR Officer	4,84,391
119	1021123362	S C Railway & SCR Mazdoor Union	5,18,717
120	1021123363	S C Railway & SCR Asst Engineer	7,20,782
121	1021123364	S C Railway & SCR Construction	12,73,628
122	1021123365	South Central Railway	9,28,398
123	1021123366	South Central Railway	28,74,965
124	1021123367	South Central Railway	17,61,319
125	1021123368	South Central Railway	5,48,214
126	1021123369	South Central Railway	29,23,954
127	1021123371	Assistant Engineer	3,69,92,984
128	1021123372	South Central Railway	11,913
129	1021123373	South Central Railway	23,275
130	1021123255	Senior Section Engineer (C or W)	5,53,623
131	1021123258	Railway Quarters	1,00,224
132	1021123545	South Central Railway	14,578
133	1021123254	South Central Railway	6,79,586
134	1021123259	Railway Kalyana Mandapam (Marriage Hall)	11,19,168
135	1021123202	Divisional Engineer	7,95,212
136	1021123379	The Post Master	12,18,909
137	1021123380	6 Quarters & Postal Colony	6,99,146
138	1021123381	Line Man Office at Stores	4,17,596
139	1021123383	Post Master Head Post Office	30,88,303
140	1021123384	Asst Engineer Telephone	57,93,751
141	1021149807	Asst. Engineer & Telephone Exchange	29,557
142	1021123391	Asst Engineer Micro Wave	12,52,260
143	1021123529	The Head	9,30,585
144	1021123530	The Manager	2,29,161
		Total	**18,02,39,423**

Appendix- 2.3
(Reference to paragraph 2.4.2.1 (a), page 18)
Statement showing non-collection of Shelter Fee during 2017-18

(Amount in ₹)

Sl. No.	File No.	Total site area (Sq.mtrs)	Shelter fee to be levied	Collected / notices issued	Short Collection
1	1021/1261/B/GNTC/VID/2017	9,897.90	29,69,370	0	29,69,370
2	1021/0368/B/GNTC/PED/2017	3,608.26	10,82,478	4,33,080	6,49,398
3	1021/1491/B/GNTC/PED/2017	9,983.72	29,95,116	23,96,160	5,98,956
Total		23,489.88	70,46,964	28,29,240	42,17,724

Appendix- 2.4
(Reference to paragraph 2.4.2.1 (a), page 19)
Statement showing short collection of Betterment and External betterment charges during 2016-18

(Amount in ₹)

Sl. No.	File No.	Total site area Sq. mtrs	To be collected		Collected		Short collection	
			Betterment charges	External betterment charges	Betterment charges	External betterment charges	Betterment charges	External betterment charges
1	2	3	4	5	6	7	8	9
1	1021/0895/B/GNTC /RAGR/2016	11,541.40	14,42,675	4,32,803	0	0	14,42,675	4,32,803
2	1021/0628/B/AN/ OLD/2016	37,090.00	46,36,250	13,90,875	19,18,689	5,75,607	27,17,561	8,15,268
3	1021/0295/B/GNTC/ PED/2017	1,978.50	2,47,312	74,194	3250	975	2,44,062	73,219
4	1021/0413/B/GNTC /VID/2017	559.93	69,991	20,997	3,500	1,050	66,491	19,947
5	1021/1516/B/GNTC/ G.N/2016	17,093.15	21,36,644	6,40,993	4,27,350	1,28,205	17,09,294	5,12,788
TOTAL							61,80,083	18,54,025
Grand Total							80,34,108	

Appendix-2.5
(Reference to paragraph 2.4.2.1 (a), page 19)
Statement showing short collection of Labour Cess during 2014-18

(Amount in ₹)

Sl. No.	File No.	Labour Cess		
		To be collected	Collected	Short collection
1	2	3	4	5
1	2014-15/BAC/228	2,46,367	2,28,500	17,867
2	2014-15/BAC/193	1,79,023	1,56,000	23,023
3	2014-15/BAC/203	1,02,675	94,500	8,175
4	2014-15/BAC/132	2,83,967	1,50,000	1,33,967
5	2014-15/BAC/134	95,060	36,300	58,760
6	2014-15/BAC/152	1,70,605	1,65,630	4,975
7	2014-15/BAC/165	1,98,501	1,96,000	2,501
8	2014-15/BAC/184	2,32,692	1,85,600	47,092
9	2014-15/BAC/267	1,74,791	67,400	1,07,391
10	2014-15/BAC/211	1,35,134	1,17,600	17,534
11	2014-15/BAC/242	1,08,540	90,000	18,540
12	2015-16/73	2,07,836	1,82,600	25,236

Sl. No.	File No.	Labour Cess		
		To be collected	Collected	Short collection
1	2	3	4	5
13	2015-16/198	7,07,499	6,31,700	75,799
14	2015-16/138	4,26,905	3,87,303	39,602
15	2015-16/272	13,02,907	11,38,000	1,64,907
16	2015-16/322	1,98,580	1,55,105	43,475
17	2015-16/201	6,61,209	5,26,260	1,34,949
18	2015-16/90	2,19,765	1,57,000	62,765
19	2015-16/88	1,66,580	1,50,000	16,580
20	2015-16/160	3,24,144	2,81,031	43,113
21	1021/1261/B/GNTC/VID/2017	51,27,100	51,20,290	6,810
22	1021/0190/B/GNTC/GOR/2017	2,74,682	98,005	1,76,677
23	1021/0798/B/GNTC/TAR/2017	1,24,788	1,09,549	15,239
24	1021/0859/B/GNTC/A.T/2016	2,07,162	0	2,07,162
25	1021/1181/B/GNTC/A.T/2016	1,70,274	1,48,791	21,483
26	1021/1821/B/GNTC/GOR/2017	5,88,956	5,83,621	5,335
27	1021/0894/B/GNTC/PED/2016	6,72,265	5,90,201	82,064
28	1021/0971/B/GNTC/NAV/2016	2,96,808	2,60,507	36,301
29	1021/1027/B/GNTC/SID/2016	2,62,428	2,00,391	62,037
30	79/2010	7,11,037	0	7,11,037
Total		**1,45,75,850**	**1,22,07,884**	**23,67,966**

Appendix-2.6
(Reference to paragraph 2.4.5(ii), page 22)
Statement showing short remittance of UDA Charges into Bank Account

(Amount in ₹)

Sl. No.	Proceeding No.	Total Site Area (Sq. mtrs)	Total Built up area (Sq. mtrs.)	Amount as per Challan submitted in Bank	Amount credited in Bank account	Balance
1	2	3	4	5	6	7
1	2013-14/BAC/224	626.02	1,564.80	9,990	990	9,000
				80,740	8,740	72,000
2	2013-14/BAC/194	598.66	304.56	9,990	990	9,000
3	2013-14/BAC/195	598.66	304.56	9,990	990	9,000
4	2014-15/BAC/184	1,669.39	4,504.45	1,11,950	11,950	1,00,000
5	2014-15/BAC/174	1,709.23	4,102.55	2,25,910	25,910	2,00,000
6	2014-15/BAC/233	635.15	1,548.45	59,290	0	59,290
7	2014-15/BAC/269	721.85	1,607.30	10,000	1,000	9,000
				85,080	5,080	80,000
8	2014-15/BAC/242/G4	426.4	1,220.75	67,610	7,610	60,000
Total				**6,70,550**	**63,260**	**6,07,290**

Appendix -3.1
(Reference to paragraph 3.1.5.2, page 60)
Key Performance Indicators (KPIs)

Name of ITI	Indicator	Year	Target	Achievement
Residential ITI Araku	*Per cent* of trainees appeared in exam *vis-à-vis* intake capacity	2015-16	74	87
		2016-17	80	88
	Revenue Generation(₹in lakh)	2015-16	5.00	--
		2016-17	20.00	--
	Per cent of trainees passed out of those appeared in exam	2015-16	99	95
		2016-17	100	99
	Per cent of trainees employed out of those who passed out	2015-16	80	9
		2016-17	80	12
	Per cent of trainees self-employed within one year out of those passed out	2015-16	15	6
		2016-17	15	7
DLTC Eluru	*Per cent* of trainees appeared in exam *vis-à-vis* intake capacity	2015-16	80	57
		2016-17	85	69
	Revenue Generation (₹in lakh)	2015-16	5.00	1.50
		2016-17	10.00	1.87
	Per cent of trainees passed out of those appeared in exam	2015-16	75	99
		2016-17	80	100
	Per cent of trainees employed out of those who passed out	2015-16	50	13
		2016-17	50	17
	Per cent of trainees self-employed within one year out of those passed out	2015-16	20	28
		2016-17	25	41
ITI(G) B.Thandrapadu	*Per cent* of trainees appeared in exam *vis-à-vis* intake capacity	2015-16	85	72
		2016-17	90	63
	Revenue Generation (₹in lakh)	2015-16	1.50	--
		2016-17	1.50	--
	Per cent of trainees passed out of those appeared in exam	2015-16	80	83
		2016-17	85	80
	Per cent of trainees employed/self-employed out of those who passed out	2015-16	45	8
		2016-17	52	11
ITI(B), Ongole	*Per cent* of trainees appeared in exam *vis-à-vis* intake capacity	2015-16	70	54
		2016-17	75	71
	Revenue Generation (₹in lakh)	2015-16	10.00	--
		2016-17	15.00	--
	Per cent of trainees passed out of those appeared in exam	2015-16	75	93
		2016-17	80	90
	Per cent of trainees employed/self-employed out of those who passed out	2015-16	70	0
		2016-17	75	0

Appendix 3.2
(Reference to paragraph 3.6, page 69)
Statement showing EPF penalties and Interest levied by the EPFO and payments made by the ULBs

(Amount in ₹)

Sl. No.	Name of the ULB	Period for which delayed remittances were made	Delayed days	Amount levied by the EPFO		Amount paid by the ULB		Total amount paid	Committed liability
				Penal damages	Interest	Penal damages	Interest		
1	2	3	4	5	6	7	8	9	10
1	Badwel Municipality	Nov 2013 to Mar 2014	NA	7,34,690	4,36,630	7,34,690	4,36,630	11,71,320	0
		Oct 2015 to Mar 2017	77 to 199	76,622	59,086	76,622	59,086	1,35,708	0
		Apr 2017 to Mar 2018	108 to 477	13,34,148	6,55,638	Breakup not made available		9,94,893	9,94,893
2	Eluru Municipal Corporation	Nov 2006 to Aug 2013	NA	42,90,954	20,03,878	42,90,954	20,03,878	62,94,832	0
3	Jaggaiahpeta Municipality	May 2007 to Nov 2013	NA	28,48,334	12,70,161	Breakup not made available		10,06,099	31,12,395
4	Kanigiri Nagar Panchayat	Jul 2011 to Sept 2015	NA	6,06,215	3,34,510	1,73,116	1,26,884	7,40,725	2,00,000
		Oct 2015 to Mar 2017	53 to 215	5,41,979	2,92,713	5,41,979	2,92,713	8,34,692	0
5	Rajam Nagar Panchayat	Dec 2009 to Sept 2013	NA	1,93,391	1,25,740	1,93,391	1,25,740	3,19,131	0
6	Rayachoti Municipality	Aug 2013 to Sept 2015	725 to 1485	81,28,508	39,04,878	0	0	0	1,20,33,386
		Oct 2015 to Mar 2017	112 to 416	59,80,409	28,75,108	59,80,409	28,75,108	88,55,517	0
		Apr 2017 to Jan 2018	31 to 147	1,03,657	1,18,060	0	0	0	2,21,717
Total				**2,48,38,907**	**1,20,76,402**	**-**	**-**	**2,03,52,917**	**1,65,62,391**

Glossary

Acronym	Full Form
AICTE	All India Council for Technical Education
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APMDP	Andhra Pradesh Municipal Development Project
APSPDCL	Andhra Pradesh Southern Power Distribution Company Limited
APUFIDC	Andhra Pradesh Urban Finance and Infrastructure Development Corporation
ARV	Annual Rental Value
ATO	Assistant Training Officer
ATS	Apprenticeship Scheme
BLF	Building License Fee
BPOs	Building Permit Orders
BPS	Building Penalisation Scheme
CAG	Comptroller and Auditor General
CDMA	Commissioner and Director of Municipal Administration
CLIIF	City Level Infrastructure Impact Fee
CMD	Contracted Maximum Demand
CPHEEO	Central Public Health and Environmental Engineering Organisation
CRDA	Capital Region Development Authority
DCB	Demand, Collection and Balance
DDOs	Drawing and Disbursing Officers
DGT	Directorate General of Training
DPC Act	Duties, Powers and Conditions of Service Act
DPR	Detailed Project Report
DSA	Director State Audit
ERP	Enterprise Resource Planning
FC	Finance Commission
GIS	Geographic Information System
GMC	Guntur Municipal Corporation
GoAP	Government of Andhra Pradesh
GoI	Government of India
HMC	Hyderabad Municipal Corporation
HOD	Head of Department
IIT	Indian Institute of Technology
IMC	Institute Management Committee
IR	Inspection Report
ITIs	Industrial Training Institutes
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
JNTU	Jawaharlal Nehru Technological University

Acronym	Full Form
KPIs	Key Performance Indicators
MA&UD	Municipal Administration and Urban Development
MLD	Million Litres Per Day
MoU	Memorandum of Understanding
NAPS	National Apprenticeship Promotion Scheme
NCVT	National Council for Vocational Training
NHAI	National Highways Authority of India
NOC	No Objection Certificate
O&M	Operation and Maintenance
OJT	On Job Training
PAC	Public Accounts Committee
PD	Personal Deposit
PH	Public Health
pH	Potential of Hydrogen
PPP	Public Private Partnership
PT	Property Tax
PTB	Property Tax Board
RDD	Regional Deputy Director
RWH	Rain Water Harvesting
SCADA	Supervisory Control and Data Acquisition
SDP	State Development Plan
SE	Superintendent Engineer
SHM	Servo Hydraulic Testing Machine
SLB	Service Level Benchmarking
SRSWOR	Simple Random Sampling Without Replacement
STP	Sewerage Treatment Plant
SWM	Solid Waste Management
TO	Training Officer
UDA	Urban Development Authority
UIDSSMT	Urban Infrastructure Development Scheme for Small & Medium Towns
ULBs	Urban Local Bodies
VLT	Vacant Land Tax
VMRDA	Visakhapatnam Metropolitan Region Development Authority
VTIP	Vocational Training Improvement Project
VUDA	Visakhapatnam Urban Development Authority
WTP	Water Treatment Plant
ZGS	Zilla Grandhalaya Samstha