

PRESS BRIEF

On the Report of the Comptroller and Auditor General of India on 'General & Social Sector' pertaining to Government of Andhra Pradesh for the year ended March 2018

I About the Report

This Report contains findings of audit from a test-check of accounts and transactions of three 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.

The Report consists of three chapters. Chapter I presents the audited entity's profile, authority for audit, planning and conduct of audit and response of Departments to Audit findings. Chapter II deals with the findings of Performance Audit and Chapter III deals with Compliance Audit of various departments of the Government of Andhra Pradesh under the General and Social Sector during 2017-18.

The Report contains results of Performance Audit on *Functioning of Guntur Municipal Corporation* (Municipal Administration and Urban Development Department) and Compliance Audit of *Industrial Training Institutes* (Labour, Employment, Training and Factories Department) and six other Audit paragraphs.

Audit was conducted in conformity with Auditing Standards issued by the Comptroller and Auditor General of India.

Significant results of audit are summarised below.

II Performance Audit

2 Functioning of Guntur Municipal Corporation

Guntur Municipal Corporation (GMC) is responsible for providing civic services and infrastructure facilities in its jurisdiction covering a population of 7.43 lakh. The Corporation is empowered to levy and collect taxes to meet the expenditure on these services. The Performance Audit of GMC was conducted covering the period 2013-18. The following significant observations were made in the Performance Audit.

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 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))

Collection and Accounting of Vacant Land Tax

Vacant Land Tax of ₹2.95 crore was short levied in 275 out of 5,503 cases due to non-compliance to government orders. In addition, an amount of ₹32.77 crore as of March 2018 was pending collection.

(Paragraph 2.4.2 (a) & (b))

Short levy/collection of Building Permit Fee

There was short levy/collection of ₹4.50 crore due to incorrect computation of building permit fee and other allied charges in respect of 575 selected cases out of 11,175 Building permission cases.

(Paragraph 2.4.2.1 (a))

Encroachment of lands

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

(Paragraph 2.5.2)

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 June 2012 was delayed and remained incomplete even after a lapse of six years. As of July 2018, an amount of ₹311.33 crore was incurred. Improper planning of GMC resulted in non-achievement of objective of providing 135 'Litres per Capita per Day' of water to all residents.

(Paragraph 2.6.1 (b))

Underground Sewerage Scheme

The project 'Comprehensive Underground Sewerage Scheme in Guntur' (cost of ₹853.35 crore) was not completed as per schedule. Further, land allotment for Sewage Treatment Plants was not made as per minimum requirement. There were other discrepancies found in the preparation of DPR, payment of Mobilisation Advance, Reimbursement of Labour Cess, etc.

(Paragraph 2.6.2 (b))

Solid Waste Management

Solid waste was not segregated at source, not collected entirely and not scientifically disposed off. Infrastructure for establishment of waste to energy generation was yet to be created.

(Paragraph 2.7)

III Compliance Audit Observations

3.1 Industrial Training Institutes

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. 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' was conducted covering the period 2015-18 and revealed the following:

- The ITIs 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. As a result, 23 out of the 79 Government ITIs do not have own buildings and are functioning from other departments' buildings and rented buildings.
- The ITIs suffered from shortage of 'tools and equipment' which are essential for providing quality practical training. In seven out of eight test checked ITIs, there was huge shortage of tools and equipment worth ₹24.72 crore required for effective training.
- The ITIs should be provided with grants towards training, stipend, technical books and magazines, maintenance of tools and equipment. Against the total grant requirement of ₹4.13 crore, the State Government released only ₹27.85 lakh in eight test checked ITIs. No grant was released for maintenance of tools and equipment. Thus, the ITIs had to manage with the limited funds on these items adversely impacting the functioning of ITIs.
- The post of 'Instructor' was the key post in imparting training to the trainees. Against the requirement of 179 instructors as per norms, only 92 posts were filled in the test checked ITIs. 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.
- With a view to give the trainees' real time Industrial experience, GoI introduced National Apprenticeship Promotion Scheme to promote apprenticeship training. 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.
- Each ITI was required to setup 'Placement Cell' to help the ITI pass outs in getting placed in different industries. Placement cells in ITIs were not functioning as per the Director General Training, GoI instructions, in seven out of eight test checked ITIs. The ITIs did not maintain data and details of all the pass outs and their present status.

(Paragraph 3.1)

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.

(Paragraph 3.2)

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.

(Paragraph 3.3)

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.

(Paragraph 3.4)

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.

(Paragraph 3.5)

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.

(Paragraph 3.6)

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.

(Paragraph 3.7)