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ANDHRA PRADESH LEGISLATURE

(Ninth Legislative Assembly)

THIRTY SIXTH REPORT

OF

COMMITTEE ON PUBLIC UNDERTAKINGS

(1993-94)

ON

THE ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS OF THE COMMITTEE ON PUBLIC
UNDERTAKINGS CONTAINED IN ITS 3RD REPORT OF 6TH
LEGISLATIVE ASSEMBLY PERTAINING TO ANDHRA
PRADESH STATE POLICE HOUSING CORPORATION LIMITED

(Presented to the Legislature on 31st March 1994)

ANDHRA PRADESH LEGISLATURE (ASSEMBLY) SECRETARIAT

PUBLIC GARDENS, HYDERABAD - 500 486.

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2/10/1914



COMMITTEE ON PUBLIC UNDERTAKINGS
(1993-1994)

(Constituted on the 26th March, 1993).

CHAIRMAN:

1. Sri P. Narasimha Reddy

MEMBERS:

2. Sri P.V. Raghavulu
3. Sri P. Ravindra Reddy
4. Sri Thota Venkatachalam
5. Sri N. Venkataratnam Naidu
6. Sri P. Purushotham Rao
7. Smt. Eti Vijayalakshmi
8. Dr. G. Chinna Reddy
9. *Sri M.K. Baig
Sri G. Atchuta Kumar (w.e.f. 27.12.1993)
10. Sri N.K. Ramakrishna Reddy
11. Sri N. Ramakishan Rao
12. Sri N. Sivaramakrishna Prasad
13. Sri P. Kanaka Sundara Rao
14. Sri S. Venkateswara Rao
15. Sri Ibrahim Bin Abdullah Masquathi

LEGISLATURE SECRETARIAT:

1. Sri A.V.G. Krishnamurthy, Secretary
2. Sri A.D. Bhaskara Reddy, Deputy Secretary
3. Sri M.H. Keshava Rao, Assistant Secretary
4. Sri J.S.R. Murthy, Section Officer.

*appointed as Minister w.e.f. 8.9.1993.

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ACCOUNTANT GENERAL'S OFFICE

1. Smt. Sabita Gopal, Accountant General (Audit II)
2. Sri B. Narayana, Deputy Accountant General
3. Sri V. Balakrishna Murthy, Senior Audit Officer
4. Sri V.V. Leeladhar, Asst. Audit Officer

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INTRODUCTION

I, the Chairman of the Committee on Public Undertakings (1993-94) having been authorised by the Committee present this Report on Andhra Pradesh State Police Housing Corporation Limited.

The Committee held in one sitting to record the oral evidence. The Committee met on 28.3.1994 considered and approved the draft Report.

The Implementation Notes containing the action taken by the Government on the recommendations which have been accepted and no further action is found necessary by the Committee are appended to this Report vide Appendix-I.

The Implementation Notes containing the action taken by the Government on the recommendations which are not accepted by the Committee and are pursued are appended to this Report vide Appendix-II.

The Committee wishes to express their thanks to the Principal Secretary to Government, Home Department, the Managing Director and the Officials of the Andhra Pradesh State Police Housing Corporation Limited for the cooperation they have extended.

The Committee places on record their appreciation of the assistance rendered to the Committee by the Accountant General (Audit-II), Andhra Pradesh, the Deputy Accountant General and other Officers and staff of the Accountant General's Office and also the Secretary to Legislature, the other officers and Staff of Legislature Secretariat in the examination of the general working and audit paras relating to Andhra Pradesh Police Housing Corporation Limited and in preparation of this Report.

Hyderabad,
Dt. 28.3.1994.

P. NARASIMHA REDDY,
Chairman,
Committee on
Public Undertakings.

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APPENDIX - I

REPORT OF THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE ON PUBLIC UNDERTAKINGS
THAT HAVE BEEN ACCEPTED AND NO FURTHER ACTION FOUND NECESSARY BY THE COMMITTEE

Sl. No.	Recommendations of the Committee	Action taken by the Corporation/ Government	Further recommendations of the Committee
(1)	(2)	(3)	(4)

1. The Committee recommend that the State Government should persuade the Government of India at the appropriate level not to impose this condition and the State Government should, if necessary, guarantee to the Government of India construction of houses for 58% of the police personnel by the end of 1983-84 and thus, secure the free release of the amount of Rs. 12.23 crores earmarked for police housing.

The Government of India have not acceded to the request of the State Government to limit the barrack accommodation to 15% of the lower subordinates instead of 85% as recommended by the Finance Commission and the share the extra cost involved between Government of India and State Government. The Government of India have however stated that they will have no objection, if the State Government wanted to convert the excessive barrack accommodation into family accommodation, meeting the extra cost out of their own resources. Accordingly the State Government have decided to replace barrack accommodation for 1952 men with small tenements, meeting the

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extra cost out of the amount of Rs. 66.00 lakhs provided in the State Non-Plan Budget.

The Government of India have released the amount of Rs. 12.23 crores earmarked for Police Housing.

The Share Capital will be determined with reference to the turnover, operational level, mode of financing etc. At the present level of operation of the paid up Share Capital of Rs. 180.74 lakhs may be sufficient. But, when there is further increase in the activity of the Corporation, the balance Share Capital of Rs. 119.16 lakhs may also have to be invested by the Government to meet the working capital needs of the Corporation. The investment of balance Share Capital will have to be considered by the Government at an appropriate time in future.

As already stated, the practice of entrusting the works to architects for technical supervision has already been given up

2. As this Corporation was not intended to be a Housing Corporation, in the real sense, increase in Share Capital without actual investment by the Government was not warranted. (Para 3.1)

3. The Committee find that, with a little bit of care, this costly experiment of entrusting execution to architects could have been

avoided resulting in not only direct savings towards the fee of architects but indirect savings in the form of elimination of various irregularities having financial implications pointed out in the Audit Report. (Para 4.1).

4. The Committee desire that the Corporation must explore further methods to simplify its procedures with a view to expediting construction of houses and reducing their cost. (Para 4.2).

5. The Committee desire that the continuance of the Corporation is essential for achieving the objective of providing housing to the police personnel. However, establishment and contingent charges of the Corporation must not be permitted to exceed 7% of the total expenditure on the housing schemes. (Para 4.3).

in 1974-75. The works taken up from 1975-76 onwards are all being got done through the Engineering staff appointed by the Corporation.

Efforts are being continuously made to keep the cost of construction at the lowest level possible. The recommendation of the Committee will be kept in view and wherever possible suitable methods for simplification of procedure will be evolved.

It may not be possible to lay down a fixed limit of overhead and contingent charges at 7%. The centage charges charged by the P.W. Department in respect of the works executed by them is 16.5%. Even the Government of India is allowing agency charges at 11% to the State Government in respect of the N.H. Works entrusted. The HUDCO is permitting overhead charges of 10% while sanctioning the loans for Housing. The endeavour of the Corporation will always be to keep the establishment and overhead expenditure as

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6. The Committee are of the opinion that an investment of not less than Rs. 1.00 crore per annum for Police Housing is reasonable. (Para 4.5).

low as possible considering the prevailing circumstances. The Government in G.O.Ms. No.38, dt. 30.1.1986 have fixed 10% of the total cost of works.

In order to expedite the programme of construction of quarters for Police personnel in the State, the Government have approved two programmes of construction of 22,400 quarters during the year 1985-86 (2400) and 1986-87 (18,000) at an estimated cost of Rs. 115.84 crores. The State Government have agreed to contribute an amount of Rs. 34.75 crores towards 30% of the cost of the project as margin money contribution and the Corporation was permitted to raise loan for the balance amount of Rs. 81.09 crores from the financial institutions.

As part of above programmes the Corporation has taken up construction of 2400 quarters during the year 1985-86 at an estimated cost of Rs. 12.14 crores comprising Rs. 2.14 crores sanctioned by the Government towards margin money and Rs. 10.00 crores as loan

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from financial institutions. The construction of all these quarters was completed.

The Corporation has taken up construction of 10,000 quarters during the year 1986-87 at an estimated cost of Rs. 50 crores comprising of an amount of Rs. 14.00 crores provided by State Government as margin money and Rs. 35.45 crores as loan from financial institutions. Out of 10,000 quarters 9,345 quarters were completed and the remaining quarters are nearing completion.

Construction of another 8,000 quarters was taken up during the year 1990-91 at an estimated cost of Rs. 65.84 crores of which the Government have to provide an amount of Rs. 19.76 crores towards margin money contribution and the Corporation has to raise loans for the remaining amount of Rs. 46.08 crores. Out of 8,000 quarters 1571 quarters were completed, 4,684 quarters are under progress and tenders are called for another 1,745 quarters. The Government have so far released an amount of Rs. 9.00 crores against an amount of Rs. 19.76 crores required

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for this programme and the Corporation has mobilised Rs. 26.00 crores as loans from financial institutions.

The Corporation has also sent proposals for construction of 27,628 quarters during the period from 1993-94 to 1999-2000 to provide 80% housing satisfaction at an estimated cost of Rs. 345.35 crores seeking provision of an amount of Rs. 103.61 crores by the State Government towards margin money contribution and mobilised loans from financial institutions for the remaining amount.

Unless the provision for police housing is constantly stepped up it would be difficult to keep pace with the increased requirements for housing the personnel of the police in view of the constant increase in sanctioned strength and in view of the difficult law and order situation.

7. The Committee recommended that Government may draw up schemes so that the services of the various battalions and other police battalians are fully deployed throughout the year to look after emergency needs of law and order. However the development

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personnel who will be having sufficient leisure during normal days are secured in the execution of various housing projects for police personnel. This will give the police personnel not only a sense of involvement but also a sense of pride and satisfaction. (Para 4.6)

8. The Corporation would do well to allocate these items to the respective works without further delay and to follow the correct accounting procedure in future. (Para 4.7).

9. The Committee are unhappy about these irregularities and hope that the Corporation will ensure against their recurrence in future. (Para 4.8).

10. The Committee are of the opinion that this would have been avoided by the Corporation. (Para 4.9).

11. The Committee desire that the Corporation will see to it that such costly mistakes are not repeated in future. (Para 4.10).

12. The Committee desire that the Corporation will bear this in mind in its further activities. (Para 4.12)

of police complexes including the plantation, environmental betterment etc., are being done by the police personnel themselves depending on the availability of man power which varies from place to place.

The allocation was made in the Annual Accounts of the Corporation for the year ended 30.6.1980 as per the disposal policy laid down by Government in G.O.Ms.No.517, Home (Police-B) Department, dt. 25.9.1980.

As already stated, the irregularities pointed out were committed when the corporation was in its infancy and facing teething troubles. Every effort is being made to prevent any such irregularities.

Noted

APPENDIX - II

REPLIES OF THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE ON PUBLIC UNDERTAKINGS THAT ARE NOT ACCEPTED AND ARE PURSUED

Sl. No.	Recommendations of the Committee	Action taken by the Corporation/Government	Remarks of the Committee
(1)	(2)	(3)	(4)
1.	<p>The Committee express unequivocally their unhappiness over the inordinate delay by Government in settling its accounts with the Corporation. The Committee are unhappy that there is needless confusion and lack of clarity at the Government level as to the manner in which to settle its accounts with the Corporation. Although these issues were brought to prompt notice of Government through the Audit Report about three years ago, Government have not yet chosen to clarify its position vis-a-vis the Corporation. The Committee therefore, recommend that Government must</p>	<p>The Government have decided the procedure for settlement of accounts with the Corporation in G.O.Ms.No.517, Home (Police-B) Department, dt. 25.9.1980. As per the terms of the Government order all the loans given to the Corporation so far, are treated as "advance not bearing interest," and the quarters constructed by the Corporation are to be adjusted against the advances at actual cost of construction. In future, the funds will be released to the Corporation, as "Advances," not bearing interest and these advances are to be adjusted</p>	<p>The Committee desires to be kept informed as soon as adjustments relating to the quarters handedover in 1992-93 are completed.</p>

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not delay the matter any further and settle its account with the Corporation and also spell out its financial policy towards the Corporation so that the Corporation can function unencumbered by suspense accounts (Para 3.2).

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against transfer of completed quarters by the Corporation. Accordingly, the Corporation adjusted the value of quarters DPO's and PSB's to the extent of Rs. 111.08 crores up to 1991-92.

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2. The Committee recommend that the Government should set up research and coordination cell with a view to coordinating the activities of all these agencies in proper manner. It will be worthwhile for Government to set up a research cell for designing comfortable and at the same time, cheap and durable houses. It is also necessary for Government to set up industrial estates for the production of material required for the construction of houses. In this task the Andhra Pradesh Small Scale Industrial Development Corporation and the

To be answered by Government.

While taking serious note of the abnormal delay in taking a decision by the Government, the Committee directs the Government to take a decision on the issue with no further loss of time.

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Andhra Pradesh Foreset Development should also be involved. A Committee may be set up for this purpose as expeditiously as possible, under the aegis of the Ministry of Housing. (Para 4.11).

3. The Committee suggest that Government may review the matter and take a final decision keeping economy in view. (Para 4.13).

The Government have entrusted the maintenance of Police Quarters to the Corporation in G.O.Ms.No.503, Home (Police-B) Department, dt. 7.9.1989.

The Corporation has requested the Government to sanction some additional staff to take up the maintenance of quarters and other buildings.

The maintenance of quarters and other buildings would be taken up by the Corporation as soon as the additional staff is sanctioned by the Government.

Considering all the above aspects, the Committee feels that having been the owner of various buildings, it is the primary responsibility of the Government to see that they are maintained properly and kept tidy. For this purpose, the Government should provide adequate funds in its budget, whether the maintenance is done by P.W.D. or the Company. Since the Company does not have necessary infrastructure and since it cannot raise funds from financial institutions for this purpose, the Committee is or

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the view that only P.W.D. has to be entrusted the work of maintenance. This also solves the problem of further transfer of funds from P.W.D. to the Company and also the transfer of custodianship of the buildings to Home Department etc.

The Committee, therefore, recommends that the Government may provide funds in the Budget of P.W.D. for the maintenance purpose at the rate at which funds are provided for hospitals etc. The Committee desires to have a compliance report from the Government.

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