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ANDHRA PRADESH LEGISLATURE
(Eleventh Legislative Assembly)

Fourth Report
of
The Committee on Public Undertakings
(2000 - 2001)

on
The Paragraphs contained in the Report of
the Comptroller and Auditor General of India
for the year ended 31 March 1993

(Commercial)

on

A.P. TRAVEL AND TOURISM DEVELOPMENT
CORPORATION LIMITED

(Presented to the Legislature on 6-9-2000)

ANDHRA PRADESH LEGISLATURE (P.U.C.) SECRETARIAT
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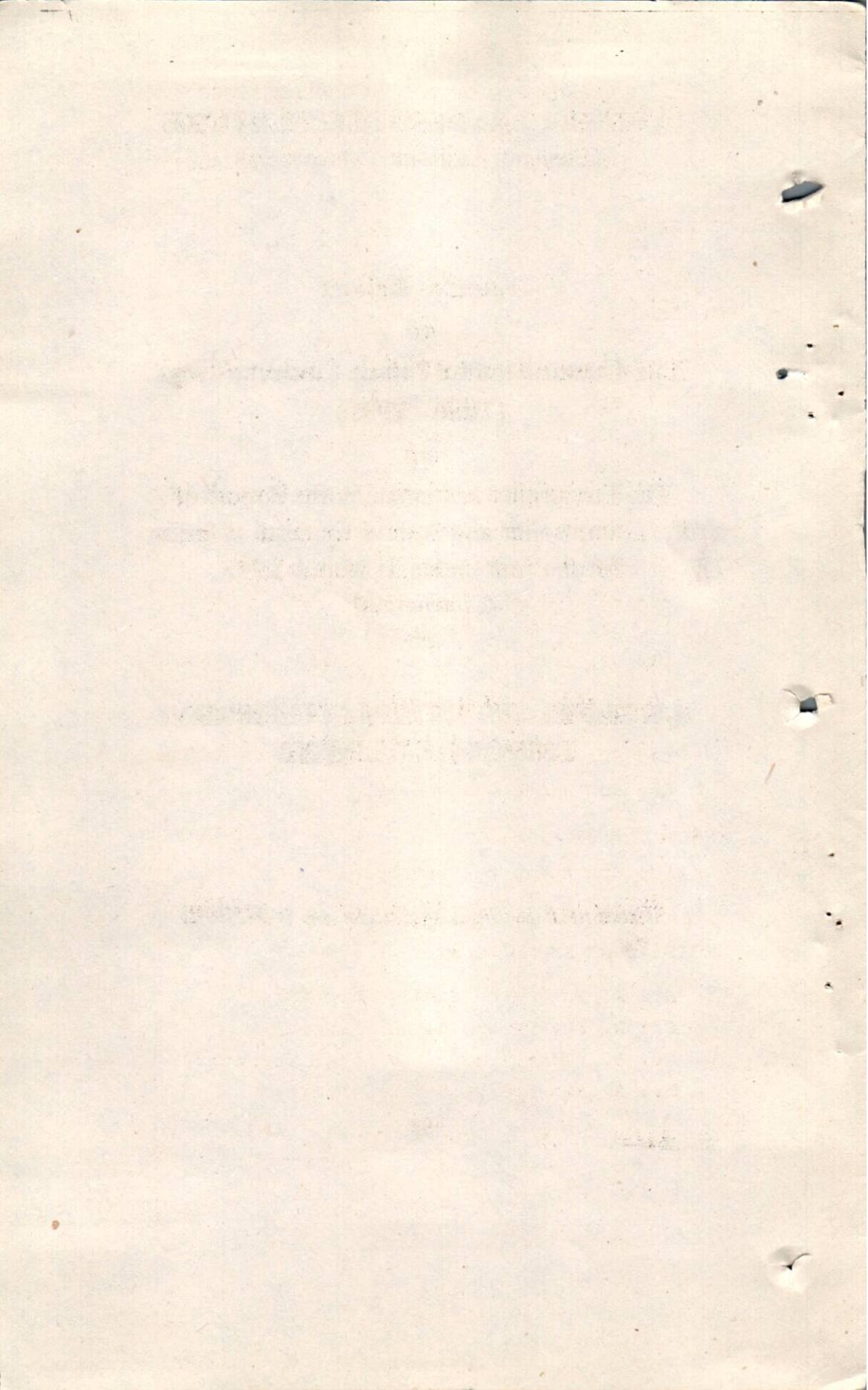
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The Paragraphs contained in the Report of
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for the year ended 31 March 1993

(Commercial)

on

**A.P. TRAVEL AND TOURISM DEVELOPMENT
CORPORATION LIMITED**

(Presented to the Legislature on 6-9-2000)



COMMITTEE ON PUBLIC UNDERTAKINGS
(2000-2001)

{Constituted on the 3rd April, 2000}

CHAIRMAN:

1. Sri A.V. Suryanarayana Raju

MEMBERS :

2. Sri Anne Babu Rao
3. Sri Balli Durga Prasad Rao
4. Sri S.A. Khaleel Basha
5. Sri P. Mahender Reddy
6. Smt. P. Ananta Lakshmi
7. Sri B. Janardhan
8. Sri R. Prakash Reddy
9. Sri Kondabala Koteswara Rao
10. Sri Kanna Lakshminarayana
11. Sri Patil Venugopala Reddy
12. Sri T. Jeevan Reddy
13. Sri M. Narsimhulu
14. Sri Kandula Nagarjuna Reddy
15. Sri Akbaruddin Owaisi

SPECIAL INVITEES :

16. Sri Reddy Satyanarayana
17. Sri M. Dharma Rao

LEGISLATURE SECRETARIAT :

18. Sri K. Tuljanand Singh, Secretary
19. Sri R. Bhaskaran, Deputy Secretary
20. Sri B. Padma Reddy, Assistant Secretary
21. Sri A. Ram Reddy, Section Officer

CONTENTS

| | Page No. |
|----------------------------|-----------|
| Introduction | vii |
| Report | 1 |
| Summary of Recommendations | 10 |

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INTRODUCTION

I, the Chairman of the Committee on Public Undertakings (2000-2001), having been authorised by the Committee to present the Report on their behalf, present this FOURTH Report on Andhra Pradesh Travel and Tourism Development Corporation Limited.

The Committee on Public Undertakings (1998-99), have examined the Report of the C & AG of India for the years ended 31 March, 1993 (Commercial), but could not present a report on the same for want of time.

The Committee (2000-2001), have considered and approved this Report at their sitting held on 29-8-2000.

A Statement showing the summary of principal recommendations/observations of the committee is appended to this Report.

A record of proceedings (*), of the sitting of the Committee which has been maintained forms part of this Report.

The Committee wishes to express their thanks to the Secretary to Government, Youth Advancement, Tourism & Culture Department, the Managing Director and other officials of the A.P. Travel and Tourism Development Corporation Limited for the Co-operation they have extended and for placing the required information and material before the Committee.

The Committee places on record their appreciation of the assistance rendered to the Committee by the Accountant General (Audit)-II, Andhra Pradesh, the Senior Deputy Accountant General (Commercial), and other officers and staff of the Accountant General's Office.

(*) One cyclostyled copy laid on the table of the House and one placed in the Legislature Library.

The Committee also places on record their appreciation of the assistance rendered to the Committee by the Secretary to State Legislature and the other officers and staff of Legislature Secretariat in the examination of the general working and audit paras relating to Andhra Pradesh Travel and Tourism Development Corporation Limited and in preparation of this Report.

Hyderabad,
Dated: 29-8-2000.

A.V. SURYANARAYANA RAJU,
Chairman,
Committee on
Public Undertakings.

REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS
PERTAINING TO THE ANDHRA PRADESH TRAVEL & TOURISM
DEVELOPMENT CORPORATION LIMITED. (ON THE REPORT OF
THE C. & AG. OF INDIA (COMMERCIAL) FOR THE YEAR
1992-93)

(a) INTRODUCTION :

1.1 The Company was originally incorporated in February, 1976 as a subsidiary of Andhra Pradesh State Road Transport Corporation (APSRTC) in the name of Travel and Tourism Development Corporation (Andhra Pradesh) Private Limited with an authorised and paid up capital of Rs.100 lakhs and Rs. 13 lakhs respectively. The Company became a wholly owned Government Company in March, 1980 with the name as Andhra Pradesh Travel and Tourism Development Corporation Limited. The main objective of the Company is to develop tourism in the state by running guest houses, hostels, cafeterias, surface and water transport etc.,

(b) ORGANISATIONAL SET UP :

2.1 The Management of the Company is vested in a Board of Directors consisting of minimum 2 and maximum of 12 directors, including persons possessing expert knowledge and active interest in Travel and Tourism. All directors are nominated by the State Government.

(c) FINANCIAL POSITION AND WORKING RESULTS :
(para no.2D.5)

FINALISATION OF ANNUAL ACCOUNTS :

3.1 Though the position of the arrears on the finalisation of accounts was brought to the notice of the Company and Government periodically there was very little progress in clearing the arrears.

3.2 The Company in its explanatory notes and oral evidence state that rapid efforts are being made to finalise the long pending accounts and to update all the statutory audit upto 1997-98 and it will be done by October 1999.

3.3 The Government in its reply (explanatory notes) stated that time and again review meetings were held with the Managing Director and General Manager (Finance) and instructions were issued to complete the accounts pending finalisation.

3.4 The committee recommends that the year wise accounts shall be updated and got audited without any further delay.

(d) IRREGULARITIES IN MAINTENANCE OF CASH RECORDS
(para No.2D.6)

TIRUPATHI UNIT :

4.1 Tirupathi unit collected cash from tourists to a tune of Rs.42.61 lakhs but remitted Rs.29.76 lakhs only leaving a balance of Rs.12.85 lakhs unremitted. The balance amount was spent without prior permission from the Head Office of the Company and the accounts and vouchers were brought to Head Office for examination. (para 2D.6.1)

4.2 The Company in its explanatory notes stated that the then Managing Director constituted a Committee to verify the accounts minutely and it was reported that the amount was spent for repairs of vehicles, purchase of fuel and towards the expenses for conducted tours.

4.3 The Company in its oral evidence stated that though it was stated that it was spent for the purchase of diesel, the details of vehicles for which the diesel was purchased etc., is not available on record. It was informed that this was not misappropriation but only an irregularity. A local special audit party will be appointed to look into the matter.

4.4 The Secretary (YA & TC) stated in his oral evidence that the whole affair will be settled within 3 months.

4.5 The Committee recommends that the whole issue has to be decided very clearly and the same shall be intimated to the Committee by immediately.

4.6 The records of Secunderabad transport unit revealed that the cash balance of Rs.6.55 lakhs as on 31.3.89 and Rs.2.79 lakhs as on 31.1.90 were not carried forwarded resulting in total non-accountal of Rs.9.34 lakhs. The Company stated that the officers were kept under suspension and a senior officer would be appointed to enquire into the matter. (para 2D.6.2)

4.7 The Company in its explanatory notes stated that out of Rs.9.34 lakhs bills were produced for Rs.7,72,000 and out of this, bills for Rs.4,69,000 were verified and found correct. The remaining bills for Rs.3.03 lakhs are yet to be verified. For the balance amount of Rs.1,62,000 (Rs.9.34-Rs.7.72), two officials were found responsible and were removed from the service and orders were issued not to release their gratuity to the tune of Rs.1,60,000.

4.8 The Company/Secretary to Government (YA & TC) in their oral evidence stated that the matter will be examined thoroughly.

4.9 The Committee recommends that the entire issue shall be examined thoroughly and a detailed report submitted to the committee at once.

(e) MISCELLANEOUS ADVANCES TO OFFICERS TO MEET UNFORESEEN EXPENSES (para No.2D.6.3)

5.1 Miscellaneous advances drawn during the period from 1976 to 1989 by 326 officers to the tune of Rs.57.75 lakhs were outstanding.

5.2 The Company in its explanatory notes stated that action is being taken to settle the advances by 30th April, 1999, as was permitted by the Board.

5.3 The Company in its oral evidence stated that the amounts outstanding as on 31-3-98 were Rs.24.06 lakhs and action is being taken to recover the entire dues by April, 1999.

5.4 The Committee desires the company to recover the entire amount early and a report shall be submitted, on the fact of recovery, at the earliest

(f) IMPLEMENTATION OF SCHEMES :

6.1 The Central Government sanctioned 42 schemes at an estimated cost of Rs.875.23 lakhs for construction/maintenance of rest houses, running of restaurants/cafeteria, holding festivals, marketing and publicity etc., during the period from 1986-87 to 1992-93 (para 2D.7)

6.2 The Company in its reply and its oral evidence stated that out of 42 schemes sanctioned, 28 schemes have already been grounded and the remaining 14 schemes have been dropped. The amounts released for the purpose have been adjusted to the new schemes with the permission of Government of India.

6.3 The Committee observed that Rs.549 lakhs worth material was purchased for the implementation of 28 schemes. The Committee desires that a detailed report on the purchase of the materials and their utilisation etc., be submitted immediately.

(g) YATRINIVAS AT SECUNDERABAD :

7.1 The actual plinth area (16334 sft) constructed was less than the sanctioned/approved plinth area of 16536 sft. The construction was delayed and cost of construction was more by Rs. 22.71 lakhs. Major deviations were also there from original plan.

7.2 Highest officer in leasing was rejected which resulted in loss of potential revenue of Rs.43.86 lakhs for the lease period of 10 years. Though the scheduled property offered for lease did not included 87 cents of open space (market value Rs.5.47 crore), its possession too was handed over to the leasee and the company lost its potential rent of Rs.3.28 lakhs for the lease period. Contrary to the agreement conditions, the company agreed to bear the Municipal Taxes of about Rs.70 lakhs for the entire agreement period. Undue waiver of lease rent to the tune of Rs.3.00 lakhs was made. A borewell was laid at a cost of Rs.1.30 lakhs by the company.

7.3 The Company in its reply and oral evidence stated that the particulars of plinth

area as sanctioned and actually constructed was informed to Government of India. The Company in its oral reply stated that the 87 cents of land should be taken back.

7.4 The Committee strongly feels that responsibility shall be fixed for the waiver of the lease rent, and for construction of the borewell at the cost of the company, a detailed report on the leasing out of 87 cents without any condition in the agreement and consequential loss in this regard together with action taken or proposed to be taken to make good the loss shall be submitted to the committee at once.

(h) MOTEL COMPLEX AT NAGARJUNASAGAR :

8.1 The construction of the motel was completed in June, 1992 and leased out in August 1992 without entering into an agreement. The constructor carried out certain additional constructions. The company could not regularise them in the absence of agreement. Five more shops were not let out as there was no electricity. (Para 2D.7.2)

8.2 The Company in its explanatory notes stated that an agreement was entered into during November, 1994. The entire issue is with the vigilance department. Regarding the letting out of shop, the matter is dealt at the Government level.

8.3 The Government in its reply stated that the matter is with the vigilance department.

8.4 The company in its oral evidence stated that the entire construction was done as per the approved plan.

8.5 The Committee desires to know as to whether the shops were leased out, if so from which date and to have the report of the vigilance commission on the leasing of the motel complex. The committee recommends that the contracts, in future, shall be given to contractors who have got good reputation in executing such contracts.

(i) CONSTRUCTION OF WAYSIDE FACILITIES WITH ACCOMMODATION AT LEPAKSHI, HINDUPUR :

9.1 A complex with 5 cottages and one restaurant was constructed in December 1991 at Lepakshi with a cost of Rs.22.56 lakhs. Still the complex is vacant without any occupation. (Para 2D.7.3)

9.2 The Company in its explanatory notes stated that though tenders were invited for 5 times, no one is coming forward to take on lease.

9.3 The company in its oral evidence stated that a watchman has been appointed to protect the property and efforts are on to lease out the accommodation.

9.4 The Committee recommends that all efforts should be made to lease out the accommodation early. In future, without survey and demand, the company should not go ahead for such type of constructions at any place.

(j) RISHIKONDA BEACH RESORT :

10.1 32 rooms were constructed at this beach resort at a total cost of Rs.106.52 lakhs. Out of them, 12 rooms have come into operation. The State Government constituted a high level committee headed by the Chief Secretary for inviting professional public and private Hotel groups for management and operation of the complex (para 2D.7.4)

10.2 The company in its reply stated that the Government in proposing to privatise this entire aspect.

10.3 The Company in its oral evidence stated that the company in planning to create good environment for better occupancy and details will be submitted separately.

10.4 The committee felt that the company/ Government should attend the meetings with full details on all the issues which come up for discussion during the meeting. Then only a meaningful discussion can be done. A detailed reply shall be submitted to the committee immediately.

(k) GUEST HOUSE AT HORSELEY HILLS :
(para No.2D. 8.3)

11.1 The company in maintaining a guest house with catering facilities at Horseley Hills. Lack of Publicity is one of the reasons for poor occupancy of the Guest House (para No.2D. 8.3)

11.2 The company in its reply stated that this area is identified as special tourism area and action in being taken.

11.3 The Government in its reply stated that it has been decided that the guest houses are to be handed over to Tourism Department for proper development.

11.4 The committee unanimously recommends that apart from recreational facilities, other allied activities shall also be made available at all the Tourist places for their all round development and to improve the occupancy etc.,

(1) SURFACE TRANSPORT :

PERFORMANCE OF THE TRANSPORT WING :

12.1 The wing in sustaining losses continuously. The main reasons further continuous losses were low occupancy, under - utilisation of vehicles, heavy administrative costs heavy expenditure on repairs and maintenance due to old age of vehicles etc (para 2D. 9.1)

12.2 The company in its explanatory notes and oral evidence stated that at present the company in having only 14 buses out of which 7 are unserviceable. Total staff at present on rolls are 64. The company in planning to train some people and the remaining employees will be sent on V.R.S.

12.3 The committee advises to take legal opinion before taking any action in respects of the staff to avoid un-necessary legal complications in future. Final outcome of privatisation of surface transport sector may be intimated to the committee.

(m) UNDUE DELAY IN GETTING THE VEHICLES REPAIRED :

13.1 4 vehicles were given for repairs, all the vehicles were with private worksnops. Log books were not maintained for the vehicles. (para 2D.9.3)

13.2 The company in its explanatory notes stated that all the vehicles were taken back after paying the dues to the workshops.

13.3 The committee recommends that proper log books shall be maintained for all the vehicles and responsibility be fixed for the abnormal delay in getting back the vehicles, after their repair.

(n) DEVELOPMENT OF BHAVANI ISLAND AT VIJAYAWADA:

14.1 For the development of this project, State Government released Rs.102 lakhs as share capital, and the company spent Rs.8.67 lakhs as consultancy, Rs.0.90 lakh on other consultancy from a Calcutta firm. Rs.15.20 lakhs were spent for the development of Berm Park. Only 5 acres (some area was under illegal occupation by outsiders) were given for this purpose by Vijayawada Municipality against proposed 10.54 acres and only 4 acres were developed (para 2D.10.3)

14.2 The company in its reply stated that the Government of Andhra Pradesh has appointed World Tourism Organisation as consultants for Tourism development in Andhra Pradesh and their report is awaited.

14.3 The company in its oral evidence stated that the total land is 133 acres, five acres fall in Vijayawada and remaining in Guntur. Out of this, 6 acres are under illegal occupation. The Report on this is received and action is to be taken for the development.

14.4 The committee recommends to take action to get back the land which is under illegal occupation immediately and desires to have the report submitted by the consultants and the action taken thereon.

14.5 The job of manufacturing and erection of Floating Water Sports Deck was entrusted by the

company to a firm of Hyderabad in April 1988 for a firm price of Rs.37.40 lakhs revised to Rs.37.60 lakhs plus taxes. 2% income tax has to be deducted at source before paying amounts to the firm. The company paid Rs.34.75 lakhs to the firm and deducted only Rs.0.38 lakhs towards income tax as against Rs.0.70 lakh required to be deducted. (para 2D. 10.3(b))

The Deck is still lying with the supplier.

14.6 The company in its reply stated that Rs.40.00 lakhs was paid to the contractor basing on the consultants certificate. The contractor has not commissioned the work so far. Civil and criminal cases have been filed in the court for the recovery of the amount.

14.7 The company in its oral evidence stated that a vigilance case is going on. The person who received the amount has died and suitable action will be taken against the heirs.

14.8 The committee recommends that responsibility shall be fixed on the officials concerned, for not deducting income tax from the payments made to be contractor.

The Company shall take the advice of the Government advocate for getting the amount back report of the vigilance case shall be pursued and get the report within 3 months. Action taken or proposed to be taken on the vigilance report should be intimated to the committee for further scrutiny.

SUMMARY OF RECOMMENDATIONS

1. The Committee recommends that the year wise accounts shall be updated and got audited without any further delay.

(Paragraph No.3.4)

2. The Committee recommends that the whole issue has to be decided very clearly and the same shall be intimated to the committee immediately.

(Paragraph No.4.5)

3. The committee recommends that the entire issue shall be examined thoroughly and a detailed report submitted to the committee at once.

(Paragraph No.4.9)

4. The committee desire the company to recover the entire amount early and a report shall be submitted, on the fact of recovery at the earliest

(Paragraph No.5.4)

5. The Committee observed that Rs.549 lakhs worth material was purchased for the implementation of 28 schemes. The Committee desires that a detailed report on the purchase of the materials and their utilisation etc., be submitted immediately.

(Paragraph No.6.3)

6. The Committee strongly feels that responsibility shall be fixed for the waiver of the lease rent, and for construction of the borewell at the cost of the company, a detailed report on the leasing out of 87 cents without any condition in the agreement and consequential lose in this regard together with action taken or proposed to be taken to make good the loss shall be submitted to the committee at once.

(Paragraph No.7.4)

7. The Committee desires to know as to whether the shops were leased out, if so from which date and to have the report of the vigilance commission of the leasing of the motel complex. The committee recommends that the contracts, in future, shall be given to contractors who have got good reputation in executing such contracts.

(Paragraph No.8.5)

8. The Committee recommends that all efforts should be made to lease out the accommodation early. In future, without survey and demand, the company should not go ahead for such type of constructions at any place.

(Paragraph No.9.4)

9. The Committee felt that the company/Government should attend the meetings with full details on all the issues which come up for discussion during the meetings. Then only a meaningful discussion can be done. A detailed reply shall be submitted to the committee immediately.

(Paragraph No.10.4)

10. The Committee unanimously recommends that apart from recreational facilities, other allied activities shall also be made available at all the Tourist places for their all round development and to improve the occupancy etc.,

(Paragraph No.11.4)

11. The Committee advises to take legal opinion before taking any action in respects of the staff to avoid unnecessary legal complications in future. Final outcome of privatisation of surface transport sector may be intimated to the committee.

(Paragraph No.12.3)

12. The Committee recommends that proper log books shall be maintained for all the vehicles and responsibility be fixed for the abnormal delay in getting back the vehicles, after their repair.

(Paragraph No.13.3)

13. The Committee recommends to take action to get back the land which is under illegal occupation immediately and desires to have the report submitted by the consultants and the action taken thereon.

(Paragraph No.14.4)

15. The Committee recommends that responsibility shall be fixed on the officials concerned, for not deducting income tax from the payments made to the contractor.

The Company shall take the advice of the Government advocate for getting the amount back report of the vigilance case shall be pursued and get the report within 3 months. Action taken or proposed to be taken on the vigilance report should be intimated to the committee for further scrutiny.

(Paragraph No.14.8)