

Chapter - III

Compliance Audit

Irrigation and Command Area Development Department

3.1 Implementation of Accelerated Irrigation Benefits Programme

3.1.1 Introduction

Government of India (GoI) launched (1996-97) Accelerated Irrigation Benefits Programme (AIBP) to fund irrigation projects of the State Governments. The programme provided Central Assistance (CA) to irrigation projects. The Ministry of Water Resources, River Development and Ganga Rejuvenation (MoWR, RD&GR) in GoI was responsible for laying down policy guidelines. The State Government in Irrigation and Command Area Development (I&CAD) Department implemented the irrigation projects under AIBP. Audit reviewed (May to September 2017) the implementation of the following four (three major and one medium) irrigation projects under AIBP.

Table 3.1: Details of sampled projects included under AIBP

Project	Details of the sampled project
J Chokka Rao Devadula Lift Irrigation Scheme (JCRDLIS)	This is a major lift irrigation scheme. The Scheme was to provide irrigation facilities to 6.46 lakh acres. It envisaged lifting of 38.16 Thousand Million Cubic Feet (TMC) of water from River Godavari. The project consisted of three phases viz., Phase I, Phase II and Phase III. GoI included this project under AIBP in 2006-07 with an approved cost of ₹9,427.73 crore. The expenditure incurred so far was ₹8,547.81 crore as against present administrative approval cost of ₹13,445.44 crore.
Sriram Sagar Project Stage II (SRSP II)	This major irrigation project was an extension of an existing Project, viz., Sriramsgar Project (SRSP). The project envisaged extension of Kakatiya Main Canal of SRSP. It was to provide irrigation facilities to 4.40 lakh acres. The project was started in October 2000. GoI included this project under AIBP in 2005-06 with an approved cost of ₹1,043.14 crore. The expenditure incurred so far was ₹1,158.95 crore as against present administrative approval cost of ₹1,220.41 crore.
Indiramma Flood Flow Canal (IFFC)	This major irrigation project envisages diversion of flood water of Godavari River from the foreshore of SRSP dam. It was to provide irrigation facilities to 2.51 lakh acres. GoI included this project under AIBP in the year 2005-06 with an approved cost of ₹1,331.30 crore. The expenditure incurred so far was ₹4,711.01 crore as against present administrative approval cost of ₹5,940.09 crore.
Palemvagu Project (PVP)	This is a medium Irrigation project. It was to provide irrigation facilities to 10,132 acres of backward and interior tribal areas. GoI included this project under AIBP in 2005-06 with an approved cost of ₹29.13 crore. The expenditure incurred so far was ₹206.78 crore as against present administrative approval cost of ₹221.48 crore.

All the above projects were to be completed in two years after inclusion under AIBP. None of the projects had completed so far (March 2017).

Audit Findings

3.1.2 Receipt of Central Assistance

Central Assistance (CA) from GoI was important for completion of projects included under AIBP. As per AIBP Guidelines 2006, GoI was to support 25 per cent as CA. State Government was to fund the remaining 75 per cent. The GoI released CA in two instalments in a year. The first instalment was 90 per cent. The balance was to be released after incurring 70 per cent of the agreed expenditure. Subsequent releases were based on confirmation of previous expenditure. The details of approved project cost, CA eligible, CA received and CA utilised on the sampled projects as of March 2017 are shown in **Table 3.2**:

Table 3.2: CA eligible, CA received and CA utilised

(₹in crore)

Sl. No.	Project	Year of inclusion under AIBP	Approved Project cost under AIBP	Central Assistance			Present status
				Eligible	Received (March 2017)	Utilised (March 2017)	
1	JCRDLIS	2006-07	9,427.73	2,283.73	1,787.69	1,317.09	In progress
2	SRSP-II	2005-06	1,043.14	187.83	156.49	156.49	In progress
3	IFFC	2005-06	1,331.30	382.40	382.40	382.40	In progress
4	PVP	2005-06	29.13	9.54	9.54	9.54	In progress
	Total		11,831.30	2,863.50	2,336.12	1,865.52	

(Source: Information furnished by I&CAD Department, Government of Telangana)

As can be seen from above, two of the projects¹ did not receive (March 2017) full CA, the shortfall being ₹527.38 crore. The delay in receipt of CA eligible was due to slow progress in incurring expenditure and utilisation of CA. In JCRDLIS, which received majority of the CA, the Department could utilise ₹1,317.09 crore (74 per cent) out of ₹1,787.69 crore received as of March 2017. In respect of SRSP II, CA released up to 2009-10 was utilised up to 2016-17.

The Government stated (January 2018) that the main reasons for slow progress were delay in land acquisition, inter-departmental issues and unforeseeable ground conditions for underground excavations.

¹ JCRDLIS: ₹496.04 crore and SRSP Stage II: ₹31.34 crore

Thus, in respect of JCRDLIS and SRSP-II, the objective of achieving early irrigation benefits by completing projects with central assistance under AIBP within two years was not achieved even after ten years.

3.1.3 Project Planning

3.1.3.1 Assessment of water availability

(i) J Chokka Rao Devadula Lift Irrigation Scheme (JCRDLIS): As per the Detailed Project Report (DPR), JCRDLIS was to provide irrigation facilities to 6.46 lakh acres by lifting water at the proposed intake point for 170 days in a year.

Audit noted that water at the intake point could be lifted for only 130 days instead of 170 days as planned. This was due to the fact that the Department did not assess water availability at the proposed intake point. The Department assessed water availability in river Godavari at Perur village, which was at a distance of 13 kilometres from the intake point. This ultimately led to lack of sufficient water availability at the intake point.

Government accepted (January 2018) that the water could not be lifted for 40 days out of 170 days planned. The Government further stated that construction of a barrage (cost: ₹2121 crore) at another place, viz., Thupakulagudem would give a solution to water availability at the intake point for JCRDLIS Project.

The reply confirmed that JCRDLIS did not have sufficient water availability. As a result, construction of a barrage had to be taken up with extra financial burden without any additional irrigation facilities.

(ii) Sriramsagar Project Stage II (SRSP II): Sriramsagar Project (SRSP) had two stages viz., Stage I and Stage II. The water requirement for Stage I and II was 163.69 Thousand Million Cubic Feet (TMC). The estimated availability of water for both SRSP I and SRSP II was 180.19 TMC from three reservoirs. They were SRSP (146.35 TMC), Kadam (23.41 TMC) and Lower Manair Dam (LMD) (10.43 TMC) reservoirs.

Audit observed the following:

- LMD reservoir did not have own catchment area since 1990. Hence, LMD reservoir could not serve water of 10.43 TMC to the project as envisaged.
- The Department abandoned (2002) the area to be served by Kadam reservoir due to problems in acquisition of forest land. As such, 23.41 TMC of water proposed from Kadam reservoir, was not available for the Project.

Thus, SRSP reservoir (146.35 TMC) remained the sole source of water. As a result, there was a shortfall of 17.34 TMC² in water availability.

The Government replied (January 2018) that the deficit water in SRSP II was supplemented through another new lift irrigation scheme viz., Baktha Ramdas Lift Irrigation Scheme (BRLIS), constructed with a cost of ₹121.69 crore (March 2017). It further stated that the deficiency of water for SRSP II would also be made up from the ongoing Kaleshwaram Project.

The reply confirmed that the Department had to take up a new lift irrigation scheme with an additional cost of ₹121.69 crore. This was done to compensate for shortfall in water availability in SRSP II.

Thus, improper assessment of water availability led to additional schemes / constructions with financial burden in JCRDLIS and SRSP II Projects. This led to delay in achieving irrigation benefits in projects included under AIBP.

3.1.3.2 Assessment of Irrigation Potential

Public Works Department code prescribed that area to be served under an irrigation project should be fixed definitely during planning stage. However, the Department entrusted execution of works without fixing the irrigation potential definitely as prescribed in the PWD code. Audit noted instances of reduction in the targeted area to which irrigation facilities were to be provided as shown below:

- In JCRDLIS project, 21,004 acres was reduced as the area was also covered under another project, viz., IFFC.
- In SRSP-II project, 42,051 acres was reduced as the area was already covered another project viz., Nagarjuna Sagar Left Canal Project and also under river Musi.
- In IFFC Project, 20,000 acres was reduced due to deletion of a reservoir³ due to objection from villagers.

Government replied (January 2018) the following:

- (i) In respect of JCRDLIS, 21,004 acres was not a reduction but was only an exchange of area with IFFC.

The reply was not acceptable as the Government did not furnish any details of area, which was included in JCRDLIS as a result of such exchange with IFFC. Further, the Department itself informed (July 2017) Audit that there was reduction in the area.

² Difference between water requirement of 163.69 TMC for SRSP Project and water availability in SRSP reservoir 146.35 TMC

³ Name of the reservoir: Combined Reservoir, which was to serve 32,000 acres. However, the Department adjusted 12,000 acres under another reservoir viz., Mid Manair reservoir. Net reduction was 20,000 acres.

- (ii) In SRSP II, new area was to be identified in place of area already covered in other projects.

This confirmed the reduction in the targeted area.

These reductions led to reduced irrigation benefits to a tune of 83,055 acres (6.36 per cent) out of targeted area of 13,05,753 acres⁴ in three projects included under AIBP.

3.1.3.3 Planning for reservoirs - Resettlement and Rehabilitation (R&R)

The progress of construction of reservoir and other components in irrigation projects was dependent on land acquisition and Resettlement and Rehabilitation (R & R). The process of R&R involved were (i) identification and declaration of affected zone, (ii) conducting Socio Economic Survey, (iii) identification and declaration of resettlement zone, (iv) acquisition of land for resettlement, (v) creation of basic amenities at resettlement zone and (vi) shifting of families to R&R centres.

Audit noted that the Department entrusted execution of works prior to completion of R&R. The Department entrusted (September 2008) the work of “Thotapally Balancing Reservoir” (TBR) of IFFC project to a contracting agency⁵ at a contract value of ₹131.68 crore. IFFC project was to serve 1.69 lakh acres downstream of the TBR. Audit noted that the Department did not ensure that the R&R activities were completed before entrustment of execution of Thotapally reservoir work.

Thus, the contracting agency stopped (December 2013) the work after executing the work to a tune of ₹1.24 crore due to non-completion of R&R activities. Subsequently, the Government instructed (January 2016) to delete TBR itself from the Project. It proposed to increase the storage capacity of another reservoir (Gouravelly) in place of Thotapally reservoir.

The Government replied (January 2018) that the project would become uneconomical due to increased cost of R&R after new Land Acquisition (LA) Act came into force. Hence, Thotapally reservoir was deleted.

The reply was not acceptable as the new LA Act came into existence in 2013, whereas the TBR was taken up in September 2008 itself.

As a result, the Department could not provide irrigation facilities to 1.69 lakh acres downstream of TBR in IFFC project. Further, the expenditure of ₹1.24 crore incurred on TBR remained wasteful.

⁴ JCRDLIS: 6,14,500 acres; SRSP-II: 4,40,000 acres and IFFC:2,51,253 acres

⁵ M/s Variegate Projects Private Limited and G Venkata Reddy & Co (JV) (agency)

3.1.4 Project Execution

Audit noted that cost of the project had increased in respect of two projects as discussed below:

(i) J Chokka Rao Devadula Lift Irrigation Scheme: The alignment of a tunnel in Package-II under Phase-III of the project, costing ₹531.71 crore, was proposed along an ancient thirteenth century temple⁶. During the execution of the work, the local people objected to the blasting for the tunnel, due to a fear that it could endanger the temple.

The Department referred the matter for technical opinion of National Geophysical Research Institute (NGRI), which recommended shifting the alignment of the tunnel. Based on these recommendations, the State Level Standing Committee (SLSC) suggested (September 2014) an alternative tunnel alignment. The alternative tunnel was expected to lead to additional expenditure of ₹44.64 crore.

Instead of taking up alternative tunnel as proposed by SLSC, the Government decided (March 2015) for laying pipeline at a revised cost of ₹1,101.17 crore⁷. This resulted in avoidable commitment of ₹524.82 crore⁸. The work was in progress. Laying of pipeline to an extent of 19.850 kilometres had completed (January 2018) out of 75.900 kilometres. The expenditure incurred was ₹214.21 crore.

However, reasons for not adopting alternative alignment for tunnel as recommended by SLSC were not furnished.

The Government replied that the original DPR envisaged a pressure main pipeline, which was later changed to tunnel to reduce the cost.

However, the Government did not furnish any reasons for not taking up alternative alignment for tunnel as suggested by SLSC.

(ii) Sriramsagar Stage II Project: One of the components in the work on earth excavation & embankment of a branch canal (DBM-71 from KM 0.000 to KM 1.000) included construction of Standing Wave Flume⁹ (SWF). The estimated cost of SWFs was ₹17.16 lakh. The Department entrusted (May 2004) the work to an agency for completion by May 2005. Chief Engineer, Central Designs Organisation, communicated approval for drawings of SWF in July 2005, i.e., after completion of agreement period. The agency shifted its men and machinery due to delay in receipt of drawings.

⁶ Ramappa temple under the control of Archaeological Survey of India

⁷ After deducting the cost of excavation of tunnel already executed (₹53 crore)

⁸ Revised cost with pipeline {₹1101.17 crore – (original cost with tunnel (₹531.708 crore) + additional cost towards alternative tunnel (₹44.64 crore)}

⁹ Structures used for calculation and calibration of water discharge in the distributary

Audit observed that the Department did not re-entrust the work to another agency after the original contractor shifted his men and machinery. The Chief Engineer of the Project instructed (January 2008) to delete the SWF from the scope of the work after a lapse of two and half years. This deletion was done as construction of SWF was not required in view of the urgency to let out water in distributary system in the next season.

The Department terminated the contract (May 2012). Subsequently, the Chief Engineer issued (February 2013) instructions to take up construction of SWF for calculation and calibration of water discharge in the distributary. Construction of SWF was completed (September 2014) at a cost of ₹1.46 crore.

Thus, delays in approval of designs in time, coupled with delays in deviation and re-entrustment resulted in cost escalation of ₹1.29 crore.

3.1.5 Contract Management

Audit found deviations from agreements in implementation of projects which led to excess payments of ₹10.57 crore as discussed in the following paragraphs.

3.1.5.1 Price variation

The agreement (March 2005) on Palemvagu Project provided for escalation of prices on the actual quantity used in the work, if the price increased by more than five *per cent* over the prevailing market rates / base rate. The escalation up to five *per cent* was to be absorbed by the agency. Audit observed that in the cases of increase in prices of more than five *per cent*, the Department allowed price escalation for the increase from zero to five *per cent* also, which was to be absorbed by the agency. This resulted in excess payment of ₹4.20 crore.

The Government replied (January 2018) that the payments would be reviewed and adjusted.

The excess payment on price escalation needs to be recovered apart from reviewing the reasons for such excess payment and fixing the responsibility.

3.1.5.2 Short recovery of seigniorage charges

As per agreement conditions for Palemvagu Project, seigniorage charges¹⁰ were to be recovered on use of earth by the contractor on the work. The recoveries were to be made from the running account bills of the contractors at rates as prescribed in the agreement.

The contractor executed bund work utilising quantity of 7,86,545 cubic metres (cum) of earth for additional spillway work and was paid (March 2017) an

¹⁰ Royalty on minor minerals (metal, earth, sand)

amount of ₹11.64 crore. However, seigniorage charges were recovered for a quantity of 25,888 cum only, resulting in short recovery of ₹1.67 crore¹¹ and undue benefit to the contractor.

The Government replied (January 2018) that the earth deposited on downstream due to breach was re-used for embankment. Hence, seigniorage charges need not be recovered.

The reply was not acceptable for the following reasons:

- The rates mentioned in estimates were inclusive of seigniorage charges.
- The agreement also stipulated that seigniorage charges would be recovered based on the theoretical requirement at rates prescribed.

3.1.5.3 Non-recovery of mobilization advance

Contractors were eligible for mobilization advance which was recoverable from the running account bills. On Mid Manair Reservoir work of IFFC, the contractor was paid (March 2006) mobilization advance of ₹16.97 crore (5 per cent of the contract value). The scope of work was reduced (November 2010) by ₹255.95 crore due to entrustment of certain portion to other agencies. An amount of ₹12.55 crore, was recovered (April 2010) out of the mobilization of ₹16.97 crore. The balance of ₹4.42 crore was not recovered though more than seven years had elapsed.

The Government replied (January 2018) that the agency did not submit any bills after that and hence the mobilisation was not recovered. However, the Department was having deposits / retention money of the agency.

The reply was not acceptable as the Government did not furnish any reasons for not recovering the balance of mobilisation advance from the deposits / retention money of the agency, so far.

3.1.5.4 Short-recovery towards Survey & Investigation not done in respect of field channels

In Package-53 of SRSP-II, the Department noticed (November 2012) that the contractor was paid an amount of ₹1.36 crore towards investigation, designs of minors, sub-minors and structures of field channels. However, the agency did not actually submit the field channel investigation and survey reports. The Department assessed the excess payment as ₹90.54 lakh towards investigation and survey of field channels. Out of this, an amount of ₹62.20 lakh was recovered (March 2013), leaving a balance of ₹28.34 lakh to be recovered.

¹¹ 760657 cum at ₹22 per cum

Audit observed the following:

- There was no information on record as to how excess payments were made to the agency without actual completion of investigation and survey work. The payments were made even before submission of relevant reports and no action was taken on the erring officers.
- There was no information on record to show recovery of the balance ₹28.34 lakh from the firm.

The Government replied (January 2018) that the recovery of balance amount could not be made as the agency did not carry out the work since then. The Government assured that the amount would be recovered in future bills or from deposit amounts available with the Department.

The reply confirmed the fact that payments were made even before actual execution. However, the reply of the Government was silent on the action taken against the officials responsible for payments before actual execution of work. The reply was also silent on the reasons for non-adjustment of ₹28.34 lakh from out of the deposits of ₹1.88 crore available with the Department since March 2013.

3.1.6 Project completion – Target and achievement

The objective of inclusion of irrigation projects under AIBP was to complete the projects and to reap economic benefits early.

The details of irrigation facilities to be created, actually created so far and their utilisation are shown in **Table 3.3**:

Table 3.3: Details of irrigation potential contemplated, created and utilised in the sample projects

Sl. No	Project	Irrigation facilities to be created in acres	Irrigation facilities created in acres (March 2017)	Irrigation facilities created as per cent of target	Utilisation in acres (per cent)	Total expenditure on the project (₹ in crore)
1	JCRDLIS	6,14,500	2,48,320	40	45,682 (18)	8547.81
2	SRSP - II	4,40,000	3,24,538	74	0 (0)	1158.95
3	IFFC	2,31,253	0	0	0 (0)	4711.01
4	PVP	10,132	4,999	49	4,999 (100)	206.78
	Total	12,95,885	5,77,857	45	50,681 (9)	14624.55

(Source: Information furnished by I & CAD Department)

Audit observed the following:

- The objective of completion of these AIBP projects in two years and reaping irrigation benefits early could not be achieved. None of the

sampled projects, included (2005-06 and 2006-07) under AIBP, were completed even after more than a decade.

- IFFC, included under AIBP in 2005-06, received entire CA by 2008-09. The expenditure incurred on the project was ₹4711.01 crore (March 2017). This project did not provide any irrigation facilities so far (March 2017). This was due to failure in completion of required reservoirs.
- Utilisation of irrigation facilities created was also low in respect of JCRDLIS and SRSP II due to shortfall in availability of water.
- The targeted area was also reduced as discussed in the earlier paragraphs.

3.1.7 Conclusion

The main objective of inclusion of irrigation projects under AIBP was to complete the projects early viz., in two years. However, the sampled projects remained incomplete even after lapse of more than a decade. Additional items of works had to be taken up due to shortage of availability of water, which increased financial burden. Changes in the scope of the work increased the cost of the project. Creation of irrigation facilities ranged from zero to 74 *per cent* in the sampled projects. Creation of irrigation facilities was nil in respect of IFFC. Utilisation was also less with only 18 *per cent* in JCRDLIS and zero *per cent* in SRSP II due to shortage of availability of water.

3.2 Restoration of minor irrigation tanks under Mission Kakatiya

3.2.1 Introduction

Minor Irrigation (MI) tanks had become defunct or shrunk due to silting and improper maintenance over the years. The Government took up (September 2014) 'Mission Kakatiya'¹² (Mission) to restore all MI tanks (46,531) in the State in phased manner in a span of five years i.e., 20 *per cent* per year. The Mission was to bring back 10 lakh acres of Gap ayacut¹³ under tank irrigation.

The objectives of the Mission were to:

- (i) develop of minor irrigation infrastructure and
- (ii) strengthen community based irrigation management and adopt a comprehensive programme for restoration of tanks.

The components of the Mission were de-silting, repair works, restoration of feeder channels, re-sectioning¹⁴ of irrigation channels etc. Irrigation and Command Area Development Department took up three phases as of August 2017.

Audit reviewed implementation of Mission Kakatiya from launch of the Mission to March 2017. Audit test checked works of 145 tanks costing ₹ 96.40 crore in 15 sampled divisions (*Appendix 3.1*).

Audit Findings

3.2.2 Convergence with other programmes

The objective of Mission Kakatiya was to strengthen community based irrigation management. One of the main components to be taken up under Mission Kakatiya was removal of silt / De-silting of tanks. Government orders (March 2015) directed the Panchayat Raj and Rural Development Department to converge activities under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and District Water Management Agency with Mission Kakatiya.

However, it was observed that there was no convergence between the two programmes. Technical sanctions of sampled tanks revealed that excavation works were proposed through machinery under Mission Kakatiya. The Government did not furnish any reply in this regard.

¹² The name 'Mission Kakatiya' was given to programme in remembrance and tribute to the Kakatiya rulers, who developed large number of irrigation tanks

¹³ Ayacut is the local term for command area. Gap Ayacut is the difference between the ayacut that can be irrigated and the ayacut actually under irrigation.

¹⁴ Siltation changes the shape of the bund and the canals. Re-sectioning brings the channel back to original shape through de-silting etc.

3.2.3 Progress of works

Mission Kakatiya aimed to cover all 46,531 tanks in the State in five years in five phases i.e, 20 per cent per year. Three phases were taken up as of August 2017. The details of tanks proposed to be taken up, actually taken up and shortfall in Phases I, II and III is shown in **Table 3.4**.

Table 3.4: Number of tanks to be taken up as per target, actually proposed and taken up and completed as of September 2017

Phase	20 per cent tanks to be taken up in each phase	Proposed to be taken up	Administrative approval	Technical Sanction	Actually taken up	Actually completed (per cent)	Shortfall in taking up (per cent)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (2) - (6)
Phase I	9,306	8,165	8,081	8,065	8,040 (86)	6,747 (84)	1,266(13)
Phase II	9,306	9,113	9,164	8,557	8,315 (89)	1,154 (14)	991 (11)
Phase III ¹⁵	9,306	4,392	5,727	2,857	2,311 (25)	0 (0)	6,995 (75)
Total	27,918	21,670	22,972	19,479	18,666 (67)	7,901 (28)	9,252 (33)

(Source: Information furnished by I&CAD Department and official website for Mission Kakatiya)

- Chief Engineer (Minor Irrigation) instructed (31 December 2014) to restore 9,363 tanks in 2014-15 (Phase I), i.e, within three months. The target of covering 20 per cent of tanks within three months swas unrealistic as the entire gamut of processes from administrative approval to execution was to be completed within three months time. The delay in completion of Phase I works ranged from 20 to 549 days in respect of 69 (66 per cent) out of 104 works test checked.
- As can be seen from above, only 14 per cent of works taken up under Phase II got completed.
- In Phase III, only 25 per cent of the targeted tanks were taken up and none of the tanks got completed as of September 2017.
- In all the three phases put together, the Department could complete only 28 per cent of the tanks targeted.

The Government replied (November 2017) that 9,099 works were taken up under Phase II. It stated that 6,300 tanks were taken up in Phase III due to heavy rains in September 2016 and almost 40,000 tanks were filled with water. Hence the Department could not take up targeted tanks.

The reply was not acceptable as the Department did not furnish any details in support of the claim of taking up of 6,300 tanks in Phase III (2016-17).

¹⁵ Phase-III works were not started in test-checked divisions as of March 2017

Further, the Department could have planned to take up and complete the works before rainy season.

3.2.4 Removal of silt

Removal of silt or Desilting was an important component of Mission Kakatiya. Removed silt from tank bed could be used as nutrient / fertilizer in farm lands to enhance yield and reduce use of fertilizers. Silt to be removed was to be estimated through preliminary investigations; recording of levels to assess quantum of silt. The farmers were to transport silt to their farms at own cost, if the silt was found to be suitable for agriculture. Removed silt was to be disposed off at the cost of the Department, if the silt was not suitable for agriculture or farmers were not interested to transport the silt to their farms.

(i) Assessment of silt to be removed: There was no evidence on record to show that the field offices had conducted preliminary investigations to assess the quantum of silt to be removed.

The Government replied (November 2017) that the quantity was assessed out of the experiences of Assistant Executive Engineer/Assistant Engineer (AEE/AE).

The reply was not acceptable as the guidelines prescribed specific procedure for assessment of silt to be removed from the tanks.

(ii) Shortfall in removal of silt: In 27 test checked works (cost ₹11.25 crore) silt removed was less than the quantum estimated by Assistant Executive Engineer/Assistant Engineer (AEE/AE). The shortfall was more than 1,000 cubic metres (cum) in each case. Average shortfall was 33 per cent (from 10 per cent to 100 per cent in individual cases) (Details in *Appendix 3.2*. In all works, 8.08 cum silt was removed as against 12.07 lakh cum estimated).

The Government replied (November 2017) that the farmers were not interest to take silt in some cases as silt was not useful for agriculture.

The reply was not acceptable as guidelines prescribed that priority was to be given to tanks where farmers agreed to transport silt.

Thus, it could not be ensured that the storage capacity of these tanks was restored as intended in absence of proper mechanism to assess the quantum of silt to be removed and shortfalls in execution.

3.2.5 Prioritisation of tanks

The Mission stipulated that priority was to be given to (a) tanks having dependable flow; (b) tanks where farmers agreed to transport silt; (c) chain linked tanks (through which surplus water in one tank can be utilised by another tank in downstream); and (d) tanks not covered under any other programmes. Audit observations in this regard are mentioned in *Table 3.5*:

Table 3.5: Audit observations, reply of the Government and further remarks on tank to be taken up on priority

Sl. No.	Priority Item	Audit observation	Reply of the Government (November 2017)	Remarks
1	Tanks with dependable flows	The sampled divisions could not produce any records with regard to assessment of dependable flows in tanks for prioritisation.	The Government stated that these tanks were constructed long back duly considering dependable flows and hence it was not necessary to consider dependable yield for restoration.	The reply was not acceptable as guidelines stipulated priority was to be given to tanks with dependable flows.
2	Chain linked tanks	None of the sampled division furnished list of chain linked tanks to Audit.	The Government stated that priority was given to chain linked tanks wherever they existed.	However, the sampled divisions could not furnish list chain linked tanks to audit.
3	Tanks, which were not included earlier under other schemes	Out of the total 10,792 works ¹⁶ taken up in 15 sampled divisions under Phases I and II, 184 and 116 tanks were covered earlier under Community based tank management programme (CBTMP) and Repair, Renovation and Restoration (RRR) schemes respectively. The cost of works on these 300 tanks under the Mission was ₹ 120.41 crore.	The Government stated that de-silting was not covered under earlier schemes and hence these were taken up.	The reply was not acceptable as the guidelines did not allow taking up same tanks on the ground that some components were not covered under earlier schemes.

(Source: Records furnished by Irrigation and Command Area Development Department)

Audit also observed that works on non-priority tanks were also taken up under Phase I and Phase II as discussed below:

Mini Tank Bunds: The guidelines of the Mission permitted development of certain tanks as mini tank bunds (MTB) for recreation. However, MTBs were not in the priority list. The Department took up 73 MTBs on priority at a cost of ₹266.80 crore. An amount of ₹66.31 crore was incurred on these MTBs (July 2017) under the Mission.

The Government replied (November 2017) that one tank under each constituency was developed as MTB for recreation.

¹⁶ costing ₹2395.35 crore

The reply was not acceptable as MTBs were for recreation purpose and could not be considered as priority item under the Mission.

3.2.6 Gap Ayacut

The Mission was taken up to bring back 10 lakh acres of Gap Ayacut to irrigation. Audit observed that there was no mention of details of Gap Ayacut in the estimates of individual works.

Two sampled divisions viz., Medak and Vikarabad claimed 100 *per cent* ayacut achievement under Phase II. Audit observed that 446 works (47 *per cent*) out of the total 936 works taken up were not completed as of June 2017.

The Government replied (November 2017) that 5.6 lakh acres of gap ayacut was stabilised.

The reply of the Government was not supported by any evidence. As a result, Audit could not ensure that the Gap Ayacut was brought under irrigation at field level.

Industries and Commerce Department

3.3 Lacuna in design of Telangana State Industrial Project Approval and Self-Certification System (TS-iPASS)

The objective of single point approval was not achieved as the software allowed selective approvals.

Government of Telangana enacted (December 2014) the “Telangana State Industrial Project Approval and Self-Certification System (TS-iPASS) Act, 2014” (Act). The objective was to provide single point approval¹⁷ on behalf of all relevant departments for setting up industrial undertakings. The approval was to be on self-certification basis by the entrepreneur.

As per Section 9 (1) of the Act, the entrepreneur was to submit the application to the Nodal Agency¹⁸ for clearance with the required fees. In response, TS-iPASS online portal¹⁹ interface indicated approvals required from various departments and the respective fees.

¹⁷ for speedy processing of applications, for issue of various licenses / departmental approvals, clearances required for setting up of industries for promotion of industrial development in the State

¹⁸ Nodal Agencies are District Industries Centres for Small and Micro units; Commissionerate of Industries for Large and Medium units; Industrial Promotion Cell/Chasing Cell at Chief Minister Office for Mega units

¹⁹ <https://ipass.telangana.gov.in>

Audit scrutiny (March - June 2017) of TS-iPASS showed that the **Software Application did not have controls to ensure that all the approvals were applied for. It also did not provide an option to “Apply Later”.**

Audit noted that only 9 *per cent* entrepreneurs applied for all the approvals; 91 *per cent* of the entrepreneurs applied for only selected approvals as shown in **Table 3.6:**

Table 3.6: Details of number of applications and approvals sought for

Period	Number of applications from entrepreneurs			Total approvals required to be applied for	Actually applied for (<i>per cent</i>)
	Total	Applied for all approvals (<i>per cent</i>)	Applied for partial approvals (<i>per cent</i>)		
2016-17	1941	177 (9)	1764 (91)	10147	3223 (32)

(Source: Information furnished by Commissioner of Industries)

The entrepreneurs did not apply for 68 *per cent* (6924 in number) of the required number of approvals. The value of prescribed fees for these approvals that were not sought for was ₹ 9.57 crore.

Audit further noted that the other essential approvals required before establishment of the units were ignored as shown in **Table 3.7:**

Table 3.7: Details of applications for approvals required before establishment of units

Sl. No.	Department / Authority	Total	Applied for	Not applied (<i>per cent</i>)
1	Pollution Control Board (Red Category)	148	85	63 (43)
2	Pollution Control Board (Orange Category)	441	175	266 (60)
3	Fire Department	106	9	97 (92)
4	Gram Panchayat No objection Certificate	1425	147	1278 (90)

(Source: Information furnished by Commissioner of Industries)

TS-iPASS was issuing approval certificate only for those approvals which were sought by the entrepreneurs. Approvals, which were required but not applied for were not insisted before issue of consolidated approval certificate. This rendered the objective of single point TS-iPASS approval from all the Departments, unachieved.

There was also no mechanism to ensure whether the 1764 units, which applied for partial approvals, had thereafter established units and commenced operations. There is a risk of such units starting operations even without all necessary approvals.

Government accepted (December 2017) that approval was being issued only to the extent for which approvals were sought for, instead of all the approvals required. Government further replied that the units were free to apply for only some of the approvals and informed that system code was being updated to generate TS-iPASS consolidated certificate only after receipt of all approvals required.

The reply confirmed the audit observation that the objective of single point consolidated approval was not achieved.

(AJAIB SINGH)

Principal Accountant General (Audit)
Telangana

Hyderabad
The 20 March 2018

Countersigned

(RAJIV MEHRISHI)

Comptroller and Auditor General of India

New Delhi
The 21 March 2018