
Chapter – II

Compliance Audit Paragraphs

2.1 Land management in Panchayat Raj Institutions

2.1.1 Introduction

The Andhra Pradesh³¹ Panchayat Raj (APPR) Act, 1994³² provides for acquisition of immovable property required by Gram Panchayat (GP). Under the provisions of APPR Act, Government issued the Acquisition and Transfer of Property by Gram Panchayats (GPs), Mandal Praja Parishads (MPPs) and Zilla Praja Parishads (ZPPs) Rules³³ in June 2001.

According to these Rules, a PRI can, with the approval of District Collector, acquire an immovable property for a purpose which has a bearing on public health or sanitation. The Gram Panchayat Land Development (Layout³⁴ and building) Rules 2002 allow GPs to hold possession of lands in the form of open spaces at 10 *per cent* of layouts developed in villages / GPs. Apart from these lands, PRIs also take public or private lands on lease for carrying out the activities conferred upon them.

Thus the lands owned by PRIs include those acquired by the PRIs, donated³⁵ by public, open spaces from layouts or vested by the Government for commons like grazing lands etc. Land was central to the PRIs in performance of their constitutional functions and for implementation of developmental schemes. The stewardship of these assets was, thus, important. Such management would cover the entire gamut of acquisition, custody, utilisation and protection of lands available with PRIs.

2.1.2 Organisational set-up

The PRIs function under the administrative control of Principal Secretary, Panchayat Raj and Rural Development at Government level and Commissioner at departmental level. The elected members of ZPP, MPP and GP were headed by Chairperson, President and Sarpanch respectively. The Chief Executive Officer, Mandal Parishad Development Officer and Panchayat Secretary were the executive authorities of ZPP, MPP and GP respectively.

³¹ Applicable to Telangana as per Andhra Pradesh Re-organisation Act, 2014

³² repealing existing three Acts, namely, Andhra Pradesh Gram Panchayat Act, 1964, Andhra Pradesh Mandal Parishads, Zilla Praja Parishads and Zilla Pranalika and Abhivrudhi Sameeksha Mandals Act, 1986 and the Andhra Pradesh Local Bodies Electoral Reforms Act, 1989

³³ These Rules were earlier called as Rules relating to the Acquisition and Transfer of Immovable Property by Mandal Praja Parishads and Zilla Praja Parishads framed (10 April 1962) in exercise of powers conferred upon Government by Andhra Pradesh Panchayat Samithis and Zilla Parishads Act, 1959

³⁴ Layout means the laying out a parcel of land or lands into building plots with laying of roads/streets with formation, levelling, metalling or black topping or paving of roads and footpaths, etc., and laying of the services such as water supply, drainage, street lighting, open spaces, avenue plantation etc.,

³⁵ As donated by public to villages

2.1.3 Audit Framework

Audit was conducted between February and June 2017 to assess whether (i) acquisition and transfer of lands to PRIs was properly executed as per the prescribed procedure, (ii) alienation /transfer of lands by PRIs were effectively carried out, and (iii) adequate controls were in existence for protection



of PRIs' lands. As of March 2016³⁶, five out of 10 districts as shown in the map were selected for audit. Accordingly ZPPs of these districts, 25 Mandals³⁷ and 46 GPs (*Appendix 2.1*) were selected for detailed examination of records pertaining to management of lands for the period 2014-17. ZPPs and MPPs were selected based on random sampling method. GPs were selected based on highest number of layouts using stratified sampling method.

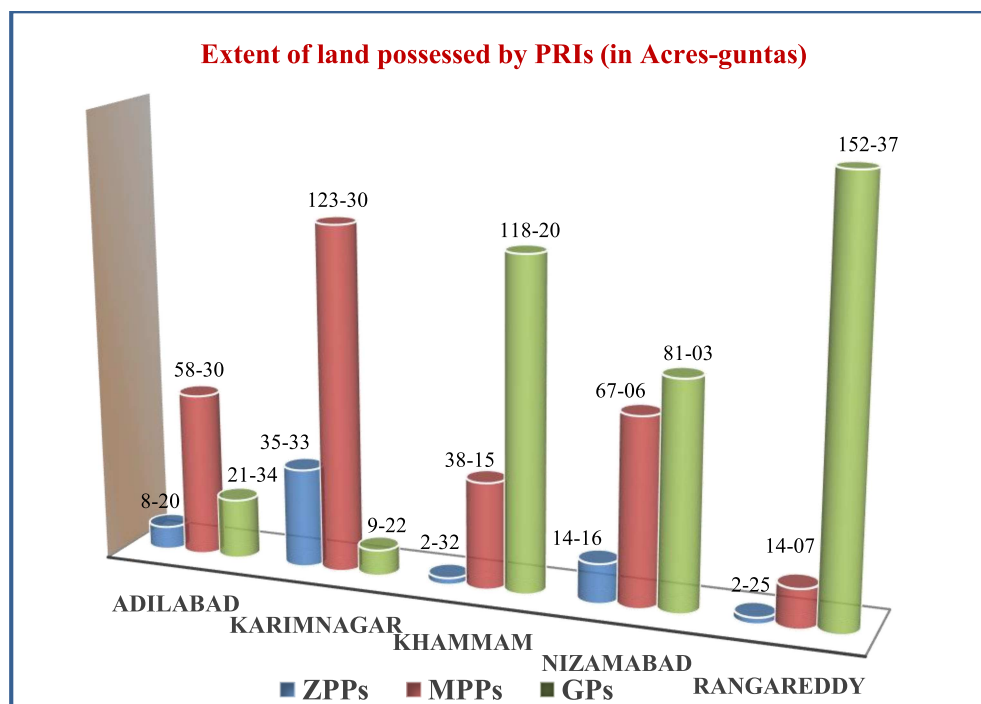
As of June 2017, the PRIs test-checked in audit were in possession of 750 acres and 10 guntas³⁸ of land. Of this, 64 acres and 06 guntas of land pertained to ZPPs and 302 acres and 08 guntas were possessed by MPPs (40 per cent). Remaining 383 acres and 36 guntas of land (51 per cent) pertained to GPs.

³⁶ Districts in Telangana State were reorganised in October 2016 from 10 districts to 31 districts. Since the functioning of new ZPPs was not commenced by end of March 2017, districts as of March 2016 were considered for sample selection

³⁷ Five each in selected ZPP - **Adilabad** (Bellampalle, Dandepalle, Jainoor, Sarangapur and Sirpur(T)), **Karimnagar** (Dharmapuri, Gollapalle, Jammikunta, Ramagundam, Saidapur), **Khammam** (Bonkal, Burgampadu, Dammapeta, Julurpad and Thirumalayapalem), **Nizamabad** (Bhiknur, Dharpalle, Gandhari, Ranjal and Sadasivanagar) and **Rangareddy** (Pudur, Parigi, Shamirpet, Shankarpalle and Marpalle)

³⁸ 40 guntas is one acre

Chart 2.1



Source: Records of ZPPs, MPPs and Town Planning Authorities of test-checked GPs

GPs in Rangareddy district were the largest owners owning 40 per cent of the sampled land. Adilabad was a tribal dominated district, while Karimnagar was less urbanised district and hence owned substantially fewer lands.

There were no cases of land transfers in test-checked PRIs through alienation during the audit period (2014-17). GPs acquired 124 acres and 21 guntas (in audit sample) through gift deeds³⁹ towards open spaces from the layouts.

Audit methodology involved examination of records pertaining to acquisition and transfer of lands, management of lands etc., in the test-checked ZPPs, MPPs, GPs and the Commissioner, Panchayat Raj. Audit findings were benchmarked against criteria sourced from Andhra Pradesh Panchayat Raj Act, 1994, Land Acquisition Act, 1884, Andhra Pradesh Land Encroachment Act, 1905 and Financial Code and orders issued by State Government from time to time. An exit conference was held with the department in October 2017 to discuss the audit findings. Replies (October 2017/January 2018) of the Government have been suitably incorporated in the report.

³⁹ Gift deed is a legal document describing the voluntary transfer of a property from one person to another without any consideration as money or value in exchange. As per Layout Rules, 10 per cent of the total layout area developed in Gram Panchayat is transferred to Gram Panchayat free of cost in the form of Gift deed

Audit Findings

2.1.4 Acquisition and transfer of lands to PRIs

2.1.4.1 Transfer of lands to GPs from layouts

As per Layout Rules⁴⁰, 2002, an owner / group of owners who intend to layout their land into building plots can apply to a Gram Panchayat (GP) for layout permission by duly paying the prescribed fees. The GP, in turn, forwards the proposals to the District Town and Country Planning⁴¹ (DTCP) Officer functioning under the administrative control of Municipal Administration and Urban Development department for tentative technical approval.

The Rules further state that 10 *per cent* of the total layout area, free from all encumbrances, should automatically stand transferred to the GP by the developer free of cost. The purpose was to develop schools, parks etc., for community use. The layout plan submitted by the developer and approved by the DTCP identifies such land that would be transferred to the GP. As per the Rules, it is the duty of the executive authority (Panchayat Secretary) of the GP to ensure the transfer of such land immediately after receipt of technical clearance of the layout from DTCP.

After development of the layout, the concerned DTCP officer inspects the site and communicates the technical clearance for final approval of the layout to the GP concerned.

Shortfall in transfer of land to GPs

Audit cross-checked the technical clearance accorded (2014-17) by DTCP for transfer (10 *per cent*) of land measuring 257 acres and 26 guntas (290 layouts) in the test-checked GPs with the records of concerned GPs. **It was observed that 161 acres and 24⁴² guntas of land (63 *per cent*), due for transfer by the developers in 29 GPs⁴³, was not transferred to the GPs. The market value of the area not transferred to GPs worked out to ₹ 90.13 crore.**

⁴⁰ Rule 3 (4)

⁴¹ Urban Development Authority in case of GPs falling under their jurisdiction

⁴² Prior to 2010: 24 acres and 16 guntas, 2010-11: 8 guntas, 2011-12: 1 acre, 2012-13: 23 acres and 23 guntas, 2013-14: 22 acres and 8 guntas, 2014-15: 18 acres, 2015-16: 34 acres and 8 guntas and 2016-17: 2 acres and 22 guntas. Date of formation of layouts were not available in GPs for the rest of the land

⁴³ **Rangareddy** – Aushapur (4 layouts), Korremula (3 layouts), Adibatla (3 layouts), Kongarakalan (8 layouts), Mangalapally (5 layouts), Kondakal (10 layouts), Shankarpally (21 layouts), Kismatpur (6 layouts), Gundlapochampally (3 layouts), Mokila (13), **Karimnagar** -Kurikyala (1), Chintakunta (1), Baddenapally (1) **Adilabad** -Jainath (1), **Nizamabad** – Adloor (18), Bhiknoor (4), Borgaon (9), Devanpalli (3), Jangampalli (4), Nadipalli (6), Narsanpalli (3) Pangra (4), Perkit (12), Rameswarpalli (4), **Khammam** – Gundrathimadugu(1), Konijerla (1), Singareni(1), Sivayiguda(1), Sujatha Nagar (1)

Audit also noted that in respect of approvals for 50 layouts cleared by DTCP in 12 GPs⁴⁴, there was shortfall in marking of 10 *per cent* of land to be transferred to GPs. As per layout rules, the executive authority (Panchayat Secretary) of GP or District Panchayat Officer (DPO) are authorised to revoke any permission issued, in respect of such violations. Government Rules of 2000⁴⁵ provided for inspection of Gram Panchayats by DPO and Divisional Panchayat Officer every year. However, they did not exercise these controls for revoking of permissions neither the shortfall was identified. The value of such shortfalls was ₹6.10 crore. The largest of the shortfalls (1 acre and 35 guntas) being in Shankarpalli GP of Rangareddy district, valued at ₹1.08 crore. Thus proper controls should be put in place to ensure receipt of legitimate share of land from layouts by GPs.

Government accepted (October 2017) the audit observation and assured to issue instructions to DPOs to comply with Government orders.

2.1.4.2 Unauthorised layouts

As per Layout Rules, the Executive Authority (Panchayat Secretary) of GP is responsible for identification and arresting of unauthorised layouts in GPs. The divisional panchayat officer is required to conduct a monthly review of the cases of encroachments in his jurisdiction through monitoring the process of eviction. He is also required to give periodical reports to District Panchayat Officer (DPO) who would review the cases once in two months.

The Panchayat Secretary, upon identification of unauthorised layouts, is required to get them regularised duly levying and collecting regularisation charges. The charges are levied on *pro-rata* basis from the owners of plots / colony against shortfall of open spaces, with the approval of District Panchayat Officer concerned. District Collector is the authority competent to fix the rates at which regularisation charges are to be collected.

As of June 2017, in 19⁴⁶ out of 46 test-checked GPs, Audit found existence of 216⁴⁷ unauthorised layouts involving 107 acres and 29 guntas⁴⁸ of area. The GPs of districts other than Rangareddy district could not intimate Audit the date of formation of the unauthorised layouts. The test-check of 58 unauthorised layouts in Rangareddy district showed that they were in existence for more than 30 years.

⁴⁴ Aushapur (3), Adibatla (1), Kongarakalan (10), Mangalapalli (7), Kondakal (5), Shankarpalli(12), Kismathpur(3), Gundlapochampally (2) and Mokila (4) of Rangareddy Adluru (1) and Nadipally (1) of Nizamabad district and Kusumanchi (1) of Khammam district

⁴⁵ G.O.Ms.No.70 Panchayat Raj and Rural Development (Rules) dated 29 February 2000

⁴⁶ Adilabad: 1, Karimnagar: 4, Khammam: 6 and Rangareddy: 8

⁴⁷ Adilabad: 22, Rangareddy: 142 (no data in respect of 46 layouts), Karimnagar: 29 (no data in respect of 1 layout), Khammam: 23

⁴⁸ Rangareddy 81 acres and 23 guntas, Karimnagar 10 acres and 38 guntas, Khammam 12 acres and 30 guntas, Adilabad 2 acres and 18 guntas

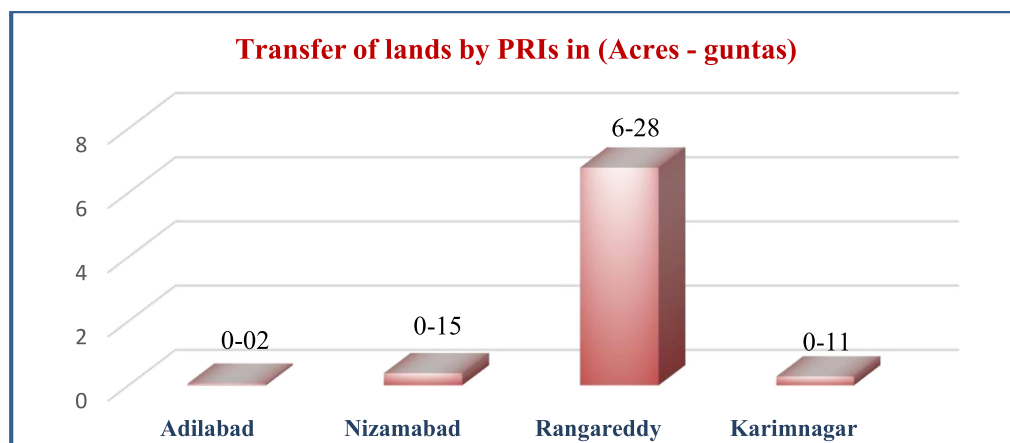
Audit noticed that neither the GPs nor DPOs concerned exercised their duties relating to regularisation. This resulted in loss of revenue towards regularisation charges. The above GPs had not approached the Collectors concerned for fixing regularisation charges. Thus, the loss of revenue towards these charges could not be quantified in audit.

Government accepted (October 2017) the observations and stated that the unauthorised layouts should be considered as encroachments. It was assured (October 2017 / December 2017) to issue suitable instructions to PRIs for taking action on unauthorised layouts.

2.1.5 Alienation of lands by PRIs

As of March 2017, PRIs of four (Adilabad, Karimnagar, Nizamabad and Rangareddy) out of five test-checked districts transferred 7 acres and 16 guntas of land through alienation/auction. More than 90 per cent of such transfer took place in Rangareddy district. The transfers (6 acres and 28 guntas) in Rangareddy district to marketing committees of Agricultural department happened in 1976. There was no transfer of lands during the audit period.

Chart 2.2



Source: Records of PRIs

2.1.5.1 Alienation of land

The transfer⁴⁹ or lease of any immovable property made by PRIs is valid only on payment of compensation to PRIs. The District Collector may determine the amount to be payable in respect of the property to PRIs. Audit found that in the transfer of 32 guntas of PRIs lands, revenue amounting to ₹ 1.77 crore was not collected as discussed below:

- i. Government directed⁵⁰ (March 2012 / April 2013) ZPPs, Rangareddy and

⁴⁹ As per the acquisition and transfer of property Rules, 2001

⁵⁰ The Revenue Department through their orders directed (April 2010) Local Bodies to give advance possession of the identified vacant lands under their control to then APTRANSCO/DISCOMs for construction of power sub-stations, pending finalisation of alienation process and determination of land cost to be paid by these energy producing units. Required permission from Government has to be obtained before giving advance possession to them

Nizamabad to handover advance possession of 2,208 square yards⁵¹ of land to the then APCPDCL⁵²/ APNPDCL⁵³ for construction of 33/11 kV Sub-stations. After handing over the lands, ZPPs did not approach the units for payment of compensation as of June 2017. Failure to pursue the matter by ZPPs resulted in non-receipt of compensation of ₹ 1.76 crore. The lack of follow-up resulted in loss of revenue.

- ii. MPP Sirpur of Adilabad district transferred 240 square yards (valuing ₹ 1.20 lakh) to Co-operative and Marketing Department in October 2015. MPP allotted the land based on the resolution of MPP Council without obtaining the required permission from Government. Further, the land was given free of cost in violation of Acquisition and Transfer of Property Rules, 2001.
- iii. The District Collector, Karimnagar alienated (April 2012) 1,384 square yards of ZPP's staff quarters' land to various Government Departments⁵⁴. ZPP did not take action to pursue for compensation despite the lapse of five years.

Government accepted (October 2017) the observation and stated that the units would be directed to pursue the matter with departments/Government for compensation.

2.1.6 Measures for protection of land

State Government issued (October 2004) comprehensive guidelines for strengthening the Asset Management (including land) by various Government departments including Local Bodies. These guidelines were issued based on the instances that had come to their notice that the records for the assets⁵⁵ were not updated.

As per the guidelines, all assets should be kept under proper watch and ward to safeguard them against theft, damage etc. Custodians of the assets are required to maintain asset register with up to date entries to know the actual ownership and prevent illegal occupation/utilisation.

The Rules framed (July 2011) by Government for GPs detailed the procedures to be followed, including:

- preparation of land inventory based on Field Measurement Book (FMB) / Field Survey Atlas (FSA);
- field inspections and validation of the results of inspection with revenue

⁵¹ ZPP Nizamabad – 1,835 sq.yards, ZPP Rangareddy – 373 sq.yards

⁵² Andhra Pradesh Central Power Distribution Company Limited

⁵³ Andhra Pradesh Northern Power Distribution Company Limited

⁵⁴ Intelligence Department (561 sq.yards), Anti-Corruption Bureau Department (376 sq.yards) and District Fire Department (447 sq.yards)

⁵⁵ with details of actual cost incurred for their acquisition, type of asset, type of structure, accessories, other equipment and installations etc.,

authorities, followed by approval in Gram Sabhas;

- notification of land inventory and updation in web domain.

In addition, State Government also issued Andhra Pradesh Gram Panchayat (Protection of Property) Rules 2011⁵⁶ for protection of GP lands. Separate cell at district level⁵⁷ in the office of DPO has to be constituted to monitor and protect the GP properties from time to time. In addition, a District Level High Power Committee⁵⁸ is also required to be constituted with DPO as Member Convener to review the progress of identification and removal of encroachments. The Committee has to meet every three months and review the progress. Audit found that separate cells and the High Power Committee at DPO's level for protection of GP lands and identification of encroachments were not constituted in any of the test-checked districts.

Audit also noticed that none of the test-checked ZPPs and MPPs followed the guidelines issued by Government in October 2004. Out of five ZPPs sampled, asset registers were maintained in two (Nizamabad and Rangareddy) from 2016-17 onwards. Except Gollapalli MPP of Karimnagar, none of the other 24 test-checked Mandals maintained asset register. Similarly, out of 46 test-checked GPs, only 13 GPs maintained asset register from 2016-17.

The land inventory was stated to have been prepared by 10 GPs⁵⁹. However, FMBs and FSAs were not produced to audit. As such updated land inventory was not available in any of the PRIs test-checked.

Absence of land inventory / asset register increases risk of encroachments and loss of ownership of assets. Hence, proper controls should be put in place to ensure maintenance of asset registers with up to date entries.

Audit found cases of encroachments worth 26 acres and 26 guntas of land valuing ₹ 62.07 crore, non-mutation of land measuring 1 acre and 20 guntas of ₹ 5.81 crore, and discrepancies between the land allotted to PRIs and the land in physical possession. Details are given below:

I. Encroachment

- i. ZPP, Karimnagar had land measuring 34 acres and 7 guntas for construction of staff quarters. ZPP noticed (April 2009) encroachment of land and approached (June 2009) Revenue Department for eviction of encroachers. During the survey, Revenue authorities observed that out of 34 acres and 7 guntas allotted to ZPP, only the land to extent of 8 acres and 26 guntas was available. Remaining 74 *per cent* of the land

⁵⁶ G.O Ms. No. 188 dated 21 July 2011 of Panchayat Raj and Rural Development (Pts.IV) Department

⁵⁷ Para 5 of G.O Ms. No.188 dated 21 July 2011

⁵⁸ Para 7 of G.O Ms. No.188 dated 21 July 2011

⁵⁹ **Karimnagar** - Nustulapur and Chintakunta, **Rangareddy** - Adibatla, Aushapur, Kondakal, Korremula, Kismatpur, Mangalpally, Mokila and Shankarpally

worth ₹ 62 crore had been encroached upon.

Audit noticed that though the encroachment was identified in 2009, ZPP had not taken action to invite the attention of Government (Panchayat Raj and Rural Development Department) as of May 2017.

- ii. Government allotted 5 acres of land to Zilla Parishad High School (ZPHS), Shankarpally of Rangareddy district in February 2008. A survey conducted in 2010 showed that only 3 acres and 34 guntas of land was available with ZPHS. Audit observed that no action was taken by ZPP to identify the encroachments. This had given opportunity to private parties (eight households) for construction of houses. In fact, the Mandal Revenue Officer (MRO) granted pattas of 100 square yards each to these households based on which the houses were constructed with the permission obtained from GP Shankarpally.

CEO, ZPP replied (May 2017) that house site pattas were cancelled and after panchanama by the MRO, an extent of 726 square yards of land was handed over (January 2012) to ZPHS. Even after taking back the possession of land (726 square yards) by MRO, ZPHS land fell short of 1 acre⁶⁰.

- iii. Audit conducted physical verification of GP lands along with departmental authorities in Aushapur GP of Rangareddy district. Land measuring about 600 square yards was encroached upon and compound wall was constructed around it. Details of encroachment were not on record. Value of land was ₹ 7.20 lakh. No action was taken by GP to bring the issue of encroachment to the notice of Revenue authorities for eviction of encroachers.

Government accepted (October 2017) the observations.

II. Non-mutation of land

ZPP Khammam constructed (1999) an Auditorium⁶¹ at a cost of ₹ 0.80 crore on 1 acre and 20 guntas of land transferred (1991) from Khammam Municipality. ZPP was also generating revenue from the Auditorium in the form of rents. Similarly, the Property Tax levied by Municipal authorities was also being paid by ZPP every year and the Auditorium was shown in their asset register.

Audit observed that ever since the land was transferred to ZPP in 1991, it had not pursued with Municipality and Revenue department for transfer of title deed of the property worth ₹ 5.81 crore in their name. Non-execution of mutation for transferring the title deed of the land posed the risk of losing the ownership.

Government accepted (October 2017) the observation.

⁶⁰ 40 guntas is equal to 1 acre. Existing land of 3 acres and 34 guntas plus 6 guntas make 4 acres (34 guntas + 6 guntas = 40 guntas, which is equal to 1 acre)

⁶¹ In the name of 'Bhakta Ramadasu Kalakshetram'

III. Discrepancies between the land allotted and the land available

- i. As per the records of MPP, Pudur of Rangareddy district, Government allotted (1998-2000) land to the extent of 1,317 square yards to MPP for construction of office buildings. However, as per asset register of ZPP, Rangareddy, the extent of land available with MPP was recorded as 1,239 square yards, leaving a difference of 78 square yards.
- ii. In respect of MPP Shamirpet of Rangareddy district, against total land of 10 acres allotted (August 1986) by Government for construction of Mandal Office Buildings, only 5 acres and 34 guntas was available as per survey conducted in February 2017.

Government accepted (October 2017) the observations.

IV. Lack of information

None of the five test-checked ZPPs maintained land related information pertaining to ZPP schools such as area of land, mutation / title deeds, protection of land from encroachments etc. As regards MPP schools, the required data was not maintained by eight (32 *per cent*) out of 25 test-checked MPPs. Audit further noticed that no protection measures such as land survey and construction of compound wall/ fencing were taken for construction of compound wall in 128 (46 *per cent*) out of 281 schools in 17 other MPPs.

Government agreed (October 2017) with the audit observation. It was assured that necessary instructions would be issued to PRIs for proper maintenance of land inventory, asset register and mutation of land wherever necessary.

2.1.7 Monitoring

2.1.7.1 Non-compilation of assets at departmental level

As per Asset Management and Maintenance of Registers and Records guidelines (October 2004) of Government, all the HoDs⁶² are required to compile the assets of subordinate offices including State level office. They shall report details of assets to the Administrative department by 31 December every year. The Administrative department in turn would furnish the same asset information to the Finance department by 15 January every year, for the issue of Fourth Quarter Budget Release Orders.

Audit examined the records pertaining to management of lands by PRIs in the office of Commissioner, Panchayat Raj. It was observed that they did not maintain any database of lands possessed by PRIs. Audit also observed that they did not frame any methodology for obtaining the information from PRIs for compilation at State level. As a result, no return on assets was sent to Commissioner by the test-checked units for onward submission to

⁶² Head of the Departments

administrative department at Secretariat by Commissioner, Panchayat Raj. This also indicated lack of controls and poor monitoring. Hence, proper controls should be put in place to ensure compilation of assets at departmental level.

Government accepted (October 2017) the audit observation and assured that steps would be taken to compile the assets at the departmental level.

2.1.7.2 Non-formation of Vigilance and Enforcement wing

As per State Government Rules,⁶³ a Vigilance and Enforcement wing has to be constituted in the Office of Commissioner, Panchayat Raj. The wing has to monitor the activities of district level cells for protection of GP properties. Audit noticed that no records were maintained in support of formation of a separate wing in the office of Commissioner, Panchayat Raj.

Government did not furnish specific reply.

2.1.8 Conclusion

The PRIs did not have records detailing the inventory of land in their possession in the absence of which stewardship was rendered difficult. This resulted in encroachment of the PRI lands, on which little was done to reclaim ownership. GPs did not play proactive role in obtaining their legitimate share of land in the form of open space from the approved layouts. The extent of land due to be transferred by the layout developers was 161 acres and 24 guntas valuing ₹90.13 crore. On the other hand, transfer of PRIs lands was done without protecting the financial interests of PRIs. Lands were transferred to other departments either without collection of compensation or free of cost in violation of State Government Rules.

2.2 Loss of revenue

Manikonda Gram Panchayat of Rangareddy district did not deduct Welfare Cess, resulting in loss of revenue of ₹80.37 lakh to the State Building and Other Construction Workers Welfare Board.

Government of India (GoI) enacted Building and Other Construction Workers' Welfare Cess Act, 1996, with the objective of providing welfare measures to the construction workers. The subsequent Rules issued by GoI in 1998 provided for levying and collecting Cess from the employers undertaking Building and other Construction works. The State Government issued directions (December 2009) to Local Bodies to ensure receipt of one *per cent* Cess on projects⁶⁴ before approving building plans. The Cess collected has to be remitted to the Welfare Fund Account maintained by the State Building and Other Construction Workers Welfare Board.

⁶³ Para 8 of G.O. Ms. No.188 dated 21 July 2011

⁶⁴ Where estimated cost exceeds ₹ 10 lakh

Audit test-checked (February 2017) 35 cases of building permissions regulated (April 2014-January 2017) by Manikonda Gram Panchayat of Rangareddy district. It was found that Gram Panchayat did not levy Welfare Cess on the estimated cost of construction of the building works before according building permissions. This resulted in loss of revenue of ₹ 80.37 lakh⁶⁵ to the State Building and Other Construction Workers Welfare Board.

Thus, Gram Panchayat failed to comply with the provisions of Building and Other Construction Workers' Welfare Cess Act, 1996.

Government accepted (October 2017) the audit observation and stated that welfare cess would hereinafter be recovered.

2.3 Non-protection of land from encroachments

Inadequate stewardship of land of Telangana State Institute of Panchayat Raj and Rural Development (TSIPARD) led to encroachment of 27 acres and 20 guntas with market value of ₹247.50 crore

Telangana State Institute of Panchayat Raj and Rural Development (TSIPARD), Hyderabad was an apex training Institute of Panchayat Raj and Rural Development (PR&RD) department.

In 1999, Institute got the possession of 233 acres of Extension Training Centres (ETCs) land in addition to the land measuring 22 acres already in their possession. Records of Institute showed the following:

- i. As per the provisions⁶⁶ of Andhra Pradesh Survey and Boundaries Act⁶⁷, 1923, the registered holder of Government land is bound to maintain, renew and repair the survey marks⁶⁸ on the boundaries of his holding.

Audit noticed that after gaining (1999) the administrative control of ETCs, Institute did not install survey marks on the boundaries of entire land of 255 acres. A barbed wire fencing around the land of ETC at Rajendranagar was provided in the year 2002. It was later damaged and encroachments were noticed.

- ii. Institute proposed for construction of compound wall in September 2008, *i.e.*, 9 years after its possession of land in 1999. Based on the request (September 2008) of Institute, Government sanctioned (December 2008) ₹ 1.80 crore for construction of compound wall for protecting the land. The work was entrusted (January 2009) at contract value of ₹ 1.56 crore)

⁶⁵ Cost of land is excluded

⁶⁶ Section 15

⁶⁷ Applicable in relation to the State of Telangana also as per Andhra Pradesh Reorganisation Act, 2014

⁶⁸ Survey stones

with a stipulation for completion by 30 days. Contractors⁶⁹ could not complete the work as the adjacent land owners and encroachers were claiming some of the pockets of the land as their own. Consequently the works were closed in 2009 after execution of works valued at ₹ 83 lakh.

- iii. As the compound wall could not be completed, Institute requested (May 2014) Commissioner, Survey, Settlement and Land Records for survey and demarcation of boundaries. Survey was completed (July 2014) and continuance of encroachments was reported. Audit observed (June 2017) from further examination of records/joint physical verification of boundary wall that a portion of wall constructed was broken. During 2008-2017, there was further encroachment upon 8 acres and 20⁷⁰ guntas of land.

Government accepted (December 2017) the audit observation and stated that security personnel were deployed to protect the land from further encroachments. Government further stated that funds were not allocated due to other priorities of the newly formed State.

Thus failure of PR&RD department to ensure timely action to protect the land, resulted in encroachment of 27 acres and 20 guntas with market value of ₹ 247.50 crore. Expenditure of ₹ 83 lakh incurred on an incomplete compound wall remained unfruitful. Boundaries of the Institute were not protected with compound wall as of December 2017.

2.4 Achievement of the objective

A road cum bridge was not constructed in Adilabad District due to lapses in planning and delay in sanction of funds

State Government sanctioned (November 2006) ₹ 2.60 crore for the work ‘Providing BT on road from PWD road to Gundi including construction of bridge across Gundi vagu’ in Adilabad district. The road-cum-bridge work was to provide connectivity for transportation of agricultural produce from adjacent villages of Gundi to the market centers of four⁷¹ Mandal Headquarters. Cost of the work funded under NABARD/RIDF⁷²-XII grant was revised to ₹ 3.85 crore in September 2007 due to change in SSR⁷³. Engineer-in-Chief (ENC), Panchayat Raj accorded technical sanction for ₹ 3.81 crore in September 2008. The work was contracted (June 2009) with a stipulation for completion by October 2010.

⁶⁹ Work was split and entrusted to eight different contractors

⁷⁰ 27 acres and 20 guntas (2017) minus 19 acres (2008)

⁷¹ Asifabad, Bellampally, Mancherial and Adilabad

⁷² Rural Infrastructure Development Fund

⁷³ Standard Schedule of Rates

Audit examined (December 2015) the records of Panchayat Raj (PR) Engineering division, Asifabad of Adilabad district and had subsequent correspondence with them in June 2017. Improper survey coupled with inadequate funds resulted in the work remaining incomplete as of June 2017. The lapses are discussed below:

- i. On the basis of the Survey Report (December 2008) of PR department, the discharge of river water was taken as 420 cumecs. Subsequent inspection (January 2009) showed that the catchment area was “mis-interpreted”. This led to several changes in the designs of bridge⁷⁴. Consequently the department revised (August 2009) the estimates of project to ₹ 6.78 crore. After several clarifications, department requested (January 2011) the Government to accord revised administrative sanction. Government did not accept (March 2011) the proposal.
- ii. Department proceeded with the construction of the bridge based on the revised drawings and designs, despite the rejection by Government. A supplementary agreement was concluded with the same contractor in June 2011. After execution of works⁷⁵ valuing ₹ 2.27 crore, department short closed (January 2015) the work due to slow progress and insufficient funds.
- iii. Gram Panchayats and public representatives had repeatedly represented to the department for early completion of the work since 2009. Government accorded revised administrative sanction of ₹ 8.40 crore (March 2016), after a delay of more than five years from January 2011. Work was awarded (December 2016) to another contractor with a stipulation to complete in 18 months. The work was in progress (June 2017).

Thus, the Panchayat Raj engineering department failed to do proper investigation and survey to ascertain the water discharge. The Government also delayed sanction of adequate funds. Despite incurring expenditure of ₹ 2.27 crore, the project remained incomplete for seven years, besides resulting in cost overrun of ₹ 3.89 crore. This resulted in non-achievement of the objective of providing BT road connectivity to the nearby villages of Gundi.

Government accepted (October 2017) the observation.

⁷⁴ increase in number of vents (six to nine), size of foundation wells (6.50 mm dia to 8.00 mm dia), safe bearing capacity of trial pit (25t/sqm to 45t/sqm) and depth of scours (9 mts to 21 mts)

⁷⁵ Bridge work – well steining of 10 numbers and sinking work, road work – earth work and granular sub base

2.5 Incomplete water supply project

Failure to ensure adequate funding led to incomplete project thus delaying the ultimate objective of safe drinking water to all the intended habitations.

District Collector sanctioned (September 2008) ₹ 6 crore for a water supply scheme in Rajendranagar Mandal of Rangareddy district. The scheme intended to provide safe drinking water to six habitations⁷⁶ with assistance from the then Hyderabad Urban Development Authority⁷⁷ (HUDA). The HUDA agreed (July 2010) to provide funds to the extent of only ₹ 3 crore and the remaining cost (₹ 3 crore) was to be met by Rural Water Supply (RWS) department. The Shaikpet reservoir of Hyderabad Metro Water Supply and Sewerage Board (HMWSSB) was the source of water⁷⁸ needed for commissioning the project.

The RWS division, Hyderabad contracted (October 2009) the works (pumping and gravity mains) at a value of ₹ 3.05 crore for completion by April 2010. Due to insufficient funds, the contract was closed in March 2011 after executing works valuing ₹ 2.98 crore. Sanction for completing the project was subsequently accorded by Government under National Rural Drinking Water Programme (NRDWP) in three spells (April 2011, July 2012 and August 2012). However, the scheme was not commissioned as of June 2017.

Records of RWS division showed the following:

- i. RWS department was aware (July 2010) of the fact that HUDA would provide the funds to the extent of only ₹ 3 crore. Simultaneous action was, however, not taken for bridging the gap of funding. Department sent the proposals for additional fund requirement to Government only in February 2011, i.e., after the delay of seven months.
- ii. The revised administrative sanction accorded by Government for ₹ 2 crore under NRDWP (coverage) in April 2011 included the provision for only pipelines and Over Head Service Reservoirs (OHSRs). There was no provision for water connection charges payable to HMWSSB. An amount of ₹ 1.39 crore was incurred towards construction of OHRS as of January 2015.
- iii. HMWSSB issued demand notice in August 2011 for payment of ₹ 5.76 crore towards water connection charges due by 7 September 2011. Due to non-availability of funds, RWS department approached (July 2012) the Government with revised proposals for additional grant of ₹ 5.90 crore. This was sanctioned in July 2012 under NRDWP coverage grant and ₹ 5.76 crore was paid to HMWSSB in December 2012. Due to time lag of more than a year, during which tariff rates underwent revision, a revised

⁷⁶ Alijapur, Manchirevula, Manikonda, Nekkampur, Narsingi and Puppallaguda with the population 17,151

⁷⁷ Now Hyderabad Metropolitan Development Authority

⁷⁸ 2,520 Kilolitres per day

demand for ₹ 9.96 crore was issued by the HMWSSB in January 2013. The balance amount of ₹ 4.20 crore (₹ 9.96 crore minus ₹ 5.76 crore) had not been paid as of April 2017.

Government replied (November 2017) that RWS department had completed the works, and based on the orders issued by them in April 2015⁷⁹, the project was handed over to HMWSSB for maintenance. Reply is not acceptable as the water was released to only three habitations, as clarified (July 2017 / December 2017) by HMWSSB. Works for supplying water to the remaining three habitations were yet to be taken up. Pending works include construction of 100 KL sump⁸⁰ with source being Krishna water.

Thus, RWS department failed in initiating timely action to identify the source of funding before taking up the scheme and completion of works in time. As a result, the objective of providing safe drinking water to all the targeted habitations remained unachieved.

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⁷⁹ State Government issued orders (April 2015) for providing drinking water supply to Gram Panchayats inside Outer Ring Road of Hyderabad to HMWSSB. RWS&S department was instructed to complete its entire ongoing works and handover to HMWSSB for future Operation and Maintenance

⁸⁰ Narsingi 100 Kilo Litre sump to Manchirevula with an estimated cost of ₹ 1.90 crore