

Chapter I

Overview

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) contains matters arising from performance audit of selected programmes and Departments of Government of Telangana. It also covers compliance audit of transactions of its various Departments, Central and State plan schemes and audit of autonomous bodies of the State pertaining to General and Social Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature significant results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. Findings of Audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives. It will also lead to improved financial management of organisations and contribute to better governance.

Compliance audit refers to the examination of transactions of audited entities. Compliance audit is carried out to ascertain whether provisions of the Constitution of India, applicable laws, rules, regulations are complied with. This will also ensure that various orders and instructions issued by competent authorities are being complied with. On the other hand, performance audit, besides including compliance audit, also examines whether objectives of programme/activity/Department are being achieved economically, efficiently and effectively.

This Chapter explains planning and coverage of audit, provides a synopsis of important achievements and deficiencies in the implementation of selected schemes. In addition, significant audit observations made during audit of transactions and follow up action on previous Audit Reports are also brought out.

1.2 Profile of General and Social Sector

A summary of the expenditure incurred by Departments of Government of Telangana falling within General and Social Sector¹ is given below.

Table-1.1

(₹ in crore)

Sl. No.	Name of the Department	2014-15 [#]	2015-16	2016-17
A	General Sector			
1	Finance and Planning	13396.77	26251.70	40977.31
2	General Administration	212.91	553.45	677.69
3	Home	3032.41	4638.29	5176.55
4	Law	339.52	488.17	518.46
5	Revenue	1346.41	2316.21	2970.84
6	State Legislature	42.40	62.12	98.93
	Total (A)	18370.42	34309.94	50419.78

¹with effect from 2nd June 2014, i.e., after the State came into existence

Sl. No.	Name of the Department	2014-15 [#]	2015-16	2016-17
B	Social Sector			
1	Backward Classes Welfare	1090.51	1073.98	2831.81
2	Consumer Affairs, Food and Civil Supplies	817.49	1000.13	2089.36
3	Health, Medical and Family Welfare	2439.02	3294.76	4872.03
4	Higher Education	1146.48	1684.68	1765.14
5	Housing	402.18	2527.48	555.90
6	Labour, Employment, Training and Factories	217.12	516.56	490.63
7	Minorities Welfare	332.31	555.69	842.06
8	Municipal Administration and Urban Development	2248.41	4813.49	3111.31
9	Panchayat Raj [§]	3033.38	6050.61	7520.66
10	Rural Development [§]	3712.02	5610.97	5988.98
11	School Education	5938.81	8987.31	10568.26
12	Scheduled Castes Development	1254.77	2936.33	3172.43
13	Tribal Welfare	701.75	2148.84	2009.48
14	Women, Children, Disabled and Senior Citizens	820.06	1127.86	1204.04
15	Youth Advancement, Tourism and Culture	230.79	250.66	236.56
	Total (B)	24385.10	42579.35	47258.65
	Grand Total (A+B)	42755.52	76889.29	97678.43

Source: Appropriation Accounts of Government of Telangana for relevant years

[#]with effect from 2 June 2014 after the State came into existence; [§]under one Secretariat Department 'Panchayat Raj and Rural Development' (covered in a Audit Report on 'Local Bodies')

1.3 Office of Principal Accountant General (Audit)

Under directions of the CAG, Office of the Principal Accountant General (Audit), Telangana² conducts audit of 32 Departments³ and local bodies/public sector undertakings/autonomous bodies thereunder in the State of Telangana. Out of these, 20 Departments are covered under General and Social Sector Audit.



Offices of the Accountants' General

1.4 Authority for audit

Authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). The CAG conducts audit of expenditure of General and Social Sector Departments of Government of Telangana under Section 13⁴ of the DPC Act. The CAG is the sole auditor in respect of autonomous bodies/local bodies which are audited under

² Formed with effect from 1 April 2017 with the bifurcation of the erstwhile Office of the Principal Accountant General (General and Social Sector Audit) Andhra Pradesh & Telangana

³ including those pertaining to Economic and Revenue Sectors, Public Sector Undertakings

⁴ Audit of (i) all transactions from Consolidated Fund of State, (ii) all transactions relating to Contingency Fund and Public Account and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts kept in any Department of a State

Sections 19(2)⁵ and 20(1)⁶ of the DPC Act. In addition, CAG also conducts audit under Section 14⁷ of the DPC Act, of other autonomous bodies which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in Auditing Standards and Regulations on Audit and Accounts, 2007 issued by the CAG.

1.5 Planning and conduct of audit

The Audit process commences with assessment of risk in respect of Departments/organisations/autonomous bodies/schemes etc., based on certain criteria⁸. The criteria include assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, frequency and extent of audit are decided and an annual audit plan is formulated to conduct audit.

After completion of audit of each unit, Inspection Report (IR) containing audit findings is issued to head of the unit with a request to furnish replies within one month of receipt of IR. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in Government, are processed for inclusion in Audit Reports. These Audit Reports are submitted to the Governor of Telangana under Article 151 of the Constitution of India for causing them to be laid on the Table of State Legislature.

1.6 Response of Departments to Audit findings

Heads of offices and next higher authorities are required to respond to observations contained in IRs and take appropriate corrective action. Audit observations communicated in IRs are also discussed in meetings at district/State levels by officers of the AG's office with officers of the concerned Departments.

As of 30 September 2017, 1716 IRs containing 11,428 paragraphs pertaining to the previous years were pending settlement as detailed below. Of these, first replies have not been received in respect of 233 IRs (3,047 paragraphs). Department-wise details are given in *Appendix-1.1*.

Table-1.2

Year	Number of IRs/Paragraphs pending settlement as of 30 September 2017		IRs/Paragraphs where even first replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
2012-13 & earlier years	1323	6309	43	183
2013-14	40	667	16	312
2014-15	126	1533	41	673
2015-16	113	1341	38	620
2016-17	114	1578	95	1259
Total	1716	11428	233	3047

⁵ Audit of accounts of Corporations (not being Companies) established by or under law made by State Legislature in accordance with provisions of the respective legislations

⁶ Audit of accounts of any body or authority on request of Governor, on such terms and conditions as may be agreed upon between CAG and Government

⁷ Audit of all (i) receipts and expenditure of a body/authority substantially financed by grants or loans from Consolidated Fund of State and (ii) all receipts and expenditure of any body or authority where grants or loans to such body or authority from Consolidated Fund of State in a financial year is not less than ₹one crore

⁸ which encompasses expenditure incurred, criticality/complexity of activities, priority accorded for the activity by Government, level of delegated financial powers

Lack of action on audit IRs and paragraphs is fraught with the risk of perpetuating serious financial irregularities pointed out in these reports. It may also result in dilution of internal controls in process of governance, inefficient and ineffective delivery of public goods/ services, fraud, corruption and loss to public exchequer.

Audit reviewed the outstanding paras⁹ pertaining to Health, Medical and Family Welfare (HM&FW) Department and Education Department(s)¹⁰. As at the end of September 2017, 18 IRs (107 paragraphs) pertaining to HM&FW Department and 40 IRs (234 paragraphs) pertaining to Education Department(s) were outstanding. Of these, some of the following serious irregularities commented upon in these IRs remained unsettled as of September 2017.

Table-1.3

Nature of irregularities		Number of paragraphs	Amount (₹ in lakh)
Health, Medical and Family Welfare Department			
1	Non-utilisation/locking up of funds	14	3236.81
2	Infructuous/unfruitful expenditure	10	2359.91
3	Irregular/inadmissible/unauthorised payments	19	456.04
4	Diversion of funds	9	360.04
5	Loss/non-realisation of revenue	9	168.74
6	Avoidable expenditure	3	72.09
7	Non-remittance into Govt. account	4	34.27
8	Non-realisation/non-recovery of Govt. dues	11	23.00
Total		79	6710.90
School Education Department			
1	Non/short collection of fee	12	5791.13
2	Non-adjustment of advances	11	2882.52
3	Irregular/inadmissible/unauthorised payments	32	1891.46
4	Non-realisation/non-recovery of Govt. Dues	19	1327.45
5	Non-utilisation of funds	39	1131.59
6	Infructuous/unfruitful expenditure	22	877.29
7	Non-remittance into Govt. Account	33	662.12
8	Diversion of funds	15	540.70
9	Avoidable expenditure	7	204.24
10	Non-disbursement of scholarships	6	150.19
Total		196	15458.69

Administrative Departments are required to submit Explanatory Notes on paragraphs and performance audit reports included in Audit Reports¹¹, within three month of their presentation to Legislature duly indicating action taken or proposed to be taken. For this purpose, the Departments may not wait for any notice or call from Public Accounts

⁹ since formation of the State of Telangana

¹⁰ School Education and Higher Education Departments

¹¹ as per instructions issued by Finance and Planning Department in November 1993

Committee. Explanatory Notes¹² were yet to be received from 12 Departments¹³ in respect of 16 paragraphs/performance audit reports that featured in the Audit Reports for the years 2014-15 and 2015-16. Explanatory Notes were also yet to be received from nine¹⁴ Departments in respect of 20 paragraphs/performance audit reports relating to the period prior to bifurcation¹⁵. Details are given in *Appendix-1.2*.

Further, all Departments are required¹⁶ to send their responses to draft audit paragraphs proposed for inclusion in C&AG's Report within six weeks of their receipt. During 2017-18, two performance audits, one Follow up report and eleven draft paragraphs were forwarded to the Special Chief Secretaries/Principal Secretaries/Secretaries of the Departments¹⁷ concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks. It was brought to their personal attention that these paragraphs and performance audits were likely to be included in the Audit Report of the Comptroller and Auditor General of India, which would be placed before the State Legislature. Accordingly, it would be desirable to include their comments/responses to the audit findings. Government replies have been received in respect of both the performance audits, Follow up report and all the Compliance Audit paragraphs as on the date of finalisation of this Report. The responses of the Government have been appropriately incorporated in the Report.

1.7 Significant Audit observations

This Report contains findings of Audit from a test-check of accounts and transactions of seven¹⁸ Departments of Government of Telangana during 2016-17. Audit focus during the year has been primarily on evaluating implementation of specific Government programmes and initiatives so as to aid Government in taking necessary corrective action to improve service delivery levels to citizens. Special focus was on the following:

- Strengthening of health systems, reproductive, maternal health, newborn, child & adolescent health and public health measures that lead to improved maternal and child survival and lower morbidity;
- Implementation of the provisions of the RTE Act through Sarva Shiksha Abhiyan (SSA);
- Efforts made by the State Government in augmenting sports performance/promotion among youth as envisaged in State's Sports Policy;

¹² with regard to the issues exclusively pertaining to the State of Telangana

¹³ from Backward Class Welfare; Women, Children, Disabled & Senior Citizens; Health, Medical and Family Welfare; Higher Education; Home; Information Technology, Electronics and Communications; Minority Welfare; Revenue; Scheduled Castes Development; School Education; Tribal Welfare

¹⁴ Finance; Health, Medical & Family Welfare; Home; Housing; Minority Welfare; Panchayat Raj and Rural Development; Tribal Welfare; Youth Advancement, Tourism & Culture; and Women, Children, Disabled & Senior Citizens

¹⁵ of the erstwhile State of Andhra Pradesh (i.e., those featured in Audit Reports for the years 2009-10 to 2013-14)

¹⁶ as per Finance Department's Handbook of Instructions and their U.O. dated 3 November 1993

¹⁷ Health, Medical and Family Welfare; School Education; Youth Advancement, Tourism & Culture; Scheduled Castes Development; Home; Higher Education; and Municipal Administration and Urban Development

¹⁸ covering Health, Medical & Family Welfare; School Education; Home; Scheduled Castes Development; Youth Advancement, Tourism & Culture; Higher Education; and Municipal Administration & Urban Development Departments

- Implementation of various Economic Support Schemes (ESS) to bring about the intended outcome of socio-economic upliftment of Scheduled Castes beneficiaries; and
- Follow up of the extent of implementation of recommendations made by Audit in the Performance Audit Report on *Functioning of State Disaster Response and Fire Services Department* that featured in C&AG's Audit of March 2012.

Two Performance Audit reports, one Follow up report and seven compliance audit paragraphs have been included in this Report.

The Performance Audits included in this Report are:

- ⇒ *Reproductive and Child Health under National Rural Health Mission* implemented by Health, Medical and Family Welfare Department; and
- ⇒ Implementation of Right of Children to Free and Compulsory Education Act, 2009 (RTE Act) concerning School Education Department.

Significant results of audit featured in this Report are summarised below:

1.7.1 Reproductive and Child Health under National Rural Health Mission

National Rural Health Mission (NRHM) was launched in India in April 2005 with a view to provide accessible, affordable and quality health care to rural population, especially the vulnerable sections. The Reproductive and Child Health (RCH) programme initiated under NRHM, emphasised *inter-alia*, care in pregnancy, all aspects of Essential Newborn Care, Immunisation, all aspects of prevention and management of malnutrition. It also included family planning services, management of anaemia. These public health measures were essential for enhanced maternal and child survival and lower RCH morbidity.

The NRHM Framework stressed upon upgradation of Community Health Centres as First Referral Units for dealing with Emergency Obstetric Care. It also included 24X7 delivery services at the Primary Health Centres, operationalising of Sub Centres. The Framework also sought to reduce the Maternal Mortality Ratio to 100 per one lakh live births, reduce Infant Mortality Rate to 25 per 1,000 live births and the Total Fertility Rate to 2.1 per woman, in the country.

The performance audit was conducted (during April to August 2017), covering the period from 2012-13 to 2016-17. Significant findings of this Performance Audit are summarised below:

Planning

The Department had not conducted Annual Facility level surveys, for identification and fixing of decentralised monitorable goals, indicators and gaps/deficiencies in the existing healthcare facilities and areas of interventions. Bottom-up and community owned approach to public health planning was also not followed in preparation of State Program Implementation Plans (SPIPs).

(Paragraphs 2.1.3.1 & 2.1.3.2)

Financial Management

- The Department had not utilised fully the funds released in any of the years under review; the utilisation ranged between 38 and 44 *per cent* only during 2012-14 and 39 and 46 *per cent* only during 2014-17.
(Paragraph 2.1.4.1)
- Under the ‘free essential drugs initiative’, against the allocation of ₹83.99 crore during 2014-17, the State incurred a meagre expenditure of ₹10.11 crore (12 *per cent*). As a result, essential medicines were not made available to patients.
(Paragraph 2.1.4.1)
- Shortfall in spending on maternal health ranged between 31 to 50 *per cent* during 2014-17. The expenditure on child health component did not exceed 26 *per cent* of the approved outlay in any year during the period 2014-17.
(Paragraph 2.1.4.2)
- The State did not utilise the amounts allocated for Quality Assurance and an amount of ₹3.12 crore (99 *per cent* of released funds) was lying with State Health Society.
(Paragraph 2.1.9.1)

Implementation of RCH services

- The institutional deliveries declined from 69 *per cent* (2013-14) to 42 *per cent* (2016-17) in public health facilities as compared to deliveries in private health facilities which registered an increase from 31 to 58 *per cent*. Telangana had a very high rate of Caesarean-section deliveries at 45 *per cent* out of the total deliveries reported in the State. In the private health institutions it was higher at 67 *per cent*.
(Paragraph 2.1.5.2)
- The female-male sex ratio at birth declined from 925 females (2012-13) to 915 females (2015-16) against 1,000 male live births. However, the ratio increased to 959:1000 in the year 2016-17.
(Paragraph 2.1.5.3)
- The State had achieved the target of 100 *per cent* immunisation (including ‘Mission Indradhanush’ for covering dropout children) of children of 0 – 1 year age group.
(Paragraph 2.1.5.5)

Health Care Infrastructure

- Nineteen (out of twenty one) Primary Health Centres constructed in the three¹⁹ sampled districts under 13th Finance Commission and NRHM grants during 2012-17, were not functioning due to non-deployment of manpower and equipment.

¹⁹ Medak, Nalgonda and Warangal

- Quality of health care was not given adequate attention thereby forcing the patients to go to private institutions for treatment.

(Paragraph 2.1.6.1)

Human Resource in Health facilities

There was 100 *per cent* shortage in availability of Male Health Workers in Sub-centres. The overall shortage of manpower in PHCs was 43 *per cent*.

(Paragraph 2.1.8.1)

Quality of health care

The State Quality Assurance Committee (SQAC) though constituted did not conduct meetings as stipulated. District Quality Assurance Committees (DQAC) at district level for strengthening quality assurance activities were not constituted. Thus, services delivered at the health facilities in the State during the period 2014-17 remained unassessed.

(Paragraph 2.1.9.1)

Management, Monitoring and Evaluation

The Department had not either conducted the Maternal Death Review (MDR) and the Infant Death Review (IDR) in the State or where conducted, these were ineffective. The causes leading to maternal and infant deaths could not be identified in order to take remedial measures for their elimination by NRHM.

(Paragraph 2.1.10.1)

Impact of NRHM on MMR, IMR and TFR

The rate of achievement on Maternal Mortality Ratio and Total Fertility Rate was satisfactory at State level. However, Maternal Mortality Ratio in tribal districts like Adilabad, Khammam and Mahabubnagar was very high at 152, 99 and 98 respectively as against 92 per one lakh live births in the State. Infant Mortality Rate stood at 28 per 1000 live births and was above the NRHM target rate of 25 per 1,000 live births during 2015-17.

(Paragraph 2.1.11.1)

Data collection, Management and Reporting

Information Technology (IT) infrastructure, networking and human resources in the sampled facilities were deficient. This hampered smooth and timely uploading of data to the Health Management Information System (HMIS) portal.

(Paragraph 2.1.12)

Indian Public Health Standards (IPHS) norms under all components of RCH were not met in the State. Adequate attention on availability of required physical as well as human infrastructure in the health facilities was not accorded. Ineffective implementation of Maternal and Child Health components contributed to heightened risk of maternal and infant deaths. Overall, the implementation of Reproductive and Child Health (RCH) under NRHM in the State was far from satisfactory.

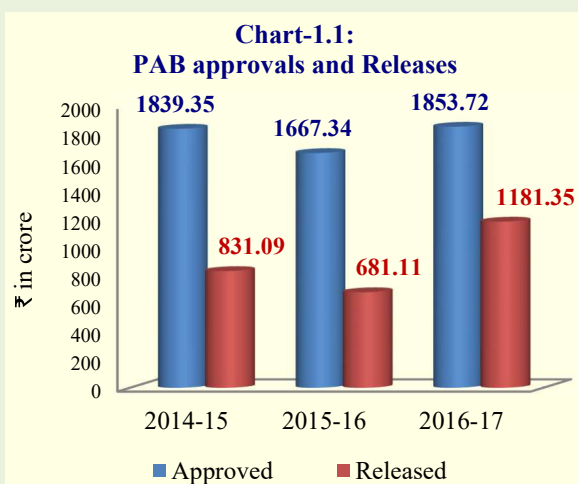
1.7.2 Implementation of Right of Children to Free and Compulsory Education Act, 2009 (RTE Act)

The Right of Children to Free and Compulsory Education Act, 2009, popularly known as Right to Education (RTE) Act, became operational with effect from 01 April 2010 to make elementary education (Class I to VIII) a fundamental right of all children. The RTE Act is implemented by the Ministry of Human Resource Development (MoHRD), Government of India (GoI) as a Centrally sponsored scheme. The RTE Act provides that all children in the age group of six to fourteen years have a right to free and compulsory education in a neighbourhood school within three years of the enactment of the Act. The Sarva Shiksha Abhiyan (SSA) run by GoI, is the main vehicle for implementing the provisions of the RTE Act.

Significant findings of this Performance Audit are summarised below:

Budget and Expenditure

There was significant shortfall (50 per cent) in release of funds by GoI and the State Government as compared to the budget approved by Project Approval Board (PAB) during 2014-17. Further, there were considerable delays in release of funds by GoI as well as the State Government to the Telangana Sarva Shiksha Abhiyan Society (TSSA). This resulted in non-implementation of important interventions intended for the benefit of eligible students in the State. (Paragraph 2.2.4.2)



Schools set up under Government and Private sectors and enrolment

- During the period of 2014-17, the number of Government (including Local Bodies and Aided) Primary Schools increased by only 0.42 per cent whereas Private Primary Schools increased by 12.75 per cent. Similarly, in case of Upper Primary Schools, the number of Government schools increased by only 2.89 per cent whereas Private Upper Primary Schools registered a growth of 10.09 per cent over the same period.
- In Government Primary Schools, the enrolment declined by 1.12 lakh (7.65 per cent) during 2014-17. On the other hand, in case of Private Primary Schools, enrolment increased by 0.61 lakh (3.67 per cent) during the same period. The enrolment in Government Upper Primary Schools decreased by 0.20 lakh (2.13 per cent), whereas enrolment increased by 0.03 lakh (0.38 per cent) in Private Upper Primary Schools.

(Paragraph 2.2.5.2)

Implementation of the Act

- There was high dropout rate of students during transition from Class I to VIII, particularly in respect of SC/ST boys and girls. This was stated to be due to

socio-economic factors like engagement of children in seasonal works by their parents, non-participation of community, migration of families, non-availability of teachers etc.

(Paragraph 2.2.5.3)

- Child tracking system was not in existence in the State and thereby continuity of education of the child could not be ensured.

(Paragraph 2.2.5.4)

- Failure to mainstream all the Out-of-School Children and provide them training, resulted in deprivation of education to at least 0.47 lakh children by the end of March 2017.
- Most of the Out-of-School Children belonged to madarasas (religious schools). Very few children from madarasas were mainstreamed as religious education was being imparted as per the choice of their parents.

(Paragraph 2.2.5.5)

- Under Inclusive Education to Children with Special Needs (CWSN) 35 *per cent* of funds approved by PAB were only spent during 2014-17. Thus, the identified CWSN had been deprived of their right to pursue free and compulsory elementary education envisaged in the Act.

(Paragraph 2.2.5.6)

- The State had not implemented provisions of RTE Act and the State Rules with regard to 25 *per cent* reservation for disadvantaged group children in private unaided schools. This led to non-achievement of objective of providing equal educational opportunities to children belonging to different socio-economic background.

(Paragraph 2.2.5.7)

- The benefit of transport allowance for attending neighbourhood schools was denied to 44,412 eligible/identified children in the State during 2014-15 and 2016-17. This was due to non/belated issue of Gazette notifications by State Government and consequent non-release of funds by GoI.

(Paragraph 2.2.5.8)

- The schools were largely deficient with regard to provision of basic infrastructural facilities/amenities. Seventy five *per cent* of the schools in the State had no basic infrastructural amenities. Forty five *per cent* of the schools did not have playground and 39 *per cent* lacked boundary wall or fencing. This was despite lapse of seven years since implementation of the RTE Act.

(Paragraph 2.2.5.10)

Management, Monitoring and Evaluation

State Advisory Council (SAC – to be chaired by Minister-in-charge of School Education) was not constituted by the Government. As a result, the implementation of the provisions of RTE Act could not be reviewed at the apex level. Consequently, corrective actions, if any, could not be suggested to the State Government for effective implementation of RTE Act in the State.

(Paragraph 2.2.6.1)

Proficiency levels in Reading, Writing and Simple arithmetic (3Rs)

Lack of proficiency levels of children in respect of 3R's, i.e., Reading, Writing and Simple arithmetic was as high as 38 *per cent* and 39 *per cent* for Classes II and III respectively. The overall lack of proficiency levels of Classes II to VIII for the year 2016-17 was 31 *per cent*.

(Paragraph 2.2.6.5)

Performance of Children

Fourteen to 26 *per cent* children at Primary level and 21 to 47 *per cent* in Upper Primary level scored less than 40 *per cent* during the years 2014-17. Further, children who scored between 91 and 100 *per cent* ranged from 5 to 10 *per cent* for Primary level. It was 2 to 6 *per cent* for Upper Primary level. This reflected poor competitive levels of children in academics in Government (including Local body and Aided) schools.

(Paragraph 2.2.6.5)

Shaala Siddhi (Evaluation for Improvement)

Against 29,549 Government and Aided schools (Primary, Upper Primary and High Schools) targeted in the State, 8585 schools had completed the 'Self Evaluation' (by schools themselves) and uploaded the data. The remaining 20,964 schools were not Self Evaluated. External Evaluation was also not conducted. Thus, the Department failed in its visualised goal of Self Improvement.

(Paragraph 2.2.6.5)

Majority of the provisions of the Act were not fully followed by the State Government. Very few children from madaras were mainstreamed as religious education was being imparted as per the choice of their parents. The time frame of three years for completion of various infrastructural facilities such as school buildings, toilets and drinking water facilities had not been adhered to. The prescribed minimum proficiency levels of children for 3Rs, i.e., reading, writing and simple arithmetic were not achieved. The implementation of RTE Act overall suffered in the State even after the lapse of seven years of its coming into effect.

1.7.3 Compliance Audit Observations

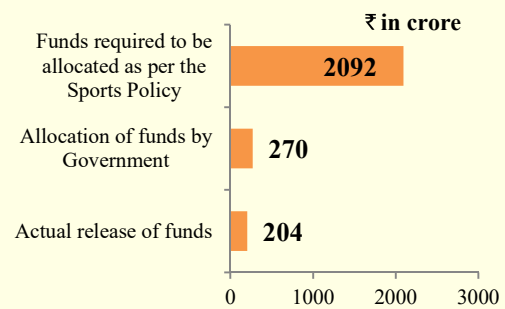
1.7.3.1 Promotion of Sports in Telangana State

Sports Authority of Telangana State (SATS) was established as a principal policy formulating body for promotion of sports in the State. Audit of the SATS to assess the adequacy of implementation of Sports Policy showed the following deficiencies:

- Sports promotion activities in the State lacked the required impetus in terms of direction. Proactive planning for promotion of sports and fully functional administrative set up was absent.

- SATS had not projected the requirement of funds (in Budget Estimates) as per the norm (0.50 % of State Budget) stipulated in the State Sports Policy. The allocation and the releases made by Government were still lower. Government did not also enforce the relevant Sports Policy provisions²⁰ for resource mobilisation for promotion of sports. This left the District Sports Authorities with no funds for sports promotion activities.

Chart-1.2: Allocation & release of funds for Sports Promotion (2014-17)



- There was no systematic planning to spot sports talent across the length and breadth of the State. Education and sports activities were not linked.
- SATS had not carried out gap analysis of availability of sports infrastructure at Mandal level. Playfields as envisaged in the Sports Policy, were not provided by the Government in each Mandal headquarters with standard sports infrastructure. The outdoor/indoor stadia were also not provided in each district.
- SATS did not ensure promotion of sports activities and availability of required sports infrastructure in the educational institutions. Sixteen *per cent* and 26 *per cent* sampled schools did not have playground facility and adequate sports equipment respectively. In 18 *per cent* of sampled schools, Physical Education Teachers (PET)/Physical Directors (PD) were not available for imparting sports coaching.
- In five out of 6 sports institutions in the State, adequate sports kits and equipment were not procured/provided to inmates and coaches during 2014-17. This was due to non-release of funds/non-supply of kits by SATS. Inmates had to utilise old/damaged sports kits and equipment after undertaking some repairs.
- The State had not implemented the two *per cent* sports reservation envisaged in the Sports Policy at any level of direct recruitments except in Home (Police) Department.

Overall, the Department had not made significant progress in achieving excellence in sports performance by producing the best sports persons in the country as envisaged in the Sports Policy.

(Paragraph 3.1)

1.7.3.2 Implementation of Economic Support Schemes for Scheduled Castes

The Scheduled Castes Development Department is dedicated to the integrated and overall development of Scheduled Castes (SC). The Telangana Scheduled Castes Cooperative Development Corporation Ltd. (Corporation), under the Department implements Economic Support Schemes (ESS). These are aimed at SC beneficiaries of poorest-of-poor (PoP) households, agricultural landless labourers, small and marginal farmers, leather artisans

²⁰ (a) additional surcharge of five *per cent* on Excise Duty on sale of liquor (b) additional cess of three *per cent* on all property taxes collected by all Gram Panchayats, Municipalities and Corporations; and (c) three *per cent* of revenue from quarrying of sand

and other vulnerable groups²¹. Audit of the implementation of ESS for SCs by the Corporation revealed the following deficiencies:

- The Corporation had prepared Annual Action Plans (AAPs) without obtaining inputs from the districts.

Industries Services Business (ISB) scheme

- The envisaged financial targets as well as targeted coverage of number of beneficiaries were not achieved during 2014-17.
- Banks insisted on Term Deposits from beneficiaries before releasing the loan component along with the subsidy sanctioned by the Corporation for establishing the Units. This defeated the purpose of providing financial assistance under ‘Industries Services Business’ (ISB) Scheme.
- The database in Online Beneficiary Monitoring & Management System (OBMMS) portal developed by the Corporation was found to be unreliable. This was due to lack of validity controls to weed out duplicate loan account numbers/duplicate Aadhaar numbers.
- Audit observed abnormal delays at every stage of start-up of business units, from date of application to sanction/release of funds.

Land Purchase Scheme (LPS)

Under LPS, landless married SC women beneficiaries belonging to below poverty line (BPL) households (with the Poorest-of-Poor category being given priority) were to be given up to three acres of land in the first phase. Other SC beneficiaries having small pieces of land were to be provided with balance extent of land to make them land owners of 3 acres each in subsequent phases.

- There were cases of faulty identification of lands, lapses in the process of selection of beneficiaries, absence of specific timelines for registration of land.
- Pattadar (land owner) pass books were not issued after registration and irrigation facilities were not provided to the beneficiaries after distribution of land.

The objective of providing valuable and permanent asset for income generation under LPS remained unachieved.

(Paragraph 3.2)

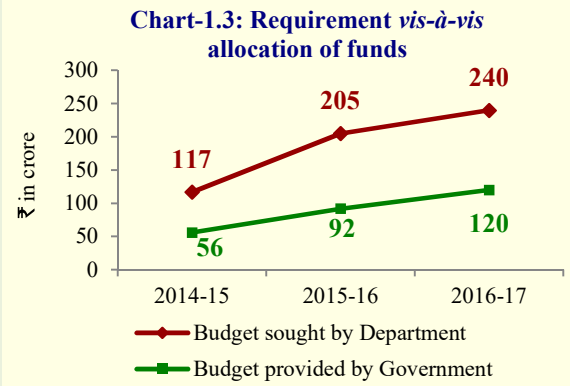
1.7.3.3 Follow up on Performance Audit of Functioning of State Disaster Response and Fire Services Department

A Performance Audit of functioning of State Disaster Response and Fire Services Department covering the period 2007-12 featured in the Report of the Comptroller and Auditor General (CAG) of India pertaining to the erstwhile combined State of Government of Andhra Pradesh for the year ended March 2012. Five recommendations were issued to the Government by the CAG and Government accepted (November 2012) all the recommendations.

²¹ through schemes without Bank linkage and Bank-linked Self-employment schemes

A Follow up Audit covering the period June 2014 – July 2017 was conducted to assess the extent of implementation of the recommendations. As of October 2017 none of the five recommendations made by Audit had been implemented in full by the Government, as detailed below:

- State Government had not accorded adequate priority to the Department in terms of budgetary allocation to fulfill the envisaged role. It hampered the modernisation process of the Department.
- There were no long term strategic or perspective plan and annual action plans reflecting priorities relating to the Department.



- State Government did not implement any of the major recommendations of the Sub-Committee²² for strengthening the Department despite the lapse of over eight years.
- The Department had not adequately complied with the recommendations of Standing Fire Advisory Council with regard to setting up of fire stations, response time, infrastructure and equipment. Against the requirement of 2,596 fire stations, only 96 fire stations (shortfall: 96 *per cent*) existed in the State. Only two new fire stations (out of six sanctioned) were set up during the period 2014-17.
- This had a cascading effect on the response time, which went up to 93 minutes (as against the prescribed response time of below 5 minutes) for urban areas and 158 minutes (as against the prescribed response time of below 20 minutes) for rural areas, in the major fire incidents reviewed in Audit.
- Infrastructure and equipment in the existing fire stations was inadequate. The Department did not have adequate modern communication system.
- The Department was carrying out the fire fighting operations without full strength due to shortfall in key posts such as Fireman and Driver Operator. It adversely impacted the fire fighting efficiency of the Department.
- Department did not formulate a strategy to survey and conduct inspections of the hazard prone areas that need specific fire safety measures.

(Paragraph 3.3)

1.7.3.4 Non-functioning of Blood Component Separation Units

Three Blood Component Separation Units at Gadwal, Mahabubnagar and Tandur could not commence their operations for want of resources and equipment. As a result, equipment procured at a cost ₹94 lakh remained idle for periods ranging from two to five years.

(Paragraph 3.4)

²² constituted by the State Government

1.7.3.5 Establishment of ‘Telugu Talli Pranganam’ did not take off

The establishment of ‘Telugu Talli Pranganam’, a campus of Sree Potti Sreeramulu Telugu University, did not take off even after lapse of six years despite availability of sufficient land and finances. This was due to non-utilisation/non-availment of ₹8.79 crore (out of ₹10.62 crore allocated by University Grants Commission) during the XI Plan/extended plan period.

(Paragraph 3.5)

1.7.3.6 Unproductive outlay on incomplete buildings

Expenditure of ₹6.20 crore on Administrative building and Fine Arts building of Potti Sreeramulu Telugu University was rendered unproductive due to abandonment of the work by the contractor. This was due to non-settlement of contractor’s claims in time by the University.

(Paragraph 3.6)

1.7.3.7 Avoidable expenditure of ₹5.17 crore on rerouting of Underground Power Cable

Hyderabad Metropolitan Water Supply and Sewerage Board (HMWS&SB) did not coordinate and communicate in advance the route of pipeline to Telangana State Southern Power Distribution Company Limited (TSSPDCL) for execution of their Krishna Water Supply (Phase III) Project. As a result, excavation work was initiated in a location in which an underground cable had already been laid. This cable was damaged and HMWS&SB had to incur an extra expenditure of ₹5.17 crore which was avoidable.

(Paragraph 3.7)

1.7.3.8 Leasing of Commercial Complexes

Hyderabad Metropolitan Development Authority sustained a revenue loss of ₹20.95 crore due to non-allotment of 355 shops in five commercial complexes, for periods ranging from 5 to 105 months. Besides, rental arrears of ₹6.16 crore remained to be collected.

(Paragraph 3.8)