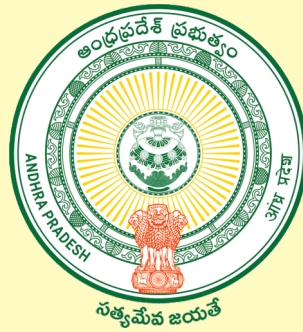


सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
General, Social & Economic Sectors and
Public Sector Undertakings
for the year ended 31 March 2019**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Andhra Pradesh
Report No. 1 of 2021

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Comptroller and Auditor General of India
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Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2019 has been prepared for submission to the Governor of Andhra Pradesh for being laid before the Legislature of the State. This Report contains two parts:

Part 1 deals with the results of audit of Departments of the Government of Andhra Pradesh under General, Social and Economic Sectors for being laid before the State Legislature under Article 151 of the Constitution of India. It contains significant results of compliance audit findings of the Departments of General Administration, Higher Education, Industries and Commerce, Municipal Administration & Urban Development, Panchayat Raj and Rural Development and Youth Advancement, Tourism and Culture (Sports) Departments.

Part 2 deals with the results of audit of Public Sector Undertakings, namely, Government Companies and Statutory Corporations of the Government of Andhra Pradesh, for being laid before the State Legislature under Section 19 (A) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The accounts of the Government Companies are audited by the Comptroller and Auditor General of India (CAG) under Section 143 of the Companies Act, 2013. Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before the Legislature of Andhra Pradesh. The audit arrangements of Statutory Corporations are prescribed under the respective Acts through which the Corporations are established.

The information given in this Report pertains to the period since the formation of the residual Andhra Pradesh State on 02 June 2014. Further, the information in this Report is based on the audited / provisional accounts of the PSUs and the information furnished by them for the years for which the accounts were in arrears. The impact of finalisation/ revision, if any, of the accounts by the PSUs would be reflected in the future reports.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2018-19 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Further, instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.

The audit has been conducted in conformity with Auditing Standards issued by the Comptroller and Auditor General of India.

Chapter I

Overview

Chapter I - Overview

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) contains matters arising from audit of accounts and transactions of various Departments of Government of Andhra Pradesh, Central and State plan schemes and audit of autonomous bodies of the State pertaining to General, Social and Economic Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. The findings of audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management of organisations and contribute to better governance.

This Chapter explains the planning and coverage of audit, response of the Departments and Government to audit findings/observations made during audit of transactions and follow-up action on previous Audit Reports.

1.2 Profile of General, Social and Economic Sectors

A summary of the expenditure incurred by the Departments of Government of Andhra Pradesh falling within General, Social and Economic Sectors during the three-year period 2016-17 to 2018-19 is given below.

Table-1.1: Expenditure incurred by Departments under General, Social & Economic Sectors

(₹ in crore)

Sl. No.	Name of the Department	2016-17	2017-18	2018-19
A	General Sector			
1	Finance and Planning	60,991.55	85,551.07	1,06,146.68
2	General Administration	187.10	725.29	1,041.75
3	Home	4,726.52	5,101.18	5,636.08
4	Law	610.94	651.09	726.38
5	Revenue	2,680.61	3,646.53	3,382.87
6	State Legislature	101.50	114.01	109.67
	Total (A)	69,298.22	95,789.17	1,17,043.43
B	Social Sector			
1	Backward Classes Welfare	4,117.68	4,919.33	2,824.84
2	Consumer Affairs, Food and Civil Supplies	2,560.59	3,241.75	697.68
3	Health, Medical and Family Welfare	6,331.63	6,140.67	7,229.62
4	Higher Education	2,465.32	2,811.59	2,106.57
5	Housing	589.13	2,905.74	3,189.59

Sl. No.	Name of the Department	2016-17	2017-18	2018-19
6	Labour, Employment, Training and Factories	304.40	444.00	671.21
7	Minorities Welfare	635.33	651.12	653.67
8	Municipal Administration and Urban Development	5,073.21	4,246.59	6,566.24
9	Panchayat Raj and Rural Development	18,574.47	21,582.68	28,406.55
10	School Education	14,995.38	16,978.12	17,506.20
11	Social Welfare	2,499.07	3,135.98	1,050.20
12	Tribal Welfare	1,219.85	1,738.45	1,136.57
13	Women, Children, Disabled and Senior Citizens	1,551.15	1,546.32	1,997.89
14	Sports and Youth Services	285.12	352.91	74.56
Total (B)		61,202.33	70,695.25	74,111.39
C	Economic Sector			
1	Agriculture ¹ & Co-operation Rain Shadow Areas Development ²	6,687.98	6,036.24	8,163.30
2	Animal Husbandry, Dairy development & Fisheries	1,235.73	1,371.42	1,355.78
3	Energy, Infrastructure & Investment ³	11,838.45	3,948.72	2,883.29
4	Environment, Forests, Science and Technology	305.30	352.20	364.20
5	Industries & Commerce	711.34	1,549.01	1,480.87
6	Information Technology, Electronics & Communications	330.34	302.28	463.99
7	Water Resources ⁴	10,637.24	8,936.59	14,355.21
8	Public Enterprises	1.53	1.84	(-) 49.96
9	Transport, Roads and Buildings ⁵	3,469.82	2,366.31	2,502.63
10	Tourism, Art and Culture	111.44	301.74	154.07
Total (C)		35,329.17	25,166.35	31,673.38
Grand Total (A+B+C)		1,65,829.72	1,91,650.77	2,22,828.20

Source: Appropriation Accounts of Government of Andhra Pradesh for relevant years

1.3 Office of Principal Accountant General (Audit)

Under the directions of the Comptroller and Auditor General of India (CAG), Office of the Principal Accountant General (Audit), Andhra Pradesh conducts audit of 39 Departments and Local Bodies/ Public Sector Undertakings/Autonomous Bodies there under in the State

¹ the expenditure of Agriculture, Rain Shadow Area Development is covered under Grant No. XXVII – Agriculture and the expenditure of Co-operation Department is covered under Grant No. XXX

² expenditure of this Department is covered under Grant No. XXVII – Agriculture

³ these figures represent the expenditure on Energy only. The expenditure on Infrastructure & Investment is covered under Grant No. XI- Roads, Buildings and Ports

⁴ formerly Irrigation & Command Area Development Department

⁵ these figures also include the expenditure on Infrastructure & Investment

of Andhra Pradesh. Out of these, 30 Departments are covered under General, Social and Economic Sectors Audit.

1.4 Authority for audit

The CAG's authority for audit 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 audits the Departments in General, Social and Economic Sectors of the Government as per the following provisions of the DPC Act.

- ❖ Audit of expenditure is carried out under Section 13 of the DPC Act;
- ❖ Audit of *autonomous bodies* is conducted under sections 19(2)⁶, 19(3)⁷ and 20(1)⁸ of the DPC Act;
- ❖ *Local bodies* are audited under Section 20(1) of the DPC Act;
- ❖ In addition, CAG also conducts audit of *other autonomous bodies*, which are substantially funded by the Government under Section 14⁹ of the DPC Act.

Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, as well as other guidelines, manuals and instructions issued by or on behalf of the CAG.

⁶ Audit of the accounts of Corporations (not being Companies) established by or under law made by the Parliament in accordance with the provisions of the respective legislations

⁷ Audit of accounts of Corporations (not being companies) established by or under law made by the State Legislature in accordance with the provisions of respective legislations

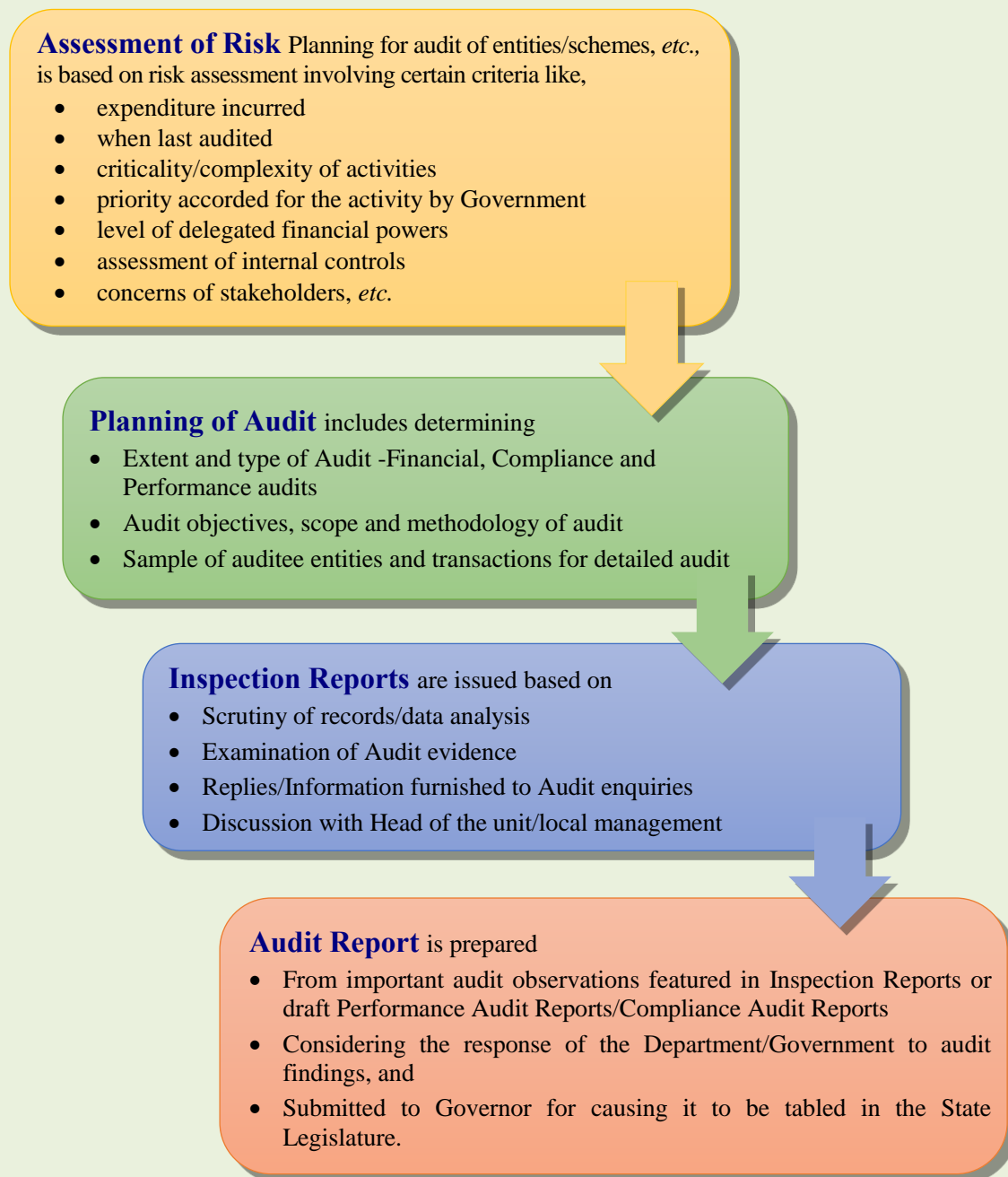
⁸ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the CAG and the Government

⁹ 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

1.5 Planning, conduct of audit and preparation of Audit Reports

The following flowchart depicts the process of planning, conduct of audit and preparation of Audit Reports.

Figure-1.1: Planning, conduct of audit and preparation of Audit Reports



After completion of compliance audit of each unit, an Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within one month of receipt of the 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 issued as draft paragraphs to the Government for their responses, before possible inclusion after due

consideration of the responses, in the Audit Reports. In addition, draft compliance audits and performance audits on specific themes, topics or schemes are also issued to the Government for their responses, before possible inclusion in the Audit Reports. These Audit Reports are submitted to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for causing them to be laid on the Table of the State Legislature.

1.6 Response of Departments to Audit findings

1.6.1 Response to previous Inspection Reports

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 at periodical intervals in meetings at District/State levels by officers of the Principal Accountant General’s office with officers of the concerned Departments.

As of 31 December 2019, 3,110 IRs containing 27,577 paragraphs in respect of General and Social Sector, and 2,473 IRs containing 8,627 paragraphs in respect of Economic Sector pertaining to the previous years were pending settlement as detailed in **Table 1.2**. Department-wise details are given in **Appendix-1.1**. Of these, first replies have not been received in respect of 871 IRs (8,434 paragraphs).

Table-1.2: Details of IRs and Paragraphs pending settlement /first replies not received

Year	Number of IRs/Paragraphs pending settlement as of 31 December 2019		IRs/Paragraphs where even first replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
2014-15 & earlier years	4,377	23,589	352	2,956
2015-16	345	3,497	179	2,523
2016-17	356	3,171	150	1,250
2017-18	226	2,683	116	1,028
2018-19	279	3,264	74	677
Total	5,583	36,204	871	8,434

Source: Records maintained by the office of Principal Accountant General (Audit), Andhra Pradesh

Lack of action on IRs and audit 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 the governance process, inefficient and ineffective delivery of public goods/ services, fraud, corruption and loss to public exchequer. State Government therefore, needs to institute an appropriate mechanism to review and take expeditious action to address the concerns flagged in these IRs and audit paragraphs.

1.6.2 Response of Government to audit observations

All Departments are required to send their responses to draft audit paragraphs proposed for inclusion in CAG’s Report within six weeks of their receipt. During the year 2019-20, 19 draft compliance audit paragraphs were forwarded to the Special Chief Secretaries/ Principal Secretaries/Secretaries of the Departments 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 were likely to be included in the

Audit Report of the CAG of India, which would be placed before the State Legislature and it would be desirable to include their comments/responses to the audit findings. Despite this, five Departments¹⁰ did not furnish reply to 17 draft compliance audit paragraphs as on the date of finalisation of this Report. The responses of the Government, wherever received, have been appropriately incorporated in the Report.

1.6.3 Response of Government to audit paragraphs that featured in earlier Audit Reports

Administrative Departments are required to submit Explanatory Notes on paragraphs and reviews included in Audit Reports, within three months of their presentation to State Legislature duly indicating action taken or proposed to be taken. For this purpose, the Departments are not required to wait for any notice or call from the Public Accounts Committee. Explanatory Notes¹¹ were yet to be received from 17 Departments in respect of 31 paragraphs/performance audit reviews that featured in the Audit Reports for the years 2014-15 to 2016-17 as of 31 December 2019. Explanatory Notes were also yet to be received from 12 Departments in respect of 29 paragraphs/performance audit reviews relating to the period prior to bifurcation¹² of the erstwhile State of Andhra Pradesh, as of 31 December 2019. Details are given in *Appendix-1.2*.

1.6.4 Response of Government to recommendations of the Public Accounts Committee

Administrative Departments are required to submit Action Taken Notes (ATNs) on recommendations of Public Accounts Committee within six months from the date of receipt of recommendations. As of 31 December 2019, 14 ATNs in respect of six Departments exclusively pertaining to Andhra Pradesh and 24 ATNs¹³ in respect of ten Departments pertaining to the period prior to bifurcation were yet to be received. Details are given in *Appendix-1.3*.

1.7 Significant Audit observations

This Report contains findings of audit from a test-check of accounts and transactions of six¹⁴ Departments of Government of Andhra Pradesh during 2018-19. Significant results of audit that featured in this Report are summarised below.

¹⁰ Higher Education, Industries and Commerce, Information & Public Relations under General Administration Department, Municipal Administration & Urban Development (MA&UD) and Panchayat Raj & Rural Development (PR&RD)

¹¹ with regard to the issues exclusively pertaining to the State of Andhra Pradesh

¹² of the erstwhile State of Andhra Pradesh (*i.e.*, those featured in Audit Reports for the years 2006-07 to 2013-14)

¹³ of the erstwhile State of Andhra Pradesh

¹⁴ Higher Education, Industries and Commerce, Information & Public Relations under General Administration Department, Municipal Administration & Urban Development(MA&UD); Panchayat Raj & Rural Development (PR&RD) and Youth Advancement, Tourism and Culture (Sports)

Part 1

1.7.1 Promotion of Sports in Andhra Pradesh

Sports promotion activities in the State lacked the required impetus in terms of organisational structures, finances and implementation. There was no proactive planning for achieving the goals of the policies. Sports Authority of Andhra Pradesh (SAAP) did not display leadership in coordinating with other Departments for either increasing resources or implementing various initiatives. Financial management was not effective as even the meagre budget allocation made by the Government was not utilised optimally. Resource mobilisation from other Departments was not ensured to improve financial resources.

Creation of infrastructure was ridden with lot of delays and poor planning. There were deficiencies in utilisation of infrastructure and community involvement in utilisation, revenue generation and maintenance are still a distant dream. The Government of India (GoI) funds were also not properly utilised for undertaking infrastructure projects. The initiative displayed in grounding the projects was not shown in completing the projects. Most of the incomplete projects were due to bad planning by the DSAs and inadequate follow up by them with the executing agencies.

Both the Sports Policies have articulated the importance of the coaches and supportive measures to the sports persons. However, SAAP and the Department have failed in providing these measures to these key stakeholders for development of sports. SAAP does not have a database of upcoming sports persons. All the winners in various events were also not identified by SAAP. The incentive structure was implemented arbitrarily without any basis. Strategic goals aimed in the year 2000 *viz.*, universalised participation in sports, sports infrastructure, excellence in sports performance, *etc.*, were not achieved even after two decades. Implementation of Sports Policy, 2017 also leaves a lot to be desired.

(Paragraph 2.1)

1.7.2 Idle equipment

Equipment procured by Rajiv Gandhi University of Knowledge Technologies for Idupulapaya campus at a cost of ₹1.75 crore to create high end research facilities remained idle for more than five years without benefiting the students.

(Paragraph 2.2)

1.7.3 Sanction of incentives to ineligible food processing industries

Irregular sanction of incentives to ineligible industry resulted in avoidable expenditure of ₹76.39 lakh.

(Paragraph 2.3)

1.7.4 Financial imprudence

The Department of Information and Public Relations failed to avail the lowest unit rate due to splitting of orders in three spells, resulting in avoidable expenditure of ₹2.12 crore.

(Paragraph 2.4)

1.7.5 Avoidable expenditure on interest and penalty

Failure of the Urban Local Bodies (ULBs) to ensure timely remittance of statutory contributions to Employees' Provident Fund resulted in avoidable expenditure of ₹16.18 crore towards penalty and interest.

(Paragraph 2.5)

1.7.6 Irregular alienation of Government land to a private party

Government land was alienated to a private party below the market value without due diligence, in deviation of the Land Policy, resulting in a loss of ₹one crore.

(Paragraph 2.6)

1.7.7 Loss of revenue of ₹92.67 lakh due to incorrect fixation of upset price

Fixation of upset price by Greater Visakhapatnam Municipal Corporation in deviation from the Government order governing the lease of immovable property resulted in loss of revenue of ₹92.67 lakh.

(Paragraph 2.7)

1.7.8 Loss of revenue due to non-collection of rents/fees from lessees

Ananthapuramu Municipal Corporation failed to collect the auction dues of ₹1.57 crore from the lessees due to non-enforcement of the conditions of market auction and the provisions of AP Municipal Corporations Act, 1994.

(Paragraph 2.8)

1.7.9 Non-recovery of mobilisation advance

Greater Visakhapatnam Municipal Corporation (GVMC) failed to recover the outstanding mobilisation advance of ₹9.11 crore from the contractor due to non-renewal of validity of Bank Guarantees. The intended benefit of providing 24x7 metered water supply to the targeted areas of GVMC was also not ensured due to abandonment of water supply works midway.

(Paragraph 2.9)

1.7.10 Unfruitful expenditure due to substandard quality pipes

Ichapuram Municipality executed water supply works with substandard quality pipes supplied by the contractor resulting in unfruitful expenditure of ₹1.18 crore.

(Paragraph 2.10)

1.7.11 Incomplete transfer of Profession Tax to Greater Visakhapatnam Municipal Corporation

GVMC could not receive an amount of ₹218.23 crore towards its share in Profession Tax (PT) collections in its jurisdiction as per the devolution provided in the AP Tax on Professions, Trades, Callings and Employments Act, 1987 and subsequent Government orders.

(Paragraph 2.11)

1.7.12 Non-compliance with rules for accounting of receipts

Non-compliance with prescribed procedures for accounting of moneys received and absence of related internal controls by a Gram Panchayat of Visakhapatnam District resulted in temporary misappropriation of ₹12.91 lakh.

(Paragraph 2.12)

1.7.13 Unfruitful expenditure towards construction of summer storage tank

Summer Storage Tank constructed by Rural Water Supply & Sanitation Division could not be used due to seepage of water from the bed carpet resulting in unfruitful expenditure of ₹82.99 lakh.

(Paragraph 2.13)

Part 2

1.7.14 Functioning of State Public Sector Undertakings (PSUs)

As on 31 March 2019, all 93 Public Sector Undertakings in Andhra Pradesh (including 90 Government Companies and three Statutory Corporations) were under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Of the 93 PSUs, nine PSUs relate to Power Sector and 84 relate to sectors other than Power. Of these, nine in Power Sector and 64 (all three Statutory Corporations and 61 Companies) in Non-Power Sector are working PSUs and 20 were inactive. None of the PSUs was listed on the stock exchange.

As on 30 September 2019, only 11 PSUs submitted their accounts for the year 2018-19 and the financial statements of 62 working PSUs were in arrears with 158 accounts outstanding. 12 PSUs had not submitted even the first accounts since their inception. Of these, three PSUs had submitted their first accounts and 26 working PSUs had submitted their accounts for different years after 30 September 2019. For the purpose of analysis presented in this report, only 50 PSUs whose accounts have arrears of less than three years have been considered. Eight of these PSUs belong to the Power Sector while 42 belong to the Non-Power Sector.

As per their latest finalised accounts, the State PSUs registered an annual turnover of ₹61,107.37 crore, which was equal to 6.55 *per cent* of the Gross State Domestic Product (GSDP) of Andhra Pradesh during 2018-19. As on 31 March 2019, the investment of the Central and State Governments and Others in equity and long-term loans in PSUs was

₹80,013.19 crore. Out of this, the Power Sector received an investment of ₹53,170.99 crore (66.45 per cent).

(Chapter - III)

1.7.15 Functioning of Power Sector PSUs

As on 31 March 2019, there were nine Power Sector PSUs in Andhra Pradesh. During 2018-19, the aggregate turnover of eight PSUs was ₹42,800.97 crore, which constituted 4.59 per cent of the GSDP of Andhra Pradesh. The total investment in these PSUs on historical cost basis was ₹53,175.60 crore.

The overall loss incurred by the five PSUs was ₹12,841.88 crore during 2018-19. During 2018-19, out of the eight, two PSUs (APTRANSCO and New & Renewable Energy Development Corporation of Andhra Pradesh Limited) earned a profit of ₹69.68 crore and six PSUs incurred a loss of ₹12,911.56 crore. During the years 2014-19, Rate of Real Return on investment in Power Sector PSUs was negative and ranged between (-)0.08 per cent and (-) 249.98 per cent. Huge losses of the DISCOMs (APSPDCL and APEPDCL) contributed to overall losses of Power Sector PSUs.

As against total Shareholders' funds of ₹9,213.08 crore, the accumulated losses reported by the five PSUs were ₹30,288.40 crore, resulting in negative net worth of ₹21,075.32 crore as on 31 March 2019.

(Chapter - IV)

1.7.16 Functioning of Non-Power Sector PSUs

As on 31 March 2019, 84 PSUs including 20 inactive PSUs in AP pertained to other than Power Sector. The 64 working PSUs included 61 Government Companies and three Statutory Corporations. During 2018-19, the aggregate turnover of working PSUs was ₹17,435.77 crore and total investment was ₹16,135.41 crore.

During 2018-19, 42 working PSUs (excluding 22 out of 64 working PSUs) incurred an aggregate loss of ₹1,001.67 crore. Further, out of these PSUs, 14 PSUs earned profit of ₹138.18 crore and 26 PSUs had incurred loss of ₹1,139.85 crore while remaining two PSUs reported neither profit nor loss. Major profit making PSUs were APSFC (₹89.08 crore) and Andhra Pradesh State Beverages Corporation (₹16.05 crore). These profits were off-set by the loss of ₹961.28 crore reported by APSRTC and ₹70.63 crore reported by AP State Skill Development Corporation.

During the year 2018-19, the Rate of Real Return on investment in the 42 working PSUs was negative. Huge losses of APSRTC and AP State Skill Development Corporation during the period contributed to the overall losses of the State PSUs.

As against total Shareholders' funds of ₹2,396.31 crore, the accumulated losses reported by these PSUs were ₹7,276.58 crore, resulting in a negative net worth of ₹4,880.27 crore as on 31 March 2019. Shareholders' funds had been eroded completely in respect of 12 PSUs, of which, the maximum net worth erosion was in APSRTC (₹6,810.34 crore), APGIC (₹62.51 crore) and APSMFCL (₹21.07 crore).

(Chapter - V)

1.8 Acknowledgement

The Office of the Principal Accountant General (Audit), Andhra Pradesh wishes to acknowledge the co-operation and assistance rendered by the officials of the State Government, especially the Youth Advancement, Tourism and Culture (Sports) Department and various other Departments during the course of conducting audit.

PART - 1

Chapter II

Compliance Audit Observations

Chapter II – Compliance Audit Observations

Introduction

Compliance Audit is an independent assessment of whether a given subject matter (an activity, financial or non-financial transaction, information in respect of an entity or a group of entities) complies in all material respects with the applicable laws, rules, regulations, established codes, *etc.*, and the general principles governing sound public financial management and the conduct of public officials.

Compliance Audit of the Departments of Government of Andhra Pradesh, their field formations, as well as the autonomous bodies functioning under these Departments, brought out instances of non-compliance with applicable rules, codes and manuals, lapses in management of public resources and failure to adhere to norms of propriety. Significant issues in this regard are discussed in the succeeding paragraphs.

Youth Advancement, Tourism and Culture (Sports) Department

2.1 Promotion of Sports in Andhra Pradesh

2.1.1 Introduction

The Department of Youth Advancement, Tourism and Culture (Sports), headed by the Special Chief Secretary to the Government of Andhra Pradesh, is responsible for policy formulation and oversight over the development of sports in the State. Government of Andhra Pradesh (GoAP) established¹⁵ (1988) the Sports Authority of Andhra Pradesh (SAAP), as an apex body for sports under the administrative control of the Special Chief Secretary and entrusted it with various responsibilities¹⁶ for promotion of sports in the State. SAAP is headed by a Chairman appointed by the Government and comprises of six other members¹⁷ nominated by Government. Vice Chairman and Managing Director (VC&MD) as Ex-officio member, manages the implementation of sports activities in the State with the support of District Sports Authorities (DSAs).

2.1.2 Sports policies

(a) Sports Policy 2000

State Government formulated (May 2000) Sports Policy, 2000 to universalise participation in sports, achieve excellence in sports performance and to create adequate sports infrastructure over a period of 20 years. This policy focused on strategies for creating

¹⁵ The Andhra Pradesh Sports Authorities Act, 1988

¹⁶ The SAAP undertakes sports development activities *viz.*, construction and maintenance of Stadia/Kreeda Vikas Kendras (KVKs), playfields, establishes sports academies, conducts tournaments, matches and coordinates all games, sports and physical education activities in all educational institutions

¹⁷ Selected out of outstanding personnel in the field of sports and physical education (two of them shall be women)

infrastructure, linking education and sports, jobs and self-employment for sports persons, creation of administrative structures at various levels for promotion of sports with public participation, *etc.* This policy had also envisaged a budgetary support of half *per cent* of total State plan budget and assigned revenue from cess on Property Tax and sand mining for sports promotion at sub-state level.

(b) Sports Policy 2017

Subsequently, GoAP brought out (May 2017) a new Sports Policy (2017-22)¹⁸ to develop a sports culture that celebrates and promotes participation and envisages better quality and accessibility to sports for all citizens of the State. This policy is more detailed with strategies like physical literacy-based curriculum, holistic approach for long term athlete development, coaching development, additional incentives to sports persons, usage of Information Technology, *etc.*

An analysis of the State’s performance in the successive Games after the enunciation of the Sports Policy, 2000 shows that, despite the lofty goal of development and promotion of sports, the performance of the State in this area leaves much to be desired. In this context, this audit of promotion of sports in the State is taken up to assess the State’s efforts in reaching the goals envisaged in the two sports policies.

Chart 2.1
Performance of Andhra Pradesh in National Games



2.1.3 Audit Framework

Audit of Government initiatives and their results relating to promotion of sports was carried out during May-September 2019 covering the period 2015-19 with the objectives of assessing aspects of planning for sports excellence (organisational structure, fund allocation and development strategies) and implementation (creation, maintenance and utilisation of infrastructure, coaching arrangements and incentives and opportunities to sports persons).

¹⁸ with five core principles of Inclusion of All, Sustainable Development and utilisation of resources, System Driven Excellence, Collaborative Efforts, Ethics and Values

Audit findings were benchmarked against the criteria sourced from Andhra Pradesh Sports Authority Act, 1988 (Act), Andhra Pradesh State Sports Policies, Andhra Pradesh Financial and Works Manuals and Orders and Circulars issued by Central/State Government from time to time. Audit methodology involved examination of records of SAAP¹⁹ along with joint physical verification of site/infrastructure with departmental officials. The findings of audit are discussed below.

2.1.4 Planning

2.1.4.1 Organisational Structure

Sports Authority Act²⁰, 1988 stipulates that a full-fledged Governing Body²¹ shall be appointed to SAAP and the administrative structure shall have grassroot level participation from Village Sports Authorities (VSAs), Mandal Sports Authorities (MSAs), and District Sports Authorities (DSAs) to SAAP.

SAAP is the principal policy formulating body and is responsible for approving sports calendar, according administrative sanction, *etc.* DSAs are responsible for approving sports calendar of the district and conducting sports activities at district level. Similarly, MSAs and VSAs are responsible for conducting the sports activities at mandal and village level respectively. These Authorities are multi-member bodies with representation from sports persons and are responsible for the activities in their jurisdiction.

Audit observed that the Bodies/Authorities at different levels were either not constituted (SAAP & VSAs) or constituted without proper representation (DSAs & MSAs) from sports field.

Thus, fully functional administrative structure at apex and grassroot level were absent in the Sports Authority during 2015-19.

2.1.4.2 Funding for Sports

(a) Budget allocation and utilisation of funds

Para 17 of the Act specified that the Sports Authority, District, and the Mandal Authorities shall have their own funds including grants provided by State and Central Governments. However, no separate funds were provided to District and Mandal Sports Authorities. Further, the State Sports Policy, 2000 envisaged that Government earmarks half a *per cent* of its Plan Budget for development of sports. In accordance with this Policy, ₹2,983 crore (half *per cent* of State Budget of ₹5,96,801 crore for the period 2015-19) had to be allocated for development of sports. However, Government released only ₹718 crore (0.12 *per cent*) and the SAAP could not utilise even this meagre allocation. Budget allocation and its utilisation during the period 2015-19 is shown in **Table 2.1**.

¹⁹ including 13 District Sports Authorities (DSAs) and one State Sports School at Kadapa, YSR Kadapa district

²⁰ Section 3, 7 & 10 and Para 13 of Sports Policy, 2000

²¹ Chairman, Vice-Chairman and Managing Director (Ex-officio) and six other members from outstanding sports persons, persons who have rendered valuable service for promotion of sports, reigning champions in different sports and games at the State, National or International level, one member from distinguished physical education persons

Table-2.1 Statement showing the budget allocation, release and expenditure

(₹ in crore)

Year	Total State Budget (TSB)	Allocation to be made (0.50 per cent of TSB)	Released (percentage to TSB)	Expenditure incurred
2015-16	1,13,049	565	67 (0.06)	40
2016-17	1,35,689	678	70 (0.05)	52
2017-18	1,56,999	785	281 (0.18)	82
2018-19	1,91,064	955	300 (0.16)	107
TOTAL	5,96,801	2,983	718 (0.12)	281

Source: Records of SAAP

As can be seen from the above table, utilisation of funds during 2015-19 was only ₹281 crore (39 per cent) as against the release of ₹718 crore by SAAP. Non-allocation of adequate funds and non-release of the sanctioned funds had an adverse impact on provision of infrastructure facilities, procurement of sports equipment, etc., as discussed in succeeding paragraphs.

Government replied (November 2020) that due to technical and administrative reasons, the amount granted under Capital budget could not be utilised.

(b) Resource Mobilisation

Government must provide²² adequate funding and create scope for resource mobilisation, to make SAAP financially sound and self-sufficient for promoting games and sports at various levels. Further, funds from different sources (*Appendix-2.1*) are required to be mobilised by the Government for implementation of sports policy in the State. Audit scrutiny of records showed the following;

- The Sports privilege fee of ₹48 crore collected (2015-19) out of the Excise duty on sale of liquor was not transferred to SAAP by Excise Department as envisaged in the Sports Policy, 2000²³.
- The Local Bodies did not levy and collect additional cess of three per cent on Property Tax to transfer the cess to respective Sports Authorities as per Sports Policy, 2000²⁴.
- Test check (during 2015-17) of three Zilla Parishads²⁵ revealed that seigniorage fee of ₹6.62 crore²⁶ received (period 2010-17) from the Mines and Geology Department was not apportioned completely to the Village, Mandal and District level Sports Authorities in the specified ratio (37.5:37.5:25). The Zilla Parishads have apportioned ₹4.21 crore²⁷ to DSAs leaving a balance of ₹2.41 crore to be apportioned. However, no amounts were apportioned to VSAs and MSAs.

²² as per Para 4 & 12 of Sports Policy, 2000

²³ para 12(c) of Sports Policy, 2000

²⁴ para 12(d) of Sports Policy, 2000

²⁵ Zilla Parishad Eluru, Kakinada, Machilipatnam

²⁶ Seigniorage fee received : ₹220.69 crore x 3 per cent = ₹6.62 crore

²⁷ Zilla Parishad Kakinada : ₹1.24 crore and Machilipatnam : ₹2.97 crore in excess of the limit

- Corpus Funds were not created for all Village, Mandal, District Sports Authorities for maintenance and promotion of sport activities.

Thus, resource mobilisation from other Departments was not ensured, as envisaged, to improve the financial resources of Sports Authority.

The Department replied (November 2020) that the matter was placed before GoAP to issue suitable instructions to the concerned Departments in this regard.

Thus, the Government did not enforce the relevant Sports Policy provisions for resource mobilisation through assigned revenues. This indicated lack of Government's/SAAP commitment to improve financial resources for creation of infrastructure/development of sports in the State.

2.1.4.3 Strategies for Development of Sports

(a) *Data bank of sports persons*

As per Para 15 of Sports Policy, 2000, there should be a data bank of all sports persons along with their performance graphs at SAAP/DSAs; this was however, not done. In the absence of a data bank, evaluation of performance, identification of talent, provisioning of sports incentives and coaching for promotion of sports in a holistic/systematic manner could not be ensured.

Government while accepting the audit observation, stated (November 2020) that SAAP is moving in that direction to establish a sports database through e-Pragathi Application.

(b) *Systems for spotting talent*

The Policy envisaged that Sports talent²⁸ should be spotted²⁹ by systematic processes, planning from remotest rural areas to the well-developed urban areas; an annual coordinated calendar involving School/Intermediate Education and Sports Associations to be prepared each year in the month of March for all activities to be held in the following academic year with coordination among School Education, Youth Advancement (Sports). To fulfil these objectives, Government issued (August 2000)³⁰ comprehensive guidelines³¹.

Audit scrutiny in this regard revealed the following;

- There was no coordinated approach among the concerned Departments in the districts to conduct sports competitions to spot talent.

²⁸ in the categories of school students (classes VI-X and in the age group of 10-16 years), college students (Junior or Senior Intermediate in age group of 16-18 years) and non-student youth in rural, urban areas (who are members of a sports/youth club and above 19 years of age)

²⁹ para 9 of Sports Policy, 2000

³⁰ G.O.Ms.No.135 dated 02.08.2000

³¹ Such as tournaments shall be combined tournaments with coordination between School Education, Universities, DSAs and Sports Associations to avoid duplication. Participation in at least three sports disciplines is made compulsory for all schools and colleges. Tournaments shall start at village/school/college level, State level etc. There shall be a State Level Steering Committee to finalise all operational details that require decisions at State level and at Mandal, Division and Zonal level and organising committee shall be appointed by the District Collector

- There was no coordinated calendar involving School/Intermediate Education and Sports Associations.
- Instead of conducting combined tournaments from village to State level for identification of best sports talent in the State, the DSAs conducted only summer coaching camps in rural areas.

Government replied (November 2020) that coordination among Departments in respect of talent hunt had not taken priority in spite of sincere efforts made by SAAP. Further, it was replied that efforts were being made to bring about coordination among all the stakeholders in this regard.

(c) Uninitiated Sports Policy

Sports Policy, 2017 had envisioned new dimensions and desired to implement innovative measures for promotion of sports in the State.

However, many of the initiatives did not materialise (*Appendix-2.2*) as of May 2019 and the policy vision of better quality and accessibility to sports experience for all citizens of the State remained a distant dream.

Government accepted (November 2020) the audit observations and assured compliance.

2.1.5 Creation, maintenance and utilisation of Sports Infrastructure

To universalise sports, Sports Policy, 2000 envisaged provision of playfields in each habitation within 20 years and in all Mandals with standard sports infrastructure within 10 years. Similarly, Stadia and other infrastructure were to be provided in each district and State headquarters over the next five and two years, respectively. Sports Policy 2017 proposed revamping of existing infrastructure, construction of 175 Kreedha Vikas Kendras (KVKs), creation of sports school in each district and to open six regional sports academies and four water sports academies. Audit examined the creation, upgradation and utilisation of infrastructure in the State with reference to the targets in the policies and observed the following.

2.1.5.1 Construction of Stadia / playfields

As per Para 4 & 7 of Sports Policy, 2000, GoAP is committed to develop suitable playfields in all villages, mandal headquarters and district headquarters by the year 2020. All sports infrastructure so created is to be maintained by community involvement. Scrutiny of relevant records revealed the following;

- (a) DSAs had not carried out any gap analysis on availability of sports infrastructure in the State as envisaged in the Sports Policy.
- (b) As per Sports Policy, 2000, there should be open/indoor stadium and swimming pool at district headquarters. Sports Policy, 2017 proposed to revamp the existing facility in each district for optimal utilisation by the community. However, at district level, stadia were available in eight³² out of thirteen districts. In Srikakulam district, construction

³² Chittoor, East Godavari, Kurnool, Guntur, SPSR Nellore, West Godavari, Vizianagaram and YSR Kadapa

of a stadium was in progress. Proposals were not mooted for construction of stadia in the remaining four districts³³ as envisaged in the Sports Policies.

- (c) At village level, School Education Department has issued (February 2017) instructions to identify 3,000 school grounds to develop as playfields under Mahatma Gandhi National Rural Employment Guarantee Scheme. Out of 2,209 works sanctioned under this scheme at an estimated cost of ₹58.28 crore, 1,046 works (47 per cent) were completed (September 2019) at a cost of ₹15.59 crore. The remaining works costing ₹42.69 crore were not completed due to poor levelling of grounds, not taking up of athletic track works, etc.

Government replied (November 2020) that constant pursuance was made with CEOs/Chief Coaches of all districts to submit field inspection reports to identify availability of space in schools or an alternate site if no space is available at the proposed school, to ensure execution of works and that, reports from 10 districts were awaited.

2.1.5.2 Establishment of Sports Village

As per the suggestions of Director General, Sports Authority of India, GoAP proposed to construct an international standard³⁴ Sports Village in 150 acres of Government land at Mogallapalem village, Nellore Mandal, SPSR Nellore district. Scrutiny of records revealed that;

- (a) As of August 2019, the proposed Sports Village was not developed with required sports facilities. Further, provisioning of basic facilities³⁵ taken up at an estimated cost of ₹4.60 crore by Andhra Pradesh Education & Welfare Infrastructure Development Corporation was also not completed.

Government replied (November 2020) that proposals have been submitted to GoAP under National Infrastructure Pipe Line to address GoI for grants of ₹200 crore for construction of a Sports Village. Further, it was also replied that due to technical reasons, there was a delay in completion of works related to basic facilities.

- (b) Multi-purpose Indoor Sports complex sanctioned (March 2017) in the same land by GoI under Khelo-India Scheme also remained incomplete. Government replied (November 2020) that 50 per cent of the works were completed.

2.1.5.3 Construction and upgradation of Infrastructure

(a) Execution of works under General component

For creation/upgradation of infrastructure, GoAP/SAAP had sanctioned³⁶ 302 infrastructure works³⁷ at an estimated cost of ₹652.66 crore during 2012-18. These

³³ Ananthapuramu, Krishna, Prakasam and Visakhapatnam

³⁴ 400m synthetic track, cycling velodrome, football and hockey fields, golf course, multi-storied sports complex, etc.

³⁵ bio-fencing with gate, approach roads, electricity, borewell with pump set, etc.

³⁶ each work costing more than ₹20 lakh

³⁷ construction of Kreedha Vikas Kendras, Swimming Pools, laying of Athletic track in the existing stadiums, shopping complex, etc.

included construction of 175 KVKs³⁸ as envisaged in the Sports Policy, 2017. As per the guidelines issued (December 2016) by Government³⁹, the District Collector is responsible for construction of stadia and to take appropriate action for completion of works within six months. Audit review of district-wise execution of works (**Appendix-2.3**) as of March 2019 revealed the following;

- i. Government instructed (May 2019) cancellation of works sanctioned prior to 1st April 2019 but not grounded. As of September 2019, only 54 works (18 *per cent*) were completed at a cost of ₹13.79 crore, 117 works (39 *per cent*) were in progress and 131 works (43 *per cent*) were yet to be grounded. As SAAP could not ground the works for the last three years, the 131 works were cancelled. Thus, SAAP had not only foregone an estimated amount of ₹295.84 crore but had also lost an opportunity to improve sports infrastructure in the State.

Further, committee⁴⁰ was also not constituted as of September 2019 for identification of agency⁴¹ to evaluate the quality of works undertaken by SAAP.

- ii. Out of 117 works-in-progress, expenditure in respect of 109 works was less than 25 *per cent* of the estimated cost. Government instructed (May 2019) to review all such works and to release payments only after receipt of fresh orders from appropriate authorities. Works remained incomplete as no decision was taken by Government and expenditure of ₹10.79 crore incurred in respect of 109 works remained unfruitful.

SAAP replied (September 2019) that the works were delayed as Government had issued instructions to stop the works which had progressed below 25 *per cent* and that, there were delays in grounding of works due to problems in identification of sites, delay in tendering and selection of executing agencies by the concerned District Collectors.

- iii. As of September 2019, specific guidelines were not issued for utilisation of completed KVKs. Total 30 KVKs and 29 stadia were completed and taken over by the concerned DSAs. Arrangements for the maintenance of KVKs⁴² were not made in the constituencies and also in urban and profit-making centers. As such, audit could not verify the proper utilisation of infrastructure after its completion.

Government replied that there was a delay in completion of 136 KVKs (out of 175) sanctioned during 2016-18 due to delay in identification of land, non-responsive tenders, etc.

³⁸ at an estimated cost of ₹2.00 crore for each KVK (one in each assembly constituency)

³⁹ G.O Ms.No.20 dated 02.12.2016 issued for construction of KVKs, creation of playing facilities in indoor stadia and other guidelines

⁴⁰ Chief Engineers from Roads & Building, Panchayat Raj Department

⁴¹ as instructed by Governing Body (75th meeting) in March 2017

⁴² as per the guidelines issued by Government vide G.O.Ms.No.20 dated 02.12.2016, the District Collector shall constitute a committee to each stadium, SAAP shall fix entry/user fee, introduction of pay and play scheme in every stadium, providing of sports material, providing of recreation facility to the aged people to encourage physical literacy, deployment of minimum staff, etc.

(b) Works sanctioned under Scheduled Caste/Tribe component

GoAP/SAAP had sanctioned 182⁴³ infrastructure works (Scheduled Caste/Scheduled Tribe components) like construction of playfields *etc.*, at an estimated cost of ₹288.50 crore during 2017-19. However, only seven of these works⁴⁴ costing ₹18.50 crore were grounded and the remaining 175 works were not grounded as of September 2019. The grounded works were also not completed despite incurring ₹1.36 lakh.

In respect of works not grounded, SAAP had incurred an amount of ₹2.66 crore towards preparation of Detailed Project Reports, *etc.* Due to cancellation of works as per the policy of GoAP, the entire expenditure of ₹2.66 crore remained unfruitful.

SAAP replied (September 2019) that Government was requested to grant permission to take up works which were not started and on receipt of permission from Government the works would be taken up and completed.

(c) Incomplete/stopped infrastructure works

Scrutiny of records revealed that eight works (Construction of Green Field stadia/Indoor stadia) taken up at an estimated cost of ₹18.92 crore during the period July 2011 to November 2017 were left incomplete/stopped as of November 2019 (*Appendix-2.4*). It was noted that;

- Two works taken up at an estimated cost of ₹3.67 crore were stopped due to commencement of works without consent of land owners and alienation of land. This had resulted in wasteful expenditure of ₹84.82 lakh for the works executed.
- Six works taken up at an estimated cost of ₹14.72 crore remained incomplete, due to non-availability of approach road, damage to the constructed property, lack of required equipment, *etc.* This had resulted in unfruitful expenditure of ₹6.34 crore as of November 2019.

Due to improper planning, the proposed objective of creation/up-gradation of sports infrastructure could not be achieved within the envisaged timelines, despite availability of funds. The work-wise replies of the Government are given in the *Appendix-2.4*.

2.1.5.4 Central assistance - infrastructure projects

The National Sports Policy, 2001 lays special emphasis on “Broad-basing of Sports” through grassroots level sports activity and “Promoting Excellence in Sports” at the national and international levels. To revive the sports culture at grassroot level and to develop infrastructure in the country, Union Sports Ministry introduced various programmes *viz.*, Urban Sports Infrastructure Scheme⁴⁵ (USIS), Khelo-India Scheme⁴⁶

⁴³ Scheduled Caste component: 105 and Scheduled Tribe component: 77

⁴⁴ Scheduled Caste component: Five and Scheduled Tribe component: Two

⁴⁵ for laying synthetic playing surfaces for football, hockey and athletics and construction of multipurpose indoor halls

⁴⁶ to revive the sports culture in India at the grassroot level by building a strong framework for all sports played in our country and establish India as great sporting nation

(KIS) and Rajiv Gandhi Khel Abhiyan⁴⁷ (RGKA-erstwhile Panchayat Yuva Krida aur Khel Abhiyan).

(a) Sports Infra Projects

Government of India (GoI) sanctioned eight Sports Infra Projects to the State at an estimated cost of ₹47.80 crore during March 2016 to March 2018 under USIS, KIS and RGKA. Audit scrutiny of progress of works (*Appendix-2.5*) revealed the following;

- The project “Multi-purpose Indoor Hall at Vidyadarapuram, Vijayawada sanctioned (March 2016) under USIS at an estimated cost of ₹six crore was cancelled (July 2019) by GoI due to delay in commencement of work. An expenditure of ₹1.03 crore⁴⁸ was incurred towards foundation stone alone. As the grant was not utilised in time, the GoI levied a penalty of ₹0.36 crore to be paid along with ₹1.20 crore given for the project. The amount is yet to be remitted by SAAP to GoI.
- Three out of six projects sanctioned (March-September 2017) at an estimated cost of ₹20 crore under KIS were cancelled (March 2018) by GoI due to non-commencement of work. Further, the other three projects sanctioned (February-July 2017) at a total cost of ₹21 crore remained incomplete as of November 2018 despite incurring ₹0.81 crore.
- The GoI cancelled (June 2017) the project “Indoor Sports Halls at Bhimadole, West Godavari district and at Udayagiri, SPSR Nellore district” sanctioned (March 2016) under RGKA due to non-commencement of work despite release of ₹80 lakh to SAAP.

Government replied (November 2020) that GoI had been addressed (July 2020) to re-sanction the project and orders in this regard are awaited.

SAAP could not take advantage of the grants received from GoI. As shown above, instead of implementing in time, ₹1.03 crore was imprudently utilised for just laying a foundation stone.

(b) Implementation of Panchayat Yuva Krida aur Khel Abhiyan (PYKKA)

Government of India (GoI) introduced (May 2008) Panchayat Yuva Krida aur Khel Abhiyan (PYKKA) to provide universal access to sports in rural areas, to put in place an effective mechanism to identify and nurture sporting talent in rural areas and to promote both indigenous and modern games, *etc.* One of its components was provision of a One Time Capital Grant (OTCG) for the purpose of development of playgrounds/sports infrastructure at Village and Block Panchayat level.

⁴⁷ aims to provide basic sports infrastructure and equipment at the Panchayat level and encouraging sports and games in rural areas through annual competitions at the block and district levels

⁴⁸ ₹4.25 lakh from GoI grant and ₹99.00 lakh from SAAP funds

During the period 2008-11, SAAP released⁴⁹ an amount of ₹49.96 crore to 13 DSAs under OTCG for executing 4,149 works⁵⁰ for development of playfields/construction of PYKKA bhavans. Out of these, only 2,112 works⁵¹ (51 per cent) costing ₹27.47 crore were completed (November 2014).

Scrutiny of the records in this regard revealed the following;

- i. A Memorandum of Understanding (MoU) was entered (November/December 2015) into by SAAP with a firm to execute 882 works (out of 2,037) in four⁵² districts at a cost of ₹10.46 crore⁵³. As per the MoU, payment was to be released to the firm in four instalments and the firm was to complete the bhavans within one year from the date of release of first instalment. Audit observations in this regard are as follows;
 - Only 494 works (56 per cent) were completed and construction of 41 Mandal level bhavans had not commenced as of July 2019.
 - Instead of releasing payments to the firm in instalments⁵⁴ as per the terms of MoU, SAAP released an amount of ₹8.30 crore (80 per cent of total cost of ₹10.46 crore)⁵⁵, in lumpsum during December 2015 to November 2016, resulting in excess payment of ₹3.36 crore to the firm against its eligibility. This payment was made against the contract conditions without any justification.
 - Instead of obtaining bank guarantee as per terms of MoU, cheques worth of ₹4.60 crore was obtained from the firm. Due to non-completion of works, SAAP presented (April 2019) the cheques to banks for realisation. However, these cheques could not be encashed, as the accounts of the firm were already closed and blocked by the banks. No action was initiated against any official for the loss to the exchequer.

Government did not respond to the audit comment.

- ii. As per programme guidelines, SAAP was to cover the Village and Block Panchayats by the end of 2016-17. However, the SAAP neither covered the Village/Block Panchayats nor surrendered the unutilised balance of ₹24.56 crore (**Appendix-2.6**) to GoI as of September 2019. Government did not furnish any reply.
- iii. Instead of utilising the funds for implementation of the programme⁵⁶, nine DSAs have diverted an amount of ₹2.77 crore (**Appendix-2.7**) for other purposes.

⁴⁹ the details of funds received from GoI are not made available to audit as the scheme was commenced in 2008 before bifurcation of State

⁵⁰ Mandal Level Implementing Agencies (MLIAs): 208 and Panchayat Level Implementing Agencies (PLIAs): 3,941

⁵¹ MLIAs: 138 and PLIAs: 1,974

⁵² Guntur, SPSR Nellore, Prakasam and Vizianagaram

⁵³ for each bhavan at an estimated cost of ₹one lakh for PLIA & ₹ five lakh for MLIA

⁵⁴ 2nd instalment (25 per cent amount) of the total value of the order will be released by SAAP, for completion of another 25 per cent of works, after completion of first phase works and on receipt of first phase progress reports from the concerned DSDOs. Similar satisfying criteria were set for third and fourth instalments

⁵⁵ against eligible two instalments at 25 per cent for each instalment

⁵⁶ construction of sports bhavans at Panchayat/Mandal level, for conducting of rural sports competitions, etc.

Government replied that the PYKKA funds were drawn subject to reimbursement from SAAP funds. However, the funds were not reimbursed (November 2020).

- iv. In DSA Guntur, the District Sports Development Officer (DSDO) /Chief Coach has drawn self-cheques worth ₹75.63 lakh (**Appendix-2.8**) from PYKKA funds during the period 2014-17. However, the details of expenditure and the purpose of drawal of amount were not on record. The correctness of expenditure could not be verified due to non-maintenance of a separate cash book for PYKKA and other GoI grants during 2015-19.

Government replied that action needs to be initiated for the lapses against DSDO Guntur.

- v. An amount of ₹6.75 lakh (OTCG of ₹6.5 lakh and Annual Operational Grant of ₹0.25 lakh) was released/credited⁵⁷ (December 2010) to Mandal Parishad Development Officer (MPDO⁵⁸), Duttalur under DSA, Sri Potti Sriramulu (SPSR) Nellore district for construction of bhavans at Mandal and Gram Panchayat level under PYKKA scheme. The entire amount of ₹6.88 lakh⁵⁹ (including interest) was withdrawn (between March 2011 and June 2012) by MPDO and was found to be neither utilised for construction of PYKKA bhavans nor was it refunded. Joint Collector & Member Secretary, DSA, SPSR Nellore has instructed (April 2013) all the MPDOs to return the amounts available under OTCG. In response, except the MPDO, Duttalur, all other MPDOs returned the amount. Accordingly, the District Collector & Chairman, DSA requested Chief Executive Officer of Zilla Praja Parishad, SPSR Nellore to take necessary action to recover the amount from the MPDO. However, appropriate action to recover the amount was pending (November 2020).

The matter was reported to Government in June 2020; reply has not been received (November 2020).

- vi. Combined bank account was maintained for all the grants instead of maintaining a separate bank account for each grant. As a result, correctness of the availability/utilisation of GoI grants could not be verified.

Thus, the funds received under various central assistance schemes were not utilised within the time frame, which resulted in non-completion of intended projects.

2.1.5.5 Utilisation of Infrastructure / equipment

Sports Act⁶⁰ and Sports Policy, 2000 specified that Sports authorities shall raise the finances by leasing out properties owned by/vested in them to generate revenues. All sports infrastructure so created is to be maintained through community involvement. However, it was noted that the infrastructure created so far, was not properly utilised (**Appendix-2.9**) to augment the revenue. Community involvement in the maintenance of the infrastructure was also not observed in audit.

⁵⁷ in a separate Bank account, viz. MPDO Duttalur, Mandal Level Implementing Agency (PYKKA)

⁵⁸ Ex-officio Member Secretary, Mandal Sports Authority

⁵⁹ ₹6.75 lakh (deposited amount) + ₹0.13 lakh (interest)

⁶⁰ para 11 (f) of the Sports Act and Para 7 of Sports Policy, 2000

(a) Lapses in utilisation of infrastructure**Table 2.2**

Sl. No.	Description	Audit Findings
1.	Stadium at Gudivada, Krishna district	The Stadium along with existing 140 shops was under the possession of private management for the last 20 years. SAAP had not endeavoured to take over the possession of infrastructure created (1999), resulting in foregoing the revenue generated amounting to ₹11.39 crore (Rent from shops : ₹2.35 crore ⁶¹ and other receipts ⁶² : ₹9.04 crore ⁶³) during 2011-17 which was accounted for by private management. Government replied (November 2020) that SAAP was unable to evict the encroachers as it may lead to legal complications involved in the Court of law.
2.	Stadium at Narsaraopet	The infrastructure continued to be under possession (since September 2000) of private parties up to March 2015. Further, from March 2015 one of the non-sports members had appropriated the revenue realised, ₹28.44 lakh (₹6.64 lakh ⁶⁴ and ₹21.80 lakh ⁶⁵), instead of remitting into designated stadium bank account as of August 2019. Government replied (November 2020) that DSA Guntur has registered a case with local police.
3.	Mini-stadium and other infrastructure for Cricket at Venkatagiri, SPSR Nellore district	The stadium was given (December 2008) on lease to Venkatagiri Samsthanam Cricket Club free of cost for a period of five years. The lease was renewed (January 2014) for a period of another five years at nominal rate of ₹50,000 per annum and was further extended (October 2018) for a period of five years without revision of lease rent. Audit noticed that the lease value of ₹50,000 per annum was decided arbitrarily, as there was no policy for the leasing of infrastructure by SAAP.
4.	Mini-stadium at Ponnur	The Stadium Development Committee constructed Mini-stadium at a cost of ₹0.41crore up to roof level under various grants ⁶⁶ . As it remained unfinished, Government had sanctioned (October 2012) an additional amount of ₹0.89 crore for its completion. The work was completed (April 2016) at a cost of ₹0.61 crore. Despite incurring ₹1.02 crore towards construction of Mini-stadium, DSA had not taken possession of the stadium since April 2016 and it continued to remain under the possession of private management. Government replied (November 2020) that matter would be sorted out through negotiations.
5.	Land allotted for construction of Sir Vizzy Sports Complex” at Vizianagaram	Out of 62.47 acres ⁶⁷ land received from Revenue Department for construction of a Sports Complex, 19.01 acres of land was under the possession of private parties since 1993 and was utilised for conducting cricket tournaments. The DSA had not taken any steps to take

⁶¹ 2011-12: ₹39.64 lakh, 2012-13: ₹42.37 lakh, 2013-14: ₹43.56 lakh, 2015-16: ₹51.92 lakh, 2016-17: ₹57.10 lakh

⁶² leasing/renting of ground, conducting of events, etc.

⁶³ 2011-12 : ₹0.62crore, 2012-13 : ₹3.23crore, 2013-14 : ₹0.64 crore, 2015-16 : ₹3.28crore, 2016-17 : ₹1.26 crore

⁶⁴ during the period April 2016 to May 2018, towards utilising the GYM equipment installed (March 2016) within the premises of Stadium

⁶⁵ complaint lodged (July 2019) by Chief Coach with Narsaraopet police station, regarding irregular collection (during 2015-19) of amount by the stadium committee members from the players towards utilisation of indoor stadium

⁶⁶ District Collector funds : ₹3.00 lakh; Assembly Constituency Development funds: ₹4.00 lakh; Members of Parliament Local Area Development Scheme funds (MPLADS): ₹24.00 lakh and stadium development society fund : ₹10.00 lakh

⁶⁷ 19.01 acres vide G.O.Rt.No.1008 in July 1993 and 43.46 acres vide G.O.Ms.No.528, dated 01.08.2000

Sl. No.	Description	Audit Findings
		<p>possession of land from private parties for utilisation of land/ generation of revenue and to avoid encroachment.</p> <p>Government replied (November 2020) that the process of eviction of occupants is under progress.</p>
6.	Brahmananda Reddy (BR) Stadium, Guntur	<p>The work of improvement and modernisation of facilities at BR stadium (constructed in 25.36 acres of land) was taken up (May 2014) at a cost of ₹7.04 crore and as of September 2018, ₹5.67 crore was incurred.</p> <p>Despite instructions (October 2017) from Vice Chairman & Managing Director, SAAP to shift some technical sections from Indira Gandhi Municipal Corporation Stadium, Vijayawada to BR stadium building, action was not taken in this regard and the building in BR Stadium was lying idle. This resulted in unfruitful expenditure of ₹5.67 crore.</p>  <p>Government replied that it was proposed to establish sports academy/nurseries in the Stadium.</p> <p>Joint physical verification of site revealed that an extent of land measuring 6.39 acres on the southern side of the stadium was under encroachment by various private parties. The pavilion building, galleries were in dilapidated condition and ground was completely damaged.</p>  <p>Efforts were not made to repair/re-construct these buildings and evict the encroachers.</p> <p>Government replied (November 2020) that as new buildings are proposed under Public Private Partnership (PPP) in place of dilapidated buildings, repair works were not taken up. Further, it was replied that removal of encroachment is not possible as it may attract law and order problem.</p>

(b) Maintenance of Asset Register

At the time of bifurcation⁶⁸ of State, 20 headquarters assets⁶⁹ worth ₹687.77 crore of combined State were identified. Despite clarification given (May 2017) by GoI regarding bifurcation of assets and liabilities, efforts were not made to take possession of (as of September 2019) the share of assets of the State. SAAP replied (May 2019) that a letter was addressed to Government duly requesting to file an appropriate petition before the Hon'ble Supreme Court of India for getting due share of SAAP.

⁶⁸ as per Andhra Pradesh Re-organisation Act, 2014, SAAP was bifurcated and the office was shifted (October 2016) from Hyderabad to Vijayawada

⁶⁹ KVBR Indoor stadium, LB Indoor stadium, LB Swimming pool, GMCB Athletic stadium, etc., of total plinth area of 15,42,441.20 Sq.yards

Further, Asset register reflecting the details of assets/infrastructure available was not maintained in any of the districts. In the absence of an Asset Register, audit could not verify the assets held by SAAP and DSAs concerned.

(c) Procurement of sports kits

As per the guidelines issued (December 2016) by Government, SAAP proposed to purchase and supply sports kits⁷⁰ to eligible youth clubs throughout the State. Out of 1,348 kits supplied in five districts, 613 kits were distributed (2017-18) to residential schools and eligible youth clubs. However, 735 kits valuing ₹97.44 lakh were kept idle in five stadia (*Appendix-2.10*). Further, in Kurnool district, 134 kits were distributed to un-recognised youth clubs in violation of guidelines. Thus, procurement was made without assessing the actual requirement thereby resulting in an unfruitful expenditure of ₹97.44 lakh besides idling of sports kits.

Government replied that instructions were issued to the concerned CEOs of all districts for distribution of available kits as per the directions of GoAP.

2.1.6 Coaching arrangements and Sports Development initiatives

2.1.6.1 Coaching arrangements

As per Para 10 (3) of Sports Policy, 2000, coaching facilities are to be provided covering all the selected disciplines in each district headquarters, duly charging user fees, to be utilised for improving sports facilities in the district. To meet this objective, Government proposed (2017) to improve the ratio of Coaches, Physical Education Teachers (PET)/Physical Directors (PD) to sporting population in the State to 1:50,000 and 1:800 by 2022, as against the existing (2017) ratio of 1:6.25 lakh and 1:1500 respectively.

Against the target recruitment of 200 Coaches per year, SAAP could recruit (2017-18) only 100 Coaches during the last two years. There were only 171 Coaches (71 plus 100) of different disciplines. Thus, efforts made by SAAP to achieve the target ratio were not encouraging. Training was not provided to the existing coaches for upgradation of coaching skills at Sports Authority of India or in any other reputed institute.

Government replied (November 2020) that recruitment of coaches involves huge budget and the budget provided to SAAP is insufficient even to meet the ongoing projects.

2.1.6.2 Sports Development Activities

Sports Policy, 2017 envisaged creation of Water Sports Academies, to leverage long coast line in the State and create world-class training centres in the State. Government intended to create one sports school in each district to develop grassroot level talent in competitive sports.

⁷⁰ Volleyball, Handball, Tennis, Chess, Shuttle, Football and Cricket

(a) Water Sports Academies (WSA)

GoAP sanctioned (February 2017) four works at an estimated cost of ₹12 crore for construction of buildings to establish WSAs. To run these academies, SAAP procured (April 2018) water sports material worth ₹1.80 crore. Audit observations in this regard are as follows;

- Construction of WSAs proposed at Tatipudi reservoir in Vizianagaram and Nagayalanka, in Krishna district at a total cost of ₹six crore (₹three crore each) had not commenced as of May 2019 despite awarding contracts in December 2018.
- Construction of WSA taken up (February 2018) at a cost of ₹2.30 crore on the land⁷¹ belonging to Water Resources Department (WRD) at Yerrakaluva, West Godavari district remained incomplete (as of May 2019) after incurring an expenditure of ₹66.00 lakh as No Objection Certificate (NOC) from WRD was not received.
- SAAP proposed to run four Water Sports Training Centres until the completion of construction work of Academies. Out of these four, three centres⁷² were running with the material procured. One Sports Centre at Punnamighat, Krishna district was not functional due to non-issue of NOC by Irrigation Department for operating water sports in Krishna River. As such, the material procured at a cost of ₹51.49 lakh was lying idle in Mylavaram stadium since April 2018.

Thus, the objective of establishing WSAs could not be achieved despite incurring an expenditure of ₹2.46 crore (₹1.80 crore plus ₹0.66 crore).

Government replied (November 2020) that it had taken possession of the land required for construction of WSA at Yerrakaluva and that, the material procured for Punnamighat will be utilised at three other centres.

(b) Functioning of Regional Sports School, Kadapa

As per Para 10 of Sports Policy, 2000, for nurturing sports excellence in young sports persons, Government converted one of the Residential Schools (September 2006) into the Regional Sports School at Kadapa. The School was upgraded as State Level Institution in December 2012⁷³. However, Government constituted Governing Council (General Governing Body & Executive Council) to the School, only in April 2017. Scrutiny of records revealed the following;

- i. General Body meeting was conducted only once in September 2018 (as against four in a year) after its constitution. Executive Council lacked representation of national medal winners (two male and two female) from State.
- ii. Mandal Education Officer was not involved in shortlisting of students for admission into the school at Mandal level. At State level, SAAP Board is selecting the students

⁷¹ admeasuring 0.70 acres in R.S.No.153 of Chakradevarapalli (V) of Jangareddygudem (M)

⁷² at Yerrakaluva Reservoir, West Godavari district; Tatipudi Reservoir, Vizianagaram and Nagayalanka Reservoir, Krishna district

⁷³ the school was renamed as YSR Regional Sports School in July 2010

- for admission into the school without constituting the committee⁷⁴ as prescribed by Government.
- iii. There were 48 vacant seats out of 240 sanctioned seats from Standard V to X. Sports school replied that due to non-availability of infrastructure (sufficient class rooms and hostel rooms), vacant seats could not be filled up.
 - iv. There was no sports infrastructure in respect of four⁷⁵ out of 10 sports disciplines⁷⁶ even after 15 years of the establishment of the school.
 - v. The sports school also suffered due to lack of basic infrastructure⁷⁷ facilities. The two existing hostels (boys and girls) consisting of 245 students from classes IV to X Standard, were provided with only 183 cots as of April 2019.
 - vi. The achievement of the school at different State level sports competitions during the period 2015-19 was also not encouraging. The number of medals won decreased from 412 in 2015-16 to 290 in 2018-19. At the National level, 538 students participated and won 35 medals.

Government accepted (November 2020) the audit observation and promised to take action for improvement of Sports School.

(c) *Other Sports Development initiatives*

Audit observations relating to sports development initiatives are detailed in **Table 2.3** below:

Table-2.3: Sports development initiatives

Description	Objective	Audit Findings
Sports Nurseries	Establishment of Sports Nurseries in six districts ⁷⁸ under two disciplines (Aquatic & Gymnastic) benefitting 320 players.	An amount of ₹66.66 lakh was released (June 2018) to each district towards establishment of Gymnastics nursery ⁷⁹ and ₹7.66 lakh for Aquatics (Swimming) nursery ⁸⁰ . However, <ol style="list-style-type: none"> (a) Gymnastic nurseries were not established in any of the districts and funds were lying idle with DSAs without utilisation. The relevant equipment required for establishment of Nurseries was also not procured as of August 2019. (b) The Aquatics nurseries in Chittoor and Kakinada (East Godavari) were not functional due to repairs to swimming pool. Despite release of funds

⁷⁴ comprising of nominee from SAAP, international player/sports celebrity of the discipline concerned, District Youth Sports Officer/Administrator of the institute, the Secretary of the State Association of the discipline concerned, Senior Coach of the discipline concerned and academy coach of the discipline concerned.

⁷⁵ Boxing, Gymnastics, Taekwondo and Volleyball

⁷⁶ Archery, Athletics, Boxing, Hockey, Football, Gymnastics, Swimming, Taekwondo, Volleyball and Weightlifting

⁷⁷ no separate compound wall between boys and girls hostels, no proper drainage, computers were not installed in computer lab, playing courts were not sufficiently provided for volleyball, basketball and handball disciplines, Municipal drinking water was not provided, swimming pool is not functioning.

⁷⁸ Chittoor, East Godavari, Guntur, Kurnool, Visakhapatnam and Vizianagaram

⁷⁹ East Godavari, Guntur, Kurnool and Visakhapatnam districts

⁸⁰ Chittoor, East Godavari, Kurnool and Vizianagaram districts

Description	Objective	Audit Findings
		worth ₹2.97 crore (₹2.66 crore + ₹0.31crore), the nurseries were not established. Government replied (November 2020) that the nurseries were functional and funds were sanctioned towards nutrition diet charges, sports kits, etc. Further, it was replied that repair works at Kakinada and Tirupati were completed and sports nurseries commenced operations. However, Government has not submitted the relevant documents in support of the functioning of nurseries.
Day Boarder Scheme	To identify "low hanging fruits" ⁸¹ The objective of the scheme was to enhance player's present status of performance to excel at higher level of competitions in the respective sports disciplines and proposed to induct players both boys/girls ⁸² in all 25 Coaching Centres.	For implementation of the scheme during 2018-19, SAAP released (April 2018) an amount of ₹1.90 crore ⁸³ . As against the sanctioned strength of 1,040 (Boys: 520, Girls:520) players, only 204 players (20 per cent) were enrolled as of July 2019. Further, the amount of ₹1.90 crore released was not utilised and was lying with the concerned DSAs. This defeated the objective of the Scheme and also resulted in blocking of funds. Further, two Coaching Centres in West Godavari district were not established as of September 2019. Government replied (November 2020) that only 204 players were found eligible as per SAAP norms and hence, the target strength of 1,040 was not achieved. The reply is silent regarding non-utilisation of ₹1.90 crore released to the concerned DSAs.
Project Vijaya	Provide coaching to 3,620 students in 32 private schools under Sports Adopted program in the State for a period of one year. SAAP entered (September 2017) into a service agreement with a firm ⁸⁴ , which defined the scope of the work ⁸⁵ . The agreement was subsequently renewed (September 2018) for a period of three years.	Government sanctioned (September 2018) a budget of ₹13.88 crore ⁸⁶ to implement the programme. Against 3,620 students to be trained under the scheme ⁸⁷ , the contracted firm had provided training to only 1,300 students (36 per cent) in 26 out of 32 private schools under Sports Adopted program. As per the agreement, if the number of students to be trained under each Coach of one discipline in a school is below 20, SAAP should take necessary action to fill the gap. However, SAAP had not taken any action to admit balance sanctioned strength of 2,320 students to provide training in all the Sports Adopted schools. Despite incurring an expenditure of ₹6.68 crore (2017-19), the project was finally terminated (February 2019) due to slow progress. Thus, the

⁸¹ players who are performing well and need some support in all aspects like sports nutrition, regular training, playing kit and insurance coverage etc.

⁸² age group 12 to 15 years (Sub Junior Day Boarder Coaching trainers) and 16 to 19 years (Junior Day Boarder coaching trainers)

⁸³ the financial support provided was 12 to 15 years age group: ₹1,500 per month and for 16 to 19 years: ₹2,500 per month towards nutrition charges and playing kit worth ₹4,000 was to be provided to each player

⁸⁴ M/s TENVIC Sports Education Private Limited

⁸⁵ deployment of coaches and trainers, accompanying of coaches along with trainers from the district to National level competitions, providing standard sports equipment and sports kit for regular practice and competitions, selection and competition exposure to inmates, providing health and accidental insurance, maintenance of playfield facilities, maintaining inmate's database, etc.

⁸⁶ 2017-18: ₹5.16 crore and 2018-19: ₹8.72 crore

⁸⁷ the sanctioned strength for individual games is 20 and for team games is 25 in each school

Description	Objective	Audit Findings
		<p>project was initiated without proper assessment, which led to its termination midway without achieving the intended objective.</p> <p>Government replied (November 2020) that despite sincere efforts to draw attention of parents, private school management towards training programme, it did not yield commensurate results.</p> <p>However, Government has not provided any documentary evidence to support its contention, nor did it detail the nature of its efforts to convince the stakeholders.</p>
<p>Project Gandiva</p>	<p>The project⁸⁸ was proposed to search talent from grassroot level and provide coaching to athletes from school level to international level. SAAP submitted (March 2018) a proposal to implement the Project with a five-year strategy to lay a strong foundation for athletics development through a ‘hub & spoke’⁸⁹ model.</p>	<p>Government accorded (June 2018) administrative sanction for ₹18.93 crore towards first phase (1st year) of the project implementation period. SAAP had entered (June 2018) into an agreement with a firm⁹⁰ for a period of five years for the purpose.</p> <p>(a) Out of 116 schools identified as Gandiva Schools, grassroot level coaching was currently provided in only 56 schools.</p> <p>(b) As against the required deployment of 116 Coaches (one for each school) at grassroot level by 15th July 2018, only 91 Coaches were deployed as of September 2019. Further, most of the deployed coaches lacked the additional essential qualification⁹¹.</p> <p>(c) Against the sanctioned strength of 75 athletes, training was provided to only 42 athletes. Sports Psychologist and Nutritionist were not deployed as per agreement.</p> <p>(d) Detailed athlete progression plan and mapping of the athletes to be trained with the High Performance Centers was not done as of September 2019.</p> <p>(e) A lumpsum amount of ₹8.66 crore was paid to the firm as service fee and milestone payments towards implementation (as of March 2019) of the project without fixing the criteria and the break-up of payments for each component.</p> <p>(f) SAAP has not appointed (as of September 2019) an independent third party agency to audit the entire project from the perspective of athletes and Coaches progression and similar performance parameters. Programme Implementation Committee was not constituted (as of September 2019) to advice, assist and review the project.</p>

⁸⁸ involving various stakeholders like Sports Management Agency, Sports Associations and their associates, School Education Department and Physical Literacy Teachers to search, groom and train with International Coaches

⁸⁹ a form of network where majority of paths connect to each other through central nodes

⁹⁰ M/s TENVIC Sports Education Private Limited

⁹¹ Diploma from National Institute of Sports (NIS) and primary sporting discipline

Description	Objective	Audit Findings
		Thus, even after incurring ₹8.66 crore, the intended objective of the project could not be achieved. Government replied (November 2020) that SAAP had issued orders (September 2018) to constitute a committee of experts in athletics to review the implementation of the programme.
Project Panchajanya (Sports Academies)	As per Para 10(2) of Sports Policy, 2000, sports persons having talent to play at Junior and Senior National level will be considered for admission in the SAAP/Sports Authority of India Academies. Academies will provide for residential academic coaching also. New Sports Policy proposed to open six regional Sports Academies ⁹² in the State.	<ul style="list-style-type: none"> ➤ Sports Academies were established at six centres⁹³ for 11 disciplines⁹⁴ at a cost of ₹11 crore. SAAP entered (September 2017) into service agreement with a firm⁹⁵ for maintenance of State Sports Academies. The sanctioned strength to be trained in these academies was 650 (for individual sports: 300 and for team games: 350). ➤ Only 539 students (individual sports: 228, team games: 311) reported for training. ➤ Sports equipment valuing only ₹2.16 crore was purchased, as against the budgeted requirement of ₹10.00 crore worth sports equipment. ➤ During 2017-18, 178 trained players from Academies participated at National level competitions in 18 disciplines. Out of these, only 20 players (11 per cent) won medals⁹⁶ in three disciplines⁹⁷. The participation at International level was only in one discipline (Badminton). <p>Government replied that in view of paucity of funds it was decided to terminate the MoU entered with the firm.</p>

2.1.6.3 Incentives to Sports persons

To encourage more people to have a sports-oriented career pathway, a comprehensive athlete incentive system was framed (2000 and 2017), wherein athletes were to be awarded and rewarded at all levels from sub-junior to international level. Observations on the implementation of these incentive schemes are as below.

⁹² will serve as a base for all junior athletes in the State with the objectives of specialised centres in select disciplines; scientific assessment and training with modern tools and equipment; achieve high performance potential and prepare junior athletes to adopt pathways to grow into National and International reckoning

⁹³ Ananthapuramu, Guntur, Kakinada, Mylavaram in Krishna district, Nellore, and Visakhapatnam

⁹⁴ Gymnastics, Judo, Weightlifting, Fencing, Taekwondo, Athletics, Badminton, Archery, Cycling, Rifle shooting and Boxing

⁹⁵ M/s TENVIC Sports Education Private Limited

⁹⁶ Gold : 7, Silver : 5 and Bronze : 8

⁹⁷ Weightlifting, Athletics and Badminton

(a) Financial Assistance to Sports persons

As mentioned in paragraph 2.1.4.3 (a), SAAP did not maintain a comprehensive database of athletes⁹⁸ at any level. Monthly scholarships⁹⁹ to the performing and promising Sub-Junior, Junior and Senior athletes were not provided as per Sports Policy. Financial assistance was extended only to top three finishers at Senior, Junior & Sub-Junior, National & International level recognised tournaments, especially to those who have approached the SAAP.

At the instance of audit, all Sports Associations were requested (August 2019) to submit the sports merit certificates of medal winners to pay the incentives.

- i. During 2016-19, SAAP had paid an amount of ₹4.96 crore to four sports persons which was more than the incentive to be provided as per the Sports Policies (*Appendix-2.11*).
- ii. An amount of ₹1.86 crore (*Appendix-2.12*) was paid to persons in case of categories not listed in the policy. These cash awards were sanctioned arbitrarily without any set guidelines. SAAP and the Department should set a definite policy in this regard.
- iii. SAAP neither amended the policy nor extended the incentives uniformly to all the players proactively. The SAAP could identify (September 2019) only 105 players eligible for sports incentives for various disciplines since 2014.
- iv. Sports kits and nutrition support was not provided monthly to the grassroot level talented players. Medical Insurance scheme (Arogya Raksha) was also not extended to the athletes as of September 2019.
- v. Pension of ₹10,000 and family pension of ₹5,000 was not extended to 18 Arjuna, Padmashree, Dhyanchand, *etc.*, awardees identified (as of September 2019) in the State.

Government replied (November 2020) that the incentives were sanctioned as per Government Orders. The reply is not acceptable as this was in deviation of Sports Policies and such actions defeat the purpose of having a defined policy and lead to arbitrariness.

(b) Reservation in employment and educational institutes

Government instructed (August 2012) to extend reservation of two *per cent* to meritorious sports persons for direct recruitment in Government Departments/undertakings/grant-in-aid institutions at all levels. The revised Sports Policy, 2017 enhanced it to five *per cent*. It also proposed to provide six *per cent* reservation to meritorious sports persons for admission into educational institutions¹⁰⁰ in the State. The rules and regulations for the extension of above reservations have to be recommended by the Apex Body headed by the

⁹⁸ grassroot talented players, Arjuna awardees, Olympic Finalists, Common Wealth Games medalists, World Champions medalists and Asian Games medalists

⁹⁹ Senior Athletes: ₹5,000 per month (p.m) , Junior Athletes: ₹3,000 p.m, Sub-Junior Athletes: ₹2,000 p.m

¹⁰⁰ all Government/private junior colleges, degree/engineering colleges, *etc.*

Special Chief Secretary as Chairman and the VC&MD as the Member Convener of the committee.

However, the additional benefit of three *per cent* reservation in recruitment and six *per cent* in educational institutions as envisaged in the Sports Policy, 2017 was not extended as of November 2020. As a result, meritorious sports persons were deprived of the benefit of reservation in employment and educational institutions despite the stated policy of the Government.

Government replied (November 2020) that instructions have been issued to SAAP to study the methodologies adopted by various States in this regard and submit a compliance report.

2.1.6.4 Sports Associations

Sports games associations play a key role in promotion and development of sports. Sports Policy, 2000 envisions streamlining these to popularise sport and improvement of standards¹⁰¹. All the Associations must follow International Olympic Charter and obtain recognition from SAAP for getting any incentive from the Government.

GoI notified (January 2011) National Sports Development Code of India (NSDCI), 2011 with certain objectives¹⁰² and issued comprehensive guidelines to achieve the objectives. Audit observations in this regard are as follows;

- Though NSDCI 2011 came into effect in December 2011, GoAP instructed (December 2018) all Associations to adhere to NSDCI after a lapse of seven years.
- SAAP had not recognised any of the Associations during 2015-19. However, financial assistance of ₹4.99 crore¹⁰³ was irregularly extended to various Associations during 2016-18 in violation of the policy.

Government replied (November 2020) that in 2019-20 SAAP complied with the guidelines and granted recognition to 21 Sports Associations only, rejecting the request of other Associations who did not submit required documents as per NSDCI guidelines.

2.1.7 Conclusion

Sports promotion activities in the State lacked the required impetus in terms of organisational structures, finances and implementation. There was no proactive planning for achieving the goals of the policies. SAAP did not display leadership in coordinating with other Departments for either increasing resources or implementing various initiatives. Financial management was not effective as even the meagre budget allocation made by the Government was not utilised optimally. Resource mobilisation from other Departments was not ensured to improve financial resources.

¹⁰¹ para 14 of Sports Policy, 2000

¹⁰² (i) to define the areas of responsibility of the various agencies involved in the promotion and development of sports (ii) to identify National Sports Federations eligible for coverage under these guidelines, to set priorities, and to detail the procedures to be followed by the Federations, to avail of Government sponsorship and assistance and (iii) to state the conditions for eligibility to receive Government recognition and grant

¹⁰³ in 2016: ₹1.06 crore, 2017: ₹1.83crore and 2018: ₹2.10 crore

Creation of infrastructure was ridden with lot of delays and poor planning. There were deficiencies in utilisation of infrastructure and community involvement in utilisation, revenue generation and maintenance are still a distant dream. The GoI funds were also not properly utilised for undertaking infrastructure projects. The initiative displayed in grounding the projects was not shown in completing the projects. Most of the incomplete projects were due to bad planning by the DSAs and inadequate follow up by them with the executing agencies.

Both the Sports Policies have articulated the importance of the coaches and supportive measures to the sports persons. However, SAAP and the Department have failed in providing these measures to these key stakeholders for development of sports. SAAP does not have a database of upcoming sports persons. All the winners in various events were also not identified by SAAP. The incentive structure was implemented arbitrarily without any basis. Strategic goals aimed in the year 2000, viz., universalised participation in sports, sports infrastructure, excellence in sports performance, etc., were not achieved even after two decades. The implementation of the Sports Policy, 2017 also leaves a lot to be desired.

Higher Education Department

2.2 Idle equipment

Equipment procured by Rajiv Gandhi University of Knowledge Technologies for Idupulapaya campus at a cost of ₹1.75 crore to create high end research facilities remained idle for more than five years, depriving the students of intended benefits

Rajiv Gandhi University of Knowledge Technologies (RGUKT), Hyderabad¹⁰⁴ had placed (July 2013/April 2014) purchase orders on a firm¹⁰⁵ for supply of 'Instrumented Pendulum Impact Tester (PIT)' and '100 kN High Temperature Universal Testing Machine' at a total cost of ₹1.95 crore¹⁰⁶ to create high end research facilities and provide sophisticated instruments for students project and consultancy purpose in the Idupulapaya campus. The equipment were delivered to RGUKT, Idupulapaya campus in June and August 2014. RGUKT, Hyderabad paid (June/September 2014) ₹1.75 crore¹⁰⁷ towards 90 per cent of the cost to the firm and the remaining 10 per cent was to be paid after installation and commissioning of the equipment.

Audit noticed (May 2019) that the equipment were lying idle in RGUKT, Idupulapaya campus without installation for more than five years, despite requests (April 2018) made by students and faculty for their installation.

The University replied (May 2020) that the equipment were not installed due to non-completion of building (Metallurgical and Materials Engineering Department) and non-availability of high power electrical supply.

Thus, procurement of equipment without ensuring the availability of electrical supply and requisite space for installation resulted in idling of equipment depriving the students of the intended benefits.

The matter was reported to Government in June 2020; reply was awaited (November 2020).

¹⁰⁴ post bifurcation of the State, the headquarters of the university shifted to Guntur

¹⁰⁵ M/s Zwick Asia Pte Ltd., Singapore through M/s Zwick Roell Testing Machines Pvt. Ltd, Chennai

¹⁰⁶ 100 kN High Temperature Universal Testing Machine: ₹1.19 crore (three numbers of equipment one each to three institutes procured at ₹3.58 crore) & Instrumented Pendulum Impact Tester: ₹0.76 crore

¹⁰⁷ 100 kN High Temperature Universal Testing Machine: ₹1.07 crore plus Instrumented Pendulum Impact Tester: ₹0.68 crore

Industries and Commerce Department

2.3 Sanction of incentives to ineligible food processing industries

Irregular sanction of incentives to ineligible industrial units resulted in avoidable expenditure of ₹76.39 lakh

As per the operational guidelines of the Industrial Development Policy (IDP) 2015-20 issued by Government, the Industries and Commerce Department (ICD) sanctions various incentives to entrepreneurs for setting up new industries and expansion of existing industries that are involved in certain eligible activities. The General Manager of the District Industries Centre (DIC) concerned has to exercise due diligence in verifying the facts of the case in respect of each claim for incentives before confirming/certifying the claim and submit the same to the District Industries Promotion Committee (DIPC) for sanction. The incentives in respect of Food Processing Industries shall be determined as per the Food Processing Policy (FPP) 2015-20 and guidelines issued (July 2015) there under. As per the FPP, “ice factory” has been listed among the ineligible food processing industries to avail of incentives under the FPP.

Audit observed (September 2019) that DIPC sanctioned (during August 2017 to March 2019) incentives (investment subsidy, interest subsidy, reimbursement of Power cost/Sales Tax/Stamp Duty) to the tune of ₹1.32 crore¹⁰⁸ to three ice factories¹⁰⁹ under the jurisdiction of the DIC, Nellore and ₹76.39lakh was disbursed deviating from the provisions of the FPP. This resulted in irregular expenditure of ₹76.39 lakh.

The Director of Industries replied (July 2020) that the units in question were engaged in manufacture of non-edible ice blocks which are mainly used in preservation/ storage/ transportation of food products, medicines, *etc.*, and thus do not fall under food processing industry and hence incentives were sanctioned to them under IDP 2015-20.

The reply is not acceptable, as although the units in question may be engaged in manufacture of non-edible ice blocks, ‘ice factory’ has been listed specifically as ineligible for incentives under FPP. Therefore, the sanction of ₹1.32 crore was irregular and release of ₹76.39 lakh needs to be recovered.

The matter was reported to Government in November 2020; reply was awaited.

¹⁰⁸ of this, ₹76.47 lakh pertaining to 14 claims of two units was already disbursed

¹⁰⁹ MVR Ice and Agri Food Processing Industries, Vamsi Ice Factory and VVR Ice Plant

General Administration Department

2.4 Financial imprudence

The Department of Information and Public Relations failed to avail the lowest unit rate due to splitting of orders in three spells, resulting in avoidable expenditure of ₹2.12 crore

Article 3 of Andhra Pradesh Financial Code stipulates that every Government servant is expected to exercise the same diligence and care in respect of all expenditure from public moneys under his control as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

The Department of Information and Public Relations (DIPR) is the nodal agency for publicity and creating awareness among the public relating to policies, plans and programmes of the State Government.

Audit scrutiny (September 2018) of the records of DIPR revealed that it entrusted (May 2018) the work of printing and supply of 1.20 crore 'AP online'¹¹⁰ receipt forms per month, pre-printed with advertisements on Government programmes, to an empanelled agency. As per the agreed rates, the agency shall print and supply the receipt forms at the following rates for an order of quantity required for one, two and three months respectively.

Quantity	1.20 crore forms (one month requirement)	2.40 crore forms(two months requirement)	3.60 crore forms (three months requirement)
Rate	₹2.00 per form	₹1.75 per form	₹1.50 per form

The DIPR placed an order initially for the month of June 2018 at ₹two per receipt form. Later orders for another two months (July-August 2018) and subsequently for two more months (September-October 2018) were placed at a unit rate of ₹1.75 per receipt form. Thus, a total of six crore (1.20 crore receipt forms per month for five months) receipt forms were ordered for printing during June-October 2018.

Audit observed that instead of availing the benefit of the least unit rate of ₹1.50 per receipt form offered by the firm for orders for three months, the DIPR had split the order for three spells, once for one month and twice for two months. As a result, there was an excess expenditure of ₹2.12 crore as given in the **Table 2.4**.

¹¹⁰ AP online- A digital gateway for the Government to offer multiple services to its citizens, through a single window

Table 2.4:
Statement showing the excess expenditure towards printing and supply of AP online receipts
(Amount in ₹)

Period	Quantity	Rate per receipt	Amount	GST at 18 per cent	Total amount	Remarks
June 2018	120 lakh	2.00	2,40,00,000	43,20,000	2,83,20,000	Amount paid for one month
July & August 2018	120 lakh per month i.e., 120 lakh	1.75	4,20,00,000	75,60,000	4,95,60,000	Amount paid for orders for two months in two spells
September & October 2018	*2 = 2,40,00,000		4,20,00,000	75,60,000	4,95,60,000	
Total			10,80,00,000	1,94,40,000	(A) 12,74,40,000	
June to October 2018	120 lakh per month i.e., 120 lakh * 5 = 6,00,00,000	1.50	9,00,00,000	1,62,00,000	(B) 10,62,00,000	Amount if ordered for five months
(A) – (B)					2,12,40,000	Excess expenditure

The DIPR, while accepting the audit observation, attributed (October 2018) the splitting up of supply orders to the budget constraints. Reply of DIPR is not acceptable as they could have got into an agreement for monthly supply of the annual requirement on the least offered rates, while payments could have been made for actual supplies as per the budget availability.

The matter was reported to Government in July 2020; reply was awaited (November 2020).

Municipal Administration and Urban Development Department

2.5 Avoidable expenditure on interest and penalty

Failure of the Urban Local Bodies (ULBs) to ensure timely remittance of statutory contributions to Employees' Provident Fund resulted in avoidable expenditure of ₹16.18 crore towards penalty and interest

As per the provisions of Employees' Provident Fund (EPF) & Miscellaneous Provisions Act, 1952 (Act), the principal employer has the responsibility to pay the provident fund contribution in respect of both the employees directly employed by employer and the employees employed by or through a contractor along with administrative charges. Further, it is the employer's duty to deduct the employee's contribution / statutory dues from the wages and to remit the recovered amount together with employer's share to the fund within 15 days of the close of every month. Section 7Q and 14B of the Act provide for levy of interest and penalty respectively on belated remittances at the rate specified.

Scrutiny of records (April 2018 /March 2019) of seven¹¹¹ Urban Local Bodies (ULBs) revealed that the EPF contributions of contractual employees of these ULBs were remitted to the Employees' Provident Fund Office (EPFO) with delays ranging between 2 to 1849 days during the period June 2008 to August 2018. Consequently, EPFO, under the provisions of the Act, levied (notices given between December 2013 to October 2018) interest of ₹5.77 crore and penalty of ₹10.41 crore on the ULBs. Out of the total payable demand of ₹16.18 crore, five of the seven ULBs had paid an amount of ₹8.12 crore (₹5.13 crore of interest and ₹2.99 crore of penalty) to EPFO. The balance amount of ₹8.06 crore (₹16.18 crore less ₹8.12 crore paid) remained as a committed liability for ULBs towards interest and penalty as of April 2018 / March 2019. Details are given in the **Appendix 2.13**.

The ULBs attributed the delays in remittance of EPF contributions to their weak financial position and other administrative reasons, which were not justifiable in view of specific statutory requirements under the Act to remit the contributions to EPFO within the stipulated time.

Thus, the failure of the ULBs to ensure timely remittance of contributions to EPFO resulted in avoidable expenditure of ₹16.18 crore (including ₹8.06 crore remaining to be paid) towards interest and penalty.

The matter was reported to the Government in July 2020; reply was awaited (November 2020).

2.6 Irregular alienation of Government land to a private party

Government land was alienated to a private party below the market value without due diligence, in deviation of the Land Policy, resulting in a loss of ₹one crore

Audit scrutiny of records (June 2018) of Visakhapatnam Metropolitan Region Development Authority (VMRDA)¹¹² revealed that a private party¹¹³ was allotted (February 2004) land measuring 313.79 square yards on lease basis for a period of 30 years. Subsequently, the party requested (May 2015) VMRDA for transferring the land on permanent basis. VMRDA submitted (March 2016) proposals to the Government for alienation of land to the party at a market value of ₹48,000 per square yard (October 2015). As per the decision of the Cabinet, permission was accorded to VMRDA to alienate the land in favour of the private party at ₹16,000 per square yard as a special case. Accordingly, VMRDA directed (April 2018) the party to pay an amount of ₹50.21 lakh (313.79 square yards*₹16,000) within three months. The party paid (July 2018) ₹40.21 lakh.

In this connection, Audit observed that the Government's approval to alienate the land to a private party without exercising due diligence in deviation of the Land Policy (September 2012)

¹¹¹ Kalyanadurgam, Machilipatnam, Mydukur, Palasa-Kasibugga and Pulivendula Municipalities and Vijayawada and Greater Visakhapatnam Municipal Corporations

¹¹² erstwhile Visakhapatnam Urban Development Authority (VUDA)

¹¹³ Tamil Kalai Mandram - a Socio-cultural organisation of Tamils, Visakhapatnam, Regn No. 213/2011

and at a rate below the applicable market value resulted in a loss of ₹one crore to VMRDA, as detailed below;

- As per the Government Land Policy (September 2012) regarding allotment of land to Private Entities, Companies, Trusts, Societies, Private Individuals *etc.*, the proposal shall come through Andhra Pradesh Land Management Authority¹¹⁴ (APLMA) and the Cabinet's approval obtained. However, in the instant case, this procedure was not followed while alienating the land to the private party.
- Even though the alienation should have been based on market value¹¹⁵ as recommended by the Collector and the APLMA, the Government decided the land rate at ₹16,000 per square yard, which was far below the market value of ₹48,000 per square yard (October 2015) proposed by VMRDA. Thus, allotment of land without due diligence by the Government resulted in loss of ₹one crore¹¹⁶.

Information regarding receipt of the balance amount of ₹10 lakh (₹50.21 lakh less ₹40.21 lakh received) and execution of the land registration to transfer the title to the private party have not been provided (November 2020) by VMRDA.

The matter was reported to the Government in September 2020; reply was awaited (November 2020).

2.7 Loss of revenue of ₹92.67 lakh due to incorrect fixation of upset price

Fixation of upset price by Greater Visakhapatnam Municipal Corporation in deviation from the Government Order governing the lease of immovable property resulted in loss of revenue of ₹92.67 lakh

As per the orders issued (February 2011) by the Municipal Administration and Urban Development Department, upset price for lease of immovable property by Municipal Council was required to be determined in the following manner;

- (a) Rent at 10 *per cent* of the current market value of the property per annum *i.e.*, both building and land as per market value of the land and construction rates of the structures and buildings fixed by Registration Department¹¹⁷.(or)
- (b) Prevailing rent of such properties situated in the vicinity, whichever is higher, in case of lease of immovable properties for the first time.

¹¹⁴ consisting of Chief Commissioner of Land Administration as Chairman, and Principal Secretary / Secretary of the concerned Departments and other members. This Committee shall be vested with processing and recommending land allotment, with the task of monitoring the utilisation of land for the intended purpose and resumption of land in case of violation of conditions

¹¹⁵ the average sale price for similar type of land situated in the nearest village or nearest vicinity area

¹¹⁶ ₹32,000.00 per square yard (₹48,000.00 minus ₹16,000.00)* 313.79 square yards = ₹1,00,41,280

¹¹⁷ under the Andhra Pradesh Revision of Market Value guidelines Rules, 1998

- (c) In case of renewal of lease of immovable properties, the upset price shall be fixed either at the rent mentioned in clause (a) or (b) or rent at 33½ per cent above the earlier rent, whichever is higher.

Greater Visakhapatnam Municipal Corporation (GVMC) leased¹¹⁸ out (January 2015) Swamy Vivekananda Kalyanamandapam to the highest bidder¹¹⁹ for ₹25.70 lakh as against the upset price of ₹12 lakh, for a period of three years¹²⁰. Proceeding orders were issued (January 2015) to the lessee to take over the premises with a condition to pay ₹25.70 lakh and execute lease agreement. The lessee remitted the lease amount as per the lease conditions.

Audit observed that GVMC did not follow the above-mentioned Government Order while fixing the upset price at ₹12 lakh, for three-year lease of Kalyanamandapam. GVMC neither considered lease rent of ₹39.46 lakh¹²¹ per annum based on the prevailing market value (as of June 2014) of the immovable asset nor the rates of similar properties with in the vicinity, which worked out to ₹28.80 lakh per annum. Considering the contents of the Government Order, the upset price for three years of lease period should have been fixed at ₹1.18 crore¹²², instead of ₹12 lakh as fixed by GVMC.

Thus, fixation of the upset price in deviation from Government Order resulted in loss of revenue of ₹92.67 lakh¹²³ for the lease period.

The matter was reported to Commissioner (GVMC) and the Government in January 2020; reply was awaited (November 2020).

2.8 Loss of revenue due to non-collection of rents/fees from lessees

Ananthapuramu Municipal Corporation failed to collect the auction dues of ₹1.57 crore from the lessees due to non-enforcement of the conditions of market auction and the provisions of AP Municipal Corporations Act, 1994

As required under the provisions of Section 534 of the Andhra Pradesh Municipal Corporations Act, 1994, Ananthapuramu Municipal Corporation (Corporation) conducted public auction every year for leasing out its municipal markets in old and new town areas. As per terms of auction, the lessee (successful bidder) should pay one-fourth of the auction amount within seven days of auction. The balance amount is to be paid in equal monthly instalments on or before fifth day of every month in advance, else a penal interest at 2.5 per cent per month or part thereof is to be levied for the belated/ delayed payments. Under the terms of the auction, the lessee was allowed to collect market fee from the sellers

¹¹⁸ Standing Committee of GVMC resolved (September 2014) to lease out the premises to highest bidder

¹¹⁹ Public auction conducted in June 2014 for leasing out

¹²⁰ from 01.01.2015 to 31.12.2017

¹²¹ (Market value of land : ₹35,000 per square yard x 1051 square yards = ₹3,67,85,300 plus construction value of the building ₹26,72,979 = ₹3,94,57,979 x 10 per cent)

¹²² ₹39.46 lakh x 3 years

¹²³ (₹1,18,37,394 minus ₹25,70,000)

occupying or using any stall, shop, standing, shed or pen in the municipal markets or slaughter-house, for a period of one year, at the rates prescribed by the Commissioner.

Scrutiny (November 2017/August 2019) of records of the Corporation pertaining to auctions/ leases for the period 2011-19 revealed that the Corporation failed to collect the legitimate dues under the terms and conditions of the auction from the lessees during the period 2011-12 to 2015-16 (except during 2012-13). Consequently, there were outstanding dues of ₹1.57 crore¹²⁴ pertaining to the period 2011-16. Further, as per conditions of auction of markets, the Corporation was required to collect a penal interest at the rate of 30 *per cent* per annum on the auction amounts not paid by the lessee within the due dates. However, the Corporation did not collect any interest from the defaulting lessees. Audit assessed the loss of interest at ₹2.87 crore¹²⁵ as per the conditions of auction based on belated payments/unpaid dues. However, the Corporation had not restrained the defaulting lessees from collecting the market fee from the public, even though the auction amounts were not remitted to the Corporation at prescribed periodic intervals during the respective years.

While the Corporation has streamlined the procedure for collection of its dues in advance from the lessees with effect from 2016-17 onwards, it had not entered into any formal agreement with the successful bidders. Further, despite the Municipal Commissioner being empowered under the provisions of AP Municipal Corporation Act, 1994 to recover all sums due from any person along with the costs for recovery of dues, the Corporation did not issue necessary demands to the lessees who defaulted in remitting both auction amount and interest due thereon as per terms of the auction. Thus, the Corporation failed to collect its legitimate dues of ₹1.57 crore and interest of ₹2.87 crore on outstanding dues/belated receipts.

The Department and the Corporation did not respond to the audit comment despite reminders.

The matter was reported to Government in July 2020; reply was awaited (November 2020).

2.9 Non-recovery of mobilisation advance

GVMC failed to timely recover the outstanding mobilisation advance of ₹9.11 crore from the contractor due to expiry of the Bank Guarantees. The intended benefit of providing 24x7 metered water supply to the targeted areas of GVMC was also not ensured due to abandonment of water supply works midway

Government of Andhra Pradesh accorded (September 2012) administrative approval to the project¹²⁶ under Sub-Mission on Urban Infrastructure Governance of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for “Implementation of 24x7 water supply in left out areas of Greater Visakhapatnam Municipal Corporation (GVMC)” at a cost of

¹²⁴ 2011-12 (Smt G. Padmaja) : ₹28.41 lakh, 2012-13 (Sri G. Kullayapa) : ₹4.54 lakh, 2013-14 (Sri N. Damodar) : ₹63.42 lakh, 2014-15 (Sri G. Srinivasulu) : ₹29.37 lakh and 2015-16 (Sri K. Khazamohiuddin) : ₹31.25 lakh

¹²⁵ interest was calculated from April of the next year on the due amounts at 30 *per cent* per annum

¹²⁶ approved (March 2012) by Government of India under JNNURM

₹110.98 crore¹²⁷. The main objective of the project was to ensure 24x7 metered water supply to these areas, control Unaccounted For Water by installing water flow meters in water supply systems¹²⁸ duly replacing the distribution network and constructing additional service reservoirs.

The project under package-I¹²⁹ was awarded (July 2013) to M/s SMC-CCSPL-ECL Joint Venture (Contractor) at a cost of ₹86.90 crore for completion by July 2014. The Contractor submitted (July 2013) Bank Guarantee worth ₹2.17 crore towards Earnest Money Deposit, which was valid up to 12 July 2014. Since the Contractor executed only 25 per cent of the work by July 2014, contract period was extended up to 31 December 2015. As of March 2015, only 32 per cent of the work costing ₹21.85 crore was completed which included laying of pipelines (22 per cent) and structural works (30 per cent) of Ground Level Service Reservoir (GLSR) and balancing reservoirs. In May 2015, GVMC revised the scope of the project by reducing the length of the pipeline and House Service Connections to 50 per cent in hilly areas and revised the contract value to ₹65 crore. Subsequently, there was no progress in the work.

Audit observed that the contractor abandoned the work by July 2016. However, GVMC did not take any action to revive the balance work. As a result, the intended benefit of providing 24x7 water supply could not be achieved and the expenditure of ₹21.85 crore incurred so far remains unfruitful.

Further, GVMC released (August/September 2013) ₹8.69 crore (10 per cent of the contract value of ₹86.90 crore) of Mobilisation Advance (MA) to the contractor against submission of 100 per cent unconditional and irrecoverable Bank Guarantees (BGs) and interest rate at two per cent above the prevailing Prime Lending Rate¹³⁰ of Banks was recoverable on outstanding MA. The contractor submitted (July/August 2013) BGs for ₹8.69 crore¹³¹ with one year validity. Subsequently, validity period of BGs was extended up to January/February 2015.

Audit noticed that contract period was extended by GVMC without ensuring extension of the validity of BGs. Subsequently, BGs worth ₹8.69 crore expired (January/February 2015). As a result, GVMC failed to recover ₹6.29 crore of outstanding Mobilisation Advance from the Contractor. Further, interest of ₹4.46 crore due on outstanding MA up to

¹²⁷ with GoI, GoAP and GVMC share in the ratio of 50:20:30 respectively

¹²⁸ is an indispensable requirement for the purpose of assessment of source and its development, transmission, treatment, distribution, control of wastage, etc.

¹²⁹ includes investigation, survey, design and execution of 120.34 km Ductile Iron (DI) distribution lines/gravity mains/pumping mains in south west sector including House Service Connections with high precise and tamper proof water meters, supply, delivery, fixing and testing of electromagnetic bulk flow meters and construction of master balancing reservoirs/GLSRs /Sumps of 4,050KL capacity and 900 KL Elevated Level Surface Reservoir

¹³⁰ prime lending rate is an interest rate used by banks, usually the interest rate at which banks lend to favoured customers i.e., those with good credit

¹³¹ ₹4.35 crore on 27.07.2013 and ₹4.34 crore on 19.08.2013, valid up to July/August 2014 and validity period extended up to 26.01.2015 and 18.02.2015 respectively

31 March 2019¹³² was also not recovered. Thus, there was a loss of ₹9.11 crore¹³³ to GVMC due to its failure to obtain valid BGs and their timely encashment.

The Commissioner, GVMC replied (June 2019) that since progress of work was less than 50 per cent, project was dropped and funds were stopped. The project is proposed under Critical Infrastructure Investment Plan with a revised estimate of ₹65 crore. The Government approval was stated to be awaited.

Reply was silent regarding revival of work and recovery of outstanding dues of ₹9.11 crore (Mobilisation Advance and interest thereon) from the Contractor.

The matter was reported to Government in January 2020. However, reply was not received as of November 2020.

2.10 Unfruitful expenditure due to substandard quality pipes

Ichapuram Municipality executed water supply works with substandard quality pipes supplied by the contractor resulting in unfruitful expenditure of ₹1.18 crore

Ichapuram Municipality (Municipality) got (October 2011) technical sanction for awarding the work of providing High-Density Polyethylene (HDPE) pumping main of 180 mm from Lallapeta off-take point to the 500 Kilo Litre (KL) Ground Level Service Reservoir¹³⁴ (GLSR) at Purushottapuram under 13th Finance Commission (FC) grants of ₹94.41 lakh¹³⁵ to provide drinking water to the unserved areas. Municipality decided (October 2011) to carry out the work in a phased manner as per the grants received under 13th FC from 2011-12. Phase-I¹³⁶, phase-II¹³⁷ and phase-III¹³⁸ were awarded (August 2012/June 2013 /September 2015) to the lowest tenderer¹³⁹. The works were executed (July 2013/February 2016 /June 2016) to the extent of ₹62.51 lakh (₹21.74 lakh, ₹18.35 lakh and ₹22.42 lakh respectively).

In this connection, Audit observed that longitudinal leakages/bursts were reported in the pumping mains during the trial run (November 2016) due to substandard quality of pipes. This fact was also confirmed subsequently by the Central Institute of Plastic Engineering & Technology (CIPET), which reported (June 2019) that the pipes used in the said works were of poor quality. As the leakages were not rectified (November 2020), the water could not flow from Lallapeta off-take point to the GLSR at Purushottapuram. Thus, the

¹³² ₹6.29 crore x 1,547/365x 16.75 per cent (period from 4 January 2015 to 31 March 2019)

¹³³ ₹6.29 crore + ₹4.46 crore less ₹1.64 crore of Fixed Security Deposit available with GVMC

¹³⁴ constructed (2007) at a cost of ₹9.91 lakh under Andhra Pradesh Urban Reforms and Municipal Services Project grants

¹³⁵ ₹35.87 lakh + ₹23.35 lakh + ₹35.19 lakh

¹³⁶ providing 180mm dia HDPE pumping mains from Lallapeta offtake point to Indiramma Housing Colony road junction - Agreement Value : ₹22.70 lakh

¹³⁷ providing 180mm dia HDPE pumping mains from Indiramma Housing Colony to A.S Peta junction- Agreement Value : ₹18.80 lakh

¹³⁸ providing 180mm dia HDPE pumping mains from A.S Peta junction to Purushottapuram 500 KL GLSR- Agreement Value : ₹26.70 lakh

¹³⁹ M/s Varuna Polymers, Hyderabad, lowest tenderer for phase-I, II & III

expenditure of ₹62.51 lakh incurred towards laying of pumping mains had become unfruitful.

Further, the work of distribution pipelines for supply of water in unserved areas from the pumping mains completed (April 2016) at a cost of ₹45.32 lakh (out of ₹69.87 lakh¹⁴⁰ from 13th FC grants¹⁴¹) remained unfruitful due to faulty pumping mains. Thus, about 9,046 beneficiaries in three wards (1, 2&3) of Ichapuram Municipality, were deprived of the benefits of this water supply Scheme due to faulty pumping mains.

The Municipal Commissioner while accepting (October 2019) the fact that water was not supplied to the unserved areas due to leakages in the pumping mains, stated that legal action was being taken against the Contractor for non-response, as the works remained incomplete.

The matter was reported to the Government in May 2020; reply was awaited (November 2020).

2.11 Incomplete transfer of Profession Tax to Greater Visakhapatnam Municipal Corporation

GVMC could not receive an amount of ₹218.23 crore towards its share in Profession Tax collections in its jurisdiction as per the devolution provided in the AP Tax on Professions, Trades, Callings and Employments Act, 1987 and subsequent Government orders

As per provisions of AP Tax on Professions, Trades, Callings and Employments Act, 1987, Administration of Profession Tax (PT)¹⁴² was entrusted to the Commercial Tax Department (CTD) of Government of Andhra Pradesh. Deputy Commercial Tax Officer (DCTO) of respective jurisdictions were made as collecting agent (CA) to exercise the powers and perform the functions of an assessing authority and 95 *per cent* of the amount collected¹⁴³ towards PT is required to be transferred to the respective local bodies on quarterly basis after deducting five *per cent* towards administrative charges.

In August 2012, the Government designated the Commissioner of GVMC as CA for collection of PT in its jurisdiction from all categories of persons except transport companies, drivers of commercial transport vehicles, works contractors, retail liquor shops and distilleries/wineries. The PT, thus, collected shall be remitted in the designated Account Head in the Treasury. CA shall maintain complete and full accounts of the tax collected. GVMC had commenced collection of PT from April 2017 onwards.

In this connection, Audit observed the following;

¹⁴⁰ Ward No.1&2 Estimated Cost of ₹20.90 lakh, Ward No.3 Estimated Cost of ₹49.50 lakh

¹⁴¹ Ward No.1 & 2 for ₹14.70 lakh awarded in January 2016 and Ward No.3 for ₹36.20 lakh awarded in November 2016

¹⁴² PT is a tax on all kinds of professions, trades and employment and levied based on the income of such profession, trade, and employment

¹⁴³ GO Ms. No.544 Revenue (CT-II) Department dated 07.12.1999

- GVMC did not make necessary arrangements for collection of PT during the period 2013-17. During the period, CTD had collected the PT. Audit ascertained that CTD had collected PT of ₹163.99¹⁴⁴ crore during 2013-17. As per GVMC's records, only ₹21.00 crore was received as share of PT from CTD for the period 2013-15 (₹10.50 crore each year). Hence, balance of ₹134.79 crore¹⁴⁵ (95 per cent of collected PT) towards share of PT for the period 2013-17 was pending for transfer by CTD.

GVMC replied (June 2018) that the Commercial Tax Department was requested to transfer/apportion the PT collections made by them on behalf of GVMC from August 2012 to March 2017.

- Although GVMC had commenced collection of PT from April 2017 and collected ₹24.01 crore during 2017-18, the same was not remitted into the designated Account Head.
- CTD had also collected PT of ₹87.83 crore during 2017-18. However, the proportionate amount of ₹83.44 crore (95 per cent of collected PT) was not transferred by CTD to GVMC.

The Government should have ensured the operationalisation of its Order of August 2012, which specified that the collected amount of Profession Tax was transferred to GVMC on a monthly basis, so that its legitimate revenue are made available to GVMC.

The matter was reported to Commissioner (GVMC) and to the Government in July 2020; reply was awaited (November 2020).

Panchayat Raj and Rural Development Department

2.12 Non-compliance with rules for accounting of receipts

Non-compliance with prescribed procedures for accounting of moneys received and absence of related internal controls by a Gram Panchayat of Visakhapatnam District resulted in temporary misappropriation of ₹12.91 lakh

As per the provisions of Andhra Pradesh Panchayat Raj Act, 1994 (Act) read with Rules relating to Receipts and Expenditure of Gram Panchayats, all moneys (taxes and non-taxes) received on behalf of the Gram Panchayat (GP) should be brought first into account and paid or remitted into the Treasury on the same day. Non-compliance is considered as temporary misappropriation of GP funds and the concerned are liable for suitable action under the Act, as per the Commissioner's instructions¹⁴⁶.

Audit scrutiny (February 2019) of records of Sabbavaram GP revealed that out of ₹19.09 lakh collected towards various taxes and fee during the period from August 2017 to

¹⁴⁴ 2013-14 : ₹28.32 crore, 2014-15 : ₹30.86 crore, 2015-16 : ₹70.94 crore and 2016-17 : ₹33.87 crore

¹⁴⁵ ₹163.99*95 per cent minus ₹21.00 crore (received)

¹⁴⁶ Commissioner's Circular Memo No 1326/CPR-J5/2000 dated 14.02.2000

January 2019, only ₹6.18 lakh was remitted into the Treasury indicating short remittance of ₹12.91 lakh. On this being pointed out by Audit, Panchayat Secretary deposited (June/July 2019) ₹8.74 lakh¹⁴⁷ (out of ₹12.91 lakh) in the Treasury. Non-maintenance of accounts and prescribed registers (receipt book, cash book, collection register of taxes / chitta, etc.) could be attributed as a reason for such belated depositing of the receipts in the Treasury, which amounts to temporary misappropriation.

Further, rules prescribed a periodical reconciliation of GP accounts with Treasury by the Extension Officer (EO) to identify the reasons for differences, if any, for immediate rectification. Compliance to the above could prevent occurrence of short remittances/ temporary misappropriations. However, the above mentioned requirements were not complied with by the EO concerned.

Government should ensure that balance amount of ₹4.17 lakh is recovered as well as appropriate action taken on the employees who failed to comply with the rules under the Act.

The matter was reported (May 2020) to Government; reply was awaited (November 2020).

2.13 Unfruitful expenditure towards construction of summer storage tank

Summer Storage Tank constructed by Rural Water Supply & Sanitation Division could not be used due to seepage of water from the bed carpet resulting in unfruitful expenditure of ₹82.99 lakh

Government of Andhra Pradesh sanctioned¹⁴⁸ (June 2010) a comprehensive Potable Water Supply (PWS) Scheme¹⁴⁹ at an estimated cost of ₹nine crore in Guntur district comprising of nine schemes¹⁵⁰ to be executed by Rural Water Supply & Sanitation Division (RWS&S). PWS included the balance work relating to the construction of bed carpet¹⁵¹ in the Summer Storage (SS) Tank at an estimated cost of ₹51.62 lakh as part of the East Pinniboinavaripalem scheme¹⁵². The bund¹⁵³ of the said SS Tank was previously constructed (May 2008) at a cost of ₹29.93 lakh with funding from National Bank for Agriculture & Rural Development.

The PWS was completed (August 2012) at a cost of ₹6.86 crore and all the schemes were commissioned (March 2015) except East Pinniboinavaripalem SS Tank. The work of SS Tank (constructed at a cost of ₹82.99 lakh¹⁵⁴) could not be commissioned due to seepage

¹⁴⁷ ₹4.54 lakh on 07.06.2019 and ₹4.20 lakh on 03.07.2019

¹⁴⁸ G.O Rt. No.844 dated 10.06.2010 under National Rural Drinking Water Programme Quality grant

¹⁴⁹ to Bapatla, Karlapalem and Pittavanipalem mandals covering 67 habitations

¹⁵⁰ PWS work comprises of PV Palem Scheme, Bethapudi Scheme, MV Palem Scheme, Karlapalem Scheme, Dundivaripalem Scheme, East Pinniboinavaripalem Scheme, Sammetavaripalem Scheme, Yatrivaripalem Scheme and MV Rajupalem Scheme

¹⁵¹ sealing of sandy soil ponds basement with natural material like clay/ inorganic matter such as asphalt or gypsum/ geo-synthetic material like geo-textiles or geo-membranes

¹⁵² benefitting two habitations East Pinniboinavaripalem and Kappalavaripalem

¹⁵³ embankment or retaining wall around storage

¹⁵⁴ ₹29.93 lakh towards construction of bund and ₹53.06 lakh towards bed carpet

of water from the bed carpet. The approved thickness of the bed carpet as recommended¹⁵⁵ (June 2007) was 0.5 meters. However, the work was executed with the bed carpet thickness of only 0.45 meters, which led to seepage of water from the bed carpet. The rectification measure of adopting a thickness of 0.60 meters recommended (December 2014) by Bapatla Engineering College to arrest seepage, was also not carried out as of November 2019. As such, the SS Tank constructed at a total cost of ₹82.99 lakh could not be put to use (since February 2012) due to seepage of water. Further, about 1,416 beneficiaries (of two habitations) were deprived of the benefits of this water supply Scheme due to non-operationalisation of SS Tank.

The Executive Engineer, RWS&S Division, Tenali while confirming (November 2019) the reasons for seepage, stated that the proposals for improvement to SS Tank were submitted (September 2017) to Chief Engineer (RWS&S) for ₹1.40 crore and sanction was awaited.

Thus, insufficient thickness of bed carpet led to seepage of water resulting in unfruitful expenditure of ₹82.99 lakh on the SS Tank.

The matter was reported to Government in May 2020; reply has not been received (November 2020).

¹⁵⁵ by R.V.R & J.C College of Engineering, Guntur

PART - 2

Chapter III

Functioning of Public Sector Undertakings

Chapter III – Functioning of Public Sector Undertakings

3.1 Introduction

Public Sector Undertakings (PSUs) are established by Governments to carry out activities of a commercial nature for the development of the State as well as cater to the welfare of its people.

The erstwhile composite State of Andhra Pradesh (AP) was bifurcated into Telangana State and the residual State of AP on 2 June 2014, as per the AP Reorganisation Act, 2014. As on 31 March 2019, there were 93 PSUs in AP (including 90 Government Companies and three Statutory Corporations¹⁵⁶) under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Of these, 73 were working PSUs and 20 were inactive¹⁵⁷. None of the PSUs was listed on the stock exchange(s).

The status of submission of financial statements by the PSUs as on 30 September 2019 is presented in *Table 3.1*.

Table 3.1: Status of submission of financial statements by PSUs

Nature of PSUs	Total Number of PSUs	Status of finalisation of Accounts by PSUs as on 30 September 2019				Number of PSUs whose accounts were in arrears (total arrears)
		Accounts for 2018-19	Accounts for 2017-18	Accounts up to 2016-17	Total	
Government Companies	70	10	15	25	50	60(152)
Statutory Corporations	3	1	--	1	2	2(6)
Total Working PSUs	73	11	15	26	52	62(158)
Inactive Government Companies	20	0	--	2	2	20(458)
Total (Working + Inactive)	93	11	15	28	54	82(616)

Source: Annual Accounts received during the period October 2018 to September 2019

As on 30 September 2019, only 11 PSUs submitted their accounts for the year 2018-19 and the financial statements of 62 working PSUs were in arrears with 158 accounts outstanding. 12 PSUs¹⁵⁸ had not submitted even the first accounts since their inception. Of these, three PSUs¹⁵⁹ had submitted their first accounts and 26 working PSUs had submitted

¹⁵⁶ Andhra Pradesh State Road Transport Corporation (APSRTC), Andhra Pradesh State Warehousing Corporation (APSWCL) and Andhra Pradesh State Financial Corporation (APSFC)

¹⁵⁷ inactive PSUs are those, which have ceased to carry out their operations

¹⁵⁸ (1) Kakinada Smart City Corporation Limited (2) Tirupati Smart City Corporation Limited (3) Eluru Smart City Corporation Limited (4) Amaravati Smart & Sustainable City Corporation Limited (5) Vijayawada Urban Transport Company Limited (6) Andhra Pradesh Drinking Water Supply Corporation Limited (7) Andhra Pradesh Mahila Sadhikara Samastha (8) Andhra Pradesh Aviation Corporation Limited (9) Energy University of Andhra Pradesh (10) Andhra Pradesh State Mega Seeds Park Limited (11) AIC-AMTZ Medi Valley Incubation Council and (12) Bio Valley Incubation Council

¹⁵⁹ (1) AIC-AMTZ Medi Valley Incubation Council (2) Bio Valley Incubation Council and (3) Andhra Pradesh Mahila Sadhikara Samastha

their accounts for different years after 30 September 2019. For the purpose of analysis presented in this report, only 50 PSUs whose accounts have arrears of less than three years have been considered (*Appendix-3.1*). Eight of these PSUs belong to the Power Sector while 42 belong to the Non-Power Sector.

During 2018-19, as per their latest finalised accounts, the PSUs registered a turnover of ₹61,107.37 crore, which constituted 6.55 per cent of the GSDP (₹9,33,402 crore) of AP.

3.2 Investment in State PSUs

The Government of Andhra Pradesh (GoAP) has a significant financial stake in these PSUs in the form of the following;

- **Share Capital and Loans** - In addition to the share capital contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support** - State Government provides budgetary support by way of grants and subsidies to the PSUs as required.
- **Guarantees** - State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

The sector wise summary of investment (equity and long-term loans) in the 93 PSUs as on 31 March 2019 is given in **Table 3.2**.

Table 3.2: Sector-wise investment in PSUs

Nature of Sector	Government Companies		Statutory Corporations		Equity (₹ in crore)	Long term loans (₹ in crore)	Total (₹ in crore)
	Working	Inactive	Working	Inactive			
Power	9	0	0	0	5,137.12	48,033.87	53,170.99
Finance	8	1	1	0	357.22	3,671.99	4,029.21
Service	11	1	1	0	121.67	4,196.80	4,318.47
Infrastructure	24	0	0	0	850.78	16,909.72	17,760.50
Others	18	18	1	0	215.95	518.07	734.02
Total	70	20	3	0	6,682.74	73,330.45	80,013.19

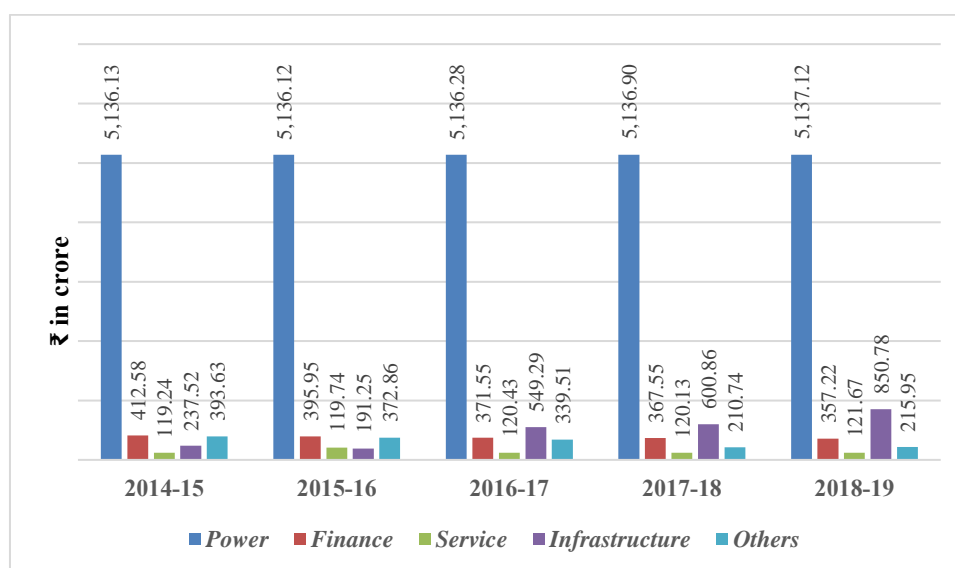
Source: Accounts of PSUs and Information furnished by the PSUs

As on 31 March 2019, the total investment in PSUs comprised 8.35 per cent of equity capital and 91.65 per cent of long-term loans. The long-term loans in 73 working PSUs consisted of ₹12,303.67 crore advanced by the Central and State Governments and ₹60,853.44 crore raised from other sources. The thrust of State Government's investment in PSUs was mainly in power sector during the last five years. Out of total investment (equity and loans) of ₹80,013.19 crore as at the end of 2018-19, the share of power sector was 66.45 per cent (₹53,170.99 crore) (*Appendix-3.2*).

Further, the Government made a total equity investment of ₹65.53 crore and long-term loans of ₹173.34 crore in inactive PSUs, which were under demerger as of September 2020.

The pattern of State Government investment (equity) in various important sectors at the end of the year from 2014-15 to 2018-19 is given in **Chart 3.1**.

Chart 3.1: Sector wise investment in PSUs



3.3 Accountability Framework

A Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. Audit of Government Companies is governed by respective provisions of Sections 139 and 143 of the Companies Act, 2013. Section 2 (45) defined a ‘Government Company’ as one in which not less than 51 *per cent* of the paid-up share capital is held by the Government(s). A Government company includes a subsidiary of a Government Company.

Statutory Auditors of the Government Companies are appointed by the CAG under Section 139 of the Companies Act, 2013 for conducting audit of PSUs as per Section 143(5) of the Companies Act, 2013. The accounts of PSUs are also subject to supplementary audit by the CAG under Section 143(6) of the Companies Act, 2013. The CAG plays an oversight role by monitoring the performance of the Statutory Auditors. This role is discharged by means of the following;

- (i) Issuing directions to the Statutory Auditors under Section 143(5) of the Companies Act, 2013, and
- (ii) Supplementing or commenting upon the Statutory Auditor’s report under Section 143 (6) of the Companies Act, 2013.

Audit of Statutory Corporations is governed by their respective legislations. Of the three Statutory Corporations (APSRTC, APSWC and APSFC), CAG is the sole auditor for APSRTC. The audit of APSWC and APSFC is conducted by Chartered Accountants, followed by Supplementary audit by the CAG.

3.4 Submission of Accounts by PSUs

3.4.1 Need for timely finalisation and submission

According to Sections 394 and 395 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the PSUs from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every Company to hold AGM of the shareholders once in every calendar year. It also specifies that not more than 15 months shall lapse between the date of one AGM and that of the next AGM. Further, Section 129 of the Companies Act, 2013 stipulates that the audited financial statements for the financial year have to be placed in the said AGM. Section 129 (7) of the Companies Act, 2013 provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

3.4.2 Role of Government and Legislature

State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors of the Board are appointed by the Government.

State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. Towards this end, the Annual Reports of State Government Companies together with the Statutory Auditors' Reports and comments of the CAG are to be placed before the State Legislature under Section 394 of the Companies Act, 2013. Separate Audit Reports are also required to be placed before the Legislature in case of Statutory Corporations as stipulated in the respective Acts.

The Audit Reports of the CAG are submitted to the Government for placing before the State Legislature under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

3.5 Follow-up action on Audit Reports

The Reports of the CAG are the products of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. As per the instructions issued (June 2004) by the Finance Department of GoAP, all Administrative Departments are required to submit replies/ Explanatory Notes (ENs) to Paragraphs/ Performance Audits (PA) included in the Reports of the CAG of India within a period of three months after their presentation to the Legislature in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU).

As on 30 September 2019, out of 195 PAs/ Paragraphs relating to Reports of Power Sector PSUs, ENs to 27 PAs/Paragraphs that featured in CAG Reports were awaited. Similarly, out of 302 PAs/Paragraphs relating to Reports of Non-Power Sector PSUs, ENs to 73 PAs/Paragraphs were awaited as of this date. Details are given in **Table 3.3**.

Table 3.3: Position of receipt of ENs as on 30 September 2019

Year of the Audit Report (Commercial/ PSU)	Date of Placement of Audit Report in the State Legislature	Total PAs and Paragraphs in the Audit Report		Number of PAs/Paragraphs for which ENs were not received			
				Exclusive to State		Common (AP&TS) ¹⁶⁰	
		PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
Power Sector							
Up to 2013-14		42	148	0	1	7	14
2014-15	30-03-2016	0	1	0	1	0	0
2015-16	31-03-2017	1	2	1	2	0	0
2016-17	06-04-2018	0	1	0	1	0	0
Total		43	152	1	5	7	14
Non-Power Sector							
Up to 2013-14		39	251	0	1	14	46
2014-15	30-03-2016	1	3	1	3	0	0
2015-16	31-03-2017	0	4	0	4	0	0
2016-17	06-04-2018	1	3	1	3	0	0
Total		41	261	2	11	14	46

Source: Compiled by Office of the Principal Accountant General (Audit), AP

3.6 Discussion of Audit Reports by COPU

The status of discussion of PAs and Paragraphs related to Power and Non-Power Sector PSUs that featured in Audit Reports (PSUs) as on 30 September 2019 and discussed by the COPU is given in **Table 3.4**.

Table 3.4: PAs/Paragraphs discussed by COPU vis-à-vis featured in Audit Reports

Year of the Audit Report (Commercial/ PSU)	Number of PAs/Paragraphs					
	Appeared in Audit Report [^]		Discussed [#]		Pending discussion [#]	
	PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
Power Sector						
Up to 2013-14	42	148	8	64	25	47
2014-15	0	1	0	0	0	1
2015-16	1	2	0	0	1	2
2016-17	0	1	0	0	0	1
Total	43	152	8	64	26	51
Non-Power Sector						
Up to 2013-14	39	251	13	139	26	98
2014-15	1	3	0	0	1	3
2015-16	0	4	0	0	0	4
2016-17	1	3	0	0	1	3
Total	41	261	13	139	28	108

Source: Compiled by Office of the Principal Accountant General (Audit), AP

[^] Include PAs/Paragraphs which are exclusive to Andhra Pradesh, exclusive to Telangana as well as common to both Andhra Pradesh and Telangana

[#] Includes PAs/Paragraphs either exclusive to AP or common to AP and Telangana

¹⁶⁰ PAs and Paragraphs which deal with issues relating to both Andhra Pradesh and Telangana

Out of 43 PAs and 152 Paragraphs relating to Power Sector PSUs, eight PAs and 64 Paragraphs were discussed by COPU. Similarly, out of 41 PAs and 261 Paragraphs relating to Non-Power Sector PSUs, 13 PAs and 139 Paragraphs were discussed by COPU. During 2018-19, COPU had discussed three Paragraphs in the Audit Reports relating to PSUs.

3.7 Compliance to Reports of COPU

Action Taken Notes (ATNs) on 15 COPU Recommendations presented in the State Legislature relating to Power Sector PSUs had not been received (September 2019). Similarly, ATNs on 443 recommendations pertaining to 38 Reports of the COPU presented in the State Legislature in respect of Non-Power Sector PSUs had not been received (September 2019). The details are given in **Table 3.5**.

Table 3.5: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total No. of Recommendations in COPU Reports	Number of Recommendations where ATNs not received
Power Sector			
Up to 1998-99	3	24	2
2000-01	3	21	0
2004-05	5	43	0
2006-07	1	13	13
Total	12	101	15
Non-Power Sector			
Up to 1998-99	19	568	378
2000-01	10	93	52
2002-03	1	24	0
2004-05	4	23	7
2004-06	1	14	0
2006-07	3	12	6
Total	38	734	443

Source: Compiled by Office of the Principal Accountant General (Audit), AP

Note 1: The above information pertains to erstwhile composite State of Andhra Pradesh

Note 2: After 2006-07, no Report was issued by the COPU

Chapter IV

Functioning of Power Sector PSUs

Chapter IV – Functioning of Power Sector PSUs

4.1 Introduction

Power Sector PSUs play an important role in the economy of the State by providing critical infrastructure required for growth and development of the State. The PSUs in this sector also add significantly to the GSDP of the State as can be seen from the ratio of these PSUs turnover to GSDP. The table below provides the details of turnover of the Power Sector PSUs and GSDP of Andhra Pradesh for the five-year period ending March 2019.

Table 4.1: Turnover of Power Sector PSUs vis-à-vis GSDP of Andhra Pradesh

Particulars	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover	29,655	32,457	47,174	37,795	42,801
Percentage change of turnover compared to previous year	--*	9.45	45.35	(-) 19.68	13.25
GSDP of Andhra Pradesh for the year	5,24,976	6,04,229	6,97,508	8,09,547	9,33,402
Percentage change of GSDP compared to previous year	--*	15.10	15.44	16.06	15.30
Percentage of Turnover to GSDP	5.65	5.37	6.76	4.67	4.59

Source: GSDP figures are as per Economic Survey Review 2018-19 of GoAP and turnover as per Accounts of Power Sector PSUs

* Residual AP was formed with effect from 2 June 2014

The percentage of turnover of Power Sector PSUs relative to GSDP hovered between 4.59 per cent and 6.76 per cent during the five-year period 2014-19. The compounded average annual growth rate (CAGR) of GSDP of AP was 15.47¹⁶¹ per cent while the turnover of Power Sector PSUs recorded lower CAGR of 9.61¹⁶² per cent during the same period.

4.1.1 Unbundling of APSEB

State Government enacted (January 2000) the Andhra Pradesh Electricity Reform Act, 1998 (APEREA 1999) which *inter alia*, provided for reorganisation of electricity industry and preparation of a scheme for transferring the powers, duties and functions of Andhra Pradesh State Electricity Board (APSEB) to one or more Power Sector PSUs of the State Government. The State Government accordingly formulated (19 July 2000) the Andhra Pradesh Power Sector Reforms Transfer Scheme 2000 (APPSRT Scheme 2000) for unbundling of APSEB and transfer of assets, properties, liabilities, obligations, proceedings and personnel of APSEB in the first transfer scheme to two Power Sector PSUs *viz.*, Andhra Pradesh Power Generation Corporation Limited (APGENCO) and Transmission Corporation of Andhra Pradesh Limited (APTRANSCO). These two Power Sector PSUs

¹⁶¹ CAGR = [(Value of 2018-19/Value of 2014-15)^{1/4 years} - 1]*100 = [(₹9,33,402/ ₹ 5,24,976)^{1/4 years} - 1]*100

¹⁶² CAGR of Turnover = {(₹ 42,800.97/₹ 29,654.56)^{1/4} - 1}*100

came into existence on 28 December 1998 and all the assets and liabilities of APSEB (including equity of ₹2,647.40 crore¹⁶³) were distributed to these two Undertakings according to the provisions of the APPSRT Scheme, 2000.

In the second transfer scheme, the assets and liabilities of APTRANSCO were distributed between APTRANSCO and four Power Distribution Companies (DISCOMs) viz., Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) and Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL), Central Power Distribution Company of Andhra Pradesh Limited (APCPDCL) and Northern Power Distribution Company of Andhra Pradesh Limited (APNPDCL). These four Power Sector PSUs came into existence with effect from 30 March 2000.

4.1.2 Formation of Power Sector PSUs

Apart from formation of above mentioned Power Sector PSUs upon unbundling of APSEB, the State Government had also incorporated (between 1969 and 2016) four other Power Sector PSUs i.e., New and Renewable Energy Development Corporation of Andhra Pradesh Limited (NREDCAP), Andhra Pradesh Tribal Power Corporation Limited (APTRIPCO), Andhra Pradesh State Energy Efficiency Development Corporation Limited (APSEEDCO) and Energy University of Andhra Pradesh (EUAP) by infusing a total equity of ₹0.42 crore as at the end of March 2019. Besides, one more Power Sector PSU viz., Andhra Pradesh Power Development Company Limited (APPDCL) was incorporated (3 January 2006) as a subsidiary company of APGENCO.

4.1.3 Reorganisation of State

Consequent upon bifurcation of erstwhile composite AP State on 2 June 2014, APGENCO and APTRANSCO were demerged. Further, two out of four DISCOMs viz., APEPDCL and APSPDCL remained with residual AP State and other two DISCOMs viz., APCPDCL and APNPDCL were exclusively allocated to Telangana State as per the provisions of AP Reorganisation Act, 2014. Thus, there were nine¹⁶⁴ Power Sector PSUs in the State as on 31 March 2019.

4.2 Restructuring, Disinvestment and Privatisation of Power Sector PSUs

During the year 2018-19, there was no disinvestment of any Power Sector PSU in AP nor was any of these PSUs privatised.

4.3 Investment in Power Sector PSUs

The Power Sector PSUs can be classified into four categories, activity-wise, namely, Generation, Transmission, Distribution and Others. The activity-wise investment of Central and State Government and Others (Capital and long term loans) in the Power Sector PSUs as on 31 March 2019 is detailed in **Table 4.2**.

¹⁶³ Andhra Pradesh Power Generation Corporation Limited (₹ 2,106.80 crore) and Transmission Corporation of Andhra Pradesh Limited (₹540.60 crore)

¹⁶⁴ APPDCL, NREDCAP, APGENCO, APTRANSCO, APEPDCL, APSPDCL, APSEEDCO, APTPCL and EUAP

Table 4.2: Activity-wise total investment in Power Sector PSUs

Activity	Number of Power Sector PSUs	Equity	Long term loans	Total
Generation of Power ¹⁶⁵	3	4,201.64	30,906.34	35,107.98
Transmission of Power ¹⁶⁶	1	454.44	5,342.99	5,797.43
Distribution of Power ¹⁶⁷	2	479.95	11,784.54	12,264.49
Other ¹⁶⁸	2	1.07	4.63	5.70
Total	8	5,137.10	48,038.50	53,175.60

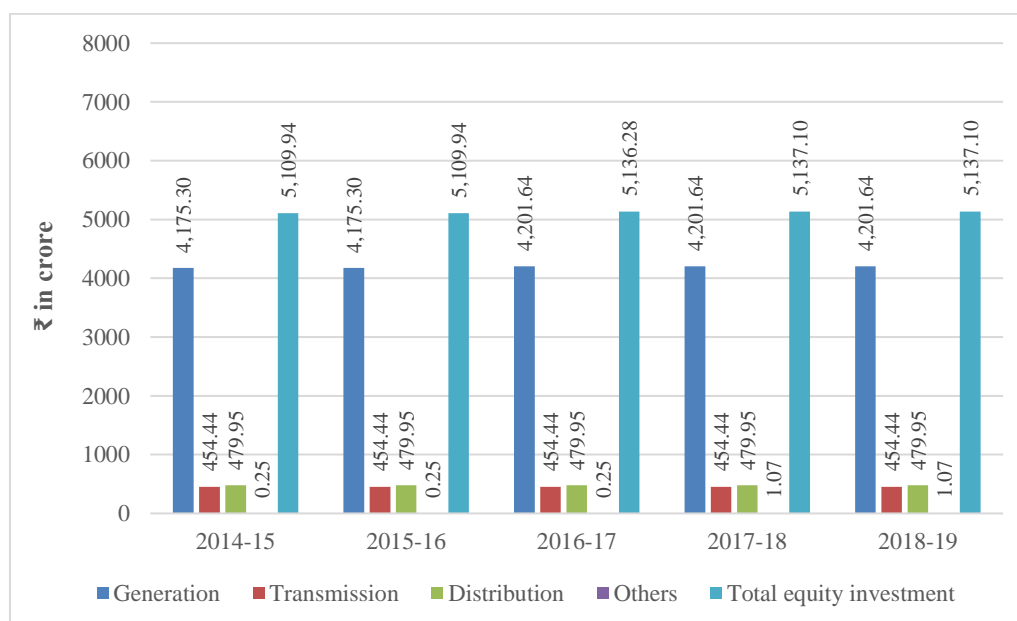
(₹ in crore)

Source: Annual Accounts of Power Sector PSUs

As on 31 March 2019, the total equity investment in Power Sector PSUs was ₹5,137.10 crore. Of this, the equity investment of the State Government was ₹3,141.56 crore. The long-term loans of Power Sector PSUs were ₹48,038.50 crore. The long-term loans advanced by the State Government constituted 2.56 per cent (₹1,229.33 crore), whereas long-term loans availed from other financial institutions constituted 97.44 per cent (₹46,809.17 crore) of the total long term loans (₹48,038.50 crore).

The year-wise details of investment made by the State Government in the form of equity in the Power Sector PSUs during the five-year period 2014-19 are given in the **Chart 4.1**.

Chart 4.1: Activity-wise investment in Power Sector PSUs



¹⁶⁵ Andhra Pradesh Power Generation Corporation Limited, Andhra Pradesh Power Development Company Limited and New and Renewable Energy Development Corporation of Andhra Pradesh Limited

¹⁶⁶ Transmission Corporation of Andhra Pradesh Limited

¹⁶⁷ Eastern Power Distribution Company of Andhra Pradesh Limited and Southern Power Distribution Company of Andhra Pradesh Limited

¹⁶⁸ Andhra Pradesh Tribal Power Company Limited, Andhra Pradesh State Energy Efficiency Development Corporation Limited and Energy University of Andhra Pradesh

4.4 Budgetary support to Power Sector PSUs

State Government provides financial support to Power Sector PSUs in various forms through the annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidy, loans written off and loans converted into equity in respect of Power Sector PSUs for the last three years ended 31 March 2019 are given in **Table 4.3**.

Table 4.3: Details of budgetary support to Power Sector PSUs

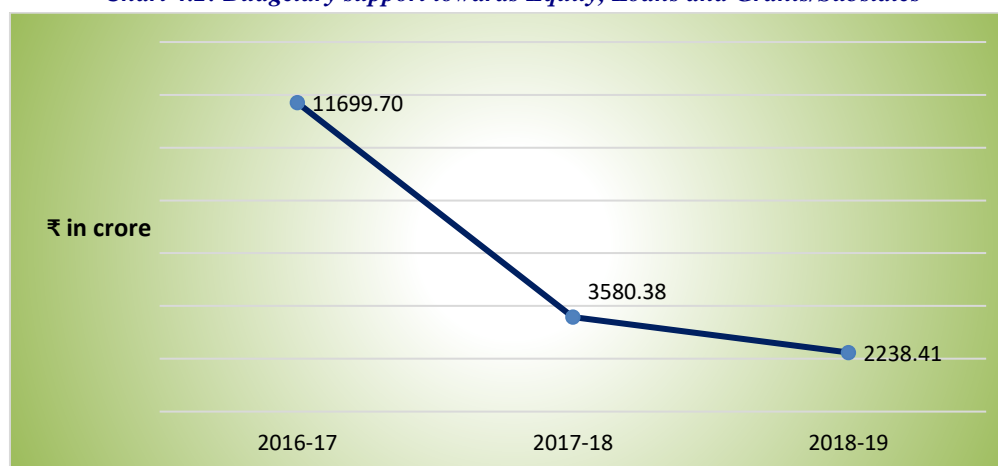
(₹ in crore)

Particulars ¹⁶⁹	2016-17		2017-18		2018-19	
	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
(i) Equity Capital	0	0	0	0	0	0
(ii) Loans given	0	0	3	463.15	1	119.46
(iii) Grants/Subsidy	5	11,699.70	6	3,117.23	3	2,118.95
Total Outgo (i+ii+iii)	5	11,699.70	7	3,580.38	4	2,238.41
Loan repayment written off	0	0	0	0	0	0
Loans converted into equity	0	0	0	0	0	0
Guarantees issued ¹⁷⁰	0	0	0	0	1	50.60
Guarantee Commitment ¹⁷¹	3	2,126.30	3	1,723.46	3	1,679.10

Source: Information furnished by Power Sector PSUs

The extent of budgetary support provided by the State Government towards equity, loans and grants/subsidy for the last three years ended 31 March 2019 are given in **Chart 4.2**.

Chart 4.2: Budgetary support towards Equity, Loans and Grants/Subsidies



As can be seen from the Table above, budgetary assistance received by the Power Sector PSUs decreased from ₹11,699.70 crore in 2016-17 to ₹2,238.41 crore during 2018-19. During the year 2018-19, it comprised of ₹119.46 crore in the form of loan and ₹2,118.95 crore in the form of grants/subsidy.

Further, the Union Ministry of Power (MoP) launched UDAY Scheme in November 2015 for operational and financial turnaround of State DISCOMs. The provisions of UDAY and status of implementation of the scheme by two DISCOMs are detailed in **Paragraph 4.8** of

¹⁶⁹ amount represents outgo from State Budget only

¹⁷⁰ Government guarantee issued to the PSUs during the year

¹⁷¹ Guarantee Commitment is the balance of the loans remaining to be repaid by the PSUs for which the State Government has given guarantee

this Chapter. Out of outstanding loans of ₹8,892.46 crore to be taken over by GoAP, ₹8,256.01 crore was taken over during 2016-17 under UDAY scheme and grants to that extent were given to the DISCOMs by GoAP. On account of this, the grants received in 2016-17 were comparatively more than the subsequent two years.

4.4.1 Guarantee fee

State Government helps the Power Sector PSUs to raise loans from banks and Public Financial Institutions by giving guarantees for repayment of principal and interest. For this purpose, it charges guarantee commission of 0.50 *per cent* per annum or two *per cent* consolidated for the entire guarantee period without any exception. The outstanding guarantee commitments given for the Power Sector PSUs decreased by 18.95 *per cent* from ₹1,723.46 crore in 2017-18 to ₹1,679.10 crore in 2018-19. The Guarantee register for the year 2018-19 has not been furnished by the State Government. Hence, the amount of guarantee fee paid/payable by the Power Sector PSUs could not be ascertained.

4.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of Power Sector PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not tally, the PSUs concerned and the Finance Department should carry out reconciliation of differences. The position of differences in equity, loans and guarantees as on 31 March 2019 is given in **Table 4.4**. Details are given in **Appendix-4.1**.

Table 4.4 - Equity, Loans and Guarantees outstanding as per Finance Accounts vis-à-vis records of Power Sector PSUs

(₹ in crore)

Outstanding in respect of	No. of PSUs with difference	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
(A)	(B)	(C)	(D)	(E)=(C-D)
Equity	4	2,262.39	934.39	1,328.40
Loans	3	1,854.00	1,229.33	624.67
Guarantees	2	1,659.08	1,673.90	14.82

Source: Finance Accounts of AP and information furnished by PSUs

It was observed that the differences in the figures of equity, loans and guarantees were pending for reconciliation since long. The matter was taken up (July 2020) with the Power Sector PSUs and replies are awaited. The State Government and the Power Sector PSUs should take concrete steps to reconcile the differences in a time-bound manner.

4.6 Submission of Accounts by Power Sector PSUs

4.6.1 Timeliness in finalisation of Accounts of Power Sector PSUs

Section 96 (1) read with Section 129 (2) of the Companies Act, 2013 requires that PSUs finalise their accounts within six months from the end of the relevant financial year *i.e.*, by

September end. Failure to do so may attract penal provisions under Section 99 of the Act. The following Table provides details of progress made by Power Sector PSUs in finalisation of their accounts on 30 September 2019.

Table 4.5 : Position relating to submission of accounts of Power Sector PSUs

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Number of Power Sector PSUs	7	7	7	8	9
Number of Accounts submitted during current year	2	6	9	8	6
Number of PSUs whose accounts are current	1	3	4	5	2
Number of previous years' accounts finalised during current year	1	3	5	3	4
Number of PSUs with accounts in arrears	6	4	3	3	7
Number of accounts in arrears	6	7	13	8	12
Extent of arrears	1 year	1 to 2 years	1 to 9 years	1 to 4 years	1 to 3 years

Source: Annual Accounts of Power Sector PSUs received as on 30 September 2019 of the relevant years

As on 31 March 2019, out of nine Power Sector PSUs under the audit purview of CAG, only two Power Sector PSUs¹⁷² furnished their accounts for the year 2018-19 by 30 September 2019 as per statutory requirement. However, four Power Sector PSUs have submitted annual accounts for the year 2018-19 by August 2020. During 2018-19, the State Government gave budgetary support to four Power sector PSUs¹⁷³, whose accounts are in arrears.

Energy Department of the GoAP as the Administrative Department of the Power Sector PSUs, has the responsibility to oversee the activities of these entities. Therefore, it has to ensure that the accounts are finalised by these PSUs and adopted by their respective Boards within the stipulated period. The arrears of accounts continue to exist though the PSUs concerned were being informed regularly.

4.6.2 Impact of non-finalisation of Accounts

Delay in finalisation of accounts carries the risk of fraud and leakage of public money going undetected apart from violating the provisions of the relevant Statutes. It is, therefore, recommended that the State Government should take appropriate steps expeditiously to liquidate the arrears in finalisation of accounts.

¹⁷² Andhra Pradesh Power Development Company Limited and Andhra Pradesh State Energy Efficiency Development Corporation Limited

¹⁷³ APTRANSCO (Loan: ₹119.46 crore), APTRIPCO (Grants: ₹2.38 crore), APEPDCL (Subsidy: ₹1,093.17 crore) and APSPDCL (Subsidy: ₹1,023.40 crore)

4.7 Performance of Power Sector PSUs

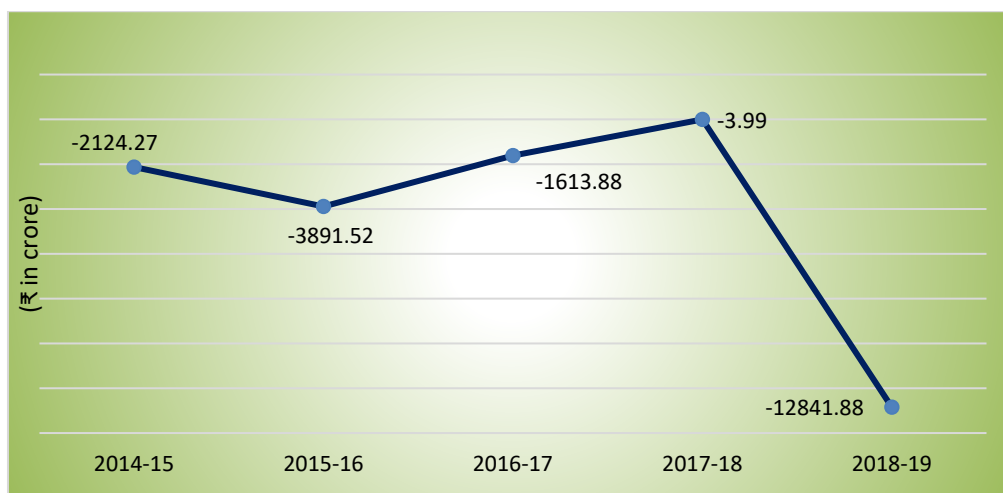
Financial position and working results of these eight¹⁷⁴ Power Sector PSUs as on 31 March 2019 as per their latest finalised accounts are detailed in **Appendix-4.2** as the financial statements of one PSU¹⁷⁵ were in arrears for three years since its incorporation.

Public Sector Undertakings are expected to yield reasonable return on investment made by the Governments. The profitability of a Company is traditionally assessed through return on investment, return on equity and return on capital employed. Rate of Real Return on Investment is the percentage of profit or loss to the Present Value (PV) of total investment. The Rate of Real Return measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. It assumes significance when compared with the conventional Rate of Return (RoR), which is calculated by dividing the Profit After Tax (PAT) by the sum of all such investments counted on historical cost basis. Investment for this purpose included equity, interest free loans, subsidies and grants for operational and management expenses. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net PAT by the shareholders' fund.

4.7.1 Rate of Real Return on Investment

Rate of Real Return on investment is the percentage of profit or loss to the total investment. The overall losses incurred by the Power Sector PSUs during 2014-15 to 2018-19 are depicted in **Chart 4.3**.

Chart 4.3 : Losses incurred by Power Sector PSUs during 2014-19



The total losses incurred by the eight Power Sector PSUs as per their last annual accounts was ₹12,841.88 crore in 2018-19 as against the loss of ₹2,124.27 crore incurred in 2014-15.

¹⁷⁴ Accounts of one PSU are in arrears since the incorporation of the PSU

¹⁷⁵ Accounts of Energy University of Andhra Pradesh are in arrears since inception from 2016-17 to 2018-19

Out of the eight Power Sector PSUs, two PSUs (APTRANSCO and New and Renewable Energy Development Corporation of Andhra Pradesh Limited) earned profit of ₹69.68 crore, six PSUs¹⁷⁶ had incurred loss of ₹12,911.56 crore. During 2018-19, APTRANSCO was the highest profitmaking unit (₹69.61 crore) while APSPDCL (₹7,680.87 crore) incurred the highest loss. The substantial losses reported by the DISCOMs were attributable to increased power purchase cost.

4.7.1.1 Rate of Real Return on the basis of historical cost of investment

The Rate of Real Return on investment in the Power Sector PSUs has been calculated on the investment made by GoAP, GoI and others in these PSUs in the form of equity minus disinvestments. Loans are not considered as investment for calculation of Rate of Real Return as they are liable to be repaid as per terms and conditions of repayment. As on 31 March 2019, the equity investment of GoAP, GoI and Others in the Power Sector PSUs was ₹5,137.10 crore.

The Rate of Real Return on Investment on historical cost basis for the period 2014-15 to 2018-19 is given in **Table 4.6**.

Table 4.6 : Rate of Real Return on Investment on historical cost basis

(₹ in crore)

Financial year	Total Earnings/ Losses ¹⁷⁷ for the year	Investment on historic cost basis in the form of Equity			Rate of Real RoI (in per cent)
		State	Central Government and Others	Total	
2014-15	(-) 2,124.27	3,141.54	1,968.40	5,109.94	(-) 41.57
2015-16	(-) 3,891.52	3,141.54	1,968.40	5,109.94	(-) 76.16
2016-17	(-) 1,613.88	3,141.54	1,994.74	5,136.28	(-) 31.42
2017-18	(-) 3.99	3,141.56	1,995.54	5,137.10	(-) 0.08
2018-19	(-) 12,841.88	3,141.56	1,995.54	5,137.10	(-) 249.98

During the years 2014-15 to 2018-19, the Rate of Real Return on investment of the Power Sector PSUs was negative and ranged between (-) 0.08 per cent and (-) 249.98 per cent. Huge losses incurred by two DISCOMs (APSPDCL and APEPDCL) during the above period contributed to the overall losses of the Power Sector PSUs, even after the Government took over their debt under UDAY scheme and reducing the interest burden.

4.7.1.2 Rate of Real Return on the basis of Present Value of Investment

In view of the significant investment by the Government in the Power Sector PSUs, Rate of Real Return on such investment is essential. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the Rate

¹⁷⁶ APGENCO (₹135.25 crore), Andhra Pradesh Power Development Company Limited (₹840.82 crore), APSPDCL (₹7,680.87 crore), APEPDCL (₹4,252.98 crore), Andhra Pradesh State Energy Efficiency Development Corporation Limited ((-)₹0.01 crore) and Andhra Pradesh Tribal Power Company Limited (₹1.63 crore)

¹⁷⁷ as per Annual Accounts of the respective years

of Real Return on the investment since such calculations ignore the present value of money. The present value of the investments has been computed to assess the Rate of Real Return on the present value of investments in the State Power Sector PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2019, the past investments/ year-wise funds infused in these PSUs have been compounded at the year-wise average rate of interest on government borrowings, which is considered as the minimum cost of funds for the concerned year. Therefore, Present value (PV) of the investment was computed where funds had been infused by the State Government, Central Government and others in the shape of equity since inception of these companies till 31 March 2019.

The PV of the investment in Power Sector PSUs was computed on the basis of following assumptions;

- The equity infused minus disinvestment has been reckoned as investment for calculating the Rate of Real Return on Investments.
- The average rate of interest on Government borrowings for the concerned financial year¹⁷⁸ was adopted as compounded rate for arriving at Present Value, since they represent the cost incurred towards investment of funds for the year and, therefore, considered as the minimum expected Rate of Real Return on Investments.

Table 4.7: Rate of Real Return on Investment on Present Value basis

(₹ in crore and RoI in per cent)

Financial year	PV of the total investment at the beginning of the year	Investment by GoAP in the form of Equity	Investment by GoI & Others in the form of Equity	Investment during the year	Total Investment in the form of Equity	Average Rate of Interest (percent age)	PV of the total investment at the end of the year	Minimum Expected Return	Total Earnings / Losses for the Year	Rate of Real RoI on Historical basis	Rate of Real RoI considering PV of the investment
2014-15	-	3,141.54	1,968.40	0.00	5,109.94	5.91	5,411.94	319.85	(-) 2,124.27	(-) 41.57	(-) 39.25
2015-16	5,411.94	3,141.54	1,968.40	0.00	5,109.94	6.11	5,742.61	350.87	(-) 3,891.52	(-) 76.16	(-) 67.77
2016-17	5,742.61	3,141.54	1,994.74	26.34	5,136.28	6.31	6,132.97	386.99	(-) 1,613.88	(-) 31.42	(-) 26.31
2017-18	6,132.97	3,141.56	1,995.54	0.82	5,137.10	6.52	6,533.71	426.00	(-) 3.99	(-) 0.08	(-) 0.06
2018-19	6,533.71	3,141.56	1,995.54	0.00	5,137.10	6.37	6,949.91	442.71	(-)12,841.88	(-) 249.98	(-) 184.78

During the period 2014-15 to 2018-19, the Power Sector PSUs had a negative Rate of Real Return on Investment on the basis of PV as the PSUs had reported overall losses.

4.7.2 Erosion of Net worth

Net worth means the sum total of the Paid-up Capital and Free Reserves and Surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment of the owners has been wiped out completely due to accumulated losses. The overall

¹⁷⁸ the average rate of interest on Government borrowings was adopted from the Reports of the CAG of India on State Finances (Government of Andhra Pradesh) for the concerned year wherein the average rate for interest paid = Interest Payment / [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100

accumulated losses of the five Power Sector PSUs during 2018-19 was ₹30,288.40 crore as against the capital investment of ₹5,137.10 crore resulting in negative net worth of ₹21,075.32 crore (*Appendix-4.2*). Details of paid up capital, accumulated Surplus/Losses and net worth of the Power Sector PSUs during the period 2014-15 to 2018-19 are given in **Table 4.8**.

Table 4.8 : Net worth of Power Sector PSUs during 2014-15 to 2018-19

(₹ in crore)

Year	No. of Power Sector PSUs	Paid up Capital at end of the year	Free Reserves	Accumulated Surplus	Accumulated Losses (-)	Net worth
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(3+4+5-6)
2014-15	7	5,109.94	372.13	1,625.88	(-) 9,030.25	(-) 1,922.30
2015-16	7	5,109.94	377.73	1,935.59	(-) 11,049.28	(-) 3,626.02
2016-17	7	5,136.28	79.68	3,213.15	(-) 17,120.44	(-) 8,691.33
2017-18	8	5,137.10	1,715.54	2,902.11	(-) 17,472.88	(-) 7,718.13
2018-19	8	5,137.10	405.76	3,670.22	(-) 30,288.40	(-) 21,075.32

Source: Annual Accounts of the Power Sector PSUs

The total equity investment was ₹5,137.10 crore in the Power Sector PSUs. However, due to huge accumulated losses of these PSUs, the entire capital infused in these PSUs had been eroded.

During 2018-19, net worth of three Power Sector PSUs, viz., APEPDCL (₹7,420.76 crore), APSPDCL (₹20,814.29 crore) and APTRIPCO (₹7.96 crore) was negative. Though the other five PSUs had a positive net worth, the negative net worth of the two DISCOMs contributed to the overall negative net worth of the Power Sector PSUs.

4.7.3 Dividend Pay-out

As per the guidelines issued by the Public Enterprises Department of the State Government, a PSU shall declare or pay dividend for any financial year out of the profits for that year arrived at after providing for depreciation in accordance with the Companies Act. A minimum rate of dividend on the paid up share capital or the profits for the year was, however, not prescribed.

During the period 2014-15 to 2018-19, the number of profitmaking Power Sector PSUs, in which equity is infused by GoAP ranged between two and four. None of these PSUs, however, declared/paid dividend to GoAP.

4.7.4 Return on Equity

Return on Equity (RoE) is a measure of financial performance to assess how effectively management is using company's assets to create profits and is calculated by dividing net income (*i.e.*, net profit after taxes) by Shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and Shareholders' fund are both positive.

Shareholders' fund of a Company is calculated by adding paid-up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would

be left for a Company's stakeholders if all assets were sold and all debts paid. A positive Shareholders' fund reveals that the company has enough assets to cover its liabilities while negative Shareholders' fund means that liabilities exceed assets.

The details of Shareholders' fund and RoE of Power Sector PSUs during the period from 2014-15 to 2018-19 are given in **Table 4.9**.

Table 4.9: Shareholders' fund and RoE of Power Sector PSUs

	Year	Number of PSUs	Net Profit/Loss	Shareholders' fund	RoE (per cent)
	(1)	(2)	(3)	(4)	(5) = (3)/(4)*100
	Amount (₹ in crore)				
Profit Earning	2014-15	4	277.09	6,627.75	4.18
	2015-16	3	298.51	4,874.78	6.12
	2016-17	3	730.96	5,854.29	12.49
	2017-18	4	431.74	4,052.17	10.65
	2018-19	2	69.68	1,962.88	3.55
Loss incurring	2014-15	3	(-) 2,401.36	(-) 8,550.05	-
	2015-16	4	(-) 4,190.03	(-) 8,500.80	-
	2016-17	4	(-) 2,344.84	(-) 14,545.62	-
	2017-18	4	(-) 435.73	(-) 11,770.30	-
	2018-19	6	(-) 12,911.56	(-) 23,038.20	-
Total	2014-15	7	(-) 2,124.27	(-) 1,922.30	-
	2015-16	7	(-) 3,891.52	(-) 3,626.02	-
	2016-17	7	(-) 1,613.88	(-) 8,691.33	-
	2017-18	8	(-) 3.99	(-) 7,718.13	-
	2018-19	8	(-) 12,841.88	(-) 21,075.32	-

Source: Annual Accounts of the Power Sector PSUs

During 2018-19, six out of eight Power Sector PSUs had incurred losses. Since the overall net income and the overall Shareholders' fund of these six PSUs was negative during 2018-19, their RoE could not be worked out. The negative Shareholders' fund indicates that the public money invested in these PSUs had eroded completely.

4.7.5 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and efficiency with which the total capital is employed by a company. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed¹⁷⁹. The details of RoCE of the Power Sector PSUs during the period from 2014-15 to 2018-19 are given in **Table 4.10**.

¹⁷⁹ Capital employed=Paid up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure

Table 4.10 : RoCE in respect of Power Sector PSUs

	Year	No. of Power Sector PSUs	EBIT	Capital employed	RoCE (per cent)
(1)	(2)	(3)	(4)	(5)	(6) = (4)/(5)*100
			Amount (₹ in crore)		
Profit Earning	2014-15	4	1,291.45	22,453.95	5.75
	2015-16	3	1,673.31	15,178.45	11.02
	2016-17	3	3,425.16	28,176.71	12.16
	2017-18	4	2,601.83	22,609.25	11.51
	2018-19	2	442.08	7,305.87	6.05
Loss incurring	2014-15	3	(-) 1,800.46	4,133.84	(-) 43.55
	2015-16	4	(-) 1,693.10	12,615.33	(-) 13.42
	2016-17	4	53.11	7,569.24	0.70
	2017-18	4	1,895.03	12,275.38	15.44
	2018-19	6	(-) 9,125.21	19,657.31	(-) 46.42
Total	2014-15	7	(-) 509.01	26,587.79	(-) 1.91
	2015-16	7	(-) 19.79	27,793.78	(-) 0.07
	2016-17	7	3,478.27	35,745.95	9.73
	2017-18	8	4,496.86	34,884.63	12.89
	2018-19	8	(-) 8,683.13	26,963.18	(-) 32.20

Source: Annual Accounts of Power Sector PSUs

During 2018-19, RoCE was negative since six of the eight Power Sector PSUs had incurred losses. Further, the overall EBIT of all the Power Sector PSUs was negative for the year 2014-15 and 2015-16. One of the factors for the positive RoCE during 2016-17 and 2017-18 was attributable to the Government's taking over of the debts of DISCOMs under UDAY scheme (₹8,256.01 crore in 2016-17) reducing the interest burden.

4.7.6 Analysis of long-term loans of the Power Sector PSUs

The ability of the Power Sector PSUs to service the debt owed by them to Government, banks and other financial institutions is assessed through the Interest Coverage Ratio (ICR) and Debt-Turnover Ratio (DTR).

4.7.6.1 Interest Coverage Ratio

Interest Coverage Ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's EBIT by interest expenses of the same period. The lower the ratio, the lesser the ability of the company to pay interest on debt. An ICR of below one indicates that the company is not generating sufficient revenues to meet its interest payment obligations. Details of ICR in those Power Sector PSUs, which had interest burden during the period 2014-15 to 2018-19 are given in **Table 4.11**.

Table 4.11: Details of ICR of Power Sector PSUs

Year	Interest (₹ in crore)	EBIT (₹ in crore)	Number of PSUs having interest burden	No. of PSUs having ICR more than 1	No. of PSUs having ICR less than 1
2014-15	1,740.21	(-) 534.53	5	2	3
2015-16	3,574.17	(-) 19.68	5	2	3
2016-17	5,135.43	3,437.64	5	2	3
2017-18	4,146.68	4,456.28	5	3	2
2018-19	4,600.75	(-) 8,682.29	5	1	4

Source: Annual Accounts of Power Sector PSUs

It was observed that four out of five Power Sector PSUs could not generate sufficient revenues even to meet their interest liabilities during 2018-19.

4.7.6.2 Debt-Turnover Ratio

During the last five years, the turnover of Power Sector PSUs recorded a compounded annual growth rate (CAGR) of 9.61 per cent and CAGR of debt was 13.93 per cent, due to which, the Debt-Turnover Ratio increased from 0.96 in 2014-15 to 1.12 in 2018-19 as given in **Table 4.12**.

Table 4.12: Debt Turnover Ratio relating to Power Sector PSUs

Particulars	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government / Banks and / or Financial Institutions	28,510.09	31,419.80	44,437.28	42,602.76	48,038.50
Turnover	29,654.56	32,456.76	47,174.42	37,794.80	42,800.97
Debt-Turnover Ratio	0.96:1	0.97:1	0.94:1	1.13:1	1.12:1

Source: Annual Accounts of the Power Sector PSUs

4.8 Assistance under Ujwal DISCOM Assurance Yojana

Government of India launched Ujwal DISCOM Assurance Yojana (UDAY) on 20 November 2015 for operational and financial turnaround of DISCOMs. As per provisions of UDAY Scheme, the participating States were required to undertake following measures for operational and financial turnaround of DISCOMs;

4.8.1 Scheme for improving operational efficiency

The participating States were required to undertake various targeted activities like compulsory feeder and distribution transformer (DT) metering, consumer indexing and GIS mapping of losses, upgrading or changing transformers and meters, smart metering of all consumers consuming above 200 units per month, Demand Side Management (DSM) through energy efficient equipment, quarterly revision of tariff, comprehensive International Electrotechnical Commission (IEC) campaign to check theft of power, assure increased power supply in areas where the AT&C losses have been reduced for improving the operational efficiencies. The timelines prescribed for these targeted activities were also required to be followed so as to ensure achievement of the targeted benefits *viz.*, ability to track losses at feeder and DT level, identification of loss making areas, reduce technical losses and minimise outages, reduce power theft and enhance public participation for

reducing the theft, reduce peak load and energy consumption, *etc.* The outcomes of operational improvements were to be measured through indicators *viz.*, reduction of AT&C losses to 5.44 *per cent* (APEPDCL) and 10.89 *per cent* (APSPDCL) in 2018-19 as per loss reduction trajectory finalised by the MoP and States and reduction in gap between average cost of supply and average revenue realised to zero by 2018-19.

4.8.2 Scheme for financial turnaround

The participating States were required to take over 75 *per cent* of DISCOMs debt by 30 September 2018, *i.e.*, 50 *per cent* in 2015-16 and 25 *per cent* in 2016-17. The scheme for financial turnaround *inter alia* provided that;

- State will issue 'Non Statutory Liquidity Ratio Bonds' and the proceeds realised from issue of such bonds shall be transferred to the DISCOMs which in turn shall discharge the corresponding amount of Banks/FIs debt. The bonds so issued will have a maturity period of 10-15 years with a moratorium on repayment of principal up to five years.
- Debt of DISCOM will be taken over in the priority of debt already due, followed by debt with higher cost.
- The transfer to the DISCOM by the State in 2016-17 will be as a grant to DISCOMs.

4.8.3 Implementation of the UDAY Scheme

The status of implementation of the UDAY Scheme is detailed below;

A. Achievement of operational parameters

The achievements *vis-à-vis* targets under UDAY Scheme regarding different operational parameters relating to the two State DISCOMs as of 31 March 2019 were as under;

Parameter of UDAY Scheme	Target under UDAY Scheme	Progress under UDAY Scheme	Achievement (<i>per cent</i>)	Position as on
Feeder metering (in Nos.)	11,728	11,728	100.00	March 2019
Metering at Distribution Transformers (in Nos.)				
Urban	26,341	31,098	118.06	
Rural	4,66,657	95,293	20.42	December 2018
Feeder Segregation (in Nos.)	5,559	5,878	105.74	March 2019
Rural Feeder Audit (in Nos.)				
APEPDCL	1,683	1,683	100.00	
APSPDCL	5,978	6,784	113.48	March 2019
Electricity to unconnected households (in lakh Nos.)	5.37	5.81	108.19	March 2019
Smart metering (in Nos.)	10,58,043	2,583	0.24	March 2019
Distribution of LED UJALA (in lakh Nos.)				
APEPDCL	74.73	75.41	100.91	
APSPDCL	109.20	126.27	115.63	March 2019
AT&C Losses (in <i>per cent</i>) for 2018-19				
APEPDCL	5.44	18.31	---	
APSPDCL	10.89	11.30	---	February 2019
ACS-ARR Gap (₹ per unit) for 2018-19				
APEPDCL	0.02	2.61	---	March 2019
APSPDCL	0.03	0.29	---	December 2018
Net Income or Profit/(-)Loss including subsidy (₹ in crore) for 2018-19				
APEPDCL	34.15	(-) 4,252.98	---	
APSPDCL	123.79	(-) 7,680.87	---	2018-19

Source: Information furnished by the PSUs

The State has performed poorly in metering at DTs in rural areas and smart metering, whereas the performance has been good in terms of feeder metering, feeder segregation, metering at DTs in urban areas, electricity to unconnected households and distribution of LEDs. Further, the State has not achieved the most important target of reduction of AT&C losses by 2018-19 since APEPDCL has significant AT&C losses. Further, the DISCOMs also could not achieve projected net income during the year 2018-19.

According to the Union Ministry of Power, Andhra Pradesh stood 2nd amongst all the States on the basis of overall achievements made by the two State DISCOMs under UDAY Scheme up to September 2020.

B. Implementation of Financial Turnaround

A tripartite Memorandum of Understanding (MoU) was signed (24 June 2016) among the MoP, the GoAP and Andhra Pradesh DISCOMs. As per provisions of the UDAY Scheme and tripartite MoU, out of total outstanding debt (₹14,720.50 crore) pertaining to DISCOMs as on 30 September 2015, GoAP was to take over ₹8,892.46 crore. Against this, GoAP took over total debt of ₹8,256.01 crore (during 2016-17) by providing grant to that extent as on 31 March 2019.

4.9 Comments on Accounts of Power Sector PSUs

Four Power Sector PSUs forwarded six¹⁸⁰ audited annual accounts to the Principal Accountant General during 1 October 2018 to 30 September 2019, of which, five were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated the need for improving the quality of accounts. The details of aggregate money value of the comments of Statutory Auditors and the CAG on the annual accounts of Power Sector PSUs are as follows;

Table 4.13: Impact of audit comments on Power Sector PSUs

(₹ in crore)

Particulars	2016-17		2017-18		2018-19	
	No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
Decrease in profit	2	96.55	3	6,751.94	0	0.00
Increase in profit	2	25.10	2	24.41	0	0.00
Increase in loss	3	3,520.47	2	11,492.30	4	2,159.73
Decrease in loss	1	5,261.08	1	26.61	0	0.00
Non-disclosure of material facts	6	1,839.61	4	1,419.22	1	1,127.41
Errors of classification	1	5,257.02	2	150.94	0	0.00

Source: Comments of the Statutory Auditors/ CAG in respect of Power Sector PSUs

During the year 2018-19, the Statutory Auditors had issued qualified certificates in respect of annual accounts of NREDCAP (2015-16).

¹⁸⁰ APPDCL (2018-19), APSEEDCO (2018-19), APTRIPCO (2014-15, 2015-16 & 2016-17) and NREDCAP (2015-16)

Chapter V

Functioning of PSUs (Non-Power Sector)

Chapter V – Functioning of PSUs (Non-Power Sector)

5.1 Introduction

As on 31 March 2019, there were 84 PSUs in sectors other than Power, which included 81 Government Companies and three Statutory Corporations. Of these, 64 were working PSUs (all three Statutory Corporations¹⁸¹ and 61 Companies) and 20 were inactive Companies. Of these 64 working PSUs, the accounts of 22 PSUs were in arrears for three or more years. Further, the accounts of 20 inactive PSUs were also in arrears for three or more years. The State Government provides financial support to the PSUs in the form of equity, loans and grants/subsidy from time to time.

5.1.1 Contribution to economy of the State

The ratio of turnover of the State PSUs (Non-Power Sector) to the GSDP of the State shows the extent of activities of these PSUs in the State economy. In 2018-19, 42 workings PSUs contributed 1.87 per cent of the GSDP of AP (**Table 5.1**). The increase in GSDP of the State ranged between 15.10 per cent and 16.06 per cent during last five years. The compounded annual growth rate (CAGR¹⁸²) of GSDP of AP was 15.47¹⁸³ per cent during the five-year period 2014-19 while the CAGR of turnover of the working PSUs was 11.68¹⁸⁴ per cent.

Table 5.1 below provides the details of turnover of the working State PSUs and GSDP of Andhra Pradesh for the five-year period ended 31 March 2019.

Table 5.1: Details of turnover of working PSUs vis-à-vis GSDP of AP

Particulars	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Total No. of PSUs	24	33	39	40	42
Turnover as per annual accounts	11,208.18	15,677.58	20,210.97	8,754.75	17,435.77
Percentage change of turnover compared to previous year	--*	39.88	28.92	(-) 56.68	99.16
GSDP of Andhra Pradesh for the year	5,24,976.00	6,04,229.00	6,97,508.00	8,09,547.00	9,33,402.00
Percentage change of GSDP compared to previous year (₹ 4,64,272 crore for 2013-14)	13.08*	15.10	15.44	16.06	15.30
Percentage of Turnover to GSDP	2.13	2.59	2.90	1.08	1.87

Source: GSDP figures as per State Finances Audit Report for the year ended 31 March 2019 of AP and turnover figures as per Annual Accounts of the Non-Power Sector PSUs

* Residual State of AP was formed with effect from 2 June 2014

¹⁸¹ Andhra Pradesh State Road Transport Corporation, Andhra Pradesh State Warehousing Corporation and Andhra Pradesh State Financial Corporation

¹⁸² CAGR = {(Value of 2018-19/Value of 2014 -15)^{1/4} years -1}*100

¹⁸³ CAGR of GSDP = {(₹ 9,33,402 / ₹ 5,24,976)^{1/4} -1}*100

¹⁸⁴ CAGR of Turnover = {(₹ 17,435.77/ ₹ 11,208.18)^{1/4} -1}*100

5.2 Investment in PSUs (Non-Power Sector)

The State PSUs function as instruments of the State Government to provide certain services which the private sector might be unwilling to extend such as those in the social sector due to various reasons. Besides, the Government has also invested in certain business segments through PSUs which function in a competitive environment with private sector undertakings. The State PSUs which do not conform to the above two categories are classified as 'Others'. The position of the Non-Power Sector PSUs have therefore, been analysed under these three categories, viz., Social Sector, Competitive environment and Others.

The sector-wise summary of the investment in State PSUs during the period from 2014-15 to 2018-19 is given in **Table 5.2**.

Table 5.2: Sector wise investment in Non-Power Sector PSUs

(₹ in crore)

Sector wise financial year	Number of PSUs	Equity	Long term loans	Total
Social Sector				
2014-15	11	158.30	285.35	443.65
2015-16	15	288.02	233.51	521.53
2016-17	18	298.66	891.06	1,189.72
2017-18	19	501.61	1,339.50	1,841.11
2018-19	19	502.60	4,291.31	4,793.91
Competitive environment				
2014-15	11	415.29	7,197.29	7,612.58
2015-16	15	439.29	7,592.86	8,032.15
2016-17	18	455.80	8,402.83	8,858.63
2017-18	18	467.30	10,622.26	11,089.56
2018-19	18	513.80	10,825.52	11,339.32
Others				
2014-15	2	2.12	0	2.12
2015-16	3	2.17	0	2.17
2016-17	3	2.17	0	2.17
2017-18	3	2.17	0	2.17
2018-19	5	2.18	0	2.18
Grand Total				
2014-15	24	575.71	7,482.64	8,058.35
2015-16	33	729.48	7,826.37	8,555.85
2016-17	39	756.63	9,293.89	10,050.52
2017-18	40	971.08	11,961.76	12,932.84
2018-19	42	1,018.58	15,116.83	16,135.41

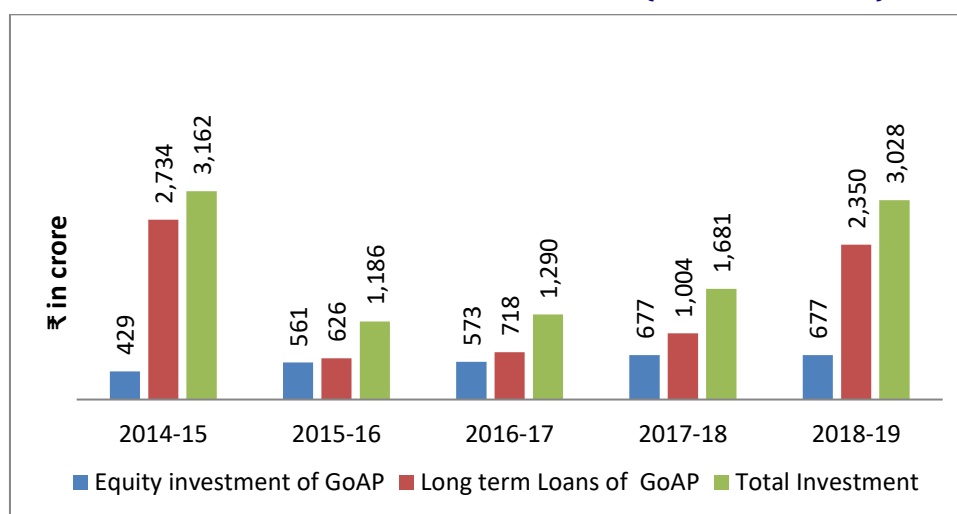
Source: Annual Accounts of Non-Power Sector PSUs

As on 31 March 2019, the total equity investment in the PSUs in Non-Power Sector was ₹16,135.41 crore consisting of ₹1,018.58 crore as equity and ₹15,116.83 crore as long-term loans. Out of this, the State Government's investment was ₹3,027.57 crore comprising 66.48 per cent (₹677.14 crore) of total equity and 15.55 per cent (₹2,350.43 crore) in long-term loans. Others (GoI and other PSUs) invested 33.52 per cent (₹341.44 crore) in equity,

whereas the loans availed from banks and other Financial Institutions was 84.45 per cent (₹12,766.40 crore). The details are presented in **Appendix-3.2**.

The pattern of investment made by the State Government in these 42 PSUs during the five-year period 2014-19 is given in **Chart 5.1**.

Chart 5.1 Investment of Government in PSUs (Non-Power Sector)



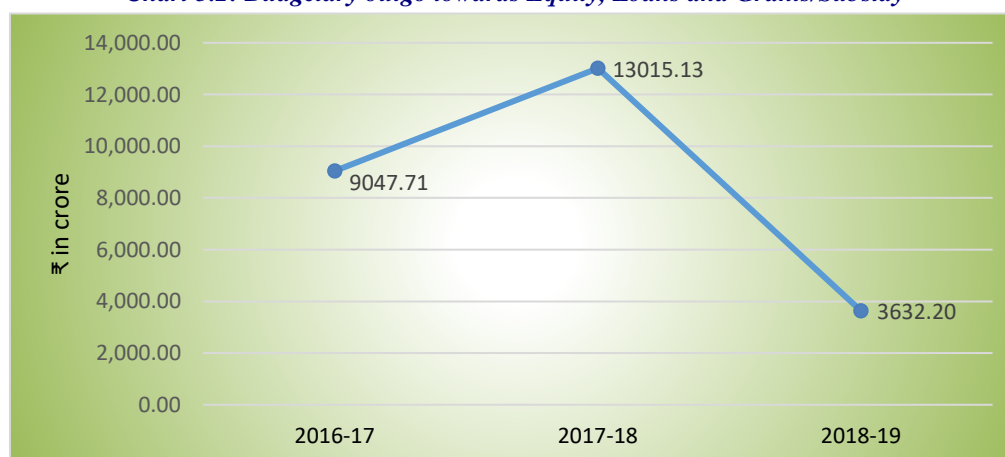
5.3 Restructuring, Disinvestment and Privatisation of PSUs (Non-Power Sector)

During the year 2018-19, no disinvestment or privatisation of PSUs (Non-Power Sector) was done by the State Government.

5.4 Budgetary Support to PSUs (Non-Power Sector)

The State Government provides financial support to PSUs in various forms through its annual budget. The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last three years ending March 2019 are given in **Chart 5.2**.

Chart 5.2: Budgetary outgo towards Equity, Loans and Grants/Subsidy



The summarised details of budgetary support in respect of Non-Power Sector PSUs during the last three years ending March 2019 are given in **Table 5.3**.

Table 5.3: Details regarding budgetary support to PSUs

(₹ in crore)

Particulars ¹⁸⁵	2016-17		2017-18		2018-19	
	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
(i) Equity Capital outgo	11	224.84	4	105.24	0	0.00
(ii) Loans given	6	423.68	4	613.16	1	208.49
(iii) Grants/Subsidy provided	25	8,399.19	24	12,296.73	16	3,423.71
Total Outgo (i+ii+iii)	30	9,047.71	28	13,015.13	16¹⁸⁶	3,632.20
Loan repayment written off	0	0.00	0	0.00	0	0.00
Loans converted into equity	0	0.00	0	0.00	0	0.00
Guarantees issued ¹⁸⁷	2	1,200.00	2	1,420.00	3	9,901.59
Guarantee Commitment¹⁸⁸	6	8,518.99	6	5,523.93	8	30,530.91

Source: Information furnished by PSUs

As can be seen from the Table above, annual budgetary assistance received by the PSUs in Non-Power Sector fluctuated between ₹3,632.20 crore and ₹13,015.13 crore during the three-year period 2016-19. During the year 2018-19, the budgetary assistance of ₹3,632.20 crore given to Non-Power Sector PSUs includes ₹208.49 crore¹⁸⁹ towards loans and ₹3,423.71 crore towards grants/subsidy. There was a decrease in grants received by PSUs during 2018-19 compared to 2017-18 mainly on account of the lesser grants given to Andhra Pradesh Mahila Sadhikara Samstha, Rythu Sadhikara Samstha, Andhra Pradesh Urban Finance Infrastructure and Development Corporation Limited, Andhra Pradesh State Housing Corporation Limited and Andhra Pradesh State Skill Development Corporation.

Budgetary support of ₹2,623.64 crore (Loan: ₹208.49 crore, Grants and Subsidy: ₹2,415.15 crore) was provided by the State to 13 Non-Power Sector PSUs, whose accounts were in arrears. The investment made by State Government in PSUs whose accounts are in arrears is shown in **Appendix-5.1**.

State Government helps the PSUs in raising loans from banks and Public Financial Institutions by giving guarantee for repayment of principal and interest. The outstanding guarantee commitments given for State PSUs increased substantially from ₹8,518.99 crore in 2016-17 to ₹30,530.91 crore in 2018-19 mainly due to increase in guarantee commitments in respect of Andhra Pradesh State Civil Supplies Corporation Limited towards cash credit of ₹19,000 crore availed from SBI for procurement of Paddy, Levy Rice and PDS rice and in respect of Andhra Pradesh Township & Infrastructure Development Corporation Limited towards loan of ₹3,951.59 crore for lands and external Infrastructure for five lakh EWS Houses across the State of Andhra Pradesh.

The State Government charges guarantee fee at the rate of 0.50 per cent per annum or two per cent consolidated for the entire guarantee period in case of loan availed of by PSUs from banks/financial

¹⁸⁵ amount represents outgo from State Budget only

¹⁸⁶ the figure represents number of Non-Power Sector PSUs which have received outgo from budget under one or more heads i.e., equity, loans and grants/ subsidies

¹⁸⁷ Government guarantee issued to the Non-Power Sector PSUs during the year

¹⁸⁸ Guarantee commitment is the balance of the loans remaining to be repaid by the PSUs for which the State Government has given guarantee

¹⁸⁹ Andhra Pradesh State Fibernet Limited

institutions. Since the Guarantee register for the year 2018-19 has not been furnished by the State Government, the actual amount of guarantee fee paid/payable by the PSUs in Non-Power Sector could not be ascertained.

5.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of PSUs should agree with those appearing in the Finance Accounts of the State. In case the figures do not tally, the PSUs concerned and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 is given in **Table 5.4**:

Table 5.4: Equity, Loans, Guarantees as per Finance Accounts vis-à-vis records of PSUs

(₹ in crore)

Outstanding in respect of	No. of Non-Power Sector PSUs with difference	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	16	617.83	417.44	200.39
Loans	12	3,107.76	2,299.05	808.71
Guarantees	6	8,016.03	25,685.79	17,669.76

Source: Finance Accounts of AP for 2018-19 and Annual Accounts/Information received from PSUs

It was observed that the major differences have been persisting for many years. Major difference in balances was observed in Andhra Pradesh State Minorities Finance Corporation Limited (APSMFCL) (Equity: ₹145.48 crore), Andhra Pradesh Industrial Infrastructure Corporation (Loan: ₹277.04 crore) and Andhra Pradesh State Civil Supplies Corporation Limited (Guarantees: ₹19,000 crore) as per **Appendix-4.1**. The matter was taken up (July 2020) with the State Government and reply is awaited. The State Government needs to initiate expeditious action to analyse the reasons for the variations in figures between the two sets of figures in consultation with the concerned PSUs and ensure reconciliation in a time-bound manner.

5.6 Submission of accounts by PSUs (Non-Power Sector)

Out of 61 working Government Companies, eight submitted their annual accounts for the year 2018-19 for audit by CAG on or before 30 September 2019. The accounts of remaining 53 Government Companies were in arrears. Out of the three Statutory Corporations, APSFC submitted its accounts within the prescribed timeline, while the accounts of the other two Statutory Corporations were in arrears. The status of timeliness followed by these 54 working PSUs in preparing accounts is detailed below;

5.6.1 Timeliness in preparation of Accounts by the working PSUs

As prescribed under the Companies Act, 2013, all the working State PSUs were required to submit accounts for the year 2018-19 by 30 September 2019. Details of arrears in submission of accounts of working Non-Power Sector PSUs as on 30 September 2019 are given in the **Table 5.5**.

Table 5.5: Position of submission of Accounts by working PSUs

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Number of working PSUs	41	50	57	60	64
2	Number of accounts submitted during the reporting period ¹⁹⁰	35	23	50	42	46
3	Number of working PSUs which finalised accounts for the current year during the reporting period	5	4	9	10	9
4	Number of previous years' accounts finalised during the reporting period	30	19	41	32	37
5	Number of working PSUs with accounts in arrears	36	45	48	50	55
6	Number of accounts in arrears	83	115	114	129	146
7	Extent of arrears	1 to 13 years	1 to 14 years	1 to 12 years	1 to 13 years	1 to 14 years

Source: Compiled based on Annual Accounts of Non-Power Sector PSUs received during the period October 2018 to September 2019

Of these 64 working PSUs, 36 PSUs finalised 46 annual accounts during the period 1 October 2018 to 30 September 2019, which included nine annual accounts for the year 2018-19 and 37 annual accounts for previous years. Further, 146 annual accounts were in arrears, which pertain to 55 Non-Power Sector PSUs. However, 13 more PSUs finalised and submitted their annual accounts for the year 2018-19 by August 2020.

In respect of the Non-Power Sector PSUs, whose accounts were in arrears, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoAP investment in these Non-Power Sector PSUs, therefore, remained outside the oversight of State Legislature.

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. The arrears in accounts persists though the concerned Departments were informed quarterly regarding arrears in accounts.

5.6.2 Timeliness for preparation of accounts by inactive State PSUs

There were arrears in finalisation of accounts of all the 20 inactive PSUs. Out of these 20 inactive PSUs, 12 PSUs had arrears of accounts for more than 20 years. Further, of these, two PSUs viz., Andhra Pradesh Meat Development Corporation Limited and Andhra Pradesh Essential Commodities Corporation Limited have submitted accounts for 2014-15 (10 months) as on 30 September 2019. The financial position of the 20 inactive PSUs as per their last annual accounts is given in **Appendix-5.2**.

¹⁹⁰ October 2018 to September 2019

5.7 Impact of non-finalisation of accounts by Non-Power Sector PSUs

As pointed out in **Paragraph 5.6**, the delay in finalisation of accounts is in violation of the provisions of the relevant Statutes and entails risk of fraud and leakage of public money going undetected. In view of the above state of arrears of accounts, the actual contribution of the Non-Power Sector PSUs to State GDP for the year 2018-19 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Departments issue necessary directions and set a specific timeframe for individual PSUs to clear the pendency in accounts and monitor compliance with the timeframe closely. The Government may also look into the constraints in preparation of the accounts by the PSUs and take necessary steps to clear the arrears in accounts.

5.8 Placement of Separate Audit Reports by Statutory Corporations

Separate Audit Reports (SARs) are Audit Reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. Out of three working Statutory Corporations, one Corporation, viz., APSFC had forwarded its annual accounts for the year 2018-19 by 30 September 2019. Status of annual accounts of Statutory Corporations and placing of their SARs in Legislature is detailed in **Table 5.6**.

Table 5.6: Status of placing of SAR of the Statutory Corporations

Name of the Statutory Corporation	Year up to which SAR placed in Legislature	Year for which SARs yet to be placed in Legislature	
		Year of SAR	Date of issue to Government
Andhra Pradesh State Financial Corporation	2014-15	2015-16	14-02-2017
		2016-17	09-11-2017
		2017-18	12-12-2018
		2018-19	02-03-2020
Andhra Pradesh State Warehousing Corporation	2013-14 (up to 1 June 2014)	2014-15	04-10-2019
		Accounts for 2015-16 to 2018-19 are in arrears	Not applicable
Andhra Pradesh State Road Transport Corporation	2013-14 (up to 1 June 2014)	2014-15 (10 months) to 2016-17	17-07-2020
		Accounts for 2017-18 & 2018-19 are in arrears	Draft SAR under finalisation

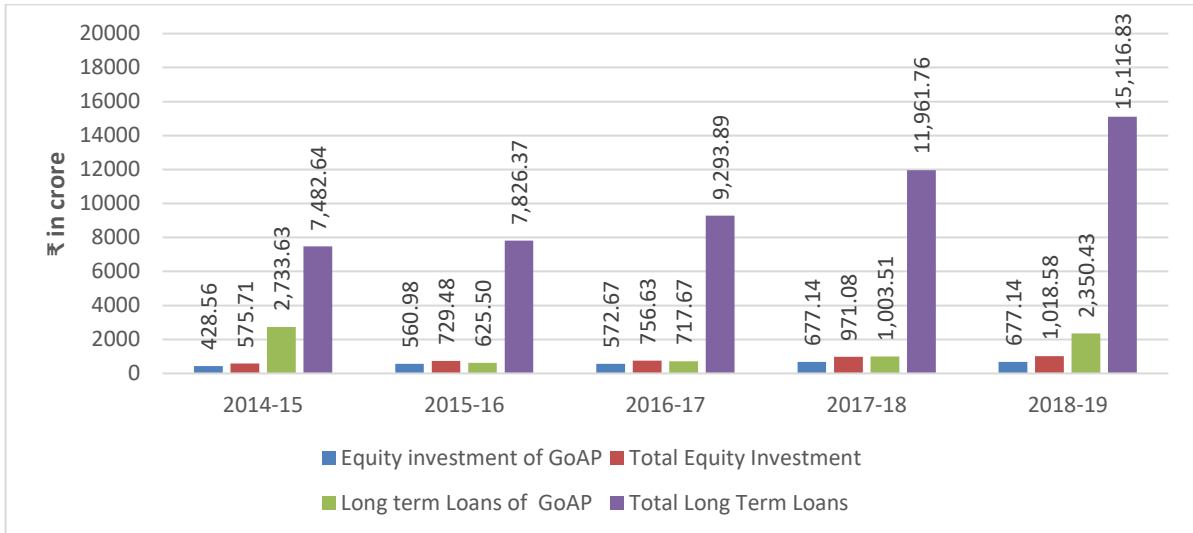
Source: Information furnished by the Corporations

5.9 Performance of PSUs (Non-Power Sector)

Financial position and working results of the 42 working PSUs as on 31 March 2019 are detailed in **Appendix-5.3** and of 22 PSUs, whose annual accounts were in arrears for three or more years are detailed in **Appendix-5.4**.

PSUs are expected to yield reasonable return on investment made by Government. The total amount of equity investment in the Non-Power Sector PSUs as on 31 March 2019 was ₹1,018.58 crore. In addition, the long term loans of these PSUs was ₹15,116.83 crore. Out of this, equity investment by GoAP was ₹677.14 crore and the GoAP had also provided long term loans of ₹2,350.43 crore. The total equity investment and Loans and GoAP equity investment and loans in Non-Power Sector PSUs is given in **Chart 5.3**:

Chart 5.3: Equity investment and Loans in Non-Power Sector PSUs

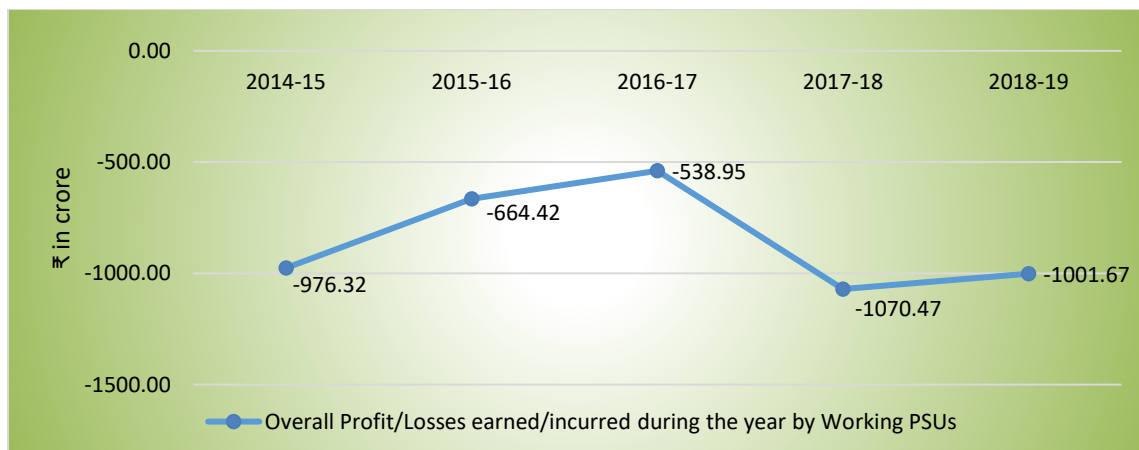


The profitability of a company is traditionally assessed through Return on Investment (RoI), Return on Equity (RoE) and Return on Capital Employed (RoCE). The Rate of Real Return on investment is the profit or loss made in a fixed year relating to the Present Value (PV) of the investment made over the years and is expressed as a percentage of profit to the PV of the total investment. Equity is taken as investment for this purpose. RoE is a measure of performance calculated by dividing net profit after tax by Shareholders' fund.

5.9.1 Rate of Real Return on Investment

Return on Investment (RoI) is the percentage of profit or loss to the total investment. The overall position of Profit earned /Losses incurred by the working Non-Power Sector PSUs during 2014-15 to 2018-19 is depicted below in **Chart 5.4**.

Chart 5.4: Profit/Losses earned/incurred by working Non-Power Sector PSUs during the years



The overall loss of ₹976.32 crore incurred by the working PSUs in 2014-15 reduced to ₹538.95 crore in 2016-17 before increasing to ₹1,001.67 crore in 2018-19 due to substantial losses incurred by APSRTC (₹961.28 crore) and Andhra Pradesh State Skill Development Corporation (₹70.63 crore).

Major profitmaking PSUs were APSFC (₹89.08 crore) and Andhra Pradesh State Beverages Corporation Limited (₹16.05 crore). These profits were off-set by loss of ₹961.28 crore and ₹70.63 crore reported by APSRTC and Andhra Pradesh State Skill Development Corporation respectively.

Certain PSUs (Andhra Pradesh Gas Distribution Corporation Limited, Godavari Gas Private Limited and Infrastructure Corporation of Andhra Pradesh Limited) engaged in business activities, have been incurring losses consistently during the last five years/since inception. Government needs to review the performance of these PSUs; analyse the reasons for the losses reported by them; issue necessary directions to revamp their functioning and strengthen their operational performance.

5.9.1.1 Rate of Real Return on the basis of historical cost of investment

An analysis of the earnings *vis-à-vis* investments was carried out in respect of the Non-Power Sector PSUs to assess the profitability of these PSUs. The Rate of Real Return on investment from the Non-Power Sector PSUs has been calculated on the investment made by the GoAP, GoI and others in these Non-Power Sector PSUs in the form of equity as detailed in **Table 5.7**. Loans are not considered as investment for calculation of Rate of Real Return as they are liable to be repaid as per terms and conditions of repayment.

As on 31 March 2019, equity of the State Government, GoI and Others in the Non-Power Sector PSUs was ₹1,018.58 crore. The sector-wise Rate of Real Return on investment on the basis of historical cost of investment for the period 2014-15 to 2018-19 is given in **Table 5.7**.

Table 5.7: Return on Investment on the basis of historical cost of investment

(₹ in crore)

Year wise	Total Earnings for the year	Funds invested by GoAP in the form of Equity on historical cost basis	Funds invested by GoI and others in the form of Equity on historical cost basis	Total Investment in the form of Equity on historical cost basis	Rate of Real Return on investment on historical cost basis (per cent)
Sector-wise break-up					
2014-15					
Social Sector	(-)2.16	113.30	45.00	158.30	(-) 1.36
Competitive Sector	(-) 981.65	313.14	102.15	415.29	(-) 236.38
Others	7.49	2.12	0	2.12	353.30
Total	(-) 976.32	428.56	147.15	575.71	(-) 169.59
2015-16					
Social Sector	14.00	231.67	56.35	289.02	4.86
Competitive Sector	(-) 688.37	327.14	112.15	439.29	(-) 156.70
Others	9.95	2.17	0	2.17	458.53
Total	(-) 664.42	560.98	168.50	729.48	(-) 91.08

Year wise	Total Earnings for the year	Funds invested by GoAP in the form of Equity on historical cost basis	Funds invested by GoI and others in the form of Equity on historical cost basis	Total Investment in the form of Equity on historical cost basis	Rate of Real Return on investment on historical cost basis (per cent)
Sector-wise break-up					
2016-17					
Social Sector	171.71	236.85	61.81	298.66	57.49
Competitive Sector	(-) 724.87	333.65	122.15	455.80	(-) 159.03
Others	14.21	2.17	0	2.17	654.84
Total	(-) 538.95	572.67	183.96	756.63	(-) 71.23
2017-18					
Social Sector	85.06	339.82	161.79	501.61	16.96
Competitive Sector	(-) 1,176.55	335.15	132.15	467.30	(-) 251.78
Others	21.02	2.17	0	2.17	968.66
Total	(-) 1,070.47	677.14	293.94	971.08	(-) 110.23
2018-19					
Social Sector	(-) 111.61	339.82	162.78	502.60	(-) 22.21
Competitive Sector	(-) 910.73	335.15	178.65	513.80	(-) 177.25
Others	20.67	2.17	0.01	2.18	948.17
Total	(-) 1,001.67	677.14	341.44	1,018.58	(-) 98.34

Source: Annual Accounts of the Non-Power Sector PSUs

The Rate of Real Return on investment is worked out by dividing the total earnings of these Non-Power Sector PSUs by the cost of the investments made by GoAP, GoI and others. The Rate of Real Return earned on investment of the Non-Power Sector PSUs during the period 2014-15 to 2018-19 was negative. The negative RoI during 2018-19 was the result of huge losses of APSRTC (₹961.28 crore) and Andhra Pradesh State Skill Development Corporation (₹70.63 crore).

5.9.1.2 Rate of Real Return on the basis of Present Value of Investment

In view of the significant investment by the Government in the Non-Power Sector PSUs, Rate of Real Return on such investment is essential. Present Value (PV) of the investment was computed where funds had been infused by the State Government, Central Government and others in the shape of equity since inception of these companies till 31 March 2019. The Non-Power Sector PSUs, however, had a negative rate of real return on investment as the PSUs had overall losses.

The PV of the investment in Non-Power Sector PSUs was computed on the basis of following assumptions;

- The equity infused minus disinvestment have been reckoned as investment for calculating the Rate of Real Return on Investments.

- The average rate of interest on Government borrowings for the concerned financial year¹⁹¹ was adopted as compounded rate for arriving at Present value since they represent the cost incurred towards investment of funds for the year and therefore considered as the minimum expected Rate of Real Return on investments.

The sector-wise Real Rate of Return on the basis of present value of investment for the period 2014-15 to 2018-19 is given in **Table 5.8**.

Table 5.8: Return on Investment on the basis of present value of investment

(₹ in crore)

Sector wise, Accounting Year	PV of the total investment at the beginning of the year	Funds invested by the GoAP in the form of Equity	Funds invested by the GoI and others in the form of Equity	Total investment in the form of Equity	Average Rate of Interest (per cent)	PV of the total investment at the end of the year	Total earnings for the year	Rate of Real return on investment on historical cost basis (per cent)	Rate of Real RoI considering PV of the investment (per cent)
2014-15									
Social Sector	-	113.30	45.00	158.30	5.91	167.66	(-) 2.16	(-) 1.36	(-) 1.29
Competitive Sector	-	313.14	102.15	415.29	5.91	439.83	(-) 981.65	(-) 236.38	(-) 223.19
Others	-	2.12	0	2.12	5.91	2.25	7.49	353.30	333.59
Sub total (a)	-	428.56	147.15	575.71	-	609.73	(-) 976.32	(-) 169.59	(-) 160.12
2015-16									
Social Sector	167.66	231.67	56.35	288.02	6.11	315.55	14.00	4.86	4.44
Competitive Sector	439.83	327.14	112.15	439.29	6.11	492.17	(-) 688.37	(-) 156.70	(-) 139.86
Others	2.25	2.17	0	2.17	6.11	2.44	9.95	458.53	408.53
Sub total (b)	609.73	560.98	168.50	729.48	-	810.15	(-) 664.42	(-) 91.08	(-) 82.01
2016-17									
Social Sector	315.55	236.85	61.81	298.66	6.31	346.77	171.71	57.49	49.52
Competitive Sector	492.17	333.65	122.15	455.80	6.31	540.78	(-) 724.87	(-)159.03	(-)134.04
Others	2.44	2.17	0	2.17	6.31	2.59	14.21	654.84	548.81
Sub total (c)	810.15	572.67	183.96	756.63	-	890.14	(-) 538.95	(-)71.23	(-) 60.55
2017-18									
Social Sector	346.77	339.82	161.79	501.61	6.52	585.56	85.06	16.96	14.53
Competitive Sector	540.78	335.15	132.15	467.30	6.52	588.29	(-) 1176.55	(-) 251.78	(-) 199.99
Others	2.59	2.17	0	2.17	6.52	2.76	21.02	968.66	762.14
Sub total (d)	890.14	677.14	293.94	971.08	-	1,176.61	(-) 1,070.47	(-) 110.23	(-) 90.98
2018-19									
Social Sector	585.56	339.82	162.78	502.60	6.37	623.91	(-) 111.61	(-) 22.21	(-) 17.89
Competitive Sector	588.29	335.15	178.65	513.80	6.37	675.23	(-) 910.73	(-) 177.25	(-) 134.88
Others	2.76	2.17	0.01	2.18	6.37	2.94	20.67	948.17	702.02
Sub total (e)	1,176.61	677.14	341.44	1,018.58	-	1,302.08	(-) 1,001.67	(-) 98.34	(-) 76.93

¹⁹¹ the average rate of interest on Government borrowings was adopted from the Reports of the CAG of India on State Finances (GoAP) for the concerned year wherein the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100

As can be seen from the table, during the period 2014-15 to 2018-19, the Non-Power Sector PSUs had a negative rate of real return on investment on the basis of PV, as the PSUs had recorded overall losses.

Further, for the period 2014-15 to 2018-19, when the Non-Power Sector PSUs incurred overall loss, a more appropriate measure of performance is the erosion of net worth due to the losses.

5.9.2 Erosion of Net worth

The capital investment, free reserves, accumulated surplus and accumulated losses of the Non-Power Sector PSUs as at the end of 2018-19 were ₹1,018.58 crore, ₹23.51 crore, ₹1,354.22 crore and ₹7,276.58 crore respectively resulting in negative Net worth of ₹4,880.27 crore. As at the end of 2018-19, the funds of Shareholders had been eroded completely in respect of 12 PSUs, by more than 50 per cent in three PSUs, between 20 to 50 per cent in three PSUs and by less than 20 per cent in three PSUs. Of the 12 Non-Power Sector PSUs, where the Net worth has completely eroded, and the maximum Net worth erosion was in APSRTC ((-)₹6,810.34 crore), Andhra Pradesh Gas Infrastructure Corporation Limited (APGIC) ((-)₹62.51 crore) and APSMFCL ((-)₹21.07 crore).

The following table indicates total paid up capital, total free reserve, total accumulated surplus, total accumulated loss and total net worth of these PSUs;

Table 5.9 : Net worth of working PSUs during 2014-15 to 2018-19

(₹ in crore)					
Year	Paid up Capital at end of the year	Free Reserve	Accumulated Surplus	Accumulated loss	Net Worth
2014-15	575.71	32.12	712.16	(-) 3,376.47	(-) 2,056.48
2015-16	729.48	32.72	812.16	(-) 4,119.09	(-) 2,544.73
2016-17	756.63	33.07	1,119.36	(-) 4,933.92	(-) 3,024.86
2017-18	971.08	33.36	1,274.84	(-) 6,253.46	(-) 3,974.18
2018-19	1,018.58	23.51	1,354.22	(-) 7,276.58	(-) 4,880.27

Source: Annual Accounts /information furnished by PSUs

It is evident from the above that the net worth of the working PSUs was negative during the five year period. It substantially decreased from (-) ₹2,056.48 crore in 2014-15 to (-) ₹4,880.27 crore in 2018-19.

5.9.3 Dividend Pay-out

During the period 2014-15 to 2018-19, the number of PSUs, which earned profits ranged between 11 and 14, of which, only two PSUs had declared/paid dividend of ₹4.36 crore¹⁹² to State Government during the year 2018-19.

¹⁹² Andhra Pradesh State Seeds Development Corporation Limited (₹0.39 crore) and Andhra Pradesh State Financial Corporation (₹3.97 crore)

5.9.4 Return on Equity

Shareholders' fund of a Company is calculated by adding paid-up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's shareholders if all assets were sold and all debts paid. A positive Shareholders' fund reveals that the company has enough assets to cover its liabilities while negative Shareholders' fund means that liabilities exceed assets. RoE has been computed in respect of Non-Power Sector PSUs as shown in *Table 5.10*.

Table 5.10: Return on Equity relating to working PSUs

	Year	No. of PSUs	Net Profit /Loss	Shareholders' fund	RoE (per cent)
(1)	(2)	(3)	(4)	(5)	(6) = (4)/(5)*100
			Amount (₹ in crore)		
Profit Earning	2014-15	11	108.52	983.30	11.04
	2015-16	13	121.75	1,156.39	10.53
	2016-17	13	291.39	1,393.76	20.91
	2017-18	13	212.10	1,301.88	16.29
	2018-19	14	138.18	853.19	16.20
Loss incurring	2014-15	11	(-) 1,084.84	(-) 3,058.51	-
	2015-16	17	(-) 786.17	(-) 3,720.85	-
	2016-17	22	(-) 830.34	(-) 4,439.90	-
	2017-18	25	(-) 1,282.57	(-) 5,281.88	-
	2018-19	26	(-) 1,139.85	(-) 5,739.28	-
Total	2014-15	22	(-) 976.32	(-) 2,075.21	-
	2015-16	30	(-) 664.42	(-) 2,564.46	-
	2016-17	35	(-) 538.95	(-) 3,046.14	-
	2017-18	38	(-) 1,070.47	(-) 3,980.00	-
	2018-19	40	(-) 1,001.67	(-) 4,886.09	-

Source: Annual Accounts of the working PSUs

Note: Two PSUs which neither earned profit nor incurred loss had been excluded

During 2018-19, 26 Non-Power Sector PSUs incurred losses while 14 Non-Power Sector PSUs reported profits. RoE in respect of the loss making Non-Power Sector PSUs could not be worked out as the Net Income and the Shareholders' funds were negative. The negative Shareholders' Fund indicates that the public money invested in these Non-Power Sector PSUs had eroded completely.

5.9.5 Return on Capital Employed

Return on Capital Employed (RoCE) is a profitability ratio that measures company's profitability and the efficiency with which its capital is employed. RoCE is an important decision metric for long term lenders. The significance of RoCE becomes obvious when it is juxtaposed against RoE, which measures the efficiency with which a company's assets have been used to create profits for its shareholders. RoCE is calculated by dividing a company's EBIT by the capital employed¹⁹³.

¹⁹³ Capital employed = Paid up share capital (+) free reserves and surplus (+) long term loans (-) accumulated losses (-) deferred revenue expenditure

The details of total RoCE of working PSUs during the period from 2014-15 to 2018-19 are given in **Table 5.11**.

Table 5.11: Return on Capital Employed relating to working PSUs

	Year	No. of Non-Power Sector PSUs	EBIT	Capital employed	RoCE (per cent)
			Amount (₹ in crore)		
(1)	(2)	(3)	(4)	(5)	(6)=(4)/(5)*100
Profit Earning	2014-15	11	366.77	3,818.99	9.60
	2015-16	13	360.28	3,720.51	9.68
	2016-17	13	517.74	3,704.75	13.98
	2017-18	13	485.34	4,212.01	11.52
	2018-19	14	553.61	8,679.38	6.38
Loss incurring	2014-15	11	(-) 918.03	(-) 555.95	-
	2015-16	17	(-) 580.42	(-) 602.99	-
	2016-17	22	(-) 593.56	(-) 247.69	-
	2017-18	25	(-) 702.55	3,094.75	(-) 22.70
	2018-19	26	(-) 826.93	(-) 876.36	-
Total	2014-15	22	(-) 551.26	3,263.04	(-) 16.89
	2015-16	30	(-) 220.14	3,117.52	(-) 7.06
	2016-17	35	(-) 75.82	3,457.06	(-) 2.19
	2017-18	38	(-) 217.21	7,306.76	(-) 2.97
	2018-19	40	(-) 273.32	7,803.02	(-) 3.50

Source: Annual Accounts of working Non-Power Sector PSUs

Note: Two PSUs, which neither earned profit nor incurred loss were not considered in above Table

The RoCE of the PSUs was negative and ranged between (-) 16.89 per cent and (-)2.19 per cent during the period 2014-15 to 2018-19 as their EBIT was negative.

5.9.6 Analysis of Long Term Loans of the Non-Power Sector PSUs

Analysis of the Long Term Loans of 42 working PSUs during 2014-15 to 2018-19 was carried out to assess the ability of the PSUs to service the debt owed by them to the Government, banks and other financial institutions. This was assessed through the Interest Coverage Ratio (ICR) and Debt-Turnover Ratio (DTR).

5.9.6.1 Interest Coverage Ratio

Interest Coverage Ratio (ICR) is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing EBIT of a PSU by interest expenses of the same period. The lower the ratio, the lesser the ability of the PSU to pay interest on debt. The details of positive and negative ICR in respect of eight working PSUs, which had interest burden during the period from 2014-15 to 2018-19 are given in **Table 5.12**.

Table 5.12: Interest Coverage Ratio relating to working Non-Power Sector PSUs

Year	Interest (₹ in crore)	EBIT (₹ in crore)	Number of PSUs having interest expense and liability of loans from Government/Banks/ other financial institutions	Number of PSUs having interest coverage ratio more than 1	Number of PSUs having interest coverage ratio less than 1
2014-15	632.18	(-) 377.97	6	3	3
2015-16	632.62	(-) 41.87	6	4	2
2016-17	669.88	(-) 95.61	8	2	6
2017-18	802.41	(-) 323.97	9	4	5
2018-19	664.26	(-) 177.89	8	4	4

Source: Annual Accounts of PSUs

Of the eight PSUs having liability of loans from Government as well as banks and financial institutions, four PSUs had ICR of more than one whereas remaining four PSUs had ICR below one indicating that these four PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

5.9.6.2 Debt-Turnover Ratio

During the last five years ended 31 March 2019, the Debt-Turnover Ratio of 42 working PSUs ranged between 0.46 and 1.37: 1. Further, the Debt-Turnover Ratio decreased during the year 2018-19 in comparison to 2017-18. The details of Debt-Turnover Ratio during the last five years ended March 2019 is given in the **Table 5.13**.

Table 5.13: Debt Turnover Ratio relating to the working Non-Power Sector PSUs

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government/ Banks and Financial Institutions	7,482.64	7,826.37	9,293.89	11,961.76	15,116.83
Turnover	11,208.18	15,677.58	20,210.97	8,754.75	17,435.77
Debt-Turnover Ratio	0.67:1	0.50:1	0.46:1	1.37:1	0.87:1

Source: Annual Accounts and information furnished by PSUs

5.10 Winding up inactive PSUs (Non-Power Sector)

As on 31 March 2019, there were 20 inactive PSUs under demerger process. The total investment in these 20 inactive PSUs was ₹238.87 crore. The number of inactive PSUs and their stage of closure at the end of each year during last five years ended 31 March 2019 are given in **Table 5.14**.

Table 5.14: Details of Inactive PSUs and status of liquidation

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Number of Inactive PSUs	22	22	22	20	20
Liquidation by Court (Liquidator appointed)	10	10	10	8	9

Source: Compiled from the information as furnished by Official Liquidator

Out of the 20 inactive PSUs, nine were reported to be in the process of liquidation for several decades, although Official Liquidator had already been appointed in respect of nine inactive PSUs.

5.11 Comments on Accounts of PSUs (Non-Power Sector)

Thirty-four working PSUs forwarded their 44 audited accounts (**Table 5.5**) to the Principal Accountant General (Audit), Andhra Pradesh during the period from 1 October 2018 to 30 September 2019. Of these, 44 accounts, 31 accounts of 24 PSUs were selected for supplementary audit and Non-Review Certificate was issued in respect of the remaining 11 accounts. The Audit Reports of Statutory Auditors and supplementary audit of the Companies/Statutory Corporations conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG are given in **Table 5.15**.


Table 5.15: Impact of audit comments on State PSUs (Non-Power Sector)

Particulars	2016-17		2017-18		2018-19	
	Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)
Decrease in profit	13	289.38	6	329.97	6	85.76
Increase in profit	6	10.98	4	27.83	8	486.19
Increase in loss	6	31.21	3	4.15	4	5.23
Decrease in loss	5	115.19	2	6.33	1	5.42
Non-disclosure of material facts	6	178.16	4	2,209.57	6	1,282.64
Errors of classification	0	0.00	0	0.00	3	50.16

Source: Comments of the Statutory Auditors/ CAG in respect of working Non-Power Sector PSUs

During the year 2018-19, the Statutory Auditors had issued qualified certificates in respect of eleven accounts. Compliance to the Accounting Standards by the Non-Power Sector PSUs remained poor as the Statutory Auditors pointed out twelve instances of non-compliance to the Accounting Standards in five accounts.

Hyderabad
The 19 MAR 2021


(CHANDA M. PANDIT)
Accountant General (Audit)
Andhra Pradesh

Countersigned

New Delhi
The 22 MAR 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix-1.1
(Reference to paragraph 1.6.1, page 5)

Department-wise break-up of outstanding Inspection Reports and Paragraphs

Department	Number of IRs/Paragraphs pending as of 31 December 2019	
	IRs	Paragraphs
General & Social Sector		
Backward Classes Welfare	82	713
Consumer Affairs, Food and Civil Supplies	15	124
Finance	24	174
General Administration	31	232
Health, Medical and Family Welfare	280	3,327
Higher Education	678	3,718
Home	163	1,073
Housing	10	57
Labour, Employment, Training and Factories	135	829
Law	55	196
Minorities Welfare	20	110
Municipal Administration and Urban Development	273	5,029
Panchayat Raj and Rural Development	500	4,018
Planning	21	198
Revenue & Disaster Management	98	710
School Education	235	3,246
Social Welfare	134	1,264
Tribal Welfare	141	1,639
Women, Children, Disabled and Senior Citizens	211	899
Sports and Youth Services	4	21
Total	3,110	27,577
Economic Sector		
Agriculture & Cooperation	469	1,986
Animal Husbandry, Dairy Development and Fisheries	189	981
Environment, Forests, Science and Technology	226	672
Industries and Commerce	129	431
Information Technology, Electronics and Communications	3	15
Infrastructure and Investment	11	63
Water Resources	1,154	3,444
Works & Projects wing of Finance Department	24	120
Roads and Buildings	251	813
Tourism, Art and Culture	17	102
Total	2,473	8,627

Appendix-1.2
(Reference to paragraph 1.6.3, page 6)
Position of Pending Explanatory Notes (as of 31 December 2019)

A. Exclusively pertaining to the State of Andhra Pradesh

Department	2014-15	2015-16	2016-17	Total
General & Social Sector				
Backward Classes Welfare	1	-	-	1
Health, Medical and Family Welfare	-	2	-	2
Higher Education	-	-	1	1
Home	-	2	1	3
Minorities Welfare	1	-	1	2
Panchayat Raj and Rural Development	-	-	1	1
School Education	2	1	1	4
Social Welfare	-	-	1	1
Tribal Welfare	1	-	1	2
Women, Children, Disabled and Senior Citizens	1	1	-	2
Sports and Youth Services	-	-	2	2
Total (A)	6	6	9	21
Economic Sector				
Agriculture and Co-operation	1	1	-	2
Environment, Forest, Science & Technology	-	-	1	1
Information Technology and Communications	-	-	1	1
Industries & Commerce	-	1	1	2
Water Resources (formerly I&CAD)	-	-	2	2
Transport, Roads & Buildings	1	1	-	2
Total (B)	2	3	5	10
Total (A+B)	8	9	14	31

B. Pertaining to both the States of Andhra Pradesh and Telangana

Department	2006-07	2009-10	2010-11	2011-12	2012-13	2013-14	Total
General & Social Sector							
Backward Classes Welfare	-	-	-	1	-	-	1
Finance	-	1	-	1	1	-	3
Home	1	-	-	1	1	1	4
Rural Water Supply and Sanitation	-	-	-	1	-	-	1
School Education	-	-	-	-	2	2	4
Tribal Welfare	-	-	1	1	-	1	3
Sports and Youth Services	-	1	-	-	-	1	2
Total	1	2	1	5	4	5	18

Department	2006-07	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Economic Sector							
Agriculture and Cooperation	-	-	-	-	1	1	2
Environment, Forest, Science & Technology	-	-	-	-	1	1	2
Industries & Commerce	-	-	-	1	-	1	2
Water Resources (formerly I&CAD)	-	-	-	-	-	1	1
Transport, Roads & Buildings	-	-	-	1	1	2	4
Total	-	-	-	2	3	6	11

Appendix-1.3

(Reference to paragraph 1.6.4, page 6)

Position of Pending Action Taken Notes (as of 31 December 2019)

A. Exclusively pertaining to the State of Andhra Pradesh - Legislative Assembly (LA) wise

Department	X th LA	XIII th LA	XIV th LA	Total
	1994-1999	2009-14	2014-19	
General & Social Sector				
Higher Education Department	-	1	-	1
Home Department	-	1	-	1
Municipal Administration & Urban Development Department	1	5	3	9
Revenue Department	-	-	1	1
Total (A)	1	7	4	12
Economic Sector				
Water Resources Department	-	-	1	1
Infrastructure and Investment Department	-	1	-	1
Total (B)	-	1	1	2
Total (A+B)	1	8	5	14

B. Pertaining to both the States of Andhra Pradesh and Telangana - Legislative Assembly (LA) wise

Department	XI th LA	XIII th LA	XIV th LA	Total
	1994-1999	2009-14	2014-19	
General & Social Sector				
Backward Classes Welfare Department	-	1	-	1
General Administration Department	-	3	-	3
Health, Medical and Family Welfare Department	-	2	2	4
Higher Education Department	-	1	-	1
Labour, Employment, Training & Factories Department	-	1	-	1
Municipal Administration & Urban Development	-	2	1	3
Panchayat Raj & Rural Development Department	3	-	-	3

Department	XI th LA	XIII th LA	XIV th LA	Total
	1994-1999	2009-14	2014-19	
General & Social Sector				
School Education Department	-	3	-	3
Women, Children, Disabled & Senior Citizens Department	-	1	1	2
Total (A)	3	14	4	21
Economic Sector				
Water Resources Department	1	2	-	3
Total (B)	1	2	-	3
Total (A+B)	4	16	4	24

Appendix-2.1

(Reference to paragraph 2.1.4.2 (b), page 16)

Statement showing the Resource Mobilisation made by Sports Authority

Source of funding provided in the Sports Policy	Audit findings
<i>As per Para 12(c) of Sports Policy, 2000, an additional surcharge of five per cent on Excise Duty is to be imposed on sale of liquors which is to be adjusted by Excise Department directly to SAAP</i>	As per the records of Director of Distilleries & Breweries, during 2015-19 an amount of ₹48 crore (₹ one crore per month) towards Sports privilege fee collected out of the Excise duty on sale of liquor was adjusted to Revenue Head of account ¹⁹⁴ of State Excise department <i>i.e.</i> , to Consolidated Fund of the State instead of directly to SAAP as envisaged in the policy. Thus, SAAP had not received the designated resource of funds meant for sports promotion. Despite SAAP Boards resolution to address Government for transferring sport privilege fee to SAAP, no action had been taken by SAAP in this regard.
<i>As per Para 12(d), all Gram Panchayats, Municipalities and Corporations shall collect an additional cess of three per cent on all property taxes, proceeds of which shall be credited to the respective Sports Authorities for expending within the same area</i>	During 2015-19, no amounts in the form of additional cess on property tax were levied and credited to SAAP for promotion of sports. The Sports Authority needs to address the Rural and Urban Local Bodies for increasing the financial resources.
<i>As per Para 12(e), District Panchayat Officers shall allocate three per cent of revenue from quarrying of sand for sports activities and distribute the same among the Village, Mandal and District Level Sports Authorities in the ratio of 37.5:37.5:25</i>	Seigniorage fee collected by the Mines and Geology department is to be remitted to the Zilla Parishads, which in turn must be apportioned in a specified ratio to each Sports authority in the District. Test check (during 2015-17) of three Zilla Parishad ¹⁹⁵ revealed that for the period 2010-17, the Zilla Parishads must apportion ₹6.62 crore ¹⁹⁶ to Sports authorities towards seigniorage fee received. Instead, the Zilla Parishads have apportioned ₹4.21 crore ¹⁹⁷ to DSAs leaving a balance of ₹2.41 crore to be apportioned. However, no amounts were apportioned to VSAs and MSAs. Further, the details of amounts received from Zilla Parishads were not accounted for by the DSAs.

¹⁹⁴ State Excise Head of Account 0039-800-03

¹⁹⁵ Zilla Parishads- Eluru, Kakinada, Machilipatnam

¹⁹⁶ Seigniorage fee received : ₹220.69 crore x 3 per cent = ₹6.62 crore

¹⁹⁷ Zilla Parishads Kakinada : ₹1.24 crore and Machilipatnam : ₹2.97 crore in excess of the limit

Source of funding provided in the Sports Policy	Audit findings
<i>As per Para 12 (f) of the Sports Policy, there should be corpus funds for all Village, Mandal, District Sports authorities for maintenance and promotion of sport activities</i>	Scrutiny of records at DSAs, however, showed that envisaged corpus fund was not created at any level in the State during 2015-19 by accepting donations to be used for promotion of sports activities. In DSA Prakasam, one of the donor ¹⁹⁸ had voluntarily donated (March 2012) ₹ one crore for construction of indoor/outdoor facilities at Ongole stadium. However, the work remained incomplete despite the release of ₹80.70 lakh ¹⁹⁹ to the executing agencies. The details for utilisation of balance amount of ₹19.30 lakh was not on records.

Appendix-2.2

(Reference to paragraph 2.1.4.3 (c), Page 18)

Statement showing the policies not implemented by Sports Authority

Sl. No.	Sports Policy
1.	<p>Establishment of Sports Science</p> <p>The revised sports policy, proposes to encourage eight branches of sports sciences in the State by employing the Scientists in the Centres of Excellence and at apex centre. It was also proposed to develop these disciplines in medical colleges and universities in a phased manner in collaboration with Medical & Health department.</p> <p>However, Government had not established the branches of sports sciences in the State as of March 2019 duly providing sufficient budget.</p> <p>Government replied (November 2020) that a concrete method to be adopted is yet to be finalised.</p>
2.	<p>Development of Sports City at Amaravati</p> <p>As per Para 7.8 of Sports Policy 2017, Andhra Pradesh Capital Region Development Authority (APCRDA) planned to develop Sports City at Amaravati aimed to be a dynamic waterfront attraction accommodating large stadiums, arena and event venues for international scale sporting events. The sports and recreational attractions would be supported by complimentary commercial and mixed-use developments to facilitate the spectators of these venues. The land area proposed for development of the city was 1,679 hectares. However, no steps were taken by SAAP to develop Sports City as of May 2019.</p> <p>SAAP replied that a letter has been addressed to Government requesting to accord permission for preparing and floating Request For Quotation for identifying consultants for preparation of techno-commercial feasibility report/ Detailed Project Report for development of Sports infrastructure for the proposed International Sports City at Amaravati.</p>
3.	<p>Creation of Sports Persons Welfare Fund</p> <p>Sports Policy 2017 proposed to create a Sports Persons Welfare Fund²⁰⁰ to take care of sports persons without employment or access to permanent pension. However, the welfare fund as proposed was not created as of July 2019. SAAP submitted (September 2017) a draft eligibility criteria to Government for awarding Welfare Fund to the Sports persons of the State. However, it was not approved by Government as of September 2019.</p> <p>SAAP replied (November 2020) that approval of Government to create Welfare Fund is awaited.</p>
4.	<p>Constitution of Sports Ethics Committee</p> <p>As per Para 16 of Sports Policy 2017, sports are designed to teach ethics and sportsmanship to every participant. A Sports Ethics Committee (SEC) to be constituted at State level to register any complaint/improvement. To address current issues of over-age, systematic programs to run in coordination with Sports Federations/Associations/Bodies and Health department. Government also recommends setting up of a Sports Commission, on the lines of SAI code of conduct document.</p>

¹⁹⁸ Dr.P Anand, local businessman

¹⁹⁹ ₹20.70 lakh to Sri Venkateshwara Balaji Construction Company and ₹60.00 lakh to Andhra Pradesh Housing Corporation

²⁰⁰ the corpus to this fund was proposed from budgetary funds, cess on tobacco, alcohol, mines, contributions from pollution control board, donations from individuals, corporations, etc.

Sl. No.	Sports Policy
	<p>However, SEC and Sports Commission were not formed as of May 2019.</p> <p>Government replied (November 2020) that SAAP is moving in the line of forming ethics committee to resolve all disputes arising out of non-abiding of rules framed for competitive sporting.</p>
<p>5.</p>	<p>Participation of Private Sector</p> <p>Government recognises the potential available with private sector to improve sports culture in the State. Suitable guidelines to be issued by State in this regard. This role can be implemented in the following manner:</p> <p>(a) PPP model</p> <p>To build multi-purpose infrastructure with the provision for sports infrastructure along with commercial areas at KVKs, District Sports facilities, sports schools, regional academies and High Performance Centre (HPC). To formally sponsor and support top athletes from HPCs/regional academies/sports schools and to undertake activities in advocacy, mass participation and training of elite athletes.</p> <p>In this regard, SAAP had identified BR Stadium, Guntur for modernisation and development under Public Private Partnership (PPP) mode in the first phase. The proposed complex on development would contain Indoor Sports facilities suitable for maximum indoor disciplines, outdoor playfields, accommodation for boys & girls, training facilities, etc. It was also proposed to develop the Stadium, as a standalone Sports Centre of excellence with no dependence on Government for running the facility. The cost for maintenance to be met by conducting various sports leagues, International/National sporting events, by building various commercial properties around the facility, sports museum, various commercial activities etc.</p> <p>After finalisation (November 2017) of tenders, Letter of Award was issued to M/s Grant Thornton India LLP (Company) to act as transaction advisory to develop sports infrastructure at Stadium on PPP mode at a price of ₹ 16.99 lakh. The Tender Evaluation Committee constituted (July 2018) by Government offered comments and called for certain clarifications from SAAP and the Company on the Draft Feasible Report (DFR) submitted to SAAP in January 2018.</p> <p>However, SAAP had not submitted the clarifications and no action was taken to finalise the project as of May 2019.</p> <p>Government replied (November 2020) that currently the appointed Consultants are working on updating the DFR and bid document.</p> <p>(b) Corporate Social Responsibility (CSR)</p> <p>In accordance with the policy, State will utilise CSR funding to support development of infrastructure, coaching, athlete development at proposed High Performance Centre/Regional/Academies/KVK. Conduct of events to popularise sports and build awareness. However, SAAP had not taken steps to get funding from CSR as of May 2019.</p> <p>Government replied (November 2020) that it is under planning process on creating collaboration with CSR firms.</p>
<p>6.</p>	<p>Implementation of Technology and Innovation tool</p> <p>As per Para 17 of Sports Policy 2017, technology is being considered as a strong tool in defining processes and dissemination of timely and correct information to key stakeholders across the State. Key features envisaged are Aadhaar linked 'Sports' ID cards for participants, coaches and administrator; Athlete mapping to a sport and a coach (grassroot, intermediate and elite); Data analytics to understand facility utilisation and foot falls; performance monitoring of coaches and athletes; digitizing records of coaches, athletes, facilities and all results; to provide easy access to all information to key stake holders through technology applications.</p> <p>However, SAAP had not initiated any action to implement the above features as of May 2019.</p> <p>Government replied (November 2020) that due to lack of funds only five out of 19 e-pragati modules could be developed and as a result, SAAP is unable to go with technology and innovation tools to apply with the present activities of sports and games.</p>

Sl. No.	Sports Policy
7.	<p data-bbox="363 264 727 293">Establishment of Sports School</p> <p data-bbox="363 320 1407 472">Government intended to create one sports school in each district to groom talented boys and girls to excel in all levels of competitions with proper academic training. However, Government has sanctioned (2018-19) only one sports school in Vizianagaram²⁰¹ (presently under construction). No action plan was prepared to establish the sports schools in the remaining 11 districts as of September 2019.</p> <p data-bbox="363 490 1407 544">Government replied (November 2020) that District Collectors were requested to identify Government lands for establishment of sports school.</p>
8.	<p data-bbox="363 557 743 586">Linking of Education and Sports</p> <p data-bbox="363 604 1407 772">The Policy states that Students are to be encouraged²⁰² to play at least one game from VI class to Intermediate (+2) stage. All educational institutions shall strive to provide specialized coaching for talented students by appointing Physical Education Teacher/Coach at their cost. A playground with facilities to play at least three sports were also to be provided. The Sports kits are to be provided to all schools and non-student youth organisations for this purpose by SAAP.</p> <p data-bbox="363 792 1407 992">However, neither SAAP nor the School Education Department (SED) had taken steps to ensure promotion of sports activities and availability of required sports infrastructure in the schools. Government replied (November 2020) that School Education Department and SAAP have jointly decided to construct playfields at all schools through the cooperation of Panchayat Raj department under Mahatma Gandhi National Rural Employment Guarantee (MGNREG) Scheme for development of sports infrastructure.</p>

²⁰¹ running temporarily at Sir Vizzy Stadium, Vizianagaram starting with IV class with the children strength of 38

²⁰² para 8 of Sports Policy, 2000

Appendix -2.3
(Reference to paragraph 2.1.5.3 (a), page 20)
Statement showing the district wise execution of works

Sl. No.	Name of the district	No. of works sanctioned	Estimated cost	Works Completed			Works in progress			No. of works with expenditure incurred below 25 per cent of estimated cost	Expenditure incurred	Works in tender stage/ DPR stage/site problem	
				No. of works	Estimated cost	Expenditure incurred	No. of works	Estimated cost	Expenditure incurred			No. of works	Estimated cost
1	Ananthapuramu	22	45.85	5	8.85	0	11	22.00	0	11	0	6	15.00
2	Chittoor	28	54.22	7	11.92	2.32	8	14.55	0.19	8	0.19	13	27.75
3	East Godavari	37	86.74	5	7.06	0.58	12	19.40	2.64	9	1.76	20	60.28
4	Guntur	29	82.50	4	13.22	2.95	8	24.09	3.17	7	1.35	17	45.18
5	Krishna	28	49.81	4	8.30	0	4	7.55	1.03	3	0.60	20	33.97
6	Kurnool	22	39.38	12	22.71	0	7	14.00	0	7	0	3	2.67
7	Prakasam	17	33.13	3	4.65	0.69	11	21.00	0.55	11	0.55	3	7.48
8	SPSR Nellore	15	31.10	0	0	0	9	20.75	1.08	8	0.56	6	10.35
9	Srikakulam	13	45.47	4	8.40	4.23	7	27.07	5.54	6	0.80	2	10.00
10	Visakhapatnam	23	44.44	1	2.41	1.98	4	7.00	1.87	3	0.27	18	35.03
11	Vizianagaram	20	48.44	2	1.00	0.83	8	30.31	1.37	8	1.37	10	17.13
12	West Godavari	28	49.93	1	0.20	0.20	19	33.73	2.34	19	2.34	8	16.00
13	YSR Kadapa	20	41.63	6	9.18	0	9	17.45	0.98	9	0.98	5	15.00
	Total:	302	652.66	54	97.92	13.79	117	258.92	20.78	109	10.79	131	295.84

Appendix- 2.4
(Reference to paragraph 2.1.5.3 (c), page 21)
Statement showing the incomplete/abandoned works

Sl. No.	Description of work
1.	<p>Construction of Green Field Stadium at Mantralayam, Kurnool district <i>(Administrative sanction (April 2013)-Estimated cost ₹2.10 crore)</i></p> <p>The work taken up²⁰³ (May 2014) at a cost of ₹1.82 crore was stopped mid-way as the land owner (Raghavendraswami Mutt) objected construction activity in its premises and obtained (July 2014) stay orders from Hon'ble High Court. The work was stopped (July 2014) and abandoned after incurring an expenditure of ₹19.44lakh. Subsequently, DSA identified (December 2017) alternate site at Kosigi instead of at Mantralayam. Administrative sanction was accorded (September 2017) by SAAP for execution of work at ₹2.00 crore.</p> <p>Due to commencement of work without receiving the consent from the land owner and change of location, the work was left incomplete and expenditure of ₹19.44 lakh had become wasteful.</p> 
2.	<p>Construction of Green Field Stadium at Kanigiri, Prakasam district <i>(Administrative sanction (January 2013)-Estimated cost ₹2.10 crore)</i></p> <p>The work was taken up (December 2013) at a cost of ₹1.85 crore after obtaining advance possession (December 2013) of land measuring 5.00 acres²⁰⁴ from Tahasildar, Kanigiri Mandal pending alienation. In compliance to the High Court directions (private party claimed ownership of land), SAAP directed (July 2017) the executing agency²⁰⁵ to terminate the contract after incurring ₹65.38 lakh.</p> <p>Subsequently, SAAP accorded (September 2017) administrative sanction for ₹2.00 crore and the Tahasildar gave (December 2017) advance possession of site admeasuring 5.98 acres²⁰⁶ to DSA. The work was entrusted to Andhra Pradesh Educational & Welfare Infrastructure Development Corporation for execution. However, there was no progress in execution of work as of March 2019.</p> <p>Due to execution of work without obtaining the alienation, the work was left incomplete and expenditure incurred of ₹65.38 lakh had become wasteful.</p> <p>Government replied (November 2020) that the work was under progress and 35 per cent of the work was completed.</p> 
3.	<p>Construction of Green Field Stadium at Kommadi (Bheemili), Visakhapatnam district. <i>(Administrative sanction (January 2013)-Estimated cost ₹2.10 crore)</i></p> <p>The work taken up (July 2013) at a cost of ₹1.64 crore was completed and handed over (January 2018) to DSA. However, the stadium was constructed without ensuring the availability of land for forming the approach road.</p> 

²⁰³ entrusted to a contractor with a stipulation to complete the work within nine months

²⁰⁴ Sy.No.184 of Machavaram(V) of Kanigiri (M)

²⁰⁵ Andhra Pradesh State Housing Corporation

²⁰⁶ Sy. No.89/2,3,4 at China Irlapadu (V) of Kanagiri (M)

Sl. No.	Description of work
	<p>Private parties obtained (November 2017) stay orders from Hon'ble High Court claiming ownership on the proposed road site. Due to non-utilisation of stadium, the expenditure of ₹ 1.64 crore incurred on construction of stadium remained unfruitful.</p> <p>Land was not alienated in favour of DSA as of June 2019. Construction of regional academy was also not taken up in the said site.</p> <p>Government replied (November 2020) that Revenue authorities have filed counter in the Hon'ble Court with a request to vacate stay orders and orders of Court is awaited. It was also replied that the Indoor Stadium and pavilion blocks are under usage by DSA.</p> <p>However, the details/documentary evidence for utilisation of indoor stadium and pavilion block was not produced to audit.</p> 
4.	<p>Construction of Green Field Stadium at Penukonda, Ananthapuramu district (Administrative sanction(April 2013)-Estimated cost ₹2.10 crore)</p> <p>The work taken up (November 2013) at a cost of ₹1.74 crore remained incomplete despite incurring ₹ 1.11 crore²⁰⁷ as of July 2019.</p> <p>Government replied (November 2020) that construction of stadium was completed and inaugurated in September 2019. However, no supporting documents were furnished.</p>
5.	<p>Construction of Green Field Stadium at Rajampet, YSR Kadapa district (Administrative sanction (April 2013)-Estimated cost ₹2.10 crore)</p> <p>The work taken up (November 2013) at a cost of ₹1.81crore was completed in October 2016 duly incurring ₹1.84crore²⁰⁸. However, the stadium was handed over to DSA belatedly in December 2018. In the meantime, due to improper-maintenance and non-provisioning of sufficient security the stadium was damaged²⁰⁹. Thus, the stadium could not be put to use since October 2016.</p> <p>Government replied that stadium was not taken over by the then DSA, Kadapa in time for want of posts for maintenance of Stadium by SAAP.</p>
6.	<p>Construction of Green Field Stadium at Kothapet in East Godavari district (Administrative sanction (June 2013)-Estimated cost of ₹2.10 crore)</p> <p>The executing agency has completed (March 2016) only pavilion building, bore well and septic tank duly incurring expenditure of ₹63.75 lakh. Despite handing over (June 2016) of the pavilion building to DSA, the same was not put to use due to non-construction of indoor stadium, playfields etc. Hence, the expenditure incurred on construction of pavilion building remained unfruitful.</p> <p>Government replied (November 2020) that due to uproar from the students of educational institutes along with public, the Indoor Stadium was not constructed as the land was kept as reserve for college students activity.</p> 
7.	<p>Construction of Indoor Stadium²¹⁰ at Pathrunivalasa village, Srikakulam mandal, Srikakulam district. (Administrative sanction (November 2017)-Estimated cost ₹6.00 crore)</p> <p>The work taken up (June 2018)²¹¹ at a cost of ₹4.44 crore, remained incomplete as of March 2019 after incurring an expenditure ₹90.54 lakh. Joint physical verification revealed that the work was stopped mid-way. Reasons for stopping of work were not on record. Further, there</p>

²⁰⁷ 6th and part bill paid as of September 2016

²⁰⁸ payment was made in May 2017

²⁰⁹ for rectification of damages, an estimate for ₹12.00 lakh was prepared, pending with SAAP for sanction


²¹⁰ 60x40 mts pavilion building and 400 mts standard athletic track

²¹¹ with a stipulation to complete the work within nine months

Sl. No.	Description of work
	was no proper approach road ²¹² to reach the stadium. The said land ²¹³ was also located far away to the village and surrounded by Agricultural fields. Government replied (November 2020) that work was resumed and expected to be completed by December 2020.
8.	Establishment of Yachting Centre at Visakhapatnam
	In December 2013, SAAP released ₹32.90 lakh to establish Water Sports Academy (WSA) at Rushikonda beach, Visakhapatnam. WSA was not established due to non-availability of boats and infrastructure. Alternately, DSA proposed (February 2017) to establish a Yachting Centre at a cost of ₹32.00 lakh. Out of which, an amount of ₹20.30 lakh ²¹⁴ was incurred (October 2017). However, Yachting Centre was not established as of June 2019 for want of professional training and equipment ²¹⁵ which were held up (Since 2009) with SAAP Water Sports Centre (WSC), Secunderabad. DSA, Visakhapatnam had not taken steps to get back the boats from WSC for the last 10 years. This resulted in unfruitful expenditure of ₹20.30 lakh. The department replied that it is awaiting for sufficient budget from Government to start the Yachting activities.

Appendix- 2.5

(Reference to paragraph 2.1.5.4 (a), page 22)
Statement showing sports Infra Projects sanctioned by
Government of India under different schemes

Sl. No.	Description of the project	Audit Findings
Urban Sports Infrastructure Scheme		
1.	<p>Multi-purpose Indoor Hall at Vidyadarapuram, Vijayawada <i>The project was sanctioned (March 2016) at an estimated cost of ₹6.00 crore. The Municipal Corporation Vijayawada transferred (August 2013) the vacant land</i></p>  <p><i>measuring 7.91 acres²¹⁶ and gave NOC to the Chairman, DSA, Krishna district. First instalment of ₹1.20 crore was released in March 2016. The sanctioned programme was to be commenced from the date of receipt of funds and the grants-in-aid released have to be utilised before March 2017.</i></p>	<p>(i) The project was not commenced as of June 2019, despite incurring ₹1.03 crore²¹⁷ towards foundation stone. Due to delay in commencement of project, GoI had cancelled (July 2019) the work and instructed to surrender the amount together with interest. Hence, the expenditure of ₹1.03 crore incurred on foundation stone function had become wasteful.</p> <p>(ii) Due to non-utilisation of funds before March 2017, the SAAP had foregone GoI grant of ₹6.00 crore and has to return ₹1.20 crore together with penal interest of ₹0.36 crore²¹⁸. However, the amount was not returned to GoI as of September 2019.</p> <p>(iii) Joint physical verification of site also revealed that the said land was encroached by private parties and construction machinery/material was dumped in the site. The SAAP/DSA had not taken action to remove the encroachments.</p> <p>Government replied (November 2020) that GoI had been addressed (July 2020) to re-sanction the project and orders in this regard are awaited.</p>

²¹² only a cart track/rubbish road existed to reach stadium from the main road

²¹³ to an extent of 33.23 acres, which was received through Land Ceiling Act

²¹⁴ towards construction of PEB shed-2, bore well & septic tank, fencing wire with gate, roofing sheets for store room & toilets, etc.

²¹⁵ 12 Nos. of Hobbie 16 boats procured during National Games 2002

²¹⁶ at Survey No.s 21,22/2,22/3,22/4, 27/1,28/1 and 28/3 of Vidhyadharapuram

²¹⁷ ₹4.25 lakh from GoI grant and ₹99.00 lakh from SAAP funds

²¹⁸ three years interest @ 10 per cent per annum on ₹1.20 crore

Sl. No.	Description of the project	Audit Findings
Khelo-India Scheme		
2.	<p>Multipurpose Indoor hall at Stadia Complex, Machilipatnam, Krishna district.</p> <p><i>GoI sanctioned (September 2017) the project at an estimated cost of ₹8.00 crore.</i></p> <p><i>First instalment of ₹2.50 crore ²¹⁹ was sanctioned but not released to SAAP.</i></p> <p><i>Detailed Project Report (DPR) was prepared (through a consultant) by SAAP duly incurring ₹19.43 lakh for the project along with the work construction of Swimming Pool at Stadia Complex.</i></p>	<p>The project was cancelled (March 2018) by GoI, as SAAP had not commenced the work since September 2017.</p> <p>The expenditure of ₹19.43 lakh incurred towards preparation of DPR out of SAAP funds, remained unfruitful due to cancellation of project. SAAP had not provided any budget from its funds to commence the project as of September 2019.</p> <p>Government replied (November 2020) that GoI had been addressed (July 2020) to re-sanction the project and orders in this regard are awaited.</p>
3.	<p>Construction of Swimming Pool at Stadia Complex, Machilipatnam, Krishna district</p> <p><i>The project was sanctioned (September 2017) at an estimated cost of ₹5.00 crore. First instalment of ₹2.50 crore ²²⁰ was sanctioned but not released to SAAP.</i></p>	<p>GoI cancelled the project, as the work was not commenced since September 2017.</p> <p>Government replied (November 2020) that GoI had been addressed (July 2020) to re-sanction the project and orders in this regard are awaited.</p> <p>Thus, SAAP had foregone GoI grant of ₹13.00 crore for the above two projects.</p>
4.	<p>Construction of multi-purpose indoor hall at Sir Vizzy Stadium, Vizianagaram</p> <p><i>The project was sanctioned (February 2017) at an estimated cost of ₹7.50 crore²²¹. The project cost includes 50 per cent GoI share of ₹3.00 crore and the remaining ₹3.00 crore to be met out of Member of Parliament Local Area Development funds by Municipal Corporation, Vizianagaram and Visakhapatnam Urban Development Authority.</i></p> <p><i>GoI released first instalment of ₹1.00 crore in March 2017.</i></p>	<p>The work was entrusted (October 2017) to Central Public Works Department (CPWD) as a deposit work after a delay of eight months. Out of ₹2.15 crore deposited with the CPWD, an amount of ₹41.15 lakh was incurred as of November 2018. Reasons for delay in completion of work were not on record. Monitoring committee was also not constituted as per GoI instructions.</p> <p>Government replied (November 2020) that 65 per cent of the work was completed and the balance work is targeted to be completed by January 2021.</p>
5.	<p>Multi-purpose Indoor Sports complex at Mogallapalem, SPSR Nellore district</p> <p><i>The project was sanctioned (March 2017) at an estimated cost of ₹8.00 crore. First instalment of ₹2.50 crore was released in March 2017.</i></p>	<p>The work was entrusted (October 2017) to CPWD as a deposit work after a delay of eight months. Out of ₹3.40 crore deposited with the CPWD, an amount of ₹31.29 lakh was incurred as of November 2018. Reasons for delay in completion of work were not on record. Further, specific reasons for slow progress of work were also not furnished.</p> <p>Government replied (November 2020) that 45 per cent of the work was completed and the balance work is targeted to be completed by January 2021.</p>
6.	<p>Laying of Synthetic Athlete Tract at Kommadi Mini Sports Complex, Visakhapatnam</p> <p><i>The project was sanctioned (March 2017) at an estimated cost of ₹7.00 crore. First instalment of ₹1.50 crore was released in March 2017.</i></p>	<p>SAAP did not commence the project since March 2017.</p> <p>Government replied (November 2020) that due to site dispute the work could not be taken up.</p> <p>Thus, the amount of ₹1.50 crore released for the purpose was locked up without utilisation.</p>

²¹⁹ General component : ₹1.91 crore, SC component : ₹0.41 crore and ST component : ₹0.18 crore

²²⁰ General component : ₹1.91 crore, SC component : ₹0.41 crore and ST component : ₹0.18 crore

²²¹ with a restriction to sanction up to ₹ six crore

Sl. No.	Description of the project	Audit Findings
7.	Laying of Astro Turf Hockey Field at District Sports Authority Ground, Kakinada <i>The project was sanctioned (July 2017) at an estimated cost of ₹5.50 crore. First instalment was released for ₹2.50 crore²²² in July 2017.</i>	An amount of ₹2.30 crore was released (November 2017) to CPWD as a deposit work. However, expenditure of ₹8.63 lakh was only incurred as of November 2018. Government replied (November 2020) that 98 per cent of the work was completed and awaiting for FIFA certification. However, the relevant documents were not furnished to audit.
Rajiv Gandhi Khel Abhiyan		
8.	Indoor Sports Halls at Bhimadole, West Godavari district and at Udayagiri, SPSR Nellore district. <i>GoI released (March 2016) an amount of ₹80.00 lakh²²³. GoI directed SAAP to get the execution of the work carried out by the empanelled agency for the concerned districts²²⁴.</i>	As the works were not taken up by the concerned agencies, GoI issued (June 2017) notice to commence the work within one month and in case of non-response, the tripartite agreement would be deemed to be terminated. However, upon termination (June 2017) of agreement, SAAP neither pursued the issue with the GoI for entrustment of works to other agencies nor utilised the funds of ₹80.00 lakh as of September 2019. Government replied (November 2020) that neither the works under 50 per cent share of GoI were started nor permission of GoI to execute the works by other State Government agencies was received. Further, it was replied that KVKs at a cost of ₹ two crore each were sanctioned in place of the proposed works with the available 50 per cent share of GoI.

Appendix-2.6

(Reference to paragraph 2.1.5.4 (b) (ii), page 23)
Statement showing the unutilised balance of SAAP

Sl. No.	Name of the Organisation	Amount (₹in crore)
1.	Sports Authority of Andhra Pradesh	6.55
2.	District Sports Authority, Krishna	3.63
3.	District Sports Authority, West Godavari	0.65
4.	District Sports Authority, East Godavari	0.99
5.	District Sports Authority, Visakhapatnam	0.00
6.	District Sports Authority, Vizianagaram	0.54
7.	District Sports Authority, Srikakulam	4.16
8.	District Sports Authority, Ananthapuram	2.41
9.	District Sports Authority, YSR Kadapa	1.65
10.	District Sports Authority, Kurnool	0.76
11.	District Sports Authority, Chittoor	1.52
12.	District Sports Authority, SPSR Nellore	0.0008
13.	District Sports Authority, Prakasam	0.56
14.	District Sports Authority, Guntur	1.14
Total		24.56

²²² General component: ₹1.91 crore, SC component : ₹0.41 crore and ST component : ₹0.18 crore

²²³ ₹40.00 lakh each

²²⁴ EPIL for SPSR Nellore district and Bridge & Roof Company (India) for West Godavari district in terms of tripartite agreement signed between GoI, GoAP and the CPSUs

Appendix -2.7

(Reference to paragraph 2.1.5.4 (b)(iii), page 23)

Statement showing the amounts diverted by District Sports Authorities

(₹ in lakh)

Sl. No.	Name of the district	Purpose of diverting the funds	Balance available (As of March 2019)
1.	West Godavari	Construction of compound wall to Indoor stadium, stage, basketball court, skating court, levelling of play field, etc. (The stadium belongs to Municipal Corporation)	87.75
2.	Visakhapatnam	Towards National Inter District Junior Athletics Meet (NIDJAM), which is an event organised by GoAP in November 2017.	37.74
3.	Vizianagaram	For repair and other civil works of indoor stadium (₹5.00 lakh), for maintenance of STEP building (₹2.20 lakh) and for construction of temporary building at Tatipudi reservoir water sports centre (₹3.00 lakh).	10.20
4.	Srikakulam	District Education Officer, CEO, SETSRI and for salaries of outsourcing staff.	23.53
5.	SPSR Nellore	Conducting of residential and non-residential summer coaching camps, DSA office maintenance expenditure, monthly remuneration to contract/outsourcing employees, etc.	45.08
6.	Prakasam	Preparation of multipurpose tennis, basketball & badminton track in Collector Bungalow, 5K run expenditure towards T-shirts & balloons.	22.86
7.	Guntur	DSA office maintenance expenditure, monthly remuneration to contract/outsourcing employees.	50.00
Total			277.16

Appendix -2.8

(Reference to paragraph 2.1.5.4 (b) (iv), page 24)


Statement showing drawal of self-cheques at DSA Guntur

Sl. No.	Month	Cheque No.	Amount (₹ in lakh)
1.	November 2014	931960	22.14
2.	December 2014	931958 & 931961	8.15
3.	October 2015	931963	4.56
4.	December 2015	931965	10.18
5.	February 2016	931968	5.85
6.	November 2016	931969	5.00
7.	May 2017	931971	19.75
Total			75.63

Appendix -2.9

(Reference to paragraph 2.1.5.5 page 24)

Statement showing details of utilisation of infrastructure

Sl. No.	Audit Findings
1.	<p>The Stadium at Gudivada, Krishna district constructed (1999) at a cost of ₹30.00lakh²²⁵ was not taken into possession by SAAP and continued to be functioning under private management for the last 20 years. The reasons for the same were not on record. The SAAP had not put efforts to take over the ownership/possession of stadium along with existing 140 shops. The revenue generated of ₹11.39 crore (Rent from shops: ₹2.35 crore and other receipts: ₹9.04 crore²²⁶) during 2011-17 from stadium was accounted for by private management. Thereby SAAP had forgone revenue of ₹11.39 crore.</p>
2.	<p>Government transferred (March 1998) an extent of 17.95 acres of land²²⁷ to DSA, Guntur for construction of stadium at Narsaraopet. As of August 2019, Government funds of ₹3.28crore²²⁸ were spent for creation of infrastructure on the said land. However, the infrastructure developed was not taken into possession (since September 2000) and continued to be under the possession of private parties²²⁹ up to March 2015. The DSA had not maintained any record relating to maintenance of stadium.</p> <p>The District Collector/Chairman, DSA had nominated (March 2015) a committee²³⁰ for effective monitoring and administrative functions of the stadium. Some non-sports members were also nominated in this committee. The eligibility criteria followed for appointing the committee was also not mentioned. Since then, one of the non-sports committee members had realised the revenue of ₹28.44 lakh (₹6.64 lakh and ₹21.80 lakh) which was not remitted into designated stadium bank account (Account No.62084615642, Narsaraopet branch) as of August 2019. The DSA had not initiated any action on the persons responsible for non-credit of revenue. Further, the details of compensation of ₹1.15 crore²³¹ paid to land owners for acquisition of said land were not on records. DSA replied (September 2019) that the amount of ₹1.15 crore was transferred to RDO, Narsaraopet and the details are awaited. However, the reply is silent regarding irregular utilization of ₹28.44 lakh.</p> 
3.	<p>The District Collector had allotted (September 1998) the forest land measuring 10.00 acres to DSA, Nellore for development of assets and conduct of sports activities. SAAP had created a Mini-stadium and other infrastructure for Cricket. This stadium was given on lease to Venkatagiri Samsthanam Cricket Club in December 2008 at free of cost for a period of five years.</p> <p>The DSA had renewed the previous allotment (January 2014) of Stadium to Venkatagiri Samsthanam Cricket Club for a period of another five years on lease basis at nominal rate of ₹50,000 per annum. The lease was further extended (October 2018) for a period of five years²³² without revision of lease rent. The DSA had not entered into any lease agreement with the Club for the entire lease period. Stadium was allotted to club at a rate of ₹50,000 per annum.</p>

²²⁵ ₹10.00 lakh from GoI funds and ₹20.00 lakh from SAAP funds

²²⁶ 2011-12 : ₹0.62crore, 2012-13 : ₹3.23crore, 2013-14 : ₹0.64 crore, 2015-16 : ₹3.28crore, 2016-17 : ₹1.26 crore

²²⁷ located in Survey Nos.70/1B and 87/B2A5 in Narsaraopet town

²²⁸ for construction of pavilion building and compound wall (September 2000)- ₹0.54 crore; Construction of Indoor Stadium(March 2002) : ₹0.40crore; Improvements to stadium (March 2016) : ₹1.08 crore and construction of swimming pool (as of September 2018) : ₹1.26 crore

²²⁹ the details of private persons are not made available in the records

²³⁰ headed by Revenue Divisional Officer (RDO) as Chairman, Deputy Sports Development Officer the member secretary of the committee

²³¹ sanctioned by GoAP in May 2014

²³² from 01.10.2018 to 30.09.2019 and from 01.10.2019 to 30.09.2023

Sl. No.	Audit Findings
	Further, efforts were not made (since 1998) for change of ownership/classification of forest land and subsequent alienation in favour of DSA. The lease value was decided arbitrarily, as there was no policy for the leasing of infrastructure by SAAP.
4.	The Stadium Development Committee constructed a Mini-stadium at Ponnur at a cost of ₹41.00 lakh up to roof level under various grants on the land measuring 2.40 acres ²³³ . As Mini-stadium was remained unfinished, Government had sanctioned (October 2012) an amount of ₹89.00 lakh for its completion. The work was completed (April 2016) at a cost of ₹60.87 lakh. Despite incurring ₹1.02 crore towards construction of Mini-stadium, DSA had not taken the possession since April 2016 and it continued to remain under the possession of private management. The DSA had not maintained any record relating to maintenance of stadium. Government replied (November 2020) that the matter would be sorted out through negotiations.
5.	DSA had received land to an extent of 62.47 acres ²³⁴ from Revenue Department for construction of “Sir Vizzy Sports Complex” at Vizianagaram. Out of 62.47 acres of land 19.01 acres was under the possession of private parties since 1993 and was utilised for conducting cricket tournaments. The DSA had not taken any steps to take possession of land from private parties for utilisation of land/ generation of revenue and to avoid encroachment. DSA replied (June 2019) that steps would be taken to get possession of land by issuing notices to the concerned and matter would be brought to the notice of District Collector.
6.	<p>Guntur Municipality had transferred (July 1992) the ownership of existing Brahmananda Reddy (BR) Stadium constructed in 25.36 acres of land to DSA Guntur for developmental activities. Administrative sanction was accorded (December 2012) by GoAP for improvement and modernisation of facilities at BR stadium at an estimated cost of ₹8.28 crore²³⁵. The work was commenced (May 2014) at a cost of ₹7.04 crore and as of September 2018, ₹5.67 crore was incurred. In spite of completion of work, the building was not handed over to DSA by Andhra Pradesh Housing Corporation (Executing Agency) as of August 2019.</p> <p>Though the Vice Chairman & Managing Director instructed (October 2017) to shift some technical sections from Indira Gandhi Municipal Corporation Stadium, Vijayawada to BR stadium, action was not taken to shift the office and the building was lying idle. This resulted in unfruitful expenditure of ₹5.67 crore. SAAP replied (October 2019) that the building constructed for administrative purpose at BR stadium was proposed for establishment of State Sports Academy for boys in the disciplines of Athletics and Gymnastics.</p> <p>Joint physical verification of site revealed that an extent of 6.39 acres of land on the southern side of the stadium was under encroachment by various private parties. The pavilion building, galleries were in dilapidated condition and ground was completely damaged. No efforts were made to repair/re-construct these buildings.</p> <p>DSA, Guntur replied (September 2019) that the observations would be brought to the notice of SAAP for taking further action.</p>

²³³ land located at Nidubrolu, Zilla Parishad High school in the limits of Ponnur Municipality was transferred by Zilla Parishad, Guntur to DSA

²³⁴ 19.01 acres vide G.O.Rt.No.1008 in July 1993 and 43.46 acres vide G.O.Ms.No.528, dt.01.08.2000

²³⁵ technically sanctioned for ₹8.28 crore in November 2013

Appendix -2.10
(Reference to paragraph 2.1.5.5(c), page 27)
Statement showing details of sports kits kept idle

Sl. No.	Name of the district	Number of			Worth of kits (₹ in lakh)	Remarks
		Sports kits provided by SAAP	Sports kits distributed	Kits kept Idle		
1.	Ananthapuramu	288	28 (8 schools + 20 youth clubs)	260	34.47	--
2.	Kurnool	290	144 (10 schools + 134 youth clubs)	146	19.36	Distributed to 134 unqualified youth clubs
3.	Kadapa	208	85 (4x2 schools + 77 youth clubs)	123	16.30	--
4.	Nellore	212	58 (6 schools + 52 youth clubs)	154	20.42	--
5.	Guntur	350	298	52	6.89	--
Total		1,348	613	735	97.44	

Appendix -2.11
(Reference to paragraph 2.1.6.3 (a) (i), page 33)
Statement showing details of excess amount paid by SAAP

(₹in lakh)

Year	Name of the player (Mr./Ms.)	Discipline	Achievement	As per Sports Policy	Amount awarded/given	Excess amount paid
2016-17	P.V.Sindhu	Badminton	Silver medal in Rio Olympics, 2016, Brazil	16.00	300.00	284.00
2018-19	K.Sudheer Kumar	Body building	Silver medal in Indian Federation of Body Builders Competition	0.50	10.00	9.50
	Saketh Myneni	Tennis	Gold medal in David's Cup, 2016 in mixed doubles	3.00	75.00	52.00
			Silver medal in Men's Double at Incheon Asian Games, 2014	20.00		
	Kidambi Srikanth	Badminton	Winner at Indonesian Open Super Series, 2017	20.00	170.00	150.00
Total						495.50

Appendix -2.12

(Reference to paragraph 2.1.6.3.(a) (ii) page 33)

Statement showing details of amount paid by SAAP to ineligible payers

(₹in lakh)

Year	Name of the player (Mr./Ms.)	Discipline	Achievement	As per Sports Policy	Amount awarded/ given
2016-17	P. Neelima Chowdary	Mountaineer	Expedition of Mount Everest	0.00	15.00
	E. Rajani	Hockey	Participated in Rio Olympic 2016, Brazil	0.00	25.00
	Kidambi Srikanth	Badminton	-do-	0.00	25.00
2017-18	M.R. Lalith Babu	Chess	Performance at chess Olympiad at Tromso, Norway, 2014	0.00	19.00
	Shamsheer khan	Olympian in swimming	Financial assistance for 1 st Olympian in Swimming from AP State in 1956, Melbourne	0.00	25.00
	Dr.G. Devi Sri Prasad	Limbo Skating	Expenditure incurred for Guinness Book of World Record in limbo skating	0.00	17.00
	PranjalaYadlapalli	Tennis	Professional advanced training in Tennis by Sri. K. Bhupathi, Veteran Tennis Player	0.00	10.00
	Saketh Myneni	Tennis	-do-	0.00	10.00
	G. Radhika	Mountaineer	Financial assistance to climb Mount Denali, Alaska, North America	0.00	8.50
			Financial Assistance to climb Mount Denali, Alaska, North America	0.00	31.00
Total					185.50

Appendix-2.13
(Reference to paragraph 2.5, page 40)
Statement showing EPF penalties and interest levied by the EPFO and payments made by the ULBs

Sl. No.	Name of the ULB	Period for which delayed remittances were made	Delayed days	Amount levied by the EPFO		Amount paid by the ULB		Total amount paid	Committed liability
				Interest	Penal damages	Interest	Penal damages		
1	Kalyandurgam Municipality	February 2012 to September 2015	8 to 773	1,64,321	2,84,276	1,64,321	2,84,276	4,48,597	0
		October 2015 to March 2017	286 to 622	3,76,501	7,84,372	3,76,501	0	3,76,501	7,84,372
2	Machilipatnam Municipality	April 2017 to March 2018	84 to 1,849	6,60,791	12,57,309	0	0	0	19,18,100
		April 2009 to November 2013	NA	20,46,670	41,58,556	20,46,670	41,58,556	62,05,226	0
		December 2013 to September 2015	105 to 1,790	13,86,635	26,09,357	13,86,635	26,09,357	39,95,992	0
3	Mydukur Municipality	October 2015 to August 2018	2 to 905	5,89,681	6,14,171	0	0	0	12,03,852
		October 2015 to March 2017	NA	50,505	1,05,218	50,505	1,05,218	1,55,723	0
4	Palasakasibugga Municipality	June 2008 to May 2012	116 to 963	9,21,061	18,78,851	0	0	0	27,99,912
		November 2013 to August 2015	9 to 69	49,267	23,712	0	0	0	72,979
6	Vijayawada Municipal Corporation	April 2010 to November 2013	16 to 1,294	92,22,766	1,73,45,622	92,22,766	1,73,45,622	2,65,68,388	0
		December 2013 to August 2015	78 to 1,027	1,96,02,420	3,78,10,750	1,96,02,420	0	1,96,02,420	3,78,10,750
7	Greater Visakhapatnam Municipal Corporation	January 2009 to September 2017	32 to 853 days	2,25,88,719	3,72,35,236	1,84,30,070	53,52,514	2,37,82,584	3,60,41,371
		Total		5,7659,337	10,41,07,430	5,12,79,888	2,98,55,543	8,11,35,431	8,06,31,336

Appendix-3.1

(Reference to Paragraph 3.1, page 52)

Statement showing the PSUs, which were considered for financial analysis in this Report

SI No.	Name of the PSU	Date of Incorporation	Period of Accounts
Working Power Sector PSUs			
1	Andhra Pradesh Power Development Company Limited	01-03-2006	2018-19
2	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	21-10-1969	2017-18
3	Andhra Pradesh Power Generation Corporation Limited	29-12-1998	2018-19
4	Transmission Corporation of Andhra Pradesh Limited	29-12-1998	2018-19
5	Eastern Power Distribution Corporation of Andhra Pradesh Limited	30-03-2000	2018-19
6	Southern Power Distribution Corporation of Andhra Pradesh Limited	30-03-2000	2018-19
7	Andhra Pradesh State Energy Efficiency Development Corporation Limited	30-08-2012	2018-19
8	Andhra Pradesh Tribal Power Company Limited	05-07-2002	2016-17
Working Non-Power Sector PSUs			
9	Andhra Pradesh State Civil Supplies Corporation Limited	31-12-1974	2018-19
10	Overseas Manpower Company Andhra Pradesh Limited	10-01-2006	2018-19
11	Andhra Pradesh Trade Promotion Corporation Limited	05-06-1970	2016-17
12	Amaravati Development Corporation Limited	21-05-2015	2018-19
13	Andhra Pradesh State Agro Industries Development Corporation Limited	05-03-1968	2018-19
14	Andhra Pradesh State Beverages Corporation Limited	12-08-2015	2017-18
15	Andhra Pradesh State Minorities Finance Corporation Limited	19-01-1985	2017-18
16	Andhra Pradesh Brahmin Welfare Corporation	05-12-2014	2017-18
17	Andhra Pradesh Centre for Financial System and Services	08-11-2016	2018-19
18	Andhra Pradesh State Film, Television and Theatre Development Corporation Limited	10-10-1975	2017-18
19	Andhra Pradesh State Irrigation Development Corporation Limited	07-09-1974	2018-19
20	Andhra Pradesh State Skill Development Corporation	07-10-2014	2018-19
21	Greater Visakhapatnam Smart City Corporation Limited	11-03-2016	2018-19
22	Swachha Andhra Corporation	01-05-2015	2017-18
23	Amaravati Metro Rail Corporation Limited	29-10-2015	2018-19
24	Andhra Pradesh State Seeds Development Corporation Limited	30-03-1976	2018-19
25	Andhra Pradesh Township and Infrastructure Development Corporation Limited	04-08-2016	2018-19

SI No.	Name of the PSU	Date of Incorporation	Period of Accounts
26	Andhra Pradesh Greening and Beautification Corporation	13-04-2015	2018-19
27	Andhra Pradesh Mahila Sadhikara Samstha	30-05-2015	2017-18
28	Andhra Pradesh Gas Distribution Corporation Limited	10-01-2011	2018-19
29	Andhra Pradesh Heavy Machinery and Engineering Limited	01-09-1976	2018-19
30	Andhra Pradesh Medtech Zone Limited	30-04-2016	2017-18
31	Andhra Pradesh Power Finance Corporation Limited	07-12-2000	2018-19
32	Andhra Pradesh State Financial Corporation	01-11-1956	2018-19
33	Godavari Gas Private Limited	27-09-2016	2018-19
34	Andhra Pradesh Gas Infrastructure Corporation Private Limited	02-09-2009	2018-19
35	Andhra Pradesh State Road Transport Corporation	11-01-1958	2018-19
36	AP Towers Limited	13-06-2016	2017-18
37	Andhra Pradesh Airports Development Corporation Limited	03-08-2015	2017-18
38	Visakhapatnam Urban Transport Company Limited	19-01-2012	2016-17
39	Andhra Pradesh Industrial Infrastructure Corporation Limited	26-09-1973	2017-18
40	Andhra Pradesh State Fibernet Limited	12-10-2015	2016-17
41	Krishnapatnam International Leather Complex Private Limited	19-08-2008	2017-18
42	Ongole Iron Ore Mining Company Private Limited	11-05-2009	2016-17
43	Vizag Apparel Park For Export	31-03-2004	2017-18
44	Infrastructure Corporation of Andhra Pradesh Limited	31-05-2005	2018-19
45	Andhra Pradesh Centre for Advanced Research on Livestock Limited	11-11-2008	2017-18
46	Andhra Pradesh Technology Services Limited	17-01-1985	2016-17
47	Andhra Pradesh State Police Housing Corporation Limited	29-05-1971	2017-18
48	ABC NEXT (INDIA) Private Limited	03-03-2017	2017-18 (from 3 rd March 2017 to 31 st March 2018)
49	AIC-AMTZ Medi Valley Incubation Council	29-06-2018	2018-19
50	Bio Valley Incubation Council	29-06-2018	2018-19

Appendix-3.2

(Reference to Paragraph 3.2 and 5.2 ; page 52 and 75)

Statement showing Equity and Long-term loans of PSUs outstanding as on 31 March 2019

(₹ in crore)

SI No.	Name of the Company / Corporation	Date of Incorporation	Name of the Department	Equity at the close of year 2018-19				Long term loans outstanding at close of the year 2018-19			
				GoAP	GoI	Others	Total	GoAP	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
Power Sector Working PSUs											
A.											
1	Andhra Pradesh Power Development Company Limited	01-03-2006	Energy, Infrastructure & Investment	100.00	0.00	1,994.62	2,094.62	842.22	0.00	15,901.52	16,743.74
2	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	22-06-1994	Energy, Infrastructure & Investment	0.19	0.00	0.03	0.22	0.00	0.00	0.00	0.00
3	Andhra Pradesh Power Generation Corporation Limited	29-12-1998	Energy, Infrastructure & Investment	2,106.80	0.00	0.00	2,106.80	0.00	0.00	14,162.60	14,162.60
4	Transmission Corporation of Andhra Pradesh Limited	29-12-1998	Energy, Infrastructure & Investment	454.44	0.00	0.00	454.44	387.11	0.00	4,955.88	5,342.99
5	Eastern Power Distribution Corporation of Andhra Pradesh Limited	30-03-2000	Energy, Infrastructure & Investment	121.23	0.00	0.00	121.23	0.00	0.00	2,381.86	2,381.86
6	Southern Power Distribution Corporation of Andhra Pradesh Limited	30-03-2000	Energy, Infrastructure & Investment	358.72	0.00	0.00	358.72	0.00	0.00	9,402.68	9,402.68
7	Andhra Pradesh State Energy Efficiency Development Corporation Limited	30-08-2012	Energy, Infrastructure & Investment	0.02	0.00	0.80	0.82	0.00	0.00	0.00	0.00
8	Andhra Pradesh Tribal Power Company Limited	05-07-2002	Energy, Infrastructure & Investment	0.16	0.00	0.09	0.25	0.00	0.00	4.63	4.63
Sub-Total (A)				3,141.56	0.00	1,995.54	5,137.10	1,229.33	0.00	46,809.17	48,038.50
Non-Power Sector Working PSUs											
B.											
9	Andhra Pradesh State Civil Supplies Corporation Limited	31-12-1974	Consumer Affairs, Food and Civil Supplies	1.75	0.00	0.00	1.75	19.42	0.00	23.42	42.84
10	Overseas Manpower Company Andhra Pradesh Limited	10-01-2006	Labour and Employment	0.05	0.00	0.00	0.05	0.00	0.00	0.17	0.17

SI No.	Name of the Company / Corporation	Date of Incorporation	Name of the Department	Equity at the close of year 2018-19				Long term loans outstanding at close of the year 2018-19			
				GoAP	GoI	Others	Total	GoAP	GoI	Others	Total
11	Andhra Pradesh Trade Promotion Corporation Limited	05-06-1970	Industries and Commerce	0.85	0.00	0.01	0.86	0.00	0.00	0.00	0.00
12	Amaravati Development Corporation Limited	21-05-2015	Municipal Administration and Urban Development	100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
13	Andhra Pradesh State Agro Industries Development Corporation Limited	05-03-1968	Agriculture and Cooperation	10.97	1.57	0.00	12.54	31.96	0.00	0.00	31.96
14	Andhra Pradesh State Beverages Corporation Limited	12-08-2015	Revenue	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00
15	Andhra Pradesh State Minorities Finance Corporation Limited	19-01-1985	Minorities Welfare	2.92	0.00	0.00	2.92	5.86	0.00	0.00	5.86
16	Andhra Pradesh Brahmin Welfare Corporation Limited	05-12-2014	Social welfare	25.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00
17	Andhra Pradesh Centre for Financial System & Services	08-11-2016	Information Technology, Electronics & Communications	4.90	0.00	0.00	4.90	26.02	0.00	0.00	26.02
18	Andhra Pradesh State Film Television and Theatre Development Corporation Limited	10-10-1975	General Administration	6.22	0.00	0.00	6.22	0.00	0.00	0.10	0.10
19	Andhra Pradesh State Irrigation Development Corporation Limited	07-09-1974	Water Resources	77.49	0.55	0.00	78.04	28.04	0.00	0.00	28.04
20	Andhra Pradesh State Skill Development Corporation	07-10-2014	Labour and employment	4.90	0.00	3.46	8.36	0.00	0.00	0.00	0.00
21	Greater Visakhapatnam Smart City Corporation Limited	11-03-2016	Municipal Administration and Urban Development	100.00	0.00	100.00	200.00	0.00	0.00	63.00	63.00
22	Swachha Andhra Corporation	01-05-2015	Municipal Administration and Urban Development	0.25	0.00	0.00	0.25	0.00	0.00	0.00	0.00
23	Amaravati Metro Rail Corporation Limited	29-10-2015	Municipal Administration and Urban Development	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00
24	Andhra Pradesh State Seeds Development Corporation Limited	30-03-1976	Agriculture & Cooperation	1.01	0.00	1.75	2.76	133.62	0.00	0.00	133.62

SI No.	Name of the Company / Corporation	Date of Incorporation	Name of the Department	Equity at the close of year 2018-19				Long term loans outstanding at close of the year 2018-19				
				GoAP	GoI	Others	Total	GoAP	GoI	Others	Total	
25	Andhra Pradesh Township and Infrastructure Development Corporation Limited	04-08-2016	Municipal Administration and Urban Development	0.25	0.00	0.00	0.25	0.00	0.00	0.00	3,951.59	3,951.59
26	Andhra Pradesh Greening and Beautification Corporation	13-04-2015	Municipal Administration and Urban Development	0.25	0.00	0.00	0.25	0.00	0.00	0.00	8.11	8.11
27	Andhra Pradesh Mahila Sadhikara Samstha	30-05-2015	Woman, Child and Disable Welfare	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
28	Andhra Pradesh Gas Distribution Corporation Limited	10-01-2011	Energy, Infrastructure & Investment	0.00	0.00	65.00	65.00	0.00	0.00	0.00	5.42	5.42
29	Andhra Pradesh Heavy Machinery and Engineering Limited	01-09-1976	Energy, Infrastructure & Investment	0.15	0.00	17.12	17.27	0.00	0.00	0.00	0.00	0.00
30	Andhra Pradesh Medtech Zone Limited	30-04-2016	Medical & Health	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00
31	Andhra Pradesh Power Finance Corporation Limited	07-12-2000	Energy, Infrastructure & Investment	16.91	0.00	0.00	16.91	0.00	0.00	0.00	2,325.70	2,325.70
32	Andhra Pradesh State Financial Corporation	01-11-1956	Industries & Commerce	176.86	0.00	29.15	206.01	0.00	0.00	0.00	1,300.49	1,300.49
33	Godavari Gas Private Limited	27-09-2016	Energy, Infrastructure & Investment	0.00	0.00	31.50	31.50	0.00	0.00	0.00	31.42	31.42
34	Andhra Pradesh Gas Infrastructure Corporation Private Limited	02-09-2009	Industries & Commerce	0.00	0.00	55.44	55.44	0.00	0.00	0.00	0.00	0.00
35	Andhra Pradesh State Road Transport Corporation	11-01-1958	Transport, Road & Buildings	79.53	35.62	0.00	115.15	0.00	2,105.51	0.00	2,042.87	4,148.38
36	AP Towers Limited	13-06-2016	Information Technology, Electronics & Communications	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00
37	Andhra Pradesh Airports Development Corporation Limited	03-08-2015	Energy, Infrastructure & Investment	4.00	0.00	0.00	4.00	0.00	0.00	0.00	675.00	675.00
38	Visakhapatnam Urban Transport Company Limited	19-01-2012	Municipal Administration and Urban Development	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00
39	Andhra Pradesh Industrial Infrastructure Corporation Limited	26-09-1973	Industries & Commerce	9.52	0.00	0.00	9.52	0.00	0.00	0.00	2,144.54	2,144.54

SI No.	Name of the Company / Corporation	Date of Incorporation	Name of the Department	Equity at the close of year 2018-19				Long term loans outstanding at close of the year 2018-19					
				GoAP	GoI	Others	Total	GoAP	GoI	Others	Total		
40	Andhra Pradesh State Fibernet Limited	12-10-2015	Information Technology, Electronics & Communications	7.00	0.00	0.00	7.00	0.00	0.00	189.84	0.00	0.00	189.84
41	Krishnapatnam International Leather Complex Private Limited	19-08-2008	Industries & Commerce	0.00	0.00	0.10	0.10	0.00	0.00	0.00	0.00	0.00	0.00
42	Ongole Iron Ore Mining Company Limited	11-05-2009	Industries & Commerce	0.00	0.00	0.11	0.11	0.00	0.00	4.73	0.00	0.00	4.73
43	Vizag Apparel Park For Export	31-03-2004	Industries & Commerce	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00
44	Infrastructure Corporation of Andhra Pradesh Limited	31-05-2005	Energy, Infrastructure & Investment	30.12	0.00	0.00	30.12	0.00	0.00	0.00	0.00	0.00	0.00
45	Andhra Pradesh Centre for Advanced Research on Livestock Limited	11-11-2008	Animal Husbandry and Fisheries	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00
46	Andhra Pradesh Technology Services Limited	17-01-1985	Information Technology, Electronics & Communications	0.31	0.00	0.00	0.31	0.00	0.00	0.00	0.00	0.00	0.00
47	Andhra Pradesh State Police Housing Corporation Limited	29-05-1971	Home	1.81	0.00	0.00	1.81	0.00	0.00	0.00	0.00	0.00	0.00
48	ABC NEXT (INDIA) Private Limited	03-03-2017	Social welfare	3.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00
49	AIC-AMTZ Medi Valley Incubation Council	29-06-2018	Medical & Health	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
50	Bio Valley Incubation Council	29-06-2018	Medical & Health	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total (B)				677.14	37.74	303.70	1,018.58	2,350.43	0.00	12,766.40	0.00	15,116.83	
Total (A+B)				3,818.70	37.74	2,299.24	6,155.68	3,579.76	0.00	59,575.57	0.00	63,155.33	

Appendix-4.1

(Reference to Paragraph 4.5 and 5.5 ; page 61 and 77)

Statement showing the differences in Equity, Loans and Guarantee between the Finance Accounts of State Government and records of PSUs as on 31 March 2019
(₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Period of Accounts	As per Finance Accounts			As per records of PSUs			Difference		
			Equity (4)	Loans (5)	Guarantees (6)	Equity (7)	Loans (8)	Guarantees (9)	Equity (10)	Loans (11)	Guarantees (12)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A	Power Sector PSUs										
1	Andhra Pradesh Power Development Company Limited	2018-19	100.00	0.00	0.00	100.00	842.22	0.00	0.00	842.22	0.00
2	Eastern Power Distribution Company of Andhra Pradesh Limited	2018-19	0.00	0.00	0.00	121.23	0.00	0.00	121.23	0.00	0.00
3	Southern Power Distribution Company of Andhra Pradesh Limited	2018-19	0.00	0.00	0.00	358.72	0.00	51.90	358.72	0.00	51.90
4	Transmission Corporation of Andhra Pradesh Limited	2018-19	2,262.39	1,227.09	5.20	454.44	387.11	5.20	1,807.95	839.98	0.00
5	Andhra Pradesh Power Generation Corporation Limited	2018-19	2,106.80	626.91	1,659.08	2,106.80	0.00	1,622.00	0.00	626.91	37.08
6	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	2017-18	0.59	0.00	0.00	0.19	0.00	0.00	0.40	0.00	0.00
	Total		4,469.78	1,854.00	1,664.28	3,141.38	1,229.33	1,679.10	1,328.40	624.67	14.82
B	Non-Power Sector PSUs										
1	Andhra Pradesh Centre for Finance Systems and Services	2018-19	4.90	36.00	0.00	4.90	26.02	0.00	0.00	9.98	0.00
2	Andhra Pradesh Civil Supplies Corporation Limited	2018-19	3.00	19.42	0.00	1.75	19.42	19,000.00	1.25	0.00	19,000.00
3	Andhra Pradesh Industrial Infrastructure Corporation Limited	2017-18	27.41	277.04	2,000.00	9.52	0.00	2,046.00	17.89	277.04	46.00
4	Andhra Pradesh Heavy Machinery and Engineering Limited	2018-19	0.00	1.00	0.00	0.15	0.00	0.00	0.15	1.00	0.00
5	Andhra Pradesh State Financial Corporation	2018-19	57.96	12.93	772.20	176.86	0.00	688.20	118.90	12.93	84.00
6	Andhra Pradesh State Irrigation Development Corporation Limited	2018-19	170.21	125.88	0.00	77.49	28.04	0.00	92.72	97.84	0.00

Sl. No.	Name of the Public Sector Undertaking	Period of Accounts	As per Finance Accounts			As per records of PSUs			Difference		
			Equity (4)	Loans (5)	Guarantees (6)	Equity (7)	Loans (8)	Guarantees (9)	Equity (10)	Loans (11)	Guarantees (12)
7	Andhra Pradesh State Minorities Finance Corporation Limited	2017-18	148.40	0.00	0.00	2.92	5.86	0	145.48	5.86	0.00
8	Andhra Pradesh State Police Housing Corporation Limited	2017-18	0.00	173.93	0.00	1.81	0.00	0.00	1.81	173.93	0.00
9	Andhra Pradesh State Road Transport Corporation	2018-19	143.27	2,200.80	1500.00	79.53	2,105.51	1,500.00	63.74	95.29	0.00
10	Andhra Pradesh State Seeds Development Corporation Limited	2018-19	0.92	194.92	0	1.01	133.62	0	0.09	61.30	0.00
11	Andhra Pradesh Airports development Corporation Limited	2017-18	4.00	20.90	550.00	4.00	0.00	0.00	0.00	20.90	550.00
12	Andhra Pradesh State Skill Development Corporation	2018-19	2.00	0.00	0.00	4.90	0.00	0.00	2.90	0.00	0.00
13	Andhra Pradesh Mahila Sadhikara Samstha	2017-18	0.00	0.00	0.00	1.00	0.00	0.00	1.00	0.00	0.00
14	Andhra Pradesh State Fibernet Limited	2016-17	0.00	0.00	300.00	7.00	0.00	0.00	7.00	0.00	300.00
15	Andhra Pradesh State Film, Television and Theatre Development Corporation Limited	2017-18	6.45	44.36	0.00	6.22	0.00	0.00	0.23	44.36	0.00
16	Andhra Pradesh Power Finance Corporation Limited	2018-19	27.84	0.00	2325.70	16.91	0.00	2,325.70	10.93	0.00	0.00
17	Andhra Pradesh Township & Infrastructure Development Corporation Limited	2018-19	0.00	20.00	4,393.83	0.25	0.00	3,951.59	0.25	20.00	442.24
18	Infrastructure Corporation of Andhra Pradesh Limited	2018-19	30.37	0.00	0.00	30.12	0.00	0.00	0.25	0.00	0.00
Total			626.73	3,127.18	11,841.73	426.34	2,318.47	29,511.49	200.39	808.71	17,669.76

Appendix-4.2

(Reference to Paragraph 4.7, page 63)

Statement showing the financial position and working results of Power Sector PSUs as on 31 March 2019

(₹ in crore)

Sl. No.	Activity & Name of the Power Sector Undertaking	Period of accounts	Net profit/ loss before interest & tax	4	5	6	7	8	9	10	11
			Net profit/ loss after interest & tax	Turnover	Paid up capital	Free Reserve	Capital Employed	Accumulated Surplus/ Accumulated loss	Net Worth		
1	2	3	4	5	6	7	8	9	10	11	
A	Generation										
1	Andhra Pradesh Power Development Company Limited	2018-19	529.34	(-) 840.82	2,674.45	2,094.62	0.00	17,273.25	(-) 1,565.11	529.51	
2	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	2017-18	0.80	0.07	36.67	0.22	79.84	80.06	0.00	80.06	
3	Andhra Pradesh Power Generation Corporation Limited	2018-19	1,394.21	(-) 135.25	9,735.39	2,106.80	325.92	18,837.16	2,241.84	4,674.56	
	Sub-Total (A)		1,924.35	(-) 976.00	12,446.51	4,201.64	405.76	36,190.47	676.73	5,284.13	
B	Transmission										
4	Transmission Corporation of Andhra Pradesh Limited	2018-19	441.28	69.61	1,576.75	454.44	0.00	7,225.81	1,428.38	1,882.82	
	Sub-Total (B)		441.28	69.61	1,576.75	454.44	0.00	7,225.81	1,428.38	1,882.82	
C	Distribution										
5	Southern Power Distribution Company of Andhra Pradesh Limited	2018-19	(-) 7,035.15	(-) 7,680.87	17,278.01	358.72	0.00	(-) 11,411.61	(-) 21,173.01	(-) 20,814.29	
6	Eastern Power Distribution Company of Andhra Pradesh Limited	2018-19	(-) 4,011.97	(-) 4,252.98	11,499.28	121.23	0.00	(-) 5,038.90	(-) 7,541.99	(-) 7,420.76	
	Sub-Total (C)		(-) 11,047.12	(-) 11,933.85	28,777.29	479.95	0.00	(-) 16,450.51	(-) 28,715.00	(-) 28,235.05	
D	Others										
7	Andhra Pradesh State Energy Efficiency Development Corporation Limited	2018-19	(-) 0.01	(-) 0.0084	0.42	0.82	0.00	0.74	(-) 0.08	0.74	
8	Andhra Pradesh Tribal Power Company Limited	2016-17	(-) 1.63	(-) 1.63	0.00	0.25	0.00	(-) 3.33	(-) 8.21	(-) 7.96	
	Sub-Total (D)		(-) 1.6378	(-) 1.6384	0.42	1.07	0.00	(-) 2.59	(-) 8.29	(-) 7.22	
	Grand Total (A)+(B)+(C)+(D)		(-) 8,683.13	(-) 12,841.88	42,800.97	5,137.10	405.76	26,963.18	(-) 26,618.18	(-) 21,075.32	

Appendix-5.1

(Reference to Paragraph 5.4, page 76)

Statement showing Budgetary Outgo in the form of Equity, Loans, Grants and Subsidy to PSUs (Non-Power Sector) during 2018-19

(₹ in crore)

Sl. No	Name of PSU	Period up to which accounts finalised	Paid up capital as per latest accounts	Budgetary Support during the period for 2018-19																					
				Equity				Loans				Grants				Subsidy									
				GoAP	GoI	Others	Total	GoAP	GoI	Others	Total	GoAP	GoI	Others	Total	GoAP	GoI	Others	Total						
1	Andhra Pradesh State Kapu Welfare and Development Corporation Limited	2015-16	4.00	0	0	0	0	0	0	0	0	0	0	600.00	0	0	0	600.00	0	0	0	0	0	0	
2	Andhra Pradesh Brahmin Welfare Corporation	2017-18	25.00	0	0	0	0	0	0	0	0	0	0	70.38	0	0	0	70.38	0	0	0	0	0	0	
3	Andhra Pradesh State Fibernet Limited	2016-17	7.00	0	0	0	0	0	208.49	0	0	0	208.49	200.00	0	0	0	200.00	0	0	0	0	0	0	0
4	AP Towers Limited	2017-18	5.00	0	0	0	0	0	0	0	0	0	0	1.00	0	0	0	1.00	0	0	0	0	0	0	0
5	Andhra Pradesh Airports Development Corporation Limited	2016-17	2.50	0	0	0	0	0	167.95	0	0	167.95	167.95	22.43	0	0	0	22.43	0	0	0	0	0	0	0
6	Andhra Pradesh State Skill Development Corporation	2017-18	7.36	0	0	0	0	0	0	0	0	0	0	30.82	0	0.72	0	31.54	0	0	0	0	0	0	0
7	Andhra Pradesh Mahila Sadhikara Samstha	First Accounts not submitted	-	0	0	0	0	0	0	0	0	0	0	850.00	0	0	0	850.00	0	0	0	0	0	0	0
8	Andhra Pradesh State Christian (Minorities) Finance Corporation	2013-14 (14 months)	0	0	0	0	0	0	0	0	0	0	0	75.92	0	0	0	75.92	0	0	0	0	0	0	0

Sl. No	Name of PSU	Period up to which accounts finalised	Paid up capital as per latest accounts	Budgetary Support during the period for 2018-19																		
				Equity				Loans				Grants				Subsidy						
				GoAP	GoI	Others	Total	GoAP	GoI	Others	Total	GoAP	GoI	Others	Total	GoAP	GoI	Others	Total			
	Development Corporation Limited																					
18	Bio Valley Incubation Council	2018-19	0	0	0	0	0.01	0.01	0	0	0	0	0	0	0	6.70	6.70	0	0	0	0	
19	AIC-AMTZ Medi Valley Incubation Council	2018-19	0.01	0	0	0	0.01	0.01	0	0	0	0	0	0	0	2.99	2.99	0	0	0	0	
20	Andhra Pradesh State Civil Supplies Corporation Limited	2018-19	1.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,562.91	0	0	4,562.91
21	Greater Visakhapatnam Smart City Corporation Limited	2018-19	200.00	0	0	0	0	0	63.00	63.00	0	0	0	0	0	0	0	0	0	0	0	0
22	Andhra Pradesh State Financial Corporation	2018-19	206.01	0	0	0	0	0	48.00	48.00	0	0	0	0	0	0	0	0	0	0	0	0
23	Andhra Pradesh State Warehousing Corporation	2014-15	8.97	0	0	0	0	0	87.16	87.16	0	0	0	0	0	0	0	0	0	0	0	0
24	Amaravathi Development Corporation Limited	2018-19	100.00	0	0	0	0	0	2,037.09	2,037.09	0	0	0	0	0	0	0	0	0	0	0	0
25	Andhra Pradesh Power Finance Corporation Limited	2018-19	16.91	0	0	0	0	0	0	0	0.30	0.30	0	0	0	0.30	0.30	0	0	0	0	0
26	Andhra Pradesh Greening and Beautification Corporation	2018-19	0.25	0	0	0	0	0	0	0	8.26	8.26	0	0	0	8.26	8.26	0	0	0	0	0
Total				0	0	0	0.02	0.02	208.49	6,227.39	3,423.71	3,805.57	10.41	7,239.69	0	4,562.91	0	4,562.91				

Appendix-5.2

(Reference to Paragraph 5.6.2, page 78)

Statement showing the financial position and working results of the Inactive PSUs (as per their last Annual Accounts)

(₹ in crore)

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Free Reserve	Capital Employed	Accumulated Surplus/ Accumulated loss	Turnover	Net profit/ loss before interest & tax	Net profit/ loss after interest & tax	Net Worth
1	Andhra Pradesh Fisheries Corporation Limited	2002-03	--	4.67	0.00	(-) 8.41	(-) 21.75	0.00	0.00	0.00	(-) 17.08
2	Andhra Pradesh Small Scale Industrial Development Corporation Limited	2001-02	2003-04	9.62	0.00	3.51	(-) 20.03	0.02	2.18	2.18	(-) 10.41
3	Andhra Pradesh Essential Commodities Corporation Limited	2018-19	--	1.13	0.00	10.12	8.99	0.00	(-) 0.02	(-) 0.02	10.12
4	Proddutur Milk Foods Limited	1983-84	1990-91	1.96	0.00	1.96	0.00	0.00	0.00	0.00	1.96
5	Andhra Pradesh Dairy Development Corporation Limited	2013-14	2014-15	15.00	0.00	9.76	(-) 5.24	0.00	0.00	0.00	9.76
6	Andhra Pradesh Meat Development Corporation Limited	2014-15 (10M)	--	4.00	0.00	(-) 11.00	(-) 15.00	0.00	0.00	0.00	(-) 11.00
7	Allwyn Auto Limited	1994-95	--	0.15	0.00	1.06	(-) 13.54	0.00	(-) 6.46	(-) 6.46	(-) 13.39
8	Allwyn Watches Limited	1998-99	2002-03	0.15	0.00	(-) 183.62	(-) 248.70	13.00	0.00	0.00	(-) 248.55
9	Andhra Pradesh Electronics Development Corporation Limited	2002-03	2006-07	12.72	0.00	2.66	(-) 10.74	0.00	(-) 0.75	(-) 0.75	1.98
10	Andhra Pradesh Steels Limited	1992-93	1993-94	2.03	0.00	(-) 2.36	(-) 6.51	0.00	(-) 2.09	(-) 2.09	(-) 4.48
11	Apronix Communications Limited	NA	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Free Reserve	Capital Employed	Accumulated Surplus/ Accumulated loss	Turnover	Net profit/ loss before interest & tax	Net profit/ loss after interest & tax	Net Worth
12	Hyderabad Chemicals and Fertilizers Limited	1984-85	1986-87	0.78	0.00	8.40	(-) 0.63	0.00	0.62	0.62	0.15
13	Marine and Communication Electronics (India) Limited	1992-93	1994-95	1.89	0.00	2.45	(-) 4.21	0.00	(-) 4.70	(-) 4.70	(-) 2.32
14	Republic Forge Company Limited	1991-92	1993-94	7.77	0.00	39.13	(-) 23.41	0.00	(-) 3.24	(-) 3.24	(-) 15.64
15	Southern Transformers and Electricals Limited	1993-94	1996-97	0.58	0.00	(-) 4.42	(-) 5.78	0.00	(-) 0.57	(-) 0.57	(-) 5.20
16	Andhra Pradesh Automobile Tyres & Tubes Limited	1992-93	--	0.75	0.00	(-) 0.02	(-) 0.77	0.00	0.00	0.00	(-) 0.02
17	Golkonda Abrasives Limited	1997-98	--	0.55	0.00	(-) 6.89	(-) 7.44	0.00	(-) 0.01	(-) 0.01	(-) 6.89
18	Krishi Engineering Limited	1984-85	--	0.52	0.00	(-) 3.02	(-) 3.54	0.00	(-) 0.52	(-) 0.52	(-) 3.02
19	PJ Chemicals Limited	1989-90	--	0.38	0.00	(-) 3.18	(-) 3.56	0.00	(-) 0.51	(-) 0.51	(-) 3.18
20	Vidyut Steels Limited	1985-86	--	0.88	0.00	(-) 0.67	(-) 1.55	0.00	(-) 0.40	(-) 0.40	(-) 0.67
Total				65.53	0.00	(-) 144.54	(-) 383.41	13.02	(-) 16.47	(-) 16.47	(-) 317.88

Appendix-5.3

(Reference to Paragraph 5.9, page 79)

Statement showing financial position and working results of PSUs (Non-Power Sector) as on 31 March 2019 in respect of PSUs, whose accounts were in arrears for two or less years

(₹ in crore)

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Long term Loans	Capital employed	Turnover	Net Worth	Net Profit/Loss before Interest & Tax	Net Profit/Loss after interest & tax	Accumulated Profit/ Loss
1	2	3	4	6	5	7	8	9	10	11	12
A	Social Sector										
1	Andhra Pradesh Centre for Advanced Research on Livestock Limited	2017-18	2018-19	0.01	0.00	(-) 1.70	0.00	(-) 1.70	(-) 0.43	(-) 0.43	(-) 1.71
2	Andhra Pradesh Brahmin Welfare Corporation	2017-18	2019-20	25.00	0.00	38.88	65.00	38.88	(-) 2.05	(-) 2.05	13.88
3	Andhra Pradesh Township and Infrastructure Development Corporation Limited	2018-19	2019-20	0.25	3,951.59	3,952.85	0.00	1.26	0.29	0.29	1.01
4	Andhra Pradesh Greening and Beautification Corporation	2018-19	2019-20	0.25	8.11	0.75	20.41	(-) 7.36	0.10	0.11	(-) 7.61
5	Swachha Andhra Corporation	2017-18	2018-19	0.25	0.00	(-) 0.09	0.00	(-) 0.09	(-) 0.13	(-) 0.13	(-) 0.34
6	Andhra Pradesh State Seeds Development Corporation Limited	2018-19	2019-20	2.76	133.62	154.37	49.95	20.75	10.22	1.83	3.92
7	Andhra Pradesh State Minorities Finance Corporation Limited	2017-18	2019-20	2.92	5.86	(-) 15.21	0.00	(-) 21.07	2.95	2.95	(-) 23.99
8	Andhra Pradesh State Film, Television & Theatre Development Corporation Limited	2017-18	2018-19	6.22	0.10	7.88	11.60	7.78	(-) 0.38	(-) 0.44	1.56
9	Andhra Pradesh Trade Promotion Corporation Limited	2016-17	2019-20	0.86	0.00	36.79	10.56	36.79	4.15	2.89	35.93

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Long term Loans	Capital employed	Turnover	Net Worth	Net Profit/Loss before Interest & Tax	Net Profit/Loss after interest & tax	Accumulated Profit/ Loss
1	2	3	4	6	5	7	8	9	10	11	12
10	Andhra Pradesh State Irrigation Development Corporation Limited	2018-19	2019-20	78.04	28.04	64.05	34.05	36.01	(-) 8.05	(-) 8.05	(-) 42.03
11	ABC NEXT(INDIA) Private Limited	2017-18 (3 March 2017 to 31 March 2018)	2019-20	3.00	0.00	2.42	0.00	2.42	(-) 0.58	(-) 0.58	(-) 0.58
12	Greater Visakhapatnam Smart City Corporation Limited	2018-19	2019-20	200.00	63.00	263.04	0.62	200.04	6.02	(-) 1.25	0.04
13	Andhra Pradesh State Agro Industries Development Corporation Limited	2018-19	2019-20	12.54	31.96	78.96	104.67	47.00	3.63	2.19	34.46
14	Andhra Pradesh Centre for Financial System and Services	2018-19	2019-20	4.90	26.02	33.40	161.99	7.38	8.43	6.08	2.48
15	Andhra Pradesh Gas Infrastructure Corporation Private Limited	2018-19	2019-20	55.44	0.00	(-) 62.51	0.00	(-) 62.51	0.74	0.17	(-) 117.95
16	Andhra Pradesh State Civil Supplies Corporation Limited	2018-19	2019-20	1.75	42.84	196.64	15,310.39	153.80	10.46	10.46	144.36
17	Andhra Pradesh State Skill Development Corporation	2018-19	2019-20	8.36	0.00	273.03	181.86	273.03	(-) 70.63	(-) 70.63	264.67
18	Amaravati Development Corporation Limited	2018-19	2020-21	100.00	0.00	10.91	2.43	10.91	(-) 55.12	(-) 54.96	(-) 89.09
19	Overseas Manpower Company Andhra Pradesh Limited	2018-19	2020-21	0.05	0.17	0.20	0.01	0.03	(-) 0.06	(-) 0.055	(-) 0.02
Total (A)				502.60	4,291.31	5,034.66	15,953.54	743.35	(-) 90.44	(-) 111.61	218.99

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Long term Loans	Capital employed	Turnover	Net Worth	Net Profit/Loss before Interest & Tax	Net Profit/Loss after interest & tax	Accumulated Profit/ Loss
1	2	3	4	6	5	7	8	9	10	11	12
B.	Competitive Sector										
20	Andhra Pradesh Gas Distribution Corporation Limited	2018-19	2019-20	65.00	5.42	77.68	0.00	72.26	(-) 3.47	(-) 3.46	7.26
21	Andhra Pradesh State Fibernet Limited	2016-17	2018-19	7.00	189.84	181.46	3.46	(-) 8.38	(-) 10.81	(-) 14.89	(-) 15.38
22	AP Towers Limited	2017-18	2018-19	5.00	0.00	4.97	0.00	4.97	(-) 0.03	(-) 0.03	(-) 0.03
23	Andhra Pradesh Heavy Machinery and Engineering Limited	2018-19	2019-20	17.27	0.00	54.11	58.48	54.11	(-) 7.15	(-) 8.37	36.84
24	Godavari Gas Private Limited	2018-19	2019-20	31.50	31.42	61.02	5.40	29.60	(-) 0.52	(-) 0.84	(-) 1.90
25	Vizag Apparel Park For Export	2017-18	2018-19	0.05	0.00	0.73	0.00	0.73	0.03	(-) 0.05	0.68
26	Krishnapatnam International Leather Complex Private Limited	2017-18	2019-20	0.10	0.00	(-) 5.95	0.00	(-) 5.95	(-) 0.61	(-) 0.61	(-) 6.05
27	Andhra Pradesh Power Finance Corporation Limited	2018-19	2019-20	16.91	2,325.70	2,342.62	214.80	16.92	214.85	0.03	0.01
28	Andhra Pradesh State Financial Corporation	2018-19	2019-20	206.01	1,300.49	1,861.72	365.74	561.23	268.23	89.08	355.22
29	Andhra Pradesh Medtech Zone Limited	2017-18	2018-19	0.01	0.00	(-) 1.88	0.00	(-) 1.88	(-) 1.41	(-) 1.41	(-) 1.89
30	Visakhapatnam Urban Transport Company Limited	2016-17	2017-18	0.05	0.00	0.02	0.00	0.02	(-) 0.01	(-) 0.01	(-) 0.03
31	Amaravati Metro Rail Corporation Limited	2018-19	2019-20	5.00	0.00	(-) 0.61	0.00	(-) 0.61	(-) 2.98	(-) 2.98	(-) 5.61
32	Andhra Pradesh Mahila Sadhikara Samstha	2017-18	2019-20	1.00	0.00	0.64	1.00	0.64	1.08	1.08	(-) 0.36
33	Infrastructure Corporation of Andhra Pradesh Limited	2018-19	2019-20	30.12	0.00	(-) 5.72	2.54	(-) 5.72	(-) 4.53	(-) 4.53	(-) 35.84
34	Ongole Iron Ore Mining Company Private Limited	2016-17	2019-20	0.11	4.73	4.51	0.00	(-) 0.22	(-) 0.05	(-) 0.05	(-) 0.33

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Long term Loans	Capital employed	Turnover	Net Worth	Net Profit/Loss before Interest & Tax	Net Profit/Loss after interest & tax	Accumulated Profit/ Loss
1	2	3	4	6	5	7	8	9	10	11	12
35	Andhra Pradesh Airports Development Corporation Limited	2017-18	2019-20	4.00	675.00	679.00	0.00	4.00	0.00	0.00	0.00
36	Andhra Pradesh Industrial Infrastructure Corporation Limited	2017-18	2019-20	9.52	2,144.54	2,509.70	475.97	365.16	15.41	(-)2.41	355.64
37	Andhra Pradesh State Road Transport Corporation	2018-19	2020-21	115.15	4,148.38	(-) 2,661.96	48.54	(-) 6,810.34	(-) 679.04	(-) 961.28	(-) 6925.49
	Total (B)			513.80	10,825.52	5,102.06	1,175.93	(-) 5,723.46	(-)211.01	(-) 910.73	(-) 6,237.26
C.	Others										
38	Andhra Pradesh Technology Services Limited	2016-17	2017-18	0.31	0.00	73.05	8.63	73.05	5.93	4.97	70.99
39	Andhra Pradesh State Beverages Corporation Limited	2017-18	2019-20	0.05	0.00	25.31	73.35	25.31	22.55	16.05	25.26
40	Bio Valley Incubation Council	2018-19	2019-20	0.00	0.00	(-) 0.35	0.00	(-) 0.35	(-) 0.35	(-) 0.35	(-) 0.35
41	AIC-AMTZ Medi Valley Incubation Council	2018-19	2019-20	0.01	0.00	0.01	0.00	0.01	0.00	(-) 0.0047	(-) 0.00
42	Andhra Pradesh State Police Housing Corporation Limited	2017-18	2020-21	1.81	0.00	1.82	224.32	1.82	0.00	0.00	0.01
	Total (C)			2.18	0.00	99.84	306.30	99.84	28.13	20.67	95.91
	Grand Total (A+B+C)			1,018.58	15,116.83	10,236.56	17,435.77	(-) 4,880.27	(-) 273.32	(-) 1,001.67	(-) 5,922.36

Appendix-5.4

(Reference to Paragraph 5.9, page 79)

**Statement showing the financial position and working results of PSUs (Non-Power Sector),
whose accounts were in arrears for three or more years as on 30 September 2019**

(₹ in crore)

Sl. No.	Name of the Company/Corporation	Period of Accounts	Year in which finalised	Paid up capital	Free Reserves	Capital employed	Accumulated Profit/ loss	Turnover	Net Profit/ Loss before Interest & Tax	Net Profit/ Loss after Interest & Tax	Net Worth
1	Andhra Pradesh Handicrafts Development Corporation Limited	2013-14	2015-16	2.00	0.89	15.79	12.41	78.23	3.16	2.14	15.30
2	Andhra Pradesh Industrial Development Corporation Limited	2013-14	2015-16	96.23	79.20	183.49	0.00	13.80	9.55	8.10	175.43
3	Leather Industries Development Corporation of Andhra Pradesh	2015-16	2018-19	2.27	0.00	(-) 44.01	(-) 51.84	1.17	(-) 1.26	(-) 1.86	(-) 49.57
4	Andhra Pradesh State Christian (Minorities) Finance Corporation	2013-14 (14M)	2017-18	0.00	0.00	2.09	2.09	0.60	0.42	0.42	2.09
5	Andhra Pradesh State Housing Corporation Limited	2013-14 (14M)	2016-17	0.25	0.00	10,059.00	(-) 7,872.85	137.16	(-) 232.45	(-) 844.33	(-) 7,872.60
6	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	2013-14 (14M)	2015-16	0.15	0.00	0.06	(-) 0.09	0.00	(-) 0.05	(-) 0.05	0.06
7	Andhra Pradesh Beverages Corporation Limited	2015-16	2016-17	0.14	9.96	10.10	0.00	44.81	0.65	0.39	10.10
8	Rythu Sadikara Samstha	2015-16	2017-18	1.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00

Sl. No.	Name of the Company/Corporation	Period of Accounts	Year in which finalised	Paid up capital	Free Reserves	Capital employed	Accumulated Profit/ loss	Turnover	Net Profit/ Loss before Interest & Tax	Net Profit/ Loss after Interest & Tax	Net Worth
9	Amaravati Smart & Sustainable City Corporation Limited					First Accounts (2017-18) not submitted					
10	Andhra Pradesh Drinking Water Supply Corporation Limited					First Accounts (2017-18) not submitted					
11	Andhra Pradesh Kapu Welfare and Development Corporation Limited	2015-16	2018-19	4.00	0.00	4.00	0.00	0.00	0.00	0.00	4.00
12	Eluru Smart City Corporation Limited					First Accounts (2017-18) not submitted					
13	Kakinada Smart City Corporation Limited					First Accounts (2016-17) not submitted					
14	Tirupati Smart City Corporation Limited					First Accounts (2016-17) not submitted					
15	Vijayawada Urban Transport Company Limited					First accounts (2012-13) not submitted					
16	Andhra Pradesh Rajiv Swagruha Corporation Limited	2014-15 (2M)	2019-20	0.05	9.30	(-) 1.62	(-) 10.97	9.56	(-) 10.97	(-) 10.97	(-) 1.62
17	Andhra Pradesh State Warehousing Corporation	2014-15	2018-19	8.97	0.00	445.64	351.09	121.03	42.39	27.95	360.06
18	Andhra Pradesh Mineral Development Corporation Limited	2014-15 (10M)	2018-19	6.30	95.38	695.43	593.75	123.28	639.58	593.75	695.43

Sl. No.	Name of the Company/Corporation	Period of Accounts	Year in which finalised	Paid up capital	Free Reserves	Capital employed	Accumulated Profit/ loss	Turnover	Net Profit/ Loss before Interest & Tax	Net Profit/ Loss after Interest & Tax	Net Worth
19	Andhra Pradesh Tourism Development Corporation Limited	2015-16	2019-20	3.07	0.00	14.02	9.78	87.64	2.40	1.77	12.85
20	Andhra Pradesh Aviation Corporation Limited					First Accounts (2005-06) not submitted					
21	Andhra Pradesh Forest Development Corporation Limited	2013-14 (14M)	2014-15	21.82	124.87	455.40	288.10	240.33	182.25	176.80	434.79
22	Andhra Pradesh State Mega Seeds Park Limited					First Accounts (2018-19) not submitted					
	Total			146.25	319.60	11,840.39	(-) 6,678.53	857.61	635.67	(-) 45.89	(-) 6,212.68

Glossary

Acronym	Full Form
APCRDA	Andhra Pradesh Capital Region Development Authority
APLMA	Andhra Pradesh Land Management Authority
BG	Bank Guarantee
BR	Brahmananda Reddy
CA	Collecting Agents
CAG	Comptroller and Auditor General
CEO	Chief Executive Officer
CPWD	Central Public Works Department
CSR	Corporate Social Responsibility
CTD	Commercial Tax Department
DCTO	Deputy Commercial Tax Officer
DFR	Draft Feasible Report
DIC	District Industrial Centre
DIPC	District Industrial Promotional Committee
DIPR	Department of Information and Public Relations
DPC Act	Duties, Powers and Conditions of Service Act
DPR	Detailed Project Report
DSAs	District Sports Authorities
DSDO	District Sports Development Officer
EO	Extension Officer
EPF	Employees' Provident Fund
EPFO	Employees' Provident Fund Organisation
FC	Finance Commission
FPP	Food Processing Policy
GLSR	Ground Level Service Reservoir
GoAP	Government of Andhra Pradesh
GoI	Government of India
GP	Gram Panchayat
GVMC	Greater Visakhapatnam Municipal Corporation
HDPE	High-Density Polyethylene
HPC	High Performance Centre
IDP	Industrial Development Policy
IR	Inspection Report
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KIS	Khelo-India Scheme
KL	Kilo Litre
KVBR	Kotla Vijaya Bhaskar Reddy
KVKs	Kreeda Vikas Kendras
LB	Lal Bahadur

Acronym	Full Form
LTAD	Long Term Athlete Development
MA	Mobilisation Advance
MA&UD	Municipal Administration and Urban Development
ML	Million Litre
MLIA	Mandal Level Implementing Agency
MoU	Memorandum of Understanding
MPDO	Mandal Parishad Development Officer
MSAs	Mandal Sports Authorities
NIDJAM	National Inter District Junior Athletics Meet
NIS	National Institute of Sports
NOC	No Objection Certificate
NSDCI	National Sports Development Code of India
OTCG	One Time Capital Grant
PD	Physical Director
PET	Physical Education Teacher
PLIAs	Panchayat Level Implementing Agencies
PPP	Public Private Partnership
PR&RD	Panchayat Raj & Rural Development
PT	Profession Tax
PWS	Potable Water Supply
PYKKA	Panchayat Yuva Krida aur Khel Abhiyan
RDO	Revenue Divisional Officer
RGKA	Rajiv Gandhi Khel Abhiyan
RGUKT	Rajiv Gandhi University of Knowledge Technologies
RWS&S	Rural Water Supply and Sanitation
SAAP	Sports Authority of Andhra Pradesh
SEC	Sports Ethics Committee
SED	School Education Department
SS	Summer Storage
STEP	Society for Training and Employment Promotion
ULBs	Urban Local Bodies
USIS	Urban Sports Infrastructure Scheme
VC&MD	Vice Chairman & Managing Director
VMRDA	Visakhapatnam Metropolitan Region Development Authority
VSAs	Village Sports Authorities
WRD	Water Resources Department
WSAs	Water Sports Academies

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