
Overview

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Introduction

This Report of the Comptroller and Auditor General of India (CAG) on observations arising from the Performance Audit on ‘Welfare of Building and other Construction Workers’ in Andhra Pradesh and Compliance Audit Reports on ‘Mana Badi Nadu Nedu Phase-I’ Scheme, ‘Sampoorna Poshana’ Scheme and ‘Functioning of Andhra Pradesh Industrial Infrastructure Corporation’. The Report also contains Compliance audit observations in Higher Education Department, Tribal Welfare Department, Youth Advancement, Tourism and Culture Department, Transport, Roads & Building Department and Home Department.

The significant observations included in the Audit Report are presented in brief, in the following paragraphs:

A) Labour, Factories, Boilers and Insurance Medical Services Department

Performance Audit on Welfare of Building and Other Construction Workers in Andhra Pradesh

The Performance Audit on Welfare of Building and Other Construction Workers was conducted to assess whether (i) the rules notified by the Government under the Act are consistent with the spirit of the Acts, (ii) there was effective system for registration of establishments and beneficiaries, (iii) Assessment, collection and transfer of Cess to the fund was efficient, (iv) the Government prescribed appropriate health and safety norms, (v) the Government implemented transparent and effective system of inspections to check evasion of labour cess and compliance to health and safety norms by employers and (vi) the administration and utilisation of funds on implementation of welfare schemes by the Board was efficient and effective as per act and rules framed by the State Government.

The major findings of the Performance Audit are presented below:

- The Labour Department did not extend the social security benefits to the construction workers as per Model Welfare Schemes framed by Government of India.

We recommend that Board should frame modalities in line with Model Welfare Scheme to extend desired Social Security benefits to registered construction workers.

- The Department has not evolved a robust mechanism to identify the eligible workers to get registered with the Board to avail the entitled benefits extended under the Act and get renewed the registration periodically.

Despite incurring an expenditure of ₹54 lakh, the End to End Online and Mobile Applications (Nava Nirmana Karmikulu App) was not developed to have real-time information on registration of establishments, workers, collection of Cess, accounting of the claims and settlement of benefits to the Building and Other Construction workers.

We recommend that Government should formulate standard operating procedures or develop end to end online application to identify all establishments and eligible Building and Other Construction Workers to register for availing the benefits of the welfare schemes. The Board should maintain a database of registered establishments and employers along with data on number of workers employed by each of them.

- Out of the yearly income earned, the amount spent on welfare schemes decreased from 25.12 to 0.53 *per cent* over the period 2017-18 to 2021-22. This was due to instruction of the Government in March 2020 to keep the welfare schemes in abeyance to avoid duplication of benefits since the State Government was implementing similar schemes through other Departments. Further, the Board failed to limit the administrative expenditure to five *per cent* of the total expenditure during the years 2019-20 to 2021-22 which ranged from 13 to 63 *per cent*.
- The welfare scheme claims of BOC workers were not honoured completely and percentage of claims pending with the Department was on increasing trend from 0.26 *per cent* to 100 *per cent* during 2017-22 which resulted in denial of benefit under welfare schemes of the Board to the needy workers.
- We observed that requisite Cash book and cash flow statements were not maintained by the Board for preparation of annual statement of accounts. Reconciliation of cash balances with bank was also not carried out by the Board. The Annual Reports highlighting all the welfare and other activities of the Board during the Financial Year for the period 2017-18 to 2021-22 were not submitted to the Central/ State Governments, as the internal audit by the Chartered Accountant was not conducted timely. Final accounts for the years 2017-18 to 2021-22 were audited by Chartered Accountant only in May 2023 due to which the financial position of the board could not be known at the end of the respective accounting year. Thus, accounts were not maintained, prepared and audited timely.

We recommend the Board to ensure that the annual accounts are prepared in a timely manner, after carrying out the required checks and balances.

- The differences in the Personal Deposit (PD) accounts as per the Annual accounts of Government with that of Board ranged from ₹13 crore to ₹205.22 crore during the period 2017-18 to 2021-22. Less balance in the PD accounts as per the accounts of the Board requires to be reconciled at the earliest.
- There was short collection of Labour Cess of ₹5.11 crore in work bills of the test checked Engineering divisions. Further, Commissioner and Director of Municipal

Administration (CDMA) had retained Labour Cess collected amounting to ₹196.79 crore instead of transferring the same to the Board.

We recommend that the Board should evolve a mechanism to ensure that the Cess collected by the line departments is properly accounted for and transferred to the Board accounts.

- The Department had not conducted any online or physical inspections during the period 2017-22 on establishments and therefore compliance with the provisions of the Act by various establishments was not ensured by the Labour Department/ Board.

We recommend that the Department should conduct regular inspections to bring all eligible establishments/ construction works under ambit of Labour Cess.

- The Board did not implement any welfare schemes after March 2020 as Government had instructed to keep the welfare schemes in abeyance to avoid duplication of benefits since the State Government was implementing similar schemes through other departments. Board funds ₹2,405.14 crore were provided as loans and advances to the State Government on its instructions for other purposes not relevant to the direct welfare of the registered workers in contravention to Supreme Court Orders.

We recommend that the Board should ensure that the diverted funds are recouped immediately, and Cess is utilised exclusively for welfare of beneficiaries.

B) School Education Department

Compliance Audit on 'Mana Badi Nadu Nedu Phase-I' Scheme

Through the scheme of Mana Badi Nadu Nedu Phase I (MBNN Ph-I), rolled out in 2019-20, Government of Andhra Pradesh (GoAP) aimed to facelift all Government schools with nine components in the State by improving the basic infrastructure and providing quality education to children in a phased manner over a period of three years. The works were to be executed by Parents Committees (PC) through community contracting. The audit was taken up to ensure whether procurement, execution and payments followed the existing Rules and Regulations and the monitoring mechanisms were in place as per the Scheme guidelines.

The major findings of the Compliance Audit are presented below:

- MBNN Phase I involved repairs, painting, procurement of Desks, fans, Interactive flat panels, smart TVs *etc.* Though no assets of permanent character were created afresh, the entire expenditure was booked under Capital Expenditure instead of Revenue Expenditure.
- Selection of Information Technology Agency for procurement of School Transformation Monitoring System (STMS) was made on nomination basis instead of competitive and transparent process.

We recommend that Government should follow the competitive and transparent process in selection of contractors/agencies, instead of nomination basis.

- As per the reports of multiple inspection/Quality Control tests, 71 out of 157 (45.22 *per cent*) of the fans tested were having CMM (Cubic Meter per Minute) less than the agreed specification of 210 and 67 out of 220 (30.45 *per cent*) of the fans tested were having the RPM (Rotation per Minute) less than 380.
- During the joint physical verification of the test checked schools, audit observed idling of Green Chalk Boards, non-working of Drinking water system procured after incurring an expenditure of ₹76.80 lakh in 33 (31 *per cent*) out of 108 test checked schools. Further, despite provision of component furniture for students and staff and incurring an expenditure of ₹383.51 crore for procurement of dual desks, in 32 (30 *per cent*) out of 108 test checked schools, 1,973 students were sitting on the floor.

Government should take necessary steps to evolve a system to ascertain the actual requirement of any components in schools before placing an indent. Further, responsibility should be fixed by Government on those officials who have indented components in excess of requirements.

C) Women, Children, Disabled and Senior Citizens Department

Compliance Audit on 'Sampoorna Poshana' Scheme

Sampoorna Poshana Scheme in Andhra Pradesh (being implemented since March 2020) aimed to provide supplementary nutrition to all Pregnant women, Lactating mothers, children aged six to 72 months through Anganwadi Centres (AWC) and to achieve the reduction in malnutrition and anaemia levels among children and Pregnant women and Lactating mothers. This audit was conducted to check whether (i) all the stakeholders complied with the prevalent guidelines to ensure the timelines and quality of food and nutrition kits and (ii) all the eligible beneficiaries are covered in the Scheme and they are receiving supplementary nutrition as per the entitlements.

The major findings of the Compliance Audit are presented below:

- The Department of Women Development and Child Welfare has a Supply Chain Management (SCM) Portal called e-Sadhana Portal to maintain details of beneficiaries, indents, receipts of food items such as rice, dal, oil, eggs, milk and balamrutham. Audit observed shortfalls in the functioning of SCM portal such as indents for food items generated without considering available balances, the quantities of eggs and balamrutham shown in decimals instead of whole numbers and portal data not tallying with records of the Anganwadi Centres (AWCs).

Indents of balamrutham, milk, rice, dal and oil placed by the Department to the respective supplier did not match with the indents placed in the SCM portal.
- Out of 21.7 crore litres milk indented by the Department, AP Dairy Development Cooperative Federation Limited (APDDCF) supplied 17.71 crore litres of milk during the period April 2020 to March 2022, depriving the eligible beneficiaries the benefit of nutrients.

Out of 1,11,984.30 Metric Tonne (MT) of balamrutham indented, Telangana State Nutrition Council (TSNC) had supplied only 83,874.30 MT, leading to short supply of 28,110 MT (25.10 *per cent*) during the period April 2019 to March 2022.

Thus, there was short supply of milk and balamrutham by the agencies to the Department at all State, District and Project levels during the period April 2019 to March 2022.

- A total quantity of 4,761.90 litres of milk was short supplied during test checked six months in 21 test checked AWCs which led to 1,697 beneficiaries out of 3,788 total beneficiaries (44.8 *per cent*) not receiving milk as per their entitlement. A total quantity of 590.50 litres was short distributed in eight AWCs where sufficient milk was available.

There was short distribution of eggs to beneficiaries (20.39 *per cent*) in 13 AWCs over six months. In nine AWCs where sufficient eggs were available, eggs were short distributed to 311 beneficiaries.

Out of 799 enrolled beneficiaries in 10 AWCs, only 558 packets (69.84 *per cent*) against 799 packets of balamrutham were supplied in six months.

Thus, there was short distribution of food items to beneficiaries due to short supplies and delayed supplies to test checked AWCs.

- Anganwadi Centres with shortage of basic infrastructure facilities affects the implementation of Sampurna Poshana and other pre-education programmes for the children and women. Audit however observed that the infrastructure in test checked AWCs lacked basic amenities such as proper buildings, toilets and drinking water facilities, which exposed beneficiaries to unhygienic conditions.

Audit test checked 3160 AWC in 16 ICDS projects in four districts and found that in 44 *per cent* AWCs does not have sanitation (toilet facility), 57 *per cent* AWCs does not have water tap connections, 15 *per cent* AWCs does not have electricity facility; 31 *per cent* AWCs does not have separate kitchen etc.

We recommend that Government should address the deficiencies in the functioning of the Supply Chain Management Portal such as capturing of actual data from Anganwadi Centres on items to be indented and procurements be made based on available balances to ensure their timely distribution.

D) Industries and Commerce

Compliance Audit on ‘Functioning of Andhra Pradesh Industrial Infrastructure Corporation (APIIC)’

The Compliance Audit on ‘Functioning of APIIC’ was taken up to assess whether (i) development of land was done as per the industrial park norms, the objective of APIIC to promote, aid, assist, provide and develop infrastructure facilities, *etc.*, in establishment of industries was achieved as envisaged and the land cost was fixed rationally as per allotment regulations, (ii) the provisions of Allotment Regulations were followed in allotments of land and cancellation of allotments, (iii) Industrial Area

Local Authorities (IALAs) were established and being functioned as local bodies in compliance to the guidelines framed in this regard and (iv) the management of funds was in the best interest of APIIC.

The major findings of the Compliance Audit are presented below:

- APIIC incurred wasteful expenditure of ₹9.18 crore towards publication charges without assessing feasibility of acquisition of private land.

We recommend that Government may instruct APIIC to make proper survey prior to acquisition of private lands to ensure feasibility of acquisition and suitability of land.

- Incurred unfruitful expenditure of ₹48.13 crore towards infrastructure without getting approval of layout from competent authorities even after lapse of more than five years. Further, Detailed Project Reports for five Industrial Parks (IP) were not prepared.

- APIIC had allotted lands to red category industries in IP, without facilitating Common Effluent treatment Plants and ensuring proper treatment and safe disposal of wastewater as envisaged in Allotment Regulations, thereby endangering the environment and public health.

We recommend that Government should ensure that red category industries are made functional only after obtaining necessary pollution & environmental clearances/approvals.

- There was loss of revenue of ₹5.07 crore due to non-levy of statutory charges via process fee, frontage charges, maintenance charges on allotments made as per the Allotment Regulations. Further, incorrect adoption of land value led to short collection of ₹0.74 crore.

- Inordinate delay in taking appropriate action in cancellation of allotments due to non-execution of sale agreements, non-commencement of projects by the allottees led to idling of land to the extent of 955.86 acres and non-cancellation of deferred applications led to loss of revenue to the extent of ₹8.63 crore.

We recommend that Government should develop proper monitoring mechanism to avoid idling of lands after allotment and take prompt action against the allottees for delay in commencement of projects.

- Lack of monitoring mechanism by APIIC on IALAs led to inefficient working of IALAs, non-collection of property tax as demanded from allottees, short remittance of legitimate share of property tax to the concerned local bodies, delays in identification of unauthorised constructions and incurring of administrative expenditure over and above admissible limits.

We recommend that Government should develop a fool proof internal control mechanism to regulate the functioning of Industrial Area Local Authorities by APIIC.

- APIIC's improper utilisation of loan amount of ₹2,000 crore, extending unsecured short-term loan of ₹220 crore to Andhra Pradesh Airports Development Corporation Limited, non-realisation of unspent land cost of ₹140.91 crore from Revenue Authorities, non-collection of rental charges of ₹3.12 crore from occupants, and irregular issue of No Objection Certificate to some allottees for availing loans against the provisions of allotment regulations, tantamount to inefficient and ineffective financial management.

We recommend that Government should ensure that APIIC manages its financial resources efficiently, effectively and economically, to ensure compliance to general principles of financial rules while incurring expenditure and realising revenues for better financial management.

E) Miscellaneous Compliance Audit Paragraphs

i) Higher Education Department

Avoidable expenditure of ₹1.89 crore due to non-revision of Contracted Maximum Demand (CMD)

Rajiv Gandhi University of Knowledge and Technology (RGUKT), Idupulapaya failed to assess Contracted Maximum Demand of electricity considering its actual requirement, review the consumption pattern periodically and seek deration timely. This resulted in an excess expenditure of ₹1.89 crore, which was avoidable.

ii) Tribal Welfare Department

Unfruitful expenditure due to non-resumption of construction of buildings for Sri Alluri Sita Rama Raju Memorial Tribal Museum - ₹75.25 lakh

After incurring an expenditure of ₹34.27 lakh towards consultancy services and ₹41 lakh towards civil works, construction of building of Sri Alluri Sita Rama Raju Memorial Tribal Museum was stalled due to instructions of the Government, thereby rendering the expenditure unfruitful.

iii) Youth Advancement, Tourism and Culture Department

Krishna River Wildlife Park with Bird Arena & Sea Lion Park and Marine Mammals at Bhavani Island – Infertuous expenditure of ₹1.33 crore

The expenditure of ₹1.33 crore incurred towards development of Wildlife Park at Bhavani Island, Vijayawada became infertuous as result of change in policy of the Government.

iv) Transport, Roads & Buildings Department

a) Non-adoption of provisions of Special Hire Bus charges

Failure of Andhra Pradesh State Road Transport Corporation to collect Special Hire Bus Charges for the buses given on hire basis resulted in loss

of revenue to the extent of ₹1.66 crore. This also resulted in the loss to the Government to an extent of ₹1.57 crore due to non-levy of Goods and Services Tax on the Special Hire bus charges.

b) Non-recovery of accidental compensation claims

The Andhra Pradesh State Road Transport Corporation did not invoke the terms of the agreement to recover the accidental compensation claim from hire bus owners and the deposited ₹1.58 crore with Motor Accidents Claims Tribunal. The non-recovery further resulted in loss of interest of ₹0.76 crore.

c) Non/short levy of compounding fee

Non-levy of enhanced rates of compounding fee for offences reported in Vehicle Check Reports (VCRs) and non-forwarding of VCRs by the checking officers to the concerned Road Transport Authorities under Motor Vehicle Act, 1988 resulted in short/non-realisation of compounding fee amounting to ₹13.16 crore.

d) Non-monitoring of renewal of Fitness Certificates

The Transport Department did not monitor the renewal of Fitness Certificates of transport vehicles. This had not only resulted in non-realisation of fitness fee of ₹1.45 crore, but also likely to jeopardise road safety.

e) Non-realisation of quarterly tax and penalty on transport vehicles

Quarterly tax and penalty as stipulated under Andhra Pradesh Motor Vehicle Taxation Act, 1963 was not realised from the owners of transport vehicles within the prescribed time resulting in non-realisation of revenue of ₹6.51 crore.

v) Home Department

Fast Interceptor Boats kept idle due to requirement of funds for maintenance and repairs

State Government did not release funds for repairs and maintenance of 18 Fast Interceptor Boats (FIBs) provided by Government of India with the objective of policing coastal area to prevent illegal activities. This resulted in idling of boats since the year 2018 besides compromising coastal security.