



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
for the period ended March 2022**



**Government of Telangana
Report No.3 of 2025
(Compliance Audit-Civil & Commercial)**

Report of the
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 2022, has been prepared for submission to the Governor of the State of Telangana under Article 151 of the Constitution of India for being laid before the Legislature of the State.

This Report contains significant results of the Performance Audit and Compliance Audit of the Departments of the Government of Telangana under the **General, Social and Economic Sectors** including Departments of Municipal Administration and Urban Development; Backward Classes Welfare; Consumer Affairs, Food and Civil Supplies; Industries and Commerce Department; Energy; Higher Education; Irrigation and Command Area Development; Minorities Welfare; Panchayat Raj and Rural Development; Scheduled Castes Development; Transport, Roads and Buildings; Tribal Welfare; Youth Advancement, Tourism and Culture, conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Regulations on Audit and Accounts 2020 issued thereunder by the Comptroller and Auditor General of India.

The instances mentioned in this Report are those which came to notice in the course of test audit during the period 2021-22, as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2021-22 have also been included, wherever necessary.

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

Chapter I

General

Chapter I

Part - A General

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) contains matters arising from performance audit of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and compliance audit of transactions of various Departments of the Government of Telangana, Central and State Plan schemes and audit of autonomous bodies of the State pertaining to General, Social and Economic Sectors during the period 2021-22.

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.

Performance audit examines whether objectives of programme/activity is being achieved economically, efficiently and effectively. Compliance audit refers to the examination of transactions of the audited entities to ascertain whether provisions of the Constitution of India, applicable laws, rules and regulations and various orders and instructions issued by competent authorities are being complied with.

This chapter explains the planning and coverage of Audit, response of 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 Telangana during five year period from 2017-18 to 2021-22 is given below.

Table-1.1

(₹ in crore)

Sl. No	Name of the Department	2017-18	2018-19	2019-20	2020-21	2021-22
A	General Sector					
1	Finance	57,568.37	58,732.81	79,876.98	1,14,014.79	1,21,329.42
2	Planning					
3	General Administration*	652.03	968.44	802.77	459.89	477.62
4	Home	5,619.09	6,212.21	6,275.54	6,442.08	8,129.74
5	Law	535.45	589.07	582.02	621.93	750.96
6	Revenue	1,868.95	2,258.11	4,027.32	5,522.27	3,489.84
7	State Legislature	114.72	103.72	119.74	116.46	142.89
	Total (A)	66,358.61	68,864.36	91,684.37	1,27,177.42	1,34,320.47

B	Social Sector					
1	Backward Classes Welfare	2,865.53	3,875.25	3,220.85	3,023.02	4,107.63
2	Consumer Affairs, Food and Civil Supplies	1,524.43	1,903.21	1,435.24	1,048.42	547.80
3	Health, Medical and Family Welfare	4,521.38	5,159.55	6,217.42	5,952.24	6,647.21
4	Higher Education	1,754.79	1,719.63	1,758.44	1,720.64	1,867.65
5	Housing	865.80	1,601.12	1,450.18	1,390.76	1,737.39
6	Labour, Employment, Training and Factories	586.76	608.41	383.72	407.64	509.29
7	Minorities Welfare	983.48	1,265.71	1,324.69	1,208.30	1,604.82
8	Municipal Administration and Urban Development	3,150.57	3,012.95	2,847.61	5,036.60	4,900.45
9	Panchayat Raj ^s	6,685.89	8,725.66	7,359.50	8,726.06	10,978.14
10	Rural Development ^s	5,146.47	6,650.38	7,407.14	9,393.94	9,273.11
11	School Education	10,748.48	10,125.68	10,879.03	10,934.03	12,537.45
12	Scheduled Castes Development	7,624.56	9,023.65	9,056.96	9,191.50	14,439.01
13	Tribal Welfare	4,895.24	5,863.16	6,081.41	6,288.45	8,602.61
14	Women, Children, Disabled and Senior Citizens	1,314.75	1,207.27	1,273.07	1,524.29	1,777.91
15	Youth Advancement, Tourism and Culture	266.26	211.59	142.48	166.59	214.91
	Total (B)	52,934.39	60,953.22	60,837.74	66,012.48	79,745.38
C	Economic Sector					
1	Agriculture and Cooperation	4,969.48	10,134.79	11,673.66	14,127.30	14,960.31
2	Rain Shadow Areas Development ¹					
3	Animal Husbandry, Dairy Development and Fisheries	522.71	1,072.08	1,528.37	1,604.60	1,577.74
4	Energy	6,411.14	6,386.40	6,339.44	8,166.60	8,649.89
5	Environment, Forests, Science and Technology	485.81	476.51	840.65	797.91	1,257.79
6	Industries and Commerce	733.25	567.17	544.39	699.97	1,179.85
7	Information Technology, Electronics and Communications	129.44	219.03	181.06	144.96	219.78
8	Irrigation and Command Area Development	13,005.31	9,516.60	10,530.59	11,368.65	15,785.18
9	Public Enterprises	1.39	1.35	1.20	1.07	0.93

¹ Expenditure of this Department is covered under Grant No. XXVII - Agriculture

10	Transport, Roads and Buildings	3,499.98	3,019.27	2,963.88	3,900.24	5,280.62
11	Infrastructure & Investment ²					
Total (C)		29,758.51	31,393.20	34,603.24	40,811.30	48,912.09
A+B+C		1,49,051.51	1,61,210.78	1,87,125.35	2,34,001.20	2,62,977.94

*includes Governor's Secretariat

^sunder one Secretariat Department 'Panchayat Raj and Rural Development'

Source: Appropriation Accounts of Government of Telangana for relevant years

1.3 Office of Principal Accountant General (Audit)

Under the directions of the Comptroller and Auditor General of India, Office of the Principal Accountant General (Audit), Telangana conducts audit of 32 departments and local bodies/ public sector undertakings/ autonomous bodies thereunder in the State of Telangana.



Offices of the Accountants' General

1.4 Authority for Audit

The CAG's authority for audit is derived from Articles 149 and 151 of the Constitution of India and CAG's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). The CAG audits the Departments of the Government as follows:

- Audit of expenditure is carried out under Section 13³ of the DPC Act;
- Audit of autonomous bodies is conducted under Sections 19(2)⁴, 19(3)⁵ and 20(1)⁶ 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 14⁷ of the DPC Act.

² Expenditure of Infrastructure & Investment is covered under Grant No. XI - Roads, Buildings and Ports

³ Audit of (i) all transactions from Consolidated Fund of State (ii) all transactions relating to Contingency Fund and Public Account and (iii) all trading, manufacturing, profit & loss accounts, balance sheets and other subsidiary accounts kept in any Department of a State

⁴ 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

⁵ 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

⁶ 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

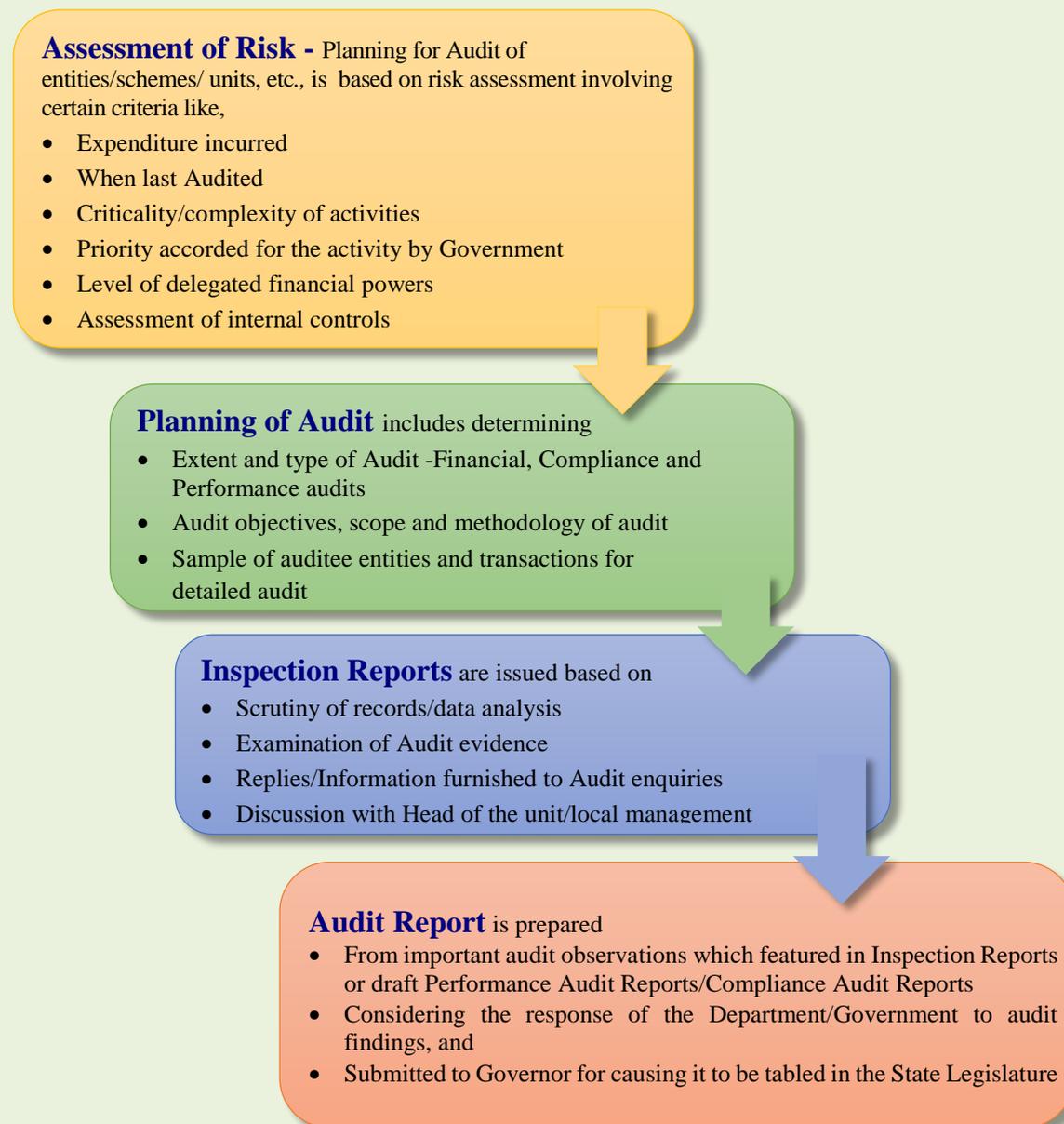
⁷ Audit of all (i) receipts and expenditure of a body/authority substantially financed by grants or loans from Consolidated Fund of State and (ii) all receipts and expenditure of any body or authority where grants or loans to such body or authority from Consolidated Fund of State in a financial year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

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

1.5 Planning and Conduct of Audit

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 Audit and Performance Audit Report 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 Telangana 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 Government/Departments to Audit Findings

1.6.1 Response to previous Inspection Reports

Heads of Offices and next higher authorities are required to respond to the 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 Accountant General's Office with officers of the concerned Departments.

As of 30 September 2022, 3,914 IRs containing 28,424 paragraphs pertaining to previous years were pending settlement as detailed below. Of these, first replies have not been received in respect of 617 IRs (6,671 paragraphs). Department-wise details are given in *Appendix-1.1*.

Table-1.2

Year	Number of IRs/Paragraphs pending settlement as of 30 September 2022		IRs/Paragraphs where even first replies have not been received as of 30 September 2022	
	IRs	Paragraphs	IRs	Paragraphs
2017-18 and earlier years	2,467	13,679	44	440
2018-19	462	4,410	105	978
2019-20	477	4,662	192	2,206
2020-21	171	2,035	76	889
2021-22	337	3,638	200	2,158
Total	3,914	28,424	617	6,671

Source: Records maintained by the O/o AG(Audit), Telangana

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 required⁸ to send their responses to draft audit paragraphs proposed for inclusion in CAG's Report within a specific timeline of their receipt. During the year 2021-22, 14 draft compliance audit paragraphs were forwarded to the Special Chief

⁸ as per paragraph 4.7 of Finance Department's Handbook of Instructions

Secretaries/Principal Secretaries/Secretaries of eight departments⁹, drawing their attention to the audit findings and requesting them to send their response within specific time. It was brought to their 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, three departments¹⁰ did not furnish reply to three draft compliance audit paragraphs and one department¹¹ had furnished partial reply to one draft para as on the date of finalisation of this Report. The fact of non-receipt of the Government responses was also brought to the notice of the Chief Secretary to the Government in March 2024 and reminded in August 2024. 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 (performance audits) included in Audit Reports¹² 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 Notes¹³ were yet to be received as of 30 September 2022 from seven departments in respect of 15 Paragraphs/Performance Audit Reviews that featured in the Audit Reports for the years 2015-16 to 2018-19. Explanatory Notes were also yet to be received as of 30 September 2022 from 11 departments in respect of 23 Paragraphs/Performance Audit Reviews relating to the period prior to bifurcation¹⁴. 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 (PAC) within six months¹⁵ from the date of receipt of Recommendations. As of 30 September 2022, one ATN in respect of one Department with regard to the issues exclusively pertaining to the State of Telangana and six ATNs in respect of three Departments¹⁶ with regard to issues pertaining to the combined State of Andhra Pradesh were yet to be received. Details are given in *Appendix-1.3*.

⁹ Consumer Affairs, Food and Civil Supplies Department; Energy; Irrigation and Command Area Development; Minorities Welfare; Scheduled Castes Development; Tribal Welfare; Transport, Roads and Buildings and Youth Advancement, Tourism and Culture

¹⁰ Minorities Welfare, Tribal Welfare and Youth, Advancement, Tourism & Culture

¹¹ Transport, Roads and Buildings

¹² as per instructions issued by Finance and Planning Department vide U.O. No.23810-c/200/PAC/93-2 dated 3 November 1993

¹³ with regard to the issues exclusively pertaining to the State of Telangana

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

¹⁵ as per instructions issued by Finance and Planning Department vide U.O. No. 1576-A/32/PAC/95, dated 17 May 1995

¹⁶ Agriculture & Cooperation; Health, Medical & Family Welfare and Panchayat Raj & Rural Development

1.7 Significant Audit Observations

This Report (pertaining to General, Social and Economic Sectors) contains findings of audit in respect of a Performance Audit paragraph and 9 compliance audit paragraphs from a test-check of accounts and transactions of departments¹⁷ of Government of Telangana during 2021-22.

Significant results of audit that featured in this Report are summarised below.

1.7.1 Implementation of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) in the State of Telangana

The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (the Mission) was launched by the Ministry of Urban Development (MoUD) Government of India (GoI) in June 2015. In the State of Telangana, 12 Cities/Towns were approved by the Ministry for implementation of the Mission and the components of Water Supply, Sewerage and Green spaces and parks (Development of Parks) were undertaken under the Mission. Mission Statement and Guidelines (Mission Guidelines) were issued (June 2015) by GoI, for implementation of the Mission, for the period 2015-20.

Memorandum of Understanding, amongst State Mission Directorate, Engineer-in-Chief of Telangana Public Health and Municipal Engineering [ENC (TPH&ME)] and Urban Local Bodies (ULBs) involved in the implementation of the Mission, was not entered into as contemplated in the Mission Guidelines, on account of which, their roles, responsibilities and accountability were not defined, resulting in lack of coordination between ENC (TPH&ME) and the ULBs. Consequently, assets created under the Mission were not yet handed over in two Mission Cities of Karimnagar and Ramagundam.

Planning was inadequate, as the assessment of gaps was not scientifically done by the Urban Local Bodies (ULBs) and projection of service levels for Water Supply in the Service Level Improvement Plans (SLIPs) documents for the Mission Cities/Towns were not backed by documented estimates or authentic data. There was short execution of House Service Connections (HSCs) in the test checked Mission Cities/Towns. Even the executed connections were not fully taken over by the Mission Cities/Towns. Service Level Benchmarks (SLBs) for Water Supply and Sewerage were not fully achieved.

Preparation of Detailed Project Reports (DPRs) for Water Supply projects was done without considering the actual field requirements leading to changes in capacity and staging of Reservoirs during execution. The conditionality regarding the availability of land and clearances from other Departments concerned was not strictly adhered to by the State Mission Directorate and projects were included in the State Annual Action Plan (SAAP) without ensuring the availability of land.

Payments for inadmissible items like price adjustments, road restoration and Permanently Lubricated Duct works were made from the Mission funds in violation of the Mission Guidelines and despite State Government orders to incur expenditure on such items from Municipal General Funds.

¹⁷ Backward Classes Welfare; Consumer Affairs, Food and Civil Supplies; Higher Education; Irrigation and Command Area Development; Minorities Welfare; Municipal Administration and Urban Development; Panchayat Raj and Rural Development; Scheduled Castes Development; Tribal Welfare; and Youth Advancement, Tourism and Culture

Lapse of the PH&ME Divisions in complying with Government orders while preparing the bills and of the Pay and Accounts Officers in scrutinising the bills resulted in excess payment towards price adjustment of POL, DI pipes and DI fittings.

The Joint Physical Verification (JPV) of Water Supply connections provided in the test checked Mission Cities/Towns revealed that there were no effective measures to prevent instances of cutting of water pipes and removal of meters. Instances of laying of water pipelines exposed to open surfaces and across the drainage were observed during JPV.

In six test checked Mission Cities/Towns, the ULBs did not evolve a system for maintenance of parks with local resident's participation.

Monitoring of the Mission was found deficient due to non-placement of the Independent Review and Monitoring Agency (IRMA) Reports before State Level Technical Committee (SLTC) and State High Power Steering Committee (SHPS) for discussion; and non-furnishing of Action Taken Reports on IRMA reports by the State Mission Directorate though mandated in the Mission Guidelines.

Recommendations:

- State Government may ensure execution of Tripartite MoU that defines the roles, responsibilities and accountability of State Mission Directorate, ENC (TPH&ME) and ULBs for effective coordination in achieving the Mission objectives.
- State Government may ensure that execution of work is done as per gaps assessed and Water Supply HSCs are provided to eligible households following mandated procedures.
- State Government may ensure the achievement of Service Level Benchmarks for Water Supply and Sewerage Management as envisaged in the Mission Guidelines.
- State Government may ensure that PH&ME Divisions and Pay and Accounts Officers exercise due diligence to prevent instances of excess payment to the contractors.
- State Government may ensure appropriate measures to prevent instances of cutting of water pipes and removal of meters and also to adopt suitable mechanism to penalise erring official to minimise inconvenience to households provided with HSC.
- State Government may ensure availability of encumbrance free land before award of work. Additionally, it may ensure inclusion of penalising provision against the officials concerned who could not ensure encumbrance free land before award of work in the guidelines.
- State Government may ensure that findings of the IRMA Reports along with comments of SLTC and ULBs are submitted to SHPS for effective follow up action.

(Paragraph 2.1)

1.7.2 Kalyana Lakshmi Pathakam

‘Kalyana Lakshmi Pathakam’ is a welfare scheme, introduced by the State Government in 2014, to alleviate financial distress of parents in performing the marriage of unmarried daughters.

Analysis of data of Kalyana Lakshmi Pathakam and scrutiny of records in test checked Revenue Divisional Offices and Tahsildars offices indicated that adequate controls were not provided to ensure compliance with Government orders for implementation of the Scheme effectively. Further, there was no system of cross-checking database of different beneficiary-oriented schemes implemented by the State Government and Government of India. Adequate controls were not put into the system to ensure that only eligible beneficiaries avail of the scheme. As a result, Audit noticed the cases of scheme benefits being extended to ineligible beneficiaries such as under-aged brides, brides whose parents’ income was more than the eligible criteria, brides married prior to the date of introduction of scheme, etc., involving a total money value of ₹55.12 crore in 5,522 cases test-checked in audit. Lack of adequate communication mechanism and grievance redressal system resulted in beneficiaries’ repeated visits to Tahsildar offices to obtain the status of their applications and also in delayed distribution of cheques as the State Government did not introduce online transfer of incentives to beneficiary account.

Recommendations:

- Provision may be made in ePASS system for validating the Aadhaar number of bridegrooms also and for uploading the required documents supporting the legitimacy of the second marriage of bride/bridegrooms.
- State Government may investigate ineligible cases and take necessary action to fix responsibility against the officials concerned for such lapses.
- State Government may strengthen internal control mechanism, by providing adequate controls in the system, including cross-checking of database of different beneficiary-oriented schemes implemented by the State Government and Government of India, to establish robust verification processes that validate beneficiary data, thereby ensuring that scheme benefits are distributed only to eligible beneficiaries.
- State Government may evolve a system of communicating through SMS/Whatsapp/website, etc., the status of sanction/rejection of the applications, as well as disbursement of cheques to avoid repeated visits by the applicants to Tahsildar offices.
- To avoid delays and to ensure transparency in distribution of cheques, State Government may establish the system of transferring the incentives online directly to the accounts of beneficiaries instead of distribution through cheques.

(Paragraph 3.1)

1.7.3 Functioning of Osmania University

Osmania University (University) was established in 1918 and was governed up to 1958 by a *Farman* issued in April 1917 by H.E.H. Nizam VII. Consequent to the formation of the State of Andhra Pradesh, the Osmania University Act 1959 was enacted. Now, the University is governed by the Telangana Universities Act, 1991, which came into force in September 2015.

Osmania University, once held in high regard for its educational eminence, currently faces a series of challenges that have significantly impacted its reputation.

Effective planning is crucial for a University's success. Despite creating a Vision and Strategy Document in 2018, Osmania University has not developed actionable plans, leaving institutional goals unattended as of January 2023. One of the goals of Vision Document aiming to increase the percentage of foreign students to 30 percent within the next five years did not materialise, as the number of foreign students significantly declined. The University remains highly dependent on State funding, facing challenges in enhancing its own revenue generation.

Issues related to policy making and functioning of regulatory bodies of the University persisted. These included; non-conducting of necessary meetings by the Academic Senate and College Development Council (CDC), insufficient representation within CDC, delay in constituting Finance Committee, non-constitution of Faculty of Studies for three subject streams and non-renewal of Board of Studies for 36 Departments. These issues in turn have hindered important decision-making processes such as non-revision of curricula for 43 Academic Departments, non-establishment of new Institutions or Departments and presence of National Assessment and Accreditation Council (NAAC) unaccredited colleges operating under the University.

Faculty plays a pivotal role in higher education, ensuring the delivery of high-quality academic programmes. University was grappling with a significant shortage of faculty members, which increased from 26 *per cent* in 2017-18 to 38 *per cent* in 2021-22 (including contractual) and in non-teaching staff to an extent of 34 *per cent* (as on March 2023). This has impacted the envisioned Faculty-Student Ratio (FSR) in 2018-19, 2020-21 and 2021-22, which has ranged from 1:23 to 1:33, falling short of the desired levels of 1:15. However, FSR was favourable during 2017-18 and 2019-20.

The fluctuating placement rate from 26 *per cent* to 54 *per cent* between the academic years 2017-18 to 2020-21 for registered students is also an area of concern. In seven out of 18 colleges of the University, the required Career and Counselling Cells were not constituted.

The University's physical infrastructure was also facing issues such as, incompleted projects, overcrowded hostels and under-utilised buildings. Further, the University was unable to collect lease payments resulting in loss of revenue.

University faced several challenges regarding research which include non-compliance with grant conditions, substantial delays in completion of research project by research scholars

and lack of patent acquisition by both University faculty and students. University could not ensure timely utilisation of Government grants and completion of the works sanctioned.

All these issues collectively contributed to the University's decline in the Overall National Institutional Ranking, from 38th in 2017 to 64th in 2023, as well as decrease in its Overall University ranking from 23rd in 2017 to 36th in 2023.

Recommendations:

- State Government and the University on a priority basis may ensure that all the administrative and academic bodies of the University are formed and functional as mandated and may regularly review the working of such bodies.
- The University may formulate action-oriented short, medium or long-term plans for making progress towards the set of Institutional goals as per Vision Document.
- The University may address on priority basis all the areas that may impact its accreditation grading.
- The University may ensure NAAC accreditation of all Educational Institutions under its control within a definite timeframe.
- The University may collect lease rental charges in respect of land leased out and explore ways of increasing its internal resources to reduce its dependence on the State Government funding.
- The University may take measures to fill the vacant positions of Professors, Associate Professors and Assistant Professors in accordance with the norms and of non-teaching staff.
- The University may take measures to ensure adequate infrastructure facilities for effective and efficient conduct of the educational and extra-curricular programmes.
- The University may put in place an effective monitoring mechanism to ensure that funds received are effectively utilised for the purposes for which they are allotted within the stipulated timelines.

(Paragraph 3.2)

1.7.4 Construction and Maintenance of Rural Roads in the State of Telangana

Rural road connectivity, and its sustained availability, is a key component of Rural Development as it assures continuing access to economic and social services and thereby generates a sustained increase in agricultural incomes and productive employment opportunities.

Audit noticed that several road works were initiated/awarded without adequate preparatory work and surveys, leading to works remaining incomplete or not commenced due to lack of forest clearance.

The Panchayat Raj Engineering Department (PRED) did not fulfil several key obligations under the Telangana Rural Roads Maintenance Policy, 2017. PRED did not prepare Annual

Rural Roads Maintenance Plan each year, constitute requisite committees or conduct road user surveys, as mandated in the Policy.

There were instances of delays in crediting MoRD, GoI share pertaining to Pradhan Mantri Gram Sadak Yojana (PMGSY) works by the State Government into Telangana State Rural Roads Development Agency (TSRRDA) account and delays in release of matching State share into TSRRDA Account.

Due to non-completion of the connecting Bridge-cum-Check Dam work in the stretch of the road, the rural road connectivity envisaged to connect the villages could not be achieved even after a lapse of more than eight years. This indicated lack of proper planning in execution of works.

In 15 road works, the pavement crust/thickness was constructed with higher specifications in contravention of the specifications prescribed in Indian Road Congress (IRC) Manual resulting in avoidable expenditure of ₹1.18 crore.

Joint inspections of PMGSY works were not conducted by the Engineering staff with public representatives as mandated in PMGSY Guidelines.

The PMGSY Operations Manual, 2005 requires the State Quality Coordinator (SQC) to obtain Action Taken Reports (ATRs) from Programme Implementation Units (PIU) after lapse of one month of inspection for communication to National Rural Roads Development Agency. However, ATRs for the work were not communicated by the PIU, Adilabad to SQC for effective follow-up.

Joint Physical Verification by audit of selected roads revealed several deficiencies in quality of roads / pavements and damage of roads within the defects liability period of five years, indicating improper maintenance of the roads.

Recommendations:

- The State Government may ensure that Panchayat Raj Engineering Department prepares the Annual Rural Roads Maintenance Plan each year, constitutes the requisite committees and conducts road user surveys as mandated by the Telangana Rural Roads Maintenance Policy, 2017.
- The State Government may ensure all clearances and availability of funds to facilitate the smooth and prompt completion of works.
- The State Government may adhere to road specifications mandated in the IRC Manual, instead of using higher specifications to avoid unnecessary expenditure.
- The State Government may ensure joint inspections of PMGSY works by engineering staff with public representatives, as mandated in PMGSY Guidelines.
- The State Government may ensure the crediting of the GoI's share pertaining to Pradhan Mantri Gram Sadak Yojana into Telangana State Rural Roads Development Agency (TSRRDA) account and the release of the matching State's share into TSRRDA Account.

(Paragraph 3.3)

1.7.5 Irregular expenditure due to lifting of subsidised rice by ineligible persons

Lack of proper mechanism for identification of beneficiaries in the absence of a system for periodic validation/updating of Ration Cards in Civil Supplies Department resulted in irregular disbursement of subsidised rice worth ₹135.16 crore to 83,545 ineligible/deceased beneficiaries. Out of these cases, suspected fraudulent claims of ₹6.31 lakh were noticed in respect of 309 deceased persons where the beneficiary was the only member registered on the ration card.

Recommendations:

- The State Government may ensure mechanism for periodic validation of beneficiaries and updation of ration cards to prevent ineligible beneficiaries from drawing subsidised ration.
- The State Government may investigate cases of drawal of subsidised ration by ineligible beneficiaries and fix responsibility on the officials responsible for such lapses.

(Paragraph 3.4)

1.7.6 Non-recovery of interest on Mobilisation Advance

The Irrigation and Command Area Development Department did not complete the land acquisition process and obtain forest clearance before awarding the work of construction of a reservoir across Modikuntavagu and releasing the Mobilisation Advance to the contracting agency. Further, delay on the part of the Department in encashing the Bank Guarantees to recover the Mobilisation Advance and non-recovery of interest of ₹6.89 crore, accrued on the Mobilisation Advance for the period March 2006 to March 2023, resulted in an undue favour to the contracting Agency. The Government assured that the interest on the Mobilisation Advance would be recovered from the contractor's deposits available with the Department and from other works being executed by the Agency or through other means in due course.

(Paragraph 3.5)

1.7.7 Wasteful expenditure on construction of a Minor Irrigation Tank

Taking up of a Minor Irrigation Project without addressing the issues of land acquisition and rehabilitation and resettlement led to non-completion of the project and non-achievement of intended objective of providing irrigation to the targeted command area even after 16 years, thereby rendering the expenditure of ₹19.38 crore, incurred so far on this incomplete project, wasteful.

(Paragraph 3.6)

1.7.8 Wasteful expenditure on establishment of Computer Training Centres

The Telangana State Minorities Finance Corporation incurred wasteful expenditure of ₹2.35 crore towards rent and upgradation of hardware and software, due to non-utilisation

of Urdu Computer Training Centres / Urdu Computer Training Centres Cum Libraries, meant for enhancing the IT skills of minority students and promotion of Urdu language.

(Paragraph 3.7)

1.7.9 Irregularities in implementation of Driver Empowerment Programme

Under the Economic Support Scheme Action Plan, the Government of Telangana initiated (February 2017) the Driver Empowerment Programme, targeted for individuals from Scheduled Castes/Scheduled Tribes/Backward Castes/Minority communities. Due to absence of linkage of data of Food Security Card with Online Beneficiary Management and Monitoring System, identification of beneficiaries availing benefit under the Schemes could not be ensured. Absence of a mechanism to verify beneficiary details resulted in sanction of subsidy of ₹1.75 crore to ineligible beneficiaries under Driver Empowerment Programme.

(Paragraph 3.8)

1.7.10 Wasteful expenditure on Stadium Buildings

Administrative approvals were granted without financial concurrence, non-approval of Extension of Times and delayed payments to contractors, coupled with inadequate supervision by higher authorities led to the abandonment of Stadium Buildings after incurring an expenditure of ₹2.32 crore. This resulted in wasteful expenditure of ₹2.32 crore and the non-achievement of objective of developing Sports Stadiums in Assembly Constituencies.

(Paragraph 3.9)

Part – B General (Public Sector Undertakings)

1.8 General

Telangana State was formed on 2 June 2014. As on 31 March 2022, there were 83 Public Sector Undertakings (PSUs) in Telangana State under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). These included eight Government Companies in Power Sector, 69 Government Companies, three Other Companies¹⁸ controlled by Government and three Statutory Corporations¹⁹ in Non-Power Sector. Out of the 83 PSUs, 67 were working and 16 were inactive²⁰ PSUs. During the period 2021-22, one Government Company²¹ came under audit jurisdiction of the CAG.

1.9 Audit Mandate

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and Section 19 and 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). The CAG also conducts supplementary audit of accounts of the PSUs under Section 143 of the Companies Act, 2013. Audit of Statutory Corporations is governed by their respective legislations. Out of the three Statutory Corporations, CAG is the sole auditor for Telangana State Road Transport Corporation.

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

1.10 Coverage of this Report

The summary of financial performance of PSUs of Telangana Government (GoTS) as revealed from the accounts/ information furnished by them and results of oversight role of the CAG is reported separately as part of the CAG's State Finances Audit Report.

This Report of the CAG contains matters arising from the compliance audit of transactions and review of detailed compliance of the PSUs of the GoTS coming under the administrative control of 19 Departments falling under 14 clusters. The cluster wise list of Departments and the PSUs under their jurisdiction is given in *Appendix 1.4*.

In this Report, one Detailed Compliance Audit on “Creation of Industrial Infrastructure by TSIIC” and three Compliance Audit Paragraphs are included, and these were issued to the Special Chief Secretary/ Principal Secretary/ Secretary of the Departments concerned with a request to furnish reply within specific timelines. Government replies and the views expressed by the State Government during the Exit Conference on the Detailed Compliance Audit Report are suitably incorporated in this Report.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit on PSUs. The findings of audit are expected to enable the Executive to take

¹⁸ Hyderabad Growth Corridor Limited, Karimnagar Smart City Corporation Limited, and Greater Warangal Smart City Corporation Limited

¹⁹ Telangana State Financial Corporation, Telangana State Road Transport Corporation and Telangana State Warehousing Corporation

²⁰ Either defunct or under liquidation

²¹ Manjeera Lift Irrigation Corporation Limited

corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management of the PSUs and contribute to better governance.

1.11 Response of PSUs/Government to Audit Findings

1.11.1 Response to previous Inspection Reports

Inspection Reports are issued to the heads of the auditee unit with a copy to next higher authority for necessary action. They are required to respond to the audit observations within four weeks. As of 30 September 2022, 374 IRs containing 2,399 Paragraphs were pending for settlement. Of these, first replies have not been received in respect of 638 Paragraphs of 71 IRs as detailed in **Table 1.3**. Working PSU-wise and Department-wise details of outstanding IRs/Paragraphs are given in *Appendix 1.5*.

Table-1.3: Status of pending IRs/Paragraphs as of 30 September 2022

Year	Number of IRs/ Paragraphs pending for settlement		IRs/ Paragraphs for which even first replies were not received	
	IRs	Paragraphs	IRs	Paragraphs
2017-18 and earlier years	224	1,036	18	159
2018-19	52	408	19	159
2019-20	58	632	16	149
2020-21	15	124	4	42
2021-22	25	199	14	129
Total	374	2,399	71	638

Source: Records maintained by Office of the Accountant General (Audit), Telangana

Lack of action on IRs and audit paragraphs is fraught with the risk of perpetuating serious financial irregularities as 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.

1.11.2 Follow-up action on Audit Reports

The Reports of the CAG are 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 erstwhile Government of Andhra Pradesh, all Administrative Departments are required to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation in the Legislature in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (CoPU).

As of 30 September 2022, out of 86 Performance Audits (PAs) and 430 Paragraphs featured in CAG Reports on Telangana PSUs, Explanatory Notes (ENs) to 19 PAs and 65 Paragraphs were awaited. Of these, 01 PA and 06 Paragraphs pertain exclusive to Telangana and 18 PAs and 59 Paragraphs are common to both Andhra Pradesh and Telangana as given in **Table 1.4**.

Table 1.4: Status of Receipt of Explanatory Notes

Year of the Audit Report	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 TS		Common (TS & AP)*	
		PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
Up to 2013-14		81	399	0	2	18	59
2014-15	30 March 2016	1	3	0	0	NA	NA
2015-16	27 March 2017	1	8	0	0	NA	NA
2016-17	29 March 2018	1	8	0	0	NA	NA
2017-18	26 March 2021	1	6	0	0	NA	NA
2018-19	26 March 2021	0	4	0	2	NA	NA
2019-21	15 February 2024	1	2	1	2	NA	NA
Total		86	430	1	06	18	59

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

* These relate to PSUs in the composite State of AP. These PSUs are, however currently under the control of Government of Telangana

NA implies Not Applicable as Separate Audit Reports were issued from 2014-15 onwards

1.11.3 Discussion of Audit Reports by the Committee on Public Undertakings (CoPU)

The status of PAs and Paragraphs that featured in CAG Audit Reports on Telangana PSUs and discussed by the CoPU as on 30 September 2022 is given in **Table 1.5**.

Table 1.5 : PAs/ Paragraphs discussed vis-à-vis featured in Audit Reports

Year of the Audit Report (Commercial/ PSU)	Total PAs and Paragraphs in the Audit Report		Number of PAs/ Paragraphs Discussed			
			Exclusive to State		Common (TS & AP)*	
	PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
Up to 2013-14	81	399	1	23	21	199
2014-15	1	3	1	1	NA	NA
2015-16	1	8	0	2	NA	NA
2016-17	1	8	0	2	NA	NA
2017-18	1	6	0	0	NA	NA
2018-19	0	4	0	0	NA	NA
2019-21	1	2	0	0	NA	NA
Total	86	430	2	28	21	199

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

* These relate to PSUs in the composite State of AP. These PSUs are however, currently under the control of Government of Telangana

NA implies Not Applicable as Separate Audit Reports were issued from 2014-15 onwards

Out of 86 PAs and 430 Paragraphs relating to Telangana PSUs, 23 PAs and 227 Paragraphs were discussed by CoPU.

1.11.4 Compliance to Reports of CoPU

Action Taken Notes (ATNs) in respect of 458 recommendations (upto 2006-07) on PSUs were not received from the administrative departments (September 2022) as detailed in **Table 1.6**.

Table 1.6: Compliance to CoPU Reports

Year of the CoPU Report	Total number of CoPU Reports	Total No. of recommendations in CoPU Reports	ATNs not received	
			Exclusive to TS	Common (TS & AP)
Up to 1998-99	22	592	2	378
2000-01	13	114	0	52
2002-03	1	24	0	0
2004-05	10	80	0	7
2006-07	4	25	0	19
Total	50	835	2	456

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

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

Lack of remedial action on Performance Audits/ Paragraphs that featured in CAG Audit Reports and lack of discussion by CoPU on these Reports coupled with absence of follow-up action by the Government are fraught with the risk of perpetuating serious financial irregularities as pointed out in the earlier 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.

1.12 Significant Audit Observations

This Report(PSUs) contains findings of audit in respect of four compliance audit paragraphs from a test-check of accounts and transactions of Departments²² of Government of Telangana.

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

1.12.1 Creation of Industrial Infrastructure by TSIIC

The Industrial Policy Framework for the State of Telangana, 2014 envisaged large-scale private sector participation with the Government playing the role of a facilitator and a catalyst. Telangana State Industrial Infrastructure Corporation Limited (TSIIC) was responsible for the development and maintenance of industrial and related infrastructure in the Industrial Parks (IPs).

The Compliance Audit revealed that there was an inordinate delay of more than five and seven years in the acquisition of lands for the establishment of Hyderabad Pharma City and National Investment and Manufacturing Zone (NIMZ) Zaheerabad respectively resulting in delay in the achievement of expected investment and employment generation. TSIIC availed loan of ₹725 crore from Housing and Urban Development Corporation Limited (HUDCO) for land acquisition of NIMZ projects but diverted ₹317.49 crore for land

²² Industries and Commerce; Energy and Transport, Roads and Buildings

acquisition in other projects, development of e-city, repayment of loan and operational requirements.

Audit observed that alienation orders of GoTS had not been received in respect of 23,717 acres which included 19,669 acres of Government land. The alienation proceedings were pending from 1974. The reasons for such long pendency were not found on record. Despite non-finalisation of alienation proceedings, TSIIC allotted lands to private parties and executed sale deeds based on the tentative market value of the land.

TSIIC did not undertake a periodical survey of its 53,474 acres of land since its formation in 2014.

The Industries and Commerce Department allotted 20 acres of land at Hardware Park, Mamidipally, at the concessional rate of ₹40.00 lakh per acre against the TSIIC's prevailing land rate of ₹2.13 crore per acre, in deviation from the Cabinet Sub-Committee's decisions and thus, extended undue benefit of ₹34.60 crore to the allottee. Consultative Committee on Electronic System Design & Manufacturing (CCESD&M) allotted 165.21 acres to 39 allottees though it was not competent to do so thereby extended undue benefit of ₹208.24 crore.

TSIIC allotted 511 acres of land against the actual requirement of 49 acres, as evaluated by the TSIIC's technical consultant (January 2022), at a concessional rate in contravention of the Land Allotment Policy and guidelines of National Investment and Manufacturing Zone. This resulted in revenue loss to TSIIC and extension of undue benefit to the allottee to the tune of ₹106.91 crore.

The CAG's Report on PSUs of GoTS for the year ended March 2019 highlighted (*Para 4.2 of Report No. 5 of 2020*) the revenue loss of ₹4.47 crore to TSIIC due to allotment (March 2017) of one acre prime land at IP, Gachibowli to one mobile manufacturing company at the rate of ₹10.05 crore per acre as fixed (December 2016) by the I&C Department without due diligence, ignoring the prevailing basic market value of ₹14.52 crore per acre effective from April 2013. Audit observed that TSIIC further allotted 2.68 acres of prime land at IP, Gachibowli to three more mobile manufacturing companies at the same rate of ₹10.05 crore. Thus, TSIIC sustained further revenue loss of ₹12.00 crore due to the allotment of prime land below the prevailing market value. Audit also observed that three of the allottees were yet (December 2022) to establish their units despite a lapse of five years. However, TSIIC had neither levied the applicable penalty of ₹1.60 crore nor resumed their premises.

The Land Allotment Policy required TSIIC to assess the land required to be allotted to different industries on a scientific basis. The State Level Allotment Committee evaluated (October 2017) the requirement of land for the project at the Plastic Park, Mankhal (Expansion) for 23 acres. However, based on the Industries and Commerce Department's proposal and the TSIIC's instructions, the Zonal Office, Shamshabad allotted (October 2017) the land measuring 29.87 acres at concessional rate, resulting in undue benefit to the allottee to an extent of ₹8.93 crore for additional land of 6.87 acres.

The Allotment Regulations provided that in case TSIIC resumes the premises, the request for restoration of land shall not be entertained and the applicant shall have to apply for the

premises afresh requiring allotment of land at the rate prevailing on the date of such fresh application. Audit observed that TSIIC restored the land after a lapse of more than 20 years by collecting a paltry ₹1.51 crore against ₹54.91 crore chargeable as per the Allotment Regulations, resulting in undue benefit of ₹53.40 crore to the allottee.

For allotment of land in phases, Allotment Regulations prescribed allotment of the land required for the initial phase only and reservation of the balance land for a maximum period of five years from the date of allotment for the initial phase subject to levy and advance payment of process fee at the rate of five per cent of the prevailing land cost for each year of reservation. As requested by the allottee, TSIIC reserved 175 acres (out of the 550 acres allotted) at IP, Chandanvelly for a period of two and half years from February 2019 to August 2021 and raised (August 2021) a claim for only ₹2.40 crore, based on concessional rate instead of prevailing rate of ₹9.72 crore. TSIIC was yet to recover even its claim of ₹2.40 crore (December 2022).

Out of 11 infrastructure upgradation projects sanctioned by GoI between 2014 and 2022 under the Micro and Small Enterprises Cluster Development Program, only one project was completed after a delay of seven years and the progress of the remaining projects was slow.

Despite a lapse of nearly four decades, TSIIC could not establish the Common Effluent Treatment Plants for Pharma clusters in the IPs at Jadcherla and Pashamylaram.

Audit observed that out of the 1,642 units which were allotted 2,181 acres between 2014-15 to 2019-20, 1,417 units involving 1,587 acres were either under implementation or yet to commence implementation of the projects or the status of implementation was not known. Audit observed that the delay in the implementation by the allottees ranged from three years to 48 years resulting in the idling of a huge land bank of 6,905 acres. However, TSIIC did not take any concrete steps for the cancellation of allotments/ agreements of sale and re-allotting the vacant industrial plots to other needy entrepreneurs.

The Research and Development, Quality Assurance and Quality Control and Pilot Plant building constructed at a cost of ₹7.83 crore remained idle for more than a year. In case of delay/non-implementation of projects, TSIIC had not taken action to cancel the allotments/agreements of sale to resume the premises.

Service Societies involving the industrial units located in the Industrial Parks are elected to promote self-governance and transparency in the management and functioning of the Industrial Area Local Authorities (IALAs). The Service Society functioned through a Management Committee elected for a three-year term and was required to meet once every month. Audit observed that Service Societies were formed in respect of 23 IALAs only out of 138 IALAs. Of these, only 11 Service Societies were governed by Management Committees constituted through elections.

Audit observed that TSIIC diverted (September 2015 – November 2021) ₹500 crore of IALA's funds for land acquisition, IT infrastructure works, and other developmental works.

The State Government may:

- Take appropriate steps to speed up the acquisition of land for the Industrial Parks.
- Ensure completion of the process for alienation of Government lands (which is already in possession of TSIIC) in favour of TSIIC.
- Ensure that the Industries and Commerce Department and TSIIC strictly abide by the Cabinet Sub-Committee's decisions and the Allotment Regulations regarding the provision of concessional allotments and infrastructure facilities.
- Ensure early completion/upgradation of the infrastructure projects by TSIIC.
- Ensure the incorporation of suitable clauses by TSIIC in the sale deeds to provide for the resumption of premises in the event of non-implementation of the projects by the allottees. Additionally, the Government may ensure that TSIIC enforces these clauses effectively.
- Ensure that Service Societies are formed for all IALAs and these Societies are governed by Management Committees constituted through elections.

(Paragraph 4.1)

1.12.2 Non-recovery of Tax Deducted at Source (TDS) on terminal benefits

Telangana State Power Generation Corporation Limited, Transmission Corporation of Telangana Limited, Northern Power Distribution Company of Telangana Limited and Southern Power Distribution Company of Telangana Limited did not recover Tax Deducted at Source of ₹20.15 crore on the excess amount of gratuity and leave encashment, as per the provisions of the IT Act. This resulted in short remittance of Income Tax of ₹20.15 crore.

(Paragraph 4.2)

1.12.3 Avoidable payment of interest charges

The Transmission Corporation of Telangana Limited did not pay advance income tax as per the provisions of the Income Tax Act, 1961 due to incorrect/non-estimation of advance tax liability. This resulted in avoidable payment of interest charges of ₹9.67 crore for the assessment years 2019-20 to 2021-22.

(Paragraph 4.3)

1.12.4 Infructuous expenditure due to introduction of Buses without proper survey

As per the Manual on Operations of the Telangana State Road Transport Corporation (TSRTC), proposals for introduction of long distance services should be submitted with route and traffic survey. An essential part of traffic survey is assessment of the economics of the proposed operation. However, TSRTC procured (September 2016 and August 2017)

100 AC Mini buses (21-seaters) called “Vajra Buses” without analysing the operational viability. As the “Vajra Buses” continued to incur losses, TSRTC decided (December 2019) to stop its operations after two years and seven months of service. This resulted in wasteful expenditure of ₹22.04 crore, with additional interest loss of ₹3.99 crore on account of hypothecation of 59 buses to a Bank.

(Paragraph 4.4)

Chapter II

Performance Audit

Municipal Administration and Urban Development Department

2 Implementation of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) in the State of Telangana

2.1 Introduction

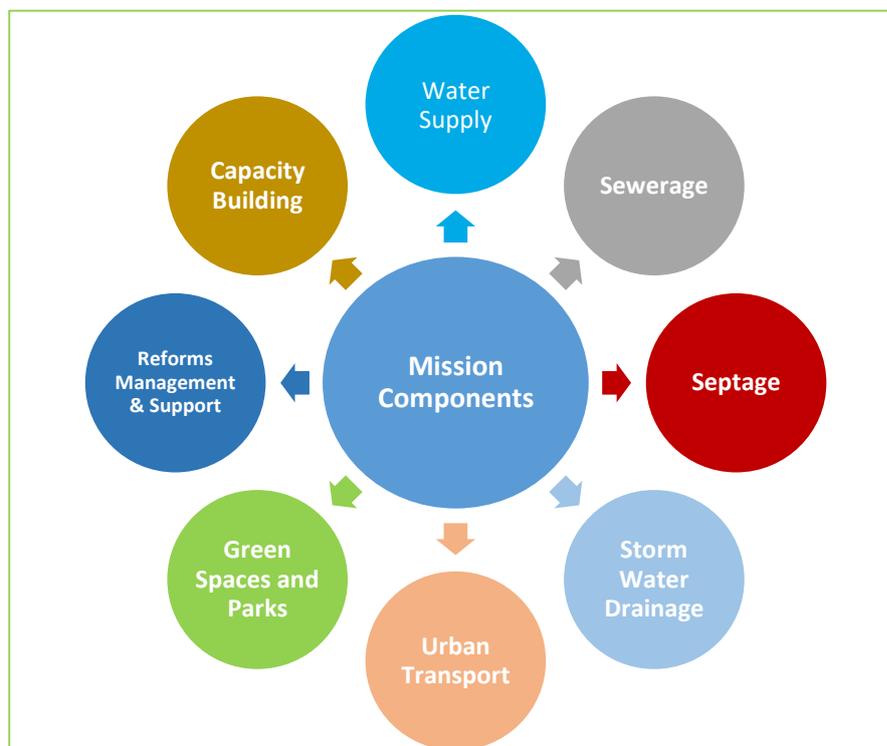
The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (the Mission) was launched by the Ministry of Urban Development (MoUD) Government of India (GoI) in June 2015 (referred to as Ministry of Housing and Urban Affairs (MoHUA) in July 2017¹), with a purpose to (i) ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorised transport (e.g. walking and cycling).

Mission Statement and Guidelines (the Mission Guidelines) were issued (June 2015) by MoHUA, GoI, for implementation of the Mission, for the period 2015-20.

2.1.1 Mission Components

The Mission components are mentioned in **Chart-2.1** below:

Chart-2.1: Mission Components



Source: Mission Statement and Guidelines issued by MoHUA, GoI

¹ Government of India, Cabinet Secretariat through the Gazette Notification No. SO2163 (E) 6 July 2017 had merged Ministry of Urban Development (MoUD) and Ministry of Housing & Urban Poverty Alleviation into one Ministry named as Ministry of Housing and Urban Affairs (MoHUA)

In the State of Telangana, the components of Water Supply, Sewerage and Green space and parks (Development of Parks) were undertaken under the Mission, the details of these components are as below:

(A) Water Supply

- i. Water supply systems including augmentation of existing water supply, water treatment plants and universal metering.
- ii. Rehabilitation of old water supply systems, including treatment plants.
- iii. Rejuvenation of water bodies specifically for drinking water supply and recharging of ground water.
- iv. Special water supply arrangement for difficult areas, hill and coastal cities, including those having water quality problems (*e.g.* arsenic, fluoride)

(B) Sewerage

- i. Decentralised, networked underground sewerage systems, including augmentation of existing sewerage systems and sewage treatment plants.
- ii. Rehabilitation of old sewerage system and treatment plants.
- iii. Recycling of water for beneficial purposes and reuse of wastewater.

(C) Green space and parks

Development of green space and parks with special provision for child-friendly components.

2.1.2 Coverage of the Mission in the State of Telangana

The coverage of Cities/Towns under the Mission were classified into five categories², which *inter alia* include all Cities and Towns with a population of over one lakh with notified Municipalities. Based on this categorisation, 12 Cities/Towns³ (Mission Cities/Towns) from the State of Telangana were approved by MoHUA, GoI during July-October 2015⁴ (as shown in **Chart-2.2**).

² (i) With a population of over one lakh with notified Municipalities, including Cantonment Boards (Civilian areas), (ii) All Capital Cities/Towns not covered in (i), (iii) Heritage Cities classified by MoHUA under the National Heritage City Development and Augmentation Yojana (HRIDAY) Scheme, (iv) thirteen Cities and Towns on the stem of the main rivers with a population above 75,000 and less than one lakh and (v) ten Cities from hill states, islands and tourist destinations (not more than one from each State)

³ Adilabad, Hyderabad (Greater Hyderabad Municipal Corporation-GHMC), Karimnagar, Khammam, Mahabubnagar, Miryalaguda, Nalgonda, Nizamabad, Ramagundam, Siddipet, Suryapet and Warangal (Greater Warangal Municipal Corporation-GWMC)

⁴ In Office Memorandum dated 31 July 2015 of MoUD, GoI, 11 Mission Cities/Towns were approved and subsequently one more town *i.e.*, Siddipet was approved in the Letter dated 12 October 2015 of MoUD, GoI

Chart-2.2: Mission Cities/Towns approved by MoHUA, GOI for coverage under the Mission in the State of Telangana

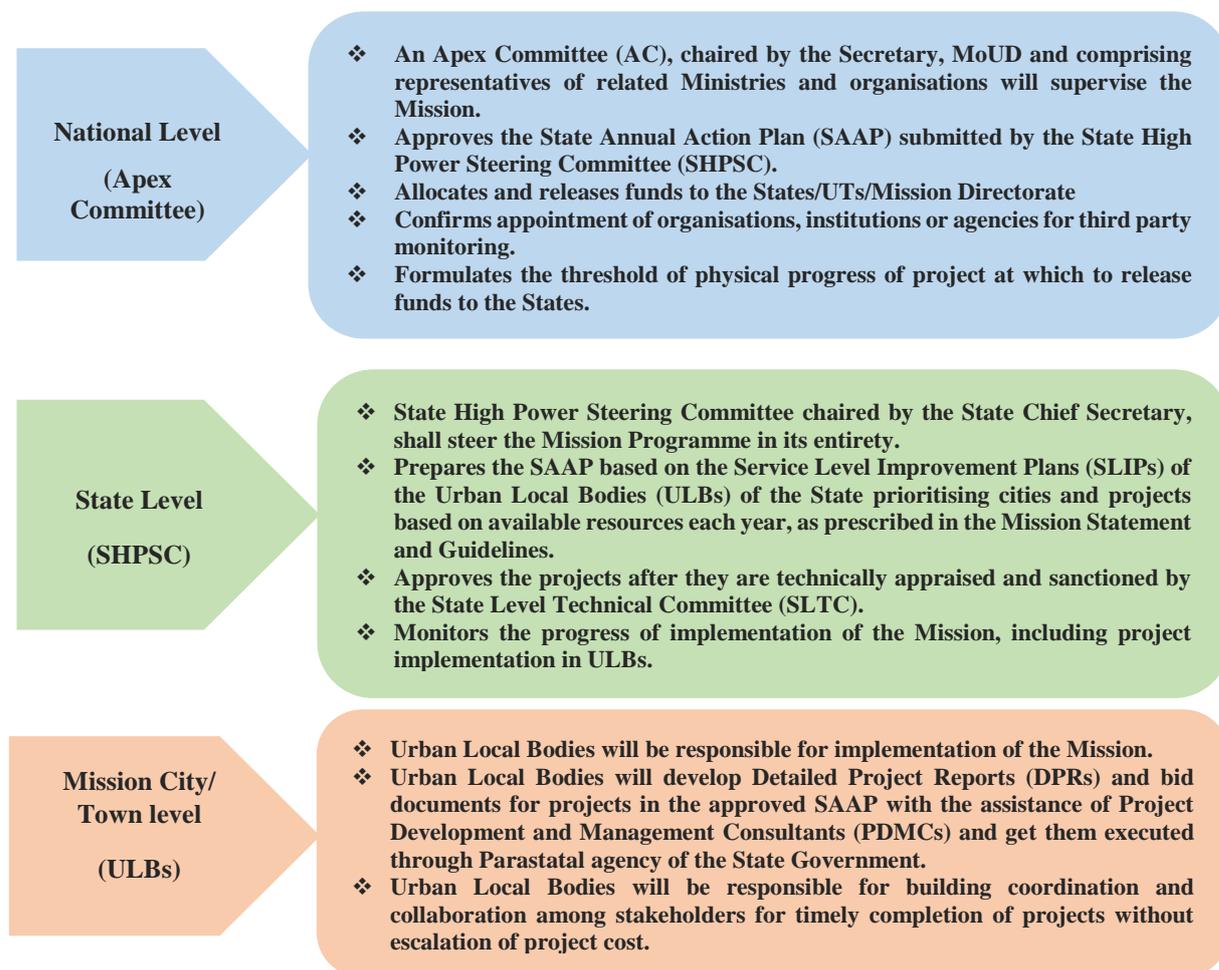


Source: State Annual Action Plan (SAAP) 2017-20 of the State Mission Directorate, Telangana

2.2 Organisational Set-up

The organisational structure for the Mission at various levels are given in **Chart-2.3**.

Chart-2.3: Mission Management structure



Source: Mission Statement and Guidelines issued by MoUD, GoI

2.2.1 Mission Management in the State of Telangana

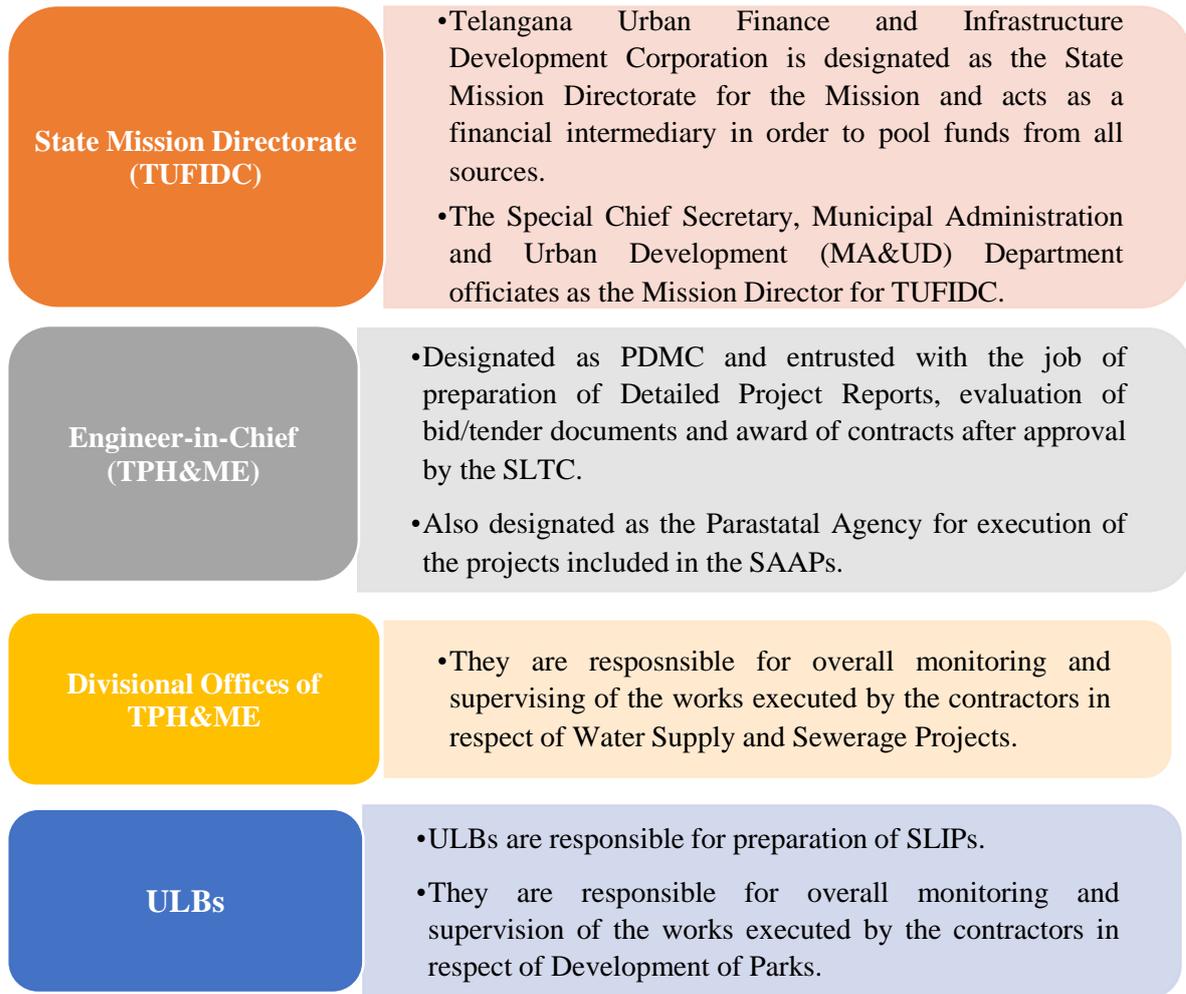
In the State of Telangana, the Managing Director, Telangana Urban Finance and Infrastructure Development Corporation (TUFIDC) is responsible for management of the Mission at the State Level, who is designated as the State Mission Director for the Mission.

The Office of the Engineer-in-Chief (ENC) of Telangana Public Health and Municipal Engineering (TPH&ME) is designated as the Parastatal Agency for execution of the projects included in the SAAPs.

The Divisional offices of TPH&ME in the Mission Cities/Towns are the monitoring and supervising agencies for the works executed by the contractors; except for Park works, which are entrusted to the ULBs concerned.

The Mission management in the State for execution of the works is given in **Chart-2.4**.

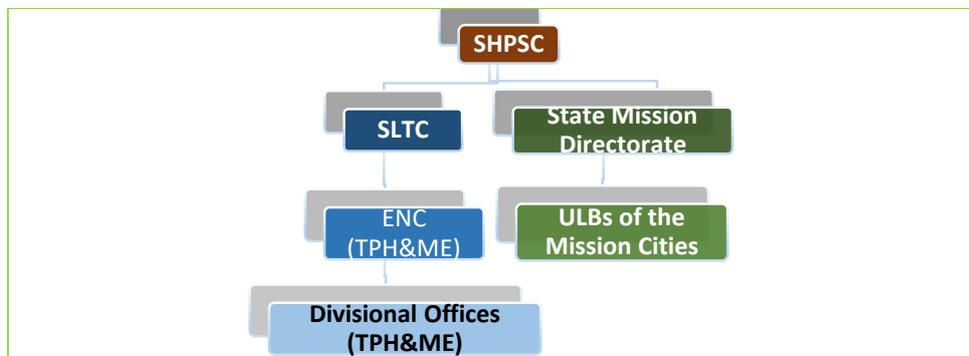
Chart-2.4: Mission Management in the State of Telangana



Source: Mission Statement and Guidelines issued by MoUD, GoI and the State Government Orders

The State Government constituted⁵ SHPSC and SLTC under the Mission Guidelines. The Organisational structure for implementation of the Mission in the State of Telangana is given in **Chart-2.5**.

Chart-2.5: Organisational structure for Mission implementation in the State of Telangana



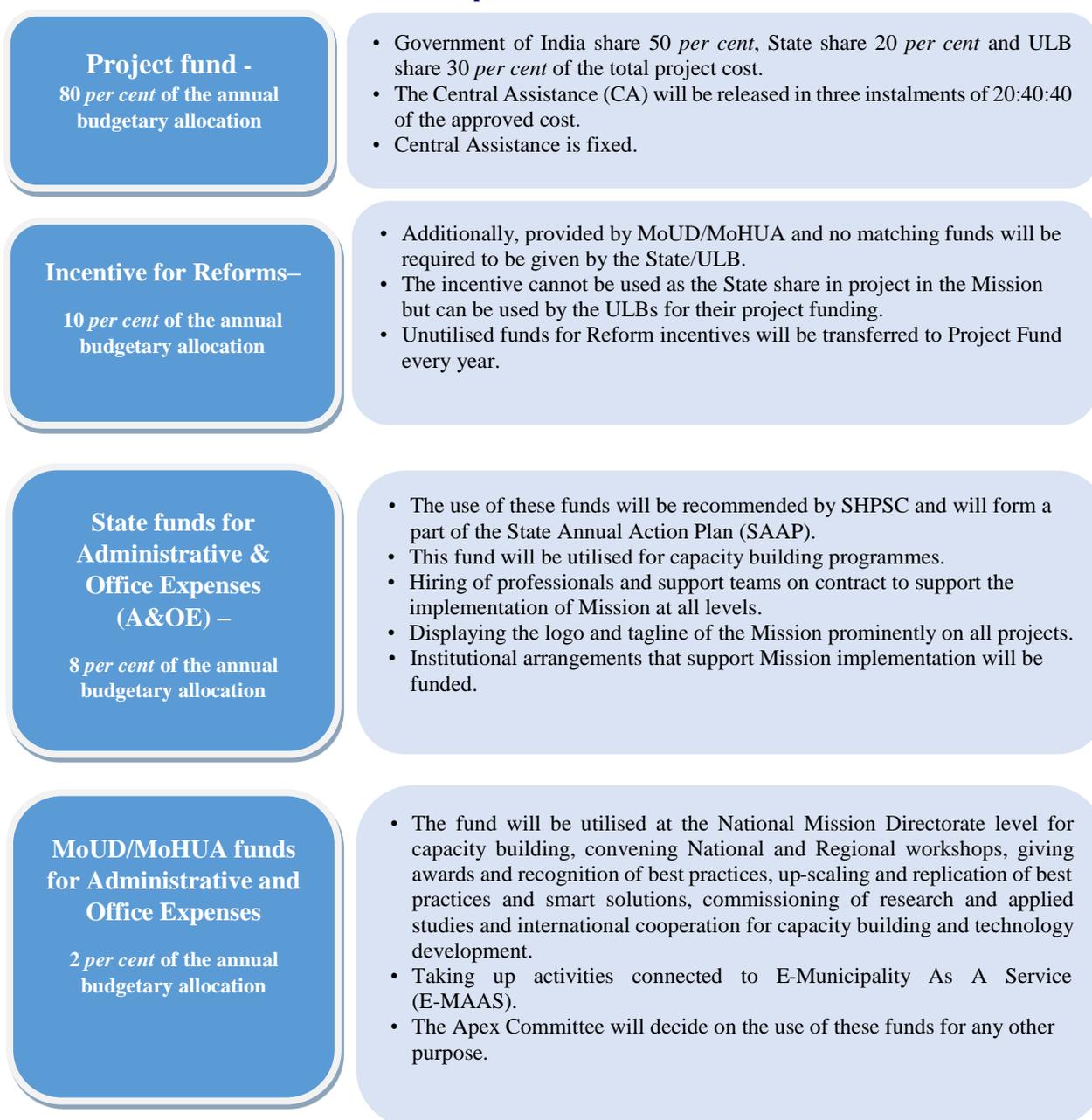
Source: The Mission Guidelines and the State Government Orders

⁵ **SHPSC:** G.O. Ms.No.278 dated 17 July 2015 of MA&UD (UBS) Department and **SLTC:** G.O.Ms.No.288 dated 29 July 2015 of MA&UD (UBS) Department

2.3 Funding pattern

The Mission funds consist of four components as detailed in **Chart-2.6**.

Chart-2.6: Components of Mission funds



Source: Mission Statement and Guidelines issued by MoUD, GoI

In the State of Telangana, during the Mission period 2015-20, MoUD/MoHUA, GoI based on the State Annual Action Plans (SAAPs) had approved 66 projects worth ₹1,666.26 crore (Water Supply: ₹1,441.61 crore-27 projects, Sewerage: ₹184.34 crore-4 projects and Parks: ₹40.31 crore-35 projects), as detailed in **Appendix-2.1** (Package-wise) and **Appendix-2.2**.

The details of funds released by MoHUA, GoI to the Mission Directorate, Telangana during 2015-20 and its utilisation as on 31 March 2022 is given in **Table 2.1**.

Table-2.1: SAAP wise release of funds and its utilisation as on 31 March 2022

SAAP wise	Releases				Utilisation (Percentage against releases)			
	GoI	State	ULBs	Total	GoI	State	ULBs	Total
SAAP I	203.97	81.60	122.55	408.12	200.68 (98%)	80.27 (98%)	114.27 (93%)	395.22 (97%)
SAAP II	276.85	110.75	160.03	547.63	267.81 (97%)	108.20 (98%)	159.04 (99%)	535.05 (98%)
SAAP III	350.71	140.29	164.60	655.60	281.35 (80%)	112.75 (80%)	217.39 (132%)	611.49 (93%)
Total	831.53	332.64	447.18	1,611.35	749.84 (90%)	301.22 (91%)	490.70 (110%)	1,541.76 (96%)

Source: Information furnished by Telangana Urban Finance and Infrastructure Development Corporation (TUFIDC), State Mission Directorate, Telangana

2.4 Audit Framework

2.4.1 Audit Objectives

This Performance Audit was conducted to assess whether:

- Service Level Improvement Plans (SLIP) were prepared properly to bridge the service level gaps (Planning).
- Funds were utilised in an efficient manner for timely completion of the projects (Fund management).
- Projects were executed in an efficient and transparent manner to ensure universal coverage (Contract Management).
- Monitoring and quality control mechanism was adequate and effective (Monitoring and Quality controls).

2.4.2 Audit Criteria

Audit findings were benchmarked against criteria sourced from the following:

- Orders issued by the Government of Telangana for implementation of the Mission
- Mission Statement and Guidelines
- Data for preparation of SLIPs by the ULBs
- State Annual Action Plans submitted by Government of Telangana to MoUD/MoHUA, GoI for approval
- Minutes of meetings of SHPSC and SLTC
- Detailed Project Reports (DPRs) along with supporting data/ estimates of each project

2.4.3 Audit Scope and Methodology

The Performance Audit was conducted between August 2022 and March 2023 covering the Mission period from 2015-16 to 2019-20⁶ to assess whether the Mission objectives were achieved in an efficient, effective and economical manner. The audit methodology involved scrutiny of documents at the offices of the State Mission Directorate, ENC (TPH&ME), Divisional offices of TPH&ME of the selected Mission Cities/Towns, issue of audit

⁶ The records relating to the implementation of the Mission during the spill over years were also examined for the projects approved during the period 2015-16 to 2019-20

enquiries and obtaining responses. A Joint Physical Verification (JPV) of Water Supply projects, Sewerage works and Development of Park works executed in the selected Mission Cities/Towns was conducted along with the officials of the TPH&ME Department and ULBs concerned (for parks related works). An Entry Conference was held on 24 August 2022 with Secretary to Government, MA&UD, ENC (PH), Project Manager (TUFIDC) in which the Audit Framework was discussed.

The Draft Report containing Audit findings was forwarded to the State Government in August 2023. The Audit findings were discussed with the Secretary to Government, MA&UD Department in the Exit Conference conducted on 15 September 2023. Replies of the Government to the extent received were suitably incorporated.

2.4.4 Audit Sample

In the State of Telangana, from the prescribed components under the Mission (*Chart-2.1 refers*), the components of Water Supply, Sewerage and Development of Parks were taken up for implementation under the Mission during the period 2015-20. Out of the 12 Mission Cities/Towns approved under the Mission by MoHUA, GoI, the State undertook Water Supply projects in 10 Cities/Towns, Sewerage works in two Cities/Towns and Development of Parks in all the 12 Cities/Towns (*Appendix-2.2 refers*).

The State Mission Directorate for administrative convenience and to attract financially and technically competent contractors segregated the Water Supply projects into three packages as given in **Table-2.2**.

Table-2.2: Segregation of Water Supply projects package-wise

(₹ in crore)					
Package	Mission Cities/Towns Included	GoI approved cost	Total contract value	Selection of Mission Cities/Towns based on high GoI approved cost (refer Appendix-2.1)	GoI approved cost in the selected Cities/Towns
Package-I (4 Cities/ Towns)	Adilabad, Karimnagar, Khammam and Ramagundam	476.71	418.67	Karimnagar and Ramagundam (2 Cities)	189.72
Package-II (5 Cities/ Towns)	Nalgonda, Suryapet, Miryalaguda, Mahabubnagar and Nizamabad	421.64	378.19	Nalgonda and Nizamabad (2 Cities/Towns)	198.22
Package-III (1 City)	Warangal	543.26	489.13	Warangal (1 City)	543.26
Total			1,285.99		931.20

Source: Information furnished by the State Mission Directorate

Note: Khammam in Package-I and Mahabubnagar in Package-II under Water Supply components were covered during Pilot Study and hence not considered in sampling

Sample selection of Mission Cities for test-check in audit was done in the following manner:

Mission Cities/Towns for Water Supply projects: In Package-I and II for Water Supply projects, four Mission Cities/Towns, two in each package were selected with the criteria of high GoI approved cost of projects. In Package-III, the only Mission City of Warangal was selected.

A total of five Mission Cities/Towns were selected for test-check of Water Supply projects in Audit as indicated in **Table-2.2**.

Mission Cities/Towns for Sewerage works: Sewerage works were undertaken in two Mission Cities/Towns of Siddipet and Nizamabad. Out of these two, Siddipet was selected with the criteria of high GoI approved cost for Sewerage project works.

Thus, a total of six Mission Cities/Towns were selected for test-check covering Water Supply (5 Cities/Towns⁷) and Sewerage works (one Town) as above.

Mission Cities/Towns for Development of Park works: Development of Park works was undertaken in all the twelve Mission Cities/Towns.

Development of Park works with a total GoI approved cost of ₹21.15 crore undertaken in the above selected six Mission Cities/Towns⁸ were considered for examination in Audit.

2.4.5 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the MA&UD Department, State Mission Directorate, ENC (TPH&ME), the Divisional offices of TPH&ME concerned, ULBs of the selected Mission Cities/Towns and their officials during the conduct of the audit.

Audit Findings

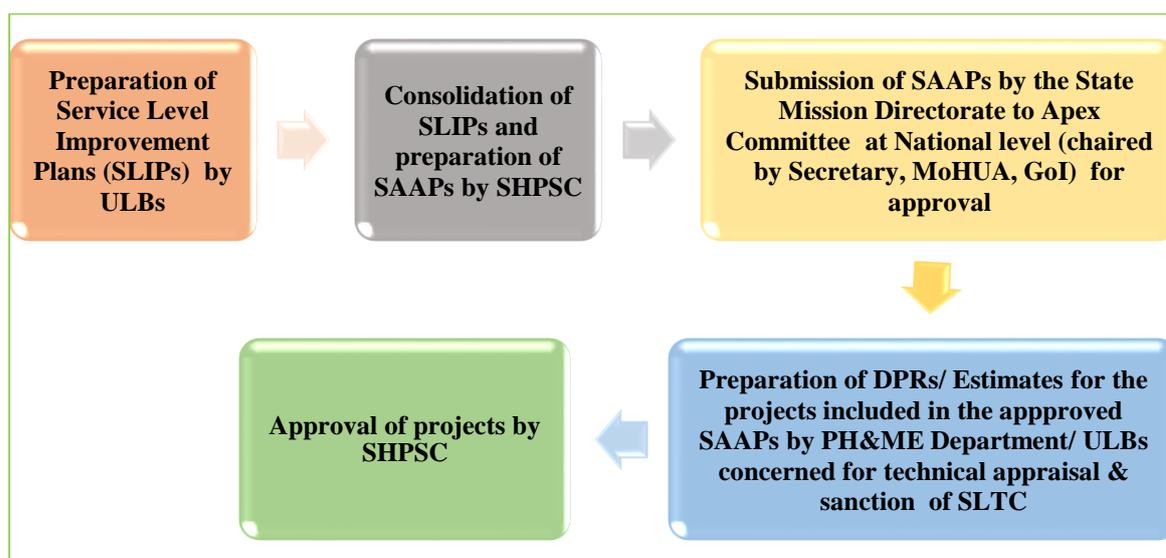
2.5 Planning

The Planning process mainly includes the preparation of SLIPs, SAAPs and DPRs for the execution of the approved projects. Universal coverage of Water Supply and Sewerage is the National Priority under the Mission. Thus, to achieve the Mission objective that every household has access to a tap connection with an assured supply of water and a Sewerage connection, the State of Telangana had given first priority to Water Supply followed by Sewerage. Indicators and Standards to be achieved have been prescribed by the MoHUA, GoI in the form of Service Level Benchmarks (SLBs). To achieve this, Planning plays an important role. The stages involved in the Planning process are given in **Chart-2.7**.

⁷ Karimnagar, Nalgonda, Nizamabad, Ramagundam and Warangal

⁸ Karimnagar, Nalgonda, Nizamabad, Ramagundam, Siddipet and Warangal

Chart-2.7: Planning process



Source: Compiled from the Mission Statement and Guidelines issued by MoHUA, GoI

2.5.1 Preparation of Service Level Improvement Plans

Para 6 of Mission Guidelines stipulates that to have universal coverage of Water Supply and Sewerage connections, SLIPs should be prepared by each ULB by assessing the service level gaps. Further, the existing Water Supply coverage and Sewerage connections would be taken from Census (2011) or the baseline survey done by the MoUD/MoHUA⁹ and no new baseline survey is envisaged and the State/ULB should accept/endorse the earlier baseline.

The zone-wise gaps assessed by the ULBs are to be added to arrive at the service level gaps in Water Supply coverage and Sewerage connections. Once the gaps between the existing number of households having Water Supply coverage and Sewerage/Septage connections against the total number of households is computed, plans are to be prepared by the ULBs to bridge the gaps by using one or more of the components. All households in a zone will be covered and this exercise should be done separately for Water Supply coverage and Sewerage connections.

Audit observed during scrutiny of SLIP documents in the test checked Mission Cities/Towns that ULBs had not adopted service levels based on the baseline survey done by the MoHUA stating that the baseline survey data of MoHUA were not available or that they were not aware of the baseline survey.

Water Supply Projects were completed in four test checked Mission Cities/Towns and in Warangal Mission City works were under progress. Audit compared the service levels for Water Supply as per the baseline survey of MoHUA and the corresponding levels mentioned in the SLIP documents of the test checked Mission Cities/Towns as per the broad line estimate prepared by the ULBs and found variations in the gaps assessed as indicated in **Table-2.3**.

⁹ Service Levels in Urban Water and Sanitation Sector (2012), Status Report (2010-11), MoHUA,GoI

Table-2.3: Statement showing comparison of service levels for Water Supply as per the baseline survey of MoHUA and the corresponding levels mentioned in the SLIP documents of the test checked Mission Cities/Towns

(Figures in percentage)

Name of Mission City/Town	Target Service Level Benchmarks prescribed by MoHUA	Service Levels adopted by ULBs during preparation of SLIPs 2017-20	Service Level Status Report (2010-11) of MoHUA baseline survey	Service Level gaps assessed by ULB during preparation of SLIPs (Difference of Col.2 and 3)	Service Level gaps with reference to MoHUA baseline Survey (Difference of Col.2 and 4)	Variation in assessment of gaps (short assessment (+)/ excess assessment (-) (Difference of Col.6 and 5)	SLB achievement declarations furnished to Audit by the five Mission City/ Town ULBs
I	2	3	4	5	6	7	8
1. Coverage of Water Supply connections (in percentage)							
Karimnagar	100	78	56	22	44	22	66
Nalgonda	100	53	76	47	24	(-)23	93
Nizamabad	100	46	28	54	72	18	43
Ramagundam	100	38	23	62	77	15	88
Warangal	100	65	44	35	56	21	97
2. Per capita supply of water (in Litres Per Capita Per Day (LPCD))							
Karimnagar	135	109	86	26	49	23	130
Nalgonda	135	103	95	32	40	8	135
Nizamabad	135	150	77	15	58	73	135
Ramagundam	135	70	38	65	97	32	150
Warangal	135	100	82	35	53	18	150
3. Extent of metering of water connections (in percentage)							
Karimnagar	100	0	0	100	100	0	0
Nalgonda	100	0	0	100	100	0	23
Nizamabad	100	0	0	100	100	0	0
Ramagundam	100	0	0	100	100	0	0
Warangal	100	4	0	96	100	4	Not furnished
4. Extent of Non-Revenue Water (NRW) (in percentage)							
Karimnagar	20	30	27	10	7	(-)3	29
Nalgonda	20	47	30	27	10	(-)17	18
Nizamabad	20	47	25	27	5	(-)22	29
Ramagundam	20	49	49	29	29	0	29
Warangal	20	40	26	20	6	(-)14	Not furnished

Source: Service Levels in Urban Water and Sanitation Sector (2012), Status Report (2010-11), MoUD/MoHUA, GoI and SLIP documents on Water Supply of the Mission Cities/Towns furnished by the State Mission Directorate

It is observed from the **Table-2.3** that:

- a. The service level gaps on coverage of Water Supply connections were under assessed in SLIPs when compared to the gaps with reference to MoUD/MoHUA baseline survey and the variations between these two gaps were ranging from 15 to 22 per cent in four out of five Mission Cities/Towns. This indicated that service levels existing at the time of preparation of SLIPs were shown more when compared to MoHUA baseline survey, leading to under assessment of service level gaps. This had resulted in planning for less number of Water Supply connections.

The State Mission Directorate replied (March 2023) that the SLIPs were prepared based on broad line estimate. The State Government, however replied (September 2023) that SLIPs were prepared with gaps assessment based on Census of India 2011 data.

Documentary evidence for the basis for adoption of service level data for preparation of SLIPs was not furnished to Audit. Hence, the correctness or otherwise of the service level gaps assessed for preparation of SLIPs could not be verified in audit.

- b. In Karimnagar and Nizamabad Mission Cities against service level in coverage of House Service Connections (HSCs) of 78 and 46 *per cent* respectively projected in the SLIP documents, the SLB achievements at the end of Mission period was 66 and 43 *per cent* respectively, indicating reduction in service levels. This evidently shows that the service levels were projected incorrectly.
- c. The service level gaps for Water Supply in litres per capita per day (LPCD) were under assessed in all the five Mission Cities/Towns ranging from 8 to 73 LPCD as the existing service level with regard to Water Supply in all the five Mission Cities/Towns were shown more than corresponding MoHUA service levels as per baseline survey. In Nizamabad Mission City though Water Supply service level was taken as 150 LPCD at the time of preparation of SLIP document, actual SLB achievement at the end of Mission period was 135 LPCD, this indicated incorrect projection of service level in the SLIP document.
- d. The service level gaps for extent of NRW was assessed more than required in four out of five Mission Cities/Towns.

The State Government accepted (September 2023) the Audit observation and stated that the Non-Revenue Water (NRW) would be reduced by providing meters.

The State Government replied (September 2023) that the local public in Nalgonda and Nizamabad objected for installation of meters even though the contractors were willing to do the work. Further, it was stated that the ULBs would be providing meters to the HSCs in due course of time under various funds.

The Audit observations above indicated inadequacies in gaps assessment, assessment of gaps not done scientifically by the ULBs and projection of service levels in the SLIP documents for the Mission Cities/Towns not backed by documented estimates or authenticated data. Further, documentary evidence for the SLB declarations made by the ULBs of the test checked Mission Cities/Towns was not made available to Audit.

2.5.2 Engagement of Project Development and Management Consultant

Para 8.3 of the Mission Guidelines stipulates that to overcome constraints in implementation *viz.*, design, process of tendering, cost escalation due to delays in calling and settling tenders and difference in approved cost and cost shown in the DPRs, the States/ULBs should follow an approach in which end-to-end support for project design, development, implementation and management is provided to ULBs/States by external entities. Specifically, the assistance would be given for preparation of the SLIP, SAAP, DPR, *etc.* For this, the State Government would engage the Project Development and

Management Consultant (PDMC) for providing end-to-end support with the Model Scope of Work for PDMC enlisted in Annexure-8 under Para 8.3 of the Mission Guidelines.

The State Mission Directorate issued Expression of Interest and Request for Proposal in March 2016 inviting consultants to participate in the Bid for selection of PDMC. After scrutiny of bids and Technical & Financial Evaluation, the Mission Directorate proposed (October 2016) M/s WAPCOS Limited, Haryana as PDMC to the State Government. State Government, however rejected (January 2017) the proposal.

Subsequently, the Mission Directorate informed (October 2017) the State Government that ENC (TPH&ME) and ULBs had prepared DPRs and tender documents for the projects included in SAAPs. The Mission Directorate requested the State Government to designate office of the ENC (TPH&ME) as PDMC for the Mission. In response, the State Government designated¹⁰ office of the ENC (TPH&ME) as PDMC for the Mission.

Audit could not assess the tasks done by ENC (TPH&ME) as PDMC with reference to the Model Scope of Work for PDMC enlisted in the Annexure-8 appended to Para 8.3 of the Mission Guidelines, in the absence of documentary evidence, as detailed in **Appendix-2.3**.

2.5.3 Non-execution of Tripartite Memorandum of Understanding

Para 8.1 of the Mission Guidelines stipulate that in case the ULBs do not have adequate capacity to handle projects, the State Government may recommend in SAAP, upon a Resolution passed by the ULBs, for the execution of the projects by specialised Parastatal agencies of the State or Central Governments. Such arrangements should necessarily be executed by way of a Tripartite Memorandum of Understanding (MoU) amongst the State Government, the specialised Parastatal agencies and the ULB concerned.

The State High Power Steering Committee in its first meeting (October 2015) had decided that the projects under the Mission should be executed by PH&ME Divisions upon passing a Council resolution by ULBs to that effect. The Urban Local Bodies of the Mission Cities/Towns passed resolution to that effect and the Mission projects were undertaken by ENC (TPH&ME) as a Parastatal agency. The Memorandum of Understanding was however not entered into as contemplated in the Mission Guidelines.

Audit observed that the HSC data were not updated online.

For instance, Ramagundam Mission City could not furnish complete information regarding new HSCs given under the Mission and there was mismatch of household numbers given by PH&ME Division (*Para 2.7.1.4 refers*). Further, no time frame was fixed for handing over of the project assets by ENC (TPH&ME) to the ULBs on account of which project assets were not handed over to the ULBs completely (*Para 2.7.1.4 refers*). These indicated lack of coordination between ENC (TPH&ME) and the ULBs in the absence of Tripartite MoU.

The State Government replied (September 2023) that Tripartite MoU was redundant, as the orders issued by it for award and execution of Water Supply and Sewerage projects by ENC (TPH&ME) served the purpose of MoU.

¹⁰ G.O. Rt.No.620 dated 7 October 2017 of MA&UD (UBS) Department

The reply was not in consonance with the fact that the office of the ENC (TPH&ME) executed the Water Supply and Sewerage projects on behalf of ULBs in the capacity as designated Parastatal Agency, which necessitates execution of Tripartite MoU as per the Mission Guidelines. In the absence of Tripartite MoU, the roles, responsibilities and accountability of the three entities viz., State Mission Directorate, ULBs and ENC (TPH&ME) involved in the implementation of the Mission were not defined, resulting in lack of coordination between ENC (TPH&ME) and the ULBs, as discussed in *Paragraph 2.7.1*.

2.5.4 Improper preparation of Detailed Project Reports

State Annual Action Plans approved by MoHUA, GoI contain details of projects proposed by the SHPSC. The ULBs concerned in consultation with ENC (TPH&ME) prepared DPRs Mission City/Town-wise for the approved projects. The Bid documents are prepared based on these DPRs.

Audit observed that when compared to the capacity and staging (height) proposed in DPRs there were changes in the capacities and staging of reservoirs executed, as detailed in **Table-2.4** below:

Table-2.4: Statement showing Mission City/Town-wise difference between capacities of reservoirs proposed in DPRs and as per execution of works

Mission City/Town	Description of the item	Capacity proposed	Actually executed
Karimnagar	Master Balancing Reservoir (MBR) in Sathavahana University Premises	3,000 kl with 15m staging	3,000 kl Elevated Service Level Reservoir (ELSR) with staging of 18m
	ELSR at Housing Board Colony	2,200 kl with 15m staging	2,200 kl with 20m staging
Nalgonda	RCC Ground Level Balancing Reservoir (GLBR) at LS Gutta	500 kl	500 kl Elevated Balancing Reservoir (ELBR) with 25m staging
Nizamabad	Overhead Balancing Reservoir (OHBR) at Raw water sump-cum-pump house at Boat Club of Alisagar	900 kl with 15m staging	400 kl with 23m staging
	ELSR at Nizam Colony	1,600 kl with 12m staging	1,200 kl with 15m staging
Ramagundam	ELSR at Vittalnagar	1,000 kl with 15m staging	1,000 kl with 20m staging
Warangal	Ground Level Service Reservoirs (GLSRs) at Kodipikonda (Bodagutta)	800 kl GLSR	800 kl ELSR with 15m staging
	GLSR at Gopalpur	800 kl	Item deleted
	GLSR at Dharmaram	450 kl	100 kl
	ELSR at Hasanparthy	1,300 kl with 15m staging (Split)	600 kl with 15 m staging at Hasanparthy and 700 kl with 15m staging at Yerragattu Gutta
	ELSR at Central Jail/ Kakatiya Medical College	1,200 kl with 15m staging	1,200 kl with 17m staging
	ELSR at Komatipally	1,200 kl with 15m staging	1,200 kl with 21.5m staging
	ELSR at Dargah	1,250 kl with 15m staging	1,250 kl with 18m staging

Source: Information furnished by ENC (TPH&ME)

The State Government accepted the Audit observations and attributed (September 2023) changes in designs, staging and capacities of Elevated Service Level Reservoirs (ELSRs)

to increase in command area and extension of colonies/ approval of new layouts, non-suitability of soil at the proposed site, protests from local residents, Waqf Board and farmers, insufficient site (in terms of area), land disputes after starting work at site and objections from other departments like Railways.

The reply confirms the fact that initial designs prepared based on survey/detailed investigations were without considering the actual field requirements and availability of required site/land was not ensured (*Para 2.5.5, Table-2.5 refers*) while preparing the DPRs.

2.5.5 Non-confirmation of availability of land

Para 6.10 of the Mission Guidelines stipulates that no projects should be included in SAAP which do not have available land and no project work order should be issued if clearances from all the Departments have not been received. The Apex Committee in its third meeting (November 2015) had also emphasised that no project shall be approved in SLTC without availability of land. In response to the observations of Apex Committee on the SAAP for the year 2016-17 regarding availability of land and other clearances, the State Government had submitted compliance while forwarding (March 2017) SAAP 2017-20 document to MoHUA, GoI, stating that the conditionality regarding availability of land and clearances from other Departments was strictly adhered to.

Audit observed from the SLIP documents on Water Supply projects prepared by the ULBs for the five Mission Cities/Towns¹¹ that availability of land was confirmed. Instances of non-availability of land, however, were observed in two Mission Cities-Nizamabad and Warangal as detailed in **Table-2.5** below:

Table-2.5: Statement showing instances of non-availability of land for execution of Water Supply projects in the Mission Cities/Towns

Mission City/Town	Instances of non-availability of land
Nizamabad	<ul style="list-style-type: none"> a. There were delays in construction of ELSR at Mahalakshmi Nagar on the proposed site due to a court case filed by a resident in October 2017 and was later ruled in favour of the PH&ME Division in March 2019. b. The land/site for construction of OHBR initially proposed at Alisagar was near a boating point. Due to protests from the farmers who were dependent on the tank water, the land/site was shifted to nearby Water Treatment Plant (WTP) premises instead of boating point area. c. There were delayed permissions from the departments concerned (Rail, Road and Irrigation). d. A 1,600 kl ELSR with 12m staging spherical type proposed at Nizam Colony was reduced to 1,200 kl with 15m staging rectangular type as the available width of the site was not found sufficient and not feasible to execute the proposed capacity of ELSR.
Warangal	<ul style="list-style-type: none"> a. There were delays in construction of ELSRs at Komatipally, Kakatiya Medical College and Yadavanagar due to land site disputes, court cases, non-availability of alternate land sites in the Corporation limits and pending permissions from other departments. b. 1,300 kl ELSR proposed at Zilla Parishad School, Vangapahad in Hasanparthy Mandal was split into 600 kl ELSR at Vangapahad and 700 kl ELSR at Yerragattugutta due to non-availability of required size of land at Vangapahad.

Source: Correspondence documents and replies furnished by the PH&ME Divisions of the Mission Cities

¹¹ Karimnagar, Nalgonda, Nizamabad, Ramagundam and Warangal

The Public Health and Municipal Engineering Divisions of the above two Mission Cities accepted (October 2022 and January 2023) that there were delays in execution of works and changes in capacity of ELSRs due to non-availability of required land and pending permissions from the Departments concerned. State Government, however, replied (September 2023) that during execution of works capacities and staging of ELSRs were changed due to extension of colonies, approval of new layouts and to maintain minimum residual pressure as per hydraulic designs.

The reply of the State Government was not convincing as the instances pointed out by Audit in **Table-2.5** clearly indicated that changes in capacities and staging of ELSRs was due to non-availability of required land.

Audit observed that there were delays in handing over of land for construction of ELSRs and Ground Level Service Reservoirs (GLSRs) in the five test checked Mission cities as detailed in **Table-2.6**.

Table-2.6: Delays in handing over of land for construction of reservoirs

Mission City/Town	No. of reservoirs	Date of agreement	Month of handing over of land for construction of reservoirs	Delay in handing over of land (in months from the date of agreement)
Karimnagar	1	6 May 2017	May 2018	12
Ramagundam	2	6 May 2017	September 2017	4
Nizamabad	10	22 May 2017	September 2017 to May 2018	4 to 12
Nalgonda	10	22 May 2017	July 2017 to July 2019	2 to 26
Warangal	33*	06 May 2017	July 2017 to April 2022	2 to 59

Source: Information furnished by the PH&ME Divisions of the test checked Mission Cities/Towns

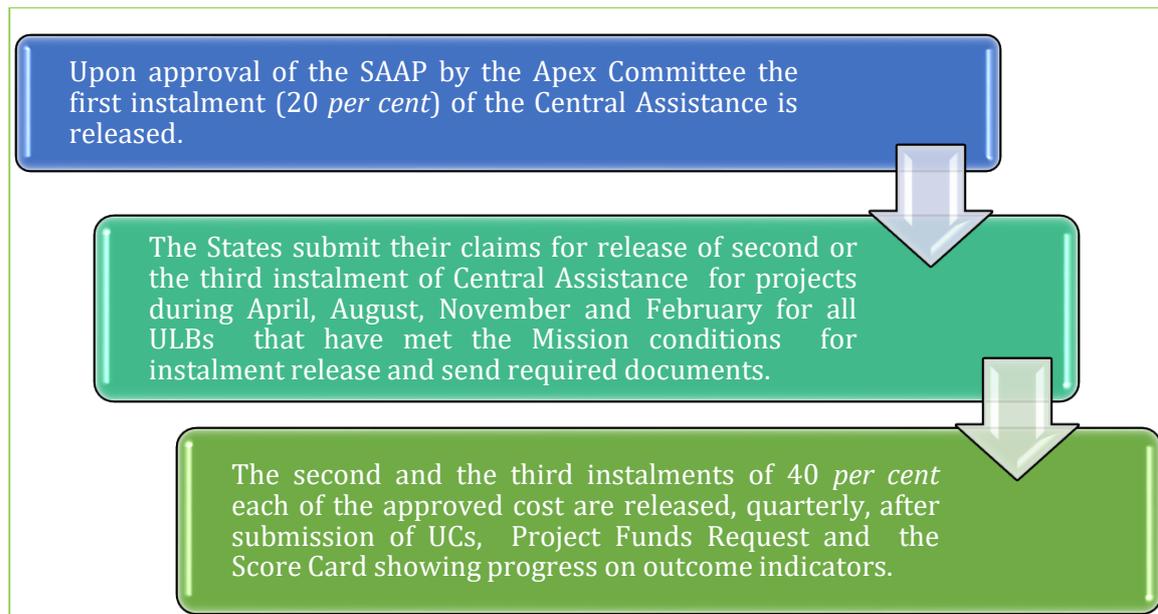
*One ELSR at Yadavanagar for which site was handed over in April 2022 was not yet completed

Further, for Development of Parks, the Mission Cities/Towns stated against conditionalities in the SLIPs documents that there was availability of land belonging to ULBs. Audit, however, observed cases of non-availability of land (*Para 2.7.3, Table-2.17 refers*), which resulted in non-completion of 4 out of 40 parks proposed in the SAAPs in the test checked Mission Cities/Towns.

The above instances mentioned in **Table-2.5** and **Table-2.6** indicated that the conditionality regarding the availability of land and clearances from other Departments concerned was not strictly adhered to by the State Mission Directorate and projects were included in SAAP without ensuring the availability of land.

2.6 Financial Management

The funds for implementation of the Mission were to be released by MoHUA, GoI to the State Government in three instalments of 20:40:40 (*Para 2.3, Chart-2.6 refers*). These funds were to be kept in a separate bank account by the implementing agency, *i.e.*, the State Mission Directorate (TUFIDC). The steps in the release of funds are given in **Chart-2.8**.

Chart-2.8: Release of funds under the Mission

Source: Para 9.6 of the Mission Statement and Guidelines issued by MoHUA, GoI

The first instalment of the Mission funds were to be released immediately after approval of the SAAP by the Apex Committee. The second and third instalment were to be released on receipt of (i) Score Card, (ii) Utilisation Certificates, and (iii) Project Funds Request from the implementing agency, *i.e.*, the State Mission Directorate (TUFIDC). The Mission funds would be released through the State Government. The funds for the Mission were to be shared by the GoI (the Central share), the State Government (the State share) and the ULBs concerned in the ratio of 50:20:30.

2.6.1 Operation of Bank Accounts for Mission Funds

Para 9.1 of the Mission Guidelines stipulates that the Mission funds should be kept in a separate bank account by the implementing agency. The State Mission Directorate had opened a State Mission Directorate (SMD) Bank Account¹² for operating the Mission funds.

The first instalment of ₹57.19 crore (including State share) was initially adjusted by the State Government into the Personal Deposit (PD) Account No.45 in February 2017 (*Table-2.7 refers*) maintained by the TUFIDC for receipt of funds from the State Government for implementing Central/State Schemes¹³ and releases controlled by the State Finance Department. This amount of ₹57.19 crore was subsequently transferred in July 2017 from PD Account into SMD Bank Account after a lapse of six months.

Subsequent Mission funds¹⁴ of ₹1,106.98 crore (*Table-2.7 refers*) adjusted by the State Government into the PD Account were not transferred to the SMD Bank Account and

¹² Current Flexi Deposit Scheme Bank Account no.060511100001361 in Andhra Bank at Vijayanagar Colony, Hyderabad, opened in July 2016 and later merged with Union Bank of India in April 2020

¹³ Jawaharlal Nehru National Urban Renewal Mission, Smart Cities Mission, AMRUT, Assistance to TUFIDC and Telangana Municipal Development Project

¹⁴ Project funds and Incentive for Reforms

payments for the Mission related activities were paid directly from the PD Account through clearance from the Finance Department as per the oral instructions of the State Government.

The State funds of ₹30.70 crore towards A&OE expenses (8 per cent of the annual budgetary allocation) received (July 2015-August 2020) by the State Government from MoHUA, GoI and kept in the PD Account were subsequently transferred (August 2016-November 2020) by the State Government to the SMD Bank Account.

Audit observed that:

(i) Ministry of Housing and Urban Affairs, GoI while releasing (June 2019) remaining second instalment of Central share adjusted interest earned/accrued amount of ₹1.07 crore to the end of 31 December 2017 on the Mission funds of ₹57.19 crore kept in the SMD Bank Account with Union Bank of India. By keeping the subsequent Mission funds in PD Account, no interest could be earned.

Keeping the Mission funds in a PD Account without directly crediting into a separate bank account of the State Mission Directorate was in contravention of the Mission Guidelines. Consequently, the financial control of Mission funds was with State Government, which was evident from the fact that Mission funds of ₹93.97 crore lying in the PD Account as on 31 March 2022 were lapsed by the State Government and not released as of March 2023. State Government replied (September 2023) that against lapsed amount of ₹93.97 crore an amount of ₹40 crore was adjusted to the Single Nodal Agency (SNA) Account of the Mission. It was also stated that in the implementation AMRUT 2.0, the funds were being routed directly through the SNA account of TUFIDC, without diverting to the PD Account. The reply confirms the Audit observation that the Mission funds (prior to AMRUT 2.0) were diverted to the PD Account.

(ii) A total interest of ₹4.29 crore was earned to the end of 31 March 2023 on the Mission funds kept in the SMD Bank Account with Union Bank of India and later in Axis Bank. Out of this, an amount of ₹1.07 crore was adjusted by MoHUA, GoI (refer Sl. No. (i) above). The balance of ₹3.22 crore was however still lying in the Bank Account. The total interest earned of ₹4.29 crore was not disclosed in the Utilisation Certificates furnished by the State Mission Directorate to the MoHUA, GoI.

Ministry of Housing and Urban Affairs, GoI in its communication (August 2020) had advised the State to ensure that, any further amount on account of interest accrued on the CA released against the sanctioned 66 projects should be remitted by the State Government to the Consolidated Fund of India. The balance of interest earned amount of ₹3.22 crore was still lying in the Bank Account without remittance.

The State Government replied (September 2023) that MoHUA communicated (May 2023), extension of the Mission period up to 31 March 2024. Hence, during the end of Mission period and as per the directions from the GoI, the interest earned would be remitted back as per the procedure laid down at that point of time.

In the said Ministry communication, however, there was no provision to retain the interest amount earned on the Mission funds till the end of the Mission period.

2.6.2 Receipt and utilisation of project funds

Audit observations on receipt and utilisation of project funds under the Mission are as follows:

2.6.2.1 Delay in release of funds by the State Government

Para 9.5 of the Mission Guidelines stipulates that release of project funds by the State Governments is critical to project completion; therefore, the States should release the Central share of funds along with State share to the ULBs within one month¹⁵ after receipt of the Central share. Interest at the rate specified by the Ministry of Finance was to be levied on the State for any delay beyond one month and appropriate deductions would be made from future instalments.

The details of release of Central share and release of State share along with Central share by the State Government to the State Mission Directorate are given in **Table-2.7**.

Table-2.7: Details of Central share and release of State share along with Central share by the State Government to the State Mission Directorate

(₹ in crore)						
Date of Release by GoI	Released by GoI to the State Government	Central Share	Matching State Share to be released	Date of release by the State	Total Amount Released by the State	Delay in days
16.12.2015	1st Instalment of SAAP (2015-16)	40.85	16.34	10.2.2017	57.19	392
23.8.2016	1st Instalment of SAAP (2016-17)	55.45	22.18	14.7.2017	77.63	295
24.10.2017	1st Instalment of SAAP (2017-20)	70.23	28.12	01.11.2017	98.35	0
12.12.2018	2nd Instalment of SAAPs (2015-16 & 2016-17) - Part	135.48	54.19	30.3.2019	189.67	78
11.6.2019	2nd Instalment of SAAPs (2015-16, 2016-17 - balance & 2017-20)	178.82	71.53	15.11.2019	250.35	127
25.8.2020	3rd Instalment of SAAPs (2015-16,2016-17 & 2017-20)-Part	175.35	70.14	13.7.2020& 27.10.2020	245.49	33
18.12.2020	3rd & final Instalment of SAAPs (2015-16, 2016-17 & 2017-20)-balance amount	175.35	70.14	8.1.2021	245.49	0
Total		831.53	332.64		1,164.17	

Source: Information provided by the State Mission Directorate

It could be observed from the **Table-2.7** that the State Government had released the Central share along with State share with a delay ranging from 33 days to 392 days. Audit observed that neither penal interest was levied by MoHUA, GoI on the State for delays beyond one month nor were appropriate deductions made from future instalments.

The State Government replied (September 2023) that there was no delay in the release of funds by the State as the actual implementation of major works of Mission was started in the year 2017.

¹⁵ Seven days prescribed in the Mission Guidelines was modified as one month in MoUD's Office Memorandum dated 5 August 2016

The reply was not in consonance with the fact that even after 2017, there were delays in release of funds ranging from 33 to 127 days as indicated in **Table-2.7**.

2.6.2.2 Non-remittance of savings in Central Share to Ministry of Housing and Urban Affairs, GoI

Ministry of Housing and Urban Affairs, GoI while releasing third instalment of CA against SAAPs-I to III directed¹⁶ (August 2020) in Para 7 of the release orders that savings, if any, on the attached list of 66 projects¹⁷ under the Mission against which eligible CA was being calculated/ released shall be remitted by the State Government to the Consolidated Fund of India. The remitted amount shall be proportional to the CA share allocated to the specific project.

In compliance with MoHUA, GoI directions, the Mission Directorate was to remit the 50 *per cent* Central share of the total savings amount to the Consolidated Fund of India. The proportionate CA savings amount was, however, not remitted by the State Mission Directorate to MoHUA, GoI.

The State Mission Directorate stated (June 2023) that out of 66 Projects taken up in the State, 56 projects were completed. Project-wise savings made was however not furnished to Audit.

Audit observed during scrutiny of records relating to Development of Parks in Nalgonda Mission City/Town that savings amount of ₹59.46 lakh was utilised by the Nalgonda ULB for development of three parks¹⁸ not included in the SAAPs.

Further savings amount of ₹15 lakh was utilised for providing additional components to one completed park work (Panchatstva Park/Municipal Park at E-seva Centre) included in the SAAP 2015-16.

Hence, non-refunds of savings under Mission funds and its utilisation for works not included in SAAPs and for additional components was not in order.

The State Government replied (September 2023) that savings, if any, available would be remitted back to the GoI after settlement of final bills.

2.6.2.3 Incentive for Reform

i) Short receipt of Reforms incentive by the State Government

Para 4.3 of the Mission Guidelines stipulates that 10 *per cent* of annual budgetary allocation meant as Incentive for Reform would be given to the States/Union Territories (UTs) every year as incentive for achievement of Reforms. One purpose of the Mission was to improve governance through a set of reforms. During the Mission period 2015-20, 11 reforms¹⁹ were prescribed for implementation by the State/ULBs.

¹⁶ Ministry of Housing and Urban Affairs (Amrut I Division) of GoI letter K-16015/11/2017-AMRUT-II/AMRUT-IB dated 25 August 2020

¹⁷ SAAP 2015-16 (22 projects): Water Supply -10, Sewerage-one, Parks-11, SAAP2016-17 (22 projects): Water Supply: 9, Sewerage-one, Parks-12, SAAP 2017-20 (22 projects): Water Supply-8, Sewerage: 2, Parks-12

¹⁸ (i) Vidyanagar Park, (ii) Park at Women's Library at Ravindranagar and (iii) Park at Alkapuri Colony

¹⁹ Anneuxre-1 to the Mission Guidelines: (i) E-Governance, (ii) Constitution and professionalisation of municipal cadre, (iii) Augmenting double entry accounting, (iv) Urban Planning and City level plans, (v) Devolution of funds and

The States/UTs were to conduct the self-assessment as per the prescribed procedure given in the Mission Guidelines. The National Mission Directorate, on receipt of the self-assessment, would announce the award of incentive to the States.

Ministry of Housing and Urban Affairs, GoI released total project funds of ₹833.13 crore for the Mission period, which represents 50 *per cent* CA of total 80 *per cent* of project funds for 66 projects. Hence, the total annual budgetary allocation works out to ₹2,082.83 crore²⁰ and 10 *per cent* of budgetary allocation of total project funds for incentive reforms would be ₹208.28 crore for the Mission period. The State High Power Steering Committee proposed an amount of ₹208.30²¹ crore as Reforms Incentive in the SAAP document 2017-20. The progress on Reform implementation as per the Self-Evaluation Reporting format prescribed in Mission Guidelines, with earmarked 10 marks for each milestone and achievement made by the State is given in **Table-2.8** below:

Table-2.8: Achievement made by the State on Reforms implementation during the Mission period

Year of Mission period	Number of milestones prescribed in Mission Guidelines	Maximum Score prescribed in the Mission Guidelines	Score achieved and reported by the State to MoHUA
First year	28	280	270
Second year	13	130	118
Third year	10	100	93
Fourth year	3	30	23
Total		540	504

Source: Mission Guidelines and information furnished by the State Mission Directorate

State received ₹51.40 crore only towards Reforms incentive against allocated ₹208.30 crore for the complete Mission period, despite achievement of 93 *per cent* of total score reported by the State Mission Directorate to MoHUA. The Reforms incentive amount of ₹51.40 crore was adjusted as ULB share towards project funds as per the Mission Guidelines.

The State Mission Directorate replied that the short release of funds by MoHUA, GoI may be due to less allocation of funds towards Reforms incentive head at GoI level.

ii) Receipt of reform incentive of ₹26 crore by Greater Hyderabad Municipal Corporation (GHMC) for issuance of Municipal Bonds of ₹200 crore under the Mission

Ministry of Housing and Urban Affairs, GoI communicated (March 2018)²² that in order to encourage ULBs in raising resources from the market, it was decided to incentivise the ULBs, which are covered under the Mission and raise funds by issuing Municipal Bonds. The incentive amount would be limited to ₹13 crore for every ₹100 crore of Municipal

functions, (vi) Review of Building by-laws, (vii) Set-up financial intermediary at State level, (viii) (a) Municipal tax and fees improvement, (b) Improvement in levy and collection of user charges, (ix) Credit Rating, (x) Energy and Water audit and (xi) Swachh Bharat Mission

²⁰ Total project funds released (80 *per cent* of project funds as per funding pattern): ₹1,666.26 crore. Then total annual budgetary allocation = (₹1,666.26 crore*100)/80=₹2,082.83 crore

²¹ Table-3.2 of SAAP document 2017-20-Proposed total project funds (80 *per cent* of annual budgetary allocation): ₹1,666.26 crore. Reforms Incentive proposed: 10 *per cent* of {(₹1,666.26 crore*100)/80=₹208.30 crore}

²² MoHUA, AMRUT IIB, GoI letter dated 23 March 2018

Bonds issued and up to maximum of ₹200 crore worth of Bonds per ULB would be incentivised under the Mission.

Ministry of Housing and Urban Affairs, GoI specified (March 2018) that ULBs, after obtaining all the approvals from Securities and Exchange Board of India (SEBI) and after issue of Municipal Bonds, would approach the Ministry for claiming incentive under the Mission by submitting the following documents along with the proposal:

- i. ULB resolution to float bonds,
- ii. Copy of credit rating and
- iii. Necessary documentary evidence regarding issuance of Municipal bonds.

An amount of ₹26 crore was released (July 2018) by MoHUA, GoI to the State Mission Directorate as an incentive towards issue of Municipal bonds by GHMC worth ₹200 crore under the Mission. This amount was paid to GHMC by Mission Directorate in May 2020, which was credited into the mandated Escrow Account²³ opened by GHMC for this purpose. Greater Hyderabad Municipal Corporation submitted (August 2020) the utilisation certificate stating that the incentive amount of ₹26 crore amount was utilised for payment of interest on Bonds raised by GHMC.

Audit observed from the Resolution of GHMC (April 2017) furnished (September 2023) by the State Government that the Municipal Bonds were issued for raising funds for Strategic Road Development Programme, Double bedroom Housing Programme and Jawaharlal Nehru National Urban Renewal Mission (JNNURM) Vambay Housing but not for AMRUT components.

2.6.3 Payment for inadmissible items from Mission funds

Mission Guidelines (Sub-para 3.1.9) gives an indicative list of inadmissible components²⁴. Further, Para 9.4 of the Mission Guidelines stipulates that diversion of Central Grants for purposes other than the Mission projects shall entail levy of penal interest on the amount and any other action by the Apex Committee and may include adverse effect on release of grants.

(i) Payment of Price adjustment from the Mission funds: State Government accorded (February 2017) administrative sanction for ₹1,521.34 crore for undertaking Water Supply projects in 10 Mission Cities/Towns, which included an amount of ₹79.72 crore towards inadmissible items²⁵ including price adjustment to be met from Municipal General Funds and not from the Mission funds.

Audit observed that for the works executed in the five test checked Mission Cities, an amount of ₹18.84 crore²⁶ was towards price adjustment for cement, steel, pig iron and

²³ State Bank of India Current Account No.37488007609

²⁴ (i) Purchase of land for projects or project related works, (ii) Staff salaries for both the State Governments/ULBs, (iii) Power, (iv) Telecom, (v) Health, (vi) Education and (vii) Wage employment programme and staff component

²⁵ Provisions towards contingencies, Provision for preparation of DPRs, Provision for land acquisition, amount payable to other departments, provision towards unforeseen items and Price adjustment

²⁶ Karimnagar: ₹1.32 crore, Nalgonda: ₹6.08 crore, Nizamabad: ₹1.70 crore, Ramagundam: ₹1.14 crore and Warangal: ₹8.60 crore

Petrol, Oil and Lubricants (POL) from the Mission funds instead of from Municipal General Funds.

(ii) Payment of Road Restoration works and T-fibre project work from the Mission funds:

The Water Supply works pertaining to 27 projects covered in Packages-I to III were tendered in February 2017 and awarded to the contractors in May 2017, which did not include the two components of works-Road Restoration (RR) and T-fibre (PLB duct) works.

The State Government issued orders (June 2018)²⁷ permitting ENC (TPH&ME) to execute RR works and T-fibre project (PLB duct) works²⁸ with the same agencies who were awarded Water Supply component works in Packages-I to III under the Mission, so as to avoid delay in execution of the restoration of road work and to minimise inconvenience to the public.

Since these two works (RR and PLB duct works) were not part of Mission components, the State Government had accorded (June 2018) revised administrative sanction for ₹1,753.11 crore towards Water Supply projects under the Mission, which included ₹231.77 crore as additional amount for meeting the expenditure related to these two items of work from the State funds under three head of accounts²⁹.

Audit observed that in the five test checked Mission Cities/Towns, an amount of ₹35.40 crore was paid for these two works from the Mission funds, as State funds were not received by the State Mission Directorate. The details of amounts paid towards RR and PLB duct works from the Mission funds are given in **Table-2.9**.

Table-2.9: Payments made towards RR and PLB duct works from the Mission funds

(₹ in crore)

Package No	Name of Mission City / Town	Amount paid towards RR works	Amount paid towards PLB-duct works	Total amount paid
1	Karimnagar	0.68	0.82	1.50
2	Nalgonda	6.06	2.09	8.15
3	Nizamabad	0.93	0.73	1.66
4	Ramagundam	1.70	1.09	2.79
5	Warangal	15.39	5.91	21.30
	Total	24.76	10.64	35.40

Source: Consolidated Abstract of Deviation approved by ENC (TPH&ME) and Measurement Books (Warangal-2676, RAB23(3/5), Karimnagar- MB2510/PH/K and Ramagundam-MB2555/PH/K)

The State Mission Directorate replied that the bills submitted by the Pay and Account Offices did not contain details of inadmissible components of works (RR works and PLB duct works) and as such they could not notice the same while processing the payment.

The reply underscores the fact that the State Mission Directorate had not ensured availability of additional amount from the State Budget under the three heads of accounts

²⁷ G.O.Rt.No.490 dated 21 June 2018

²⁸ Permanently Lubricated (PLB) duct for use as underground cable conduits for armoured optical fibre cable

²⁹ 2217-80-191-25-310-312: (i) Assistance to Municipalities for Development Works, (ii) Assistance to Warangal Municipal Corporation and (iii) Assistance to Municipal Corporations of Karimnagar, Ramagundam, Khammam and Nizamabad for Road Restoration works and T-fibre project

before making payments, which resulted in irregular payment of ₹35.40 crore towards these two inadmissible works from the Mission funds.

The State Government replied (September 2023) that payments for inadmissible items were made from the State funds and not from the Mission funds and as such GoI contribution was not utilised for road restoration, PLB Duct works, etc.

Audit scrutiny of Work Bills revealed that the payments for Price Adjustment, RR and T-fibre project works were made from Mission Funds³⁰. Further, the State Mission Directorate (February 2023) stated that the issue did not come to its notice while processing the payment.

(iii) Payment of DPR preparation charges from A&OE funds of the Mission:

The State Government accorded (February 2017) administrative sanction for ₹1,521.34 crore for undertaking Water Supply projects in the 10 Mission Cities/Towns, with a provision for an amount of ₹79.72 crore towards inadmissible items including preparation of DPRs to be met from Municipal General Funds. While communicating (April 2016) initial Administrative sanction for Siddipet Sewerage Project work under the Mission, the State Government had mentioned that inadmissible cost has to be borne by the ULB.

Audit observed the following on payment of DPR charges:

- In Siddipet, Nalgonda and Karimnagar ULBs, the work orders³¹ for preparation of DPRs were issued to M/s NCPE Infrastructure India Private Limited on 4 June 2012, 2 March 2013 and 16 July 2015 respectively.
- State Mission Directorate sanctioned an amount of ₹two crore from A&OE funds towards preparation of DPRs in five test checked Mission Cities/Towns (at ₹40 lakh in each Mission City/Town), except Warangal Mission City and the amounts were paid (April 2018) to the five ULBs of the Mission Cities/Towns from the Mission funds through the SMD Account in Andhra Bank.
- The State Mission Directorate communicated (October 2017) to the MA&UD Department that the work of preparation of DPRs and tender documents were done by PH/ULBs themselves, which indicated that no external agency was engaged for preparation of DPRs for the Mission works.

The Engineer-in-Chief (TPH&ME) replied (March 2023) that the DPRs were prepared by ULBs under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) transitional phase in the year 2011-12 through agencies and had become redundant. These DPRs were subsequently updated as per the Mission Guidelines by ENC (TPH&ME) Department and ULBs themselves.

³⁰ The Project funds consists of Central share, State share and ULB share put together designated as the Mission funds

³¹ Nalgonda: DPR for execution of Water Supply, Storm Water Drainage gaps, lighting, etc.; Karimnagar: DPR for infrastructure projects proposed under Comprehensive Infrastructure Development Plan; and Siddipet: DPR for Water Supply, UGD, Storm Water Drainage, Roads, Solid Waste Management and Urban Renewal Projects

Ministry of Housing and Urban Affairs, GoI communicated the approval of Mission Cities/Towns in the State of Telangana on 31 July 2015 and 12 October 2015. The work orders for preparation of DPRs were issued before launch of the Mission (June 2015).

Hence, in the three ULBs of Nalgonda, Karimnagar and Siddipet Mission Cities/Towns, the DPR preparation was not for the works under the Mission. Further, release of amounts was made for the DPRs updated by PH Department/ULBs themselves, which was not in order and amounted to diversion of A&OE Mission funds.

The State Government replied (September 2023) that provision of ₹79.72 crore was made for payment towards inadmissible components to be met from Municipal General Funds, as DPR charges were not admissible components as per the Mission Guidelines.

The reply confirms the fact that contrary to the State Government’s Administrative sanction orders to make payments for DPRs preparation charges from Municipal General Funds, the payments were made from A&OE funds, which was irregular.

2.7 Execution of projects under the Mission

In the State of Telangana, from the prescribed components under the Mission (*Chart-2.1 refers*), the components of Water Supply, Sewerage and Development of Parks were taken up for implementation under the Mission during the period 2015-20.

The status of execution of projects component-wise in the State as on 31 March 2022 is given in the **Table-2.10**.

Table-2.10: Component-wise status of execution of the projects under the Mission in the State as on 31 March 2022

Description	Name of the Component			Total
	Water Supply	Sewerage	Development of Parks	
Number of Projects approved	27	4	35	66
Number of Projects awarded	27	4	35	66
Expenditure incurred (₹ in crore)	1,321.97	201.97	17.82	1,541.76
Number of Projects completed	25	4	27	56
Percentage of completion of Projects	93	100	77	85

Source: Information furnished by the State Mission Directorate

Significant audit findings in respect of the above three components are discussed in the succeeding paragraphs.

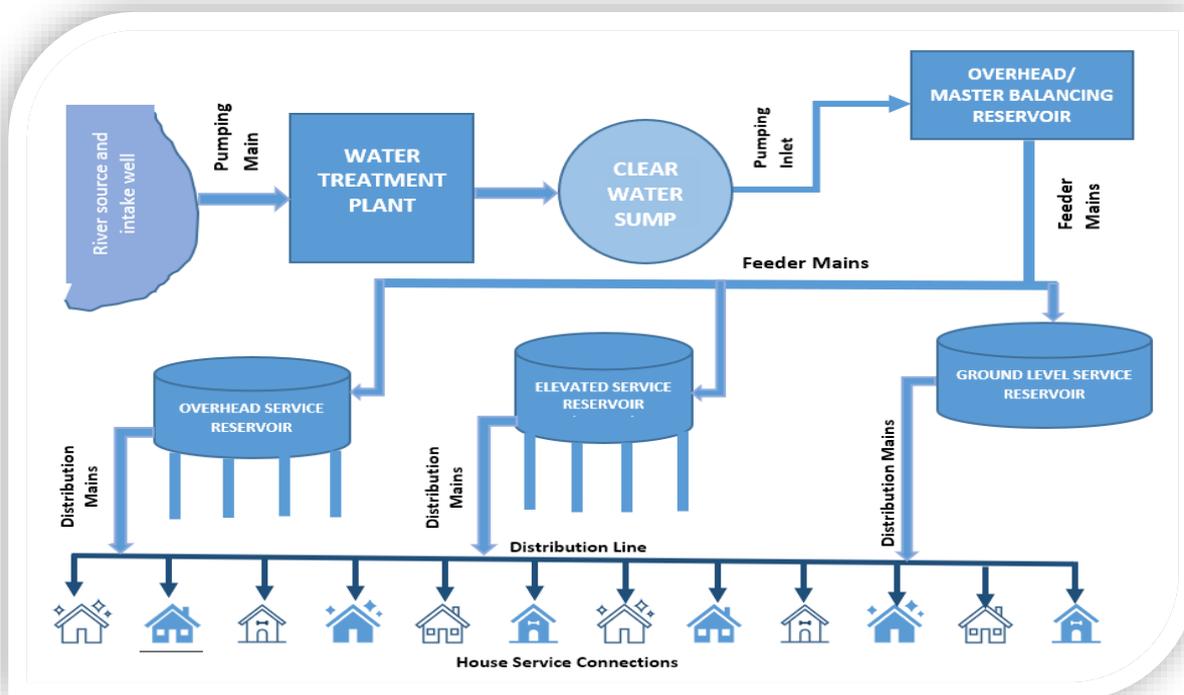
2.7.1 Water Supply works

The following are the major components indicated in the DPRs for Water Supply works:

- Service/ Balancing Reservoirs viz., Construction of Elevated Service Reservoirs /Over Head Service Reservoirs³² and Ground Level Service Reservoirs³³.
- Pumping Mains and Feeder Mains
- Distribution Network (Distribution Mains and Distribution Lines)
- House Service Connections

The Ground Level Service Reservoirs and the Elevated Service Reservoirs help to allow the natural force of the gravity and maintain a constant pressure to flow in the Water Supply Distribution System. The Distribution Network from source point to household connection is depicted in the following **Chart-2.9**.

Chart-2.9: Details of Water Supply and Distribution Network from source to household



Source: Illustration based on DPRs, Agreements and Completion Reports

In the five test checked Mission Cities/Towns³⁴, 14 projects for Water Supply were taken up under the Mission during 2015-20 with GoI approved cost of ₹931.20 crore against which an expenditure of ₹821.27 crore was incurred as on 31 March 2022 completing 13 projects.

The status of completion of the projects, Package-wise as on 31 March 2022 in the five test checked Mission Cities/Towns are detailed in **Table-2.11**.

³² An Elevated Service Reservoirs /Over Head Service Reservoirs is a storage tank that is typically located at a high point in the distribution system through staging and raised structures, thereby creating gravity to deliver water to consumers. ELSRs/OHSRs are commonly used in areas where there are water supply interruptions or low water pressure due to topographical constraints. ELSRs/OHSRs can store water during periods of low demand and release it during periods of high demand

³³ It is a storage tank positioned at a suitably high point (such as hill) providing natural gravity for supply of water to the consumers at lower levels

³⁴ Nalgonda, Nizamabad, Karimnagar, Ramagundam and Warangal

Table-2.11: Package-wise status on progress of works pertaining to the sanctioned projects as on 31 March 2022 in the five test checked Mission Cities/Towns

(₹ in crore)						
Package No	Name of the Mission City/Town	Total number of projects in the test checked Mission Cities/Towns	Total GoI approved Cost	Expenditure incurred	Number of projects completed	Percentage of completion of projects
Package-I	Karimnagar	3	100.12	101.56	3	100
	Ramagundam	2	89.60	83.38	2	100
Package-II	Nalgonda	3	107.38	110.71	3	100
	Nizamabad	3	90.84	79.34	3	100
Package-III	Warangal	3	543.26	446.28	2	67
Total		14	931.20	821.27	13	

Source: Information furnished by the State Mission Directorate

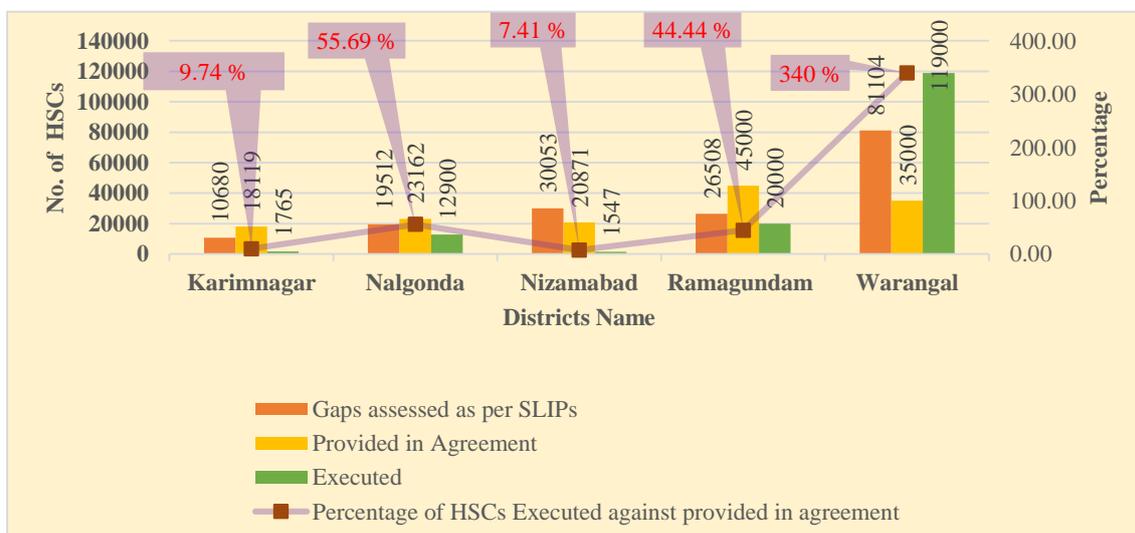
The Audit observations made on execution works in the test checked Mission Cities/Towns are discussed below.

2.7.1.1 Execution of House Service Connections

Universal coverage of water and Sewerage is a National priority (Para 6.6 of Mission Guidelines). One of the service level for coverage of Water Supply is providing HSC/ water tap connection to the household. This service level was assessed by the ULBs while preparation of SLIPs (Para 2.5.1 refers).

Audit observed that the HSCs provided in the four test checked Mission Cities/Towns, except Warangal Mission City were far less than the projected numbers as per gaps assessed in the SLIPs and provided numbers for execution in the respective Agreements.

The details of households not having tap connections (gaps assessed) at the time of preparation of SLIPs, number provided in the Agreement for execution and HSC connections actually executed in the five test checked Mission Cities/Towns where Water Supply projects were undertaken are detailed in the **Chart-2.10**.

Chart-2.10: HSC requirement and execution

Source: Information furnished by the test checked Mission Cities/Towns

Audit enquired the reasons for execution of fewer number of HSCs in four test checked Mission Cities/Towns where works were completed and the following responses were furnished to Audit. In Warangal Mission City, the works were under progress:

- a.** In Nizamabad Mission City, the Division office of PH&ME stated (October 2022) that initially HSCs were given based on House number/Aadhaar card. Later, during inspection of the Mission works, the SE (PH) objected to release of HSCs based on Aadhaar card for assessing income.

It was stated that after discussing the issue by SE (PH) with the Nizamabad ULB, it was decided to release HSCs after registering every household online and collecting Property Tax Receipt (latest) in consonance with procedure prescribed by Commissioner and Director of Municipal Administration (CDMA) for applying for new water tap connections.

Further progress made in providing the remaining HSCs to the households following the procedure prescribed by CDMA was however, not furnished to Audit.

- b.** In Karimnagar Mission City, the Division office stated (November 2022) that due to decrease in length of distribution network from 172 km to 108 km, the scope of actual HSCs was not taken up and the shortage in HSCs would be covered under Smart City Mission.
- c.** The reasons for providing fewer number of HSCs than the quantities in the Agreements in Nalgonda and Ramagundam Mission cities were not furnished by the respective Division offices.

The Engineer-in-Chief (TPH&ME) replied (Mach 2023) that in Warangal Mission City due to merger of 42 villages in the Warangal Municipal Corporation and after conducting detailed survey, based on the revised proposals and assessment of necessity, additional HSCs were executed.

The Service Level Improvement Plans were prepared by the ULBs and the works were executed by the PH&ME Divisions. There was lack of coordination between PH&ME Divisions and the ULBs of the four test checked Mission Cities/Towns regarding uniform procedure to be adopted for providing HSCs. The Urban Local Bodies were also not involved during the course of execution of works.

Further, the merger of 42 villages was not accounted for while preparing SLIPs for Water Supply in Warangal Mission City, which indicated lack of planning.

The State Government replied (September 2023) that pipeline networks were laid to provide water till the tail end point of the Municipal limits and providing of HSCs is a continuous activity which would be taken up by ULBs. Further, it was stated that additional number of HSCs were given by the ULBs in the five test checked Mission Cities/Towns subsequently under various schemes on the distribution lines laid under the Mission.

It is evident from the reply that execution of HSCs was not as per gaps assessed in the SLIPs or projected in the DPRs, thereby the intended objective of Water Supply coverage

under the Mission, till the tail end point of households by providing tap connections was not achieved.

2.7.1.2 Short/Non-provision of meters to House Service Connections

The Agreements for the Water Supply works in the test checked Mission Cities/Towns provide for supply and installation of meters to the HSCs. Audit observed from the bills paid to the contractors that there was short/non-provision of meters to HSCs in three test checked Mission Cities/Towns as detailed in **Table-2.12**.

Table-2.12: Status of meters provided to HSCs

(in numbers)

Mission City/Town	HSCs provided in Agreement	HSCs actually executed	Meters procured by the contractor	Meters provided to the HSCs	Unused meters handed over by the Contractor to the ULB of the Mission City/Town
Karimnagar	18,119	1,765	0	0	0
Nalgonda	23,162	12,900	12,900	8,285	4,615
Nizamabad	20,871	1,547	3,500	1,226	2,274
Total	62,152	16,212	16,400	9,511	6,889

Source: Works slips and list of unused materials in the two Mission Cities/Towns of Nalgonda and Nizamabad

In Nalgonda Mission City/Town, though 8,285 meters were provided to HSCs, the charges for installation of meters were paid to the Contractor, M/s Megha Engineering and Infrastructures Limited (MEIL), Hyderabad for the total 12,900 meters, which resulted in irregular payment of ₹7.86 lakh³⁵ on 4,615 meters not installed and handed over to the ULB of the Nalgonda Mission City/Town.

Karimnagar PH&ME Division replied (November 2022) that since Karimnagar is selected in Smart City Mission, it was proposed to install smart meters to every Household. Hence, meters were not provided to avoid duplication.

Nizamabad PH&ME Division replied (October 2022) that full execution of procured meters could not be done without assigning reasons and hence the remaining meters were handed over to the Nizamabad ULB.

Thus, non-installation of meters to the HSCs had resulted not only in loss of revenue on Water Supply charges to the ULBs concerned but also consequently may lead to increase in non-revenue water.

The State Government accepted (September 2023) that the meters were not fixed as proposed in the Agreements as the local public objected for installation of meters and it was stated that the meters would be provided in due course of time under various funds. Further, it was replied that recovery was proposed from the Contractor in respect of unused 4,615 meters in Nalgonda Mission City/Town.

³⁵ 4,615 X ₹170.42 per meter=₹7,86,488

2.7.1.3 Execution of House Service Connection works

Audit conducted JPV of HSC works in the following places of the test checked Mission Cities/Towns:

1. Karimnagar-Rampur Colony, Gouthaminagar, Venkateswara Colony and Ramachandrapur Colony
2. Nalgonda- Arjalabavi, Housing Board Colony, Himagiri Colony, Asad Nagar and Krishnaveni Colony
3. Nizamabad-Badabazar, Pragathi Nagar, Mahalakshminagar and Alisagar pump house
4. Ramagundam- Durganagar, Gouthaminagar and Ganganagar
5. Warangal- in Kareembad, Enumamula, Gorrekunta, Kasibugga, Central Jail, Desipeeta, NIT-Darga and FCI Colony, Hasanparthy, Yerragattugutta, Bheemaram and Yadavanagar.

Audit observed the following during JPV of HSC works in the test checked Mission Cities/Towns:

- (i) Water pipelines connecting to the household taps were laid exposed to the ground {(Exhibit No.1 (A))} and were also crossing open drainage system {(Exhibit No.1 (B))} in five test checked Mission Cities/Towns.

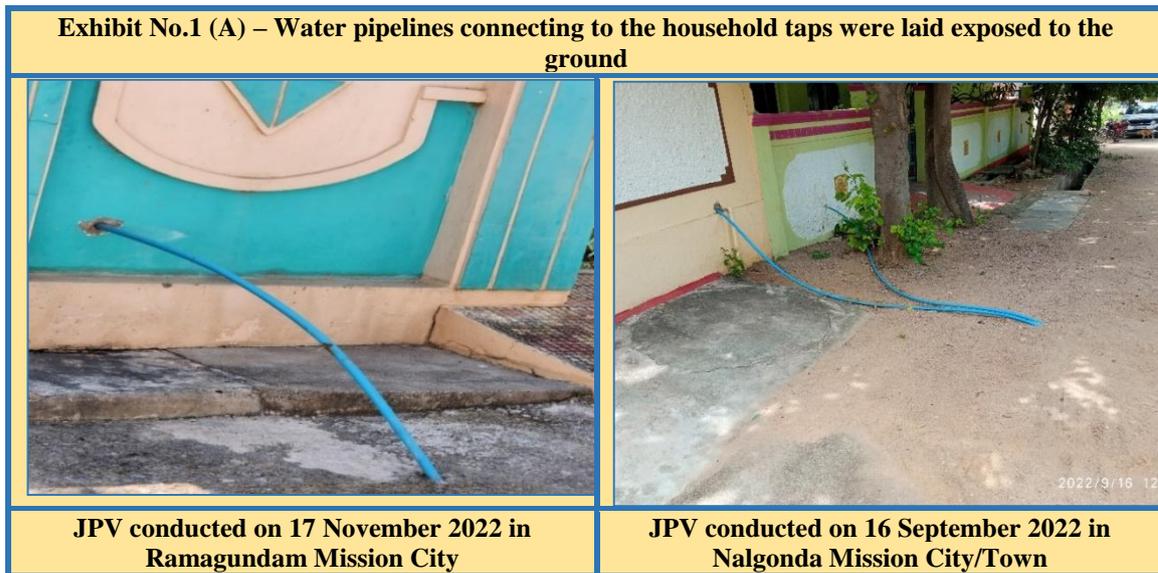


Exhibit No.1 (B) – Water pipelines connecting to the household taps were laid crossing open drainage system



JPV conducted on 16 September 2022 in Nalgonda Mission City/Town



JPV conducted on 19 October 2022 in Nizamabad Mission City

The State Government replied (September 2023) that all the HSCs were properly encased with the help of casing pipe wherever drains were crossing and provided photographic evidence (**Exhibit No.1(C)**) in one case pointed out by Audit in JPV in Ramagundam Mission City (**Exhibit No.1(A)**).

Exhibit No.1 (C)



**HSC properly encased with the help of casing pipe wherever drains were crossing
Photographic evidence provided by ENC (TPH&ME)**

It could be observed from Exhibit No.1(C) above that despite casing, the laid pipeline remains exposed to the ground and open drainage system. Laying pipelines in an open manner is fraught with risk of tampering, which was not rectified.

- (ii) Consumers had cut the pipe at the meter fixing point and drew water directly from the disconnected point (Nalgonda, Nizamabad, Ramagundam and Warangal – **Exhibit No.2**).

Exhibit No.2 – Pipe connecting the meter point was cut and water drawn directly



JPV conducted on 31 January 2023 in Warangal Mission City



JPV conducted on 16 September 2022 in Nalgonda Mission City/Town

(iii) Meter boxes were removed from the water pipe connection by the consumers and damaged the meters (Nalgonda, Ramagundam and Warangal-**Exhibit No.3 (A)**).

Exhibit No.3 (A) - Meter boxes removed from the water pipe connection and damaged the meters

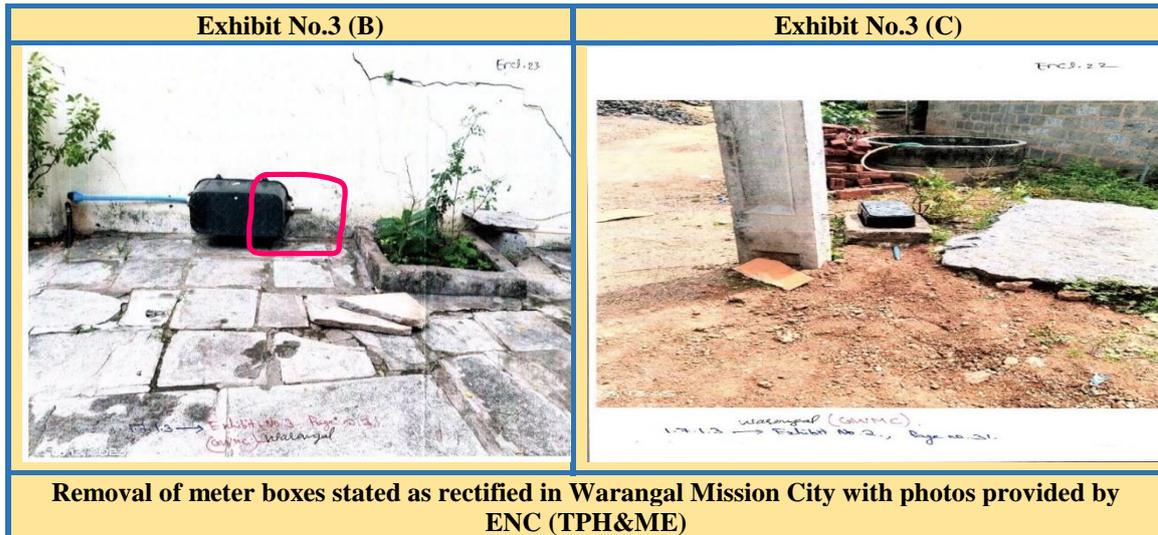


JPV conducted on 31 January 2023 in Warangal Mission City



JPV conducted on 16 September 2022 in Nalgonda Mission City/Town

The State Government replied (September 2023) that all the connections were provided with meters and pipe cutting, if any, would be rectified. Out of the four cases pointed out, photographic evidence for rectification carried out was provided in two such cases pertaining to Warangal Mission City ((**Exhibit Nos.3 (B) and 3(C)**)).



- (iv) Meters were not fixed and water drawn directly from the pipeline (Karimnagar – **Exhibit No.4**). It was informed by the Division that the consumers might have damaged or removed the meter boxes to avoid meter reading.



The State Government replied (September 2023) that in Karimnagar Mission City meters were proposed under Smart Cities Mission. Hence, to avoid duplication, meters were not provided under the Mission. The fact, however, remains that meters were still not provided.

- (v) During enquiry made with the consumers in the field, it was informed that water bills were not received by them (Karimnagar, Nalgonda and Ramagundam).

The State Government replied (September 2023) that water bills would be issued to the consumers once the issue of updating of HSCs in online system was resolved.

The reply underscores the fact that there was no proper monitoring of the HSCs by the ULBs concerned though water was being supplied by them. No effective measures were taken to prevent instances of cutting of water pipes and removal of meters. Further, laying of water pipelines exposed to open surfaces may lead to damage and breakage. Improper alignment in laying of pipelines over and near to the drains may lead to contamination of drinking water posing health hazards to the household consumers. This indicated improper execution of HSC works by the PH&ME Divisions.

The State Government replied (September 2023) that Commissioners and Municipal Engineers concerned were being alerted from time to time for continuous monitoring and taking remedial measures.

2.7.1.4 Assets created under Water Supply projects not taken over by Urban Local Bodies

Para 7.3 of the Mission Guidelines stipulates that projects proposed by the State to MoHUA, GoI in the SAAPs will include Operation and Maintenance (O&M) for at least five years to be funded by way of levy of user charges or other revenue streams. However, for the purpose of calculation of the project cost, the O&M cost³⁶ will be excluded and the States/ULBs will fund the O&M through an appropriate cost recovery mechanism in order to make them self-reliant and cost-effective.

In the SAAPs, the State had mentioned that provision for O&M was included in the DPRs but it was proposed to be met by ULBs through collection of user charges.

The Water Supply projects in four out of five test checked Mission Cities/Towns, except Warangal were declared completed³⁷ by the respective PH&ME Divisions.

Audit observed during scrutiny of records that the assets created for Water Supply projects under the Mission were taken over by Nizamabad and Nalgonda ULBs in March 2022 and September 2022 respectively after delay of more than one year of completion of works. In Karimnagar and Ramagundam Mission Cities, though the respective PH&ME Divisions had addressed (August 2021) the ULBs concerned to take over the assets created for Water Supply projects, the same were not taken over as of May 2023, though water was being supplied by the ULBs.

The details of HSCs provided and taken over by the ULBs of the five test checked Mission Cities/Towns are given in **Table-2.13**

Table-2.13: Details of HSCs executed, taken over and bills raised

Sl.No	Name of the Mission City/Town	No. of HSCs executed	No. of HSCs taken over by the ULB	No. of HSCs uploaded in online system by the ULB	No. of HSCs for which water bill raised
1	Karimnagar	Not furnished			
2	Nalgonda	12,900	2,190	2,190	2,190
3	Nizamabad	1,547	1,547	35	35
4	Ramagundam	20,000	17,290	17,290	17,290
5	Warangal	Not furnished			

Source: Information furnished by ULBs of the Mission Cities/Towns

In response to an Audit Enquiry (April 2023), the Ramagundam ULB replied (June 2023) that the infrastructure created under the Mission was not taken over from PH&ME Division due to pending interconnections works where water supply network was created for new habitations and there was also no complete information regarding new HSCs given under the Mission by PH&ME Division. Further, it was stated that the remaining 2,710 HSCs

³⁶ Includes power charges, cost of consumables, establishment (Human Resource) charges, small repairs etc.

³⁷ Karimnagar: 17 August 2021, Nalgonda: 31 August 2020, Nizamabad: 31 August 2020 and Ramagundam: 17 August 2021

were not uploaded into online system due to mismatch of household numbers given by PH&ME Division.

Nizamabad ULB replied (June 2023) that the remaining 1,512 HSCs were not uploaded due to non-submission of property tax receipt.

Nalgonda ULB did not furnish reasons for non-taking over and uploading online of the balance 10,710 HSCs.

The Engineer-in-Chief (TPH&ME) replied (February 2023) that the responsibility of PH&ME Divisions was to execute works under various schemes and handover the assets created to the ULBs, who are responsible for taking over the assets for O&M purpose.

The fact remains that the assets created for Water Supply projects were not taken over by the respective ULBs of the Karimnagar and Ramagundam Mission Cities even after more than one year of completion of the works and HSCs were still to be taken over as mentioned in **Table-2.13**. This indicated that though mandated in Para 8.1 of the Mission Guidelines, a Tripartite Agreement was not executed duly defining the roles, responsibilities and accountability of the three entities - State Mission Directorate, ULBs and ENC (TPH&ME) involved in the implementation of the Mission and also procedures for handing over and taking over of the assets, release of HSCs and uploading of HSCS online.

The State Government replied (September 2023) that uploading of HSCs online could not be completed due the following discrepancies:

- House Service Connections were given to non-assessed Households.
- Non-mutated Households.
- Multiple HSCs given to one owner. (But due to one assessment number multiple HSCs were given cannot be accounted.)
- Ownership Discrepancies.
- Mismatch of Household numbers.
- Double bedroom allotment is pending.
- Migrants (people provided with HSCs are living in hut tents).
- No proper document of the owner.
- For some schools and religious places HSCs were given which were not assessed.

The State Government also assured that the online system for updating the HSCs would be modified considering the above scenario and all the HSCs would be updated online.

Regarding non-handing over the Assets to the two ULBs, the State Government replied (September 2023) that letters were addressed (June 2023) by PH&ME Divisions of Ramagundam and Karimnagar Mission cities to the respective ULBs communicating that the Assets were deemed to be handed over.

The reply is not acceptable as deemed to be handed over cannot be construed as officially taken over by the ULBs in the absence of the ULBs signed acknowledgement. Besides, the reply of Ramagundam ULB as mentioned above confirms the fact that the infrastructure created under the Mission was not yet taken over from the PH&ME Division.

2.7.1.5 Irregular payment for unused material

The Water Supply projects under the Mission in four out of five test checked Mission Cities/Towns, except Warangal were declared completed by the respective PH&ME Divisions. The Bill of Quantities to be executed as per the Agreements for the Water Supply works provide for supply, delivery, and fixing/installation of materials³⁸ connected to the works.

The Contractor, M/s Larsen & Toubro (L&T), Chennai who executed Water Supply works in the two test checked Mission Cities of Karimnagar and Ramagundam had procured the materials but the same were not installed/fixes.

Audit observed during scrutiny of work bills that the unused materials were lying with the contractor on account of providing fewer Water Supply HSCs in these two Mission Cities (*Para 2.7.1.1, Chart-2.10 refers*). The billing for the works executed in these two Mission Cities, however was done including the value of the materials procured by the contractor, which resulted in irregular payment of ₹2.19 crore³⁹ towards unused material.

In the remaining two Mission cities of Nizamabad and Nalgonda, the unused material costing ₹1.58 crore⁴⁰ were taken over by the ULBs from the PH&ME Divisions in March 2022 and September 2022 respectively.

In response to the Audit observation issued (February 2023), ENC (TPH&ME) replied (March 2023) that EE (PH) of the four Mission Cities/Towns were instructed (March 2023) to handover the unused material to the contractors and to recover the cost of these unused material from the contractors.

The State Government accepted the Audit observations and replied (September 2023) that payments made for unused materials would be recovered in the next Running Bills.

2.7.1.6 Service Level Benchmarks achievement in Water Supply

The Mission Guidelines prescribe the Indicators and Standards mandated by the MoHUA, GoI in the form of SLBs, which need to be taken as standards to scale the achievements made by the ULBs of the Mission Cities/Towns under the Mission.

The details of SLB achievements under Water Supply in the five test checked Mission Cities/Towns as on 31 March 2022 against the gaps assessed in the SLIPs by the ULBs are given in **Table-2.14**.

³⁸ Water meters, Flow meters, DI pipes, HDPE pipes, MDPE pipes, Valves, etc.

³⁹ Karimnagar: ₹0.26 crore, Ramagundam: ₹1.93 crore

⁴⁰ Nizamabad: ₹0.92 crore and Nalgonda: ₹0.66 crore

Table-2.14: SLB achievements as on 31 March 2022 under Water Supply in the five test checked Mission Cities/Towns against the gaps assessed in the SLIPs by the ULBs

Name of Mission City/Town	Target Service Level Benchmarks proposed by MoHUA	Service Levels adopted by ULBs during preparation of SLIPs 2017-20	Service Level gaps assessed by ULB during preparation of SLIPs	Service Level achievement as on 31 March 2022 furnished by the ULBs
	1	2	3= (Difference of Col. 1 and 2)	4
1. Coverage of Water Supply connections (in percentage)				
Karimnagar	100	78	22	66
Nalgonda	100	53	47	93
Nizamabad	100	46	54	43
Ramagundam	100	38	62	88
Warangal	100	65	35	97
2. Per capita supply of water (in Litres Per Capita Per Day(LPCD))				
Karimnagar	135	109	26	130
Nalgonda	135	103	32	135
Nizamabad	135	150	15	135
Ramagundam	135	70	65	150
Warangal	135	100	35	150
3. Extent of metering of water connections (in percentage)				
Karimnagar	100	0	100	0
Nalgonda	100	0	100	23
Nizamabad	100	0	100	0
Ramagundam	100	0	100	0
Warangal	100	4	96	Not furnished
4. Extent of Non-Revenue Water (NRW) (in percentage)				
Karimnagar	20	30	10	29
Nalgonda	20	47	27	18
Nizamabad	20	47	27	29
Ramagundam	20	49	29	29
Warangal	20	40	20	Not furnished
5. Quality of water supplied (in percentage)				
Karimnagar	100	95	5	100
Nalgonda	100	100	0	100
Nizamabad	100	95	5	100
Ramagundam	100	90	10	100
Warangal	100	90	10	100
6. Cost recovery in Water Supply services (in percentage)				
Karimnagar	100	50	50	25
Nalgonda	100	36	64	67
Nizamabad	100	44	56	33
Ramagundam	100	40	60	19
Warangal	100	60	40	80

Name of Mission City/Town	Target Service Level Benchmarks proposed by MoHUA	Service Levels adopted by ULBs during preparation of SLIPs 2017-20	Service Level gaps assessed by ULB during preparation of SLIPs	Service Level achievement as on 31 March 2022 furnished by the ULBs
	1	2	3= (Difference of Col. 1 and 2)	4
7. Efficiency in collection of Water Supply related charges (in percentage)				
Karimnagar	90	70	20	48
Nalgonda	90	41	49	82
Nizamabad	90	58	32	35
Ramagundam	90	39	51	40
Warangal	90	75	15	90

Source: Handbook of SLBs prescribed by MoHUA, GOI, SLIP documents on Water Supply of the Mission Cities/Towns furnished by the State Mission Directorate and SLB achievement furnished by the respective ULBs of the Mission Cities/Towns

The following are observed from the **Table-2.14** above:

- a. **Coverage of Water Supply connections:** None of the test checked Mission cities achieved the 100 *per cent* benchmark standard and thereby the assessed gaps in the SLIPs were also not achieved. In Karimnagar and Nizamabad Mission Cities, there was decrease in SLB achievements from the existing service levels in the respective SLIP documents despite execution of new HSCs (*Para 2.7.1.1, Chart-2.10 refers*), which indicated that both existing service levels adopted in the SLIPs and the SLB achievement figures are not based on reliable data.
- b. **Per capita supply of water:** Though SLB standards were shown as almost achieved by the five test checked Mission Cities, documentary evidence/scientific data for arriving at the quantity of water supplied per day were not furnished to Audit.
- c. **Extent of metering of water connections:** Except Nalgonda Mission City/Town ULB, the achievement of metering of water connections in the two Mission City ULBs of Nizamabad and Ramagundam were ‘zero’ despite incurring an amount of ₹4.31 crore⁴¹ towards metering of HSCs. In Karimnagar Mission City, though 1,765 HSCs were provided, no meters were fixed for these HSCs (*Para 2.7.1.2, Table-2.12 refers*).
- d. **Extent of Non-Revenue Water⁴²:** Though SLB achievement against meter connections provided was declared as ‘zero’ in Karimnagar, Nizamabad and Ramagundam Mission City ULBs, the SLB achievement against extent of NRW was stated as 29 *per cent* against SLB benchmark of 20 *per cent*, which indicated that the data were contradictory, in the absence of meters for water billing.
- e. **Cost recovery in Water Supply services:** It is measured as the total operating revenues expressed as a percentage of the total operating expenses incurred in the corresponding time period. Since documentary evidence/scientific data for arriving at the cost

⁴¹ Nizamabad-₹0.14 crore and Ramagundam-₹4.17 crore

⁴² This indicator highlights the extent of water produced which does not earn the utility any revenue. This is computed as the difference between the total water produced (ex-treatment plant) and the total water sold expressed as a percentage of the total water produced (Handbook on SLBs, MoHUA, GoI)

recovery were not furnished to Audit, the correctness or otherwise of this SLB achievement could not be verified in the five test checked Mission Cities/Towns.

- f. Efficiency in collection of Water Supply related charges:** It is defined as current year revenues collected, expressed as a percentage of the total operating revenues, for the corresponding time period. Since documentary evidence/scientific data for arriving at the efficiency in collection of Water Supply charges were not furnished to Audit, the correctness or otherwise of this SLB achievement could not be verified in the five test checked Mission Cities/Towns.

The State Government replied (September 2023) that once all the HSCs are updated online, SLBs on cost recovery and efficiency in collection of water supply related charges would be achieved.

2.7.2 Sewerage works

Ministry of Housing and Urban Affairs, GoI approved (December 2015-April 2017) three projects⁴³ at a total cost of ₹158.34 crore towards Sewerage works in Siddipet Mission City/Town. The three projects were awarded (October 2016 to February 2018) to the contractor, M/s Ayyappa Infra Projects Private Limited, Hyderabad and three Agreements⁴⁴ were entered into for a total value of ₹176.57 crore.

Out of three projects, Project-I and II were completed at a cost of ₹21.48 crore and ₹52.52 crore respectively and commissioned on 31 May 2019 and the assets were handed over by the Siddipet PH&ME Division to the Siddipet ULB on 17 February 2022 and 21 June 2022 (**Exhibit Nos.5 and 6**) respectively for O&M purpose.

Project-III was completed and commissioned on 15 October 2021 but handing over to the Siddipet ULB was still pending. The value of work done as of February 2023 in the 12th Part bill was ₹121.38 crore and final bills were yet to be paid to the contractor as of June 2023.

⁴³ Project I: Sewerage treatment Plant at Chintalacheruvu tank with a capacity of 7.25 MLD including interception and diversion facilities, outfall facilities, intake well, pumping station and outlets: ₹18.34 crore, Project-II: Laying of sewer lines for a length of 61.50 km in 'C' Catchment area including HSCs: ₹40 crore and Project-III: Construction of Sewage Treatment Plant (STP) in 'N' Catchment area with 11 MLD capacity including intake well, pumping station and outlet facilities and laying of sewer line of 130 km including HSCs in 'C' Catchment area and 'N' Catchment area: ₹100 crore

⁴⁴ Agreement I: SE CR (PH) No.05/2016-17 dated 5 October 2016 for ₹17.85 crore 3.29 per cent excess over the estimated contract value of ₹17.28 crore), Agreement II: SE CR (PH) No.04/2017-18 dated 23 August 2017 for ₹42 crore (5 per cent excess over the estimated contract value of ₹40 crore) and Agreement III: SE CR (PH) No. 09/2017-18 dated 15 February 2018 for ₹116.72 crore (4.95 per cent excess over the estimated contract value of ₹111.21 crore)

Exhibit No.5 – Project-I: Construction of 7.25 MLD Sewage Treatment Plant at Chintala Cheruvu under ‘C’ catchment of Siddipet Mission City/Town - Joint Physical verification conducted on 22 November 2022



Commissioning Plaque of 7.25 MLD STP



View of Aerator/Clarifier

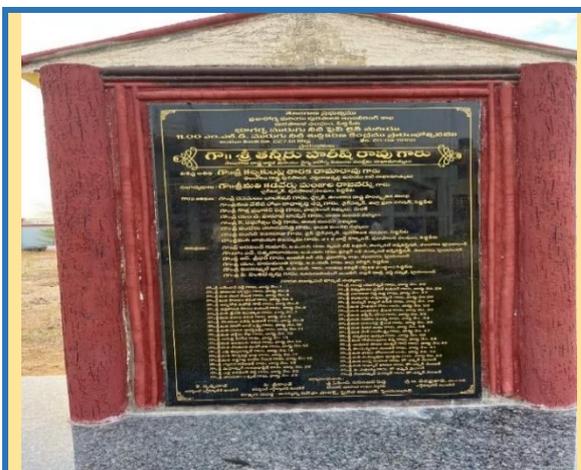


Laboratory for testing Input and Output samples



Aerial View of the Sewage Treatment Plant

Exhibit No.6 – Project-III: Construction of 11 MLD Sewage Treatment Plant at Narasapur Cheruvu under ‘N’ catchment- Joint Physical verification conducted on 22 November 2022



Plaque of 11 MLD STP and UGD network



Outer View of 11 MLD Sewage Treatment Plant



View of Aerator/Clarifier in Sequential Batch Reactor

Active Scada System at 11 MLD STP

2.7.2.1 Service Level Benchmarks achievement in Sewage Management (Sewerage)

The Mission Guidelines prescribe the Indicators and Standards mandated by the MoHUA, GoI in the form of SLBs, which have to be taken as standards to scale the achievements made by the ULBs of the Mission Cities/Towns under the Mission.

The details of SLB achievements under Sewage Management in the test checked Siddipet Mission City/Town as on 31 March 2022 against the gaps assessed in the SLIPs by the Siddipet ULB are given in **Table-2.15**. Documentary evidence in support of the SLB declarations made by the Siddipet ULB was not furnished to Audit.

Table-2.15: SLB achievements in percentage as on 31 March 2022 under Sewage Management in Siddipet Mission City/Town against the gaps assessed in the SLIPs

Sl. No	SLB Indicator	Target Service Level Benchmarks proposed by MoHUA	Service Levels adopted by ULBs during preparation of SLIPs 2017-20	Service Level achievement as on 31 March 2022
1	2	3	4	5
1.	Coverage of toilets	100	100	100
2.	Coverage of sewage network services	100	0	98.80
3.	Collection efficiency of sewage network	100	0	91.42
4.	Adequacy of sewage treatment capacity	100	0	81
5.	Quality of sewage treatment	100	Not indicated	100
6.	Extent of reuse and recycling of sewage	20	Not indicated	24
7.	Efficiency in redressal of customer complaints	80	Not indicated	80
8.	Extent of cost recovery in sewage management	100	Not indicated	0
9.	Efficiency in collection of sewage charges	90	Not indicated	0

Source: Information provided by Siddipet ULB

The following are observed from the **Table-2.15** above:

- i. Coverage of Sewage network services⁴⁵:** Sewer connections were provided to 22,347 (97 *per cent*) out of 22,929 households and it was stated by the ULB that the remaining connections were under progress. Hence, the SLB declaration of 98.80 *per cent* was contradictory to the factual position.

The State Government replied (September 2023) that sewer connections were provided to all the 25,517 households and there is 100 *per cent* SLB achievement by the end of December 2022. This was, however, contradictory to the Siddipet ULB reply in December 2022 that only 22,347 households were provided with sewer connections.

- ii. Collection efficiency of sewage network:** This indicator is measured as the quantum of wastewater collected as a percentage of normative sewage generation in the ULB. Data should be collected daily for an entire month, so as to measure the quantities per month. While daily variations may be normalised, monthly variations may exist on account of seasonal variations. Data should be aggregated from multiple points across the ULB.

Documentary evidence/scientific data for arriving at the SLB achievement against this indicator were not furnished to Audit.

- iii. Adequacy of sewage treatment capacity:** Adequacy is expressed as secondary treatment (that is, removing oxygen demand as well as solids, normally biological) capacity available as a percentage of normative wastewater generation, for the same time period.

Documentary evidence/scientific data for arriving at the SLB achievement against this indicator were not furnished to Audit.

- iv. Quality of sewage treatment⁴⁶:** It was observed from the Telangana State Pollution Control Board (TSPCB) Reports on assessment of quality of sewage treatment for the samples collected as below and furnished to Audit that prescribed standards were not met as detailed in **Table-2.16**.

⁴⁵ This indicator denotes the extent to which the underground sewage (or sewerage collection) network has reached out to individual properties across the service area

⁴⁶ Quality of treatment is measured as a percentage of wastewater samples that pass the specified secondary treatment standards, that is, treated water samples from the outlet of STPs are equal to or better than the standards laid down by the Government of India agencies for secondary treatment of sewage

Table-2.16: Details of standards not met as per the Sewage Sample Analysis Reports of Telangana State Pollution Control Board

Parameter	Prescribed Standards at outlet	STP at 7.25 MLD, Laingareddy pally Village, Siddipet Mandal, Siddipet District					STP of 11 MLD, Siddipet Village and Mandal, Siddipet District	
		Sample collected date					Sample collected date	
		4 July 2020	9 September 2020	7 October 2020	5 January 2022	15 February 2022	5 January 2022	15 February 2022
		Result (in mg/l)						
Total Suspended Solids	Not more than 20 mg/l	25	28	38	37	33	31	28
Chemical Oxygen Demand	Not more than 50 mg/l	60	64	57	74	68	70	64
Biological Oxygen Demand	Not more than 10 mg/l	12	10	12	17	15	15	13

Source: Telangana State Pollution Control Boards Samples Test Analysis Reports

Hence, the benchmark achievement of 100 *per cent* in quality of sewage treatment was contradictory to the above test results.

The State Government replied (September 2023) that samples would be tested again in intervals prescribed as per norms and after obtaining reports from TSPCB. The same would be furnished to Audit.

- v. **Efficiency in redressal of customer complaints:** It is measured as the total number of sewage-related complaints redressed within 24 hours of receipt of complaints, as a percentage of the total number of sewage related complaints received in the given time period.

The Urban Local Bodies stated that complaint redressal is monitored in the Centre for Good Governance website.

Documentary evidence /supporting data for arriving at the SLB achievement against this indicator were not furnished to Audit and hence, could not be verified in audit.

- vi. **Extent of cost recovery in sewage management:** The extent of cost recovery is expressed as wastewater revenues as a percentage of wastewater expenses, for the corresponding time period.
- vii. **Efficiency in collection of sewage charges:** Efficiency in collection is defined as current year revenues collected, expressed as a percentage of the total operating revenues, for the corresponding time period.

As can be seen in Table 2.15, the ULB could not achieve the target fixed in the SLB for sewage management and sewage charges.

The State Government replied (September 2023) in respect of Sl. No. (vi) and (vii) above that the Siddipet ULB had prepared and kept proposals for collecting sewer charges in the Municipal Council for a resolution. The Council, however, suggested not to proceed further, till the completion of sewage scheme in entire Siddipet ULB. Thus, no action initiated by the ULB to achieve these SLBs.

2.7.3 Development of Parks

Para 1.1 of the Mission Guidelines stipulates that enhancing amenity value of cities by creating and upgrading green spaces, parks and recreation centres, especially for children is one of the thrust areas of the Mission. Development of green space and parks with special provision for child-friendly components is one of the Mission components as per Para 3.1.6 of the Mission Guidelines. The Mission Guidelines provide for development of green spaces and parks with special provision for children, senior citizens and differently abled-friendly components. The details of execution of parks in the six test checked Mission Cities/Towns are given in **Table-2.17**.

Table-2.17: Details of execution of parks in the six test checked Mission Cities/Towns

Name of ULB	No. of parks proposed	Total cost (₹ in crore)	Agreement value (₹ in crore)	No. of parks completed	Expenditure incurred (₹ in crore)	No. of Park works in progress	No. of Park works stopped	Expenditure incurred on incomplete Park works (₹ in crore)
Karimnagar	9	3.36	2.05	7	2.10	1	1	0.09
Nalgonda	10	2.75	1.71	10	2.35	NIL	NIL	NIL
Nizamabad	5	4.34	3.73	4	3.38	NIL	1	0.23
Ramagundam	5	3.50	2.55	4	2.19	NIL	1	0.18
Siddipet	4	3.32	2.77	4	2.63	NIL	NIL	NIL
Warangal	7	3.88	2.79	5	2.50	1	1	0.08
Total	40	21.15	15.60	34	15.15	2	4	0.58

Source: Information furnished by the State Mission Directorate and JPV observations of Audit

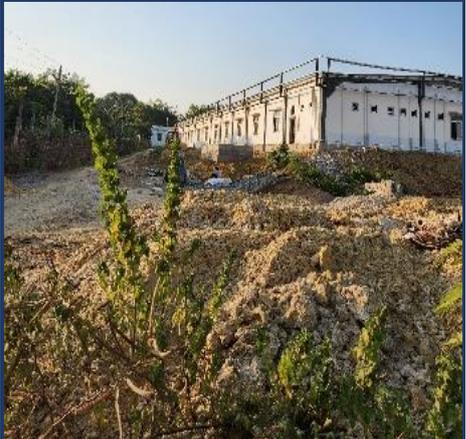
Para 6.10 of the Mission Guidelines stipulates that no projects should be included in SAAP which do not have available land and no project work order should be issued if all clearances from all the Departments concerned have not been received by that time.

Audit observed during Joint Physical Verification of parks and scrutiny of records in four⁴⁷ test checked Mission Cities/Towns that six parks were not completed due to land disputes/court cases and delay on the part of the contractor in completion of the works as detailed in **Table-2.18**.

Table-2.18: Audit observations on Joint Physical Verification of Development of Park works in the test checked Mission Cities/Towns

Sl. No.	Name of Park	Audit observation
Karimnagar (JPV conducted on 16 November 2022)		
1	Jyothinagar Park -2 Date of Agreement: 21 August 2018 Due date of Completion: 20 November 2018	 <p>A Writ Petition No.26879/2018 was filed by a resident of the Colony praying to suspend the impugned E-Procurement tender notification dated 16 July 2018 published in a Telugu Daily Newspaper on 18 July 2018, for alleged park development over petitioner's property in Sy.No.1181, situated at Jyothinagar, Karimnagar Town, Karimnagar by falsely claiming it as Sy.No.1182 by the ULB. The Hon'ble High Court in its latest order dated 1 October 2018 directed to extend and maintain the <i>status</i></p>

⁴⁷ Karimnagar, Nizamabad, Ramagundam and Warangal

			<p>quo, with regard to tender notification and the case was still pending in the Hon'ble High Court. As a result, the work remained incomplete even after more than four years of the scheduled date of completion.</p>
2	<p>New Srinagar Colony Park</p> <p>Date of Agreement: 6 February 2019</p> <p>Due date of completion: 5 May 2019</p>	 <p><i>Incomplete park (16 November 2022)</i></p>	<p>The work was scheduled to be completed by May 2019 but due to Covid-19 pandemic the contractor did not commence the work for two years. The ULB stated (November 2022) that the contractor had resumed the work. Expenditure incurred after resumption of work and the progress made were not furnished to Audit.</p>
Nizamabad (JPV conducted on 20 October 2022)			
3	<p>Goutham Nagar</p> <p>Date of Agreement: 25 May 2017</p> <p>Due date of completion: 24 November 2017</p>	 <p><i>Incomplete park (20 October 2022)</i></p>	<p>The land earmarked for development of park was a Government land and the residents of the nearby Colony opposed the Park works claiming that the earmarked land was inclusive of plots allotted to the residents of the Colony. The Park works were stopped due to a court case filed in April 2018 on land allotted for park and the court case was still pending.</p>
Ramagundam (JPV conducted on 17 November 2022)			
4	<p>Development of park at Government Area hospital at Godavarikhani</p> <p>Date of Agreement: 28 July 2018</p>	 <p><i>Compound wall constructed with the Mission funds (17 November 2022)</i></p>	 <p><i>Hospital building constructed in the land allotted for Park (17 November 2022)</i></p>
		<p>The Government Area hospital land was allotted for park development work and expenditure of ₹18.32 lakh was incurred as of November 2022. Later, the District Administration allotted this land to the Hospital for construction of additional beds for the hospital due to the then prevailing Covid-19 pandemic. No alternate land has been allotted for development of the park so far.</p> <p>Thus, due to non-allotment of alternate land and non-completion of the park, the expenditure of ₹18.32 lakh already incurred on Park works remained wasteful.</p>	
Warangal (JPV conducted on 29 January 2023)			

5	Excise Colony Date of Agreement: 6 December 2017	There was a land dispute, and the petitioner filed a court case in Hon'ble High Court of Telangana in 2017 and the Hon'ble High Court directed (August 2017) to maintain <i>status-quo</i> , which still remains unresolved. Despite directions of Hon'ble High Court and non-confirmation of availability of land, the work was awarded to a contractor, which resulted in non-achievement of development of park. Further, against the MoHUA, GoI approved project cost of ₹90.60 lakh, the GoI proportionate share (50 per cent) of ₹45.30 lakh was not refunded.
6	Puppalagutta Date of Agreement: 8 February 2019 Due date of completion: 7 June 2019	 <p data-bbox="630 808 1005 840"><i>Incomplete Park (29 January 2023)</i></p> The park work has been stopped by the contractor. On issue of final notice (September 2022) by the ULB, the contractor sought EoT up to March 2023. As on the date of Joint Inspection, the contractor carried out the construction of compound wall around the site only and sanction of further EoT by the ULB was not on record. The contractor was paid ₹9.30 lakh in March 2021 and a bill for an amount of ₹7.17 lakh was pending for payment for the work done. Thus, the work taken up in February 2019 was not completed even after lapse of four years.

Source: Information furnished by ULBs and Joint Physical Verification reports

The State Government replied (September 2023) that the park projects were taken up after verifying the encumbrance particulars of the proposed sites. In some of the locations mentioned in the Audit observations, court cases were filed after commencement of park projects.

The reply of the State Government is not acceptable as works⁴⁸ of two Park works (**Table-2.18**) were awarded to contractors without ensuring availability of land free from all encumbrances, which led to land disputes/court cases and thereby resulted in non-completion of Park works for more than four years of scheduled date of completion.

The Urban Local Bodies also could not complete two parks⁴⁹, despite availability of land and one park at Government Area hospital at Godavarikhani in Ramagundam Mission City due to non-allotment of alternate land. Thus, the expenditure of ₹0.58 crore incurred so far on the six incomplete Park works remained unfruitful, besides depriving of the envisaged benefit under the Mission.

2.7.3.1 Non-establishment of system for maintenance of parks with local resident participation

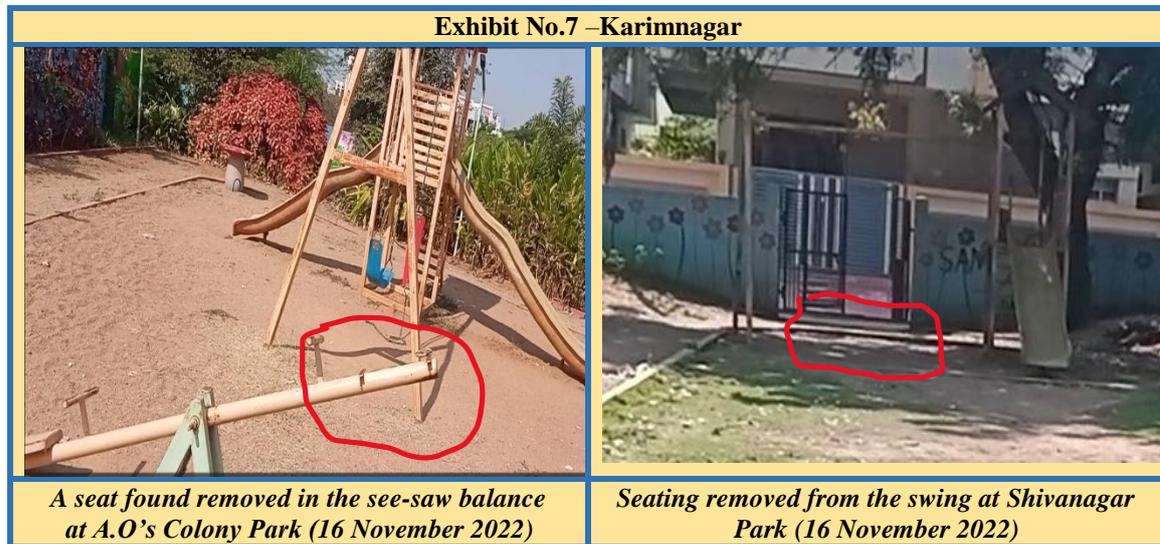
Para 5.1 of the Mission Guidelines stipulates that for parks, the ULBs should establish a system for maintenance with local resident participation. Audit observed during Joint Physical Verification of parks in the three test checked Mission Cities/Towns⁵⁰ that there were deficiencies in maintenance of parks as detailed below:

⁴⁸ Jyothinagar-2 and Excise Colony

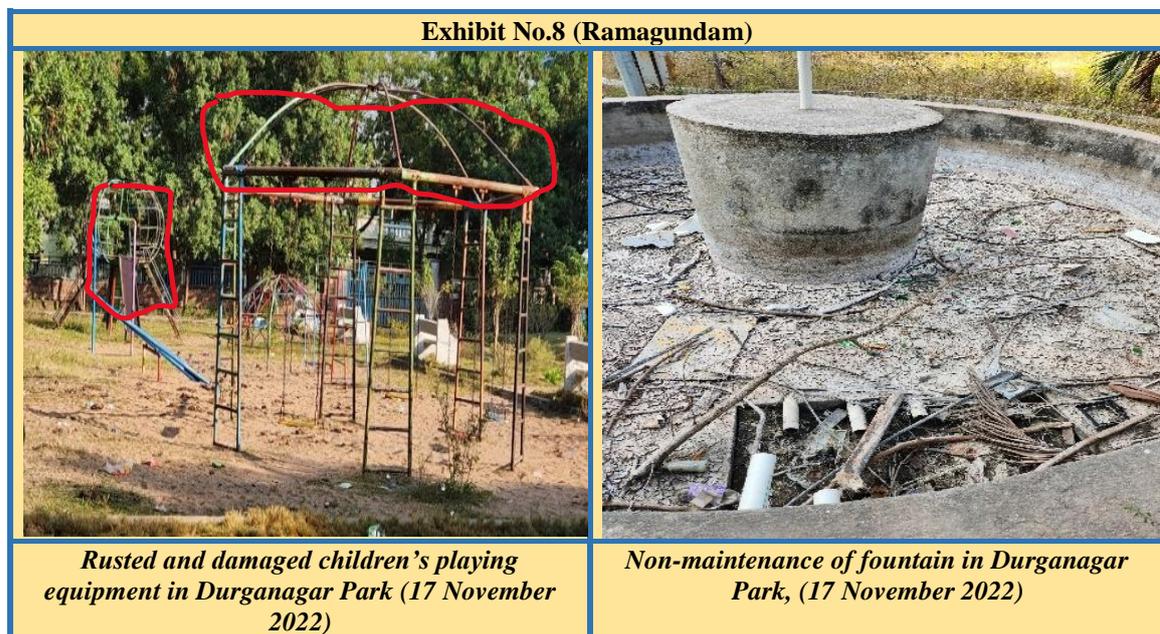
⁴⁹ New Srinagar Colony and Puppalagutta

⁵⁰ Karimnagar, Nizamabad and Ramagundam

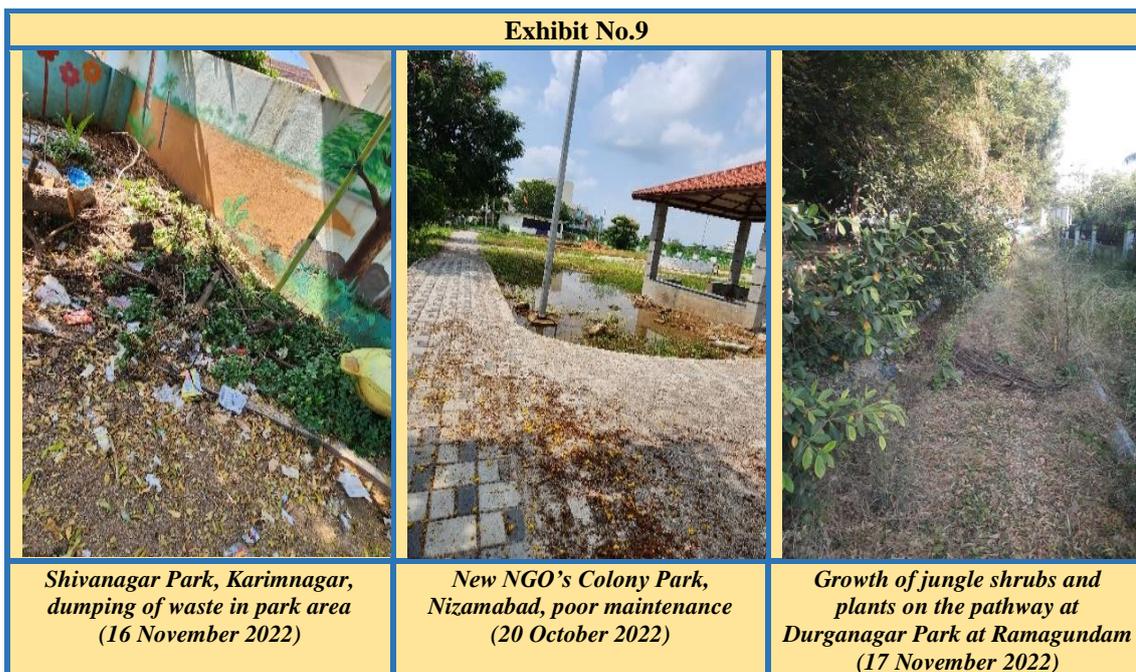
- a. In Karimnagar Mission City, out of nine parks where JPV was conducted, maintenance issues with playing equipment for children were observed in two parks at A.O’s Colony and Shivanagar (**Exhibit No.7**).



- b. In Ramagundam Mission City, out of five parks where JPV was conducted, maintenance issues were observed in one park at Durganagar like damaged children’s playing equipment requiring replacement; fountain in the park not being in good condition (**Exhibit No.8**).



- c. There was poor maintenance of walkways and park areas with water logging, dumping of waste and growth of jungle shrubs and plants in (i) Durganagar Park in Ramagundam Mission City, (ii) Shivanagar Park in Karimnagar Mission City and (iii) New NGO’s Colony Park in Nizamabad Mission City, out of the five parks where JPV was conducted (**Exhibit No.9**).



Further, Audit observed that in all the six test checked Mission cities, the ULBs did not evolve a system for maintenance of parks with local resident participation.

The State Government replied (September 2023) that CDMA was requested to ensure that the parks under the Mission are maintained properly with sufficient budget allocation and duly involving Resident Welfare Associations. It was also stated that CDMA was requested to instruct the Commissioners of AMRUT ULBs concerned to establish a system for maintenance of parks developed under the Mission.

Instances of good maintenance of parks by ULBs themselves were observed during JPV in Nalgonda, Siddipet and Warangal Mission Cities/Towns (**Box-1**).

Exhibit No.10, Box No.1
Good maintenance of parks-Nalgonda Mission City

Box No.1
Good maintenance of parks observed in
Nalgonda, Siddipet and Warangal Mission Cities/Towns

During JPV of parks in these three Mission Cities, it was observed that parks were well maintained and in good condition with children's playing area and equipment, beautification of landscape, provision for walking tracks with tiles and seating arrangements for elderly. The details are captured in **Exhibit No.10** (Nalgonda Mission City/Town), **Exhibit No.11** (Siddipet Mission City/Town) and **Exhibit No.12** (Warangal Mission City)

(JPV conducted on 21 and 22 July 2023)



Rajiv Park with landscape and greenery



Rajiv Park with walkway and fountain



Ramnagar Park with walkway



Ramnagar Park with fountain



Vidyanagar Park with children's play equipment and walkway



Panchatatva Park with landscape beautification

Exhibit No.11, Box No.1
Good maintenance of parks-Siddipet Mission City/Town
(JPV conducted on 18 and 19 July 2023)



AP Housing Board Colony Park with landscape and greenery



AP Housing Board Colony Park with children's play equipment and greenery



Maitrivanam Park with children's play equipment



Maitrivanam Park with fountain and walkway



Komaticheruvu-I Park with walkway and landscape



Komaticheruvu-I Park with seating arrangements

Exhibit No.12, Box No.1
Good maintenance of parks-Warangal Mission City
(JPV conducted on 29 January 2023)



Park at New Millennium Bank Colony with walkway and landscape



Park at Subashnagar with children's play equipment



Park at Pragathi Nagar with seating arrangements



Park at Subashnagar with walkway and landscape

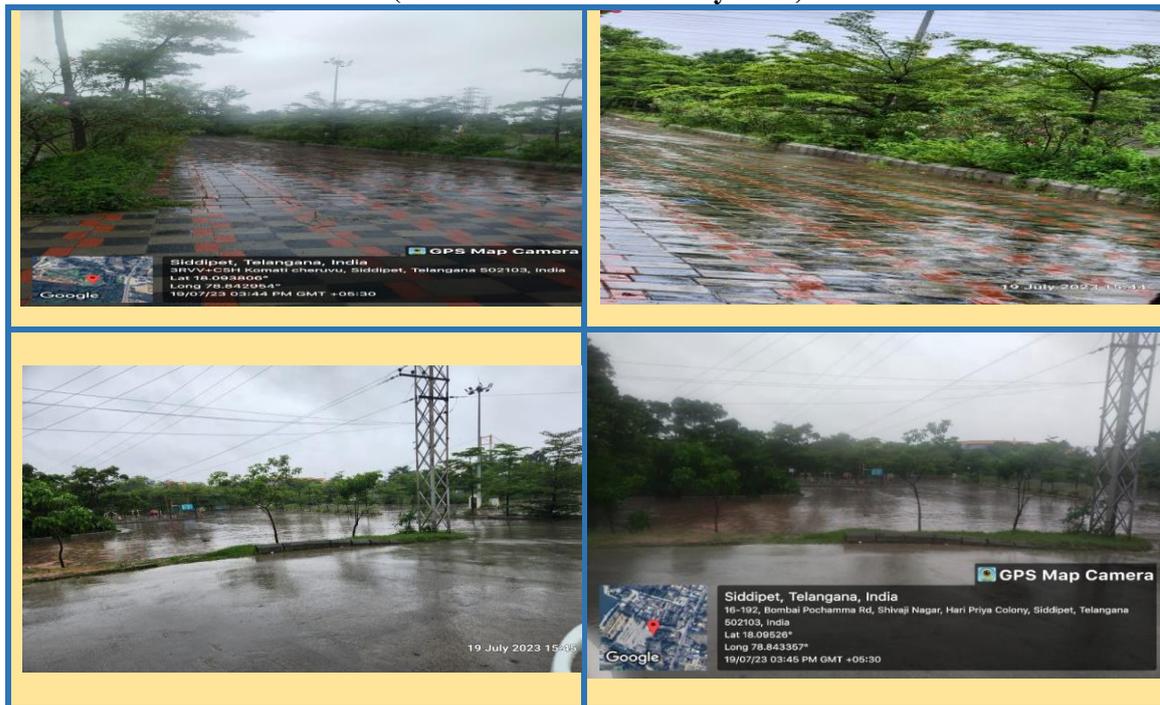
2.7.3.2 Diversion of Mission funds earmarked for Development of Parks

The State Mission Directorate furnished (June 2023) information on Park works taken up with Mission funds, wherein it was mentioned that Development of park in Siddipet Mission City/Town at Komaticheruvu-II included in SAAP 2017-20 was approved by MoHUA, GoI with a project cost of ₹1.50 crore. The value of work done was shown as ₹1.37 crore and the park inaugurated in December 2019.

Audit observed during JPV conducted in July 2023 that there was no development of Komaticheruvu-II Park and only a parking area was constructed (Exhibit No.13). The parking area was to facilitate parking of two and four wheelers by the visitors coming to visit Komaticheruvu-I Park, Adventure Park and Boating in the Komaticheruvu Lake.

The State Government replied (September 2023) that provision of sufficient parking is essential for a huge park and recreation facilities developed at Komaticheruvu Lake. Further the parking area generates revenue for ULB, which can be used for O&M of parks. The reply confirms the Audit observation that vehicles parking area was constructed with Mission funds earmarked for Development of Komaticheruvu-II Park, without developing a proper park. This clearly indicated diversion of Mission funds.

Exhibit No.13, Para no.2.7.3.2
Irregular construction of vehicle parking area with Mission funds in
Siddipet Mission City/Town
(JPV conducted on 19 July 2023)



2.7.4 Other Audit Findings

2.7.4.1 Excess payment/undue benefit to the contractors

Audit observed excess payment and undue benefit to the contractors in the test checked Mission Cities/Towns due to the reasons detailed below:

- (i) Excess payment of price adjustment on Petrol, Oil and Lubricants (POL) for ₹1.05 crore in Warangal Mission City due to incorrect arbitrary revision of base price of POL to ₹62.46 per litre instead of adoption of original base price of ₹64.36 per litre while computing the price adjustment for POL (Details are given in the *Appendix-2.4*).
- (ii) Excess payment of price adjustment on POL for ₹0.28 crore in Nalgonda and Nizamabad Mission Cities/Towns due to non-deduction of element of contractor's profit of 13.615 per cent of the value of work done while computing price adjustment for POL. (Details are given in the *Appendix-2.4*).
- (iii) In Karimnagar and Ramagundam Mission cities, price adjustment for POL was paid to

M/s L&T, Chennai towards Water Supply works, for a total amount of ₹1.37 crore⁵¹, without deducting embedded taxes portion from the value of work done while computing price adjustment for POL bill-wise⁵².

The PH&ME Divisions replied (November 2022) that price adjustment amount paid to M/s L&T, Chennai will be recalculated and excess payment amount would be deducted from the next running account bills.

- (iv) Excess payment of ₹1.26 crore⁵³ and ₹0.16 crore⁵⁴ towards price adjustment of Ductile Iron (DI) pipes in Nalgonda and Nizamabad Mission cities respectively due to taking only the difference in price between the pig iron rates of estimated price (CPI₁) and rate prevailing 28 days prior to the date of recording check measurements (CPI₂) and without applying P1 and P2 factor (Details are given in the **Appendix-2.5**).
- (v) Price adjustment for DI fittings was not allowed as per Government Orders⁵⁵. A total amount of ₹0.49 crore⁵⁶ towards price adjustment for DI fittings was paid to the contractor, M/s MEIL, Hyderabad in all Mission Cities/Towns of Package-II (Details are given in the **Appendix-2.6**).
- (vi) Audit observed during scrutiny of deviation statement and related data sheets for the work “Construction of Under Ground Drainage system for ‘C’ Catchment under the Mission (2nd year 2016-17) in Siddipet town” that the estimates were prepared based on Schedule of Rates 2016-17 and payments were made to the Contractor, M/s Ayyappa Infra Projects Private Limited, Hyderabad for the value of work done without deduction of embedded taxes on items of works, which resulted in excess payment of ₹0.47 crore to the Contractor as detailed in **Appendix-2.7**.

The Executive Engineer (PH) Division of the Mission City/Town replied (November 2022) that the embedded taxes for all the items executed in post GST period were calculated based on the re-formulated Schedule of Rates approved by Board of Chief Engineers on 23 March 2019 and as the embedded taxes to be deducted were not shown for items of works pointed out by Audit, deduction of embedded taxes on these items was not applicable.

The reply was not in consonance with the fact that in the data sheet for preparation of the estimates for the items of work, the embedded taxes were included in addition to the basic rates given in Schedule of Rates 2016-17 to arrive at the individual work item rate. Hence, the portion of embedded taxes was known and had to be deducted before making payments to the contractor.

Lapse of the PH&ME Divisions in complying with Government orders while preparing the bills and of the Pay and Accounts Officers in scrutinising the bills resulted in total excess payment of ₹3.71 crore towards price adjustment of POL, DI pipes and DI fittings and due to inclusion of embedded taxes.

⁵¹ Karimnagar: ₹0.51 crore and Ramagundam: ₹0.86 crore

⁵² value of embedded taxes bill-wise was not furnished to Audit

⁵³ Nalgonda- Paid by PH&ME Department: ₹3,40,79,530 (*minus*) to be paid as per Audit calculation: ₹2,14,35,210

⁵⁴ Nizamabad- Paid by PH&ME Department: ₹33,87,319 (*minus*) to be paid as per Audit calculation: ₹17,38,688

⁵⁵ G.O. Rt. No. 910 Municipal Administration and Urban Development (A2) Department dated 21 June 2008

⁵⁶ Nalgonda: ₹18,55,143, Nizamabad: ₹9,86,797, Mahabubnagar: ₹12,94,114, Miryalaguda: ₹6,29,343 and Suryapet: ₹1,28,760

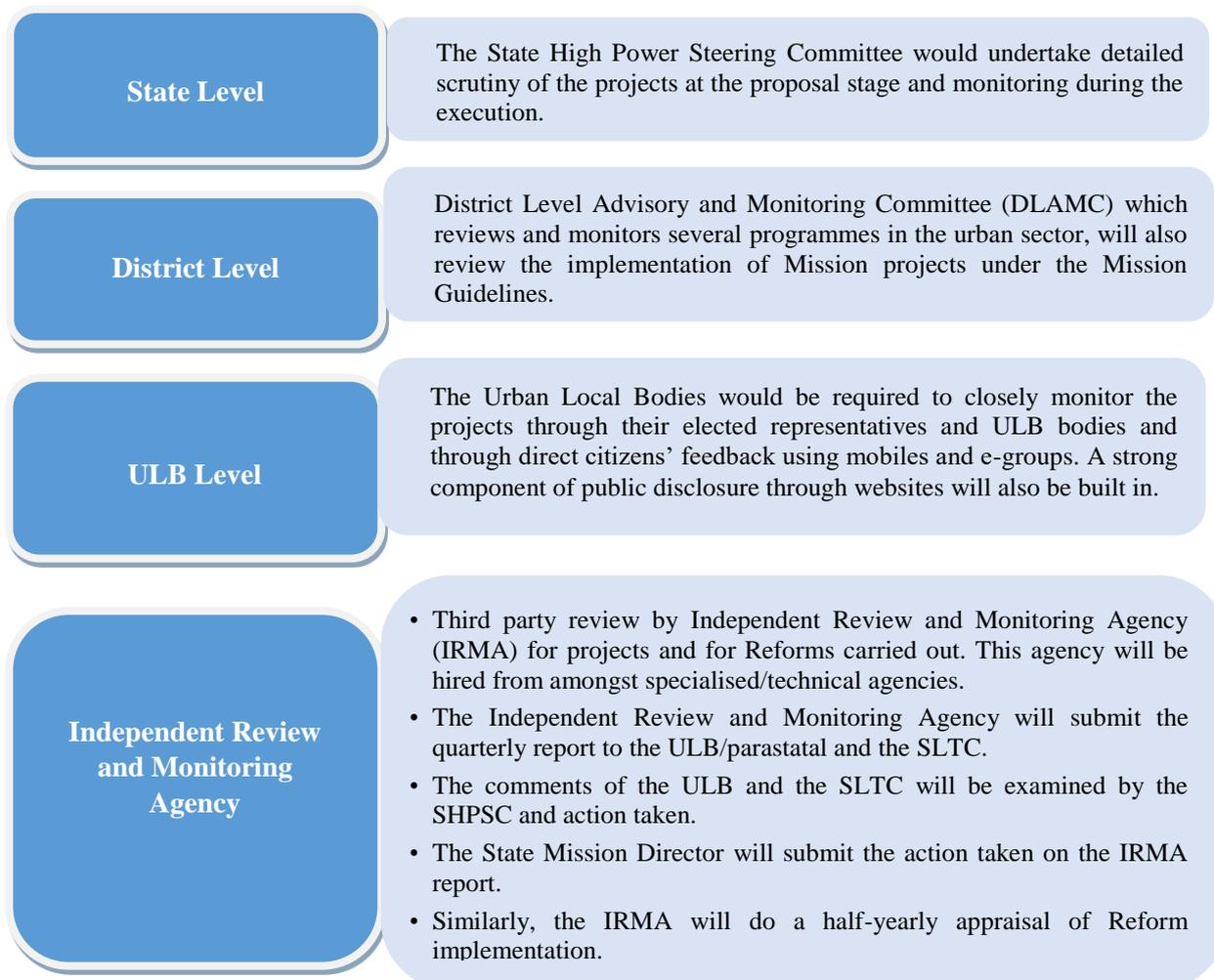
Engineer-in-Chief (TPH&ME) replied (March 2023) that with regard to price adjustment for DI pipes, instructions were issued in February 2022 to the Superintending Engineers (SEs), the Agreement concluding authority and Executive Engineers (EEs) of PH&ME Divisions of the Mission Cities/Towns to recover the excess paid price adjustment amounts from the contractors. Further, ENC (TPH&ME) replied that with regard to price adjustment for POL and DI fittings, instructions were issued in March 2023 to all the EEs of the Mission Cities/Towns to recover the excess paid amount from the contractors.

The State Government accepted (September 2023) the Audit observations on excess payments and assured to recover the excess amounts in the next Running Account Bills.

2.8 Supervision and Monitoring

Para 14 of the Mission Guidelines stipulates that the Mission was to be monitored real-time at the State and ULB level. Moreover, information and data are to be shared with citizens in the public domain and third-party monitoring and review should be encouraged. Monitoring of the Mission at various levels is detailed in **Chart-2.11**.

Chart-2.11: Monitoring of the Mission at various levels



Source: The Mission Statement and Guidelines

2.8.1 Monitoring of the Mission by State High Power Steering Committee

The State High Power Steering Committee meeting was first held in October 2015 and subsequently approvals of SHPSC pertaining to the Mission activities were obtained through resolution by circulation. Audit observed that the meetings and resolutions by circulation were for approval of SAAPs, release of CA for the Mission, self-assessment of reforms *etc.*

Audit further observed that the issues related to monitoring of the Mission with regard to achievement of SLBs, execution of HSCs for Water Supply, Sewerage connections, Development of Park works, findings in Third Party Quality Control reports and IRMA reports were not discussed.

The State Government accepted the Audit observations and replied (September 2023) that due to administrative reasons the meetings could not be convened for review of the Mission activities. Further, it was stated that the overall assessment report of IRMA would be placed before SHPSC.

2.8.2 Non-constitution of District Level Advisory and Monitoring Committee

Ministry of Urban Development, GoI issued Guidelines (June 2016) for setting up of a common District Level Advisory and Monitoring Committee (DLAMC) with the following composition of the Committee:

- a. Chairperson
- b. Co-Chairperson (Lok Sabha) and Co-Chairperson (Rajya Sabha)
- c. Member Secretary
- d. Ex-Officio Members
- e. Nominated Members

Nomination of the Chairperson of the DLAMCs would be done by the State Government/ UT Administration.

In response to an Audit Enquiry on constitution of DLAMCs in the State to monitor the Mission activities, the State Mission Directorate replied (March 2023) that DLAMCs were not constituted.

The State Government replied (September 2023) that ENC(PH) had conducted regular review meetings with field Engineers/ District level Engineers during the Mission period. Hence, it was stated that the necessity of District Level Advisory Monitoring Committee was not felt.

The fact remains that mandated monitoring by DLAMCs was not done due to non-constitution of DLAMCs by the State Government.

2.8.3 Monitoring of the Mission by Urban Local Bodies

- Documentary evidence on monitoring of the projects under the Mission in the ULBs through their elected representatives, ULB bodies and through direct citizens' feedback using mobiles and e-groups was not furnished to Audit.
- The details of projects taken up under the Mission, funding, status of works, coverage of Water Supply and Sewerage connections, parks completed were not disclosed for public in the official websites of the ULBs of the Mission Cities/Towns though mandated as per para 14.1 (vi) of the Mission Guidelines.

2.8.4 Monitoring of the Mission by Independent Review and Monitoring Agency

The State Mission Directorate entered (August 2018) into an Agreement with M/s WAPCOS Limited⁵⁷, Hyderabad who was selected as the Independent Review and Monitoring Agency (IRMA) for the Mission in the State of Telangana by the MoHUA, GoI, based on the Tender Notice issued (December 2017) by the Ministry and for a total consultancy service cost of ₹1.28 crore (excluding GST⁵⁸). The contract period was valid for 36 months from the date of agreement and could be extended for a period of one year at a time up to a maximum of two extensions, if required. As per Agreement, the IRMA had to carry out one fact finding visit followed by six site visits. The Agreement was extended up to 30 June 2023 and an amount of ₹1.15 crore was paid.

The State Mission Directorate informed (March 2023) that the IRMA had submitted a Report on one fact finding on the first visit of the projects and six periodical site visit Reports⁵⁹. A copy of the fact-finding Report on the first visit was, however, not furnished to Audit and copies of six periodical site visit Reports were only furnished to Audit.

The State Mission Directorate stated (March 2023) that the IRMA Reports were submitted to the PH&ME Divisions of the Mission Cities/Towns and they have furnished Action Taken Reports (ATRs) on the observations made by the IRMA. The copies of ATRs on remarks of IRMA made during site visits in Warangal Mission City were only furnished to Audit. The ATRs for the remaining test checked Mission Cities/Towns were not furnished to Audit.

Audit observed the following with regard to IRMA reports:

- a. The Independent Review and Monitoring Agency Reports were not placed before SLTC and SHPSC.
- b. There were no ATRs from the State Mission Directorate on the observations made by the IRMA in its Reports though mandated as per Para 14.1 of the Mission Guidelines.
- c. No provisions were in the Agreement for submission of Quarterly Reports by IRMA, *i.e.*, M/s WAPCOS Limited to the ULB/Parastatal and the SLTC and also half-yearly appraisal of reform implementation by IRMA though mandated as per Para 14.1 of the Mission Guidelines.

⁵⁷ A Central Public Sector Enterprise, wholly owned by GoI under the administrative control of the Ministry of Jal Shakti

⁵⁸ GST of ₹22,97,291, which is subject to revision as per the rates prescribed by GoI from time to time

⁵⁹ October -November 2018, March 2019, August 2019, December 2019, October-November 2020 and November 2022

The State Mission Directorate replied (March 2023) that IRMA reports would be placed before SHPSC and SLTC in the next meetings.

The State Government replied (September 2023) that after submission of overall assessment report by IRMA, the same would be placed before the SHPSC.

The reply is not acceptable as not placing IRMA Reports before SHPSC and SLTC and also non-submission of ATRs on IRMA Reports by the State Mission Directorate led to non-accrual of intended benefit of engagement of IRMA.

2.9 Conclusion

Though mandated in the Mission Guidelines, there was no Tripartite MoU, on account of which, the roles, responsibilities and accountability of the three entities viz., State Mission Directorate, ENC (TPH&ME) and ULBs involved in the implementation of the Mission were not defined, resulting in lack of coordination between ENC (TPH&ME) and the ULBs. Consequently, assets created under the Mission were not yet handed over in two Mission Cities of Karimnagar and Ramagundam.

Planning was inadequate, as the assessment of gaps was not scientifically done by the ULBs and projection of service levels for Water Supply in the SLIP documents for the Mission Cities/Towns was not backed by documented estimates or authentic data. The variations in the HSCs as per SLIPs and those projected in DPRs indicated that service level gaps were not properly assessed and that field surveys were not conducted effectively to arrive at the required number of HSCs. State Government stated that there were instances of HSCs provided to unassessed households, schools and religious places and multiple HSCs given to one household, which indicated improper assessment of gaps in preparation of SLIPs.

There was short execution of HSCs in the test checked Mission Cities/Towns. Even the executed connections were not fully taken over by the Mission Cities/Towns. Service Level Benchmarks for Water Supply and Sewerage were not fully achieved.

Preparation of DPRs for Water Supply projects was done without considering the actual field requirements leading to changes in capacity and staging of Reservoirs during execution. The conditionality regarding the availability of land and clearances from other departments concerned was not strictly adhered to by the State Mission Directorate and projects were included in the SAAP without ensuring the availability of land. Out of the test checked 40 Park works, three were awarded to contractors without ensuring availability of land free from all encumbrances, which led to land disputes/court cases and thereby resulted in non-completion of Park works for more than four years of scheduled date of completion.

Payments for inadmissible items like price adjustments, Road Restoration and PLB Duct works were made from the Mission funds in violation of the Mission Guidelines, despite State Government orders to incur expenditure on such items from Municipal General Funds. Lapse of the PH&ME Divisions in complying with Government orders while preparing the bills and of the Pay and Accounts Officers in scrutinising the bills, resulted

in total excess payment of ₹3.71 crore to contractors towards price adjustment of POL, DI pipes DI fittings and also due to inclusion of embedded taxes.

The Joint Physical Verification of Water Supply connections provided in the test checked Mission Cities/Towns revealed that there were no effective measures to prevent instances of cutting of water pipes and removal of meters. Further, instances of laying of water pipelines exposed to open surfaces and across the drainage were observed during JPV. These indicated improper execution of HSC works by the PH&ME Divisions.

In the test checked six Mission cities, the ULBs did not evolve a system for maintenance of parks with local residents' participation.

Monitoring of the Mission was found deficient due to non-placement of the IRMA reports before SLTC and SHPSC for discussion; non-furnishing of ATRs on IRMA reports by the State Mission Directorate though mandated in the Mission Guidelines; and non-inclusion of a clause in the Agreement for submission of quarterly reports by IRMA to the ULB/Parastatal and the SLTC and half-yearly appraisal of Reform implementation by IRMA though mandated as per the Mission Guidelines.

2.10 Recommendations

1. State Government may ensure execution of Tripartite MoU that defines the roles, responsibilities and accountability of State Mission Directorate, ENC (TPH&ME) and ULBs for effective coordination in achieving the Mission objectives.
2. State Government may ensure that execution of work is done as per gaps assessed and Water Supply HSCs are provided to eligible households following mandated procedures.
3. State Government may ensure the achievement of Service Level Benchmarks for Water Supply and Sewerage Management as envisaged in the Mission Guidelines.
4. State Government may ensure that PH&ME Divisions and Pay and Accounts Officers exercise due diligence to prevent instances of excess payment to the contractors.
5. State Government may ensure appropriate measures to prevent instances of cutting of water pipes and removal of meters and also to adopt suitable mechanism to penalise erring official to minimise inconvenience to households provided with HSC.
6. State Government may ensure availability of encumbrance free land before award of work. Additionally, it may ensure inclusion of penalising provision against the officials concerned who could not ensure encumbrance free land before award of work in the guidelines.
7. State Government may ensure that findings of the IRMA Reports along with comments of SLTC and ULBs are submitted to SHPSC for effective follow up action.

Chapter III

3. **Compliance Audit Observations**

Backward Classes Welfare Department

3.1 Kalyana Lakshmi Pathakam

3.1.1 Introduction

‘**Kalyana Lakshmi Pathakam**’ is a welfare scheme which was introduced in 2014 by the State Government. The objective of the scheme is to alleviate financial distress of parents in performing the marriage of unmarried daughters. Accordingly, it was decided to grant with effect from 2 October 2014 a one-time financial assistance of ₹51,000 for the marriage of every eligible¹ Scheduled Caste (SC) and Scheduled Tribe (ST) girl. The scheme was extended to Backward Classes (BC) and Economically Backward Classes (EBC) girls² from 1 April 2016. The benefit was further extended to all eligible disabled girls irrespective of the caste based on the provisions of Section 24 (1) of the Right of Persons with Disabilities Act, 2016 from June 2019.

The financial assistance of ₹51,000 was enhanced to ₹75,116 in April 2017 and to ₹1,00,116 in April 2018. The benefit has been enhanced (June 2019) further from ₹1,00,116 to ₹1,25,145 for the parents of a disabled girl. Kalyana Lakshmi Pathakam cannot be combined with other schemes such as the incentive award for inter-caste marriage, etc.

The overall implementation of the scheme is administered by the Commissioner, Backward Classes (BC) Welfare Department³, who is assisted by the Revenue Divisional Officer (RDO) at District level and Mandal Revenue Officer or Tahsildar at field level.

3.1.2 Functional setup

To avail of the scheme, the applicant shall apply for assistance by accessing the Electronic Payment and Application System of Scholarships (ePASS) website through a Mee Seva Centre. Based on the applications received on the ePASS website, the Mandal Revenue Officer or Tahsildar shall verify the claims with the supporting documents⁴ and prepare the beneficiaries’ list which would then be approved / countersigned by the concerned Constituency Member of Legislative Assembly (MLA). The approved hard copy is retained as a record and the same is scanned and uploaded in the online system (e-PASS). Based on the approved list, the RDO issues sanction and distribution orders duly indicating the list of beneficiaries and prefers the bill accordingly to the Treasury (Sub Treasury Officer / Assistant Treasury Officer)⁵. Thereafter, the Treasury will credit the amount to the Personal Deposit Account of the RDO.

¹ Girl must be resident of Telangana State and should have completed 18 years of age at the time of marriage; combined income of parents shall not exceed ₹2 lakh per annum (urban and rural)

² Whose parents combined income shall not exceed ₹1.5 lakh in respect of the parents of BC/EBC girl in rural areas and ₹2 lakh in urban areas per annum

³ G.O.Ms.No.14 BC Welfare (OP) Department, dated 6 July 2017

⁴ Birth Certificate, Caste Certificate, Income Certificate, Aadhaar card, Marriage Registration Certificate/letter given by Stamps and Registration Department/Gram Panchayat/Church/Mosque/any other authority/institution which has performed the marriage to avoid bogus claims along with wedding card

⁵ GO Ms.No.107 Finance (TFR) Department, dated 6 September 2016

Thereafter, the concerned RDO would issue a cheque to the Bank duly enclosing the list of beneficiaries with their respective Bank Account Number, Branch Name and IFSC Code, etc. Based on the information provided by the RDO, the Bank prepares individual pre-printed crossed cheques in the name of the bride's mother. In case, the bride's mother is deceased, the cheque is prepared in the name of the bride's father⁶. The cheques are then to be distributed to the beneficiaries by the MLA of the Constituency on a specific day (once a week), at the Mandal Headquarters.

Details of applications registered, rejected and sanctioned in the State during the period 2019-20 to 2021-22 are given in **Table 3.1** below:

Table 3.1: Details of applications registered and sanctioned during 2019-2022

(₹ in crore)				
Year	No. of Applications Registered	No. of Applications Rejected/Pending	No. of Applications Sanctioned	Total amount Sanctioned
(1)	(2)	(3)	(4)	(5)
2019-20	1,34,253	4,121	1,30,132	1,282.08
2020-21	1,83,366	2,600*	1,80,766	1,829.31
2021-22	2,15,022	3,974 [§]	2,11,048	1,597.18
TOTAL	5,32,641	10,695	5,21,946	4,708.57

Source: figures taken from ePASS website & VLC Figures

* Out of 2600 applications, 2597 applications were rejected and 3 applications were pending with MLA for countersignature (02 under RDO Secunderabad and 01 under RDO Warangal)

§ Out of 3974 applications, 3971 applications were rejected and 3 applications were pending at MRO level (02 under RDO, Achampet and 01 under RDO, Kandukur)

3.1.3 Budget Allocation and Expenditure

The details of Budget allocation and the expenditure incurred under the Kalyana Lakshmi Pathakam during the period 2019-22 are as follows:

Table 3.2: Budget allocation and expenditure incurred under Kalyana Lakshmi Pathakam during 2019-2022

(₹ in crore)		
Year	Budget Allocation	Expenditure incurred
(1)	(2)	(3)
2019-20	1,287.02	1,282.08
2020-21	1,940.46	1,829.31
2021-22	2,450.46	1,597.18
Total	5,677.94	4,708.57

Source: VLC figures

3.1.4 Audit Objectives

Compliance Audit of Kalyana Lakshmi Pathakam was conducted to ascertain whether:

- The selection of beneficiaries under the scheme was done in compliance with the norms and procedures specified in the Government orders;
- Adequate controls were exercised by the implementing authorities over sanction and release of financial benefits to the intended beneficiaries; and
- Monitoring mechanism was adequate to oversee the implementation of the scheme efficiently and effectively.

⁶ G.O.MS.No.22 BC Welfare (OP) Department, dated 17 September 2016

3.1.5 Audit Criteria

The audit findings were benchmarked against the criteria sourced from the following:

- i. Orders/circulars/instructions issued by the State Government and Backward Classes Welfare Department during 2014 to 2019 for implementation of Kalyana Lakshmi Pathakam; and
- ii. Telangana State Financial Code and Budget Release Orders

3.1.6 Audit Scope and Methodology

The Detailed Compliance Audit was conducted for the period from 2019-20 to 2021-22 covering the offices of Revenue Divisional Officer (RDO) and Tahsildar selected on sample basis for scrutiny of records. Out of 72 RDOs in the State, 18 (25 per cent) were selected on Simple Random Sampling Method for detailed scrutiny. Under each RDO, two Tahsildars (36⁷ Tahsildar Offices) were selected on random sampling method for scrutiny of applications. Further, out of 5,400 applications verified in these selected Tahsildar offices, 10 beneficiaries were randomly selected for conducting beneficiary survey.

An Entry Conference was conducted with the Principal Secretary to Government, Backward Classes (BC) Welfare Department in August 2022 to apprise the audit approach. The Audit methodology involved verification of records at the sampled offices; analysis of Kalyana Lakshmi Pathakam data provided by Centre for Good Governance (CGG); and survey of selected beneficiaries. Field audit was conducted between August and November 2022.

Draft Report has been forwarded to Government in May 2023. An Exit Conference was held with the Principal Secretary to Government, BC Welfare Department in September 2023 to discuss the findings and the deliberations during the meeting have been appropriately incorporated in the Report.

Audit Findings

3.1.7 Application Process and Scrutiny

During the audit period (2019-20 to 2021-22), 36,821 applications were received in the 36 test-checked Tahsildar offices, of which 568 applications were rejected after scrutiny and 36,253 applications were processed for sanction by the RDOs. As per the records of RDOs and Tahsildars test checked in Audit, all the applications received online were physically examined by Tahsildars with the enclosures and the list of eligible applicants was forwarded to the RDOs concerned for sanction. Except for RDO Sangareddy, hard copies of all the applications were maintained in respective RDOs as stipulated in Government orders⁸. The list of eligible beneficiaries was approved by the MLA concerned and uploaded on the website and the financial sanction was accorded by RDOs.

⁷ 36 Tahsildar Offices-Adavidevulapally, Balmoor, Bantwaram, Bhainsa, Chandurthi, Devarkonda, Dhoolimitta, Farooq Nagar, Gadwal, Husnabad, Indalwai, Khammam Urban, Kodair, Kohir, Konaraopet, Kondapak, Kothur, Madgulapally, Mominpet, Mulug, Munipally, Nalgonda, Narkatpally, Nizamabad Rural, Padara, Pedda Adeshlerpally, Peddakothapally, Penubally, Raghunadhapalem, Rajoli, Sangareddy, Sathupally, Siricilla, Tanoor, Yellareddipet, Zaheerabad

⁸ G.O.Ms.No.24, Scheduled Castes Development (POA.A1) Department dated 24 June 2016

Analysis of Kalyana Lakshmi Pathakam data followed by scrutiny of records relating to processing and verification of applications in the test checked 18 RDOs and 36 Tahsildar offices indicated lack of validation controls in the software application/system (ePASS) and improper verification mechanisms as discussed below.

3.1.7.1 Repetition of Bridegrooms

As per Government orders⁹, Aadhaar cards of both the bride and bridegroom are mandatorily to be uploaded on the website (telanganaepass.cgg.gov.in) to avoid misuse. Further, the benefit of Kalyana Lakshmi Pathakam is only one-time financial assistance to be availed in the life time of the bride. As such, legality of marriage in terms of the provisions¹⁰ of Indian Penal Code Acts is to be observed to avoid improper claims through illegal second marriages.

In this process, details of First Marriage Certificate or Divorce etc., provide the authenticity of second marriage, if any, of the bride / bridegroom. Hence, the Aadhaar number of bride/bridegrooms seeded at the time of first marriage should not be accepted again when provided at the time of second marriage without any proper justification.

Audit, however, observed that validation control for alerting the subsequent seeding of same Aadhaar number is available for only the bride in ePASS, but not for the Aadhaar number of bridegroom. Data analysis of Kalyana Lakshmi Pathakam during the years 2019-20 to 2021-22 revealed that in 676 cases, two brides were married to the same bridegroom. The system accepted Aadhaar number of same bridegroom at the time of second marriage. The amount sanctioned in these cases was ₹3.38 crore. There were 133 cases amounting to ₹1.33 crore in 17 out of 18 RDOs test-checked in Audit.

Audit could not verify the legality of the second marriage of these bridegrooms, as no documents to this effect were available with the RDOs / Tahsildars concerned as evident from the case files examined. Thus, the sanction of incentives to the above-mentioned cases without seeking / verification of valid documents (such as divorce certificates) is irregular and in the absence of divorce certificate etc., genuineness of the bride-groom is susceptible to verification.

When this was brought to notice, test checked RDOs replied that the validation control in ePASS website is available only in respect of bride's Aadhaar number, but not for the Aadhaar number of bridegroom.

During Exit Conference, Principal Secretary assured that a provision would be made in the programme for validating the cases of subsequent seeding of same Aadhaar number of bridegrooms.

⁹ G.O.Ms.No.24, Scheduled Castes Development (POA.A1) Department dated 24 June 2016 and G.O.Ms.No. 05, Backward Classes Welfare (OP) Department dated 21 April 2016

¹⁰ As per Section 494 of Indian Penal Code, the second marriage is void, except that, such husband or wife has been declared void by a Court of competent jurisdiction

3.1.7.2 Financial assistance to the brides married prior to date of introduction of scheme

The financial assistance under the scheme was extended¹¹ to Backward Classes (BC) and Economically Backward Classes (EBC) communities with effect from 1 April 2016 while applicants belonging to BC / EBC benefit from the scheme, if the marriage happens on or after 1 April 2016.

Audit noticed from the database of Kalyana Lakshmi Pathakam, that the Department had extended financial assistance of ₹2.04 lakh in the following four cases, where the date of marriage was prior to 1 April 2016.

Table 3.3: Details of sanctioned cases where the date of marriage was prior to date of implementation of scheme

Sl. No.	Marriage ID No.	Mandal	Date of birth	Date of marriage	Date of Sanction	Amount sanctioned (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	2019KL16500993	Thirumalagiri	01.10.1995	05.03.2016	27.09.2019	51,000
2	2021KL16738018	Secunderabad	13.12.1992	25.02.2016	07.08.2021	51,000
3	2016KL18117617	Rudrangi	01.01.1993	24.02.2016	05.10.2019	51,000
4	2021KL21778920	Kuravi	27.05.1995	07.11.2015	08.02.2022	51,000
Total						2,04,000

Source: Information provided by Tahsildars

This indicates that the system has issues with validity controls, which could not be addressed by the scrutiny officers during verification of the claims.

During Exit Conference, Principal Secretary assured that the issue would be checked and compliance would be reported.

3.1.7.3 Financial assistance to under-aged brides

As per the Kalyana Lakshmi Pathakam guidelines, the bride should have completed 18 years of age at the time of marriage. Scrutiny of applications in test-checked Tahsildar offices revealed that two brides of below 18 years of age at the time of marriage were sanctioned assistance of ₹two lakh under the scheme. Details are given in **Table 3.4**.

¹¹ G.O.Ms. No.05, BC Welfare (OP) Department, dated 21 April 2016

Table 3.4: Sanctioned cases of under aged brides

Sl. No	Marriage ID No.	Mandal	Date of birth (As per birth certificate or SSC certificate)	Date of marriage	Age of the bride at the time of marriage	Amount sanctioned (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	2020KL15597493	Mominpet	17.10.2002	17.02.2020	17 years 4 months (as per DOB certificate issued by Revenue Dept.)	1,00,116
2	2020KL19604473	Tanoor	04.08.2002	14.02.2020	17 years 6 months 10 days (as per SSC certificate)	1,00,116
Total						2,00,232

Source: Records of Tahsildars

Audit scrutiny revealed that the system does not have the provision to validate the age of the bride. In the absence of validation control, verification process is solely dependent on the discretion of scrutiny authorities. Since these two cases are only illustrative in test-checked offices, the issue requires exhaustive review across the State to verify incorrect claims.

During Exit Conference, Principal Secretary stated that orders would be issued to consider the credentials as per one single selected document to validate the date of birth of the bride.

3.1.7.4 Non-compliance with Government orders

As per Kalyana Lakshmi Pathakam guidelines, the combined income of parents of a SC / ST girl availing of the scheme shall not exceed ₹two lakh per annum in both urban and rural areas. In respect of a BC / EBC girl availing of the scheme, the combined income of the parents should not exceed ₹1.5 lakh in rural areas and ₹2 lakh in urban areas¹². The income certificate enclosed to the applications for availing financial assistance should not be older than six months.

As per Section 115BAC (1) of the Income Tax Act, 1961, the income of individuals and Hindu Undivided family above ₹2.5 lakh is taxable. As such, person earning income above ₹2.5 lakh per annum is a taxpayer. Hence, the parents of brides who have paid income tax are not eligible for financial assistance under the Scheme. In order to avoid misuse of scheme benefits, the system or verification process should have a holistic verification process to cover all aspects of eligibility criteria.

Analysis of data and scrutiny of records in test checked RDOs and Tahsildar offices showed the following:

¹² G.O.Ms.No.12 Scheduled Castes Development (POA.A1) Dept and G.O.Ms.No.5 Backward Classes Welfare (OP) Dept dated 21.04.2016

- i. In all the 36 test-checked Tahsildar offices, audit observed the cases of approved claims where the annual income certificate of bride was enclosed instead of combined income certificate of parents, contrary to Government orders. Out of 5,400 applications verified, 3,331 (62 *per cent*) beneficiaries submitted income certificates of bride instead of parents. The benefit of financial assistance extended to these beneficiaries was ₹33.25 crore.
- ii. In one (Mominpet) out of 36 test-checked Tahsildars, Audit noticed that the financial assistance amounting to ₹1 lakh¹³ was sanctioned in one case¹⁴ based on the income certificate of the bridegroom instead of income certificate of bride's parents in violation of Government orders.
- iii. In 119 cases pertaining to 32 out of 36 test checked Tahsildar offices, Audit noticed that the income certificates enclosed with the applications were older than six months, contrary to Government orders. An amount of ₹1.19 crore was sanctioned in these cases.

Cases mentioned above are only illustrative from the cases test-checked in Audit. A thorough examination of cases across the State is required to rule out such irregular claims.

During Exit Conference, Principal Secretary assured that proposals would be initiated to incorporate required controls in the system to accept the documents of only parents' income certificate and to increase the validity period to one year from the existing six months. Cases pointed out in Audit would be reviewed.

- iv. Comparison of State data (Aadhaar numbers) pertaining to Prime Minister Kisan Yojana¹⁵ (PMKY) with the State data of Kalyana Lakshmi Pathakam during the period from 2019-20 to 2021-22 revealed that the parents of 46 brides who benefited under Kalyana Lakshmi Pathakam were income taxpayers during the period for which income certificate was obtained for less than ₹two lakh. An amount of ₹46.30 lakh was released as financial assistance under the Scheme. In nine out of the 18 RDOs selected for detailed scrutiny, there were 15 cases of similar nature where the benefit allowed was of ₹15.02 lakh.

When this was brought to notice, nine test checked RDOs replied that income certificates were issued after due verification by the VROs / VRAs at local level. It was further replied that the payment of Income Tax by the parents of the beneficiary was not disclosed, and neither there was any mechanism to verify the payment of Income Tax. However, the matter would be re-examined, and action taken would be intimated to audit.

During Exit Conference, Principal Secretary assured that the issues would be checked, and compliance would be reported.

¹³ ₹1,00,116

¹⁴ Marriage ID No.2018KL15383544 (bride name P. Swetha)

¹⁵ A Government of India programme, intended to help all the small and marginal farmers by extending financial benefit up to ₹6,000 per year as minimum income support. The data of the Scheme was obtained in August 2022

3.1.7.5 Date of delivery was before the date of the marriage of the bride

As per scheme guidelines, the benefit of Kalyana Lakshmi Pathakam can be availed only once in a life time after the marriage of the bride. In order to check the veracity of claims sanctioned under Kalyana Lakshmi Pathakam, Audit compared the data of Kalyana Lakshmi Pathakam with the data of KCR KIT Scheme (extended to pregnant women and new-born babies of poor families¹⁶) availed for the years 2019-20 to 2021-22.

It was noticed that the date of delivery of the bride (as per KCR KIT data) was before the date of marriage of the bride (as per Kalyana Lakshmi data) in 7,314 cases across the State. The name of the husband is indicated at the time of availing KCR KIT by the pregnant woman. As the names of husbands are also matched in all the 7,314 cases, it is evident that the marriage date in all these cases must have been before the date of marriage mentioned in Kalyana Lakshmi Pathakam applications. Given the fact that there is a mis-match between different scheme databases pertaining to the same beneficiary, the possibility of submission of incorrect marriage certificates cannot be ruled out. Thus, the sanction of financial assistance under Kalyana Lakshmi Pathakam in 7,314 cases amounting to ₹72.91 crore was not in order. The amount involved in test checked RDOs is ₹19.15 crore in 1,917 cases.

On this being pointed out, concerned RDOs replied that the Kalyana Lakshmi Pathakam applications were processed and sanctioned after due verification as required in Government orders. It was further stated that there is no mechanism to compare the details of beneficiaries availing the benefit of Kalyana Lakshmi Pathakam with the KCR KIT at the time of processing the applications.

During Exit Conference, Principal Secretary stated that the issue pointed out in Audit would be examined and assured further that required controls would be made to the system to integrate it with the database of other schemes for checking the correctness of claims.

3.1.8 Sanction of Financial Assistance

The budget releases and amounts disbursed in the test checked RDOs during the Audit period are given in the following **Table 3.5**.

Table 3.5: Budget releases and amounts sanctioned in test checked RDOs during 2019-2022

Year	Budget releases (₹in crore)	Disbursement* (₹ in crore)	% of disbursement
(1)	(2)	(3)	(4)
2019-20	380.49	323.56	85.04
2020-21	479.06	427.17	89.17
2021-22	667.95	544.97	81.59
Total	1527.50	1295.70	

Source: Information provided by RDOs

* Disbursement here means sanctions by RDOs.

There was gap between the amount of budget released and disbursement. Department replied that budget releases were based on the number of applications received and that the

¹⁶ The scheme is designed to give the essentials to the pregnant women (nutritious food) and new-born babies after delivery (for baby- bed with attached mosquito net, dress, towels, washable nappy, powder, shampoo, oil, Soaps and rattle toy and for mother-Soap, Sarees etc., and ₹12,000 cash)

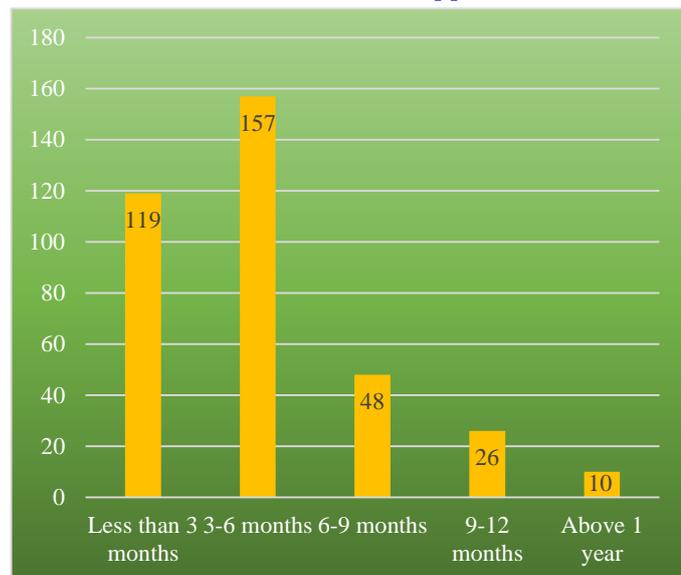
amounts were disbursed based on the number of applications scrutinised and cleared by the field level authorities.

Scrutiny of records in the test checked offices of RDO and Tahsildars revealed that:

- i. There was no mechanism to communicate the incorrect submission of documents/need for resubmission of correct documents by the applicants. Also, no timeframe was fixed for scrutinising the applications and disbursement of cheques. Test-checked RDOs stated that the Tahsildars would seek the clarifications from beneficiaries as and when required while scrutinising the applications.

Scrutiny of records pertaining to 360 applicants/beneficiaries who were surveyed in 18 test checked RDOs showed that the data relating to financial assistance given is available only up to the date of sanctions, but not up to the date of disbursement of payment/cheque. Period of delay from the date of application to sanction ranged from five days to more than one year (622 days) in these cases. Breakup of the delays is given alongside. No reasons were on record at least in respect of cases of huge delay.

Chart 3.1: Gap between the dates of application and sanction in test-checked applications



Source: Beneficiary survey results in test checked RDOs

- ii. As the details for disbursement of cheques/payments were not available either with the RDO or Tahsildars office, the same were obtained from the beneficiaries surveyed (360 applications) in Audit. As per the information provided by the surveyed beneficiaries about the dates of disbursement, it is noticed that the delay in disbursement of cheques varied from one day to 501 days from the date of sanction. Most of beneficiaries surveyed attributed the delay in receipt of cheques to their absence on the date of disbursement and also non-availability of constituent MLA. Details are as given in **Table 3.6** below:

Table 3.6: Gap between sanction and disbursement of cheques in test checked RDOs

Sl. No.	Gap between the sanction and disbursement of cheques	No. of cases and the percentage
1.	Less than three months	317 (88%)
2.	3-6 Months	39 (11%)
3.	6-9 Months	01
4.	9-12 months	01
5.	Above 1 year	2

Source: Beneficiary survey results in test checked RDOs

From the above it is implied that after submitting application on ePASS, the applicant had no idea about the outcome of her application, as there is no communication mechanism

with the beneficiaries. This resulted in the beneficiaries having to visit the Tahsildar offices repeatedly to enquire about the stage at which the application is pending. Out of 360 beneficiaries surveyed, 103 beneficiaries stated that they had visited Tahsildar offices twice, thrice by 50 beneficiaries, four times by 11 beneficiaries and nearly five times by two beneficiaries.

During Exit Conference, Principal Secretary assured that required guidelines would be issued for fixing the timelines at each level of authority for scrutiny and sanction of applications.

- iii. **Short receipt of scheme amount by the beneficiary:** State Government enhanced¹⁷ the financial assistance of ₹75,116 to ₹1,00,116 with effect from 1 April 2018.

Scrutiny of scheme files in one (Mominpet) out of 36 test-checked Tahsildar offices revealed that one beneficiary (marriage ID No.2018KL15389665) had applied for the financial assistance under Kalyana Lakshmi Pathakam for her daughter's marriage held on 1 July 2018. After verification of the application, RDO has sanctioned¹⁸ the scheme amount of ₹1,00,116. However, the cheque was issued for only ₹75,116 instead of ₹1,00,116. During Exit Conference, Principal Secretary assured that the details of the cases would be verified.

3.1.9 Internal controls

i. Reporting System: Transparency and efficiency in implementation of any beneficiary-oriented scheme relies upon the existence of an effective monitoring system. A well-defined monitoring system includes periodical reporting mechanism. Scrutiny of records of test-checked RDOs and Tahsildars revealed that there is no reporting mechanism to monitor the implementation of the scheme, as no periodical returns are specified to watch the progress of scrutiny and sanction of applications under the scheme.

ii. Internal Audit: As per Government Orders¹⁹, all the district offices and their subordinate offices are required to be inspected by Heads of the Department periodically. Test-check of the records of RDOs and Tahsildars revealed that Internal Audits were not conducted during the period of Audit from 2019-20 to 2021-22. Lack of internal audit results in lack of assurance on the quality of work at field level offices.

During Exit Conference, Principal Secretary assured furnishing of suitable reply.

3.1.10 Grievance Redressal Mechanism

One of the key factors determining the good governance of Departments dealing with people centric subjects is a mechanism to register the grievances/complaints of the applicants and its redressal. The feedback system would further enhance the process involved in service delivery.

¹⁷ Vide GO Ms. No.8 BC Welfare (OP) Dept., dated 3 April 2018

¹⁸ Vide Proceedings No.15283KL12181900303 dated 29 June 2019

¹⁹ G.O. Ms. No. 247 GAD dated 8 February 1962 along with Government Memo in Circular No. 42050/ARIII/97-7, GAD dated 26 July 1977

Audit noticed that there is no grievance redressal mechanism to address the grievances / complaints of the applicants. The beneficiaries surveyed in Audit expressed that due to lack of complaint registering mechanism, they had to frequently visit the Tahsildar offices to obtain the status of applications and for collection of cheque. They also attributed the delay in disbursement of cheques to the poor communication system.

3.1.11 Conclusion

Analysis of data of Kalyana Lakshmi Pathakam and scrutiny of records in test checked RDOs and Tahsildar Offices indicated that adequate controls were not provided either online or offline to ensure compliance with Government orders for implementation of the Scheme effectively.

Further, there was no system of cross-checking database of different beneficiary-oriented schemes implemented by the State Government and Government of India. Adequate controls were not put into the system to ensure that only eligible beneficiaries avail of the scheme.

As a result, Audit noticed the cases of scheme benefits being extended to ineligible beneficiaries such as under-aged brides, brides whose parents' income was more than the eligible criteria, brides married prior to the date of introduction of scheme, etc., involving a total money value of ₹55.12 crore in 5522 cases.

Lack of adequate communication mechanism and grievance redressal system resulted in beneficiaries' repeated visits to Tahsildar offices to obtain the status of their applications and also in delayed distribution of cheques as the State Government did not introduce online transfer of incentives to beneficiary account. Administrative accountability suffered from a lack of reporting and monitoring mechanism.

3.1.12 Recommendations

1. Provision may be made in ePASS system for validating the Aadhaar number of bridegrooms also and for uploading the required documents supporting the legitimacy of the second marriage of bride/bridegrooms.
2. State Government may investigate ineligible cases and take necessary action to fix responsibility against the officials concerned for such lapses.
3. State Government may strengthen internal control mechanism, by providing adequate controls in the system, including cross-checking of database of different beneficiary-oriented schemes implemented by the State Government and Government of India, to establish robust verification processes that validate beneficiary data, thereby ensuring that scheme benefits are distributed only to eligible beneficiaries.
4. State Government may evolve a system of communicating through SMS/whatsapp/website, etc., the status of sanction/rejection of the applications, as well as disbursement of cheques to avoid repeated visits by the applicants to Tahsildar offices.
5. To avoid delays and to ensure transparency in distribution of cheques, State Government may establish the system of transferring the incentives online directly to the accounts of beneficiaries instead of distribution through cheques.

Higher Education Department (Osmania University)

3.2 Functioning of Osmania University

3.2.1 Introduction

Osmania University (University) was established in the year 1918 and was governed up to 1958 by a Farman²⁰ issued on 26 April 1917 by H.E.H. Nizam VII. Consequent to the formation of the State of Andhra Pradesh, the Osmania University Act 1959 (Act No. 9 of 1959) was enacted. Now the University is governed by the Telangana Universities Act, 1991 (Act No. 4 of 1991 of Andhra Pradesh Universities Act adopted for Telangana State Universities on the reorganisation of the State under Andhra Pradesh Reorganisation Act 2014) which came into force in September 2015.

3.2.1.1 Organisation

The Governor of Telangana is the ex-officio Chancellor of the University. The Vice-Chancellor is the Principal Executive and Academic Officer who exercises control over the affairs of the University and is assisted by a Registrar, a Finance Officer, Deans and Directors of the Departments/Institutes. The Executive Council comprises Class I²¹ (Ex-Officio Members) and Class II²² (other Members), the Finance Committee and the Academic Senate which exercise control over various functions of the University. The Principal Secretary to the Government of Telangana, Higher Education is the Administrative Head at the Government level and is responsible for the implementation of Government policies and programmes. Details relating to Receipts and Expenditure of the University and the number of students enrolled during the period 2017-18 to 2021-22 are given in **Table 3.7** and **Table 3.8**.

Table 3.7 - Receipts and Expenditure during 2017-18 to 2021-22

(₹ in crore)					
Financial Year	Opening Balance	Receipts	Total	Expenditure	Closing Balance
2017-18	36.72	523.98	560.70	520.16	40.53
2018-19	40.53	493.17	533.70	490.71	42.99
2019-20	42.99	495.01	538.00	523.17	14.84
2020-21	14.84	532.33	547.17	492.48	54.69
2021-22	54.61	615.31	669.92	589.02	80.88

Source: Information furnished by the University

²⁰ The Mughal Constitutional term Farman was A Royal Order bearing the seal of the Emperor

²¹ 1. Vice-Chancellor, 2. Rector 3. Secretary to the Government in the Education Department or his nominee 4. Secretary to Government in the Finance and Planning (Finance Wing) Department or an officer in the Finance and Planning (Finance Wing) Department nominated by the Government; 5. Director of Higher Education/the Commissioner of Collegiate Education

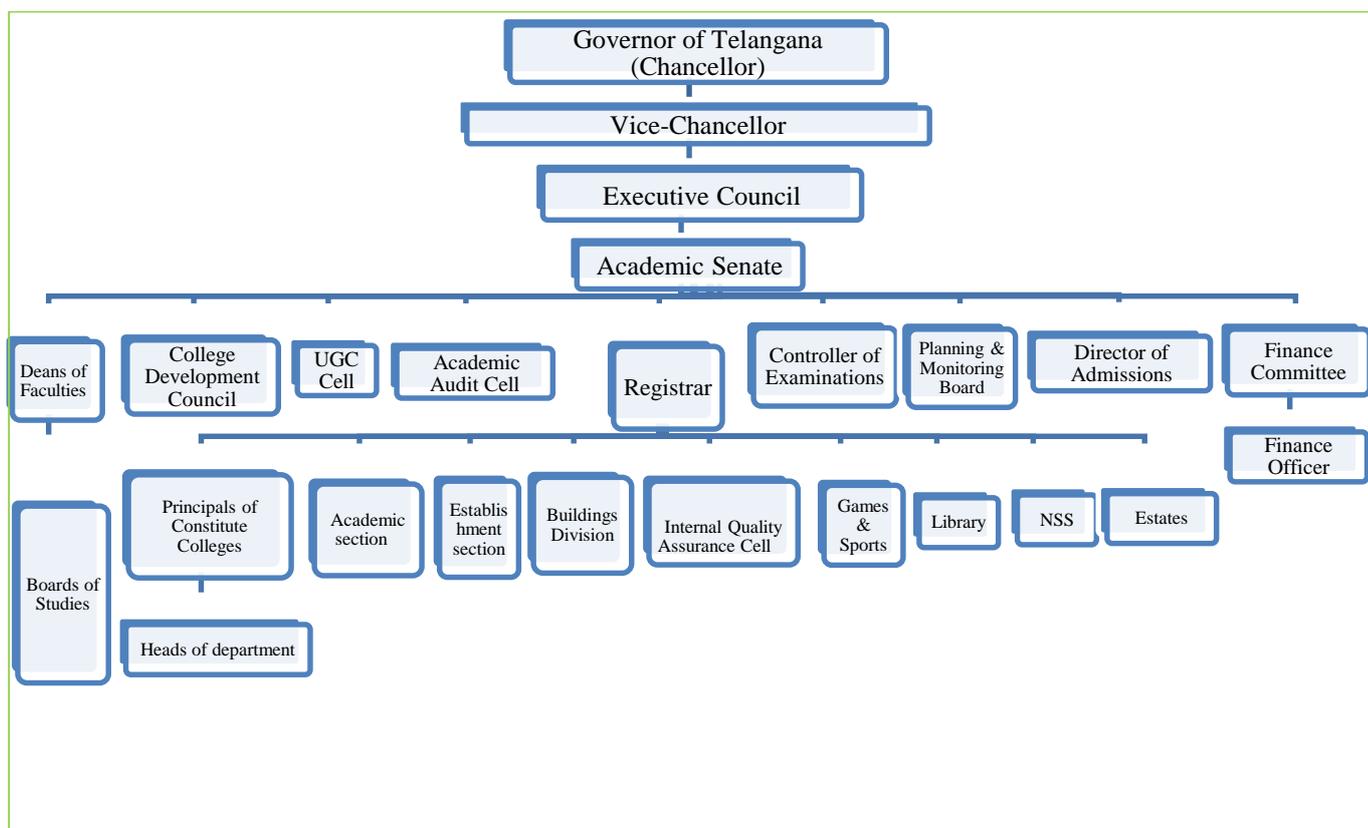
²² (i) One Senior Professor of the University Colleges to be nominated by the Government; (ii) one Principal of the University Colleges to be nominated by the Government; (iii) one Principal of the affiliated colleges to be nominated by the Government; (iv) one teacher from among the teachers of the University Colleges to be nominated by the Government; (v) one teacher from among the teachers of the affiliated colleges to be nominated by the Government; and (vi) four eminent persons representing industry, agriculture, trade, commerce, education, public life, legal profession, social work etc., to be nominated by the Government

Table 3.8: Number of students enrolled in the University Colleges during 2017-18 to 2021-22

Academic Year	Total number of students enrolled
2017-18	7,932
2018-19	29,749
2019-20	11,085
2020-21	18,763
2021-22	19,879
Total	87,408

Source: Annual Reports of the University

(i) Organisational Set-up

Chart 3.2: Organisational Set-up

Source: OU website information

The jurisdiction of the University is spread over seven²³ Districts of the State. The University has twelve²⁴ major Faculties encompassing 54 Academic Departments. Details of the Faculties and the Academic Departments are given in the **Appendix-3.1**. The University is offering courses as below:

²³ (1) Hyderabad, (2) Medchal-Malkajgiri (3) Medak, (4) Rangareddy, (5) Sangareddy, (6) Siddipet and (7) Vikarabad

²⁴ (1) Arts, (2) Business Management, (3) Commerce, (4) Education, (5) Engineering, (6) Informatics, (7) Law, (8) Oriental Languages, (9) Pharmacy, (10) Science, (11) Social Sciences and (12) Technology

Chart 3.3: Courses offered by the University

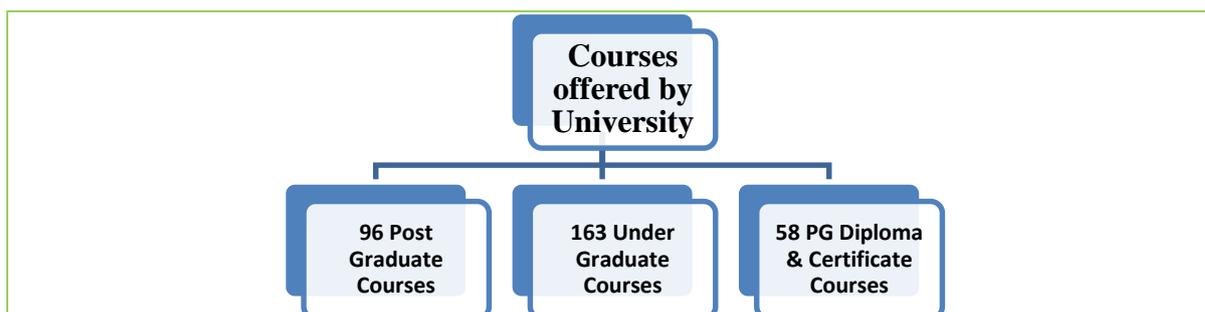
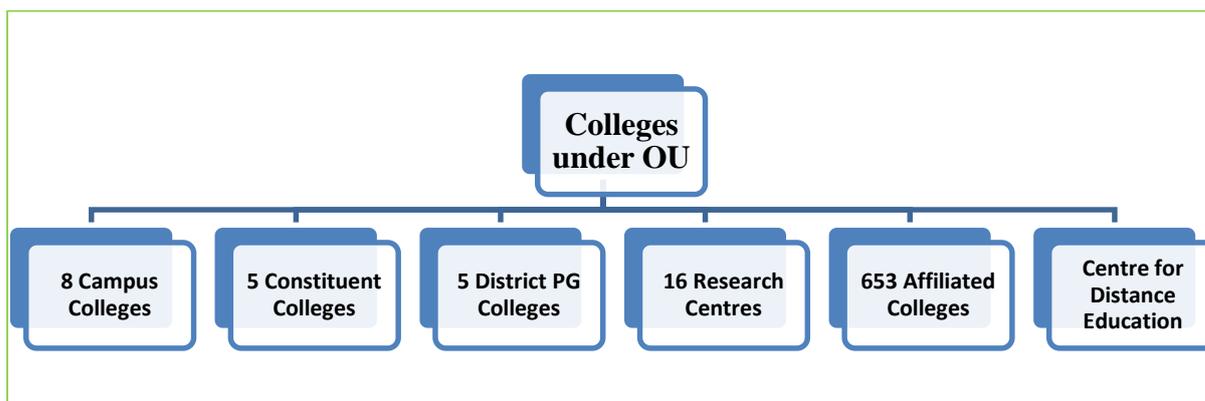


Chart 3.4: Details of Colleges under Osmania University



Source: Information furnished by University

The University has eight²⁵ Campus Colleges including Colleges of Engineering and Technology (with autonomous status), five²⁶ Constituent Colleges, five²⁷ District Post-Graduate Colleges, 16²⁸ Research Centres and 653 Affiliated Colleges under its management. Further, Professor G Ram Reddy Centre for Distance Education (CDE) established in 1977, provides distance education in various courses in Political Science, English, Hindi, Telugu, Philosophy, Public Personnel Management, History, Sanskrit, Sociology, Urdu, Business Management, English Language, Teaching, etc.

²⁵ (1) University College of Arts & Social Sciences; (2) University College of Commerce and Business Management; (3) University College of Education; (4) University College of Engineering; (5) University College of Law; (6) University College of Physical Education; (7) University College of Science and (8) University College of Technology

²⁶ (1) University College for Women, Koti; Hyderabad (2) Nizam College, Basheerbagh, Hyderabad; (3) University College of Science, Saifabad, Hyderabad; (4) University PG College, Secunderabad and (5) College of Law, Basheerbagh, Hyderabad

²⁷ (1) PG College, Jogipet; (2) PG College, Mirzapur; (3) PG College, Narsapur; (4) PG College, Siddipet and (5) PG College, Vikarabad

²⁸ (1). Institute of Genetics and Hospitals for Genetic diseases; (2) Research and Training Unit in Navigational Electronics (NERTU); (3) Entrepreneurship Development Cell (EDC); (4) Information Dissemination Centre (IDC); (5) Japal-Rangapur Observatory (JRO); (6) Centre for Plant Molecular Biology (CPMB); (7) Dr BR Ambedkar Research Centre; (8) Regional Centre for Urban and Environmental Studies (RCUES); (9) Educational Multimedia Research Centre (EMRC); (10) Southern Regional Centre for the Indian Council of Social Science Research (ICSSR); (11) Research Foundation for Devotional Literary Studies; (12) Sir Ronald Ross Institute; (13) Centre for Solid Waste Technology and Management (CSWTM); (14) Centre for Quantitative Methods and Artificial Intelligence (CQM&AI); (15) Centre for Energy Technology; and (16) Centre for Women's Studies

3.2.1.2 Audit Objectives

The objectives of the Detailed Compliance Audit were to assess as to whether:

- 1) The University planned and executed its academic activities effectively;
- 2) The creation and development of Human Resources and Infrastructure facilities were adequate and as per norms to impart quality education; and
- 3) The financial management and utilisation of resources were efficient and effective.

3.2.1.3 Audit Criteria

Audit findings were benchmarked against the criteria sourced from the following:

- i. Telangana Universities Act, 1991
- ii. National Education Policy, 2020
- iii. UGC XII Plan Guidelines
- iv. Guidelines/ Norms for faculty and facilities of the National Assessment and Accreditation Council (NAAC), All India Council for Technical Education (AICTE), University Grants Commission (UGC) and the Distance Education Council of Government of India (GOI).
- v. Statutes, Acts, Ordinances, Regulations and Circulars of the University
- vi. Agenda, Resolutions and Minutes of the University authorities, namely Academic Senate, Executive Council, Finance Committee, etc.
- vii. State Government Orders, Guidelines, Circulars, Financial Rules,
- viii. Telangana Financial Code and Telangana Accounting Code and
- ix. Telangana Public Works Department Code

3.2.1.4 Audit Scope and Methodology

The Detailed Compliance Audit of the University was conducted for the period covering 2017-18 to 2021-22. Selection of the Campus Colleges, Constituent Colleges, Research Centres and affiliated colleges was done through simple random sampling without replacement method. The University Colleges and Research Centres covered during the field audit are detailed in **Appendix-3.2**. An Entry Conference was held with the Principal Secretary to Government, Higher Education Department of Telangana along with the Vice-Chancellor of the University on 19 October 2022 wherein the Scope, Objectives, Criteria and Methodology of Audit and the sampling of the colleges were discussed. The Draft Report was issued in August 2023 to the Government for its response. Government responses received (February 2024) were incorporated at appropriate places in the Report.

3.2.1.5 Audit acknowledgement and constraints

Audit acknowledges the cooperation extended by the Higher Education Department, Government of Telangana and Osmania University.

However, the extent of support envisaged from the Osmania University for the conduct of the Detailed Compliance Audit was not forthcoming as the University remained unresponsive on several issues pointed out by Audit despite repeated²⁹ reminders to it.

3.2.1.6 Audit findings

The audit findings are grouped and arranged under the following paragraphs:

Para 3.2.2: Planning

Para 3.2.3: Human Resources

Para 3.2.4: Financial Management

3.2.2 Planning

Effective planning is essential for a University to optimise its resources and strategically align them with its academic goals. By meticulously organising financial allocations and human capital, the institution can elevate the overall learning experience for students, foster research and innovation and cultivate a vibrant academic community. Moreover, coordinating academic and administrative planning creates a cohesive and dynamic environment where faculty, staff and students synergistically collaborate.

Robust planning practices serve as the backbone of a successful University, enabling the institution to confidently navigate challenges, capitalize on opportunities and ultimately realise its vision of becoming a beacon of knowledge, innovation and excellence in higher education.

3.2.2.1 Action-oriented plans/goals

As per Key Indicator 6.2 of Quality Indicator Framework of the National Assessment and Accreditation Council (NAAC), formulation of Development Objectives, Directives and Guidelines with specific Plans for implementation, by aligning the Academic and Administrative aspects improving the overall quality of the institutional provisions was to be ensured.

Audit observed that, the University had prepared a Vision and Strategy Document in 2018 with mention of policies of Academic Excellence, Student Enrolment, Faculty Excellence, Research Excellence, Social Impact, Alumni Engagement, Good Governance, Strengthening and Enhancing Access, Equity and Inclusion, Expanding International Reach, Strengthening Distance Education, Promotion of Extra-curricular activities, etc. However, action-oriented short, medium or long-term plans for making progress towards the set of Institutional goals were not prepared as of date (January 2023) since the publication of the Vision and Strategy Document. The achievements in respect of the Vision and Strategy Document are detailed in **Table 3.9** below:

²⁹ **November 2022:** Reminded vide AE Nos:18,37 and 47, **December 2022:** Reminded vide AE Nos:58,74 and 85 (Executive Council), **January 2023:** Reminded vide AE Nos:88 (Executive Council) and 100, **March 2023:** Reminded vide AE Nos:109,113 (Executive Council), 130, 139,140 (Executive Council), **April 2023:** DO letter to VC, **May 2023:** Meeting of DAG with VC, reminded vide AE Nos:159 and 166. **August 2023:** DO letter to Secretary to Government, Higher Education and VC

Table 3.9: Details of achievements in respect of the Vision document

S.No	Focal Area as per Vision Document	Focal area goal	Whether Achieved or Not Achieved
1.	Academic Excellence	Develop, strengthen and sustain a network of relationships with national and international academic institutions	Memorandum of Understanding (MOUs) were entered into with 77 Institutions, of which, 62 were National and 15 International Institutions/Organisations.
		Increase the seats of foreign students to 30 <i>per cent</i> in the next 5 years	The number of foreign students studying in the University had gone down from 1149 (2017-18) to 121 (2021-22).
2.	Student Enrolment	-	Increased Enrolment of students by the University from 7,932 students (2017-18) to 19,879 students (2021-22).
3.	Faculty Excellence	Use Foreign faculty and adjunct faculty services in identified areas of study	In the area of teaching, 29 MOUs were entered of which 20 MOUs were with Indian Institutions and 9 with Foreign Institutions. However, details of the number of Foreign Faculty who have visited the University to impart training to students were not furnished by the University.
		Provide faculty training and facilitate mobility	Faculty training was in the range of 13.95 <i>per cent</i> (2017-18 to 34.16 <i>per cent</i> (2019-20).
		Incentivize research and quality publications in top 100 journals.	University did not furnish reply on this issue.
4.	Research Excellence	Establish academic and industry linkages and partnerships through MoUs for teaching, research and Consultancy	University did not furnish information on this issue
5.	Good Governance	Constitute: Faculty and Department/ Centre Advisory Committees, OU-Research Institutes Council	Faculty of Studies was not constituted in respect of three ³⁰ Subject Streams. Although Faculty of Studies were constituted, they were not active in respect of Commerce, Education, Informatics, Management and Pharmacy Faculties. Information was not furnished by University regarding Advisory Committees and Research Institutes Council.
		Strengthen OU-Internal Quality Assurance Cell	Internal Quality Assurance Cell has been constituted and has obtained NAAC Accreditation on September 12, 2017 valid for 7 years (i.e., up to September 11, 2024).
6.	Strengthening and Enhancing Access	Establish New Departments	No new Departments established between April 2017 and March 2021.
		Introduce New Programmes	28 New Programmes were introduced between April 2017 and March 2021.
		Starting new Institutions	No new institutions established up to March 2021.
7.	Expanding International Reach	Global Reach, Catering to International Stakeholders, Exchange Programmes and International Faculty	Information not furnished by the University authorities.

Source: Information furnished by the University

Except in the case of Student enrolment, University authorities have not achieved what was envisioned in the Vision Document.

Government's response (February 2024) was not specific to the issues pointed out in Audit.

³⁰ Arts, Social Sciences, Science

3.2.2.2 Executive Council, Academic Council and Finance Committee

(i) Executive Council

The Executive Council is the most important body in the University administration and enjoys the real powers of decision-making. It consists of nine Nominated³¹ and five Ex-Officio Members³². The Vice-Chancellor and the Rector are its Ex-Officio Members and the former presides over the meetings of the Executive Council. The other Ex-Officio Members are officials of the Government. The Executive Council shall meet at least once in three months and may meet often, if necessary as per Section 18 of Telangana University Act, 1991.

The Executive Council wields authority over the University's property and funds and all administrative matters are decided by the Executive Council. Appointment of teaching and non-teaching staff, disciplinary control over them, matters relating to examination and conferment of degrees, inspection of Colleges and Departments of the University, conferment of honorary degrees, conferment of autonomy on the Colleges and Departments, recognition and affiliation of Colleges and other institutions are some of its important functions. The Executive Council is also responsible for formulating the regulations, statutes and ordinances of the University which form the basis for its day-to-day working. It can delegate any of its powers to the Vice-Chancellor or to a Committee or to any individual in the University.

Despite receiving repeated reminders, the University did not provide any information regarding the composition of the Executive Council, its members and the decisions made during its meetings.

In its reply (February 2024), the Government did not furnish any specific reasons for non-furnishing of the Resolutions of the Executive Council meetings to Audit. Although the University claimed to have furnished the composition of the Executive Council in its response, the document provided to Audit was an extract of AP Universities Act, 1991 and not the actual composition of members.

Due to lack of crucial information, Audit was not able to analyse the decisions taken in these meetings. This constraint hindered the assessment of whether the Executive Council adhered to the proper processes as mandated when making decisions. Further, it impeded the determination of the level of compliance exhibited by the responsible authorities with the decisions they made, along with the associated responsibilities and accountability. Therefore, compliance to Section 18 of the Telangana University Act, 1991 cannot be vouchsafed.

³¹ One Senior Professor of the University Colleges to be nominated by the Government; one Principal of the University Colleges to be nominated by the Government; one Principal of the affiliated colleges to be nominated by the Government; one teacher from among the teachers of the University Colleges to be nominated by the Government; one teacher from among the teachers of the affiliated colleges to be nominated by the Government; four eminent persons representing industry, agriculture, trade, commerce, education, public life, legal profession, social work etc., to be nominated by the Government

³² The Secretary to Government in the Education Department or an officer in the Education Department nominated by the Government; the Secretary to Government in the Finance and Planning (Finance Wing) Department or an officer in the Finance and Planning (Finance Wing) Department nominated by the Government; the Director of Higher Education/the Commissioner of Collegiate Education

(ii) Academic Council

The Academic Council (also known as Academic Senate) is the highest policy making body regarding learning and shall consist of Faculty Members drawn from the University, its Affiliated Institutions, Principals of the University and Affiliated Colleges, nominees of the Government, Legislators and Professionals. The Vice-Chancellor presides over the Academic Senate. It formulates the Academic Policies and provides leadership for maintaining the standard and quality of education and research in the University.

As per Para 1 of Statutes No. XIV of Osmania University, Statutes, Ordinances and Regulations, 1976, at least two ordinary meetings of Academic Council are to be conducted in a year. Meetings of Academic Council (Senate) held during 2017 to 2022 are detailed below:

Table 3.10: Meetings of Academic Council (Senate)

Year	No. of meetings to be conducted	No. of Actual meetings conducted	Shortfall
2017	2	2	0
2018	2	2	0
2019	2	2	0
2020	2	0	2
2021	2	0	2
2022	2	1	1

Source: Information furnished by the University

As against 12 meetings of Academic Senate to be conducted during the period from 2017 to 2022, only 7 meetings were conducted. No meetings were conducted during 2020 and 2021 and only one meeting was conducted during 2022.

The Government in its response (February 2024) stated that, during the academic year 2020-21 (March 2020 to December 2021), the Academic Senate meetings could not be held due to COVID-19 pandemic and that in the meeting held on 28 March 2023, all the matters pending from March 2020 were discussed. Details of the issues discussed and the action proposed to be initiated pursuant to this Academic Senate meeting of March 2023 were however not furnished to Audit.

Due to non-submission of the minutes of the Academic Council meetings, Audit could not analyse the decisions taken in these meetings. As a result, Audit could not assess as to whether the Academic Council adhered to the proper processes as mandated when making decisions. Further, it impeded the determination of the level of compliance exhibited by the responsible authorities with the decisions they made, along with the associated responsibilities and accountability.

(iii) Finance Committee

As per Section 47 (1) of Telangana University Act, 1991, Finance Committee shall be constituted. The Finance Committee is a subcommittee of the Executive Council presided over by the Vice-Chancellor. Three members of the Executive Council are nominated by the Executive Council to be members of this Committee. The Finance Officer of the University is its Secretary. The Finance Committee examines and reviews the financial position, the annual accounts and budget of the University. It advises the Executive Council on all financial matters including the Budget.

Audit observed that, Finance Committee meetings were not held during the period from 2012-13 to July 2021 and was constituted only on 15 July 2021. Since no meetings were conducted from 2012-13 to 2020-21, the Executive Council was denied of the benefit of inputs of the Finance Committee on all financial matters. This in turn led to certain shortcomings in the management of financial matters, such as, non-realisation of lease rentals due to University, loss of grants due to non-compliance to grant conditions, etc. In the absence of Finance Committee, it was not clear as to how the Executive Council had taken financial decisions.

The Government in its response (February 2024) while enumerating the provisions of Section 47 of the Telangana University Act regarding the composition of the Finance Committee stated that, since the members of the Finance Committee were also members of the Executive Council, University had directly taken resolution of the Executive Council pertaining to financial matters.

Reply of the Government is not in consonance with provisions of Section 47 wherein it is mentioned that the Finance Committee has to be constituted notwithstanding the fact that it is a Subcommittee of the Executive Council.

3.2.2.3 Functioning of College Development Council

As per UGC Guidelines (1985), there shall be a College Development Council (CDC) in the University for ensuring proper planning and integrated development of colleges (constituent as well as affiliated). The Council was also to provide necessary help and guidance for the all-round development of standards of education.

The primary functions of the CDC are to advise the University on all matters relating to:

- ⇒ development of affiliated colleges;
- ⇒ rationalisation, implementation of University's Policy on affiliation of colleges, to monitor the development programmes and maintain regular statistics on the development of colleges, etc.

According to Paragraph 2 of the UGC Guidelines, the CDC must consist of the Vice-Chancellor, Director of the Council, Principals of some affiliated colleges and senior teachers of University Departments and a representative of the State Government. The CDC was to meet at regular intervals at least twice in an academic year to review the implementation of various programmes and activities. The Director was expected to visit the colleges at least twice a year and to hold meetings with Principals of Colleges to apprise them of the ways in which CDC could function effectively for the development of colleges.

Audit observed that:

- A full-fledged CDC was not constituted with adequate representation and was now functioning with Dean³³ & Coordinating Officer only.

³³ The senior most faculty member of the comprehensive branches of the discipline of the Faculty is known as Dean of the Faculty

- During the period of audit, CDC did not meet in the years 2017-18 and 2020-21. In the years 2018-19 and 2019-20, CDC conducted six³⁴ meetings. In the year 2021-22, CDC met once.
- No affiliated college was visited during the year 2021-22.

When the issues of CDC preparing perspective plan for development of new colleges, advisory report on rationalisation and implementation of University's policy on affiliation of colleges, evaluation and assessment report on UGC grants utilized by the colleges for development projects were called for, University authorities stated that no information in this regard was available with them.

In response to Audit seeking reasons for not conducting CDC meetings during 2017-18, it was replied that Telangana State Council of Higher Education (TSCHE) was entrusted with the responsibility³⁵ through CDC meeting held on 20 January 2016. Copy of the minutes of the said meeting was however not made available to Audit. In respect of the year 2020-21, University attributed the prevalence of COVID-19 pandemic for the non-conduct of meetings.

The Government in its response (February 2024) stated that the functions of the CDC redefined with the approval of the Standing Committee of the Academic Senate and the Executive Council of the University. It was further stated that, the preparation of prospective plan for development of Autonomous Colleges, advisory report on rationalisation and implementation of University policies and utilisation of UGC grants action will be taken by the Dean, CDC, Osmania University.

As a result, Audit could not ascertain the compliance to the decisions taken in these CDC meetings, transparency of the CDC while taking these decisions and ensuring compliance to the decisions taken in respect of developmental activities of the colleges under the University.

(i) Faculty of Studies

As per Section 26 of Telangana University Act, 1991, the Universities shall have Faculty of Studies consisting of Departments of Teaching. Each Faculty of Studies should consist of Dean/Chairman who shall be appointed from among the members of Faculty concerned on the recommendations of Vice-Chancellor.

Each Faculty of Studies shall have the following powers:

- a) subject to the control of the Academic Council, to organise and co-ordinate teaching and research in the Department of Teaching assigned to the faculty.
- b) to recommend to the Academic Council the courses of studies for the different examinations after considering the recommendations of the Board of Studies.
- c) to recommend to the Academic Council the conditions for the award of Degrees, Diploma and other distinctions.

³⁴ 2018-19: 2 and 2019-20: 4

³⁵ Receipt of applications for the sanction of UG courses shall be processed first at the Council level before constituting Joint Inspection Committees

- d) to deal with any matter referred to it by the Vice-chancellor, the Syndicate, the Academic Council or the Senate, and
- e) to hold a meeting of the Faculty or a joint meeting of the Faculty with any other Faculty, to consider any matter of common interest.

There are 12³⁶ Faculties at present in the Osmania University. Every Faculty of Studies constituted is valid for a period of 2 years effective from the date of issue of notification.

Audit observed that, Faculties of Studies were active in four³⁷ subject streams. Faculties of Studies were not constituted in respect of three³⁸ subject streams and five³⁹ Faculties of Studies, although constituted, were not active at present.

When the specific reasons for the non-constitution of Faculties of Studies were called for by Audit, it was stated (April 2023) that, Faculties of Studies would be reconstituted on the basis of recommendations made by the concerned Deans of Faculties after expiry of the term of the Faculty. The Academic Branch of the University would send reminders to the concerned Deans of Faculties for reconstitution of the Faculty from time to time.

Government in its response (February 2024) provided the details of the reminders sent to various Deans of Faculties regarding the reconstitution of faculties. Specific reasons for delay in reconstitution of Faculties and details of the reconstitution of the faculties pointed out by Audit were, however, not furnished.

As a result, Audit could not ascertain the compliance to the decisions taken by Faculties of Studies and the extent of compliance regarding the recommendations made to Academic Council.

(ii) Board of Studies

As per Section 27 of the Telangana Universities Act, 1991, each teaching Department shall have a Board of Studies (BoS) whose constitution and functions shall be prescribed by Ordinances. As per the functions prescribed by the University, the BoS makes recommendations through its Faculties to the Academic Council as regards courses of study, syllabi and scheme of examinations. It also recommends to the Executive Council, panels of persons for appointment as examiners. The members of the BoS shall hold office on honorary basis for a period of two years from the date of notification.

The number of members of each BoS shall not be more than 12 provided that in the case of Professional Faculties, the number may be increased up to a maximum of 14. There shall be representation for students on the BoS.

Audit noticed that, out of 82 Departments, BoS was constituted and functional in 46 Departments. It was not constituted in respect of 9 Departments and in respect of 27 Departments, the term of the BoS was completed and it has not been reconstituted. Some of these BoS were not constituted since 2010 (Details vide **Appendix-3.3**).

³⁶ 1. Arts, 2. Commerce, 3. Education, 4. Engineering, 5. Informatics, 6. Law, 7. Management, 8. Oriental Languages, 9. Science, 10. Social Sciences, 11. Technology and 12. Pharmacy

³⁷ Engineering, Law, Oriental Languages and Technology

³⁸ Arts, Science and Social Sciences

³⁹ Commerce, Education, Informatics, Management and Pharmacy

Government in its response (February 2024) provided the details of the reminders sent to Chairman, BoS of the Department regarding the reconstitution of BoS. Although it was assured that the process of reconstitution of pending BoS was taken up, specific reasons for delay in reconstitution of BoS were not furnished to Audit.

Non-constitution of the BoS for all the Departments would affect the course of study and also would lead to non-revision of syllabi of the course at regular intervals.

(iii) Revision of Curriculum

UGC had recommended⁴⁰ (January 2017) that curricula of all Academic Departments in Universities should be reviewed and revised at least once in every three years. This review and revision of academic curricula should focus on the existing and potential demand and supply of skill sets to make the University/College students employable. The University was also requested to accord top priority to the matter and take immediate action so that the curricula of various programmes offered by the University were revised and adopted for quick implementation by the University and the colleges affiliated to it.

Audit noticed that curricula of 43 Academic Departments were not reviewed/revised during last three years, as detailed in **Appendix-3.4**. Curricula in respect of remaining 39 Academic Departments were reviewed/revised.

University replied that the reorganisation of Choice Based Credit System (CBCS) structure and syllabus in Undergraduate programs was implemented from the Academic Year 2019-20 and the revision of syllabi was a routine nature of the University. It was stated by the University that it shall initiate necessary action in order to implement the Guidelines. It was, further, submitted that the University has revised structure and syllabi as per CBCS pattern with 80 credits in PG courses in Osmania University from the academic year 2022-23 after approval of the Academic bodies. Documentary evidence in support of its claim was, however, not furnished to Audit.

The Government in its response (February 2024) stated that the revision of the Syllabi was a routine matter for the University. Response furnished by the Government did not address the concern raised by Audit regarding non-revision of syllabi and only stated about the adoption of CBCS pattern by the University.

(iv) NAAC Accreditation

Assessment and Accreditation of Higher Educational Institutions (HEIs) by National Assessment and Accreditation Council (NAAC) derives an understanding of the ‘Quality Status’ of the Institution in terms of its performance related to the educational processes and outcomes, curriculum coverage, teaching-learning processes, faculty, research, infrastructure, learning resources, organisation, governance, financial well-being and student services.

Currently, the University was having NAAC “A+” Grade Accreditation valid for the period from September 2017 to September 2024.

⁴⁰ Vide UGC DO.No. 9-2/2017(CPP-II), dated 31 January 2017

Audit observed areas of weakness which may affect the Status of Accreditation of the University as indicated below:

Criteria	Remarks
Curricular Aspects (Weightage:150)	Curricula of 43 Academic Departments were not revised/ reviewed during last three years as per the Annual Reports of the Osmania University
Teaching-Learning and Evaluation (Weightage:200)	82 teachers (10 per cent of the total teachers appointed) were appointed without Ph.D/ NET/ SET qualification. Shortage of Teaching (69 per cent) and non-teaching (34 per cent) were noticed in the University as on date. Student pass percentage in the Under-Graduate Conventional Courses examinations had improved from 54 per cent to 71 per cent during the period from 2017-18 to 2020-21. However, pass percentage of PG Conventional courses had gone down from 75 per cent (2017-18) to 57 per cent (2020-21). Similarly, while the pass percentage in PG Professional had shown a marginal increase from 80 per cent (2017-18) to 83 per cent (2020-21), in the case of UG Professional, the pass percentage had gone down from 90 per cent (2017-18) to 84 per cent (2020-21).
Student Support and Progression (Weightage:100)	Career and Counselling Cell was available in 4 ⁴¹ out of 18 colleges of the University. However, in 7 ⁴² out of 18 colleges, the required Career and Counselling Cell were not constituted in the Colleges.
Governance, Leadership and Management (Weightage:100)	Action-oriented short, medium or long-term plans for making progress towards the set of Institutional goals were not prepared as of date (January 2023) since the publication of the Vision and Strategy Document. Identified weakness of reducing dependence on State Funding not addressed till date. The number of foreign students studying in the University went down from 1,149 (2017-18) to 121 (2021-22). Faculty training was in the range of 13.95 per cent (2017-18) to 34.16 per cent (2019-20). Faculty of Studies was not constituted in respect of Arts, Social Sciences and Science. Although Faculty of Studies were constituted, they were not active in respect of Commerce, Education, Informatics, Management and Pharmacy Faculties. Information was not furnished by University regarding Advisory Committees and Research Institutes Council. No new Departments was established up to March 2021.No new institutions was established up to March 2021.

As the University Accreditation status is due for review by NAAC after September 2024, the above mentioned shortcomings may affect the accreditation status of the University.

- **Accreditation of Colleges under University**

As per Manuals of NAAC, Higher Education Institutions (HEIs), all colleges either affiliated or constituent or autonomous are eligible to apply for Assessment and Accreditation of NAAC. Under the control of Osmania University, five⁴³ Constituent

⁴¹ University College of Commerce and Business Management; University College of Science, Saifabad; University College of Engineering and University College for Women, Koti

⁴² University College of Arts and Social Sciences; University College of Science; OU PG Colleges Jogipet; Narsapur; Vikarabad; PG College of Law and University College of Education

⁴³ University College for Women; (2) Nizam College; (3) University College of Science, Saifabad; (4) University PG College, Secunderabad and (5) PG College of Law, Basheerbagh

colleges, two⁴⁴ Autonomous colleges and five University District Post Graduate (PG) Colleges⁴⁵ are functioning.

Two⁴⁶ Constituent colleges were functioning with NAAC accreditation. Three⁴⁷ of these Constituent Colleges and five⁴⁸ University District PG Colleges have not applied for NAAC Accreditation. University authorities attributed the non-application for Assessment and Accreditation of these colleges to fewer number of permanent teaching faculty. These colleges continued to function with the status of Accreditation awarded by Osmania University. Further, 22 colleges (out of 653 colleges) affiliated to Osmania University had only obtained the NAAC Accreditation and the remaining 631 affiliated colleges had neither applied for nor obtained the NAAC Accreditation as of March 2022.

Government replied (February 2024) that a circular would be issued to all affiliated colleges to apply for NAAC Accreditation at the earliest.

- **Annual Quality Assurance Reports (AQARs)**

In pursuance of its Action Plan for performance evaluation, assessment and accreditation and quality upgradation of institutions of higher education, the National Assessment and Accreditation Council (NAAC), Bangalore proposes that every Accredited Institution should establish an Internal Quality Assurance Cell (IQAC) as a quality sustenance measure. The Institutions are requested to submit the Annual Quality Assurance Reports (AQAR)⁴⁹ after one year from date of Accreditation every year. A functional Internal Quality Assurance Cell (IQAC) and timely submission of AQARs are the Minimum Institutional Requirements (MIR) to volunteer for second, third or subsequent cycle's Accreditation.

Audit observed that the IQAC had been established by the University and NAAC Accreditation obtained by the University till 2024. Although AQARs were to be submitted by the University annually, it was observed that AQARs for the years 2017-18 to 2019-20 were only submitted by the University to NAAC so far.

It was replied that AQARs of 2018-19 and 2019-20 were revised and uploaded. AQAR 2020-21 was delayed because of pandemic situation. The data acquisition was not possible in prolonged lockdown. However, the AQAR 2020-21 and 2021-22 have been upload before 30th July, 2023.

The University had, however, not provided supporting documents regarding the uploading of the AQARs on NAAC website.

⁴⁴ (1) University College of Engineering and (2) University College of Technology

⁴⁵ Located at Jogipet; Mirzapur; Narsapur; Siddipet and Vikarabad

⁴⁶ Nizam College and University College for Women, Koti

⁴⁷ (1) University College of Science, Saifabad; (2) University PG College, Secunderabad and (3) PG College of Law Basheerbagh

⁴⁸ University District PG Colleges, Jogipet, Mirzapur, Narsapur, Siddipet and Vikarabad

⁴⁹ Wherein criteria relating to Curricular aspects, Teaching Learning and Evaluation, Research, Innovations and Extension, Infrastructure and Learning Resources, Students Support and Progression, Governance, Leadership and Management, Institutional Values and Best Practices, Future Plans of Action for next Academic year were to be furnished.

3.2.2.4 Ranking under National Institutional Ranking Framework

The National Institutional Ranking Framework (NIRF) provides ranking of Institutions in five broad generic groups of parameters, namely: i) Teaching, Learning and Resources; ii) Research and Professional Practice; iii) Graduation Outcome; iv) Outreach and Inclusivity; and v) Perception.

Overall National Institutional Ranking of the University has gone down from Rank 38 (2017) to Rank 64 (2023). Even in respect of Overall University Ranking, the Ranking of the University has gone down from 23 (2017) to 36 (2023). Detailed analysis of parameter-wise marks earned by the University is as detailed in the **Table 3.11 and Table 3.12**:

Table 3.11: Overall and University Ranking by NIRF of Osmania University

S.No	NIRF Parameter	2017	2023
1	Teaching, Learning and Resources	46.63	58.74
2	Research and Professional Practice	20.56	31.24
3	Graduation Outcome	91.98	81.26
4	Outreach and inclusivity	58.41	57.91
5	Perception	11.16	9.15
6	Overall National Institutional Score	45.52	49.94
7	Overall National Institutional Rank ⁵⁰	38	64
8	Overall University Score	45.52	52.67
9	Overall University Rank ⁵¹	23	36

Source: Information available on NIRF website

Table 3.12: Comparison of the Osmania University NIRF with the Top Ranked University

S.No	NIRF Parameter	OU in 2023	Top Ranked University in 2023
1	Teaching, Learning and Resources	58.74	86.45
2	Research and Professional Practice	31.24	89.88
3	Graduation Outcome	81.26	87.22
4	Outreach and inclusivity	57.91	63.59
5	Perception	9.15	100
6	Overall National Institutional Score	49.94	86.69
7	Overall National Institutional Rank	64	1

Source: Information available in NIRF website

University replied that reasons for declining NIRF in the year 2023 are attributable to the following:

- ⇒ Retirement of Faculty,
- ⇒ The data for NIRF ranking are calculated based on last three academic years so data during the COVID-19 pandemic affected the ranking,
- ⇒ The faculty strength, research funding, Faculty Student Ratio (FSR) and Peer perception are more compared to Osmania University
- ⇒ The NIRF is collecting data such as Research database, Peer reviewed publications and perception from the third party and that the University did not have information about the actual data collected.

⁵⁰ The Overall National Institutional Rank includes Universities, Colleges, Research Institutions, Engineering, Management, Pharmacy, Medical, Dental, Law, Architecture and Planning, Agriculture and allied sectors and Innovation

⁵¹ The overall University rank among all institutions categorised as Universities

Reply of the University is not acceptable as:

1. Considering the retirement of faculty; recruitment of faculty should have been planned in advance.
2. COVID-19 pandemic affected pan India and NIRF data collection method is uniform for all institutions.
3. University needs to do more work on improving faculty strength, research funding, FSR and peer perception.

(i) Pass Percentage

As per Para 2.6 of NAAC Manual, the real test of the extent to which teaching learning has been effective in a HEI is reflected in the student performance in the examinations. Pass percentage of Conventional and Professional courses are shown in **Table 3.13** below:

Table 3.13: Pass percentage of Conventional and Professional courses

Courses	2017-18 (99 th Annual Report)			2018-19(100 th Annual Report)			2019-20(101 st Annual Report)			2020-21 (102 nd Annual Report)		
	Appeared	Passed	Pass %	Appeared	Passed	Pass %	Appeared	Passed	Pass %	Appeared	Passed	Pass %
UG (Conventional)	61,655	33,130	54	63,512	36,265	57	63,699	40,101	63	78,404	55,561	71
UG (Professional)	12,888	11,643	90	41,983	27,499	66	19,670	17,895	91	22,185	18,594	84
PG (Conventional)	7,038	5,253	75	7,324	5,442	74	9,853	7,066	72	10,983	6,293	57
PG (Professional)	13,968	11,142	80	15,371	12,917	84	18,018	14,029	78	19,541	16,194	83

Source : Annual Reports of the University

The Government in its response (February 2024) attributed the decline in pass percentage of UG and Professional courses (6 per cent) and PG Conventional courses (18 per cent) to COVID-19 pandemic, as the class work was held online and there was little/no direct interaction with the students.

3.2.2.5 Functioning of Placement Cell

As per the National Education Policy 2020 (Point No. 14, 14.4.2 – Steps to be taken by all HEIs), the HEIs should take steps to increase employability potential of Higher Education Programmes. As per Para 5.2.2 of NAAC Institutional Accreditation Manual for Self Study Report Universities, during Accreditation of an Institution, NAAC considers the average percentage of placement of outgoing students from the Institution during the last five years as one of the factors while grading the HEIs.

In the OU, Placements Cells are functioning at the University level and also at the College levels. Details of the admissions and placements of the students registered with the Placement Cell of OU during 2017-18 to 2021-22 are given in the **Table 3.14**.

Table 3.14: Details of admissions and placements during 2017-18 to 2021-22

Year	No. of Admissions into UG/PG courses	No. of students Registered for placements	Placements	% against Registration
2017-18	7,932	3,154	903	29
2018-19	29,749	1,364	475	35
2019-20	11,085	1,300	699	54
2020-21	18,763	4,723	1,206	26
2021-22	19,879	Not available	Not available	

Source: Annual Reports of the University

During the years from 2017-18 to 2020-21, students who secured placements ranged from 26 per cent (2020-21) to 54 per cent (2019-20). Information in respect of the year 2021-22 was not made available to Audit.

It was replied that the Directorate of Placement Services got merged with Human Capital Development Centre, Osmania University which was established in February 2022.

The low placement activity was attributed to the pandemic and Industry was not making any fresh recruitments.

3.2.2.6 Career and Counselling Cell

As per Para 15 of the “UGC Guideline for General Development Assistance to Central Demand and State Universities during XI Plan”, to address the diverse socio-economic handicaps and geographic backgrounds of the heterogeneous population of students coming to the Universities vis-à-vis equity of access and placement opportunities through availability of appropriate institutional support information, a Career and Counselling Cell (CCC) is to be established in the Universities. Through the above Cell, active guidance and information technology is to be supplemented to Students, for enhancing the reach and scope of available opportunities and prepare them for the future challenges.

Career and Counselling Cell was available in 4⁵² out of 18 colleges of the University. However, in 7⁵³ out of 18 colleges, the required Career and Counselling Cell were not constituted. Information in respect of University College of Law, University College of Technology, University College of Physical Education, University PG College, Secunderabad, Nizam College, OU PG College Siddipet and OU PG College Mirzapur was not furnished to Audit.

Details of the number of students who were registered for placement, number of students who were provided with placements, number of seminars and guidance workshops conducted in two campus and two constituent colleges are given in the **Table 3.15**:

⁵² University College of Commerce and Business Management; University College of Science, Saifabad; University College of Engineering and University College for Women, Koti

⁵³ University College of Arts and Social Sciences; University College of Science; Osmania University PG Colleges Jogipet; Narsapur; Vikarabad; PG College of Law and University College of Education

Table 3.15: Seminars and Guidance Workshops conducted in Campus and Constituent Colleges

Academic Year	No. of recruiting agencies of reputed firms identified/ contacted	No. of agencies conducting campus interviews	No. of students who participated/ registered for placements	No. of students provided the placement	No. of seminars and guidance workshops conducted in a year for students
University College of Commerce and Business Management					
2017-18	120	5	95	72	5
2018-19	150	10	86	64	6
2019-20	160	02	80	62	8
2020-21	170	02	85	50	6
2021-22	200	04	76	50	8
University College of Science, Saifabad					
2017-18	3	Not furnished	115	40	12
2018-19		Not furnished	121	35	10
2019-20		Not furnished	124	36	10
2020-21		Not furnished	-	-	10
2021-22		Not furnished	118	50	18
University College of Engineering					
2017-18	42	42	330	359 ⁵⁴	2
2018-19	68	68	340	338	2
2019-20	37	37	330	273	2
2020-21	53	53	290	246	3
2021-22	57	57	330	327	1
University College for Women, Koti					
2017-18 to 2018-19	19	19	Not furnished	175	3
2019-20 to 2021-22	24	24	Not furnished	30	2

Source: Information furnished by Campus and Constituent Colleges

Government in its response (January 2024) stated that only two Campus and two Constituent Colleges implemented access and placement opportunities to students through Institutional support and information. It was also assured that other colleges were in the process of activating the existing Career and Counselling Cell to provide opportunities for the students.

3.2.2.7 Sports and Extra-curricular activities in the Campus and Constituent Colleges

As per Para 4.1.2 of NAAC Manual, one of the parameters used in the ranking of the Institution is by assessing as to whether the Institution has adequate facilities for cultural activities, yoga, games (indoor, outdoor) and sports (gymnasium, yoga centre, auditorium, etc.).

Information in respect of the availability of infrastructure has not been furnished by 10⁵⁵ Campus, Constituent and District PG Colleges and has been furnished only by 8 out of the 18 colleges. Details of the availability of the infrastructure in the eight colleges under the control of the University are indicated in **Table 3.16**:

⁵⁴ Number of Job offers received by Students in University College of Engineering

⁵⁵ University College of Science, University College of Engineering, University College of Technology, University College of Physical Education, University College of Law, Nizam College, University College for Women, Koti, Law College, Basheerbagh, OU District PG College Siddipet and Mirzapur

Table 3.16: Availability of infrastructure in Colleges

Sl. No.	Name of the College	Name of the play Area	Whether ground available	Extent of area in Sq.Mts/Sqft.	Sports facilities
1	University College of Business Management	Sports Room	Yes	200 Sqft.	Table Tennis, Chess and Carroms
		Volleyball Court	Yes	25 X 25 mts	Volleyball and Throwball
		Badminton Court	Yes	80-0 X 80-0	Badminton and Tennikoits
2	University College of Science, Saifabad	Ramleela Ground of the College	Yes	2 Acres	Cricket, Volleyball, Kabaddi, Kho-Kho, etc.
		VV Hall inside the college	Yes	-	Shuttle Badminton etc.
		Sports Room	Yes	-	Table Tennis, Chess and Carroms
3	University College of PG, Secunderabad	Cricket	Yes	3 Acres	Cricket
		Volleyball Ground	Yes	-	Volleyball Ground
		Basket ball	Yes	-	Basket ball
		Indoor Gym	Yes	-	Chess and Carrom
4	Osmania University PG College, Jogipet	No play Area			
5	Osmania University PG College, Narsapur			2500 Sq.mts	Cricket, Volleyball and Shuttle
6	University College of Education	No play Area			
7	Osmania University PG College, Vikarabad	No play Area			
8	University College of Arts and Social Science, OU	Student lounge	Yes	177 Sq.mts	Table Tennis, Chess and Carrom

Source: Information furnished by Campus and Constituent Colleges

Audit further observed that, in 10⁵⁶ out of 18 colleges, there was no expenditure incurred on sports and extracurricular activities and in respect of seven colleges, only a miniscule amount of expenditure was incurred during the audit period. Information in respect of University College of Technology was not furnished to Audit.

Government in its response (February 2024) did not furnish any specific response on the audit observations.

3.2.2.8 Committee for curbing the menace of Ragging

In pursuance to the Judgement of the Hon'ble Supreme Court of India dated 8 May 2008, UGC had notified "Regulations on Curbing the Menace of Ragging in HEIs, 2009". Under the above regulations, HEIs are required to constitute the necessary Committees/ Squads/ Cells to ensure a ragging-free campus.

As per the information furnished by Campus, Constituent and District PG Colleges, Anti Ragging Cell had been formed in eight⁵⁷ colleges. In three⁵⁸ Colleges, the required Anti Ragging Cell was

⁵⁶ University College of Arts and Social Sciences, University College of Commerce and Business Management, University College of Science, University College of Education, University College of Science, Saifabad, PG College of Law, Basheer Bagh, OU PG College Jogipet, Siddipet, Narsapur & Vikarabad

⁵⁷ University College of Arts and Social Sciences, University College of Science, University College of Education, University College of Engineering, University College of Commerce and Business Management, University College of Technology, University College of Women, Koti and University College of Science, Saifabad

⁵⁸ PG College of Law, Basheerbagh, OU PG College Jogipet and Vikarabad

not constituted. Information in respect of seven⁵⁹ colleges was not furnished to Audit.

Government in its response (February 2024) did not furnish any specific response on the Audit observations.

3.2.2.9 Non- Constitution of Student Grievance Redressal Committees

To provide opportunities for redress of certain grievances of students already enrolled in any Institution, as well as those seeking admission to such Institutions and a mechanism thereto, UGC issued the Regulations, viz., University Grants Commission (Redress of Grievances of Students) Regulations, 2019. As per above Regulations, various Student Grievance Redressal Committees at University, Department and College levels have to be constituted.

University had not furnished the information relating to Constitution of Student Grievance Redressal Committees at University level and Department level. Student Grievance Redressal Committees had been formed in six⁶⁰ Campus Colleges (out of 18 Colleges). The required Student Grievance Cell was not constituted in four⁶¹ colleges. Information in respect of formation of Student Grievance Cell had not been furnished to Audit by eight⁶² colleges.

The Government in its response (February 2024) did not furnish any specific response on the audit observations.

3.2.3 Human Resources

The most important factor in the success of higher education institutions is the quality and engagement of its faculty. Goal 4 (SDG 4) of the Sustainable Development, adopted by India in 2015 seeks to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” by 2030.

3.2.3.1 Availability of Teaching Staff

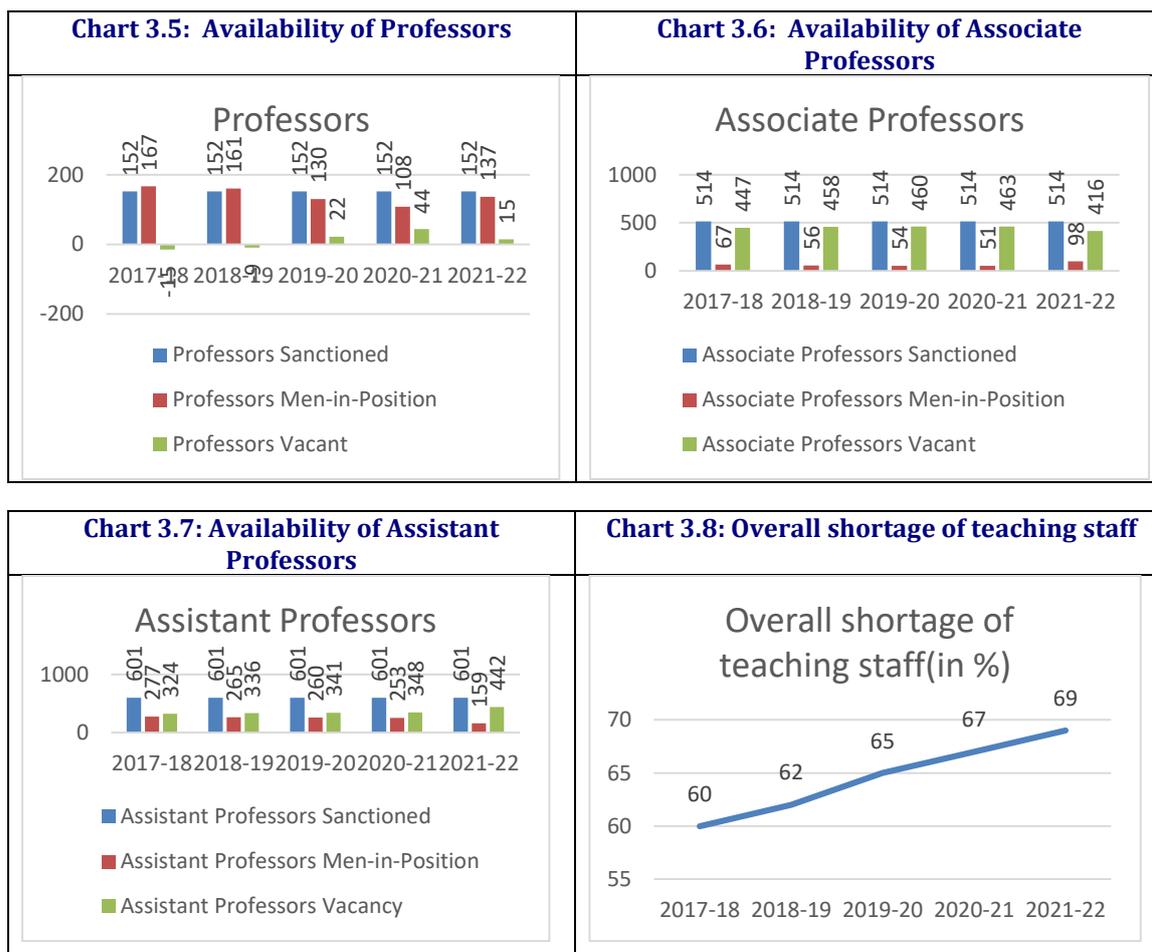
As per Regulation 12.2 of UGC Regulations on Minimum Qualifications for Appointment of Teachers and other Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education, 2018 the Universities were directed to fill the sanctioned/approved posts on an urgent basis. Details of Teaching Staff in the University are given below.

⁵⁹ University College of Law, University College of Physical Education, Nizam College, University PG College, Secunderabad, OU PG College Siddipet, Mirzapur and Narsapur

⁶⁰ University College of Arts and Social Sciences, University College of Science, University College of Education, University College of Engineering, University College of Women, Koti and University College of Science, Saifabad

⁶¹ University College of Commerce & Business Management; PG College of Law, Basheerbagh; OU PG College, Jogipet and Vikarabad

⁶² University College of Law, University College of Technology, University College of Physical Education, Nizam College, University PG College, Secunderabad, OU PG College Narsapur, OU PG College Siddipet and OU PG College Mirzapur



Source : Annual Reports of the Osmania University

Although there was no shortage in the cadre of Professor during the years 2017-18 and 2018-19, it was ranging from 10 per cent (2021-22) to 29 per cent (2020-21). In the cadre of Associate Professors shortage was ranging from 81 per cent (2021-22) to 90 per cent (2020-21). Similarly, shortage of teaching staff in the cadre of Assistant Professor ranged between 54 per cent (2017-18) and 74 per cent (2021-22). Audit noticed severe overall faculty crunch in the University which had increased from 60 per cent in Academic year of 2017-18 to 69 per cent in 2021-22.

Some portion of the vacancy in the Teaching Staff was addressed by the University by appointment of Assistant Professors on contract basis during the years 2017-18 to 2021-22 as indicated in the **Table 3.17** below:

Table 3.17: Regular and Contract Teaching Staff in the University

Academic Year	Total Sanctioned Strength of the University	Total number of regular teaching staff	Total number of Contract teaching Staff	Total number of regular and Contract Staff	Vacancy	Vacancy Percentage
2017-18	1267	511	430	941	326	26
2018-19	1267	482	429	911	356	28
2019-20	1267	444	424	868	399	31
2020-21	1267	412	421	833	434	34
2021-22	1267	394	393	787	480	38

Source : Annual Reports of the Osmania University

Audit observed that, even after including Contract Faculty, the vacancy percentage in the Teaching cadre ranged between 26 *per cent* (2017-18) and 38 *per cent* (2021-22).

Audit scrutiny of the vacancies in the professional courses also revealed significant vacancies in these Departments. Details are given in the **Table 3.18**:

Table 3.18: Vacancies in the Departments imparting Professional courses

	2017-18			2018-19			2019-20			2020-21			2021-22		
	Sanctioned	Men in Position	Vacant												
Commerce and Business Management	68	42	26	68	40	28	68	34	34	68	32	36	68	32	36
Education	21	11	10	21	11	10	21	9	12	21	9	12	21	9	12
Physical Education	17	5	12	17	5	12	17	5	12	17	5	12	17	5	12
Engineering	127	83	44	127	80	47	127	77	50	127	75	52	127	74	53
Technology	44	13	31	44	13	31	44	11	33	44	9	35	44	9	35
Law	27	12	15	27	11	16	27	9	18	27	9	18	27	8	19
Overall	304	166	138	304	160	144	304	145	159	304	139	165	304	137	167

Source : Annual Reports of the Osmania University

- 1) Out of the 68 posts sanctioned in the Department of Commerce and Business Management, vacancies were ranging from 26 posts (38 *per cent* in 2017-18) to 36 posts (53 *per cent* in 2020-21 and 2021-22).
- 2) Out of the 127 posts sanctioned in the Department of Engineering, vacancies were ranging from 44 posts (35 *per cent* in 2017-18) to 53 posts (42 *per cent* in 2021-22).
- 3) Out of the 21 posts sanctioned in the Department of Education, vacancies were ranging from 10 posts (48 *per cent* in 2017-18) to 12 posts (57 *per cent* in 2021-22).
- 4) Out of the 17 posts sanctioned in the Department of Physical Education, vacancies existed to the extent of 71 *per cent* during the period from 2017-18 to 2021-22.
- 5) Out of the 27 posts sanctioned in the Department of Law, vacancies were ranging from 15 posts (56 *per cent* in 2017-18) to 19 posts (70 *per cent* in 2021-22).
- 6) Out of the 44 posts sanctioned in the Department of Technology, vacancies were ranging from 31 posts (70 *per cent* in 2017-18) to 35 posts (80 *per cent* in 2020-21 and 2021-22).
- 7) Overall, the vacancy position ranged from 45 *per cent* during 2017-18 (with 138 posts out of 304 posts remaining vacant) and increased to 55 *per cent* (with 167 posts out of 304 posts) remaining vacant.

When the issue of vacancies in the teaching staff of the University was brought to notice, Government responded (February 2024) that it had issued Orders⁶³ to fill up the 415

⁶³ G.O.Ms.No. 23 Higher Education (UE) Department, dated 4 July 2018

teaching posts (88 Associate Professors and 327 Assistant Professors). Government proposed to recruit the posts through Common Recruitment Board. Recruitment process could not be completed due to non-receipt of further instruction/ direction of the Government in the matter as of December 2023.

The matter of acute shortage in teaching staff still remains unaddressed by the University.

(i) Ratio of Sanctioned Strength of Professor, Associate Professor and Assistant Professor

As per Regulation 12.1 of University Grants Commission (Minimum Qualifications for Appointment of Teachers and other Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education -2010) Regulations, teaching posts in Universities, as far as feasible, may be created in a pyramidal order, that is, for instance, for one post of Professor, there shall be two posts of Associate Professors and four posts of Assistant Professor, per Department. Scrutiny of the filling up of the posts of Professors, Associate Professors and Assistant Professors revealed that this was not complied with by the University as detailed in **Table 3.19** below:

Table 3.19: Requirement of Associate Professors and Assistant Professors as per UGC directions and actual Men in Position

Academic Year	Professor	Associate Professor			Assistant Professor		
	No. of posts sanctioned	Posts to be sanctioned	Posts actually sanctioned	Excess	Posts to be sanctioned	Posts actually sanctioned	shortage
2017-18	152	304	514	210	608	601	7
2018-19	152	304	514	210	608	601	7
2019-20	152	304	514	210	608	601	7
2020-21	152	304	514	210	608	601	7
2021-22	152	304	514	210	608	601	7

Source: Information available in the Annual Reports of the University

When the issue of excess sanction of posts in the cadre of Associate Professor was brought to the notice of the University, the University authorities had not furnished any specific response on the issue of creation of excess posts in the cadre of Associate Professor.

Audit also observed that notwithstanding the Regulation, posts were not sanctioned in the cadres of Professors, Associate Professors and Assistant Professors as shown in **Appendix-3.5**.

University stated that, the budgeted posts⁶⁴ of the University both teaching and non-teaching were sanctioned prior to the enactment of the Universities Act-1975. Therefore, the University cannot maintain the Pyramid structure as per the UGC regulations-2010 and 2018 i.e., one post of Professor, two posts of Associated Professors and four posts of Assistant Professor per Department.

(ii) Appointment of Contract Faculty

As per Regulation 13 of UGC Regulations on Minimum Qualifications for Appointment of Teachers and other Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education, 2018, the Teachers should be appointed on

⁶⁴ Posts: Professor-152, Associate Professor (Reader)-514 and Assistant Professor (Lecturer)-601

contract basis only when it is absolutely necessary and when the Student-Teacher Ratio does not satisfy the laid-down norms. In any case, the number of such appointments should not exceed 10 *per cent* of the total number of faculty positions in a University. Similarly, Regular and Contract staff, should not be more than the posts sanctioned.

Scrutiny of the records relating to appointment of Teaching faculty in the cadre of Assistant Professors revealed the following as detailed in **Table 3.20**.

Table 3.20: Excess appointment of Assistant Professors

Academic Year	Name of Post	Posts sanctioned	Men-in-position			Excess appointments on contract basis
			Regular (Percentage)	Contract (Percentage of post sanctioned)	Total	
2017-18	Assistant Professor	601	462 (77)	430 (72)	892	291
2018-19	Assistant Professor	601	437 (73)	429 (71)	866	265
2019-20	Assistant Professor	601	409 (68)	424 (71)	833	232
2020-21	Assistant Professor	601	383 (64)	421 (70)	804	203
2021-22	Assistant Professor	601	368 (61)	393(65)	761	160

Source: Information available in the Annual Reports of the University

Audit noticed that the sanctioned strength of the University as a whole was 1,267 during the audit period 2017-22. As per the UGC regulations, the number of such appointments should not exceed 10 *per cent* of the total number of faculty positions in a University. The University was entitled to appoint contract staff to the extent of 127 (being 10 *per cent* of 1,267). Even considering the appointment of contract staff in the cadre of Assistant Professor to the extent of the sanctioned strength of 601, the excess appointments in the cadre of Assistant Professor ranged from 160 (2021-22) to 291 (2017-18).

Specific reply was not furnished by the University as to whether the excess teaching faculty recruited without taking Government approval had been identified and steps taken to cancel the irregular/illegal appointment made.

(iii) Departments without teaching staff

As per Regulation 12.2 of UGC Regulations on Minimum Qualifications for Appointment of Teachers and other Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education, 2018 the Universities were directed to fill the sanctioned/approved posts on an urgent basis. In Departments of Theatre Arts, neither regular Faculty was available nor contract Faculty was posted although there were 39⁶⁵ students who had enrolled during the period 2017-18 to 2020-21.

When the issue of absence of Teaching staff in some of the Departments and how the students were being imparted the requisite education was brought to the notice of the University authorities, no specific response was furnished by them.

⁶⁵ 2017-18: 8; 2018-19: 9; 2019-20: 15 and 2020-21: 7

Government in its response (February 2024) stated that the courses offered in Theatre Arts in the University is only at Nizam College and that there was only one Faculty member in that Department and that he retired from the University services on 31 March 2016. Due to ban on appointment of Contract staff in University from 02 June 2014, the classes for students admitted in the Theatre Arts courses were being handled by the Part-time Lecturers. However, the University has stopped the enrolment of the students in the above Department from the academic year 2021-22. It was also assured that all the Departments in which the students are enrolled are having Teaching staff either Regular or Contract/Part-time Lecturers.

• **Departments functioning without sanction of Professor**

As per Regulation 12.1 of University Grants Commission (Minimum Qualifications for Appointment of Teachers and other Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education -2010) Regulations, teaching posts in Universities, as far as feasible, may be created in a pyramidal order, that is, for instance, for one post of Professor, there shall be two posts of Associate Professors and four posts of Assistant Professor, per Department.

Audit observed that notwithstanding the Regulation, posts of Professors were not sanctioned in 12 Academic Departments (Details vide *Appendix-3.5*).

University stated that the Government while issuing its concurrence for filling up of Teaching posts in the University has not issued its concurrence for Professor posts, the Government has issued its approval/concurrence for filling up of Associate Professors and Assistant Professors during the year 2006 and 2009 without Professor posts. All the Professors working in the University are promoted from the Associate Professor to Professor under Career Advancement Scheme (CAS). Therefore, the University cannot maintain the Pyramid structure as per the UGC regulations-2010 and 2018 i.e., one post of Professor, two posts of Associated Professors and four posts of Assistant Professor per Department.

(iv) **Faculty Student Ratio**

As per the provision 1(a) of NIRF – A Methodology for Ranking of Universities and Colleges in India, the expected FSR should be 1:15.

Scrutiny of the Faculty Student Ratio of the University revealed the following:

Table 3.21: Faculty Student Ratio of Osmania University

Academic Year	Total number of teaching staff including Contract staff	Total number of students enrolled	Faculty Student Ratio
2017-18	941	7,932	1:8
2018-19	911	29,749	1:33
2019-20	868	11,085	1:13
2020-21	833	18,763	1:23
2021-22	787	19,879	1:26

Source: Information available in the Annual Reports of the University

As seen from the table above, Osmania University had a favourable FSR during the years 2017-18 and 2019-20. However, it did not have the envisaged FSR in the years 2018-19,

2020-21 and 2021-22 with the FSR ranging from 1:23 (2020-21) to 1:33 (2018-19). The sudden unfavourable FSR ratio in 2018-19 could be attributed to the sudden increase in the number of students enrolled during 2018-19. University had not furnished any specific reason for substantial increase in the number of students during 2018-19 as compared to 2017-18.

The Government in its response (February 2024) stated that, the University was maintaining the FSR and that, it was engaging part-time Lecturers after allotment of workload to Regular Teachers and Contract Faculty. It was also appointing adjunct Faculty (Retired Professors) in various Departments based on the recommendations of the Heads of Department and Principal of the concerned Colleges.

As per the provision 1(a) of NIRF – A Methodology for Ranking of Universities and Colleges in India, regular appointment means Faculty on full time basis with no time limitation to their employment, Faculty on contract basis for a period of not less than 3 years, can also be included. Hence, the University contention that, in order to maintain FSR it had engaged Part-time Lecturers is not acceptable as it is contrary to regulations of NIRF.

- **Faculty Student Ratio of Affiliated Colleges**

As per the 1(a) Part II of NIRF Manual, a methodology for ranking of Universities and Colleges in India, the expected Faculty Student Ratio (FSR) was 1:20 in respect of Affiliated Colleges.

Audit observed that, 29 out of the 33 colleges had a favourable FSR during the period 2017-18 to 2021-22. However, in 4 out of 33 colleges, FSR Ratio was more than prescribed norms. Details of FSR Ratio of affiliated colleges are given below in **Table 3.22**:

Table 3.22: Faculty Student Ratio of affiliated Colleges

Sl. No.	Name of the College	Faculty-Students Ratio				
		2017-18	2018-19	2019-20	2020-21	2021-22
1	Arunodaya Degree and PG College, Hyderabad	01:33	01:30	01:24	01:31	01:27
2	Sri Sai Degree College, Jogipet	01:29	01:30	01:30	01:26	01:29
3	Tapasya Degree College, Hyderabad	01:25	01:21	01:21	01:28	01:29
4	Vivekananda Degree College, Hyderabad	01:22	01:23	01:24	01:26	01:25

Source: Information furnished by Colleges

Government in its response (February 2024) stated that, the Faculty Student Ratio (FSR) in some Affiliated colleges was more as such colleges gave focus on imparting education to students with Teachers specialised in those particulars area/topics which will benefit students in employability.

Reply furnished by the University does not address the concerns raised by Audit about four Affiliated colleges being non-compliant with FSR norm.

(v) ***Teachers appointed without specified qualifications***

As per Clause 3.3.0 of the UGC Regulations on Minimum Qualification for appointment of Teachers and other Academic staff in Universities and Colleges and measures for the maintenance of standards in Higher Education, 2010, the minimum qualification for appointment as an Assistant Professor is Master's Degree with 55 *per cent* marks in a

relevant/ allied subject and the candidate must have cleared National Eligibility Test (NET) or an accredited test (State Level Eligibility Test – SLET/SET) provided however, that the candidates who are or have been awarded a Ph.D shall be exempted from the requirement of minimum eligibility condition of NET/SLET/SET. The qualification and selection procedure for appointment of Teachers on contract basis should be same as those applicable to a regularly appointed Teacher.

Audit observed that as of January 2023, 82 teachers (10 *per cent* of the total teachers appointed) were appointed without Ph.D/ NET/ SET qualification as stated in **Appendix–3.6**.

Government in its response (February 2024) stated that teachers, who were appointed⁶⁶ conditionally under SC/ST backlog vacancies, were to pass the NET/SLT/SET within a period of two years with effect from the date of their appointment. Otherwise their annual increments and promotion under CAS would not be considered. It was also stated that there were certain teachers who are working as Assistant Professors (Contract) appointed by the Principals of the College with College Level Selection Committee.

Appointment of Teachers without qualification as prescribed by the UGC will adversely affect the quality of teaching.

3.2.3.2 Availability of non-teaching staff

Scrutiny of the sanctioned strength and actual men in position of non-teaching staff as of March, 2023 revealed huge vacancies in the non-teaching staff. Details are given in the **Table 3.23**:

Table3.23: Sanctioned strength and men in position of non-teaching staff

Category	Sanctioned strength	Persons in position	Vacancies
Gazetted	126	79	47
NGOs	808	312	496
Technical	965	267	698
Class IV	1,310	382	928
Total	3,209	1,040	2,169

Source: Information furnished by the University

The University had addressed some portion of this vacancy through appointment of employees on Time-scale and Contract basis. Details are given in the **Table 3.24** below:

Table3.24: Sanctioned strength and men in position of non-teaching staff recruited on time scale and contract basis

Category	Time scale	Contract	Total
NGOs	27	263	290
Technical	23	163	186
Class IV	174	428	602
Total	224	854	1,078

Source: Information furnished by the University

However, vacancies still continue to exist in the cadre of NGOs (206 posts/25 *per cent*), Technical (512/53 *per cent*) and Class IV (326/25 *per cent*). The overall vacancy in the non-teaching staff of the University continues to be 1091 (34 *per cent*).

⁶⁶ G.O.Ms.No.18, Dated 2004

Government in its response (February 2024) stated that, it had issued orders⁶⁷ for filling up 9,168 vacancies of Group-IV services under direct recruitment including 375 vacancies of the University through Telangana State Public Service Commission (TSPSC) and that the selection process for the vacancies were under progress at Government/TSPSC level.

3.2.3.3 *Infrastructure*

(i) *Observations on Infrastructure facilities*

As per Para 4.1 of NAAC Manual, adequate infrastructure facilities are keys for effective and efficient conduct of the educational programmes. The growth of infrastructure thus has to keep pace with the academic developments in the institution. The other supportive facilities on the campus are developed to contribute to the effective ambience for curricular, extra-curricular and administrative activities. Details in respect of availability of Class rooms, Laboratories and Seminar Halls (*Appendix-3.7*), general facilities in the seven⁶⁸ University Colleges are given in *Appendix-3.8*. Information in respect of 11⁶⁹ colleges was not furnished to Audit.

Government did not furnish (January 2024) any specific response regarding the non-availability of required infrastructural facilities in some of the test checked colleges.

(ii) *Functioning of District University PG Colleges without own buildings*

According to Regulation 3 of the UGC (Affiliation of Colleges by Universities) Regulations, 2009, every College seeking Affiliation to Universities must fulfil certain mandatory requirements. These requirements include undisputed ownership and possession of land measuring not less than two acres if the College is located in a Metropolitan city and five acres if it is located in other areas. Additionally, the College must have a building suitable for carrying out administrative and other activities.

During the Audit of sampled District University PG Colleges, it was observed that the District PG College at Jogipet was operating in temporary accommodation provided within the premises of the Government Degree College. Similarly, the District University PG College at Narsapur was functioning in a rented building.

In March 2023, the issue was brought to the attention of University authorities. The Director of District PG Colleges, Osmania University, stated (May 2023) that, the Government has allotted land for Narsapur and Jogipet colleges. The registration process is underway under the name of the Registrar, Osmania University. Additionally, proposals have been submitted to the Government to release funds for building construction and infrastructure development for PG Colleges in Vikarabad, Narsapur and Jogipet.

Government did not furnish (February 2024) any specific response regarding the non-availability of buildings in some of the test checked colleges.

⁶⁷ Vide G.O.Ms.NO.175, dated 25 November 2022

⁶⁸ University College of Arts and Social Sciences; University College of Commerce and Business Management; University College of Education; University College of Science, Saifabad; University PG College, Secunderabad; District PG Colleges Jogipet and Narsapur

⁶⁹ University College of Science, University College of Engineering, University College of Technology, University College of Physical Education, Nizam College, Koti Women's College, Law College Basheerbagh, PG College Siddipet, PG College Vikarabad and PG College Mirzapur

(iii) Non-compliance to UGC regulations by Affiliated Colleges

• Non-Compliance with Land Ownership Criteria for Temporary Affiliation

As per Regulation 3.1.1 of UGC (Affiliation of Colleges by Universities) Regulations, 2009, one of the eligibility criteria for temporary Affiliation is undisputed ownership and possession of land measuring not less than two acres if the College is located in Metropolitan cities and five acres if it is located in other areas.

Audit observed that 8 out of 33 Affiliated Colleges established in Metropolitan city of Hyderabad had land less than 2 acres and one college located in other areas has land less than five acres as shown in **Appendix-3.9**.

Government in its response (February 2024) did not furnish the specific reasons for giving permission to such Colleges.

• Non-compliance with Building Construction Criteria for Affiliation

As per Regulation 5.2 of UGC (Affiliation of Colleges by Universities) Regulations, 2009, one of the eligibility criteria for permanent affiliation is that the College shall have completed construction of building.

Audit observed that, 4 out of 33 Colleges are operating in rented/leased buildings, even after they acquired permanent affiliation as shown in **Appendix-3.10**.

As per Regulation 3.3 of UGC (Affiliation of Colleges by Universities) Regulations, 2009, one of the conditions for temporary affiliation, the College has to move completely to the proposed permanent building by the beginning of the third year, failing which the College shall not be granted renewal of temporary affiliation until the College moves to the permanent buildings. Under no circumstances, extension of time for this movement to the permanent building shall be granted by the University beyond 5 years.

Audit has observed that 7 out of 33 Colleges (**Appendix-3.11**) are continuing to operate in rented/leased buildings without relocating to permanent buildings, even after the completion of 5 years from the date of Affiliation. Thus, University had renewed the Affiliations to these Colleges without ensuring the criteria of permanent building for these Colleges.

Government in its response (February 2024) stated that the system of granting permanent Affiliation to College is discontinued.

(iv) Constructed University Buildings not being put to use

• Construction of New Academic Building in University Post-Graduate College, Secunderabad

The “Construction of the Academic Building (Ground + 2 floors)” in University PG College, Secunderabad, which was administratively sanctioned for ₹21.64 crore in February 2018, was completed in June 2019. The total cost of completion was ₹10.70 crore, but only the civil works of the building were finished till June 2019. The electrical installations, transformer, lifts and other related works were not completed. Despite being

inaugurated by the Education Minister on 8 July 2019, the Central Public Works Division (CPWD) authorities didn't officially hand over the completed structure until 5 November 2020.

In April 2021, the Principal of the University Post-Graduate College, Secunderabad, addressed the Vice-Chancellor of Osmania University, expressing concerns about the non-utilisation of the completed building due to the non-supply of furniture. As of March 2023, the building remains unused.



New Academic Building of Osmania University PG College, Secunderabad 10 February 2023

Moreover, the College had been paying monthly minimum electricity charges of ₹60,000 per month, as per the High Tension agreement (August 2020) with Telangana State Southern Power Distribution Company Limited (TSSPDCL), until August 2021. This resulted in a wasteful expenditure of ₹7.20 lakh due to the building's non-occupation. Further, the guarantee period for the lifts installed in the building expired by June 2020 without even being used. The University has not provided any specific response regarding this issue.

Government in its response (February 2024) stated that in response to the concerns of the Principal of the University Post-Graduate College, Secunderabad, Vice Chancellor had approved the use of the new building for class rooms from the Academic year 2023-24. Since the building was being put to use from October 2023, the processes to streamline the power bill and the usage of lift are implemented.

- **UGC- Human Resource Development Centre (HRDC) Studies Building and Centre for Biodiversity building**

Under the Rashtriya Uchcharat Shiksha Abhiyan (RUSA) Component, CPWD was assigned the execution of UGC-HRDC Studies and Centre for Biodiversity Buildings in July 2019. Construction of these buildings was completed in September 2021 and February 2022 respectively. However, despite the completion, the buildings have not been utilised for their intended purpose until now. Consequently, the release of ₹6.69 crore to CPWD did not yield the desired results and an additional committed expenditure of ₹41 lakh was incurred.

When the issue of non-utilisation was brought to the University authorities' attention, they provided the following reasons for the delay:

- UGC-HRDC building utilisation was delayed due to the slow construction of the boundary wall. However, the building has been inaugurated and has been in use since March 2022. The claim that the inaugurated building was being put to use is not factually correct as during physical verification of the building, Audit observed non-utilisation of the completed building due to non-availability of requisite furniture.

- Centre for Biodiversity and Conservation Studies building utilisation was delayed due to the late completion of the electricity supply line. Additionally, there is a lack of necessary infrastructure and items inside the building for effective use, which resulted from insufficient funding. The building is expected to be inaugurated by the end of May 2023 and will be put to use at that time.



Centre for Biodiversity building Dated (17th March 2023) UGC-HRDC Studies Building Dated (17th March 2023)

Government in its response (February 2024) stated that, the UGC-HRDC building was inaugurated on 22 May 2023 and that the Director, CBCS had initiated the process of procurement of minimum required furniture and the process of shifting the Centre to the new building had been initiated.

3.2.3.4 Works sanctioned under Khelo India

Under the “*Khelo India – National Programme for Development of Sports*” Programme, the Central Government approved a project cost of ₹13.50 crore, of which ₹5.81 crore was released in October 2020 to Osmania University as the first instalment. However, as of March 2023, Audit revealed that none of the three sanctioned works was completed and only ₹1.74 crore had been spent on the proposed works estimated at ₹13.50 crore (Details vide *Appendix-3.12*).

Government in its response (February 2024) stated that, the works were under process and that the work status report had been submitted to Ministry of Youth Affairs and Sports, New Delhi.

3.2.3.5 Repairs and restoration works entrusted to Telangana State Education and Welfare Infrastructure Development Corporation (TSEWIDC)

With a view to undertake civil works, University granted (October and November 2021) administrative sanction for works with an estimated cost of ₹4.28 crore. Subsequently, in January 2022, the execution of these works were entrusted to TSEWIDC.

Audit noticed that the above works have not been completed as on date (March 2023) despite release of ₹3.33 crore to TSEWIDC. As per the information furnished by the Government, only four out of the six entrusted works had been completed. (Details vide *Appendix-3.13*).

3.2.3.6 Toilet Blocks for women in Campus and Constituent Colleges of Osmania University

State Government in February 2022 released an amount of ₹two crore to Osmania

University (out of the allocated amount of ₹10 crore in Budget for the year 2021-22) towards construction of Toilet Blocks for Women in Campus and Constituent Colleges of Osmania University. Accordingly, administrative sanction⁷⁰ for Toilet Blocks was accorded by the Executive Council.

University released⁷¹ (October 2022) a sum of ₹one crore to the TSEWIDC, for execution of the works relating to construction of new toilet blocks and repairs to toilets and remaining amount of ₹one crore was lying unutilised in the bank account of the Works Accounts section as on date (March 2023).

Although the progress reports in respect of the above works were called for, the same have also not been provided to Audit.

The Government in its response (February 2024) stated that, the works were administratively sanctioned by the Executive Council and the works were being executed by TSEWIDC and the progress reports may be obtained from TSEWIDC.

As a result of non-provision of the progress reports of the works entrusted, Audit was unable to assess the extent of work done, quality of work done, etc.

3.2.3.7 Irregularities in execution of works

As per APPWD Code (Article 150) Execution of works Departmentally by employment of daily labour, is allowed only when no contractors are available. Under this method, the Department purchases its own materials. The purchase of materials or tools & plant and machinery is governed by the Store Rules in Appendix 15 to the A.P. Financial and Accounts Code (Volume II). All departmental works are to be executed only through the line departments like CPWD, University Building Division (UBD), TSEWIDC, etc.

Further, the above Code stipulates that major work should not be split into small/ minor works for avoiding the sanction of the higher authorities, calling of tenders, publication of tender notices, etc. In respect of each work before being taken up for execution, necessary administrative sanctions, work estimation along with technical sanction of the Engineering Divisions, etc., are to be obtained. Each work costing more than ₹one lakh is to be awarded and executed by invitation of open tenders through e-procurement platform.

During verification of records in Regional Centre for Urban and Environmental Studies (RCUES), Audit noticed the following irregularities in execution of works.

- i) Works worth ₹71.56 lakh and ₹45.35 lakh were split into 77 and 47 minor works respectively to bypass e-procurement tender requirements and awarded to agencies via limited quotations. Audit also observed that, some of contractors to whom works were awarded were not registered as Government contractors.
- ii) Work quantities were not accurately measured or recorded in Measurement Books, raising doubts about work correctness and payments were made without verification by the Engineering Division.
- iii) No quality checks were conducted by line departments like CPWD, PWD, TSEWIDC, UBD, compromising the overall project quality.

⁷⁰ Approved by 3rd Finance Committee/164th Executive Council Meeting held on 16 March 2022 vide Proc.No.1752/207/2022-23/Budget-IV, dated 27 July 2022

⁷¹ Vide its letter No.51/works account/2022, dated 3 October 2022

- iv) Statutory deductions like Value Added Tax (VAT)/Goods & Services Tax (GST), Income Tax, Seigniorage Charges, National Academy of Construction etc., were not recovered from Work Payments.
- v) Agencies executing works did not submit Earnest Money Deposits or Security Deposits, posing a risk during the defect liability period for rectification of potential defects after project completion.

Government in its response (February 2024) had not furnished any specific reply on this issue.

3.2.3.8 Facilities for Differently abled persons (Divyangjan)

As per 4 (e) of National Institutional Ranking Framework, there should be facilities like Ramps, Lifts, walking aids, Disabled Friendly Toilets, Braille/Special Labs and Audio Visual aids including Software for Differently abled persons (Divyangjan) enrolled in the Institution.

In this regard, Audit observed that facilities for the Differently abled persons in Osmania University Colleges were as shown in **Table 3.25**:

Table 3.25: Facilities available in colleges for Differently abled persons

Sl. No	Name of the College	Ramp Facility	Provision for lift	Walking Aids	Disabled Friendly Toilets	Wheel Chairs	Transportation facility
1.	University College of Arts and Social Sciences	No	No	No	No	Yes	No
2.	University College of Science	Yes	No	No	No	No	No
3.	University College of Engineering	Yes	No	No	Yes	Yes	No
4.	University College of Education	Yes	No	No	Yes	Yes	No
5.	University College of Science, Saifabad	Yes	No	No	Yes	No	No
6.	University PG College, Secunderabad	No	No	No	No	Yes	No
7.	PG College of Law Basheerbagh	Yes	No	No	No	No	No
8.	Osmania University PG College, Jogipet	No	No	No	No	No	No
9.	Osmania University PG College, Narsapur	No	No	No	No	No	No
10.	Osmania University PG College, Vikarabad	No	No	No	No	No	No

Source: Information furnished by the concerned Colleges

Information in respect of 8⁷² Colleges was not furnished to Audit.

Government in its response (February 2024) assured that work had been taken up and shall be completed at the earliest.

⁷² University College of Law, University College of Technology, University College of Physical Education, University College of Commerce and Business Management, Nizam College, Koti Women's College, Osmania University PG College Siddipet and Osmania University PG College Mirzapur

3.2.3.9 Hostel Capacity and Occupancy Concerns at the University

The University and its affiliated Colleges maintain a total of 28 hostels to accommodate students. Scrutiny of the details of the intake capacities and occupancy position revealed following.:

- **Exceeding Capacity:** 10 out of 28 hostels, were accommodating students beyond their designated capacities. The occupancy percentages ranged from 103 to 314 *per cent*, indicating a significant deviation from the intended occupancy levels.
- Girls Hostel at UC of Women, Koti: Over the period from 2017-18 to 2021-22, this particular hostel experienced occupancy rates ranging from 154 to 314 *per cent*, which is a matter of concern.
- UC of Engineering, Girls Hostel and Nizam College E II Old Hostel: These hostels showed persistent occupancy concerns throughout the Audit period. The occupancy rates for UC of Engineering, Girls Hostel, ranged from 116 *per cent* in 2017-18 to 162 *per cent* in 2020-21. Similarly, Nizam College E II Old Hostel witnessed occupancy rates ranging from 111 *per cent* in 2021-22 to 174 *per cent* in 2018-19.
- **Under-Occupancy:** On the other hand, 13 hostels⁷³ faced under-occupancy issues, with occupancy rates ranging from 20 to 94 *per cent*. Additionally, there are three⁷⁴ hostels for which occupancy data was not furnished, leading to uncertainties about their current status.

Details of the intake and occupancy of the various hostels are given in **Appendix-3.14**.

Government in its response (February 2024) stated that, the intake capacity of PG College, Secunderabad was well within the accepted range. As regards, the University College of Engineering the excess occupancy was attributed to limited availability of hostels and non-construction of new hostel buildings during the last ten years.

The occupancy concerns need to be addressed promptly to ensure the well-being and comfort of the students residing in these hostels.

3.2.3.10 Research

(i) Research Projects

The University has received funding support under UGC and Non-UGC Schemes and other National Agencies for enhancing performances in teaching and research. Details of research programmes sanctioned for Osmania University are shown in **Tables 3.26 and 3.27**:

⁷³ Swarnamukhi Hostel, UC of Engineering; Boys Hostel, UCSS, UCS, Saifabad; OU, A & C Hostel (PG), UCA&SS, OU; Gnanagangothri, Boys, UC PG, Secunderabad; Manjeera, PG College, Mirzapur; BEd/Med. Girls Hostel, UCE, OU; Sports Hostel, UC PE, OU; Ladies Hostel, UCC&BM, OU; E1 UC LAW, OU; BEd/Med. Boys Hostel, UCE, OU; Manjeera Hostel, UCC&BM, OU; NRSH(Ph.D), UCA&SS, OU and Old P.G (Ph.D), UCA&SS, OU

⁷⁴ New Godavari, CHW(PH.D), CHW (PG) of UCA&SS, OU

Table 3.26: UGC Research Programmes sanctioned and completed during the period 2017-18 to 2021-22

Year	Sanctioning Authority	Opening Balance of Research programmes	Research programmes sanctioned during the year	Research programmes completed during the year	No. of patents applied	Closing Balance of Research programmes
2017-18	UGC	23	1	6	-	18
2018-19	UGC	18	5	9	-	14
2019-20	UGC	14	-	9	-	5
2020-21	UGC	5	-	1	-	4
2021-22	UGC	4	1	-	-	5
Total				25		

Source: Information furnished by the University

Table 3.27: Non-UGC Research Programmes sanctioned and completed during the period 2017-18 to 2021-22

Year	Sanctioning Authority	Opening Balance of Research programmes	Research programmes sanctioned during the year	Research programmes completed during the year	No. of patents applied	Closing Balance of Research programmes
2017-18	Non-UGC	46	22	23	-	45
2018-19	Non-UGC	45	15	34	-	26
2019-20	Non-UGC	26	30	27	-	29
2020-21	Non-UGC	29	8	15	-	22
2021-22	Non-UGC	22	11	25	-	8
				124		

Source: Information furnished by the University

Audit observed that, although 149 UGC/Non-UGC Research Programmes were completed during the years 2017-18 to 2021-22, not a single application for patents was made.

The Government in its response (February 2024) stated that, the applications for patents were applied by the Faculty concerned (Principal Investigators of the Projects) through the concerned Colleges from concerned Departments.

(ii) Delay in completion of Research by the Research Scholars

As per Rule 7 of Osmania University Ph. D Rules and Regulations, the tenure of the Ph.D course for a full-time Research Scholar is four years and for a part-time Research Scholar is five years from the date of Admission Order issued and may be extended up to a maximum period of two years in case of a full-time and one year in case of part-time Research Scholar. The registration of a Research Scholar whether full time or part-time shall automatically stand cancelled under any circumstances after the completion of Six years from the date of admission.

Scrutiny of records and statement furnished to Audit revealed that, 2,887 Scholars had completed their Ph.D course during the period from 2017-18 to 2022-23. However, it was noticed that only 1,222 Scholars had completed the Ph. D within the stipulated timelines. It was observed that 1,665 Students (out of 2,887 Scholars) completed their Ph.D course between 7 to 30 years which is contrary to the above University Guidelines.

Table 3.28: Number of Students who have completed Ph.D (in Years)

Year	1 to 6	7 to 10	11 to 15	16 to 20	21-25	26-30	Total
2017-18	328	110	27	2	0	0	467
2018-19	268	179	14	5	2	0	468
2019-20	179	129	17	7	1	0	333
2020-21	65	187	14	6	2	0	274
2021-22	135	188	39	6	0	1	369
2022-23	247	382	258	60	20	9	976
Total	1,222	1,175	369	86	25	10	2,887

Source: Information furnished by the University

Government in its response (February 2024) stated that, in response to Scholars representations, University in a meeting (held on 5 January 2022) with Dean of all the Faculties had resolved to extend the last date for submission of Ph. D programme for those candidates availing “One time Changes” keeping in view the Telangana agitation and the COVID-19 pandemic.

(iii) Wasteful expenditure of ₹30 lakh due to abandonment of Research Project midway

The Science and Engineering Research Board (SERB), Department of Science & Technology (DST), Ministry of Science and Technology, GOI has sanctioned an amount of ₹39.40 lakh vide letter No.SB/EMEQ-500/2014 dated 05 August 2014 towards financial assistance to the Department of Geology, UCS, Saifabad, Hyderabad under Project of Nature of Pale Proterozoic Neoproterozoic Magmatism evidence from the Alkaline Carbonatites complexes of Pikkili, Thirupattur and Samalpatti. The duration of the project was four years i.e., from 01 September 2014 to 31 August 2018. The amount released by SERB is as detailed below:

Table 3.29: Details of the amounts released by SERB

Head	Amount sanctioned	Released	Expenditure incurred
Non-recurring: Equipment Research Microscope with Image Analyser	15.00	15.00	16.75*
Recurring: Consumables, Manpower, Domestic Travels, Contingencies and Analytical Charges	19.40	15.00	11.10
Overhead charges	5.00		3.90
	39.40	30.00	

* An amount of ₹1.75 lakh was met from accrued interest and overhead charges

Source: Information furnished by the University

During verification of records, Audit observed that the DST had released an amount of ₹15 lakh towards procurement of major equipment (Trinocular Research Microscope with Camera and Analyser software) on 11 August 2014. However, as seen from the records, the equipment was procured in June 2018 with a delay of more than three years. From this, it is evident that, the project commenced with a delay of more than three years. Delay in the procurement of equipment had escalated the cost of equipment and an excess expenditure of ₹1.75 lakh (met from the University resources) was incurred towards procurement of equipment as against the sanctioned amount. It was also observed that remaining grant of ₹9.40 lakh was not released due to the non-utilisation of the grant already released under the project in time.

Scrutiny of records⁷⁵ by Audit revealed that due to the non-release of the recurring balance grant, a significant part of the analytical work and data generation of the geological samples were not carried out as of August 2019. The project duration had expired on 31 August 2018. As a result, the total expenditure of ₹30 lakh was rendered wasteful.

The Government in its response (February 2024) while confirming the abandonment of the Research Project midway stated that a reminder letter had been issued to the officer concerned.

Thus the objectives of the Research project were not achieved in full and the expenditure incurred on the project was infructuous.

(iv) Loss of grant from DST ₹27 lakh and non-utilisation of released grant ₹16.15 lakh

The Department of Science and Technology (DST) sanctioned ₹85.50 lakh to the Department of Botany, Osmania University, Hyderabad and ₹55 lakh to the Department of Zoology for research facility enhancement under the Fund for improvement of Science and Technology Infrastructure (FIST) Programme for five years (01 May 2014 to 30 April 2019). The amounts released by DST are detailed below:

Table3.30: Details of sanction order of amount released in Departments of Botany & Zoology
(₹ in lakh)

Head	Botany			Zoology		
	Amount sanctioned	Released	Expenditure incurred	Amount sanctioned	Released	Expenditure incurred
Equipment	60.00	60.00	56.24	26.00	26.00	24.76
Infrastructure	13.50	6.00	1.00	15.00	6.00	6.00
Networking and Computational facility	5.00	5.00	5.00	10.00	10.00	4.19
General Component	7.00	0	0	4.00	0.50	0.16
Total	85.50	71.00	62.24	55.00	42.50	35.11

Source: Information furnished by the University

Audit observed significant delays in procurement of equipment in both the Department of Botany and Department of Zoology. As a result, ₹14.50 lakh grant for Botany and ₹12.50 lakh for Zoology were not released and ₹16.15 lakh was returned to DST. Reasons cited included tender processing, administrative changes and unused networking facilities. Non-adherence to DST's instructions and procurement delays impacted project objectives and future support. The Department of Botany replied that the project was completed to the extent of the available funds, UC and completion certificate furnished to DST.

The Government in its response (February 2024) confirmed the closing of the project in the year 2018-19 and the refund of the unutilised amount and utilisation certificate to the funding agency.

3.2.3.11 Functioning of sampled Research Centres

(i) Dr. BR Ambedkar Research Centre

Dr. BR Ambedkar Research Centre was established (2018) in the Osmania University to undertake work in areas that require in-depth analysis from the vantage point of social

⁷⁵ Lr. No. 189/KS/SERB/GEO/2014, Dated 21 August 2019

justice, equity, liberty, fraternity and related fields, to promote constitutional morality as the basis of governance as advocated by Dr. BR Ambedkar.

Audit findings revealed the following shortcomings at the Dr. BR Ambedkar Research Centre:

- Dr. BR Ambedkar Research Centre has not undertaken any research activity in areas of social justice, equity, liberty and fraternity since its establishment.
- No activities are in place for collaboration with Central/State agencies promoting welfare activities for SC/ST/BC/Minorities.
- The Centre has not conducted training programmes to improve knowledge in Social Sciences, Equity and Social Justice.
- There are no specialised or periodic research methodology courses for SC/ST/BC/Women and Minority Social Science.

The Director of the Research Centre confirmed these observations in May 2023.

The Government in its response (February 2024) stated that, Dr. BR Ambedkar Research Centre was not a practical Research Centre and that it was only for students to refer research books and study of books to go for research work.

The reply of the Government is contrary to the objective of establishment of the Centre which was to undertake work in areas that require in depth analysis from the vantage point of social justice, equity, liberty, fraternity and related fields, to promote constitutional morality as the basis of governance as advocated by Dr. BR Ambedkar.

(ii) Centre for Women's Studies

Centre for Women's Studies (CWS) established in the OU in the year 1997 strives to promote women's studies through teaching, research, action, fieldwork, extension and seeks to promote a better understanding of the multi-dimensional contributions made by the women to the process of sustainable development. The Centre attempts to provide access to better opportunities, counter the existing disparities and make efforts to change the basic social attitudes due to gender inequality across class, caste and region. The objective of the CWS included, to organise seminars, workshops, extension lectures to create awareness; to work in cooperation with other women's study centres; to build library and documentation facilities for women's studies; and to encourage women-focused research schemes and activities.

Scrutiny of records revealed the following:

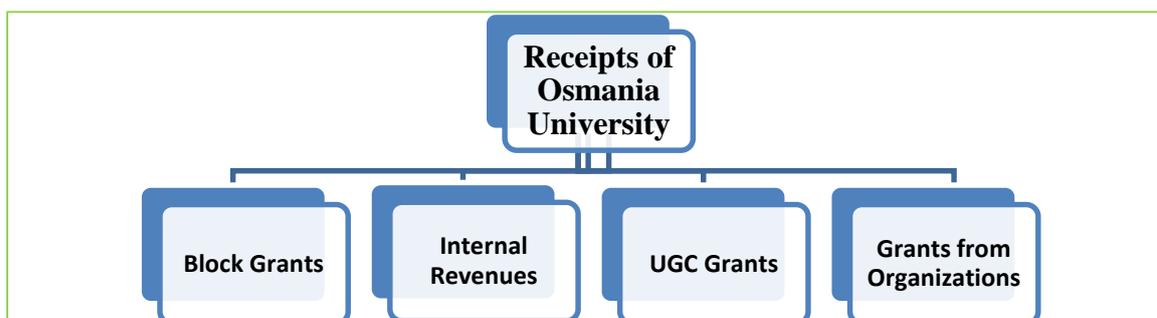
- As against the stipulation that the post of Director should be a full-time Director, the post of Director of the CWS was on in-charge basis during the period from 2019 to-till date.
- As against the stipulations that Statutory Academic Board was to be constituted as per the University procedure either in the form of a regular Board of Studies or Board/Committee of Interdisciplinary Studies or an Ad hoc Committee Board, Board of Studies was not constituted.
- The CWS was eligible for a grant of ₹35 lakh per annum from UGC under the scheme of Development of Women's Studies in Indian Universities and Colleges

from the year 2019. However, during the Audit period, the same was not released by the UGC and the specific reasons therefore are not forthcoming from the records.

Government in its response (February 2024) stated that, the appointment of the full-time or in-charge Director was the decision of the University authorities and that Board of Studies was not constituted as there were no courses offered by the Centre and the non-application for the UGC Scheme of Development of Women's studies in Indian Universities and Colleges in 2019 was due to COVID-19 Pandemic.

The University is mainly financed through Block⁷⁶ grants from State Government, grants received from UGC and other Central Government organisations like Science and Engineering Research Board (SERB), Council for Scientific and Industrial Research (CSIR), Defence Research and Development Organisation (DRDO), Indian Council for Agricultural Research (ICAR), Indian Space Research Organisation (ISRO), etc. The University also generates its own income by way of fees from students towards admissions, examinations, affiliations, tuition fees, sale of publications, sale of study material, processing fees, rents, leases, etc., as indicated in **Chart 3.9**.

Chart 3.9: Source of University Funds



Source: Information furnished by University

3.2.4 Financial Management

3.2.4.1 Budget and Expenditure

The year-wise and source-wise details of income and expenditure are given below.

Table 3.31: Total Grants (Block Grants, Internal Revenues, UGC and Non-UGC) received during 2017-18 to 2021-22

Financial Year	Opening Balance	Receipts	Total	Expenditure	(₹ in crore)
					Closing Balance
2017-18	36.72	523.98	560.70	520.16	40.54
2018-19	40.54	493.17	533.71	490.71	43.00
2019-20	43.00	495.01	538.01	523.17	14.84
2020-21	14.84	532.33	547.17	492.48	54.69
2021-22	54.69	615.31	670.00	589.02	80.98

Source: Receipts and Expenditure particulars furnished by University

⁷⁶ The grant given by the State Government towards salaries, pensions and other contingent expenditure

Audit findings relating to management of the finances of the University are detailed in the succeeding paragraphs:

3.2.4.2 Dependence on State Funding

As per University's Vision and Strategy Document prepared in 2018, one of the identified weaknesses of the University was excessive dependency on State Funding. Accordingly, in the above Vision and Strategy Document, it was proposed to achieve financial self-sufficiency through raising of funds by use of existing resources.

Audit scrutiny revealed that excessive dependence on State funding was identified as one of the weaknesses in the Vision and Strategy Document of the Osmania University. However, it was not one of the focal areas identified for improvement by the University. State Government funding of ₹269.16 crore provided in 2017-18 had increased to ₹353.89 crore in 2021-22. Meanwhile, the University's own revenues remained almost unchanged, with ₹231.16 crore generated in 2017-18 and ₹230 crore generated in 2021-22. As a result, functioning of the University was largely dependent on the Block Grants of the Government and the weakness identified in the Vision and Strategy Document remained unachieved.

Government in its response (February 2024) while confirming the dependence of the University on the Block Grants released by State Government every year, stated that the Budget was enhanced from 10 to 15 *per cent* which was not sufficient to meet the salaries of the University employees. It was also stated that, the University was generating internal resources every year to incur expenditure over and above the Block Grants.

3.2.4.3 Loss of Financial Assistance Grants

Award and release of Grants were considered only on the basis of providing reasonable evidence of proper utilisation of instalments released earlier and evidence of achieving the specified objectives and expenditure incurred supported by Audited Statement of Expenditure. However, lapse of the University in timely utilisation of the Government grants and completion of the works sanctioned, resulted in loss of financial assistance from the Central and State Government.

The Government in its response (February 2024) stated that, the University had been sending Utilisation Certificate (UCs) for releasing grants every quarter to Government and that almost all the grants were released. It further confirmed that an amount of ₹53.96 crore was released against ₹200 crore sanctioned and that despite submission of UCs and repeated requests, the remaining amount was not been released by it.

3.2.4.4 Loss of Financial Assistance from Central Government

(i) General Development Assistance Grants Forgone- ₹6.77 crore

The 12th Plan General Development Assistance Scheme, provided by the University Grants Commission (UGC) in the form of Block grants, aimed to improve infrastructure and basic facilities in Universities to enhance their quality and achieve at least the threshold level.

Osmania University received ₹31.95 crore from UGC under the 12th Plan General Development Assistance Scheme for improving infrastructure and facilities. The scheme, originally ending in March 2017, was extended until March 2023. Total of ₹25.18 crore

[₹3.49 crore (August 2012), ₹9.29 crore (July 2013), ₹6.39 crore (July 2015) and ₹6.01 crore (September 2021)] was released. However, there was delay in utilisation of funds and audited UCs were also not submitted to UGC until March 2021, resulting in non-release of remaining grant of ₹6.77 crore.

The delay in utilisation and submission of UCs caused a loss of financial assistance to the University, which received only ₹25.18 crore out of the sanctioned ₹31.95 crore. Absence of a regular Vice-Chancellor from July 2019 to May 2021 was mentioned as a reason for the funding loss, as the in-charge Vice-Chancellor could only handle routine matters.

Despite repeated reminders of University to UGC authorities, the University did not receive the 4th instalment of the grant and no response was received from UGC. The delay in utilising the grants and submitting necessary documentation led to substantial financial setbacks for Osmania University, affecting their quality and hindering achievement of at least the threshold level.

Government in its response (February 2024) stated that, the XII Plan General Development Assistance Scheme was originally up to March 2017 and not up to March 2023. It attributed the non-utilisation to inordinate delay in appointment of regular Vice Chancellor during the period July 2019 to May 2021 and non-release of 4th instalment of grant by UGC.

(ii) Promotion of University Research and Scientific Excellence (PURSE-II) grants- ₹2.13 crore forgone

The main objective of the PURSE⁷⁷ programme was to strengthen the research capacity of Indian Universities and support the research ecosystem and R&D base in the country. The financial assistance in the form of grant that was intended to provide support to Universities essentially for research manpower cost, augmentation of equipment and computational facilities, research consumables and maintenance of facilities.

The University requested for ₹8.10 crore⁷⁸ under PURSE-II programme in 2017 for the activities relating to hardware and others such as consumables, manpower, contingencies, etc. Details of the releases and the expenditure incurred on each item of release till the end of 31 December 2022 were as follows:

Table 3.32: Head-wise release and utilisation of funds under PURSE-II

Head wise utilization of funds (₹ in lakh)				
Sanctioned Budget Head	Allocation	Allocated	Expenditure (up to 31.03.2021)	Expenditure (up to 31.12.2022)
Consumable	255	250.78	208.39	249.78
Manpower	81		3.61	6.78
Domestic	8.1		0.71	2.85
Contingencies	32.4		17.08	28.6
Hardware	433.5	346.8	246.35	401.02
Total	810	597.58	476.14	689.03

Source: Information furnished by University

⁷⁷ Promotion of University Research and Scientific Excellence

⁷⁸ 1st instalment: ₹2.68 crore; 2nd instalment: ₹2.68 crore; 3rd instalment: ₹1.81 crore and 4th instalment: ₹0.94crore

Against the proposed amount of ₹8.10 crore, University received only ₹5.97 crore⁷⁹ by October 2020. Despite this, expenses of ₹6.89 crore were incurred by December 2022, in expectation of further grants from GoI. The amount of expenditure was mainly on consumables and out of ₹81 lakh allocated in respect of manpower component, only an amount of ₹6.78 lakh spent. Against an amount of ₹3.46 crore released for hardware, an amount of ₹4.01 crore was incurred. There had been an excess expenditure of ₹91.45 lakh. To cover excess expenditure, UGC funds were diverted, on the orders of the Vice-Chancellor against guidelines prohibiting such usage. Since the University did not maintain individual cash book in respect of the funds received under various schemes of UGC, Audit is not able to comment on the specific scheme from which funds were diverted.

Audit observed significant delays in fund utilization, leading to non-receipt of balance amount of ₹2.13 crore from remaining GoI grant. Delayed equipment procurement was attributed by University to the absence of a regular Vice-Chancellor from July 2019 to May 2021.

Out of 26 proposed equipment, only 18 were purchased due to time constraints. Non-adherence to expenditure timelines resulted in forfeiting the remaining financial assistance under PURSE-II.

The Government in its response (February 2024) while confirming the excess expenditure of ₹91.45 lakh stated that, the same was incurred on the advice of the concerned Officials. It was also stated that, the audited UC was submitted to the funding agency with a request to release the excess expenditure incurred. Specific response was not furnished by the Government in respect of the forfeiting of remaining grant of ₹2.13 crore under the scheme.

Non-adherence to expenditure timelines resulted in the University forfeiting the remaining financial assistance of ₹2.13 crore which denied the University of the opportunity to strengthen its research capacity.

(iii) National Mission for Teachers and Teaching scheme - Loss of Central Assistance of ₹2.85 crore

The Pandit Madan Mohan Malaviya National Mission on Teachers and Teaching (PMMMNMTT) Scheme in Higher Education aimed to enhance the professional capabilities of teachers, providing both recurring and non-recurring grants to Universities and Colleges.

The non-recurring grant was intended for construction and equipment purchase, with the condition of completing the civil works by March 2020. The funds sharing pattern between the Government of India (GoI) and State Government/University was in the ratio of 60:40. Non-completion of the civil works by the specified date would result in grant return and self-financed completion.

Under the PMMMNMTT Scheme, Osmania University was allocated ₹9.50 crore, with GoI contributing 60 *per cent* and the State Government/University contributing 40 *per cent*.

⁷⁹ Capital Asset and Hardware component of ₹3.46 crore; Consumables, Manpower, Domestic Travels, Contingencies, etc.: ₹2.51 crore

The first instalment of ₹2.85 crore was released by GoI in May 2019. However, the University faced challenges in securing its 40 *per cent* share from the State Government, leading to delays.

Audit observed the following:

- 1) The work of ‘Construction of School of Education Building’, which was originally estimated (December 2019) for ₹6.24 crore (G+1 floors), was subsequently restricted to ₹3.57 crore (Ground floor only) due to non-release of State Matching share. Work taken up in January 2020 by CPWD, was completed in September 2021. Audit further observed that a sum of ₹1.75 crore was only released to CPWD against contract value of ₹3.57 crore and there was committed liability of ₹1.82 crore for payment to CPWD.
- 2) As per the information furnished by the Principal, the completed building could not be taken over as there were certain gaps in the civil works executed by the CPWD which were likely to be completed and the building handed over by June 2023.
- 3) Computers worth ₹49 lakh which were procured during February 2020 remained uninstalled and idle till February 2023.



Construction of School of Education Building only up to Ground floor (8 February 2023)



Non-utilised constructed rooms of School of Education Building (8 February 2023)



Equipment procured in February 2020 lying idle in the stores (8 February 2023)

These delays and the non-release of matching shares resulted in non-release of remaining Central Assistance of ₹2.85 crore.

The University explained that, efforts were being made to mobilise the matching share and unresolved civil work gaps also contributed to the delay. They assured that once the issues were resolved, the building would be taken over and utilised to replace deteriorated classrooms.

The Government in its response (February 2024) did not furnish any specific reasons for the non-release of its share of 40 *per cent* and the loss of Central Assistance from GoI to the extent of ₹2.85 crore.

(iv) **Rashtriya Uchchatar Shiksha Abhiyan (RUSA 1.0) – Loss of Financial Assistance due to non-utilisation of funds - ₹1.12 crore**

Component 3 (Infrastructure Grants to Universities) under Rashtriya Uchchatar Shiksha Abhiyan (RUSA) 1.0, provides grants for meeting critical infrastructural needs that would lead to immediate quality gains such as upgrading of libraries, laboratories, equipment, hostels and toilets, etc. Under the above scheme, Osmania University received an amount of ₹20 crore towards creation of new infrastructure, renovation/ upgradation of existing infrastructure, procurement of equipment, etc.

Audit observed that against release of ₹20⁸⁰ crore, a sum of ₹18.88 crore was only utilised till the closure of the RUSA 1.0 (March 2020). Details of the amounts released, the purpose for which it was released and the extent of expenditure are detailed in **Table 3.33** below:

Table 3.33: Details of amounts released and extent of expenditure under RUSA 1.0
(₹ in crore)

S. No	Name of the work/purpose	Estimated cost	Amounts sanctioned and received	Expenditure	Balance
1	Construction of 500 bedded Boys' hostel, in the University Campus	7.00	7.00	7.00	Nil
2	Providing repairs and maintenance to Hostel building and laying new drainage, pipeline and improving existing bathrooms and toilets in the University campus	2.50	8.00	8.00	Nil
3	Providing special repairs and renovation including electrification to Tagore Auditorium	3.08			
4	Renovation and repairs of D-Block Hostel	1.51			
5	Additional works to Tagore Auditorium	0.14			
6	Establishment of Smart Data Centre	1.09			
7	Purchase of Computers, Tables and Chairs	2.12			
8	Lab Equipment and Generators	2.22			
9	Books and E-Resources	1.00			
	Total	20.66	20.00	18.88	1.12

Source : Information furnished by the University

Specific response of the University authorities regarding non-utilisation of ₹1.12 crore was not furnished to Audit.

Audit observed that unutilised grant of ₹1.12 crore has been adjusted against subsequent releases under RUSA 2.0 which resulted in the loss of financial assistance of ₹1.12 crore under RUSA 2.0.

University confirmed the loss of financial assistance to the extent of ₹1.12 crore.

Government in its response (February 2024) while furnishing the details of expenditure on computers, computer chairs and computer tables stated that, an amount of ₹44.62 lakh was saved against the sanctioned amount and that one more generator at Tagore Auditorium was not installed due to exploring the possibility of solar power unit to meet the power requirement of the site.

⁸⁰ ₹2.5 Crore released on 6 April 2017, ₹2.5 crore released on 5 February 2018, ₹10 crore released on 5 October 2018 and ₹5 crore released on 19 July 2019

3.2.4.5 Non-utilisation of Development Grants - ₹18.78 crore

State Government released (December 2015) ₹20.52 crore towards Development Activities (Capital works) during the year 2015-16. The amount was received by the University in January 2016.

Accordingly, the University proposed to take up the following works.

Table 3.34: Works proposed to be taken up under Capital works of the University

Sl. No.	Name of the Work	Amount (₹ in crore)
1.	Construction of Centenary Administrative Block in the University Campus	10.00
2.	Installation of 300 KWp Solar Power Plant on the terrace of Central Facilities for Research and Development Building, Osmania University Campus	1.63
3	Purchase and installation of CCTV Surveillance System in the University Campus	8.89

Source: Information furnished by the University

However, there was no expenditure on the above works as on date, except the expenditure of ₹1.74 crore towards purchase and installation of CCTV Surveillance System and remaining amount of ₹18.78 crore (₹20.52 crore – ₹1.74 crore) was lying unutilised as on date (May 2023).

The University authorities confirmed the non-utilisation of ₹18.78⁸¹ crore. It was stated that the unutilised amount of ₹18.78 crore was proposed to be utilised for the purpose of Construction of Centenary Administrative ‘E’ Block at OU Campus.

The Government in its response (February 2024) stated that, the work of Construction of Centenary Block in the University was taken up by TSEWIDC and expenditure of ₹10 lakh was incurred.

(i) Diversion of Centenary Celebration Grants - ₹3.96 crore

Government released (July 2018), an amount of ₹Nine crore towards construction of Centenary Building and other related expenditure in view of the OU Centenary Celebrations. As against the above grant, ₹5.04 crore was lapsed to Government account in March 2020, due to non-utilisation of the funds and the remaining grant of ₹3.96 crore was diverted (March 2021) towards pay and allowances of the Staff.

The Government in its response (February 2024) did not offer any specific remarks on the audit observations.

3.2.4.6 Non-utilisation of Special Purpose Grants - Library Grants of ₹50 lakh

The University in January 2021, requested the State Government to provide grants to the extent of ₹2 crore over and above the Block Grant for protecting and strengthening the OU Centre for International Studies. Considering the request of the University, the State Government in March 2021, released a special purpose grant of ₹50 lakh as one time grant towards library purchases, conducting conferences and developmental activities. However,

⁸¹ Approved by 4th Finance Committee / 166th EC meeting held on 23rd May 2022

the above funds of ₹50 lakh⁸² were lying unutilised since April 2021 and were kept in form of Term Deposits due to delays in obtaining permissions from the State Government to spend the grant.

Government in its response (February 2024) stated that the Auditorium needed repairs and that the Infrastructure Department had submitted estimations for repairs/renovation and the same had been forwarded for approval.

3.2.4.7 Self-Financing Institutions

Osmania University is offering courses under self-financing mode through 16 Colleges/ Departments. The operation of these courses is to be made from the finances generated from the Students. Details of income and expenditure of Self-Finance Institutions are stated in the **Appendix-3.15**.

Audit noticed that the following colleges/ departments were consistently operating on a loss as shown in **Table 3.35**.

Table 3.35: Departments operating in losses under Self Financing Mode

(₹ in lakh)				
Sl. No	Name of the College	Total Income (From 2017-18 to 2021-22)	Total Expenditure (From 2017-18 to 2021-22)	Loss
1	University College for Women, Koti	957.2	1254.23	297.03
2	University College of Science, Osmania University	376.77	394.65	17.88
3	University PG College, Secunderabad	845.72	860.34	14.62
4	University College of Commerce and Business Management	231.12	236.61	5.49
5	PG College of Law, Basheerbagh	249.7	254.39	4.69
6	University College of Arts and Social Sciences	581.93	585.83	3.9
7	Department in Arabic	6.88	9.78	2.9
	Total	3249.32	3595.83	346.51

Source: Accounts of Self Finance Courses

There is an inherent need to revisit the fee structure in view of the increasing costs and controlling the expenditure.

The Government in its response (February 2024) assured that, the University would take a decision to revise the fee structure for the Self Finance Courses offered at various Colleges.

3.2.4.8 Lease Management

The University generates revenue from its immovable properties in the form of lease amount from lands leased out, rent from quarters let out to University Employees. Registrar of the OU was responsible for review of the lease agreements and the Director of Estate Cell, OU was responsible for the collection of lease rents.

(i) Non-collection of lease rental charges of ₹7.07crore from TRANSCO and TSSPDCL

The University entered into (October 2011) a lease agreement with Transmission Corporation of TS Limited (TRANSCO) for receipt of ₹59.80 lakh per annum towards

⁸² Account Number 40113238484: ₹40 lakh and Account Number 40113231444: ₹10 lakh

lease rentals in respect of land leased out. However, the lease amount of ₹3.59 crore relating to the period from 2016-17 to 2021-22 was not collected from TRANSCO as of February 2024. Additionally, the lease deed which was expired in April 2015, was also not renewed as of March 2023.

Further, the University allotted lands to Telangana State Southern Power Distribution Company Limited⁸³ (TSSPDCL) for establishment of electricity substations at the lease amount of ₹17.50 lakh per annum at each location.

However, lease amount of ₹54.60⁸⁴ lakh has only been collected from TSSPDCL as against outstanding amount of ₹4.03 crore and remaining amount of ₹3.48 crore relating to period from 2010-11 to 2021-22 was still pending from the TSCPDCL as shown in **Appendix-3.16**.

The Government in its response (February 2024) stated that, an amount of ₹3.65 crore was outstanding from TSCPDCL and that legal notices had also been issued.

(ii) Loss of Revenue of ₹1.49 crore due to non-revision of rental charges

The Government in October 1996 directed the Government Departments to enhance the rental charges by 10 per cent annually and lease out lands initially for a period of five years and in no case the lease period was to exceed 25 years. The lease rentals were to be fixed on the basis of 10 per cent of the current market value of the land per annum prevailing at the time of such renewal to review the lease after every five years.

The University executed (July 1998) the lease deed with M/s University Filling Station, Tarnaka for an amount of ₹20,000 per month, with an enhancement of 10 per cent for every three years and the lease deed was executed for a period of 25 years. Although the remittance of lease rentals was being done regularly, revision of the lease rentals as specified in the GO was not done. By considering lease rental with an annual increase of 10 per cent (without accounting for the prevailing market rate⁸⁵), revenue loss worked out to ₹1.49 crore as shown in **Appendix-3.17**.

The Government in its response (February 2024) stated that, there were no instructions from the State Government to enhance the rental charges at 10 per cent annually for leases already executed.

The Government response is contrary to its own directions⁸⁶ given in October 1996 which is prior to the date of entering into Lease Agreement and hence binding on the University.

3.2.4.9 Other Issues

(i) “Andhra Pradesh GIS Master Plan Project” – Non-recovery of Expenditure of ₹86 lakh

The Government of Andhra Pradesh had sanctioned (November 2018) the Regional Centre for Urban & Environmental Studies (RCUES), Osmania University for preparation of GIS

⁸³ Lands are allotted at Nizam College Basheerbagh and University College for Women, Koti

⁸⁴ ₹40.95 lakh vide Cheque Nos 591639, dated 27 July 2010 and Cheque No. 591757 dated 9 August 2010; ₹13.65 lakh vide Cheque No.0989510, dated 14 August 2012

⁸⁵ Prevailing market rate was not available in the records produced by the University

⁸⁶ G.O.Ms.No.140 Revenue (ASSN.III) Department dated 14 October 1996

based Master Plan under AMRUT for Adoni Package-VIII⁸⁷ and Chilakaluripeta Package-XXVI⁸⁸ for payment of a professional fee of ₹75 lakh and ₹85 lakh respectively.

During verification of the records of the above project, Audit observed the following irregularities in execution of the project.

- 1) Execution of the project was commenced in anticipation of receipt of the funds from the client. Only an amount of ₹75.78 lakh (2019-20: ₹46.36 lakh; 2020-21: ₹29.42 lakh) was received from the Government of Andhra Pradesh. Further, a sum of ₹1.28 crore was diverted from the Plan funds received from the State Government of Telangana for establishment charges of RCUES.
- 2) Project which was to be completed within 6 months from the date of work order (November 2018) has not been completed as of March 2023.
- 3) In March 2022, Town and Country Planning Department, Government of Andhra Pradesh (DTCP) issued a show-cause notice to RCUES for non-completion of the project as per timelines agreed and reiterated to recover the consultancy charges released to RCUES along with liquidated damages. In response to above notice, RCUES requested the DTCP to allow for further two months for completion of the project. However, RCUES could not complete the project as of February 2024.
- 4) Proper estimation was not prepared either for project cost or for engagement of project staff. Most of the appointments were made on the recommendations of the Project Coordinator and the necessity of the above appointments were neither checked by the Director of RCUES nor applied any scientific base for fixing of remuneration to above project staff.

Government in its response (February 2024) did not furnish any specific reasons for non-completion of the project.

Improper cost estimation for the project and staff, unsettled advances led to delays, causing a potential loss of ₹86 lakh to RCUES and liability to repay funds to DTCP with penal interest.

(ii) Irregular Payment of Remuneration to staff - ₹2.60 crore

As per Rule 11 of Andhra Pradesh Fundamental Rules adopted by Telangana State, the whole time of a Government Servant is at the disposal of Government and he may be employed in any manner required by proper authority without claim for additional remuneration.

Audit noticed that contrary to the above provisions, University Staff were paid remuneration of ₹1.53 crore during 2017-18 to 2020-21 (**Appendix-3.18**). Similarly, the staff of the Centre for Distance Education were also paid an additional remuneration of ₹1.07 crore (**Appendix-3.19**).

⁸⁷ ULBs of Adoni and Yemmiganur

⁸⁸ ULBs of Chilakaluripeta, Bapatla, Macherla, Repalle and Chirala

The University replied that Remuneration for Registrar's Office Staff sanctioned at one basic pay (maximum) for 180 additional hours worked beyond regular office hours which was paid up to 2020-21. It was stopped from 2021-22. University did not furnish specific reasons for its stoppage.

As per the reply furnished by Professor G Ram Reddy Centre for Distance Education, additional remuneration was paid yearly to the staff from 2016-17 to 2020-21 as per University Order⁸⁹, approved by the Executive Council.

The Government in its response (February 2024) stated that, the remuneration was sanctioned based on the recommendation of the Committee and approved by the Executive Council. Government did not furnish any specific reasons for its stoppage despite its approval by the Executive Council.

(iii) Irregular expenditure on purchase of new vehicles - ₹19.80 lakh

Government has imposed⁹⁰ ban on purchase of new vehicles by the Government Departments/ Organisations, Local Bodies, etc. In case of emergencies, the Department with the specific permission of the Government can procure vehicles within the upper ceiling of ₹seven lakh.

However, contrary to above orders, Osmania University irregularly purchased a new vehicle at a cost of ₹19.80 lakh which was met from the unspent balances of the funds received towards “Hyderabad Hour for Higher Education 2017”.

When the issue of irregular purchase of new vehicle was brought to the notice of the OU authorities, it was replied (March 2023) that the Executive Council has accorded approval⁹¹ and the payment for the same was made from the above head only. However, the Government approval for procurement of the vehicle was not furnished to Audit.

Government in its response (February 2024) stated that, there was no practice of obtaining its approval by the University as the Executive Council is the highest authority of the University.

The Government response goes contrary to its own order which had clearly stipulated an upper ceiling of ₹seven lakh only in respect of a vehicle and stated that the ban of purchase of vehicles extended to State run Public Sector Undertakings and other agencies also.

(iv) Non-adjustment of Advances of ₹5.26 crore

Article 99 of the TS Financial Code envisaged that the advance given for a specific purpose should be adjusted as soon as possible from the date of its drawal. Further, no second advances should be sanctioned for the same purpose unless the pending advances were fully adjusted.

During the verification of Advance Registers and Cash books of test checked Colleges and Centre for Distance Education, Hyderabad, it was observed that advances of ₹5.26 crore

⁸⁹ Order No. 3026/209/2000-2001/Budget-V dated 24 May 2000

⁹⁰ G.O Ms No.170, Finance (W&M) Department, dated 6 July 2005 and Circular Memo No.10783-C/321/DCM-II/2010, dated 13 June 2012

⁹¹ Accorded approval for purchase of new Innova Crysta 2.4Z package – 7 seater (Diesel Car), for use of University and that the above vehicle procurement was carried out by the Director, Regional centre for Urban and Environmental Studies, Osmania University

(49 cases) were transferred between April 2017 and December 2022 for various purposes but remained unadjusted as of May 2023. Among the pending amount, ₹78 lakh was due for more than five years and ₹4.48 crore was due for one to five years. College-wise details of amounts yet to be adjusted were given in **Appendix-3.20**.

Colleges attributed the pending advances to insufficient funds for reimbursement of advances.

The Government in its response (February 2024) stated that, instructions were issued to the Colleges to take immediate steps to adjust the amounts drawn for various purposes.

(v) Outstanding Tuition Fees from Government

As per the orders of the Government, the tuition fee in respect of the Scheduled Caste, Scheduled Tribe, Backward Class and Minority students was to be reimbursed by the Social Welfare, Tribal Welfare, Backward Classes and Minorities Departments.

During the scrutiny of records of the eight⁹² colleges, an amount of ₹33.42 crore was to be reimbursed by Government towards tuition fee. Out of this, the Government/Welfare Department reimbursed an amount of ₹25.34 crore and an amount of ₹8.08 crore was pending reimbursement by Government towards outstanding tuition fee for the academic years from 2017-18 to 2021-22 as detailed in **Appendix-3.21**.

Government in its response (February 2024) stated that, reimbursement of tuition fees in respect of SC, ST, BC, EBC and Minority students was sanctioned and the payments were pending for disbursement for the years 2019-22 and 2022-23. It was also stated that as and when budget was released by Government, the pending dues would be disbursed to all the colleges.

(vi) Non-accounting of Answer Booklets in the Stock Register

As per Rule 10 of the Examination Manual of Osmania University, the accounts of main answer books and additional answer books is to be maintained by the Academic Co-ordinator of the college.

During scrutiny of stock register of “32-page answer booklets” in the Department of Controller of Examination, it was observed that stock register was not maintained properly by accounting all receipts of answer booklets from the supplier.

Audit observed that, there was an under-accounting of 1,50,200 answer booklets valued at ₹10.60 lakh in stock. Non-accountal of answer booklets received from the supplier is fraught with the risk of mis-utilisation during the academic examinations conducted by the University.

Further, it was noticed that records for unused booklets by the Colleges/Examination Centres were also not maintained. Hence, Audit could not find out the actual receipt of unused answer booklets after examination from the Examination Centres.

⁹² University College of Arts and Social Sciences, University College of Science, Nizam College, Law College Basheerbagh (LLB and LLM), University College of Science, Saifabad, University PG College, Secunderabad, District PG College Narsapur, District PG College Vikarabad

When the issue of improper maintenance of stock register was brought to the notice of the Government, it was stated (February 2024) that, the stock registers could not be updated due to continuous examinations and shortage of staff. It was also stated that, unused answer booklets of Colleges/Examination Centre would be submitted after examination and accounts would be updated accordingly.

3.2.5 Conclusion

Osmania University, which is known for its educational eminence and once ranked higher, currently faces a series of challenges that have lowered its ranking.

Effective planning is crucial for a University's success. Despite creating a Vision and Strategy Document in 2018, Osmania University could not develop actionable plans, leaving institutional goals unattained as of January 2023. Notably, an action plan aimed to increase the percentage of foreign students to 30 per cent within the next five years; however, this did not materialise, as number of foreign students significantly declined from 1,149 (2017-18) to 121 (2021-22) i.e., by 89 per cent. Further, the University identified excessive dependence on State funding as a weakness in its strategy document. Nonetheless, it continues to heavily rely on State funding, struggling to enhance its own resource generation.

There have been issues related to Policy making of the University like non-conducting of necessary meetings by the Academic Senate and College Development Council (CDC), insufficient representation within CDC, delay in constituting Finance Committee, non-constitution of Faculty of Studies for three subject streams, non-constitution of Board of Studies for nine Departments and expiration of the term of Board of Studies for 27 Departments. These issues hindered important decision-making processes such as non-revision of curricula for 43 Academic Departments, non-establishment of new Institutions or Departments, presence of NAAC unaccredited colleges operating under the University.

Faculty plays a pivotal role in higher education, ensuring the delivery of high-quality academic programmes. However, Osmania University is grappling with a significant shortage of faculty members, which has increased from 26 per cent in 2017-18 to 38 per cent in 2021-22 (including Contract) and in non-teaching staff, amounting to 34 per cent (as of March 2023). This shortage highlights the challenges the University faces in adhering to the recruitment guidelines of the UGC. Furthermore, it has impacted the envisioned Faculty-Student Ratio, which has ranged from 1:23 to 1:33, in three of five years falling short of the desired levels (1:15).

Another concerning issue is the fluctuating placement rates from 26 per cent to 54 per cent between the academic years 2017-18 and 2020-21 for registered students. In 7 out of 18 Campus and Constituent Colleges, the required Career and Counselling Cells were not constituted.

The University's physical infrastructure was also facing issues such as, overcrowded hostels and underutilised buildings. Mismanagement of projects, such as Khelo India,

has aggravated these problems. Further, the University has not collected lease payments resulting in loss of revenue.

Regarding research, Osmania University has faced several challenges. These included non-compliance with grant conditions, substantial delays in research project completion by Research Scholars and absence of application for patents. University could not ensure timely utilisation of Government grants and completion of the works sanctioned.

All these issues collectively contributed to the University's decline in the Overall National Institutional Ranking, from 38th in 2017 to 64th in 2023, as well as decrease in its Overall University ranking from 23rd in 2017 to 36th in 2023.

With a clear vision and determined approach, Osmania University can transform its status as a symbol of excellence, as envisioned in its Vision and Strategy Document, to be known for its quality and excellence in teaching and research, enhance social impact and fulfil its objective of providing intellectual inputs and quality teaching to students seeking excellent education on a global scale to influence, impact and shape the present and future world.

3.2.6 Recommendations

1. State Government and the University on a priority basis may ensure that all the administrative and academic bodies of the University are formed and functional as mandated and may regularly review the working of such bodies.
2. The University may formulate action-oriented short, medium or long-term plans for making progress towards the set of Institutional goals as per Vision Document.
3. The University may address on priority basis all the areas that may impact its accreditation grading.
4. The University may ensure NAAC accreditation of all Educational Institutions under its control within a definite timeframe.
5. The University may collect lease rental charges in respect of land leased out and explore ways of increasing its internal resources to reduce its dependence on the State Government funding.
6. The University may take measures to fill the vacant positions of Professors, Associate Professors and Assistant Professors in accordance with the norms and of non-teaching staff.
7. The University may take measures to ensure adequate infrastructure facilities for effective and efficient conduct of the educational and extra-curricular programmes.
8. The University may put in place an effective monitoring mechanism to ensure that funds received are effectively utilised for the purposes for which they are allotted within the stipulated timelines.

Panchayat Raj and Rural Development Department

3.3 Construction and Maintenance of Rural Roads in the State of Telangana

3.3.1 Introduction

3.3.1.1 Rural Road Connectivity

Rural Road Connectivity, and its sustained availability, is a key component of Rural Development as it assures continuing access to economic and social services and thereby generates a sustained increase in agricultural incomes and productive employment opportunities. In Telangana State, rural road connectivity and its maintenance works are taken up with the funds from-

- Ministry of Rural Development (MoRD), Government of India (GoI) under Pradhan Mantri Gram Sadak Yojana (PMGSY).
- National Bank for Agriculture and Rural Development (NABARD) under the Rural Infrastructure Development Fund (RIDF) and
- Assistance to Panchayat Raj Institutions (PRIs) for the Construction of Rural Roads (CRR) and Maintenance of Rural Roads (MRR) through the State Budget.

3.3.1.2 Brief of the Programmes for providing Rural Road Connectivity

(i) Pradhan Mantri Gram Sadak Yojana (PMGSY)

Ministry of Rural Development, GoI launched the Pradhan Mantri Gram Sadak Yojana (referred as PMGSY-I) on 25 December 2000 with the primary objective of providing connectivity by way of an all-weather road⁹³.

(ii) Pradhan Mantri Gram Sadak Yojana (PMGSY-II)

As the PMGSY-I programme unfolded, a dire need to consolidate the entire rural roads network by upgradation of selected Through Routes⁹⁴ and some Major Rural Links (MRLs) (emanating from the Through Route) was felt and accordingly a new intervention was evolved, namely PMGSY-II in August 2013. PMGSY-II envisages consolidation of the existing Rural Road Network to improve its overall efficiency as a provider of transportation services for people, goods and services.

(iii) Pradhan Mantri Gram Sadak Yojana (PMGSY-III)

The PMGSY-III (August 2019) envisages consolidation of the existing Rural Road Network by upgradation of existing Through Routes and Major Rural Links that connect habitations to-

- Gramin Agricultural Markets (GrAMs)
- Higher Secondary Schools
- Hospitals

⁹³ An all-weather road is one which is negotiable during all weathers with some permitted interruptions

⁹⁴ Through routes are the ones which collect traffic from several link roads or a long chain of habitations and lead it to a market centre or a higher category road, i.e. the District Roads or the State or National Highways

The roads selected under PMGSY–III are mainly Through Routes.

Under PMGSY, the cost of maintenance covering routine maintenance for initial five years after construction and also for further five years including periodic renewal as per requirement, special repairs and emergency maintenance shall be fully borne by the respective State/Union Territory.

(iv) Rural Infrastructure Development Fund

Ministry of Rural Development, GoI created Rural Infrastructure Development Fund (RIDF) in the year 1995-96 in collaboration with National Bank for Agriculture and Rural Development (NABARD) for providing loan assistance to State Governments for creation of durable assets in rural areas. Roads and Bridges Sector were included for funding under NABARD from the year 1996-97 for construction and upgradation of rural roads and bridges to provide improved connectivity to villages from highways and market centres.

(v) Construction and Maintenance of Rural Roads through State Budget

State Government had undertaken construction of new road works, upgradation of roads, maintenance and repairs to roads from the funds provided through the State Budget⁹⁵ under Construction of Rural Roads (CRR) and Maintenance of Rural Roads (MRR) from the year 2014-15.

The works under CRR and MRR were sanctioned subject to certain conditions, which, *inter alia*, included the following:

- Due quality control procedures and measures shall be strictly enforced in the procurement and execution of works.
- All road safety measures like signages etc., shall be adequately provided and executed. Further, Name Boards and Information Boards, etc., should be properly provisioned and executed.
- Digital photos/videos of the entire road surface shall be taken at the time of preparation of estimates, during execution and after completion of work.
- Routine maintenance by the contractors for a period of five years from the date of completion shall be provided in the bid document similar to PMGSY guidelines.

A brief of the scope of works for rural roads⁹⁶ connectivity under PMGSY-I, II and III, NABARD (RIDF), CRR and MRR implemented in the State of Telangana is given in **Chart-3.10**.

⁹⁵ CRR Major Head-2515-Other Rural Development Programme-319-Grants for creation of assets and MRR: Major Head-3054-Roads & Bridges-272-Maintenance

⁹⁶ Roads serving the rural areas of production and providing them with outlet to market centres, block, taluka/tehsil headquarters or main roads. Also, roads connecting villages and group of villages with each other or to the market centres and with the nearest road of higher category

Chart- 3.10: Brief of scope of works for Rural Road Connectivity

<p>PMGSY-I</p>	<ul style="list-style-type: none"> • The Programme launched in 2000, was initially a 100 <i>per cent</i> Centrally Sponsored Programme and covered the rural areas only. The fund sharing pattern between Centre and States was revised to 60:40 from 2015-16 onwards. • Permit upgradation of the existing roads in those districts where all the eligible habitations of the designated population size have been provided all-weather connectivity.
<p>PMGSY-II</p>	<ul style="list-style-type: none"> • Consolidation of the existing rural road network to improve its overall efficiency as a provider of transportation services for people, goods and services. • Cover the upgradation of existing selected rural roads based on their economic potential and their role in facilitating the growth of rural market centres and rural hubs. • Fund sharing between the Centre and States at 75:25 (Normal Areas). • The fund sharing pattern was revised to 60:40 from 2015-16 onwards.
<p>PMGSY-III</p>	<ul style="list-style-type: none"> • The roads selected under PMGSY–III were mainly Through Routes. Roads catering to large populations by connecting habitations over a large area which act as collectors of traffic from smaller roads would be treated as Through Routes. All Through Routes/Major Rural Links in a Block would be identified and numbered during the preparation of the road inventory with the help of trace maps. • The fund sharing between Centre and States would be 60:40.
<p>NABARD (RIDF)</p>	<ul style="list-style-type: none"> • The Loan Eligibility is 80 <i>per cent</i> in all States (other than NE/Hilly States) of eligible project cost for activities under Rural Connectivity. • The projects are sanctioned by NABARD on the basis of Detailed Project Reports (DPRs) submitted by the State Government. • Funding for the approved project will be on monthly reimbursement of expenditure incurred upon submission of Statement of Expenditure by the State Government.
<p>CRR and MRR</p>	<ul style="list-style-type: none"> • In the context of CRR and MRR funds financed through the State Budget, there were no specific guidelines in place on how road works are to be selected and taken up. The road works are taken up based on the proposals received from the public and public representatives. • The proposals are examined by the Superintending Engineers for their feasibility and need and sent to Engineer-in-Chief, Panchayat Raj and Engineering Department [ENC (PRED)]. The proposals recommended by ENC (PRED) are sent to the Panchayat Raj and Rural Development (PR&RD) Department in the State Government. • The PR&RD Department in the State Government examine the proposals and forward to Finance Department for Budget clearance. • The PR&RD Department in the State Government after Budget clearance by Finance Department will allocate the budget provisions based on the priority. • Under CRR, construction of new road works and upgradation of roads to BT standards will be taken up. • Under MRR, Maintenance and Special Repairs to BT roads are undertaken.

Source: PMGSY, RIDF Guidelines and the State Government Orders on CRR and MRR

The status of the rural road works sanctioned and executed under PMGSY-I, II and III, CRR, MRR and NABARD (RIDF) in the State during 2017-18 to 2021-22 furnished (December 2023) by ENC (PRED) is given in **Table-3.36**.

Table-3.36: Statement showing the details of status of works sanctioned during 2017-22 and expenditure thereon under PMGSY-I, II and III, CRR, MRR

Name of the Programme	Sanctioned works	Cost of the works (₹ in crore)	Completed works	Expenditure on completed works (₹ in crore)	Number of Works-in-progress	Expenditure on Works-in-progress (₹ in crore)	No. of works not yet taken up	Cost of the works not yet taken up (₹ in crore)
CRR	3,138	1,272.94	1,843	357.79	355	57.43	940	258.97
MRR	3,403	680.38	3,242	445.72	0	0	161	21.72
PMGSY I	236	338.10	210	277.08	26	19.05	0	0
PMGSY II	NIL							
PMGSY III	456	1,729.81	105	288.52	351*	357.98	0	0

Source: Information furnished by ENC (PRED), Hyderabad

**includes seven works costing ₹14.77 crore (one work under court case, two bridgeworks under tender stage and four bridgeworks tendered and at agreement stage)*

The Engineer-in-Chief, Panchayat Raj and Engineering Department replied (December 2023) that no new rural road works were sanctioned under NABARD (RIDF) after 2015-16.

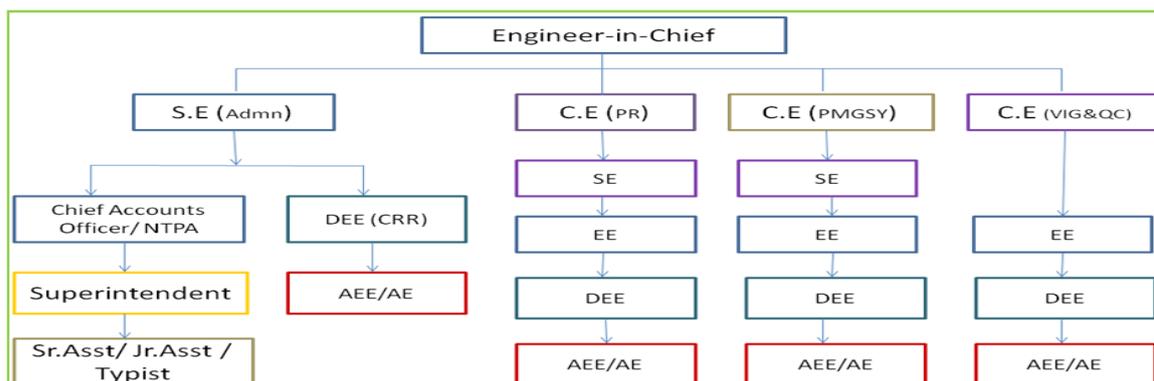
3.3.2 Organisational Setup

3.3.2.1 Organisational Setup in the State for execution of Rural Roads under Central and State Programmes

Principal Secretary to Government of Telangana in Panchayat Raj and Rural Development Department (PR&RD) oversees the implementation of the execution of rural roads with technical supervision of the Engineer-in-Chief, Panchayat Raj Engineering Department (ENC (PRED)), who reviews the progress of execution of works. ENC (PRED) is supported by Superintending Engineers (SEs) and Executive Engineers (EEs), who supervise and monitor the progress of the works. District Panchayat Raj Engineering (DPRE) offices headed by EEs in each district act as the Project Implementation Units (PIUs) and are responsible for execution of rural roads through contractors in the State of Telangana.

The organisational structure in the ENC (PRED) in the State for execution of rural roads from Central and State Funds is given in **Chart-3.11**.

Chart-3.11: Organisational Structure of Panchayat Raj Engineering Department



Source: pred.telangana.gov.in website

3.3.2.2 Organisational Setup in the State for execution of Rural Roads under PMGSY

The organisational setup for implementation of PMGSY at State and District Level is given in **Chart-3.12**.

Chart-3.12: PMGSY

State level	<ul style="list-style-type: none"> The Principal Secretary to Government in Panchayat Raj and Rural Development (PR&RD) Department oversees the implementation of the execution of PMGSY works. A State Level Standing Committee (SLSC) formed by the State Government will monitor the Programme. The Engineer-in-Chief, Panchayat Raj Engineering Department will undertake technical supervision and execution of the works. Telangana State Rural Roads Development Agency (TSRRDA), an autonomous body would advise on technical specifications, project appraisal, mobilisation of funds and management monitoring system of periodical reports to the MoRD and to monitor the financial progress of the Programme.
District level	<ul style="list-style-type: none"> The Programme Implementation Units (PIU) are the basic units for project planning, execution and accounting. A PIU may consist of one or more Engineering Divisions, appropriately headed by an Executive Engineer or Superintending Engineer. The PIU would be directly responsible for contracting implementation and Quality Management of PMGSY works. In the State of Telangana, District Panchayat Raj Engineer (DPRE) offices in each district are designated as PIUs.

Source: PMGSY Guidelines

3.3.3 Audit Framework

3.3.3.1 Audit Objectives

This Detailed Compliance Audit was conducted to assess whether:

- (i) Preparation of the Core Network as well as the District Rural Road Plan was adequate and financial management was effective;
- (ii) The road works were executed economically, efficiently and effectively;
- (iii) The monitoring system and quality control mechanism were adequate and effective.

3.3.3.2 Audit Criteria

Audit findings were benchmarked against the criteria sourced from the following:

- Guidelines and Operations Manual for PMGSY issued by the Ministry of Rural Development (MoRD), GoI
- Indian Road Congress (IRC) specifications;
- Orders issued by GoI and State Government from time to time on execution of rural roads;
- Telangana Rural Roads Maintenance Policy, 2017

3.3.3.3 Audit Scope and Methodology

The Detailed Compliance Audit was conducted to assess whether the rural road works were executed during 2017-18 to 2021-22 in an efficient, effective and economical manner with compliance to relevant provisions. Audit methodology involved examination of records of PR&RD Department in the Secretariat, Offices of the ENC (PRED) and Programme Implementation Units (PIUs)/District Panchayat Raj Engineer (DPRE) of the selected districts. An Entry Conference was held with the Principal Secretary to Government, PR&RD Department in February 2023, to brief on audit scope, objectives, criteria, methodology including the conduct of Joint Site Inspection. Exit Conference has not been held as the State Government has not responded to the requests in demi-official letters sent to the Principal Secretary to Government, Telangana from the Accountant General (Audit), Telangana on 31 August 2023 and Deputy Accountant General (Audit), Telangana on 19 October 2023 in this regard.

3.3.3.4 Audit Sampling

Out of 32 districts (excluding Hyderabad being an Urban area), five districts⁹⁷ (15.63 per cent) were selected on a Stratified Random Sampling basis. The Programme-wise/ district-wise details of the number of works executed and expenditure incurred during 2017-18 to 2021-22 in the selected five districts are given in **Appendix-3.22**.

In each selected district, 16.10 per cent of works executed under different programmes were selected on Stratified Random Sampling Selection basis. The number of selected works in the sampled districts is 224 out of 1,391 total works and the expenditure on the sampled works is ₹169.93 crore, which constitutes 16.70 per cent of the total expenditure of ₹1,017.29 crore in five districts. The abstract of selected works in the five districts are given in **Appendix-3.23**.

3.3.3.5 Audit Acknowledgement and Constraints

Audit acknowledges the cooperation and assistance extended by the PR&RD Department, ENC (PRED) and the DPRES of the selected districts and their officials during the conduct of audit.

However, Audit was hampered due to poor flow of information and non-submission of records both in the Office of the ENC (PRED), Hyderabad and in DPRE offices of the selected districts as given below:

⁹⁷ Adilabad, Jogulamba-Gadwal, Mahabubabad, Medchal-Malkajgiri and Siddipet

- a. **Audit Enquiries:** In ENC (PRED) office, Hyderabad, 68 Audit Enquiries (AEs) were issued (between September 2022 and March 2023), against which replies to 65 AEs were received as of December 2023 and replies to the remaining 3 AEs were still pending.

Out of total 341 Audit Enquiries issued in the selected five DPRE offices, replies were not received to 166 Audit Enquiries⁹⁸ (48.70 per cent) as of August 2023.

- b. **Production of Records:** Records/Documents like (i) Agreements, (ii) Drawings and Designs, (iii) Measurement Books, (iv) Specification Report/Traffic Survey data, (v) Estimates for the work, (vi) Detailed Project Reports (DPRs) of the work, (vii) Quality Control Reports, (viii) Completion Reports of the works, (ix) Price Adjustment Statements and (x) Work Inspection Reports, (xi) Core Network pertaining to sample selected works were not produced to Audit in complete shape.

Due to non-production of records, Audit was constrained from holistically assessing the Audit Objectives.

Audit Findings

3.3.4 Planning

3.3.4.1 Planning and Selection of Rural Roads under CRR and MRR

In the context of CRR and MRR programmes financed through the State Budget, there were no specific guidelines in place on how Road works are to be selected and taken up. ENC (PRED) replied (October 2022) that road works are taken up based on the proposals received from the public and public representatives. The proposals are examined by the SEs for their feasibility and then the same are forwarded to ENC (PRED). Thereafter, the proposals recommended by ENC (PRED) are sent to the PR&RD Department. PR&RD Department examines the proposals and forwards to Finance Department for budget clearance.

State Government sanctioned 3,138 works for upgradation of roads up to BT standards including Cross Drainage works wherever required under CRR Grants during 2017-22. However, the proposals received from the public and public representatives for the 3,138 works and documents pertaining to scrutiny of the proposals by the Superintending Engineers for their feasibility and need-based assessment for selection of roads were not made available to Audit.

Engineer-in-Chief, Panchayat Raj Engineering Department also did not furnish the proposals of public representative based on which the sample selected 171 rural roads were sanctioned and executed under CRR (99 works) and MRR (72 works).

Hence, Audit was not able to assess the need for execution of the sample selected Rural Roads, for which State Government had sanctioned funds under CRR and MRR.

⁹⁸ Adilabad:52 AEs, Jogulamba-Gadwal: 38 AEs, Mahabubabad:4 AEs, Medchal-Malkajgiri:23 AEs and Siddipet:49 AEs

3.3.4.2 *Planning and Selection of Rural Roads under NABARD (RIDF)*

Engineer-in-Chief, Panchayat Raj and Engineering Department informed that no new sanctions of rural roads and bridges were made under NABARD (RIDF) after 2015-16.

The Detailed Project Reports of the sample selected rural roads sanctioned prior to 2017-18 and executed during 2017-22 were not furnished, on account of which Audit could not assess the basis for selection of the rural roads under NABARD (RIDF).

State Government replied (November 2023) that the final DPRs prepared for according Administrative sanction had already been submitted to the NABARD authorities for their scrutiny and were retained by them, as they are the basic records for according Administrative sanction.

3.3.4.3 *Implementation of Telangana Rural Roads Maintenance Policy*

The Ministry of Rural Development, GoI directed (September 2014)⁹⁹ States to formulate their own Maintenance Policy for Rural Roads to provide a guiding framework for establishing the objectives and for establishing sets of procedures for maintenance and repairs. Accordingly, the State Government prepared the Rural Roads Maintenance Policy, 2017 in March 2018¹⁰⁰.

Audit observations in respect of the implementation of the Policy are as follows.

(i) *Non-preparation of Annual Rural Road Maintenance Plan*

Para 12 of the Telangana Rural Roads Maintenance Policy, 2017 stipulates that the PRED shall prepare an Annual Rural Road Maintenance Plan (ARRMP) for the State every year. It will identify the maintenance works on the rural road network, for different classes of roads including bridges, culverts, road signs and other road appurtenances within the jurisdiction of the department concerned. However, ARRMP was not prepared for any year as of March 2023.

State Government accepted (November 2023) that ARRMP was not prepared. It was, however, stated that all the ongoing PMGSY works which were under Defect Liability Period (DLP) of five years were being maintained in eMARG¹⁰¹ and all the payments were done through eMARG only. For the works whose DLP was completed, the renewals were being taken up under MRR State Grant as per the priority.

The reply was not in consonance with the fact that in the eMARG portal, only data on completed PMGSY rural roads and their maintenance activities are uploaded. However, ARRMP should be prepared by the State for all the rural roads in the State including PMGSY roads, for effective planning and budgeting of rural road maintenance works.

⁹⁹ Directions given by MORD, GoI based on the decision taken in the one-day National Workshop on Policy on Maintenance of Rural Roads for India-Stakeholders Consultation

¹⁰⁰ G.O. Rt.No.215 of Panchayat Raj and Rural Development (PROGS.II) Department dated 31 March 2018

¹⁰¹ eMARG (electronic Maintenance of Rural Roads under PMGSY) is an enterprise e-Governance solution for maintenance of rural roads constructed under PMGSY developed for National Rural Infrastructure Development Agency (NRIDA), Ministry of Rural Development, Govt. of India. Its standardised transparent process-oriented system to manage and monitor maintenance of rural roads under Post Construction DLP of five years (source: <https://emarg.gov.in/aboutEmarg.htm>)

(ii) Constitution of a State Level Committee for working out norms for maintenance of Rural Roads

As per Para 12 of the Policy *ibid*, Government shall constitute a State Level Committee¹⁰² to work out realistic norms for maintenance of rural roads covering routine, periodic, special repairs and emergency maintenance.

The Engineer-in-Chief, Panchayat Raj and Engineering Department replied (December 2023) that the State Level Committee was not established.

(iii) Constitution of a Standing Empowered Committee

As per Para 16 of the Policy *ibid*, Government shall constitute a Standing Empowered Committee¹⁰³ (EC) to decide on annual allocation of funds for maintenance of different categories of roads with reasonable share for rural roads based on the percentage of rural roads with respect to the total road network. Further, keeping in view the above requirement, there shall be established a dedicated fund to be known as Telangana Rural Road Maintenance Fund (the Fund) to provide funds on a sustainable and dependable basis for maintenance of rural roads.

The Engineer-in-Chief, Panchayat Raj and Engineering Department replied (December 2023) that no Standing Empowerment Committee was constituted.

(iv) Non-conduct of Road User Survey

Para 13 of the Policy stipulates that the departments concerned shall organise road user surveys once every three years to assess level of satisfaction of the road users. The survey data shall be documented in the format approved by TSRRDA and made available in the public domain of departmental website. The feedback received from the road users shall be taken into account in improving performance of maintenance of the road network.

However, no Road User Surveys were conducted as of March 2023.

Hence, it could be seen from above observations that though Policy document was prepared the same was not put into effective implementation. An ARRMP was also not prepared every year, which resulted in non-identification of roads requiring maintenance and consequent degradation of roads (*Paras 3.3.7.1 and 3.3.7.2 refer*).

3.3.4.4 Unfruitful expenditure due to stoppage of works on account of lack of forest clearance

Para 5.3.3 of PMGSY Operations Manual, 2005 emphasises on involvement of local community in the process of deciding on the alignment and requiring that Junior Engineer (JE)/ Assistant Engineer (AE) must conduct a “Transect walk”¹⁰⁴ along the alignment/trace together with the Panchayat Pradhan/ Ward Panch, local revenue and forest officials. The Transect Walk will be conducted by the AE/JE along with the contour map of the proposed

¹⁰² Comprising technical, administrative and finance senior level officers under the chairmanship of Secretary in-charge of PR&RD Department with Secretaries of Departments concerned and one senior engineer not below the rank of ENC/Chief Engineer

¹⁰³ Comprising Principal Secretary (Finance), Secretaries of the departments concerned and their Engineer-in-Chief/ Chief Engineer

¹⁰⁴ Transect walk is a method for gathering spatial data of an area by observing people, surroundings and resources while walking around an area or community

alignment(s). Forest Department officials should also be involved in the Transect Walk, where forest land is likely to be involved.

During the Transect Walk, issues relating to alternative alignments, land requirements for the rural roads and its impact on landowners, *etc.* would have to be discussed with the members of the local community and Secretary of the Gram Panchayat present.

Para 12.6.2 of PMGSY Operations Manual, 2005 also mandates that PIUs are to conduct survey and prepare DPRs. The head of the PIU needs to monitor the progress on a weekly basis, particularly the conduct of the Transect Walk. A copy of the minutes along with digital photographs of the Transect Walk should be attached to the finalised DPR.

Audit observed from the information furnished by ENC (PRED) that 17 road works and two bridge works taken up under PMGSY were not completed (**Appendix-3.24**) due to lack of forest clearance. An abstract of the works is given in **Table-3.37**.

Table-3.37: Road and Bridge works pending completion due to lack of forest clearance

Year of sanction	No of Roads/Bridges	Total sanctioned cost (₹ in crore)	Total length (in km)	Total length completed (in km)	Expenditure (₹ in crore)
2010-11	1	2.72	--	--	0.20
2012-13	5	17.13	24.84	11.48	10.21
2017-18	13	39.70	87.40	20.53	16.17
Total	19	59.55	112.24	32.01	26.58

Source: Information furnished by ENC (PRED), Hyderabad

Non-assessment of required land, suitable alternate alignments during transect walks and execution of rural road works without obtaining forest clearance had led to stoppage of works. This resulted in unfruitful expenditure of ₹26.58 crore on the 19 works.

Further, 17 PMGSY works (12 road works and 5 bridge works) were not completed due to lack of forest clearance and no expenditure was incurred (**Appendix-3.25**). This resulted in non-provision of rural connectivity even after a lapse of more than five years of sanction of the works. An abstract of the works is given in **Table-3.38**.

Table-3.38: Road and Bridge works not initiated due to lack of forest clearance with zero expenditure

Year of sanction	No of Roads/Bridges	Total sanctioned cost (₹ in crore)	Total length (in km)	Years of delay in non-completion of works as on 31 March 2023
2012-13	2	7.04	9.875	10
2016-17	3	6.88	0	6
2017-18	12	34.45	56.400	5
Total	17	48.37	66.275	

Source: Information furnished by ENC (PRED), Hyderabad

The details of present status of the above total 36 works were called for (December 2023) in audit and clarification regarding expenditure against eight road works, despite zero road length was not furnished (**Appendix-3.25**). It was observed from the latest status on the 36 works furnished by ENC (PRED) in December 2023 that out of 36 works, one work was

withdrawn¹⁰⁵ and the remaining 35 works were still not completed.

State Government replied (November 2023) that obtaining forest clearances for laying of the roads is a cumbersome procedure and it passes through hierarchy of officers in Forest Department, which led to abnormal delays for obtaining forest clearances.

Notwithstanding the reply, the fact remains that the objective of providing rural connectivity could not be achieved despite lapse of five to ten years after sanction of the works.

3.3.5 Financial Management

In the State of Telangana, the expenditure incurred as on 31 March 2022 for the Construction and Maintenance of Rural Road projects from various Programmes is detailed in **Table-3.39**.

Table-3.39: Expenditure incurred under various Programmes as of March 2022

							(₹ in crore)
Year	PMGSY-I	PMGSY-II	PMGSY-III	CRR	MRR	NABARD/ RIDF	Total
2017-18	65.26	67.40	0	560.72	202.29	135.18	1,030.85
2018-19	231.62	38.08	0	251.20	38.16	109.10	668.16
2019-20	148.00	12.36	0	178.74	80.35	67.42	486.87
2020-21	100.26	2.56	106.65	479.59	85.88	69.45	1,102.68
2021-22	11.25	27.79	219.25				
Total	556.39	148.19	325.90	1,470.25	406.68	381.15	3,288.56

Source: Information furnished by ENC (PRED), Hyderabad

It could be observed from **Table-3.39** that expenditure on maintenance of rural roads sanctioned under MRR decreased by 57.55 per cent from ₹202.29 crore in 2017-18 to a meagre ₹85.88 crore during 2020-22 put together. This decrease in spending on maintenance of rural roads indicated poor maintenance of roads (*Para 3.3.7.1 refers*).

3.3.5.1 Utilisation of funds under PMGSY

The fund-sharing pattern between Central and State Governments for construction and maintenance of rural roads under PMGSY–I to III is 60:40. Till 2013-14, Government of India released funds directly to the State Rural Road Development Agency (SRRDA). However, from 2014-15 onwards, funds are being routed through the Consolidated Fund of State and the State Governments are required to transfer these funds to SRRDA within three working days positively from the date of receipt of funds.

SRRDAs are required to maintain three separate accounts under PMGSY, namely, Programme Fund Account, Administrative Expenses Fund Account, and Maintenance Fund Account, by opening three separate accounts in a selected bank. State Government releases corresponding share in Programme Fund Account and Administrative Expenses Fund Account. All the amounts required for maintenance are released by the State Government in the Maintenance Fund Account.

¹⁰⁵ Sl. No. 5 of Appendix-1.3 - ENC(PRED) informed (December 2023) that this work was withdrawn after laying a road of 5 km against proposed 11.8 km and incurring expenditure of ₹4.39 crore

The SRRDA should designate the Executive Engineers of PIUs/Heads of PIUs (who are the drawing and disbursing officers of the PIU) as its ex-officio members or officers, so as to enable them to draw on the funds of the Agency from the three Fund Accounts.

(i) **Physical and Financial Progress on Rural Roads Connectivity under PMGSY**

• **Physical Progress on New Connectivity Rural Roads**

The year-wise coverage of habitations and length of rural roads during 2017-18 to 2021-22, are given in **Table-3.40**.

Table-3.40: Year-wise coverage of habitations and length of Rural Roads during 2017-18 to 2021-22

Year of sanction	Name of the Programme	No. of Habitations		Length (Km)			
		Target	Habitations covered	Target	New Connectivity completed	Upgradation completed	Total completed
2017-18	PMGSY-I	65	10	500	104.25	2.45	106.70
	PMGSY-II	-	-		0	196.23	196.23
2018-19	PMGSY-I	100	63	500	313.47	1.64	315.11
	PMGSY -II	-	-		0	16.01	16.01
2019-20	PMGSY-I	28	28	600	105.25	2.00	107.25
	PMGSY-II	-	-		0	1.92	1.92
2020-21	PMGSY-I	29	27	600	69.38	0	69.38
	PMGSY-II	-	-		0	0	0
	PMGSY-III	-	-		0	200.42	200.42
2021-22	PMGSY-I	2	0	1,000	35.91	0	35.91
	PMGSY-II	-	-		0	1.48	1.48
	PMGSY-III	-	-		0	507.58	507.58
	Total	224	128	3,200	628.26	929.73	1,557.99

Source: Information furnished by ENC (PRED), Hyderabad

Note: Regarding length targeted there was no breakup as to whether the target length pertains to PMGSY I, II or III. Further, the data (road length completed) also include some extra figures under 'Target' and 'Upgradation'.

• **Financial Progress on Construction/Upgradation of Rural Roads**

During 2017-18 to 2021-22, year-wise opening balance, provision, release and utilisation of funds under PMGSY-I to III for construction and upgradation of rural roads furnished (December 2023) to Audit are given in **Table-3.41**.

Table-3.41: Year-wise opening balance, provision, release and utilisation of funds under PMGSY-I to III for construction and upgradation of Rural Roads

Year	Opening Balance	Demand		Releases		Other Misc, Receipts	Interest earned	Total fund available (Columns 2+5+6+7+8)	Expenditure (per cent to col.9)	Closing balance (per cent to col.9)
		GoI share	State share	GoI share	State share					
1	2	3	4	5	6	7	8	9	10	11= (Col.9-10)
2017-18	117.65	203.00	135.33	0	116.51*	1.78	7.59	243.53	131.01 (54%)	112.52 (46%)
2018-19	112.52	200.00	133.33	99.22	103.82^	0	4.12	319.68	266.28 (83%)	53.40 (17%)
2019-20	53.40	400.00	266.67	97.75	65.17@	0.17	3.72	220.21	157.84 (72%)	62.37 (28%)
2020-21	62.37	300.00	200.00	184.21	34.99#	0.18	3.99	285.74	207.75 (73%)	77.99 (27%)
2021-22	77.99	300.00	200.00	48.88	122.81 ⁵	0	1.12	250.80	250.68 (99.95%)	0.12 (0.05%)
Total	423.93	1,403.00	935.33	430.06	443.30	2.13	20.54	1,319.96		

Source: Information furnished by ENC (PRED), Hyderabad

* Pertains to the releases for the year 2015-16 (₹58.23 crore) and 2016-17 (₹58.28 crore)

^ Includes the releases for the year 2016-17 (₹37.52 crore) and 2017-18 (₹66.14 crore)

@ This amount pertains to the releases for the year 2018-19

Pertains to additional State share for Tender Premium and Price Escalation

\$ This amount pertains to the releases for the year 2019-20

Significant Audit findings on utilisation of funds under PMGSY are detailed below:

(ii) Delays in transfer of Central share and release of State share

• Non-release of second instalment of funds by MoRD, GoI

Para 19.2 of both PMGSY-I and PMGSY-II Guidelines stipulates that the second instalment of Central share of 50 per cent of project would be released subject to utilisation of 60 per cent of the already available funds and completion of at least 80 per cent of the road works awarded in the year previous to the preceding year and 100 per cent of the awarded works of all the years preceding that year.

Further, Para 19.3 of PMGSY-II Guidelines require that the Central share for each instalment will be released subject to the condition that State Government has first credited its share in the Bank account of the SRRDA.

It was observed from the information furnished to Audit that against annual allocation of ₹1,403 crore¹⁰⁶ during the years 2017-18 to 2021-22 under PMGSY-I and II, an amount of ₹430.06 crore¹⁰⁷ was only released by MoRD, GoI as first instalment of Central share and no further releases were made as of March 2022.

Engineer-in-Chief, Panchayat Raj Engineering Department replied (January 2023) that due to administrative reasons and non-release of matching State share by the State Government in time, MoRD, GoI did not release subsequent instalment of funds.

The State Government accepted (November 2023) the audit observations

• Delay in transfer of funds received from MoRD by the State Government into TSRRDA Bank Account

MoRD, GoI sanction orders for release of PMGSY funds stipulated that funds are released to the State Consolidated Fund with directions to transfer the funds to SRRDA's account by the State Government within three days from the date of its receipt failing which the Central Government may stop further funds.

Audit observed from the information furnished by the ENC (PRED) that there were substantial delays ranging from 82 days to 454 days in crediting the amount released by MoRD, GoI to the TSRRDA account as detailed in **Table-3.42**. However, only amount released by MoRD, GoI was credited by the State to TSRRDA account without the interest component on the amount for the delay period.

¹⁰⁶ 2017-18: ₹203 crore, 2018-19: ₹200 crore, 2019-20: ₹400 crore, 2020-21: ₹300 crore and 2021-22: ₹300 crore

¹⁰⁷ 2017-18: ₹99.22 crore, 2018-19: ₹97.75 crore, 2019-20: ₹184.21 crore, 2020-21: Nil and 2021-22: ₹48.88 crore

Table-3.42 Release of first instalment of funds under PMGSY-I and II by MoRD, GoI to the State Government during 2017-22

Amount released by MoRD, GoI (₹ in crore)	Date of released by GoI, MoRD	Amount credited to TSSRDA Account by the State Government (₹ in crore)	Date of Credit	Delay in Days
99.22	22.12.2017	50.00	01.10.2018	283
		49.22	25.01.2019	399
97.75	18.03.2019	12.74	13.09.2019	179
		39.20	18.09.2019	184
		45.81	08.11.2019	235
184.21	27.12.2019	92.11	22.07.2020	208
		92.10	25.03.2021	454
48.88	29.11.2021	48.88	19.02.2022	82
430.06 (Total releases)		430.06 (Total amount credited)		

Source: Information furnished by ENC (PRED), Hyderabad

ENC (PRED) replied (January 2023) that due to administrative reasons there were delays in release of Central share to the TSRRDA Bank Account.

State Government accepted (November 2023) the Audit observation.

- **Delays in release of matching State share into TSRRDA Bank Account**

Para 19.3 of PMGSY-II Programme guidelines stipulate that Central share for each instalment would be released subject to the condition that State Government has first credited its share in the Bank account of the SRRDA.

Audit observed from the information furnished by the ENC (PRED) that matching State share was released after release of Central share only and also there were delays ranging from 179 to 665 days in crediting the matching State share by the State Government into the TSRRDA's Bank account as detailed in **Table-3.43**.

Table-3.43: Delayed release of matching State share

Amount released by MoRD, GoI (₹ in crore)	Date of release by MoRD, GoI	Matching state Share Amount (₹ in crore)	Date of actual credit to Bank Account of State share	Delay (in days)
99.22	22.12.2017	66.14	01.03.2019	434
97.75	18.03.2019	34.63	13.09.2019	179
		30.53	26.11.2019	253
184.21	27.12.2019	30.13	05.08.2021	587
		50.00	16.08.2021	598
		42.68	22.10.2021	665
48.88	29.11.2021	33.03	25.07.2022	238
430.06		287.14		

Source: Information furnished by ENC (PRED), Hyderabad

Engineer-in-Chief, Panchayat Raj and Engineering Department replied (January 2023) that due to administrative reasons there were delays in release of matching State share.

State Government accepted (November 2023) the Audit observation.

• **Non-release of State share remitted back to Consolidated Fund of the State**

Audit observed during scrutiny of records that an amount of ₹378 crore was released (November 2016) by the State Government as matching State share under PMGSY and credited to the Programme Fund Account on 6 March 2017. Subsequently, in compliance with the oral request of the Finance Department of the State Government, TSRRDA transferred an amount of ₹350 crore, out of released amount of ₹378 crore to the Consolidated Fund of the State on 13 March 2017. This was on the condition that the transferred amount of ₹350 crore would again be remitted back to TSRRDA Account by the State Government in the first week of April 2017.

However, the amount of ₹350 crore was not released by the State Government as of March 2023 for remitting back to the PMGSY Programme Fund Account.

Analysis of **Tables 3.42 and 3.43** above revealed that the second instalment of funds was not disbursed by the Ministry of Rural Development (MoRD), Government of India, primarily due to not providing the required matching funds by the State Government within the stipulated time. Additionally, there were delays in transferring the Central share to TSRRDA's bank account by the State Government, along with corresponding delays in releasing the matching State share.

Furthermore, a significant setback was withdrawal of State's matching share amounting to ₹350 crore by the Finance Department for the purposes not furnished to Audit. This amount was intended to be credited back into the PMGSY Programme Fund Account by the Finance Department in a month but was not released till date.

State Government replied (November 2023) that as there were no bills pending for payment and return of ₹350 crore to the Consolidated Fund of the State in March 2017 was intimated to MoRD in the utilisation certificate submitted on 8 April 2017.

The reply was not in consonance with the fact that the said the amount was transferred to the Consolidated Fund of the State on the condition of release of the transferred amount back by the State Government in the first week of April 2017 and the State share, however, was not released subsequently.

3.3.5.2 Non-completion of CRR works due to paucity of funds

From the information furnished (October 2022) by the Department on CRR works taken up during 2015-19 and not completed, Audit observed that 17 works were not completed due to paucity of funds as detailed in **Table-3.44**.

Table-3.44: CRR works taken up but not completed due to paucity of funds

Sl. No	Year of agreement	No. of works pending due to Paucity of fund	Cumulative Expenditure (₹ in crore)	Bills pending with Pay and Accounts Officer (₹ in crore)
1	2015-16	2	1.27	0.24
2	2017-18	3	0.36	0.32
3	2018-19	12	9.57	6.24
Total		17	11.20	6.80

Source: Information furnished by ENC (PRED), Hyderabad

State Government replied (November 2023) that paucity of funds under CRR does not arise as payments would be made based on budget availability.

Audit, however, noticed that required funds were not made available, on account of which 17 works under CRR pertaining to period 2015-19 could not be completed even after lapse of more than five years of Agreement.

3.3.5.3 Irregular utilisation of Administrative Expenses Funds

Para 13.7 of PMGSY Operations Manual, 2005 stipulates that the administrative and travel expenses of PIUs and SRRDA will be met from the Administrative Expenses Fund Account. Amounts paid on account of outsourcing of execution and management-related functions can also be paid out of administrative expenses.

Audit observed during the scrutiny of Administrative Expenses Fund Account Cash Book in PIU, Adilabad, that an amount of ₹11.64 lakh was utilised for the Regional Office i.e. office of the Superintending Engineer, Panchayat Raj, Adilabad, which was irregular.

State Government replied (November 2023) that, Superintending Engineer is a part of hierarchy in executing the PMGSY works in the State and the expenses were for authorised purpose as per clause 13.7.2 (i) of PMGSY Operations Manual, 2005.

Reply is not acceptable since provisions in the PMGSY Operations Manual, 2005 clearly stipulate that administrative expense are admissible for PIUs only.

3.3.6 Execution of Works

Significant Audit findings on execution of works are detailed below:

3.3.6.1 Irregular utilisation of savings under PMGSY works for other non-sanctioned works

The upgradation of road work “PMGSY-II, Grant-Package No. AP011402-MRL22-Road from R&B Road at 25/4 to Kobbai in Bela Mandal of Adilabad District” was sanctioned in February 2014 at an estimated cost of ₹5.75 crore for a road length of 11.07 km. In November 2014, a 3.4 km section (0/0 to 3/4) of the same road received ₹one crore funding from MRR grant through the State Budget for BT renewal. This segment of the 3.4 km road was improved with ₹0.98 crore from the State Budget amount.

Subsequently, the remaining 7.67 km stretch of the road was upgraded under PMGSY-II from January 2015 to April 2017, costing ₹5.56 crore. Later, PIU, Adilabad, utilised the savings from the PMGSY-II funds for other two non-sanctioned works¹⁰⁸ beyond the scope of the original work sanctioned under PMGSY-II.

State Government replied (November 2023) that to establish connectivity to villages Chaprala and Devujiguda, two cross drainage works were constructed with the recommendations of National Quality Monitors (NQMs) and State Quality Monitors (SQMs) at the time of visit of the site. Besides, on the request of Hon’ble MLA, Adilabad and the villagers, the two cross drainage works were taken up and completed, duly utilising the savings.

National Quality Monitors advised the PIU to take approval from the competent authority before start of new works from the savings. State Government, however, did not furnish

¹⁰⁸ (i) Construction of two vent of 6m span: ₹48 lakh and (ii) Construction of road dam 30 vent at km 4/2: ₹42.38 lakh

evidence in support of permission obtained from the competent authority (MoRD) for execution of the new works from savings amount. Thus, taking up of new works not sanctioned by MoRD under PMGSY-II was irregular.

3.3.6.2 *Wasteful expenditure on incomplete road work under CRR due to non-interlinking of road and bridge works*

The road work “Providing BT Road from Tharoda to Sawapur via Hashimpur, Jainath Mandal of Adilabad District” for a length of 4.2 km was sanctioned (December 2014) under CRR funds through State Budget. The work was awarded to a contractor in May 2015 for an Estimated Contract Value of ₹2.17 crore.

During JPV (May 2023) of the work, it was observed that road was laid from Tharoda to Hashimpur for a length of 2.14 km and from Hashimpur after laying a road of length 1.38 km towards Sawapur, the work was stopped without connecting the Sawapur Village. This was due to non-completion of Bridge-cum-Check Dam in between Hashimpur and Sawapur Villages (**Exhibit No.1**).

The Bridge-cum-Check Dam was sanctioned in July 2018 at a cost of ₹two crore under “Special Development Fund for Welfare and Development Activities” to connect rural remote areas and reach the District Headquarters by the villagers.

Audit observed from the records that District Collector, Adilabad sought for (August 2021) revised Administrative Sanction from the State Government for an amount of ₹3.75 crore for the work. However, due to non-receipt of revised Administrative Sanction, the Bridge-cum-Check Dam work was not completed.

Due to non-completion of the connecting Bridge-cum-Check Dam work in the stretch of the road, the rural road connectivity envisaged to connect the villages of Tharoda and Sawapur as depicted in **Chart-3.13** could not be achieved even after a lapse of more than eight years.

Chart-3.13: Image showing the proposed connectivity from Tharoda village to Sawapur village (via) Hashimpur



This indicated that proper survey and field investigations were not carried out before proposing the road work under CRR. The need for the Bridge-cum-Check Dam was not

interlinked with the proposed road work. Non-interlinking of the two works resulted in wasteful expenditure of ₹64.68 lakh on the incomplete road work.

Exhibit No.1

	
<p>JPV conducted on 12 May 2023 (Adilabad District)- Incomplete Bridge work Bridge-cum-Check dam in between Hashimpur and Sawapur Villages</p>	<p>JPV conducted on 12 May 2023 (Adilabad District)- Stoppage of work without connecting the Sawapur Village</p>

The State Government accepted (November 2023) the audit observation and stated that soon after the receipt of the revised Administrative sanction amount of ₹3.75 crore, the remaining Bridge-cum-Check Dam work would be taken up and the total road would be made available for traffic for the target villages.

The reply underscores the fact that the need for the Bridge-cum-Check Dam was not interlinked with the proposed road work and the rural road connectivity between Tharoda and Sawapur villages could not be achieved even after a lapse of more than eight years of sanction of the rural road work under CRR.

3.3.6.3 Road constructed for Krishna Pushkaralu-2016 under CRR Grant without rural connectivity

The work “Providing BT on Road from R&B Road to Old Sasanool of Itikyala Mandal under CRR Grant from State Budget” was sanctioned (March 2016) at an estimated cost of ₹1.50 crore in connection with Krishna Pushkaralu-2016. As per the completion report (May 2018) and 3rd and Final Bill recorded in the Measurement Book, an amount of ₹1.40 crore was incurred as expenditure for the work.

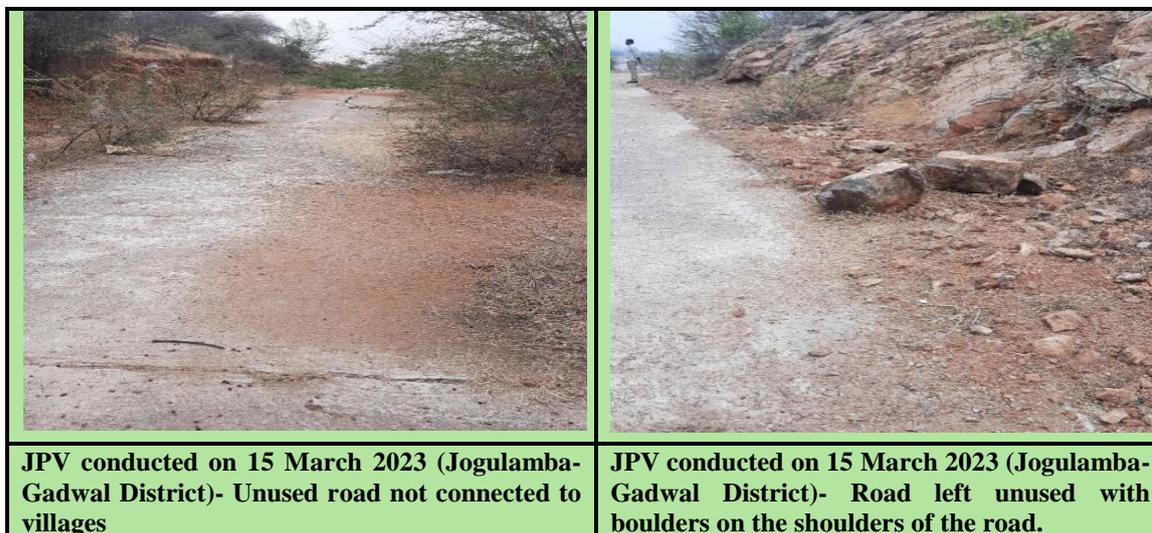
During JPV of the work (March 2023), Audit observed the following:

- a. The CC road portion leading to the hill was covered with bushes, boulders and left without maintenance.
- b. No bathing ghats were existing adjacent to the road or near to the road leading to the river.
- c. The road had no regular traffic and not connected to other network of roads to cater

to the needs of nearby villages (**Exhibit No.2**).

Hence, the road work constructed for seasonal traffic did not serve the purpose of rural connectivity and the same was left unused and resulted in wasteful expenditure of ₹1.40 crore.

Exhibit No.2



State Government accepted (November 2023) the Audit observations and stated that the road was executed to meet the traffic in Pushkaralu period only and no further maintenance was taken up on this road in normal days.

The reply confirms the fact that the road work was constructed for temporary purposes without serving the need for rural connectivity.

3.3.6.4 Cross Drainage work sanctioned under NABARD (RIDF) not taken up

The work “Construction of Cross Drainage work on Road from Tantoli to Sirkonda via Society Guda of Adilabad District” was sanctioned (November 2015) by NABARD at a cost of ₹30 lakh. This was later revised (April 2016) to ₹45 lakh by the State Government with an additional cost of ₹15 lakh to be met from Irrigation & Command Area Development Department for construction of Bridge-cum-Check Dams.

Subsequently, Superintending Engineer, PR Circle, Adilabad requested (September 2016) the Chief Engineer (PR), Hyderabad for a revised Administrative sanction for an amount of ₹1.16 crore for execution of the work including Bridge-cum-Check Dams.

Audit observed during scrutiny of records that neither revised Administrative sanction was accorded, nor the work was taken up by PIU, Adilabad with earlier sanctioned amount of ₹45 lakh. Further, after a lapse of four years, PIU, Adilabad proposed (January 2021) for another revised Administrative sanction for an amount of ₹1.44 crore, on the grounds of increase in cost, recasting of estimates as per the Standard Schedule of Rates 2020-21 and also due to increase in rates of Statutory Recoveries.

State Government accepted (November 2023) the observation and stated that the works would be taken up, once the revised Administrative sanction is received.

3.3.6.5 Incomplete Rural Road work due to non-completion of connecting High Level Bridge work

The road work “Kukunurpally to Burugupally Sivar via Mangole, Thipparam in Kondapak Mandal of Siddipet District’ was sanctioned in 2020-21 under PMGSY-III at a cost of ₹3.15 crore with Package. No.TS21KPIIA12 (Batch-1). The work was awarded (September 2020) to a contractor with a stipulation to complete the work by August 2022. Out of sanctioned road length of 6.11 km, the work was executed for 4.966 km and an expenditure of ₹2.90 crore was incurred as of May 2023.

Further during the same year 2020-21, on the same stretch of the road, the work “Construction and Maintenance of High Level Bridge (HLB) on road from Kukunurpally to Burugupally Sivar via Mangole, Thipparam in Kondapak Mandal of Siddipet District” was sanctioned by MoRD, GoI under PMGSY-III for a total cost of ₹3.49 crore with the same Package No.TS21KPIIA12 (Batch-2). The work was entrusted (October 2021) to a contractor with a stipulation to complete the work (April 2023).

The PIU, Siddipet informed (May 2023) that the HLB work was not yet started due to water stagnation at site.

Hence, due to non-commencement of the proposed construction and maintenance work of HLB, which was on the same stretch of the road earlier sanctioned under Batch-1, the remaining portion of road work of 1.144 km could not be completed even after lapse of one year of the original completion date.

This indicated that effective planning was not done before executing two different interlinked works on the same stretch of the road length.

State Government replied (November 2023) that the Bridge work was badly delayed due to reduced working season on account of continuous flow of water from Kondapochamma Sagar project on upstream side and existing check dam on downstream side causing standing back water throughout the season.

Further, it was stated that the work was under progress and efforts were being made for early completion of the HLB with Extension of Agreement Time (EoAT) sanctioned for the work up to 7 October 2024.

3.3.6.6 Avoidable Expenditure due to Adoption of Higher Design Specifications

Para 2.1.3 of the Guidelines for Design of Flexible Pavements for Low Volume Rural Roads stipulate that using the design traffic parameter and the sub-grade strength parameter, the pavement thickness and composition can be determined from the Design Catalogue given in Para 8 of the Guidelines. The pavement composition is given in Para 5.1 of the Guidelines.

Para 2.2.3 of the Guidelines stipulate that considering design California Bearing Ratio (CBR)¹⁰⁹ of the sub-grade soil and projected traffic at the end of design life, total thickness

¹⁰⁹ The California Bearing Ratio is a measure of the strength of the subgrade of a road or other paved area, and of the materials used in its construction

required should be calculated, using design catalogue as given in Figure-4 of the Guidelines.

Para 8 of the Guidelines prescribe the recommended flexible pavement designs for low-volume rural roads with granular sub-bases and bases, which are given in Figure-4 of the Guidelines. The corresponding Figure-4 relating to the Guidelines of IRC:SP:72-2007 and IRC:SP:72-2015 are given in **Appendices-3.26** and **3.27** respectively.

Further, Para 4.6 of Guidelines for Design and Construction of Low Volume Roads (IRC:SP:62-2014) prescribes the thickness of cement concrete pavement as 160 mm for traffic up to 50 Commercial Vehicle Per Day (CVPD). The crust thickness to be adopted as per the IRC Manuals SP-72-2007 and SP-72-2015 are given in **Table-3.45**.

Table: 3.45: Specifications for pavements as given in IRC Manuals SP-72-2007 and SP-72-2015

S. No.	CBR Value (Per cent)	Traffic Category	GSB ¹¹⁰ (mm)	WBM ¹¹¹ Gr.-II (mm)	WBM Gr.-III (mm)	OGPC ¹¹² (mm)
IRC:SP-72-2007						
1	3-4	T3	100	100	75	20
2	3-4	T4	100	100	75	20
3	3-4	T5	100	100	75	20
4	3-4	T6	100	100	75	20
5	5-6	T7	100	150	75	20
IRC:SP-72-2015						
1	3-4	T3	175	75	75	20
2	3-4	T4	125	75	75	20
3	3-4	T5	125	75	75	20
4	3-4	T6	100	150	75	20
5	5-6	T7	100	150	75	20

Source: IRC Manuals SP-72-2007 and SP-72-2015

Note: The recommended thickness of 100 mm WBM Grade-II may be modified to 75 mm with corresponding increase of 25 mm in GSB thickness

Audit observed that in 15 road works, the pavement crust/thickness was constructed with specifications higher than that prescribed in the IRC Manuals *ibid*, which resulted in avoidable expenditure of ₹1.18 crore (Details in **Appendix-3.28**).

The State Government replied (November 2023) in respect of flexible pavements of 11 road works (Sl. Nos. 1, 2, 4 to 7, 9 to 12 and 15 of **Appendix-3.28**) that the technical sanction to the work was given in February 2015 and the designs were adopted as per IRC-SP-20-2002 which was reprinted in 2013.

The reply of the State Government was not in consonance with the fact that Chapter-5 of IRC-SP-20-2002 containing the design of flexible pavement for BT Roads was revised in 2007 (as IRC-SP-72-2007) and IRC-SP-72-2007 was again revised in 2015

¹¹⁰ Granular Sub-Base (GSB) is a naturally occurring or artificially created building material used as a sub-base layer for roads

¹¹¹ Water Bound Macadam (WBM) road refers to a particular type of road construction where the base is built with broken stones and the road's surface is bound by stone dust with the help of moisture

¹¹² OGPC: Open Graded Premix Carpet

(as IRC-SP-72-2015). Hence, adoption of specifications for rural road works as per IRC-SP-20-2002 was not correct.

The State Government replied in respect of road work at Sl. No. 3 of **Appendix-3.28** that at the time of DPR preparation the IRC specifications were recommended, but in the intervening period of DPR preparation and execution, it was found that the sub-grade was totally worn out and badly damaged due to incessant rains. Hence, the recommended specification was not considered and a layer of Granular Sub-Base (GSB) of 150 mm was adopted.

The reply was not acceptable in the absence of documents in support of damage of sub-grade due to incessant rains.

The State Government replied in respect of road work at Sl. No. 8 of **Appendix-3.28** that in the DPR, as against the recommended thickness of 175 mm GSB 150 mm was considered, but in the intervening period of DPR preparation and execution, it was found that the existing GSB layer was totally worn out and damaged due to incessant rains. Hence, the GSB of 175 mm thickness was executed ignoring the existing damaged GSB.

The reply of the Government was not acceptable in the absence of documents in support of damage of GSB due to incessant rains.

Regarding adoption of higher specifications for cement concrete roads, the State Government replied (November 2023) that, keeping in view of higher temperature due to global warming, differential temperature was to be considered as per the annexure to the clause 4.5 of IRC SP 62-2014. Accordingly, higher specifications were considered for cement concrete roads.

The reply was contrary to the fact that as per Para 3.4 and 4.6 of the IRC-SP-62-2014, the need of consideration of temperature differential and temperature stresses was not required for road works with traffic less than 50 CVPD. In the instant cases, the CVPD for the cement concrete roads was less than 50 CVPD.

3.3.7 Joint Physical Verification of Road Works

3.3.7.1 Poor Maintenance of Roads

To assess the quality of roads executed, out of sampled 224 roads in selected five districts, Joint Physical Verifications (JPV) of 164 roads¹¹³ were conducted by audit teams in the presence of staff of the implementing agencies. The summary of Audit findings of JPV is as below:

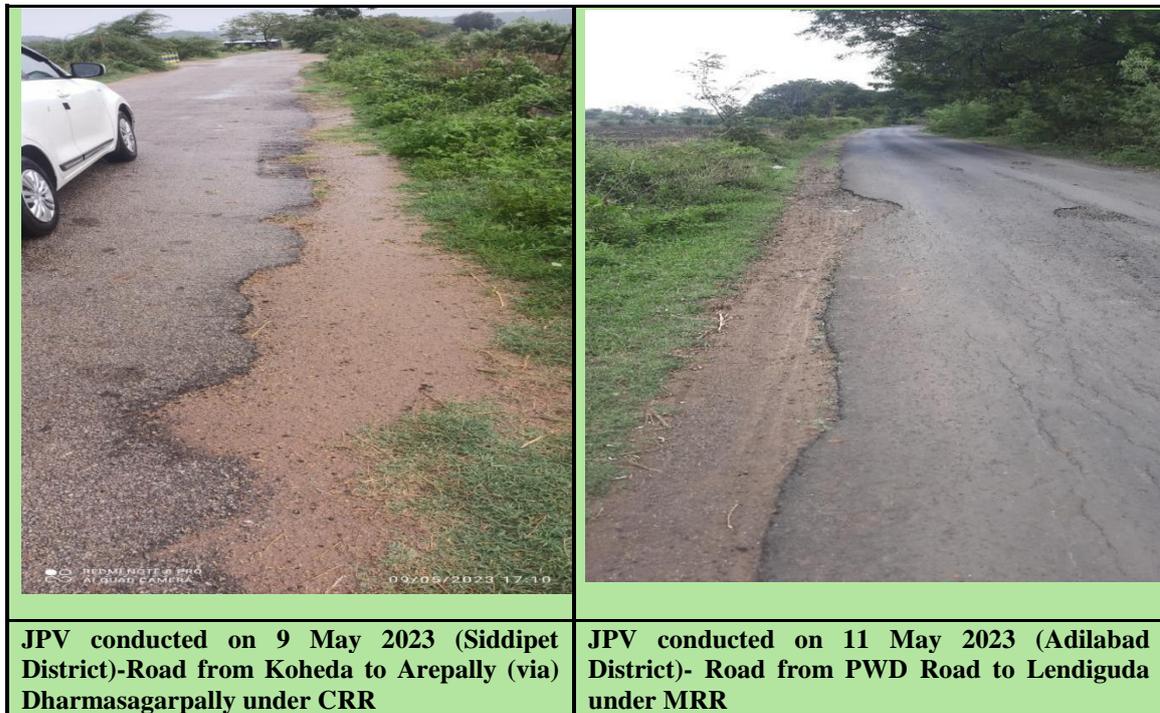
- (i) BT part of the Road
 - a. Edge of pavement broken (**Exhibit No.3**)
 - b. BT layer removed in patches/worn out (**Exhibit No.4**)
 - c. Potholes below BT layer (**Exhibit No.5**)
 - d. Cracks in Pavement (**Exhibit No.6**)
 - e. Pavement cutting for laying pipeline (**Exhibit No.7**)

¹¹³ Adilabad: 27 works, (ii) Jogulamba-Gadwal: 2 works, (iii) Mahabubabad: 60 works, (iv) Medchal-Malkajgiri-5 works and (v) Siddipet: 67 works

- f. Shoulders of road eroded and or covered with bushes (**Exhibit No.8**)
- (ii) Cement Concrete part of the Road
 - a. Uneven/rough surface due to removal of Cement Concrete (**Exhibit No.9**)
 - b. Cracks in surface (**Exhibit No.10**)
 - c. Shoulders eroded and or covered with bushes (**Exhibit No.11 (A)**)
 - d. Shoulders not provided on either side of the road (**Exhibit No.11 (B)**)
- (iii) Cross Drainage Works (**Exhibit No.12**)
 - a. Guard Stones broken
 - b. Cement Concrete surface broken

The deficiencies at Sl. Nos. (i), (ii) and (iii) above indicated improper maintenance of rural roads. Besides, this was also due to non-preparation of Annual Rural Roads Maintenance Plan (*Para 3.3.4.3(i) refers*).

BT part of the Road-Exhibit No.3: Edge of the pavement broken



BT part of the Road-Exhibit No.4: BT layer removed in patches or worn out



JPV conducted on 4 May 2023 (Siddipet District)-Rajiv Rahadari to Gundla Cheruvu under CRR



JPV conducted on 11 May 2023 (Adilabad District)- Road from PWD Road to Lendiguda under MRR

BT part of the Road-Exhibit No.5- Potholes below BT layer



JPV conducted on 5 May 2023 (Adilabad District)- Road from NH7 to Arli-B (via) Landa Sangvi under MRR



JPV conducted on 6 May 2023 (Siddipet District)-Road from Angadikistapur to Ippalaguda under CRR

BT part of the Road-Exhibit No.6: Cracks in Pavement



JPV conducted on 8 May 2023 (Siddipet District)- Road from Mulugu-Tunki ZP Road to Rajiv Rahadari under CRR

JPV conducted on 11 May 2023 (Adilabad District)- Road from PWD Road to Lendiguda under MRR

BT part of the Road-Exhibit No.7: Pavement cutting for laying pipeline



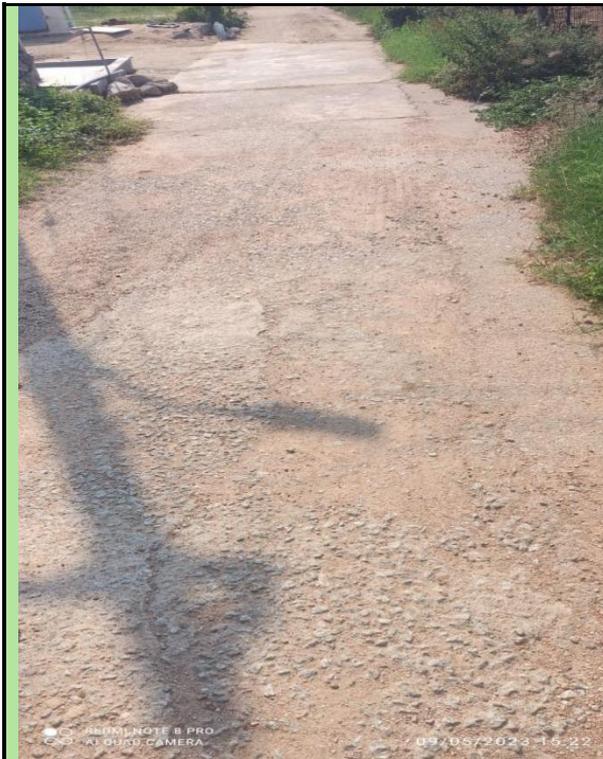
JPV conducted on 4 May 2023 (Siddipet District)- Road from Kodandaraopally village to Laxmidempally SC Colony under CRR

BT part of the road-Exhibit No.8: Shoulders of road eroded and or covered with bushes



JPV conducted on 13 April 2023 (Mahabubabad District)- Road from PWD Road Thanamcherla to Kotya Thanda under MRR

**Cement Concrete part of the road-Exhibit No.9:
Uneven/rough surface due to removal of Cement Concrete**



JPV conducted on 9 May 2023 (Siddipet District)- Road from CC Road from CH Bala Reddy House to Bakka Reddy House at Laxmipur



JPV conducted on 11 May 2023 (Adilabad District)- Road from Sirichelma to Neredigonda G in Echoda under PMGSY-I

Cement Concrete part of the road-Exhibit No.10: Cracks in surface



JPV conducted on 5 April 2023 (Mahabubabad District)- Internal Road in Gunjedu Bit-I under CRR

JPV conducted on 12 May 2023 (Adilabad District)- Road from R&B Road to Kobbai under PMGSY-II

**Cement Concrete part of the road - Exhibit No.11 (A) :
Shoulders eroded and or covered with bushes**



JPV conducted on 5 April 2023 (Mahabubabad District)- Laying of CC Road to internal road in Gunjedu Bit-I under CRR

**Cement Concrete part of the road - Exhibit No.11 (B) :
Shoulders not provided on either side of the road**



JPV conducted on 5 and 10 April 2023 (Mahabubabad District)- Laying of CC Road Mokalapall Bit-II under CRR

Cross Drainage Works-Guard Stones broken: Exhibit No.12



State Government stated (November 2023) that the repair works would be taken up for those roads which are covered under defect liability period and necessary steps would be taken for repairs to the remaining works. Further, the State Government replied that the deficiencies would be rectified.

3.3.7.2 Roads damaged within defects liability period of five years

Para 3.3 of the Guidelines for Design of Flexible Pavements for Low Volume Rural Roads of Indian Roads Congress recommends a design life of 10 years for purposes of pavement design for flexible pavements¹¹⁴. Further, as per Para 3.3 of the Guidelines for Design and Construction of Cement Concrete Pavements for Low Volume Roads, concrete pavements¹¹⁵ will have a design life of 20 years or higher. The roads after completion of construction are to be put to routine maintenance during five year defect liability period for correction of defects, if any. Audit observed during JPV that 10 roads got damaged within the defects liability period of five years (*Appendix-3.29*) which indicated poor maintenance of roads by the PIUs (**Exhibit No.13**).

Exhibit No.13 Roads damaged within the defects liability period



¹¹⁴ Para 3.3 SP-72-2015

¹¹⁵ Para 3.3 SP-62-2014

	
<p>BT and CC Road from Jagdevpur to Vardharajpur (via) Lingareddypally, Itikyala, Kothapet under CRR (6 May 2023)</p>	<p>BT Road from Koheda to Arepally (via) Dharmasagarpally under CRR (9 May 2023)</p>
	
<p>BT and CC Road from PWD Road to Chepur Thanda under PMGSY-I (4 April 2023)</p>	<p>BT and CC Road from Alair to Komatipally of Nellikudur and Kesamudram Mandals under PMGSY-II (6 April 2023)</p>

State Government replied (November 2023) that, DLP for works under CRR as per agreement was only two years after completion of the work.

The reply of the State Government regarding DLP period of two years for the works under CRR was contrary to the fact that in Agreements for CRR works, it was mentioned that DLP and Routine Maintenance would be for five years, which begins after completion of the work and ends after five years.

Regarding the JPV observations on the test checked cases pertaining to BT/CC Road works under CRR, the State Government attributed the damages/cracks/potholes to various reasons¹¹⁶ and stated that defects would be rectified while undertaking BT/CC renewals after obtaining administrative sanction.

Similarly, regarding the JPV observations on PMGSY works, the State Government replied that except for some parts of the road the remaining portion was in good condition and the defects/damages in those portions would be attended to.

¹¹⁶ Plying of vehicles and tractors, cage wheels/bullock carts, digging of shoulders for laying water pipelines during execution of works by Mission Bhagiratha Department

3.3.7.3 Erection of Logo and Sign Boards for PMGSY works and Name Boards for road works executed under CRR and MRR

Para 14.5 of PMGSY Operations Manual, 2005 mandated provision of PMGSY Logo and Sign Boards for the rural roads executed.

The sanction orders for CRR and MRR works also mandate provision of Village Name Boards and Information Boards for the road works executed.

The JPV observations on erection of PMGSY Logo and Sign Boards (**Exhibit No.14** and Name Boards for CRR, MRR works (**Exhibit No.15**) are detailed in **Table-3.46**.

Table-3.46: Details of erection of PMGSY Logo and Sign Boards and Name Boards for CRR, MRR works

Name of the Programme and description	PMGSY	CRR	MRR
Number of works test checked in JPV for erection of PMGSY Logo, Sign Board and CRR, MRR Name Boards	31	74	47
Number of works <i>with</i> PMGSY Logo and Sign Boards/Name Board for CRR and MRR works both at beginning and at the end of the road	21	1	2
Number of works <i>without</i> PMGSY Logo and Sign Boards/Name Board for CRR and MRR works both at beginning and at the end of the road	10	73	45
Percentage of number of works <i>without</i> PMGSY Logo and Sign Boards/Name Board for CRR and MRR works both at beginning and at the end of the road	32.26	98.65	95.74

Source: JPV data during field audit

Exhibit No.14: PMGSY Logo and Sign Board with sanction road cross section , road sanction and construction details



JPV conducted on 11 April 2023 (Mahabubabad District)- Road from Arlagadda Thanda to Anepuram under PMGSY

JPV conducted on 11 April 2023 (Mahabubabad District)- Road from Arlagadda Thanda to Anepuram under PMGSY



JPV conducted on 10 May 2023 (Siddipet District)- Road from Rajiv Rahadari at Nancharpally state to Thornal under PMGSY

Exhibit No.15- Information Boards erected under CRR and MRR



Information Board for MRR work: JPV conducted on 13 April 2023 (Mahabubabad District)- Road from PWD Road Thanamcherla to Kotya Thanda under MRR



Information Board for CRR work: JPV conducted on 8 May 2023 (Siddipet District)-Road from Gouraram to Kasireddypalli under CRR

The State Government replied (November 2023) that PMGSY Logo and Sign Boards/Information Board at beginning and at the end of the road were erected for PMGSY Roads, as per PMGSY norms. However, it was also stated that, some Logo, Sign and Name Boards might have been misplaced due to socio-economic aspects and village politics.

3.3.8 Quality Control and Monitoring

(A) PMGSY Works

3.3.8.1 Non-conduct of Joint Inspections

Para 15.10.1, 15.10.2 and 15.10.3 of the PMGSY Guidelines, 2015 provide that joint inspection of the PMGSY works shall be fixed by (i) Zonal Engineer by requesting the Member of Parliament and Zilla Pramukh of that zone/region once in six months, (ii) Divisional Engineer by requesting the Member of Legislative Assembly and Chairperson of Mandal once in three months, and (iii) Sub-divisional Engineer by requesting the Sarpanch of Gram Panchayat concerned once in two months respectively, as per the convenience. Documentary evidence in support of joint inspections conducted were not furnished to Audit.

DPRE, PIU, Mahabubabad stated that, joint inspections would be held with PRI heads and members of constitutional bodies.

DPRE, PIU, Siddipet stated (May 2023) that, MPs/MLAs were examining the works and SE, EE and AE were conducting joint inspections frequently.

DPRE, PIU, Gadwal stated (August 2023) that, joint inspections of MLA with other public representatives were made to some extent before/at the time of laying of foundation stone.

The State Government replied (November 2023) that, joint inspections were being conducted regularly as per the availability of the public representatives (MP/ MLA). As and when the inspections were completed the same were being entered in Online Management, Monitoring and Accounting System (OMMAS).

The reply is not acceptable, as on verification of OMMAS website (omms.nic.in), it was noticed that no joint inspections by public representatives were done in the State of Telangana during April 2017 to July 2023.

3.3.8.2 Non-submission of Action Taken Report for the work graded as 'Unsatisfactory' by National and State Quality Monitors

(A) PMGSY Works

Para 11.6.1 of the PMGSY Operations Manual, 2005 stipulates that as the third tier of the Quality Management Structure, the NRRDA engages independent NQM, mostly retired Senior Engineers from State/ Central Organisations for Quality Control inspections of PMGSY works.

The work "Road from Sirichelma to Neredigonda G in Echoda Mandal of Adilabad District" sanctioned (March 2018) by MoRD, GoI under PMGSY at a cost of ₹3.31 crore was completed in December 2019 at a cost of ₹3.22 crore.

Analysis of the OMMAS data on SQM and NQM inspections of the work revealed the following:

- a. NQM had conducted two inspections in January 2020 and August 2021 and gave overall grading as 'Unsatisfactory'.
- b. SQM conducted three inspections during February 2019 to May 2020 and gave overall grading as 'Unsatisfactory'.

Audit observed during JPV of the work conducted in May 2023 (**Exhibit No.16**) that-

- i. Shoulders of the road were worn out
- ii. Complete damage of Cement Concrete portion of road for 200 m length
- iii. Blockage of vents of Cross Drainages at two stretches of the road.

Exhibit No.16



Further, Para 11.6.3 of the PMGSY Operations Manual, 2005 requires the State Quality Coordinator (SQC) to obtain the Action Taken Reports (ATRs) from PIU after the lapse of one month of inspection for communication to NRRDA. However, ATRs for the work were not communicated by the PIU, Adilabad to SQC.

State Government replied (November 2023) that the defects pointed out by Audit during JPV would be attended as a part of routine maintenance after taking the permission of the Forest Range Officer.

(B) CRR and MRR Works

- (i) The works were to be monitored under the overall supervision of SEs and CEs of the PRED in the State. However, Monitoring Reports for the sampled 171 works undertaken under CRR and MRR were not furnished to Audit.
- (ii) General Administration (Vigilance and Enforcement) Department in its Appraisal Report (August 2018) on the review of engineering works of PR Department had observed deficiencies in the execution of six works. Audit noticed that out of six works, there were deficiencies on one sample selected work under MRR in selected district of Jogulamba-Gadwal - "Providing BT Road from PWD Road to Sindanoor via Leeza Mandal Complex, Uttanoor, Bhoompur". Further, it proposed recovery of ₹2.84 lakh from the contractor for the deficiencies. However, the amount was not recovered yet by the PIU, Jogulamba-Gadwal.

State Government replied (November 2023) that the recoveries proposed would be affected at the time of payment by the concerned DPRES (PIUs) or the Executive Engineers, as the payment authority.

(C) NABARD (RIDF) Works

Para 4.4 of RIDF Manual stipulates that the monitoring of RIDF projects by NABARD is conducted by the Engineers/Officers through the following two tools:

- i. Desk Monitoring (off-site) and
- ii. Field Monitoring (on-site)

The details of monitoring by the Engineers for sample selected 11 works undertaken under NABARD (RIDF) were not furnished to Audit.

The State Government replied (November 2023) that, Desk Monitoring (off-site) and Field Monitoring (on-site) were carried out by the concerned Engineers and quality control Engineers within the specified time. The documentary evidence for monitoring carried out, however, were not furnished to Audit.

3.3.9 Conclusion

Several road works were initiated/awarded without adequate preparatory work and surveys, leading to works remaining incomplete or not commenced due to lack of forest clearance.

Though mandated as per Telangana Rural Roads Maintenance Policy, 2017, the PRED did not prepare Annual Rural Roads Maintenance Plan every year as of March 2023.

There were instances of delays in crediting MoRD, GoI share pertaining to PMGSY works by the State Government into TSRRDA Account and also delays in release of matching State share into TSRRDA Account.

There were instances of non-completion of rural road connectivity due to connecting bridge works on the same stretch of roads remaining incomplete. This indicated lack of proper planning in execution of works.

There were instances of roads laid with higher specifications in contravention of the specifications prescribed in IRC Manual resulting in avoidable expenditure.

Joint inspections of PMGSY works were not conducted by the engineering staff with public representatives as mandated in PMGSY Guidelines.

Action Taken Reports on NQM and SQM Inspections were not submitted by PIUs to SQC for effective follow-up.

Joint Physical Verification of selected roads showed that roads were badly damaged within the defects liability period. This indicated poor maintenance of roads.

3.3.10 Recommendations

1. The State Government may ensure that Panchayat Raj Engineering Department prepares the Annual Rural Roads Maintenance Plan each year, constitutes the requisite committees and conducts road user surveys as mandated by the Telangana Rural Roads Maintenance Policy, 2017.
2. The State Government may ensure all clearances and availability of funds to facilitate the smooth and prompt completion of works.

3. The State Government may adhere to road specifications mandated in the IRC Manual, instead of using higher specifications to avoid unnecessary expenditure.
4. The State Government may ensure joint inspections of PMGSY works by engineering staff with public representatives, as mandated in PMGSY Guidelines.
5. The State Government may ensure the crediting of the GoI's share pertaining to Pradhan Mantri Gram Sadak Yojana into Telangana State Rural Roads Development Agency (TSRRDA) account and the release of the matching State's share into TSRRDA Account.

Consumer Affairs, Food and Civil Supplies Department

3.4 Irregular expenditure due to lifting of subsidised rice by ineligible persons

Lack of proper mechanism for identification of 83,545 ineligible/deceased beneficiaries in absence of a system for periodic validation/updating of Ration Cards in Civil Supplies Department resulted in irregular expenditure of ₹135.16 crore. Out of these cases, suspected fraudulent claims in respect of 309 deceased persons resulted in a loss of ₹6.31 lakh to the exchequer.

The Commissionerate of Civil Supplies (Department) functioning under the administrative control of the Consumer Affairs, Food & Civil Supplies Department, Government of Telangana, is responsible for implementation of the National Food Security Act, 2013 (NFSA) in the State. The NFSA is an Act of Parliament to provide food and nutritional security to all by ensuring access to adequate quantity of quality food at affordable prices through the Targeted Public Distribution System (TPDS). Under NFSA, an eligible Below Poverty Line (BPL) household is provided with the Food Security Card (FSC) *i.e.*, Ration Card to provide food security to the family members.

As per Section 10 of the NFSA read with Clause 4 of the Targeted Public Distribution System (Control) Order, 2015¹¹⁷, the State Government is responsible for identification of eligible households, issue and periodical updating of Ration Cards.

Audit scrutiny (July to December 2022) of records of the Department relating to the implementation of NFSA in Telangana State for the period from 2019-20 to 2021-22 revealed lack of proper mechanism for identification of ineligible beneficiaries and updating of ration card database, resulting in irregular expenditure as detailed below:

(i) As per Rule 3 read with Annexure-1 of the Telangana State Public Distribution System (Control) Order-2016¹¹⁸ and Rule 3 of the Telangana Food Security Rules, 2017¹¹⁹, the families/households whose annual family income is ₹1.50 lakh or below in rural areas and ₹2 lakh or below in urban areas are eligible for issuance of ration cards. Audit analysis of

¹¹⁷Issued by GoI under Section 3 of the Essential Commodities Act, 1955

¹¹⁸ Issued by Government of Telangana under Section 3 read with Section 5 of the Essential Commodities Act, 1955

¹¹⁹ Issued by Government of Telangana under Section 40 (i) of NFSA

the data of ration card holders in the State revealed that 58,225 ineligible households whose family income was higher than the above-mentioned income limit continued to hold ration cards as shown in the **Table 3.47** below:

Table 3.47 – Details of Ineligible Ration Card holders

Sl. No.	Ineligibility criteria	No. of ineligible households identified by Audit
1	Ration Card data (pertaining to the years 2020-21 and 2021-22) were compared with the data of PM KISAN scheme ¹²⁰ (2020-21) and found that these beneficiaries were marked as Income Tax payers in the PM KISAN database.	52,339
2	Ration Card data were compared with data of the Rythu Bandhu Scheme ¹²¹ (pertaining to 2019 Rabi season) and found that these beneficiaries were possessing more than 15 acres of land and receiving ₹10,000 per acre per annum under Rythu Bandhu scheme, amounting to a total annual income of more than ₹1.50 lakh, i.e., above BPL.	5,886
Total		58,225

Source: Comparison of the Ration Card data provided by the Department with the PM KISAN data of GoI and Rythu Bandhu data of the State Agriculture Department

As per the information¹²² furnished by the Commissioner of Civil Supplies, these 58,225 ineligible ration card holders had drawn 17,985.327 MT¹²³ of rice in 2020-21 and 19,690.906 MT of rice in 2021-22 (including the rice distributed under Pradhan Mantri Garib Kalyan Anna Yojana - PMGKAY), as detailed in **Appendix-3.30**.

Since these beneficiaries were not eligible for issue of ration card, providing PDS rice to them resulted in an irregular expenditure of ₹124.38 crore (₹84.20 crore to GoI + ₹40.18 crore to Telangana Government) towards the subsidy provided on the rice drawn (i.e., the economic cost of the rice drawn) by these ineligible beneficiaries during 2020-21 and 2021-22.

Thus, absence of a mechanism for periodic updating of the ration cards and identification of ineligible beneficiaries resulted in an irregular expenditure of ₹124.38 crore.

On this being pointed out (December 2022), the Commissioner of Civil Supplies and Ex-Officio Secretary to Government, Civil Supplies Department replied (October 2023) that the details of ineligible card holders identified by Audit were submitted to Government for obtaining orders to furnish the data to the concerned District Offices for conducting field verification of eligibility/ineligibility of the beneficiaries and that after field level verification, the ineligible ration cards would be deleted.

Further development was awaited (March 2024).

(ii) A comparison of data of deceased persons¹²⁴ with the ration card data revealed that there were 16,218 cases in 2020-21 and 25,320 cases in 2021-22 where the beneficiary

¹²⁰ A Central Sector Scheme of GoI aimed to augment the income of all the land holding farmers of the country

¹²¹ An Agriculture Investment Support Scheme launched by Telangana State

¹²² Data of month-wise quantities of rice lifted by the ineligible beneficiaries

¹²³ Metric Tonnes

¹²⁴ Data of the Farmers' Group Life Insurance Scheme (Rythu Beema) implemented by Government of Telangana

had died but his/her name had not been deleted from the Ration Card database and ration was still being drawn in their name even after death of the beneficiary.

Non-deletion of the names of these deceased members resulted in drawal of 938.52 MT of rice in 2020-21 and 2,216.53 MT of rice in 2021-22 (including the rice distributed under PMGKAY), in names of the deceased persons after their deaths, as detailed in **Appendix-3.31**.

This resulted in an irregular expenditure of ₹10.78 crore (₹8.31 crore to GoI + ₹2.47 crore to Telangana Government) towards the subsidy provided on the rice drawn (*i.e.*, the economic cost of the rice drawn) in the name of these deceased beneficiaries.

Suspected Fraudulent Lifting of Subsidised Rice

It was also observed from the data of deceased beneficiaries that in 230 cases in 2020-21 and 100 cases in 2021-22 (involving a total of 309 deceased persons¹²⁵) where the beneficiary was the only member registered on the ration card, but ration was still being drawn in his/her name even after death of the beneficiary.

A total quantity of 19.37 MT of subsidised rice was lifted in the name of the Deceased persons after their deaths, in 2020-21 and 2021-22, as detailed in Appendix-3.32. It could not be ascertained by Audit as to how the rice was allowed to be lifted at the Point of Sale (POS), as all lifting by beneficiaries through the ration cards was to be allowed by the POS dealer only after biometric authentication.

The Department's lapse in carrying out periodic updating of ration card database coupled with absence of checks at the POS resulted in suspected fraudulent lifting of subsidised rice, resulting in loss of ₹6.31 lakh (₹4.02 lakh to GoI + ₹2.29 lakh to Telangana Government) to the exchequer.

On this being pointed out (December 2022), the Commissioner of Civil Supplies and Ex-Officio Secretary to Government, Civil Supplies Department replied (October 2023) that all the deceased beneficiaries identified by Audit, except 125 cases which did not match with the PDS data, were verified and deleted from the database. The Department did not furnish the list of these 125 cases.

The fact, however, remained that absence of a proper mechanism to identify and remove the names of deceased beneficiaries from the list of ration cards resulted in an irregular expenditure of ₹10.78 crore.

Recommendations:

1. The State Government may ensure mechanism for periodic validation of beneficiaries and updation of ration cards to prevent ineligible beneficiaries from drawing subsidised ration.
2. The State Government may investigate cases of drawal of subsidised ration by ineligible beneficiaries and fix responsibility on the officials responsible for such lapses.

¹²⁵ 330 cases include 309 unique beneficiaries. In the case of 21 deceased beneficiaries rice had been lifted in both 2020-21 and 2021-22

Irrigation and Command Area Development Department

3.5 Non-recovery of interest on Mobilisation Advance

The Irrigation and Command Area Development (I&CAD) Department did not complete the land acquisition process and obtain forest clearance before awarding the work and releasing of Mobilisation Advance to the contracting agency in Modikuntavagu Project. Further, delay on the part of the Department in encashing the Bank Guarantees to recover the Mobilisation Advance and the non-recovery of interest of ₹6.89 crore resulted in an undue favour to the contracting Agency

As per the established procedure for sanction of estimates¹²⁶ in Irrigation and Command Area Development (I&CAD) Department, the administrative approvals to the estimates for Major and Medium Irrigation Schemes are to be accorded in two stages. The Stage-I approval would be accorded for conducting detailed investigations, preparation of detailed designs/drawings, project reports, Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) reports, R&R plan, forest clearance, acquisition of minimum lands required, etc. The Stage-II Administrative Approval would be issued only after designs are finalised, detailed investigation completed and lands are acquired for taking up works without interruption, in the first two years.

The Government accorded (May 2005) Administrative Approval for an amount of ₹124.60 crore to take up construction of a reservoir across Modikuntavagu¹²⁷ in Khammam District¹²⁸ with the objective of utilizing 2.751 TMC¹²⁹ (77.924 million cubic metres) of water for irrigating a command area of 13,591 acres (5,500 hectares). Even though the land acquisition was not completed and acquisition of 1,232.53 acres of forest land was still pending for want of forest clearance, the contract for the work of Modikuntavagu Project was awarded (July 2005) to M/s Gammon India Limited (Agency) under Engineering, Procurement and Construction (EPC) Turnkey system for an amount of ₹118.95 crore with a completion period of two years.

After concluding (July 2005) the contract, a Mobilisation Advance (MA) of ₹5.95 crore (five *per cent* of the contract value) was paid to the Agency during 2005-06 against Bank Guarantees (BGs) for ₹5.95 crore furnished by the Agency. As per conditions of the contract related to the issuance of Mobilisation Advance, bearing an interest of eight *per cent* per annum, the advance loan together with interest was to be repaid/recovered from the intermediate payments under the contract. The deduction would commence in the next interim payment following that in which the total of all such payments to the contractor have reached 10 *per cent*.

Audit observed that, the land acquisition of the Patta land for the main canal was completed in certain reaches and the agency was instructed to start the work on the main canal in the

¹²⁶ Issued vide G.O. No.94 dated 01.07.2003

¹²⁷ A tributary of Godavari River

¹²⁸ Now (after re-organisation of Districts) in Mulugu District

¹²⁹ Thousand Million Cubic Feet

reaches where land acquisition was completed¹³⁰. However, in spite of the notice issued (January 2019), the Agency did not start the work. The Department could not recover the Mobilisation Advance from the work bills since the contractor did not execute the work and the value of bills did not reach 10 *per cent* of contract value to commence recovery. Despite non-commencement of work, no efforts were made by the Department to close the contract and to recover the Mobilisation Advance along with interest by encashing the BGs. It was only in April 2019 (*i.e.*, after more than 11 years from the stipulated date of completion of work) that the State Level Standing Committee¹³¹ recommended foreclosure of the contract citing that, the Agency was non-responsive. The Government permitted¹³² (August 2022) closure of the contract and accordingly, the Department issued (October 2023) letter for 'Termination of contract' to the Agency.

Meanwhile, the Department recovered the Mobilisation Advance of ₹five crore by encashing (in February 2020) the BGs. The Department could not recover the remaining advance of ₹94.75 lakh as it had misplaced the BG and the concerned bank did not respond to the request for encashment in the absence of the original BG. As the contracting agency also did not respond to the notices (October/December 2020) to repay the remaining advance, the Department recovered the amount by encashing (April 2023) the BG submitted by the contractor towards the Earnest Money Deposit. Audit, however, observed that the Department did not recover the interest amount of ₹6.89 crore¹³³ accrued on Mobilisation Advance during the period from March 2006 to March 2023.

Thus, the I&CAD Department's inability to complete the land acquisition process and obtain statutory clearances from the line departments before release of Mobilisation Advance to the Agency, coupled with the delays in encashing the BGs to recover the Mobilisation Advance and non-recovery of the interest amount of ₹6.89 crore on the advance resulted in an undue favour to the Agency. Therefore, the Department should take necessary steps to recover the outstanding interest on Mobilisation Advance from the contractor without further delay.

On being pointed out by the Audit, the Government assured (October 2023) that the interest on Mobilisation Advance would be recovered from the contractor's deposits¹³⁴ available with the Department and from other works being executed by the Agency or through other means in due course.

¹³⁰ Out of the total *Patta* land of 187.71 acres required, an extent of 112.28 acres (only 60 *per cent*) was acquired by the year 2012

¹³¹ A committee constituted by Government for examination and approval of the estimates for EPC contracts taken up by the Irrigation Department

¹³² Vide G.O.Rt.no.266 dated 29.08.2022

¹³³ Simple interest at the rate of 8 *per cent* on ₹5.95 crore for 14 years (from March 2006 to February 2020) = ₹6.66 crore and on ₹94.75 lakh for 3 years and 34 days (from March 2020 to 03 April 2023) = ₹0.23 crore. Total = ₹6.89 crore

¹³⁴ Security Deposit of ₹2.07 crore

Irrigation and Command Area Development Department

3.6 Wasteful expenditure on construction of a Minor Irrigation Tank

Taking up of a Minor Irrigation Project without addressing the issues of land acquisition and rehabilitation and resettlement led to non-completion of the project and non-achievement of intended objective of providing irrigation to the targeted command area even after 16 years, thereby rendering the expenditure of ₹19.38 crore, incurred so far on this incomplete project, wasteful

The Government of the erstwhile combined Andhra Pradesh State had accorded (September 2004) administrative approval for ₹12.56 crore for construction of a new Minor Irrigation (MI) project called Chinna Suddavagu Project in Adilabad District¹³⁵ to irrigate a Command Area (CA) of 4,600 acres of land. The project involved construction of a new MI tank across Chinna Suddavagu stream and excavation of right and left canals. The Irrigation and Command Area Development (I&CAD) Department divided the project works into two packages. The work under Package-I included formation of tank and excavation of right flank canal, while the work of Package-II involved formation of right canal and left canal. Further the Department also included construction of a protective bund in the scope of Package-I to prevent submergence of Gundegaon village (falling within the Full Reservoir Level (FRL) contour of the proposed MI tank). The Department awarded (June 2005 and October 2005) works of Package-I and Package-II to contractors for ₹4.74 crore and ₹1.61 crore respectively, with the stipulation to complete the works within 18 months (i.e., by December 2006 and April 2007, respectively).

Audit observed that, the works under Package-II were completed in the year 2008. In the case of Package-I, after executing part of the work at a cost of ₹3.07 crore, the contractor stopped (June 2007) execution of the work due to non-acquisition of land and resistance from the landowners. Subsequently, the villagers of Gundegaon also did not agree (March 2014) for construction of protective bund on the ground that, it would obstruct the flow of other local streams and cause water logging in the village and started demanding Resettlement and Rehabilitation (R&R) package. Despite this, the Department closed (April 2015) the contract of Package-I, sanctioned the estimate for the remaining work and entrusted (June 2016) the same to another contractor for ₹13.74 crore (at 2015-16 Schedule of Rates) without addressing the R&R issue. The second contractor executed the remaining bund portion and some cement concrete structures on the canals at a cost of ₹11.46 crore and stopped the work in June 2018 due to protests by the villagers. No further work on the project had been executed thereafter, pending implementation of R&R package and the Government finally ordered pre-closure of the contract in October 2020.

¹³⁵ Now (after re-organisation of Districts) in Nirmal District

As such, the project which was to be completed by April 2007, remained incomplete and did not achieve the intended objective even after a time over-run of more than 16 years (as of October 2023).

Audit further observed that:

- Though the Department was aware of the fact that the Gundegaon village was in the submergence area of the MI tank, it had proposed for construction of a protective bund to prevent submergence of this village without assessing the practicability of the protective bund. It was only in the year 2017, *i.e.*, after awarding the work to a second contractor with significant cost escalation, that the Department recommended shifting of the village to a higher elevation.
- When the Department submitted proposal to take up the left-over work of Package-I in February 2015, the Government ordered (April 2015) that the remaining work should be taken up only after sorting out the R&R issue. However, the Government later accorded (May 2016) administrative approval for the remaining works, even though the R&R issue was not addressed. Reasons for this change in Government's stance were not on record.
- While according (November 2004) technical sanction for the Package-I work, the Department had projected a land requirement of only 375 acres for the work. However, after award of the work, the Department revised the extent of land requirement and a total extent of 559 acres of land was acquired by the year 2016. Again, in February 2016, the Department projected additional requirement of 100 acres falling in the submergence area under the project. As per the latest assessment (July 2022), the remaining land requirement had further increased to 255 acres, which was yet to be acquired. This indicates that the Department did not correctly assess the land requirement at the initial stages.

Thus, taking up the Chinna Suddavagu MI Project without addressing the land acquisition and R&R issues resulted in non-completion of the project and non-achievement of the intended objectives, thereby rendering expenditure of ₹19.38 crore¹³⁶, incurred so far on this incomplete project, wasteful.

On this being pointed out (August 2023), the Government replied (October 2023) that the first contractor of Package-I had stopped the work in the year 2007 due to land acquisition problems and that the R&R issue was not there in the year 2007. The Government further replied that, a protective bund was initially proposed in original and remaining estimates to avoid huge amount towards R&R for Gundegaon village and that after the remaining work was entrusted to the second contractor, the villagers stopped the work and demanded shifting of the village under R&R package. It was also stated that, the Government accorded (July 2022) approval for ₹61.30 crore for the remaining work including R&R and land acquisition and that R&R proposals were submitted (June 2023) to the Commissioner

¹³⁶ Works: ₹16.15 crore (Package-II: ₹3.07 crore; Package-I first contractor: ₹1.62 crore; Package-I second contractor: ₹11.46 crore) and land acquisition: ₹3.23 crore

(R&R) and the remaining work would be completed as soon as the land acquisition and R&R is completed.

The reply is not tenable as although the I&CAD Department was aware of the R&R issue in the year 2014, it did not factor in the feasibility or otherwise of construction of protective bund prior to entrusting the remaining work to the second contractor in June 2016. The Government reply is also silent on the issue of taking up the project works without acquiring the lands, frequent changes in the extent of land requirement and the reasons for award of the remaining work again without addressing the land acquisition and R&R issues.

Minorities Welfare Department (Telangana State Minorities Finance Corporation)

3.7 Wasteful expenditure on establishment of Computer Training Centres

The Telangana State Minorities Finance Corporation incurred wasteful expenditure of ₹2.35 crore due to non-utilisation of Urdu Computer Training Centres / Urdu Computer Training Centres cum Libraries, meant for enhancing the IT skills of minority students and promotion of Urdu language

The erstwhile Andhra Pradesh Urdu Academy¹³⁷, established in the year 2000, introduced the scheme of "Vocational Training in Urdu Computer Education" with the primary objective of promoting the Urdu language and enhancing the IT skills of Muslim students in the State. As a part of this scheme, Urdu Libraries and Urdu Computer Training Centres were also established to serve Urdu-speaking individuals and visitors in local areas.

In December 2015, the State Government decided to transfer the existing 43 Urdu Computer Training Centres and 30 Urdu Libraries, along with their employees, to the Telangana State Minorities Finance Corporation (TSMFC). Subsequently, in November 2017, Government decided to merge these Urdu Libraries with the Urdu Computer Training Centres and also proposed to upgrade 37 centres. Depending upon the facilities available in the Centres, they were either called as a Computer Training Centres-cum-Libraries (CTCLs) or Computer Training Centres (CTCs). However, the Vice Chairman and Managing Director (VC&MD) of TSMFC clarified (December 2023) that wherever it was feasible to merge Urdu Computer Training Centres with Urdu Libraries, the same were merged and called as Computer Training Centres-cum-Libraries (CTCLs) and where it was not feasible due to long distance and shortage of space, the Urdu Computer Training Centres and Urdu Libraries were retained as separate entities.

¹³⁷ Presently Telangana State Urdu Academy

Consequent to the Government's decision of merger, six CTCLs were formed while eight CTCs and 11 Urdu Libraries were closed, resulting in 30¹³⁸ Urdu Computer Training Centres and 13 Urdu Libraries functioning as separate entities.

Scrutiny of the records of TSMFC in January 2023 revealed the following:

- Out of the proposed 37 CTCLs/CTCs, hardware and software was upgraded in respect of only 13¹³⁹ CTCLs/CTCs in 2017-18, with an expenditure of ₹1.64 crore. After the upgradation of these CTCLs/CTCs, 518 students were trained for three to five months during 2018-19 in nine of the 13 upgraded CTCLs/CTCs, while 67 students were trained in a non-upgraded CTC¹⁴⁰. No training was conducted in any of the CTCLs /CTCs since February 2019.

TSMFC attributed the non-conduct of trainings to lack of permission from Government due to COVID-19 during the years 2019 and 2020 and lack of budgetary support during the years 2022-23 and 2023-24.

- Out of the CTCLs, CTCs and Urdu Libraries, only 14 were operating in Government buildings, while the remaining 35 were housed in rented buildings. An amount of ₹71 lakh was paid as rent for the CTCLs/CTCs since February 2019 to March 2022, even as they continued to remain non-functional.
- TSMFC in a letter addressed to Government (July 2021) had proposed that the expenditure towards rents could be avoided if action is taken to dispense with the non-functioning CTCLs/CTCs, especially in view of the fact that there was no release of budget for the scheme. However, the State Government did not provide any directions to TSMFC in this regard (January 2024).
- Adequate advertisements are crucial to ensure the spread of information about the scheme among its beneficiaries. When the information pertaining to the details of scheme advertisements given was called for, TSMFC only provided the information pertaining to the period from June 2022 to June 2023. From the information furnished, Audit observed that even during the above period, advertisements were given in respect of only 17 CTCLs/CTCs and no advertisements were given in the remaining 19 CTCLs/CTCs.

In the absence of information pertaining to the previous years, Audit could not verify whether TSMFC had created adequate awareness among the intended beneficiaries about the training facilities through advertisements.

Thus, non-utilisation of CTCLs/CTCs for the intended purposes resulted in wasteful expenditure of ₹2.35 crore towards rent and upgradation of hardware and software in the Training Centres.

¹³⁸ Including one newly CTC established at Kumuram Bheem, Asifabad District

¹³⁹ Of the 13 CTCs upgraded (including one CTC at Santosh Nagar not in the original list of CTCs proposed for upgradation), two are currently existing CTCLs and 11 are currently existing CTCs

¹⁴⁰ Khilwath CTC

Scheduled Castes Development Department, Minorities Welfare Department and Tribal Welfare Department

3.8 Irregularities in implementation of Driver Empowerment Programme

Absence of a mechanism to verify beneficiary details resulted in sanction of subsidy of ₹1.75 crore to ineligible beneficiaries under Driver Empowerment Programme

Under the Economic Support Scheme (ESS) Action Plan, the Government of Telangana initiated (February 2017) the “Driver Empowerment Programme” (DEP), targeted for individuals from Scheduled Castes/Scheduled Tribes/Backward Castes/Minority communities. The primary objective of this programme was to ensure sustainable livelihood to the identified beneficiaries. This is sought to be achieved by providing subsidies¹⁴¹ to selected applicants, facilitating purchases of vehicles by them and enabling them to become independent Driver-cum-Owners.

The respective Departments, viz., Scheduled Caste Development Department, Tribal Welfare Department and Minorities Welfare Department were the nodal Departments for implementation of the Scheme. To streamline the process, the programme is executed through the Online Beneficiary Management and Monitoring System (OBMMS) portal, developed by the Centre for Good Governance (CGG).

Scrutiny of records¹⁴² revealed that a total of 3,259 vehicles were provided during 2016-20 under the DEP as detailed in **Table 3.48** below:

Table 3.48: Details of the vehicles and subsidy provided by the Departmental Corporations under DEP

Name of the Corporation	Financial year	No. of vehicles sanctioned	Total Subsidy provided (₹ in crore)
Telangana Scheduled Castes Co-Operative Development Corporation Ltd (TSCCDC)	2016-17	568	25.23
	2017-18	1,538	70.99
Telangana State Scheduled Tribes Cooperative Finance Corporation Ltd (TRICOR)	2016-17	441	19.64
Telangana State Minorities Finance Corporation Ltd (TSMFC)	2016-17	410	18.22
	2019-20	302	13.74
Total		3,259	147.82

Audit observations on the implementation of the DEP are as follows:

3.8.1 As per guidelines of ESS, beneficiaries availing financial support under the ESS scheme were not further eligible under this scheme during the next five years.

¹⁴¹ 60 per cent of Unit cost (limited to ₹5 lakh) towards purchase the vehicle. Balance of Cost of the Vehicle was to be met by Beneficiary Contribution of ₹0.50 lakh and loan from the bank

¹⁴² Compliance Audit of TSCCDC: June/July 2021; Compliance Audit of TSMFC: January 2023; Data analysis: August 2023

An analysis of beneficiary data from ESS (2014-15 to 2017-18) and DEP (2016-17 to 2019-20), specifically relating to the sanctions by TSCCDC and TSMFC during 2016-17 to 2019-20 revealed that contrary to eligibility conditions, 32 beneficiaries¹⁴³ received a total subsidy of ₹1.39¹⁴⁴ crore under DEP within five years of receiving an ESS subsidy.

Scheduled Castes Development Department replied (April 2024) that, TSCCDC could not weed out any repetition or duplication of beneficiaries due to non-availability (2016-17) of Food Security Card (FSC) data and during 2018-19 certain technical errors in the support systems of both OBMMS and FSC data to link up with OBMMS Portal. Executive Directors were instructed for recovery of subsidy component under ESS where both schemes were sanctioned to a single beneficiary. Government response in respect of other two departments had not been received.

However, the detail of recoveries made were not furnished to Audit.

3.8.2 As per guidelines of ESS, only one Economic Support Scheme was to be granted per family (as defined in the Ration Card).

An analysis of beneficiary details from the DEP revealed a deviation from this condition, where three families were irregularly granted an additional subsidy totalling ₹26.66 lakh by the TSCCDC and the TSMFC during the year 2016-17. Due to non-observance of eligibility criteria, there was an excessive payment of ₹27 lakh to three beneficiaries. (*Appendix-3.33*).

Scheduled Castes Development Department replied (April 2024) that due to absence of linkage of FSC data to OBMMS portal identification of beneficiaries availing benefit under the Schemes was not possible. This coupled with implementation of scheme by different banks resulted in banks not being aware of the fact of sanctioning of the scheme to the family or other members of the family. Further, it was stated that Selection Committee might have been satisfied with the candidates' credentials and selected the candidates.

The reply is not tenable, as Government had not fixed any specific criteria which was unique and helpful in identifying and weeding out duplicate applications.

3.8.3 The Guidelines clearly stipulated that only those beneficiaries with a household annual income of less than ₹1.5 lakh (for rural areas) or ₹two lakh (for urban areas) were eligible to receive subsidies under the DEP. An analysis (August 2023) of the data regarding DEP beneficiaries from various departments revealed that although two beneficiaries¹⁴⁵ had incomes exceeding the stipulated limit and were income tax payees; they were granted a subsidy of ₹nine lakh during the 2018-19 period by TSCCDC.

The Government in Scheduled Caste Development Department replied (April 2024) that there was no mechanism to verify the authenticity of the income certificate issued by the Revenue authorities. The verification of the authenticity would be done by the District Authorities only when challenged by some beneficiary. Beneficiaries have uploaded

¹⁴³ SCCDC-30 + MFC -2

¹⁴⁴ SCCDC-₹1.30 crore + MFC-₹0.089 crore

¹⁴⁵ Benf. Id No. 2015432170 and 2015142458

income certificate issued by the competent authorities which have unique number on it in the OBMMS portal.

The reply is silent about action taken by the Department towards recovery of the benefit amount provided to ineligible beneficiaries pointed out and corrective mechanism put in place to prevent sanction of benefit to ineligible beneficiaries in future.

Due to technical errors in support systems of both OBMMS and FSC data and absence of corrective mechanism to prevent sanction of benefit to ineligible beneficiaries, Audit could not vouchsafe that the scheme was implemented as per envisaged objectives.

The State Government may investigate such cases and fix responsibility on the Sanctioning Authorities who approved the benefits under the Scheme without proper verification.

Youth Advancement, Tourism and Culture Department

3.9 Wasteful expenditure on Stadium Buildings

Administrative approvals granted without financial concurrence, non-approval of Extension of Times (EoTs) and delayed payments to contractors, coupled with inadequate supervision by higher authorities led to the abandonment of Stadium Buildings after incurring an expenditure of ₹2.32 crore. This resulted in wasteful expenditure of ₹2.32 crore and non-achievement of objective of developing Sports Stadiums in Assembly Constituencies

The erstwhile Government of Andhra Pradesh had decided (April 2013) to construct Sports Stadiums in each of its Assembly Constituencies in a phased manner as part of its policy for development of sports under “Modernisation and Development of Sports Infrastructure in the State”. Accordingly, administrative sanctions were accorded during the period 2015-19 for construction of 105¹⁴⁶ Sports Stadiums at various locations in the erstwhile State subject to alienation of land to the authorities concerned.

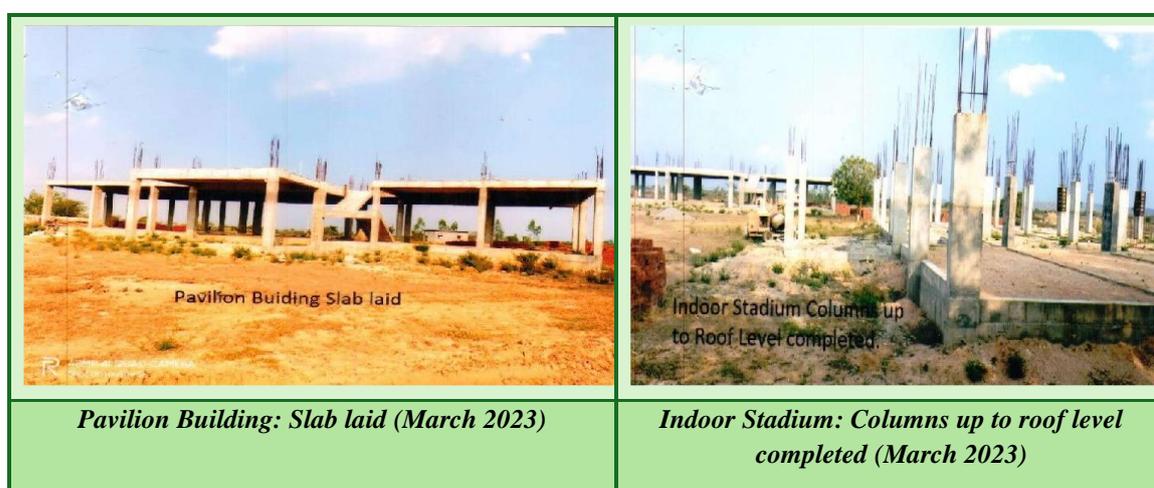
Scrutiny of records of Vice Chairman and Managing Director (VC&MD), Sports Authority of Telangana State (SATS) during (November 2020 – January 2021) and further information called for from various authorities like District Youth Sports Officers, Executive Engineers, etc., revealed that of these 105 Stadium works, 52 Stadium works were completed, 42 Stadium works were not taken up, six Stadium works were in various stages of completion, one Stadium work was the subject matter of legal case and the four

¹⁴⁶ 2015-16: 43; 2016-17:16; 2017-18:15; 2018-19:31

remaining Stadium¹⁴⁷ works were abandoned as of March 2023. Details of abandoned works are given below:

Construction of Greenfield Stadium at Bichkunda

In April 2013, the Government accorded administrative sanction of ₹2.10 crore to construct a Greenfield Stadium at Bichkunda Mandal in Jukkal Constituency, Kamareddy District. The work was entrusted (September 2014) to the Telangana State Medical Services Infrastructure Development Corporation (TSMSIDC). The work was awarded to a contractor in April 2016 with a completion timeline of 12 months. However, delays in handing over the land and making payments to contractor caused the work to stop in March 2018, with ₹82.87 lakh already spent. The status of work is as seen below:



The Superintending Engineer, TSMSIDC recommended the closure of the agreement in December 2019 after the contractor requested it due to delayed payments for the work done and non-extension of time for further completion of works. The crucial works that were reduced in the revised estimate for the construction work of the Stadium included provisions towards Water Supply and Sanitation arrangements and Tracks, Courts and site development. These are essential components for any Sports Stadium and are critical for the Stadium's functional and operational aspects. The remaining work required an amount of ₹1.17 crore and as of March 2023, no action has been taken, resulting in wasteful expenditure of ₹82.87 lakh.

The Executive Engineer, (TSMSIDC) Nizamabad Division stated¹⁴⁸ that the work was closed and not resumed after 20 March 2018. It was also stated¹⁴⁹ that, tender was not called for completion of the remaining work.

¹⁴⁷ Greenfield Stadium at Bichkunda, Jukkal Constituency; Mini-Stadium at Domakonda, Kamareddy Constituency; Mini-Stadium at Narayankhed, Narayankhed Constituency and Indoor Stadium at Choutuppal, Munugode Constituency

¹⁴⁸ In his reply vide Lr.No.EE/TSMSIDC/NZB/2022-23/549 dated 15 November 2022

¹⁴⁹ In his reply vide Lr.No.EE NZB/2022-23/801 dated 03 March 2023/TSMSIDC/

Construction of Mini-Stadium at Domakonda

In April 2016, a Mini-Stadium was proposed at Domakonda Mandal in Kamareddy Constituency, Kamareddy District. The work was entrusted to TSMSIDC and an agreement was signed with the contractor in December 2016. The work was scheduled to be completed within 12 months, i.e., by December 2017. However, the work was stopped from June 2018 due to delays in making payments to the contractor, resulting in wasteful expenditure of ₹85.55 lakh. A Deviation Statement was approved in November 2017 for ₹1.98 crore against the sanctioned estimate of ₹1.87 crore. As of March 2023, the pending work worth of ₹1.12 crore remained to be executed resulting in a wasteful expenditure of ₹85.55 lakh due to the abandonment of the Stadium works midway. The status of work is as seen below:



Construction of Mini-Stadium at Narayankhed

In June 2013, a proposal was made for a Mini-Stadium at Narayankhed in Narayankhed Constituency, Sangareddy District, with a budget of ₹2.65 crore. The work was entrusted to Executive Engineer, PR Division, Andole and an agreement was made with the contractor in October 2017 for ₹2.13 crore, with completion scheduled for October 2018. However, the commencement of the work got hampered due to delayed finalisation of Stadium Building designs and the Stadium location being shifted to Jukkal village. The work was stopped in May 2018 as the contractor was not being paid for the work completed. Financial concurrence was not obtained at the start of the work, resulting in the bill not being paid until June 2020. The contractor lost interest in completing the work, leading to the cancellation of the agreement in December 2020, resulting in the abandonment of the Stadium project in May 2018 and wasteful expenditure of ₹20.22 lakh. The Executive Engineer stated¹⁵⁰ (January 2023) that, the work was cancelled in December 2020 and no further tenders were called for completion of remaining works. The status of work is as seen below:

¹⁵⁰ Lr. NO. A4/SATS/20/2022-23/ dated 25 January 2023



*Pavilion Building: Plinth level completed
(January 2023)*



*Indoor Stadium: Earth works completed
(January 2023)*

Construction of Indoor Stadium at Choutuppal

A proposal for an Indoor Stadium at Choutuppal in Munugode Constituency, Yadadri-Bhuvanagiri District was approved for ₹1.25 crore in September 2015 with completion scheduled for May 2017. The work was not completed within time due to delayed inspections and a change in the administrative agency¹⁵¹. An Extension of Time was granted until May 2018, but the work remained incomplete and the contractor requested a further extension, which was not granted. After that the contractor did not respond to the notices of Deputy Executive Engineer for submission of further EoT proposals. Thus, the project was eventually abandoned in July 2022 due to lack of response from the contractor, resulting in a wasteful expenditure of ₹43.68 lakh. The status of work is as seen below:



Indoor Stadium at Choutuppal (January 2023)

¹⁵¹ From Telangana State Housing Corporation Limited to Panchayat Raj Department in March 2017

Thus, Administrative approvals granted without financial concurrence, non-approval of Extension of Times (EoTs) and delayed payments to contractors, coupled with inadequate supervision by higher authorities led to the abandonment of Stadium Buildings after incurring an expenditure of ₹2.32 crore. As a result, the objective of developing Sports Stadiums in Assembly Constituencies could not be achieved.

The matter was reported to the Government in May 2023; their reply is awaited.

The State Government may take necessary action to fix responsibility on the concerned authorities who could not ensure timely release of required funds which resulted in the works being abandoned.

Chapter IV

Compliance Audit Observations (PSUs)

Industries and Commerce Department (Telangana State Industrial Infrastructure Corporation Limited)

4.1 Creation of Industrial Infrastructure by TSIIC

4.1.1 Introduction

The Industrial Policy Framework for the State of Telangana, 2014 (Industrial Policy) pronounced industrialisation as the key strategy for economic growth and development of the newly formed State of Telangana. The Industrial Policy envisaged large-scale private sector participation with the Government playing the role of a facilitator and a catalyst.

Consequent upon the bifurcation (2 June 2014) of the State of Andhra Pradesh, the Telangana State Industrial Infrastructure Corporation Limited (TSIIC) was incorporated (September 2014) as a wholly owned undertaking of the Government of Telangana (GoTS) to take over the legacy business of Telangana region from the erstwhile Andhra Pradesh Industrial Infrastructure Corporation Limited (APIICL). The TSIIC has eight Subsidiary Companies¹, three Associate Companies² and nine Joint Venture Companies³.

Under the Industrial Policy, all the lands in the State identified as fit for industrial use were to be transferred to the TSIIC so that TSIIC can leverage this land asset base to raise finances from the market and become independent of the Government for budgetary support. The TSIIC was responsible for the development and maintenance of industrial and related infrastructure in the Industrial Parks (IPs) like approach roads, water supply, industrial power and common effluent treatment facilities etc.

4.1.2 Organisational structure

The TSIIC functions under the administrative control of Industries and Commerce Department (I&C Department), Government of Telangana. The Management of the TSIIC is vested with the Board of Directors (BoD), comprising Chairman, Vice Chairman & Managing Director (VC&MD), and six Directors. The VC&MD appointed by Government is assisted by Eight General Managers at the TSIIC's headquarters in Hyderabad. At the field level, there are nine Zonal Offices (ZOs) headed by Zonal Managers covering 267 IPs. There are 138 Industrial Area Local Authorities (IALAs)⁴ covering 186 IPs (out of 267 IPs) which exercise the functions of local bodies like the collection of property tax and

¹ (a) E-City Manufacturing Cluster Limited, (b) Maheshwaram Science Park Limited, (c) Fab City SPV (India) Private Limited, (d) Zaheerabad NIMZ Limited, (e) Hyderabad Pharma City Limited, (f) Telangana Life Sciences Infrastructure Development Limited, (g) Bio-Tech Hub Limited and (h) CETP-KMTP Limited

² (a) Emmar Hills Township Private Limited, (b) Boulder Hills Leisure Private Limited and (c) Cyberabad Convention Center Private Limited

³ (a) K. Raheja IT (Hyderabad) Limited, (b) Intime Properties Limited, (c) Sundew Properties Limited, (d) CBD Towers Private Limited, (e) Ace Urban Infocity Limited, (f) Patancheru Enviro-Tech Limited, (g) Hyderabad Information Technology Venture Enterprises Limited, (h) Cyberabad Trustee Company Private Limited and (i) Hyderabad Pharma Infrastructure and Technologies Limited

⁴ Under Article 243Q of the Constitution of India, GoTS notifies TSIIC's industrial estates as the IALAs for exercising statutory powers of local bodies and maintain civic services in the IPs. The TSIIC nominates the Commissioner/ Executive Officer for the IALAs

maintenance of civic services in the respective IPs. Out of 138 IALAs formed, only 82 IALAs commenced their operations as on 31 March 2022.

4.1.3 Audit Framework

4.1.3.1 Audit Objectives

Detailed Compliance Audit was conducted to ascertain whether:

- the policy guidelines, rules and regulations for the acquisition and allotment of industrial lands were complied with;
- the industrial infrastructure was created as envisaged in the Industrial Policy and maintained properly, and
- the objectives of the creation of industrial infrastructure were achieved and the IALAs functioned efficiently.

4.1.3.2 Audit Criteria

Audit findings were benchmarked against audit criteria sourced from the following:

- Industrial Policy Framework for the State of Telangana, 2014 (Industrial Policy),
- Government Land Allotment Policy, 2012 (Land Allotment Policy),
- TSIIC Industrial Parks Allotment Regulations, 2012 (Allotment Regulations),
- Government of Telangana Common Schedule of Rates and Andhra Pradesh Detailed Standard Specifications (APDSS),
- Revised Guidelines for the Functioning of IALAs and Service Societies, 2013,
- Guidelines, orders and instructions issued by the State Government, Board of Directors (BoD),
- Minutes of meetings of the Cabinet Sub-Committee (CSC) on Mega Projects, Government of Telangana, State Level Allotment Committee, BoD of TSIIC, Price Fixation & Infrastructure Committee (PF&IC) of TSIIC, and
- Tender Documents, Contracts awarded, Allotment Orders, Agreements for the Sale of Industrial Plots, and correspondence made with contractors and allottees.

4.1.3.3 Audit Scope, Sample and Methodology

Audit observations on the activities undertaken by TSIIC through Special Purpose Vehicles and Joint Venture Companies were reported through the CAG's Report on PSUs of GoTS for the year ended March 2016 (**Para 3.1 of Report No.2 of 2017**). This current Report covers the activities undertaken by TSIIC and its Subsidiary Companies during 2017-18 to 2021-22. Information about prior and subsequent periods was also reviewed as required.

Audit Sample involved three⁵ (out of nine) Zonal Offices (ZOs) of TSIIC which were selected using stratified sampling based on the parameter of the value of allotments made. Ten *per cent* of all contracts in the selected ZOs were selected by dividing the population into two strata ‘High Risk’ and ‘Others’. The high-risk stratum was restricted to five *per cent* of all the contracts in the selected ZOs based on the value of the contracts. These were audited 100 *per cent*. The remaining contracts were considered as others stratum and the balance sample of five *per cent* was drawn using the Simple Random Sampling method. Further, 10 *per cent* of all the IALAs located in the selected ZOs subject to a minimum of two IALAs per ZO were selected based on the parameter of highest total revenue earned during the period under audit. Details of the Audit Sample are indicated in **Appendix 4.1**.

An Entry Conference was held in April 2022 with the management of TSIIC wherein the audit objectives, criteria, scope, sample, and methodology were discussed. Audit findings were discussed with the Department and TSIIC in the Exit Conference conducted on 16 February 2024. Replies furnished by the State Government/ Management and the views expressed in the Exit Conference have been suitably incorporated in the Report.

4.1.3.4 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the officials of the I&C Department and the TSIIC in conducting this Detailed Compliance Audit.

4.1.4 Audit Findings

Acquisition and allotment of land to private parties for various mega projects⁶ and other projects was the major activity of TSIIC during the period 2014 to 2022. To the end of March 2022, TSIIC was engaged in creation and maintenance of 267 IPs/ Special Economic Zones (SEZs) (56 after the formation of TSIIC) and possessed 53,474 acres of land (24,313 acres (45 *per cent*) acquired since the formation of TSIIC at a cost of ₹2,066.52 crore). Details of the extent of land developed and development cost incurred on these lands were not available from the records produced to Audit. During 2014-15 to 2021-22, TSIIC made 2,355 allotments involving 4,050 acres (both developed and undeveloped) valued at ₹2,811.06 crore. These allotments were expected to generate investment of ₹32,566 crore and employment to 1.71 lakh people.

4.1.4.1 Acquisition of lands for the creation of industrial infrastructure

The TSIIC acquires lands for the development of the IPs through its ZOs after identifying lands suitable for the development of the IPs and enquiring with the respective District Collectors (DCs) about land availability and feasibility of alienation/acquisition. Alienation of Government lands to TSIIC for further allotment to industry and private companies was governed by the Government Land Allotment Policy, 2012 (Land Allotment Policy).

⁵ ZOs: Cyberabad, Patancheru and Shamshabad

⁶ Industrial projects which invest more than ₹200 crore in plant and machinery or provide employment to more than 1,000 people

Government assigned lands⁷ and *Patta* lands⁸ are acquired under the Land Acquisition Act, 2013.

i) Inordinate delay in the acquisition of lands

Under the National Manufacturing Policy, the GoTS proposed to establish a National Investment and Manufacturing Zone (NIMZ) at Zaheerabad (November 2012) and to set up a NIMZ for Hyderabad Pharma City (November 2015). The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India (GoI) accorded in-principle approval to these projects in January 2013⁹ and January 2016¹⁰ respectively. The NIMZ was required to have an area of at least 5,000 hectares i.e. 12,355 acres in size. Land acquisition for these projects was to be completed within 18 months from the date of GoI's approval. Audit, however, observed that there was inordinate delay in the acquisition of lands for these projects resulting in the non-creation of the required infrastructure and non-operationalisation of the projects. Consequently, the intended objective of creation of employment opportunities through industrial development was also not achieved as detailed below.

a) NIMZ, Zaheerabad

The NIMZ, Zaheerabad was to be set up in 12,635 acres in Medak district at an estimated cost of ₹10,600 crore. The project was estimated to attract investments of ₹43,000 crore and generate direct employment for 3.15 lakh people.

The TSIIC (then APIICL) submitted proposals for the acquisition of the entire 12,635.14 acres in November 2013. The District Revenue authorities proposed (December 2013) to acquire land in two Phases (4,462.17 acres in Phase-I and 8,172.37 acres in Phase-II). However, the district revenue authorities acquired only 3,141.04 acres by the end of June 2022 at a cost of ₹158.02 crore.

Audit observed that the Preliminary Notification (PN)¹¹ was yet to be issued (December 2022) for the acquisition of lands covered under Phase-II. Even the Government lands to an extent of 627.35 acres under Phase-II were not alienated in favour of TSIIC till date (March 2023). Further, the lands acquired under Phase-I are not contiguous owing to which TSIIC is unable to develop the lands in its possession. Also, TSIIC apprehended (March 2021) an increase in the Project Cost due to escalation of the market value of lands falling under Phase-II, on account of real estate development in the delineated areas and demands for higher compensation for the lands already acquired in Phase-I.

Audit also observed that the GoTS sanctioned (March 2017) two Land Acquisition Offices, each with a sanctioned strength of 37 posts and headed by Special Deputy Collector,

⁷ Assigned by Government to poor people for agriculture

⁸ Land held by private parties

⁹ Final approval was communicated in January 2016

¹⁰ Final approval was communicated in December 2019

¹¹ As per Section 11 of The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, whenever, it appears to the appropriate Government that land in any area is required or likely to be required for any public purpose, a notification (referred to as preliminary notification) to that effect along with details of the land to be acquired shall be published in the Official Gazette

exclusively for speeding up land acquisition for NIMZ, Zaheerabad. But only one retired Tahasildar and one Data Entry Operator were reported (March 2020) to be working on account of the inability of the District Revenue authorities to spare their regular staff for this purpose.

Thus, due to the shortage of staff, coupled with the lack of a proper mechanism to ensure land acquisition for the project as per the laid down timelines, the NIMZ, Zaheerabad could not be operationalised despite a lapse of more than seven years. Consequently, the envisaged industrial infrastructure was not created, and the expected investment and employment generation were not achieved.

The Management while accepting the above facts stated (January 2023) that delay was due to court cases, resistance, and agitation against the acquisition of lands. However, TSIIC was continuously pursuing to complete the acquisition of lands for Phase-I. Further, the ground survey for handing over of advance possession of Government lands and issue of the PN for the acquisition of balance lands under Phase-II was in progress.

The Government replied (October 2023) that though two land acquisition units were sanctioned, posts were not filled most of the time. Recently Special Deputy Collectors were posted, and a request would be made for posting of supporting staff.

The replies are not acceptable because TSIIC/GoTS neither evolved a road map nor set specific timelines to complete the acquisition of the balance 9,494.10 acres (75 per cent) required for NIMZ, Zaheerabad.

b) Hyderabad Pharma City

The Hyderabad Pharma City (HPC) was proposed (March 2017) to be set up on 19,333 acres at an estimated cost of ₹19,098 crore including ₹1,550 crore for acquisition of lands for the project in Rangareddy District. The project was estimated to attract investments of ₹64,000 crore and generate direct employment for 1.66 lakh people. Further, TSIIC proposed (February 2017) to develop the HPC in about 8,200 acres in Phase-I during 2017-20 and to cover the balance area under Phase-II during 2021-25.

As of March 2022, TSIIC acquired lands to an extent of 10,238 acres by depositing an amount of ₹1,107.66 crore with the Revenue authorities for payment of compensation, etc., to the landowners/occupiers. Land to an extent of 846 acres was reported to be under litigation. Further, the District Revenue authorities were yet to issue (October 2022) the PN for the acquisition of 4,080 acres.

Audit observed that the lands (10,238 acres) acquired by TSIIC were not contiguous. As a result, Phase-I itself was not developed so far (January 2023) resulting in non-achievement of the expected employment generation for 50,000 people. Thus, TSIIC did not adhere to the requirement of development of at least 12,500 acres for NIMZ as stipulated by the GoTS/NIMZ Guidelines. Further, the possibility of an increase in the Project Cost due to the escalation of market value of lands surrounding the proposed Phase-I area and demands for higher compensation for the lands already acquired cannot be ruled out.

Audit also observed that the Special Task Force Committee formed (June 2015) by the GoTS for speedy implementation of the project, which was required to meet once a month, had met only three times till May 2016 and had not held any meeting since then. Also, the project was proposed to be funded through support of ₹12,373 crore from the GoTS and ₹6,725 crore from the GoI. But, TSIIC had so far received budgetary support of ₹450 crore from the GoTS and ₹5.25 crore from the GoI (March 2020). The GoI did not give any further commitment for the balance amount. As a result, TSIIC raised (September 2016) a term loan of ₹740 crore¹² from the Housing and Urban Development Corporation Limited (HUDCO) for which the GoTS had guaranteed the repayment of principal and interest.

Thus, due to the lack of proper monitoring of the progress of project implementation, lack of financial closure to fund the project, and inaction of the Revenue authorities, there was inordinate delay of more than five years in acquiring the lands required for the HPC. Consequently, the envisaged industrial infrastructure was not created and the expected investment and employment generation were not achieved.

The Government stated (October 2023) that land acquisition was completed to an extent of 13,184 acres and possession was handed over for 10,242 acres leaving balance of 2,942 acres to be handed over to TSIIC. Further, in 4,080 acres of Kadthal mandal, real estate ventures have come up and a lot of transactions took place resulting in steep increase in the market value of land. The decision to acquire the lands was pending.

The reply confirms the delay in the implementation of the HPC. Further, TSIIC/GoTS had not set any specific timelines to acquire the balance 6,149 acres (19,333 acres *minus* 13,184 acres) required for the HPC. Hence, the risk of escalation in the project cost and/or curtailment of the HPC to the extent of land acquired cannot be ruled out.

ii) *Diversification of HUDCO loan funds for other purposes*

The TSIIC raised (September 2016) a term loan of ₹740 crore from HUDCO for the acquisition of lands for NIMZ, Zaheerabad and the HPC projects. As per the loan agreement, TSIIC had the option to draw the loan either in a lump sum or a suitable number of instalments and repay the loan in 16 instalments with interest charged at the rate of 10.40 *per cent*. Further, the loan funds were to be utilised exclusively for the above projects for which the loan was raised and in the event of default, had to repay the entire loan amount together with interest, penal interest, cost, and other charges.

Citing an urgent requirement of funds for the acquisition of lands for NIMZ, Zaheerabad and the HPC projects, TSIIC availed loan funds of ₹725 crore in three spells (₹350 crore in October 2016, ₹200 crore in January 2017 and ₹175 crore in September 2017). As TSIIC did not request disbursement of the balance loan amount, HUDCO curtailed (November 2020) the sanction of the loan to ₹725 crore.

Audit observed that out of ₹725 crore loan funds availed, TSIIC utilised an amount of ₹182 crore for land acquisition in other IPs, ₹57.24 crore for the development of already established E-city project, ₹62.91 crore for repayment of principal and interest of the same

¹² Total amount of loan was ₹740 crore including about ₹500 crore for the Hyderabad Pharma City and ₹240 crore for the NIMZ, Zaheerabad.

HUDCO loan and ₹15.34 crore for meeting its operational requirements. Thus, TSIIC diverted a total of ₹317.49 crore in contravention of the HUDCO loan agreement.

Audit further observed that after drawing the loan instalments, TSIIC retained the loan funds in the loan account with an auto sweep facility¹³. The time lag between the drawal of loan instalments and the actual utilisation of a major chunk of loan funds ranged from 98 days to 239 days. From September 2016 to March 2022, TSIIC incurred interest expenditure of ₹39.74 crore and earned interest of ₹11.69 crore through the auto sweep facility. Thus, because of drawing loan instalments without immediate requirement instead of drawing the loan funds in a phased manner as per actual requirement, TSIIC incurred an avoidable interest expenditure of ₹28.05 crore.

The Government replied (October 2023) that, TSIIC withdrew the funds based on the estimated timelines for land acquisition by the Revenue authorities. But due to land acquisition problems, utilisation of funds got delayed. Hence, the funds were utilised for other projects, repayment of HUDCO's loan and temporarily parked using an auto sweep facility to avoid loss of interest. TSIIC had spent funds on acquisition of lands prior to sanctioning of HUDCO loan. Hence the same should be construed as reimbursement of expenditure. Further, the interest cost would be made good by including it in the land development cost.

The reply is not acceptable because the loan agreement also provided for the drawal of funds in “a suitable number of instalments”. Hence, instead of drawing lump sum amounts and diverting them for other purposes, TSIIC could have drawn the funds as per the actual requirement in close coordination with the Revenue authorities. Further, despite availing auto sweep facility, TSIIC suffered an interest loss of ₹28.05 crore. Loading the development cost with losses suffered due to TSIIC's inefficiency and recovering the same from subsequent allottees is not in order. Reimbursement of already incurred expenditure for the project and transferring of HUDCO loan funds to any other bank account is against the conditions of loan agreement and financial prudence.

iii) Allotment/Sale of lands pending their alienation in favour of TSIIC

The 53,473.76 acres of land bank possessed (as of March 2022) by TSIIC comprised 22,463.58 acres of Government land, 14,782.40 acres of Government assigned land, and 16,227.78 acres of *Patta* land. Audit however, observed that alienation orders of GoTS had not been received in respect of 23,717.25 acres which included 19,669.11 acres of Government land (87.56 *per cent* of total Government land acquired) of which TSIIC had already taken advance possession. These alienation proceedings were pending from 1974 onwards. The reasons for such long pendency were not found on record.

Audit observed that despite non-finalisation of alienation proceedings, TSIIC was making allotments of such lands to private parties and that it had executed sale deeds based on the tentative market value of the land. Audit also observed that in the event of fixation of final

¹³ Funds lying in the loan account in excess of ₹2.00 crore were converted into fixed deposits with option to encash such fixed deposits to the extent required. The rate of interest earned would depend on the time period for which the fixed deposits were not encashed

rate more than the tentative market rate at the time of issue of alienation orders, TSIIC did not have any effective mechanism for recovery of such differential cost.

The Government replied (October 2023) that, the District Collectors have to submit alienation proposals for placing before Telangana State Land Management Authority for onward recommendation to the Government for issuing alienation orders. The Revenue Department of Government would be requested to issue necessary instructions and a mechanism would be evolved to recover the differential amount from the allottees.

The reply shows inaction of TSIIC/Government in following up with Department concerned and not evolving any mechanism to recover the differential cost so far.

iv) Absence of periodical survey of lands

The Allotment Regulations, 2012 require the ZO to periodically inspect the premises of the industrial units for taking corrective action in case the terms of the sale agreement are deviated/violated.

Audit observed that although TSIIC was holding a huge land bank of 53,473.76 acres as on 31 March 2022, till date it had not undertaken any periodical survey of its lands since its formation in 2014. In the absence of a survey at regular intervals, TSIIC was not able to identify and prevent encroachments, if any, change in land use by the allottees, to levy penalties, cancel the allotment to resume land and usage of correct maps for planning and maintenance of infrastructure in the IPs.

The Government replied (October 2023) that due to non-alienation of lands, only advance possession of lands was taken and the same were not reflected in the books of account. Hence, physical verification of stock (land) was not taken up and reconciliation is pending. A special drive is being conducted to reconcile the land bank.

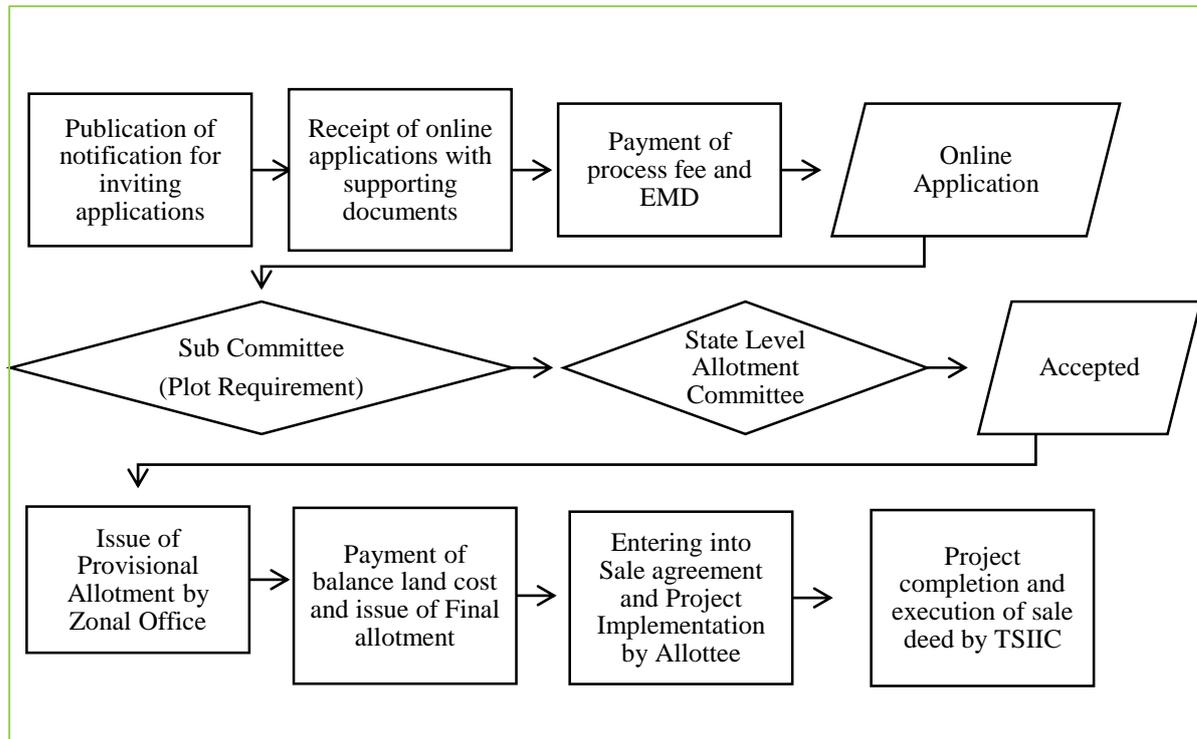
The reply is not tenable because TSIIC had already finalised its accounts up to the financial year 2019-20 and accounted for the advance paid for the lands taken over by it. Also, it is prudent that TSIIC regularly reconciles the details of its land bank. Hence, TSIIC should have conducted a periodical survey of its land bank.

In the Exit Meeting (February 2024), the Government accepted the audit observation and directed the Management to carry out the periodical survey at least once a year.

4.1.4.2 Allotment of lands for the establishment of Industries

The TSIIC (then APIICL) formulated (October 2012) the Allotment Regulations. These Allotment Regulations, as amended from time to time, prescribed the procedures and matters relating to applications for allotment and their scrutiny, fixation of cost of plot/shed, auction, payments of cost, charges, execution of an agreement for sale and sale deed, cancellations, restoration, refunds, etc. Further, in the case of mega/ large industrial projects, TSIIC allotted the land as recommended by the GoTS. The procedure followed for the allotment of land and execution of a sale deed during the audit period was as follows:

Chart 4.1: Procedure for allotment of land for establishment of Industries



i) Allotment of lands in deviation from the Cabinet Sub-Committee's decisions

The Allotment Regulations stipulated that GoTS may direct TSIIC to allot land for mega/large industrial projects and provide infrastructure facilities as per the customised benefits agreed by GoTS and the investor/promoter. Further, any deviations to the allotments made by the GoTS were to be made only with the approval of the GoTS. The GoTS also constituted (April 2016) a Cabinet Sub-Committee (CSC) to finalise the customised benefits to be extended to mega projects.

Thus, the allotments were subject to the terms and conditions laid down by the GoTS (Cabinet)/CSC and the same could be modified/clarified by the GoTS (Cabinet)/ CSC alone. Audit, however, noticed that the I&C Department allowed concessional allotment of land at Hardware Park, Mamidipally in deviation from the GoTS (Cabinet)/CSC's decision as detailed below:

M/s Adani Defense Systems and Technologies Limited (ADSTL) requested (dated NIL) *inter alia* for the concessional allotment of 50 acres of land in the Hardware Park (Phase-II) at Mamidipally. While agreeing to allot 50 acres of land, the CSC advised (March 2018) the ADSTL to shift the location of the project¹⁴ to the new Aerospace Park at Kongarkallan for giving a discounted anchor land price¹⁵.

¹⁴ Setting up of manufacturing facilities for Aerospace Precision Machining, Composite Aero Structures, Ground Testing Facilities and Training and Skill Development Facilities pertaining to Composites Aero Structures along with Composite Certification Center with an estimated investment of ₹300 to 500 crore and providing employment to 300 to 400 people

¹⁵ As per Industrial Policy, State Government is offering concessional price (total cost minus development/ infrastructure cost) to anchor units (first players). The rate of concession depends on the location of the IP

However, in a meeting held (April 2018) with the ADSTL and TSIIC, the I&C Department decided to allot 20 acres of land in the Hardware Park (Phase-II) at Mamidipally at the concessional rate of ₹40.00 lakh per acre against the TSIIC's prevailing land rate of ₹2.13 crore per acre. Accordingly, TSIIC allotted (June 2018) 20 acres of land at Hardware Park, Mamidipally, collected the land cost of ₹8.00 crore (at ₹40.00 lakh per acre), and executed (September 2018) the agreement for the sale of land.

Audit observed that although CSC advised to shift the location of the proposed project to the new Aerospace Park at Kongarkallan, I&C Department extended the concessional rate even when the ADSTL established its project in the Hardware Park (Phase-II) at Mamidipally itself. Thus, I&C Department violated the CSC's decision and extended an undue benefit of ₹34.60 crore¹⁶ to the ADSTL.

The Management replied (January 2023) that the ADSTL was allotted land in Hardware Park, Mamidipally at the concessional rate of ₹40.00 lakh per acre because of its strategic importance for the defence sector, and as per the orders communicated (April 2018) by the I&C Department. The Government replied (October 2023) that, in order to utilize the resumed land and structures, the request of ADSTL was considered.

The reply is not acceptable because, after detailed consideration of the ADSTL proposals, the CSC decided to give the discounted anchor land price only if the location of the project was shifted to the new Aerospace Park at Kongarkallan. However, the I&C Department had extended the concessional price at Hardware Park, Mamidipally without any justified reasons. Hence, the concessional allotment made by the I&C Department was contrary to the CSC's decision and led to extension of undue benefit of ₹34.60 crore to the ADSTL. The Department cannot modify the decision of CSC and any deviation should have been made only with the approval of CSC.

ii) Irregular allotment of lands

Audit also noticed instances of land allotments made by authorities who were not competent to do so as detailed below:

(a) Electronic Manufacturing Clusters

The GoTS formulated (July 2012) the Electronic Hardware Policy 2012-2017 (EH Policy) to provide incentives to the Electronic Hardware companies/ industry. The EH Policy *inter alia* provided for making land available to the Electronic Hardware companies on payment of the land cost and development cost as determined from time to time by the allotment agencies¹⁷. Under the EH Policy, the GoTS also constituted (January 2013) the Consultative Committee on Electronic System Design & Manufacturing (CCESD&M) solely for administering (examination, authentication, and approval/ rejection of claims/

¹⁶ 20 acres X (₹2.13 crore – ₹0.40 crore)

¹⁷ TSIIC, Hyderabad Metropolitan Development Authority and the local statutory authorities concerned

requests of Electronic Hardware companies/ industry) the incentives offered under the EH Policy. The tenure of CCESD&M was co-terminus with the EH Policy.

Audit observed that although the CCESD&M was empowered only to grant the incentives offered under the EH Policy during the period 2012-17, it proposed (December 2017) to allot land at the concessional rate (as applicable for mobile manufacturing units) to a maximum of 25 companies or to the extent of 125 acres whichever comes first. Though CCESD&M also decided to get its proposal reviewed and approved by the Department of Information Technology, Electronics and Communications (Department of ITE&C), GoTS and TSIIC, but no such approval was obtained. Also, after the expiry of the EH Policy, the GoTS neither officially formulated a new EH Policy nor issued orders for the continuation of the existing Operational Guidelines. However, the Department of ITE&C released an unauthenticated brochure titled “Electronics Policy 2016” and proposed to make land available at affordable costs to Electronic Hardware manufacturing units.

During the period from March 2018 to March 2022, the CCESD&M on its own allotted a total of 165.21 acres to 39 Electronic Hardware units¹⁸. The CCESD&M allotted the lands at concessional rates of ₹60.00 lakh/₹90.00 lakh per acre as against the prevailing land and development cost ranging from ₹158.64 lakh per acre to ₹214.48 lakh per acre.

Thus, irregular allotment of lands by the CCESD&M without specific authority/Government Policy had resulted in a loss of ₹208.24 crore to the State exchequer besides extension of undue benefit to the allottees.

The Government replied (October 2023) that under ‘Electronic Policy 2016’, it was proposed to make land available at affordable cost to Electronic Hardware manufacturing units and to position the State competitively among other States in promoting and attracting investments in electronics manufacturing, the land was priced at a concessional rate and the same was ratified by the Departmental orders. Further, the grants sanctioned by GoI and the state shall be passed on to the prospective units to promote the sector.

The reply is not to the point of audit observation that the allotment of lands at concessional rates by the CCESD&M was beyond its scope of authority and hence, irregular. The CCESD&M/Department does not have the authority to extend concessions without the approval of the Cabinet/Cabinet Sub Committee.

(b) NIMZ, Zaheerabad

The Land Allotment Policy required allotment of lands of more than 50 acres based on the recommendations of a Secretaries Committee¹⁹. Further, the guidelines for the establishment of NIMZ stipulated that the Special Purpose Vehicle (SPV) constituted for the NIMZ concerned shall consider and clear the proposals for allotment of lands in the NIMZ. Also, the lands in NIMZ were to be allotted on a leasehold basis.

¹⁸ 134.63 acres to 30 units in E-City Manufacturing Cluster and 30.58 acres to 9 units in Maheswaram Science Park

¹⁹ Secretaries Committee consists Principal Secretary to Government and Commissioner for Industrial Promotion, Principal Secretary (Infrastructure and Investment), Principal Secretary (Energy), Principal Secretary (Information Technology and Communication) and Principal Secretary (Revenue)

The customised benefits sanctioned (August 2021) by the CSC to the project²⁰ proposed (January 2021) by M/s Vem Technologies Private Limited (VTPL) included allotment of 511 acres at NIMZ, Zaheerabad at ₹10.00 lakh per acre. However, based on the land utilisation proposals and the financial information as submitted by the VTPL in its Detailed Project Report (January 2021), the TSIIC's Technical Consultant evaluated (January 2022) the actual requirement of land for the project at 49 acres and opined that the internal accruals (net worth) of the VTPL were insufficient to source the promoter's contribution for the project. Nevertheless, TSIIC allotted (January 2022) 511 acres to the VTPL and collected (up to August 2022) ₹43.86 crore against 436.37 acres lying under TSIIC's possession. Also, TSIIC's claim (December 2021) for reimbursement, of the differential cost of ₹118.25 crore²¹, from the Industrial Promotion Budget of the I&C Department was yet to be settled (December 2022).

Audit observed that the CSC's decision to allot 511 acres to the VTPL was not in order because (a) the CSC allotted land before TSIIC or the Secretaries Committee evaluated the actual land requirement, the VTPL's financial capability to execute the project, and TSIIC was not in physical possession of the entire lot of 511 acres, (b) the proposed land parcel was part of NIMZ, Zaheerabad and so the land allotment was to be decided by the SPV incorporated (August 2016) for NIMZ, Zaheerabad namely, Zaheerabad NIMZ Limited, and (c) allotment of 511 acres to the VTPL resulted in the reduction of the area (12,635 acres) of NIMZ, Zaheerabad to below the minimum of 12,500 acres as required by the NIMZ Guidelines thereby jeopardising the NIMZ project.

Thus, allotment of 511 acres against the actual requirement of 49 acres at a concessional rate in contravention of the Land Allotment Policy and NIMZ Guidelines resulted in revenue loss to TSIIC and extension of undue benefit to the VTPL to the tune of ₹106.91 crore²².

The Government replied (October 2023) that the land allotment was made as per the decision of the CSC. Further, the National Industrial Corridor Development Corporation (NICDC), GoI accepted the proposal to incorporate the project as part of the NIMZ, Zaheerabad Project Development Report.

The reply is not acceptable because the CSC's decision was not in order for the reasons stated above. Further, the NICDC had only accepted the inclusion of NIMZ, Zaheerabad as part of the Nagpur–Hyderabad industrial corridor and not the inclusion of the VTPL as part of NIMZ, Zaheerabad.

iii) Allotment of lands at an old rate in IP, Gachibowli

The Allotment Regulations provided for allotment of land at the rate prevailing on the date of filing of a valid application. Further, subject to the provision of infrastructure by TSIIC, the maximum time allowed for the implementation of the units shall not exceed five years from the date of taking possession of the land, including the initially allowed period of two

²⁰ Establishment of Strategic Weapon Systems Integration Facility in 511 acres at NIMZ, Zaheerabad with an estimated investment of ₹785.00 crore

²¹ 511 acres X land cost of ₹23.14 lakh per acre

²² (511 acres – 49 acres) X ₹23.14 lakh per acre

years and the extended time of one year to be granted in case the reasons for delayed implementation were beyond the control of the allottee. In all other cases, the extension of time was to be allowed by levy of the prescribed penalty/ interest. TSIIC should resume the premises if implementation was delayed beyond five years.

The CAG's Report on PSUs of GoTS for the year ended March 2019 highlighted (**Para 4.2 of Report No.5 of 2020**) the revenue loss of ₹4.47 crore sustained by TSIIC due to allotment (March 2017) of one-acre prime land at IP, Gachibowli to M/s Bhagwati Products Limited (Micromax) at the rate of ₹10.05 crore per acre as fixed (December 2016) by the I&C Department without due diligence, ignoring the prevailing basic market value of ₹14.52 crore per acre and in deviation of the Allotment Regulations.

Audit observed that based on the land cost allotted to Micromax, 2.68 acres of prime land at IP, Gachibowli was further allotted to three more mobile manufacturing companies²³ even though the land rate considered for allotment to Micromax was itself based on the rate at which land was allotted to Bank of Baroda in August 2013 subject to a minimum ceiling of ₹10.00 crore per acre. Thus, TSIIC sustained further revenue loss of ₹12.00 crore due to the allotment of prime land below the prevailing market value (₹14.52 crore per acre effective from April 2013) in contravention of the provisions of the Allotment Regulations.

Audit also observed that three of the allottees (Micromax, Celkon and Karbon) were yet (December 2022) to establish their units despite a lapse of five years. However, TSIIC had neither levied the applicable penalty of ₹1.60 crore²⁴ nor resumed their premises.

The Management replied (January 2023) that TSIIC had informed the Department of all the applicable land rates for fixation of the land cost to Micromax. But the I&C Department accepted the rate at ₹10.05 crore per acre proposed by Micromax. Hence, TSIIC allotted land to Micromax at that rate. TSIIC also allotted land to other mobile manufacturing units at ₹10.05 crore per acre since the Department communicated orders to allot land at the same rate at which land was allotted to Micromax. It was also replied that TSIIC granted an extension of time to the mobile manufacturing companies for setting up their units since the reasons for the delay were beyond their control.

The Government replied (October 2023) that, the said lands were allotted on 'as is where is' basis without any development and hence the present prevailing land rate as fixed for the developed land is neither comparable nor correct.

The reply is not acceptable because the CSC had only indicated the minimum threshold limit of ₹10.00 crore per acre whereas the I&C Department accepted the rate of ₹10.05 crore per acre as proposed by Micromax without due consideration of the prevailing market rates

²³ (a) 1.12 acres to M/s Celkon Impex Private Limited (Celkon) in December 2017, (b) 1.06 acres to M/s United Telelinks Limited (Karbon) in May 2018 and (c) 0.50 acres to M/s Flash Distribution Private Limited in July 2020

²⁴ [(TSIIC's rate of ₹20.35 crore per acre X 1 acre of Micromax) + (TSIIC's rate of ₹20.35 crore per acre X 1.12 acres of Celkon) + (TSIIC's rate of ₹20.35 crore per acre X 0.50 acres of Karbon)] X 3 per cent for delay of 3 years beyond the allowed time of 2 years

and the Allotment Regulations. Hence, the extension of the rate irregularly fixed by the I&C Department to subsequent allotments lacked prudence. Further, at the time of allotment, the mobile manufacturing companies did not indicate any infrastructure bottlenecks in respect of the lands selected by them. TSIIC also allotted the lands on 'as is where is' basis without any liability to develop the lands. Hence, the extension of time without levy of applicable penalty/ interest and non-resumption of premises in case of delay of more than five years was a contravention of the Allotment Regulations.

iv) Allotment of land at a lesser rate in IP, Chandanvelly

The customised benefits allowed (March 2018) by the Cabinet to M/s Welspun Group of Companies (WGC) for manufacturing Technical Textiles²⁵ *inter alia*, included allotment of two land parcels totalling 650 acres²⁶ in the newly established IP at Chandanvelly with ready external infrastructure²⁷ and a rebate on land cost as per the Telangana Textile and Apparel Policy, 2017-22 (T-TAP)²⁸. Thus, the Cabinet's decision implied allotment of land to the WGC at the land cost as assessed by TSIIC and allowing the rebate on such land cost as per the T-TAP.

In response to TSIIC's request (April 2018) to fix the price of the land allotted to the WGC by considering the land cost(s)²⁹ fixed (April 2018) by the TSIIC's Price Fixation and Infrastructure Committee (PF&IC), the I&C Department informed (July 2018) TSIIC that Government agreed to allot land at the undeveloped land cost of ₹13.73 lakh per acre. Accordingly, TSIIC collected the cost of ₹51.49 crore (at ₹13.73 lakh per acre for 375 acres), handed over (200 acres in January 2019, 75 acres in October 2019 and 100 acres in January 2021) to the WGC and reserved (February 2019) the balance land of 175 acres for future expansion of the project by the WGC.

Audit observed that since the Cabinet decided to provide land to the WGC along with ready external infrastructure, the I&C Department should have allotted land to the WGC at ₹22.54 lakh per acre considering the inevitability of incurrence of internal infrastructure development cost by TSIIC. Thus, allotment of lands to the WGC at a lesser rate resulted

²⁵ Technical Textiles are defined as textile materials and products used primarily for their technical performance and functional properties rather than for aesthetics or decorative characteristics, where function is the primary criterion. Technical Textiles include textiles for automotive applications, medical textiles, Geotextiles, Agro textiles, Protective clothing Packing textiles, etc.

²⁶ Reduced to 550 acres based on assessment of actual requirement at the time of allotment. Of this, 450 acres were allotted to M/s Welspun Flooring Limited for manufacturing Floor Covering Carpets and Luxury Vinyl Tiles and 100 acres to M/s Welspun India Limited for manufacturing Technical woven fabric, stitch bonded fabrics and non-wovens

²⁷ Four lane approach roads, power, natural gas, raw water, etc.

²⁸ The GoTS introduced (August 2017) the Telangana Textile and Apparel Incentive Scheme, 2017-2022 and issued (March 2019) operational guidelines from time to time (T-TAP). Under the T-TAP, based on the extent of land utilised, the anchor clients and first movers of every new Textile/ Apparel IP were eligible for a rebate up to ₹20.00 lakh per acre or 50 per cent of the land cost as ascertained by TSIIC. Technical Textile units were eligible for an additional rebate of 25 per cent with a cap of ₹10.00 lakh per acre

²⁹ The PF&IC fixed the cost of land at IP, Chandanvelly at ₹13.73 lakh per acre for undeveloped land, ₹22.54 lakh per acre for land with partial (internal) infrastructure and ₹44.44 lakh per acre for land with full (internal and external) infrastructure

in revenue loss to TSIIC and extension of undue benefit to the WGC to the tune of ₹33.04 crore³⁰.

Audit also observed that the I&C Department did not obtain Cabinet's approval for allowing a concessional land rate (land cost without internal infrastructure cost) to the WGC as the same was not included in the customised benefits allowed by the Cabinet.

The Government replied (October 2023) that the Cabinet approved allotment of "encumbrance-free Undeveloped Industrial land parcel with ready external infrastructure". It had always been the Cabinet's decision to allot land at undeveloped land cost to first mover in the park while loading cost of external infrastructure to subsequent allottees. Further, the Government approved the execution of the sale deed after careful consideration of the facts.

The reply is not tenable as the Cabinet approval (communicated vide G.O Ms No 21 dated 23.03.2018) did not direct TSIIC to allot land at concessional rates or to load the cost of infrastructure to subsequent allottees. Thus, in the absence of specific directions from Cabinet to allot land at concessional rates, TSIIC should have allotted the land at the cost arrived as per their allotment regulations at ₹22.54 lakh per acre which included the cost of infrastructure facilities to be provided by TSIIC.

v) Allotment of excess land at Plastic Park, Mankhal (Expansion)

The Land Allotment Policy required TSIIC to assess the land required to be allotted to different industries on a scientific basis.

While communicating (October 2017) the CSC's decision (July 2017) to allot land at ₹35.00 lakh per acre to M/s Chiripal Poly Films Limited (CPFL) at the Plastic Park, Mankhal (Expansion), the I&C Department instructed TSIIC to place the proposal for allotment of 30 acres land at ₹35.00 lakh per acre before the State Level Allotment Committee (SLAC) for evaluation of the requirement of land for the project³¹ and issue the provisional allotment letter.

Accordingly, the SLAC decided (October 2017) to allot 23 acres to CPFL subject to revision of layout. However, based on the I&C Department's proposal for allotment of 30 acres to the CPFL and the instructions of TSIIC, the Zonal Office, Shamshabad allotted (October 2017) all the land measuring 29.87 acres on outright sale to the CPFL. TSIIC issued (January 2018) final allotment after collecting the land value of ₹10.45 crore and handed over (March 2018) the premises to the CPFL by executing an agreement of sale.

Audit observed that the CSC had decided only about the land cost for allotment, and the I&C Department proposed an allotment of only 30 acres and specifically required SLAC (TSIIC) to evaluate the actual requirement of land for the project. However, TSIIC

³⁰ 375 acres X (TSIIC's land cost of ₹22.54 lakh per acre - ₹13.73 lakh per acre paid by WGC)

³¹ Poly films manufacturing facility with an estimated outlay of ₹529.00 crore

contravened the instructions of the I&C Department and allotted 6.87 acres more than the requirement at concessional rate resulting in undue benefit to the CPFL to an extent of ₹8.93 crore³².

Government replied (October 2023) that 50 *per cent* of the land shall be utilised for greenery and hence the open space cannot be utilised other than for the purpose of greenery. Further, the CPFL achieved the promised investment and employment targets and has fully utilised the allotted land.

The reply is not acceptable because as per the Detailed Report (October 2021) of ZO, Shamshabad, the CPFL had utilised only 17.99 acres for establishing its manufacturing facility along with the required roads, green belt, etc. and open land to an extent of 11.88 acres remained unutilised. Hence, the allotment of an additional 6.87 acres of land was avoidable and resulted in the extension of undue benefit of ₹8.93 crore to the CPFL.

vi) Irregular restoration of land in IP, Kothur

The Allotment Regulations provided that in case TSIIC resumes the premises, the request for restoration of land shall not be entertained and the applicant shall have to apply for the premises afresh requiring allotment of land at the rate prevailing on the date of such fresh application.

The TSIIC (then APIICL) entered (January 1986) into a Lease cum Sale Agreement (LSA) with M/s KAP Steel Limited (KSL) for 84.88 acres of land in IP, Kothur for manufacturing steel ingots/billets. The land cost was fixed at ₹25,530 per acre and was subject to payment of enhanced compensation as ordered by the Court. Owing to the KSL's inability to implement the project and to pay the enhanced (April 1994) compensation of ₹45,000 per acre for dry lands and ₹50,000 per acre for wetlands, TSIIC cancelled (August 1998) the land allotment and resumed (in spells from September 1999 to August 2003) the entire premises of the KSL. Out of the 84.88 acres resumed, TSIIC allotted 39.27 acres to other parties.

Meanwhile, the KSL renamed as M/s JCK Infra Projects Limited (JCKIPL) requested (March 2018) TSIIC for the restoration of its premises (45.61 acres) for establishing a logistic and light IP. The I&C Department accepted (April 2019) the proposal (June 2018) of TSIIC to restore the premises subject to the withdrawal of the court case³³ and collecting the differential cost of ₹30,000 per acre together with interest at 16 *per cent* from the date of cancellation of allotment to the date of restoration (April 2019), and the restoration fee of one *per cent* of the prevailing land cost of ₹1.20 crore per acre. Accordingly, TSIIC collected (May 2019) a total of ₹1.51 crore and handed over (August 2019) possession of 45.61 acres to the JCKIPL which is yet (December 2022) to implement the project.

³² (6.87 acres) X (TSIIC's prevailing rate of ₹1.65 crore –allotted rate of ₹0.35 crore)

³³ The writ petition filed (2002) by the KSL challenging the resumption of premises by TSIIC was pending (March 2019)

Audit observed that TSIIC restored the land after a lapse of more than 20 years by collecting a paltry ₹1.51 crore against ₹54.91 crore³⁴ chargeable as per the Allotment Regulations. This has resulted in the extension of undue benefit of ₹53.40 crore to the KSL.

The Government replied (October 2023) that the allottee had paid the land cost and implemented the unit long back. But TSIIC cancelled the allotment because the allottee failed to pay enhanced compensation. There are no guidelines regarding the restoration of allotment in case of non-payment of enhanced compensation. TSIIC granted extension of time in cases of non-implementation of units in terms of the Circular No.412 of 2013. There is no loss to TSIIC/GoTS since the allottee proposed high investment and employment by establishing a logistic and light IP in the restored premises.

The reply is not acceptable since as per the Deed of Surrender of LSA (August 2019), TSIIC resumed the land because, in addition to non-payment of the enhanced compensation, the allottee violated the terms and conditions of allotment and the LSA, by keeping the land idle without any industrial activity and did not complete the project. Hence, the provisions of the Allotment Regulations related to the restoration of allotment at the prevailing land rate were applicable in full measure. The guidelines of Circular No.412 of 2013 were not applicable since it was meant to deal with cases of allotments made after 2004 whereas the present allotment was made in 1986. The proposed investment and employment generation in the new project cannot be taken as a justification for the restoration of the allotment done in contravention of the Allotment Regulations.

vii) Sale of lands without ensuring utilisation

The Land Allotment Policy intended to adopt the fundamental principle of judicious allotment of land and effective monitoring of its utilisation. The Allotment Regulations also provided for monitoring of implementation of projects, cancellation of allotment, and resumption of premises by TSIIC for the failure of the allottee to implement the project.

Further, the Modified Industrial Infrastructure Upgradation Scheme, 2013 (MIUS) of the GoI noted that industrial projects implemented during the 10th and 11th Five Year Plans through Special Purpose Vehicles (SPVs) had experienced enormous delays in implementation, cost escalation, lack of proper accountability and shortfalls in the achievement of outcomes. Accordingly, the MIUS envisaged the implementation of industrial projects only through the State Implementation Agencies (SIA) like TSIIC.

Despite this, TSIIC allotted (May 2018 to October 2020) 454.05 acres for establishing a Micro, Small and Medium Enterprise (MSME) Greenfield Industrial Park and 231 acres

³⁴ 45.61 acres X ₹1,20,39,825 per acre

(August 2020) for setting up a Rice Hub³⁵ in the IP, Dandu Malkapur to the SPV³⁶ floated by the respective industry associations.

The Agreement(s) of sale entered into (June 2018 to January 2021) by TSIIC with these SPVs provided for only allotment of land by TSIIC whereas the SPVs were required to develop internal infrastructure (18 months), allot plots to their members, monitor implementation of the projects (24 months) and complete the project within a period not exceeding 42 months. The sale deeds were to be executed after the completion of the development of internal infrastructure by the SPVs.

As per the records provided to Audit, the development of Rice Hub was still (March 2022) under progress whereas TSIIC executed (October 2021) the sale deed for 371 acres (out of 454.05 acres) in Phase-I of the MSME project on completion of infrastructure development and allotment of 384 plots by the SPV. However, despite a lapse of more than 42 months (June 2018 to December 2021) only 18 out of 384 allottees were reported (December 2021) to have commenced commercial production while the remaining units were at various stages of approvals/ implementation.

Audit observed that by entering into the agreement(s) of sale with SPVs (a third party) instead of the individual project proponents as envisaged under the MIIUS and executing sale deeds immediately after the development of infrastructure by the SPVs, TSIIC had lost any recourse to ensure implementation of the individual projects and utilisation of the IPs. Further, TSIIC did not act on the direction (May 2017) of the I&C Department to have TSIIC's nominees on the Board of Directors of the SPVs to oversee the observance of a transparent allotment procedure and monitoring of the implementation of the project by the SPVs. Thus, the mechanism of TSIIC's control over the actual implementation of the individual projects, utilisation of lands in the IPs for the achievement of the objectives of the Land Allotment Policy, Allotment Regulations, and the MIIUS Guidelines was not put in place.

The Government replied (October 2023) that land was allotted to the SPVs as per Government directions and the individual allottees had on an earlier occasion applied for land through the SPVs. Although the SPVs are required to develop the land on their own and allot plots to their members, the progress of development of the project and implementation by the units was being monitored through the periodic reports submitted by the ZO. Further, as per subsequent reply (February 2024) submitted by the Management, as of date 50 industries have started their operations and 50 industries are likely to commence the operations by the end of June 2024 in TIF, MSME at IP Dandu Malkapur.

³⁵ Cluster for rice industries

³⁶ M/s TIF Integrated Industrial Parks Private limited formed by the Telangana Industrialists Welfare Federation (TIF), a federation of many MSME industry associations and M/s Yadadri Food Park Infrastructures Private Limited (SPV) (earlier known as Rice Hub Infrastructures Private Limited) formed by the Rice Millers Association of Hyderabad and Ranga Reddy districts for setting up the Rice Hub

The reply is not acceptable because TSIIC has neither legally safeguarded its right to proceed against the SPVs to ensure utilisation of the allotted lands as agreed nor has taken any action against the SPVs despite slow progress in project implementation.

viii) Reservation charges short claimed at IP, Chandanvelly

In case of requests for allotment of land in phases, the Allotment Regulations prescribed allotment of only the land required for the initial phase and reservation of the balance extent of land for a maximum period of five years from the date of allotment for the initial phase subject to levy and advance payment of process fee at the rate of five per cent of the prevailing land cost for each year of reservation.

As requested by M/s Welspun Group of Companies (WGC), TSIIC reserved 175 acres (out of the 550 acres allotted) at IP, Chandanvelly for a period of two and half years from February 2019 to August 2021. The TSIIC raised (August 2021) a claim for only ₹2.40 crore³⁷ and the same was yet (December 2022) to be honoured by the WGC.

Audit observed that as per the Allotment Regulations, an amount of ₹9.72 crore³⁸ was recoverable from the WGC. Thus, the short claim of reservation charges by TSIIC resulted in extension of undue benefit to the WGC by ₹7.32 crore.

The Government replied (October 2023) that the recovery of reservation charges dues of ₹2.40 crore payable by the WGC is being pursued.

The reply is not acceptable because TSIIC raised a short claim both in terms of the prevailing land rate as well as the period of reservation which resulted in a short claim of ₹7.32 crore. Admittedly, TSIIC was yet to recover even its claim of ₹2.40 crore.

ix) Allotment of land to an unrelated industrial unit at Hyderabad Pharma City

The NIMZ Guidelines stipulated that the land should be allotted and utilised only for the specified purposes as per the master plan and time. TSIIC proposed (January 2016) the NIMZ for Hyderabad Pharma City (HPC) as a cluster of pharmaceutical industries. However, GoTS/ TSIIC made (January 2020) the first allotment of 48.01 acres of land in the HPC to M/s Amazon Data Services India Private Limited (ADSIPL) for the establishment of a data centre in five phases. TSIIC also executed (February 2020) the sale deed allowing utilisation of the land for the intended purpose for 20 years from the date of the sale deed instead of from the date of completion of construction of each phase.

Audit observed that the allotment of land in the HPC for the establishment of a “data centre” was a deviation from the purpose for which the HPC was proposed. The target of generation of direct employment for 1.66 lakh people at the HPC was also jeopardised since the employment potential of a data centre was very minimal. Further, by executing the sale deed TSIIC lost the remedy of resumption of the premises in the event of non-implementation of the unit.

³⁷ Concessional rate of ₹13.73 lakh per acre X 5 per cent X 175 acres X 2 years

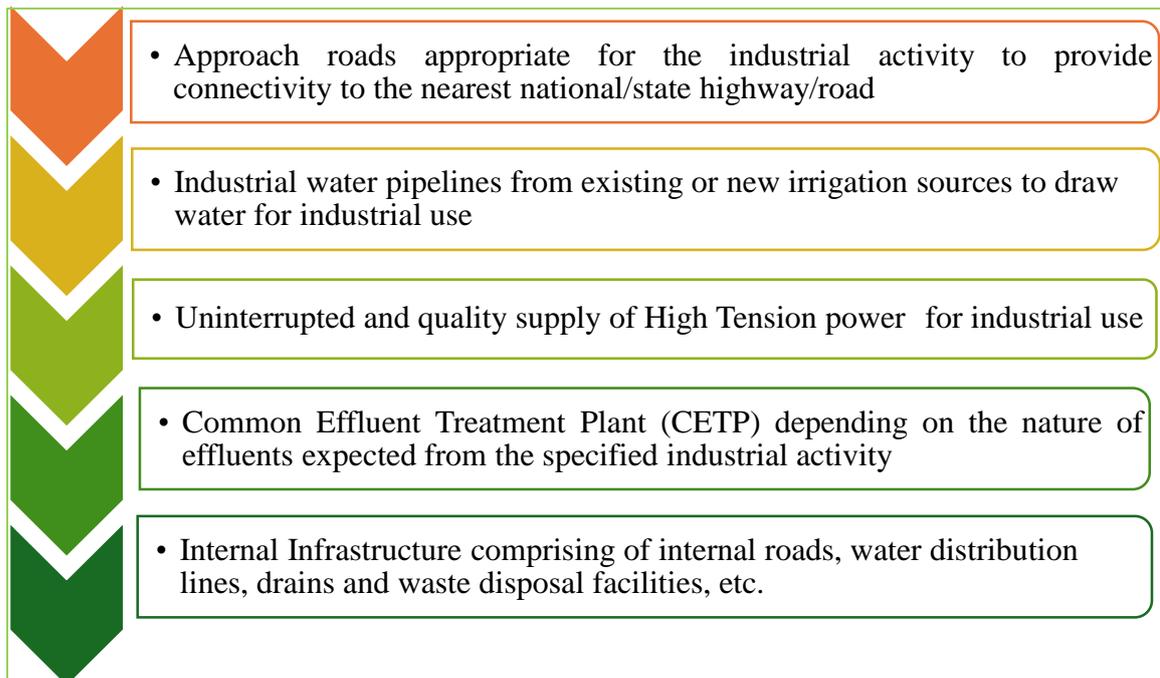
³⁸ Prevailing rate of ₹44.44 lakh per acre X 5 per cent X 175 acres X 2.5 years

The Government replied (October 2023) that as the HPC is under implementation and hence the allotted portion of the HPC to M/s. ADSIPL does not impact the HPC. It was further stated that the allotment was done keeping in view the framework agreement entered by GoTS with ADSIPL.

The reply is not acceptable because the allotment of lands acquired for the HPC to unrelated units lacks justification especially when TSIIC was unable to acquire land to the full extent required for implementation of the HPC itself. Further, allotment of entire land instead of making phase-wise allotments was contrary to the Allotment Regulations and the agreement framework does not provide any legal safeguard due to execution of sale deed before implementation of the project.

4.1.4.3 Creation of infrastructure facilities

Under the Industrial Policy, TSIIC was required to develop the industrial and all related infrastructure facilities in the IPs by the time land was allotted to the investor to begin construction of the project. The common infrastructure facilities to be made available in an IP are as follows:



i) *Delay in implementation of infrastructure projects sanctioned under MSE-CDP scheme*

Under the Micro and Small Enterprises Cluster Development Program (MSE-CDP), the Ministry of MSMEs, GoI sanctions projects for the upgradation of infrastructure in the existing IPs and the creation of infrastructure facilities for setting up new IPs. The GoI shared 90 per cent cost for Common Facility Centers and 80 per cent cost for Infrastructure Development projects. State Government concerned was required to meet the balance project cost. The Implementing Agency (TSIIC for Telangana) was supposed to complete

the projects within 12 months/ 24 months from the date of issue of final project approval by the GoI.

Under the MSE-CDP, the GoI sanctioned (March 2014 to March 2022) 11 projects for Telangana and released (up to March 2022) the first instalment of ₹18.62 crore against its share of ₹70.62 crore³⁹. The TSIIC had spent (up to March 2022) a total of ₹12.99 crore against the GoTS share of ₹31.35 crore. However, the GoTS did not provide any funds to TSIIC to recoup its expenditure/ amount deposited on behalf of the GoTS.

Audit observed that none of the projects was completed within their scheduled timelines. Out of the 11 projects, only one project was completed after a delay of seven years. The release of subsequent instalments by the GoI depended on the implementation plan and completion/substantial progress of works related to land and buildings including water and power. However, the progress of works on the balance projects was slow as the finalisation of estimates, issue of tenders and commencement of works were awaited in respect of certain works. As a result, TSIIC was yet (December 2022) to demand the release of subsequent instalments by the GoI. Further, due to non-release of the GoTS's contribution, the funds spent by TSIIC were also insufficient to complete the infrastructure projects within the agreed timelines.

The Management replied (February 2023) that the balance projects were delayed due to the receipt of final approvals from the GoI in the year 2020, receipt of the first instalment of the Central grant with a time lag of about 5 to 7 months upon depositing of the State share, and loss of almost two years due to COVID-19 Pandemic. The delay in implementation has been apprised to the Ministry of MSMEs, GoI which granted suitable time extensions. To fast-track the completion of projects by March 2023, TSIIC has been meeting the State's share of the project cost and was in the process of requesting the Ministry of MSMEs, GoI for the release of the second instalment as per the MSE-CDP guidelines.

The Government replied (October 2023) that the National Level Steering Committee, MSME, GoI considered to grant extension of time till December 2023 and efforts are being made to complete the projects within the extended timelines.

The reply is not acceptable because the GoTS/TSIIC themselves deposited the State's share with a delay of up to six months from the date of final approval and the Ministry of MSMEs, GoI released the Central grant within three months thereafter. Further, despite the grant of extension of time, the GoTS/TSIIC were yet to deposit the State's share of the second instalment.

ii) *Non-establishment of Common Effluent Treatment Plant for Pharma clusters in IP Jadcherla and IP Pashamylaram*

Common Effluent Treatment Plants (CETPs) form an essential component of infrastructure in an IP consisting of units with compatible nature of activities. The CETPs reduce effluent treatment costs, provide better collective treatment, and reduce the land cost for small industrial units that cannot afford individual effluent treatment plants.

³⁹ Out of total cost of ₹101.97 crore for 11 projects

The TSIIC established two IPs at Jadcherla and Pashamylaram in 1985 and 1986 respectively which also contained pharmaceutical industry clusters. The Central Pollution Control Board classified (February 2016) the pharmaceutical industry under the “Red” category as they generate all types of pollution and have a pollution index score of 95 out of 100.

Audit observed that TSIIC took steps to establish the CETP to treat the effluent discharged by the bulk drug manufacturing units at IP Pashamylaram only in March 2015. The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, GoI approved (March 2015) the establishment of CETP at IP Pashamylaram and released (by January 2020) ₹7.07 crore out of total Central assistance of ₹25.76 crore⁴⁰. Though TSIIC committed (January 2020) to the DPIIT to complete the CETP project by June 2020, TSIIC issued work orders for the construction of the CETP only in December 2021 and the project was yet (November 2023) to be completed. Audit also observed that although TSIIC proposed (April 2021) to establish the CETP at IP Jadcherla, the project was yet (December 2022) to take off. Thus, despite a lapse of nearly four decades, TSIIC could not establish the CETPs for Pharma clusters in the IPs at Jadcherla and Pashamylaram.

Government attributed (October 2023) the delay to environmental clearance, approvals, and release of grants by DPIIT. In respect of IP Jadcherla, it was stated that there was no requirement for construction of CETP since the allotments were made only for pharma formulations. The meagre quantity of effluent generated from washing is collected and sent through tankers for treatment.

The reply is not acceptable because although the pharma clusters in the IPs at Jadcherla and Pashamylaram were operating for more than 37 years, the CETP was still not established. Construction of CETP at IP Jadcherla was deliberated by the board and felt necessary in view of the pollution.

iii) Non-utilisation of R&D Lab, QA&QC and Pilot Plant Building

The TSIIC got a Research and Development (R&D), Quality Assurance and Quality Control (QA&QC), and Pilot Plant building constructed by September 2020 and Mechanical, Electrical and Plumbing works were completed only in January 2023 in IP Pashamylaram at a cost of ₹7.83 crore.

⁴⁰ Out of total revised project cost of ₹104.24 crore



R&D, QA&QC and Pilot Plant Building
Photo taken by Audit on 21.07.2022 during visit to
IALA, Pashamylaram

Audit observed that although construction of the building was completed, TSIIC was yet (October 2023) to utilise the facility for want of procurement of machinery, plant and equipment for the R&D, QA&QC, and Pilot Plant, and the delay in completion of the CETP at IP Pashamylaram. Thus, the infrastructure facility created at a cost of ₹7.83 crore remained idle for more than a year.

The Government replied (October 2023) that the construction of CETP and R&D facility are interlinked, since the CETP works are now under advance stage, the procurement process of plant and machinery has been initiated and will be completed at the earliest. It was further replied (February 2024) that tenders for procurement of plant and machinery are under finalisation and installation is expected to be completed by March 2024.

The reply is silent on delay in procurement and installation of plant and machinery, which led to idling of the established infrastructure facility for more than one year.

iv) Avoidable expenditure on the creation of infrastructure facilities

As noted in *Para 4.1.4.2(i)* above, any deviations to the customised benefits including the provision of infrastructure facilities for mega/large industrial projects as agreed by the CSC were to be made only with the approval of the CSC.

The CSC allotted (July 2017) land at a concessional rate to M/s Chiripal Poly Films Limited (CPFL) at the Plastic Park, Mankhal (Expansion) but decided to provide infrastructure facilities⁴¹ at cost. The I&C Department communicated (October 2017) the CSC's decision to TSIIC which issued (October 2017) the allotment letter incorporating the same terms and conditions.

However, in response to the CPFL's request (November 2017) *inter alia* to exclude the condition of the CPFL incurring the cost for infrastructure facilities, the I&C Department clarified (November 2017) that the required infrastructure facilities would be developed by TSIIC and provided to the CPFL. Accordingly, TSIIC worked out (October 2020) the proportionate development cost chargeable to the CPFL at ₹32.55 crore. TSIIC's claim (October 2020) for reimbursement of the development cost incurred by TSIIC was yet (December 2022) to be settled by the I&C Department.

Audit observed that the I&C Department's decision to provide infrastructure facilities to the CPFL at TSIIC's cost was in deviation from the CSC's decision. It also resulted in the extension of undue benefit to the CPFL amounting to ₹32.55 crore.

⁴¹ (a) Water connection till the mouth of industry (b) Sewage connection to the main line and (c) availability of common effluent treatment plant and power station in the IP

The Government replied (October 2023) that the differential cost had been recovered in the subsequent allotments and the TSIIC would pursue reimbursement of development cost incurred by it. The reply is, however, silent about the deviation from CSC's decision.

v) Poor governance of IT Towers constructed in Tier II cities

The ICT Policy envisaged creating the next wave of growth of the IT Industry in Tier II cities in the State by creating robust infrastructure and a favourable ecosystem for attracting IT companies and a skilled workforce. Accordingly, the GoTS took up (August 2016 to December 2021) construction of IT Towers in Tier II cities of Warangal, Karimnagar, Khammam, Nizamabad, Mahaboobnagar, Siddipet and Nalgonda Districts. Audit, however, observed that the IT Towers were poorly governed as detailed below:

Out of eight IT Towers with a total area of 5.19 lakh Square Feet (Sq.ft.), the TSIIC completed the construction of four IT Towers with a total area of 1.54 lakh Sq.ft. by December 2020. Although TSIIC fixed (February 2021) the charges such as lease rents, maintenance charges, internet charges, etc. to be collected from the allottees, the GoTS did not frame any policy incentives and operational guidelines for the administration of the IT Towers. Consequently, TSIIC lacked clarity on important issues like action to be taken in the event of non-compliance like (i) non-execution of lease deed and non-occupation of the premises by the allottees after allotment, (ii) non-payment of lease rents, other charges (iii) modalities for waiver of lease rents/ other charges, and (iv) penalties to be imposed, etc.

Of the 1.54 lakh Sq.ft. created, TSIIC was able to allot only 0.73 lakh Sq.ft. till March 2022. However, TSIIC did not enter into any written lease agreements with the allottees. The allottees also sought a waiver of lease rentals and maintenance charges due to reasons like announcement of a waiver at the time of the inauguration of IT Towers by the Minister of IT, E&C, the COVID-19 Pandemic, etc. Consequently, TSIIC was yet to realise lease rentals and maintenance charges amounting to ₹3.42 crore.

There was a delay ranging from 18 months to 30 months in the construction of the four IT Towers in operation. Further, four other IT Towers with a total area of 3.65 lakh Sq.ft. were still (December 2022) under construction. Also, nearly half of the constructed space at four IT Towers in operation was lying unallotted/ unoccupied by the allottees. Consequently, the targeted employment generation was also likely to be delayed, besides resulting in the idling of the created assets. However, except for allotting to occasional seekers of the space in these IT Towers, the GoTS/ TSIIC did not draw up an action plan to speed up the completion of IT Towers and to create employment as intended.

Even though TSIIC had so far expended an amount of ₹134.40 crore for the construction of the IT Towers in Tier II cities, the GoTS reimbursed only ₹6.29 crore. Given the non-collection of lease rentals, other charges from the allottees coupled with the meagre resources made available by the GoTS, the financial viability/ maintenance of IT Towers would be jeopardized leading to the delayed achievement of the intended objective of providing impetus to IT Industry in Tier II cities.

The Government replied (October 2023) that all the eight IT towers are now operationalised. The formal lease agreements are yet to be entered into with allottees since the matter was

still under consideration by the Government. The reply was not acceptable because GoTS/ TSIIC was yet to frame operational guidelines for proper administration of the IT Towers and GoTS was yet to reimburse the amount expended by TSIIC. Further, the reply is silent regarding the delays in the construction and the present occupancy status of the IT Towers.

vi) Inaction against non-implementing units

The Allotment Regulations and the Agreement(s) of Sale entered by TSIIC with the allottees provided for TSIIC's right to cancel the allotment and resume possession of the land, if the allottees fail to utilise the land/ implement the project in full as envisaged in their Detailed Project Reports within the stipulated/ extended time. They also provided for execution of the sale deed if at least 50 *per cent* of the allotted land is utilised for project implementation and all the terms and conditions of allotment were complied with.

The position of allotments made and implementation of projects as of March 2022 is detailed in **Table 4.1**:

Table 4.1: Status of implementation of projects by the allottees

Particulars		(Units in Nos and Area in acres)		
		Allotments made up to 2014	Allotments made between 2014 to 2020	Total
Allotted	Units	14,047	1,642	15,689
	Area	52,673.08	2,181.15	54,854.23
Implemented	Units	12,801	223	13,024
	Area	46,369.55	593.14	46,962.69
Became sick	Units	400	2	402
	Area	985.56	1.30	986.86
Under implementation	Units	393	278	671
	Area	2,435.49	352.19	2,787.68
Implementation has not yet commenced	Units	351	703	1,054
	Area	2,440.04	691.29	3,131.33
Status not known	Units	102	436	538
	Area	442.43	543.22	985.65

Source: Information furnished by TSIIC

Audit observed that out of the 1,642 units which were allotted 2,181.14 acres between 2014-15 to 2019-20, nearly 86.30 *per cent* of the units (1,417 Nos and 1,586.70 acres) were either still under implementation or yet to commence implementation of the projects or the status of implementation of their projects was not known to TSIIC. In addition to this, TSIIC was yet to act against similarly placed 846 units that were allotted 5,317.96 acres before 2014. However, TSIIC, in deviation from the Allotment Regulations, executed sale deeds in favour of 232 units (2,002.41 acres) despite non/delay in the implementation of projects.

Audit observed that the delay in the unimplemented projects by the allottees ranged from 3 years to 48 years resulting in the blocking and idling of a huge land bank of 6,905 acres.

However, TSIIC did not take any concrete steps for the cancellation of allotments/ agreement(s) of sale and re-allotting of the vacant industrial plots to other needy entrepreneurs. Timely action by TSIIC to resume the allotted lands due to non-implementation of the units by the allottees could have saved huge money spent on developing new IPs besides achieving the objective of socio-economic development through employment generation by promoting industrial infrastructure.

The Government replied (October 2023) that most of the allottees have implemented their units. The ZOs were periodically reviewing the status of non-implemented and partially implemented units. In deserving cases, TSIIC is granting an extension of time to encourage the allottees to implement their units. However, in chronic cases, TSIIC is taking necessary action to resume the lands. Further, TSIIC executed sale deeds in case of substantially implemented units to enable them to raise loans from financial institutions. It was further replied (February 2024) that the Government has also directed to enhance utilization/resumption of un-utilized land.

The reply is not acceptable because the implementation of units by most of the allottees was unverifiable due to non-furnishing of the details of all its allottees and their status of implementation by TSIIC.

vii) Executing sale deeds without providing for the resumption of lands

Although the Allotment Regulations and the Agreement(s) of Sale provide for the resumption of lands in case the allottee fails to implement the project or to comply with other terms and conditions of allotment, unilateral cancellation of allotment in many cases led to litigation. In such a case, the TSIIC still had a chance to resume its lands through the intervention of the Courts. Further, the Supreme Court had in its judgement (April 2018) in Civil Appeal No.3020 of 2018 held that in case of sale of TSIIC's land, the allottee acquires absolute marketable title to the property. Therefore, unless the conditions of the Allotment Order/Agreement of Sale are specifically incorporated in the sale deed, TSIIC's right to cancel the allotment and to resume land will cease to have any effect after the execution of the sale deed.

Audit observed that although TSIIC was aware of the above legal position, it executed sale deeds in favour of M/s Amazon Data Services India Private Limited (ADSIPL - February 2020), M/s Welspun Group of Companies (WGC - June 2020) and M/s Microsoft Corporation (India) Private Limited (MCIPL - December 2021) without incorporating the conditions precedent for allotment, transfer of title to the lands. As a result, TSIIC lost its right to enforce the implementation of these projects by the allottees. Audit observed that while the ADSIPL and the MCIPL were yet (December 2022) to establish their projects (Data Centers), the WGC project was under implementation.

The Management replied (January 2023) that the matter will be taken up at the Government level to find a suitable solution to the issue. The Government replied (October 2023) that

the sale deeds were executed in exceptional cases by the Government keeping in view the mega investment and employment potential.

The reply is not to the point of audit observation that TSIIC executed the sale deeds without incorporating the conditions precedent for allotment, transfer of title to the lands, and the TSIIC's right to enforce the implementation of projects or resumption of lands in case of non-implementation of the projects within a reasonable time frame.

4.1.4.4 Functioning of Industrial Area Local Authorities

Under the provisions of Article 243Q of the Constitution of India (74th Amendment Act, 1992), the GoTS had been notifying TSIIC's industrial estates as the IALAs to enable them to exercise/ perform certain statutory powers/ functions of local bodies such as assessment, levy and collection of Property Tax/Advertisement Tax, sanction of building permits, removal of encroachments, management, and maintenance of civic services in the IPs.

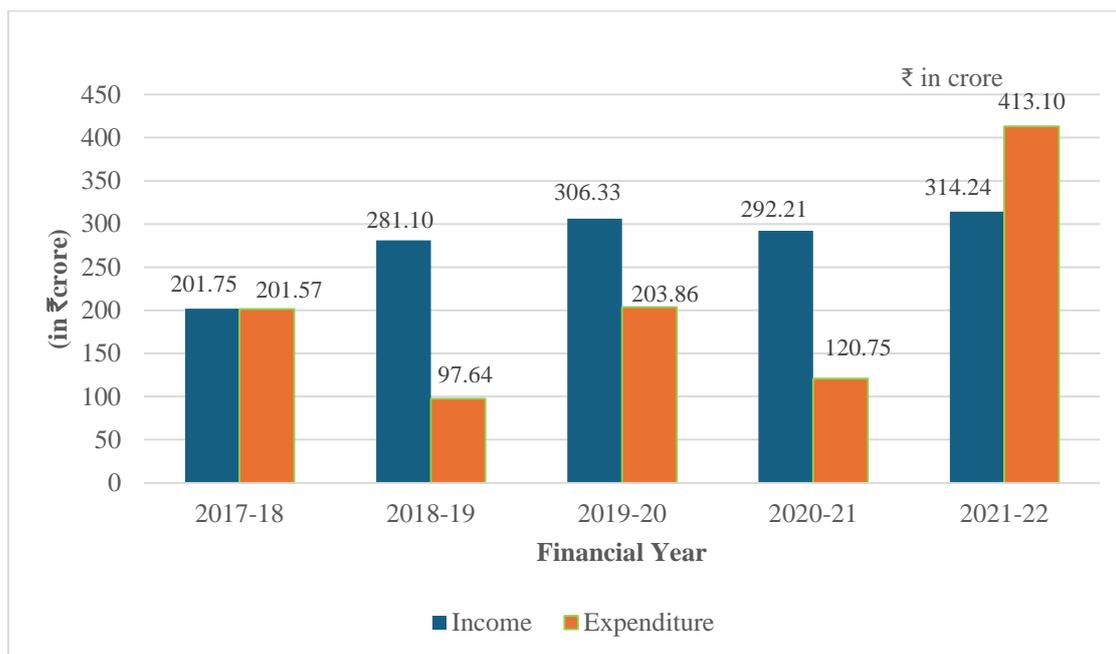
The TSIIC nominates the Commissioner/Executive Officer for the IALAs to discharge the functions of the local body. Further, Service Societies involving the industrial units located in the IPs are elected to promote self-governance and transparency in the management and functioning of the IALAs.

The IALAs are required to remit 35 *per cent* of the property tax/revenues collected to the local bodies concerned and spend the rest on the maintenance and development activities in the IALAs. As on March 2022, property tax of ₹194.57 crore was outstanding from various industrial units in the IALAs.

The Government replied (October 2023) that due to Covid 19 and consequential shutdown of industrial units, property tax could not be collected. However, it was instructed to initiate a drive for collection of property tax dues.

As on 31 March 2022, 186 IPs (out of 267 IPs) were covered under 138 IALAs of which 82 IALAs commenced their operations. The trend of revenue generated, and expenditure incurred by the IALAs during the last five years is detailed in **Chart 4.2**:

Chart 4.2: Income and Expenditure of IALAs



i) Non-functioning of Service Societies

The main role of a Service Society was to participate in all the decisions of the IALAs concerning the industrial units and to coordinate the functioning of the IALAs by involving the constituent industrial units in different developmental activities within the IALA’s jurisdiction. The Service Society functioned through a Management Committee elected for a three-year term and was required to meet once every month.

Audit observed that Service Societies were formed in respect of 23 IALAs only. Of these, only 11 Service Societies were governed by Management Committees constituted through elections. Due to absence of independent Management Committees for the IALAs and participation by the constituent industrial units, TSIIC took the decisions for the IALAs related to developmental activities and use of funds collected, etc. Thus, the objective of self-governance was undermined.

The Government replied (October 2023) that the Zonal Managers were advised to form the Service Societies duly enrolling the membership and conducting elections. Further, it was directed to form Advisory Committees wherein established industrial units were less than five in the industrial park.

Implementation of the directions issued by the Government in conducting elections, forming of service societies and advisory committees is awaited.

ii) Diversion of IALA’s funds to TSIIC

The IALAs were required to remit 35 per cent of the property tax/revenues collected to the local bodies concerned and spend the rest on the maintenance and development activities in the IALAs.

Audit however, observed that out of the property tax funds available with three IALAs, TSIIC diverted (September 2015 and March 2016) an amount of ₹150.00 crore⁴² to acquire lands for establishment of the HPC. The Advisory Committees⁴³ of IALAs ratified (February and August 2016) the transfer of funds to TSIIC stating that the same should be reimbursed to the IALAs after the sanction of the budget to TSIIC by the GoTS. However, TSIIC entered (August 2019) into agreements with the IALAs to provide for the repayment of the advances after 90 years but without any interest. Thus, TSIIC diverted ₹150.00 crore of IALAs' funds for its purposes instead of utilising them for the maintenance of respective IPs.

In yet another instance, TSIIC diverted (December 2019 to October 2020) ₹100.00 crore⁴⁴ for payment of outstanding dues of various vendors/agencies executing IT infrastructure works for T-Works project, T-Hub (Phase-II) project and IT Towers in Karimnagar, Nizamabad, Khammam, Warangal and Mahabubnagar districts. The IALAs were yet to ratify the transfer of funds to TSIIC. Although the GoTS directed (November 2019) TSIIC to reimburse these funds to the IALAs concerned after the transfer of the quarterly budget to TSIIC's Public Deposit Account, neither did the GoTS release the budget to TSIIC nor did TSIIC reimburse the funds to IALAs so far (December 2022). Similarly, TSIIC diverted (between April 2021 and November 2021) ₹250.00 crore⁴⁵ to meet the expenditure on TSIIC's development activities.

Thus, TSIIC diverted ₹500.00 crore of IALA's funds and deprived the IALAs, established under the Constitutional provisions from deriving the intended benefits of developing the internal infrastructure in the IPs by expending the share of funds earned by them.

The Government replied (October 2023) that since TSIIC's lands were allotted on a nominal or free-of-cost basis, the GoTS has been giving directions from time to time to utilise the surplus funds lying with the IALAs. Since the funds diverted are only surplus funds, the functioning of the IALAs is not affected.

The reply is not acceptable because the practice adopted by the GoTS/TSIIC is against the basic tenet of local governance for which the IALAs were created. The IALAs could have utilised the surplus funds to provide enhanced infrastructure facilities to their constituent units, amenities and benefits to the people working in the IALA area.

iii) Levy of property tax at lower rates by IALA, Madhapur

The IALA, Madhapur being covered under the jurisdiction of the Greater Hyderabad Municipal Corporation (GHMC) was required to charge property tax from its constituent units as per the classification of properties and the rates of Monthly Rental Values (MRV) as notified by the GHMC.

The notification issued (January 2008) by GHMC *inter alia* classified the buildings into industrial buildings and office buildings. Further, the MRV of industrial buildings in

⁴² ₹75.00 crore from IALA Madhapur, ₹37.50 crore from IALA Nanakramguda and ₹37.50 crore from IALA Manikonda

⁴³ Constituted by TSIIC in lieu of the elected Service Societies

⁴⁴ (₹50.00 crore each from IALA, Madhapur and IALA, Nanakramguda)

⁴⁵ ₹65 crore from IALA, Madhapur, ₹150 crore from IALA Nanakramguda, ₹25 crore from IALA, Manikonda and ₹10 crore from IALA, Kokapet

respect of Madhapur locality was fixed at ₹4.00 per Sq.ft. for the Ground and the First floors and ₹3.50 per Sq.ft. for the Second and subsequent floors. Similarly, the MRV of office buildings was fixed at a higher rate of ₹6.00 per Sq.ft. for the Ground and the First floors and at ₹5.50 per Sq.ft. for the Second and subsequent floors.

Audit, however, observed that for levying property tax on the units that established IT Offices, the IALA Madhapur applied the MRV rates as applicable to the industrial buildings. But the other IALAs (Gachibowli, Nanakramguda and HKC Raidurg) covered under the jurisdiction of GHMC applied the MRV rates as applicable to the Office buildings. Even in IALA, Madhapur, the property tax was levied considering the MRV rates of Office buildings in the case of a few IT units. Thus, the application of a lower MRV rate by IALA, Madhapur resulted in a loss due to the short levy of property tax by ₹ 105.91 crore for the period 2014-2022.

The Government replied (October 2023) that at the request of the IT Companies for creating more employment generation it was agreed to levy property tax at lower rates. But the other IALAs continued to adopt the categorisation and rates as determined by GHMC. It was however stated that based on the audit objection, the property tax rates were enhanced as applicable to IT companies from 1 April 2023 onwards.

It is clear from the reply that the IALA, Madhapur extended undue benefit of ₹105.91 crore to its constituent IT Companies as opposed to the other IALAs that were covered under the jurisdiction of the same GHMC. The IALA Madhapur took its own decision contrary to the Rules and without obtaining any specific approval either from the I&C Department or the GHMC. The Principal Secretary, I&C Department in the Exit Meeting directed to explore the possibility of recovery of ₹105.91 crore from the IT companies.

4.1.5 Conclusion

The Industrial Policy Framework for the State of Telangana, 2014 envisaged large-scale private sector participation with TSIIC being responsible for the development and maintenance of industrial and related infrastructure in the Industrial Parks (IPs).

The land acquisition of NIMZ Zaheerabad and Hyderabad Pharma city was yet to be completed (December 2023) despite lapse of more than five to seven years resulting in delay in achievement of the expected investment and employment generation. TSIIC had also diverted funds raised for land acquisition for NIMZ to other purposes. Orders for alienation of Government lands were pending and TSIIC did not undertake a periodical survey of its land bank.

The I&C Department extended undue benefit to the allottees by allowing concessions in deviation of the CSC decisions. The CCESD&M exceeded its authority under the EH Policy and allotted lands to Electronic Hardware units at concessional rates resulting in loss of revenue to the State exchequer. TSIIC also extended undue benefit to the allottees by deviating from various provisions of the Allotment Regulations.

Completion of 11 projects for upgradation/creation of infrastructure in the existing/ new IPs, construction of the CETP in two IPs, eight IT Towers in Tier II cities, and utilization of the R&D, QA&QC and Pilot Plant building were delayed. TSIIC provided additional infrastructure to the allottees at its own cost and could not frame operational guidelines for the proper administration of the IT Towers which resulted in non-recovery of the capital, maintenance costs.

TSIIC did not take action to cancel the allotments/agreement(s) of sale and resume the premises from the allottees despite delay/non-implementation of projects.

Service Societies were formed only in respect of a few IALAs and most of these were not governed by the management committees to be constituted through elections. TSIIC also frequently diverted funds collected by the IALAs. Thus, the objective of self-governance of IALAs was undermined and they did not function satisfactorily.

4.1.6 Recommendations

The State Government may:

1. Take appropriate steps to speed up the acquisition of land for the Industrial Parks.
2. Ensure completion of the process for alienation of Government lands (which is already in possession of TSIIC) in favour of TSIIC.
3. Ensure that the Industries and Commerce Department and TSIIC strictly abide by the Cabinet Sub-Committee's decisions and the Allotment Regulations regarding the provision of concessional allotments and infrastructure facilities.
4. Ensure early completion/upgradation of the infrastructure projects by TSIIC.
5. Ensure the incorporation of suitable clauses by TSIIC in the sale deeds to provide for the resumption of premises in the event of non-implementation of the projects by the allottees. Additionally, the Government may ensure that TSIIC enforces these clauses effectively.
6. Ensure that Service Societies are formed for all IALAs and these Societies are governed by Management Committees constituted through elections.

Department of Energy
(Telangana State Power Generation Corporation Limited)
(Transmission Corporation Of Telangana Limited)
(Northern Power Distribution Company Of Telangana Limited)
(Southern Power Distribution Company Of Telangana Limited)

4.2 Non-recovery of Tax Deducted at Source (TDS) on terminal benefits

Four PSUs under Power Sector did not recover Tax Deducted at Source (TDS) on terminal benefits of gratuity and leave encashment, as a result Income Tax to the tune of ₹20.15 crore was short-remitted.

Salary paid at the time of retirement/ death of an employee *inter-alia* includes terminal benefits namely, payments in respect of gratuity, pension and encashment of leave. The Income Tax Act, 1961 (IT Act), contains following provisions with regard to taxability of these terminal benefits paid to various categories of employees;

- Gratuity paid to any employee other than Central, State or Local Government employee is exempted up to a maximum of ₹20.00 lakh⁴⁶ (Section 10 (10)).
- Commuted Pension paid to any employee other than Central, State, Local Government employee or an employee of a Corporation established by a Central, State or Provincial act, is exempt up to one-third (one-half, if the employee does not receive gratuity) of such commuted Pension (Section 10 (10A) (i)).
- Leave encashment paid to any employee other than a Central or State Government employee is exempt up to a maximum of ₹3.00 lakh (Section 10 (10AA)).
- Terminal benefits paid in excess of the above limits are taxable under the head “Salaries” and the person responsible for paying them shall deduct tax at source (TDS) at average rate⁴⁷ on the estimated income (Section 192).

Telangana State Power Generation Corporation Limited (TSGENCO), Transmission Corporation of Telangana Limited (TSTRANSCO), Northern Power Distribution Company of Telangana Limited (TSNPDCL) and Southern Power Distribution Company of Telangana Limited (TSSPDCL) respectively are engaged in generation, transmission and distribution of electricity in the State of Telangana. These State Power Companies were eligible for being treated as Corporations established by a Central or State Act⁴⁸. Therefore,

⁴⁶ Ceiling limit was enhanced from ₹10 lakh to ₹20 lakh with effect from 29 March 2018 vide CBDT Notification No S.O.1213 (E) dated 8 March 2019

⁴⁷ Total estimated tax liability/12 months or 8.33 *per cent* per month

⁴⁸ The Power Companies were established under the Andhra Pradesh Electricity Reforms Act, 1998 (Reforms Act of 1998), the Andhra Pradesh Electricity Reform (Transfer Scheme) Rules, 1999 (Transfer Scheme Rules, 1999), the Andhra Pradesh Electricity Reform (Transfer of Distribution Undertakings from APTRANSCO to Distribution

the employees of these State Power Companies were eligible for exemption from payment of tax on the commuted Pension.

However, it is a settled position of law⁴⁹ that a Corporation, Statutory Body or Authority established by an Act of Parliament or a State Legislature, is a legal entity separate from the Government. Therefore, the employees of these State Power Companies were liable for payment of tax on the amount of leave encashment and gratuity received in excess of the ceiling limits prescribed under the IT Act. Accordingly, the State Power Companies were required to recover TDS on the leave encashment and gratuity paid to their employees.

Audit observed that State Power Companies paid leave encashment and gratuity in excess of the ceiling limits prescribed under the IT Act to employees who retired during the period 2014-21. However, considering themselves as a Government authority or a Corporation established by the State Act, the State Power Companies did not recover any TDS on the excess amount of leave encashment and gratuity as per the provisions of the IT Act. This resulted in short remittance of Income Tax of ₹20.15 crore⁵⁰. In spite of requisition (November 2021, December 2022 and February 2023) by Audit, two (TSGENCO and TSTRANSCO) out of four State Power Companies did not furnish information about all their employees⁵¹ who retired during the period 2014-21. Hence, audit is unable to quantify the total shortfall of TDS.

The Government replied (June, July 2022) that State Power Companies are wholly owned State Government Companies established under the Central and State Acts and regarded as an “instrumentality of the State”. Employees of these State Power Companies were given pay protection under the reforms scheme and the Tripartite Agreement with the State Government. Hence, employees of State Power Companies are eligible for exemption from deduction of TDS on all the terminal benefits.

The reply is not acceptable because the IT Act determines the eligibility for exemption from the provisions of TDS on terminal benefits. The IT Act itself (vide Sec 10 (10)(i), Sec 10(A)(i) and Sec 10(10AA)(i)) makes a distinction between purely Government employees and employees of a Corporation established by an Act of Parliament or a State Legislature, which may be regarded as an instrumentality of State. Thus, the State Power Companies and even the Andhra Pradesh State Electricity Board (APSEB) cannot claim exemption from TDS on gratuity and leave encashment paid to their employees.

Companies) Order, 2000 (Second Transfer Scheme, 2000) and the Andhra Pradesh Reorganization Act, 2014 (Act of 2014)

⁴⁹ Para 4.2 of Chapter 4 of 145th Report of Law Commission of India and Judgement of Hon’ble Supreme Court of India in Transfer Petition (Civil) No 8 of 2000 (A.K Bindal & Anr Vs Union of India & Ors)

⁵⁰ ₹17.91 crore on leave encashment paid to 632 employees and ₹2.24 crore on gratuity paid to 382 employees who retired during the period 2014-2021.

⁵¹ Information about 12 employees of one unit of TSGENCO and 17 employees of five units of TSTRANSCO was only made available to Audit

Department of Energy
(Transmission Corporation of Telangana Limited)

4.3 Avoidable payment of interest charges

The Company did not pay advance Income Tax as per the provisions of the Income Tax Act, 1961 due to incorrect/non-estimation of advance tax liability. This resulted in avoidable payment of interest charges of ₹9.67 crore for the assessment years 2019-20 to 2021-22

As per Section 139 of the Income Tax Act, 1961, every Company whose total income during the previous year exceeded the maximum amount not chargeable to income-tax, shall furnish a return of its income on or before the due date⁵². Default in timely furnishing of the return would attract interest under Section 234A of the Act.⁵³ Further, as per Section 208 of the Act, every Company is required to pay Income Tax in advance (Advance Tax) if the amount of such tax payable during the financial year (FY) is ₹10,000 or more. Section 211 of the Act allows payment of Advance Tax in four quarterly instalments⁵⁴. In case of failure to comply with these provisions, the company shall be liable to pay penal interest charges under Sections 234B and 234C of the Act on the shortfall amount of tax at the prescribed rates for the prescribed period⁵⁵.

Review of compliance by the Company with above mentioned provisions of the Act for the Assessment Years (AY) 2019-20 to 2021-22 (Previous Years/ FY 2018-19 to 2020-21) revealed the following:

- (a) The Company filed income tax returns with delay up to six months during AYs 2019-20 and 2021-22. Consequently, the Company paid penal interest under Section 234A to the extent of ₹0.23 crore.
- (b) The Company did not assess its advance tax liability for six (out of 12) quarters and did not make a reasonable estimate of its annual and quarterly tax liability for the other six quarters. Audit observed that the Company estimated its tax liability based on previous year's tariff instead of considering the expected revenue from annual tariff hikes on quarterly basis, considered true up revenue only during the last quarters and did not remit the full amount of its estimated advance tax liability. The unrealistic estimate of annual tax liability was also evident from the gaps (ranging from 7.15 *per cent* (FY 2020-21) to 33.82 *per cent* (FY 2019-20)) between the advance tax paid and the actual tax liability as per the filed returns. Consequently,

⁵² Due date is 30 September or such other date as the Central Board of Direct Taxes may extend

⁵³ Section 234A prescribed penal interest charges for default in furnishing the return at the rate of one *per cent* on the amount of net tax liability for every month or part of a month for the period immediately following the due date and end on the date of filing of the return or on the date of completion of assessment order

⁵⁴ Up to 15 *per cent* of advance tax by 15 June, up to 45 *per cent* of advance tax by 15 September, up to 75 *per cent* of advance tax by 15 December and up to 100 *per cent* by 15 March

⁵⁵ Section 234 (B) prescribed penal interest charges for default in payment of advance tax up to 90 *per cent* of assessed tax liability at the rate of one *per cent* on the amount by which advance tax falls short of the assessed tax for every month or part of a month from 1 April of the following financial year to the date of assessment order. Section 234 (C) prescribed penal interest charges for deferment of individual instalments of advance tax at the rate of one *per cent* on the amount by which advance tax falls short of the tax due as per the prescribed limits for a period of three months

the advance tax paid by the Company was less than the prescribed limit of minimum 90 per cent of the assessed tax liability for the three financial years (2018-19 to 2020-21). As a result, the Company paid penal interest charges under Section 234B to the extent of ₹5.86 crore.

- (c) The Company either did not pay the quarterly advance tax or paid the advance tax only for the last quarter thereby necessitating payment of huge amount of self-assessment tax at the end of the year/ at the time of filing of IT Return. The delay in payment of tax ranged from six to 12 months. As a result, the Company paid penal interest charges under Section 234C to the extent of ₹3.58 crore.

Thus, Company's failure to pay advance Income Tax as per the provisions of the Income Tax Act, 1961 due to incorrect/ non-estimation of advance tax liability resulted in avoidable payment of interest charges of ₹9.67 crore for the AY 2019-20 to 2021-22.

Management replied (March 2023) that the Company filed the original IT Returns as well as the revised IT Returns (after finalisation of tax audit) before the relevant due dates. Management accepted that the Company could not assess its Advance Tax accurately but attributed the same to delay in finalisation of demerger issues during AY 2019-20 & 2020-21 and COVID-19 Pandemic during AY 2021-22. It was further stated that from the AY 2022-23 onwards, the Company is diligently assessing and remitting its Advance Tax liability within the prescribed time limit for all the quarters duly considering the annual year-end accounting adjustments.

Government endorsed (March 2023) the Management's reply.

The reply is not tenable because even in the case of filing of an original IT Return within the extended due date or a revised IT Return within the relevant due date, interest under Section 234A is payable for the delayed period from the due date of filing of the original IT Return to the actual date of filing of the original or revised IT Return. The Company finalised its accounts for the FY 2018-19 & 2019-20 although the bifurcation issues are still pending. Also, the Company in its Annual Report for the year 2020-21 did not report any adverse impact of COVID-19 on its operations. Further, as per the original IT Return filed (September 2022) for the AY 2022-23, the Company paid Advance Tax of ₹21.00 crore for the second and third quarters and overall excess Income Tax of ₹37.26 crore.

Department of Transport, Roads and Buildings (Telangana State Road Transport Corporation)

4.4 Infructuous expenditure due to introduction of Buses without proper survey

Procurement of 100 "Vajra Buses" without analysing the operational viability resulted in wasteful expenditure of ₹22.04 crore, with additional interest loss of ₹3.99 crore

As per the "Manual on Operations" of the Telangana State Road Transport Corporation (Corporation), proposals for introduction of long distance services shall be submitted with route and traffic survey. An essential part of traffic survey is assessment of the economics of the proposed operation.

In June 2016, the Government directed the Corporation to propagate the concept of "service

at doorstep” by introducing Mini AC buses operating without conductor from Warangal and Nizamabad to Hyderabad. This was a novel concept aimed at providing ease to the passengers through easy accessibility to their homes instead of them coming to the Bus stations. Towards this concept, the Corporation decided (July 2016) to procure 100 AC Mini buses (21-seaters) called “*Vajra Buses*” and necessary instructions for procurement were issued to the Mechanical Engineering Department of the Corporation. Although the ‘Manual on Operations’ of the Corporation provided for route and traffic survey to be conducted by the Operations Department before any new procurement, the Management instructed the Operations Department to only work out the fares and modalities of these services.

Tender for procurement of buses was called for in July 2016 and the summary of passengers travelling to different places after alighting at Hyderabad and originating places of passengers coming to Hanamkonda Bus station was assessed by the Corporation subsequently. The breakeven (BE) analysis conducted by the Corporation in September 2016 arrived at a BE Occupancy Ratio (OR) of 90 *per cent* at a price of ₹1.46 per km. No traffic/route survey to arrive at the rate per Km was found on record to justify the BE OR of 90 *per cent*. Despite not reaching a concrete conclusion on the routes, the preferences of the passengers and economics of operations, purchase order for 60 buses worth ₹12.54 Crore was issued (September 2016) to M/s Mahindra & Mahindra.

The buses were introduced in May 2017 connecting Nizamabad/Warangal to Hyderabad. Audit observed that the performance of the buses was poor since inception and many technical issues like AC aligner issue, Failure & breakage of AC Idler Pulley, HSD tank brackets breakage, HSD tank leakage, Vehicle not starting with wiring harness problem were identified in the buses. Further, issues pertaining to heating, uncomfortable seats, leg space were also pointed out by passengers.

The Regional Manager (RM), Warangal proposed (July 2017) withdrawal of certain routes and rescheduled the frequency of other routes which resulted in certain buses becoming excess. Hence Operations Department advised Mechanical Engineering department not to procure additional “*Vajra Buses*” in addition to the 60 buses already procured, as proposed earlier for Warangal to Hyderabad routes. The RMs, Khammam and Adilabad also informed (August 2017) that these buses may not be suitable for their regions.

Despite this, the Corporation went (August 2017) ahead with the procurement of 40 additional buses from M/s Mahindra & Mahindra, incurring an additional cost of ₹9.50 crore, to be used for special hire. No analysis was found on record to ascertain whether there would be a demand for these buses for special hires and package tours. Out of 40 additional buses purchased, 32 buses were repurposed and utilised for running on specific routes thereby indicating that there was no sufficient demand for special hire buses. Thus, in spite of non-performance, passenger complaints, negative opinion of RMs and technical issues, the decision of Corporation to procure 40 additional buses for special hire resulted in wasteful capital expenditure of ₹9.50 crore.

As the “*Vajra Buses*” continued to incur losses, the Corporation decided (December 2019) to stop its operations after two years and seven months of service. Audit further observed that fifty-nine buses were hypothecated to a Bank for which the Corporation paid an additional amount of ₹3.99 crore as interest to the end of March 2023.

Lapse of the Corporation to assess the feasibility of operating special buses resulted in wasteful expenditure of ₹22.04 crore with additional interest liability. Had the Corporation undertaken a proper economic survey before procurement of buses, incurring of the huge capital cost and interest could have been avoided.

The Management replied (November 2022) that elaborate planning was carried out in implementing the concept of “Vajra Buses” and steps were taken continuously to improve their performance. However, due to increased salaries and mounting input costs, the decision to stop operation of “Vajra Buses” was taken.

The reply is not acceptable as at the introductory stage itself, it could have been analysed whether increased salaries and input costs could be recovered. The planning/analysis undertaken by the Corporation was not sufficient to check the economic viability of running the buses.

Hyderabad
The 26 MAY 2025



(P. MADHAVI)
Principal Accountant General (Audit)
Telangana

Countersigned



(K. SANJAY MURTHY)
Comptroller and Auditor General of India

New Delhi
The 30 MAY 2025

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 30 September 2022	
	IRs	Paragraphs
Agriculture and Cooperation	484	2,691
Animal Husbandry, Dairy Development and Fisheries	220	1,578
Backward Classes Welfare	21	333
Consumer Affairs, Food and Civil Supplies	22	159
Energy	27	130
Environment, Forest, Science and Technology	320	1,459
Finance	64	392
General Administration	25	217
Health, Medical and Family Welfare	87	1,580
Higher Education	152	2,072
Home	95	851
Housing	4	48
Industries and Commerce	241	1,431
Information Technology, Electronics and Communications	10	93
Infrastructure and Investment	4	27
Irrigation and Command Area Development	889	2,999
Labour, Employment, Training and Factories	120	1,031
Law	77	336
Minorities Welfare	14	171
Municipal Administration and Urban Development	164	2,822
Panchayat Raj and Rural Development	256	2,927
Planning	27	239
Public Enterprise	1	5
Revenue	37	716
Scheduled Castes Development	16	274
School Education	75	1,258
State Legislature	1	11
Transport, Roads and Buildings	275	1,048
Tribal Welfare	14	187
Women, Children, Disabled and Senior Citizens	135	886
Youth Advancement, Tourism and Culture	37	453
Total	3,914	28,424

Appendix-1.2

(Reference to paragraph 1.6.3, page 6)

Explanatory Notes to be received as of 30 September 2022

(a) Issues exclusively pertaining to the State of Telangana

Department	2015-16	2016-17	2017-18	2018-19	Total
Higher Education	1	2	-	1	4
Home	1	1	-	1	3
Panchayat Raj and Rural Development	-	-	1	1	2
Planning	-	-	1	-	1
Revenue	1	-	-	-	1
Women, Children, Disabled and Senior Citizens	1	-	-	-	1
Youth Advancement, Tourism and Culture	2	-	1	-	3
Total	6	3	3	3	15

(b) Issues common to both the States of Andhra Pradesh and Telangana

Department	2009-10 (Civil)	2010-11 (Civil)	2011-12	2012-13	2013-14	Total
Environment, Forests, Science and Technology	-	-	-	-	1	1
Finance	1	-	1	1	-	3
Health, Medical and Family Welfare	-	-	-	-	2	2
Home	-	-	1	1	1	3
Industries and Commerce	-	-	-	-	1	1
Minorities Welfare	-	-	1	-	1	2
Panchayat Raj and Rural Development	-	-	1	1	-	2
Transport, Roads and Buildings	-	-	1	1	2	4
Tribal Welfare	-	1	1	-	1	3
Women, Children, Disabled & Senior Citizens	-	-	-	-	1	1
Youth Advancement, Tourism and Culture	-	-	-	-	1	1
Total	1	1	6	4	11	23

Appendix-1.3

(Reference to paragraph 1.6.4, page 6)

**Action Taken Notes on PAC Recommendations to be received from
Government of Telangana as of 30 September 2022****(a) Issues exclusively pertaining to the State of Telangana**

Department	I st Legislative Assembly (2014-18)	Total
Health, Medical and Family Welfare	1	1
Total		1

(b) Issues common to both the States of Andhra Pradesh and Telangana

Department	XI th Legislative Assembly (1999-2004)	XII th Legislative Assembly (2004-09)	XIII th Legislative Assembly (2009-14)	Total
Agriculture and Cooperation	-	1	-	1
Health, Medical and Family Welfare	-	-	2	2
Panchayat Raj and Rural Development	3	-	-	3
Total	3	1	2	6

Appendix 1.4
(Refer to Paragraph 1.10 at Page 15)
Statement showing the cluster-wise list of Departments and Public Sector Undertakings

Sl. No.	Cluster	Departments	Public Sector Undertakings	Remarks
1	Agriculture, Food and Allied Industries	Agriculture and Cooperation	Telangana Rythu Bandhu Samithi	
2			Telangana State Agro Industries Development Corporation Limited	
3			Telangana State Horticulture Development Corporation Limited	
4		Telangana State Seeds Development Corporation Limited		
5		Telangana State Warehousing Corporation	Statutory Corporation	
6		Consumer Affairs, Food and Civil Supplies	Andhra Pradesh Essential Commodities Corporation Limited	Inactive
7			Telangana State Civil Supplies Corporation Limited	
8	Culture and Tourism	Youth Advancement, Tourism and Culture	Telangana State Tourism Development Corporation Limited	
9		Labour, Employment, Training and Factories	Telangana Overseas Manpower Company Limited	
10	Energy and Power	Energy	Andhra Pradesh Tribal Power Company Limited	Under Demerger
11			Northern Power Distribution Company of Telangana Limited	
12			Southern Power Distribution Company of Telangana Limited	
13			Telangana Power Finance Corporation Limited	
14			Telangana State Power Generation Corporation Limited	
15			Telangana State Renewable Energy Development Corporation Limited	
16			The Singareni Collieries Company Limited	
17	Transmission Corporation of Telangana Limited			
18	Environment, Science and Technology	Environment, Forest, Science and Technology	Telangana State Forest Development Corporation Limited	
19		Revenue	Telangana State Beverages Corporation Limited	
20	Governance, Law and Order	General Administration	Telangana State Film Development Corporation Limited	
21		Home	Telangana State Police Housing Corporation Limited	
22	Health and Welfare	Backward Classes Welfare	Telangana State Most Backward Classes Development Corporation	
23		Minorities Welfare	Telangana State Christian Minorities Finance Corporation Limited	
24			Telangana State Minorities Finance Corporation	

Sl. No.	Cluster	Departments	Public Sector Undertakings	Remarks		
25	Industry and Commerce	Industries and Commerce	Allwyn Auto Limited	Inactive		
26			Allwyn Watches Limited	Inactive		
27			Andhra Pradesh Automobile Tyres and Tubes Limited	Inactive		
28			Andhra Pradesh Electronics Development Corporation Limited	Inactive		
29			Andhra Pradesh Steels Limited	Inactive		
30			A.P. Small Scale Industrial Development Corporation Limited	Inactive		
31			Apronix Communications Limited	Inactive		
32			Bio Tech Hub Limited			
33			Damodhara Minerals Private Limited			
34			E-City Manufacturing Cluster Limited			
35			Fab City SPV (India) Private Limited			
36			Golkonda Abrasives Limited	Inactive		
37			Hyderabad Chemicals and Fertilizers Limited	Inactive		
38			Hyderabad Pharma City Limited			
39			Infrastructure Corporation of Andhra Pradesh Limited	Under Demerger		
40			Industry and Commerce	Industries and Commerce	Krishni Engineering Limited	Inactive
41					Maheswaram Science Park Limited	
42					Marine and Communication Electronics (India) Limited	Inactive
43					Pashamylaram Textiles Park	
44					PJ Chemicals Limited	Inactive
45					Republic Forge Company Limited	Inactive
46					Telangana Handloom Development Corporation Limited	
47					Telangana Industrial Health Clinic Limited	
48					Telangana Life Sciences Infrastructure Development Limited	
49					Telangana Powerloom and Textile Development Corporation Limited	
50					Telangana State Financial Corporation	Statutory Corporation
51					Telangana State Handicrafts Development Corporation Limited	
52					Telangana State Industrial Development Corporation Limited	
53					Telangana State Industrial Infrastructure Corporation Limited	
54					Telangana State Leather Industries Promotion Corporation Limited	
55					Telangana State Mineral Development Corporation Limited	
56					Telangana State Trade Promotion Corporation Limited	
57			The Nizam Sugars Limited			

Sl. No.	Cluster	Departments	Public Sector Undertakings	Remarks
58			TSMDC-SCCL Suliya Coal Company Limited	Inactive
59			Vidyut Steels Limited	Inactive
60			WE Hub Foundation	
61			Zaheerabad NIMZ Limited	
62	Industry and Commerce	Infrastructure and Investment	Telangana State Aviation Corporation Limited	
63	IT and Communications	Information Technology, Electronics and Communications	Photonics Valley Corporation	
64			Telangana Fiber Grid Corporation Limited	
65			Telangana State Technology Services Limited	
66			T-works Foundation	
67	Public Works	Irrigation and Command Area Development	Kaleshwaram Irrigation Project Corporation Limited	
68			Telangana State Irrigation Development Corporation Limited	
69			Telangana State Water Resources Infrastructure Development Corporation Limited	
70			Telangana Water Resources Development Corporation Limited	
71			Manjeera Lift Irrigation Corporation Limited	
72	Rural Development	Panchayat Raj and Rural Development	Telangana Drinking Water Supply Corporation Limited	
73	Transport	Transport, Roads and Buildings	Telangana State Road Transport Corporation	Statutory Corporation
74	Urban Development	Housing	Telangana Rajiv Swagraha Corporation Limited	
75			Telangana State Housing Corporation Limited	
76		Municipal Administration and Urban Development	Greater Warangal Smart City Corporation Limited	GCOC
77			Hyderabad Airport Metro Limited	
78			Hyderabad Growth Corridor Limited	GCOC
79			Hyderabad Metro Rail Limited	
80			Hyderabad Road Development Corporation Limited	
81			Karimnagar Smart City Corporation Limited	GCOC
82			Musi Riverfront Development Corporation Limited	
83			Telangana Urban Finance and Infrastructure Development Corporation Limited	

GCOC means Government Controlled Other Company

Appendix-1.5

(Refer to Paragraph 1.11.1, Page 16)

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

Sl. No.	Name of the PSU	Number of IRs/ Paragraphs pending as of 30 September 2022	
		IRs	Paragraphs
1	Telangana Rythu Bandhu Samithi	0	0
2	Telangana State Agro Industries Development Corporation Limited	3	28
3	Telangana State Horticulture Development Corporation Limited	1	4
4	Telangana State Seeds Development Corporation Limited	1	15
5	Telangana State Warehousing Corporation	3	26
	Agriculture and Cooperation	8	73
6	Telangana State Most Backward Classes Development Corporation	0	0
	Backward Classes Welfare	0	0
7	Telangana State Civil Supplies Corporation Limited	5	51
	Consumer Affairs, Food and Civil Supplies	5	51
8	Andhra Pradesh Tribal Power Company Limited	0	0
9	Northern Power Distribution Company of Telangana Limited	68	536
10	Southern Power Distribution Company of Telangana Limited	90	483
11	Telangana Power Finance Corporation Limited	1	5
12	Telangana State Power Generation Corporation Limited	37	218
13	Telangana State Renewable Energy Development Corporation Limited	3	21
14	The Singareni Collieries Company Limited	5	27
15	Transmission Corporation of Telangana Limited	43	243
	Energy	247	1,533
16	Telangana State Forest Development Corporation Limited	3	21
	Environment, Forest, Science and Technology	3	21
17	Telangana State Film Development Corporation Limited	0	0
	General Administration	0	0
18	Telangana State Police Housing Corporation Limited	2	18
	Home	2	18
19	Telangana Rajiv Swagruha Corporation Limited	0	0
20	Telangana State Housing Corporation Limited	2	24

	Housing	2	24
21	Bio Tech Hub Limited	0	0
22	Damodhara Minerals Private Limited	2	3
23	E-City Manufacturing Cluster Limited	2	12
24	Fab City SPV (India) Private Limited	2	7
25	Hyderabad Pharma City Limited	0	0
26	Infrastructure Corporation of Andhra Pradesh Limited	1	6
27	Maheswaram Science Park Limited	1	4
28	Pashamylaram Textiles Park	1	6
29	Telangana Handloom Development Corporation Limited	0	0
30	Telangana Industrial Health Clinic Limited	0	0
31	Telangana Life Sciences Infrastructure Development Limited	0	0
32	Telangana Powerloom and Textile Development Corporation Limited	0	0
33	Telangana State Financial Corporation	1	11
34	Telangana State Handicrafts Development Corporation Limited	3	13
35	Telangana State Industrial Development Corporation Limited	2	15
36	Telangana State Industrial Infrastructure Corporation Limited	3	33
37	Telangana State Leather Industries Promotion Corporation Limited	4	17
38	Telangana State Mineral Development Corporation Limited	4	27
39	Telangana State Trade Promotion Corporation Limited	3	8
40	The Nizam Sugars Limited	2	2
41	We hub Foundation	0	0
42	Zaheerabad NIMZ Limited	0	0
	Industries and Commerce	31	164
43	Telangana State Aviation Corporation Limited	1	9
	Infrastructure and Investment	1	9
44	Photonics Valley Corporation	0	0
45	Telangana Fiber Grid Corporation Limited	0	0
46	Telangana State Technology Services Limited	2	8
47	T-works Foundation	1	11
	Information Technology, Electronics and Communication	3	19
48	Kaleshwaram Irrigation Project Corporation Limited	1	9
49	Telangana State Irrigation Development Corporation Limited	3	18
50	Telangana State Water Resources Infrastructure Development Corporation Limited	0	0
51	Telangana Water Resources Development Corporation Limited	0	0
	Irrigation and Command Area Development	4	27
52	Telangana Overseas Manpower Company Limited	1	8

	Labour, Employment, Training and Factories	1	8
53	Telangana State Christian Minorities Finance Corporation Limited	1	9
54	Telangana State Minorities Finance Corporation	2	10
	Minorities Welfare	3	19
55	Greater Warangal Smart City Corporation Limited	0	0
56	Hyderabad Airport Metro Limited	0	0
57	Hyderabad Growth Corridor Limited	3	35
58	Hyderabad Metro Rail Limited	2	26
59	Hyderabad Road Development Corporation Limited	1	9
60	Karimnagar Smart City Corporation Limited	0	0
61	Musi Riverfront Development Corporation Limited	0	0
62	Telangana Urban Finance and Infrastructure Development Corporation Limited	1	6
	Municipal Administration and Urban Development	7	76
63	Telangana Drinking Water Supply Corporation Limited	2	13
	Panchayat Raj and Rural Development	2	13
64	Telangana State Beverages Corporation Limited	4	23
	Revenue	4	23
65	Telangana State Road Transport Corporation	46	244
	Transport, Roads and Buildings	46	244
66	Telangana State Tourism Development Corporation Limited	5	77
	Youth Advancement, Tourism and Culture	5	77
	Total	374	2,399

Appendix-2.1

(Reference to paragraph 2.3, Page 28)

Statement showing Approved Cost and Awarded Cost under the Mission

Sl. No.	Mission City/Town	GoI Approved Cost (₹ in crore)	Awarded Cost (₹ in crore)	Name of the firm/ agency	Population as per 2011 census as per portal
1	2	3	4	5	6
Water Supply					
PACKAGE - I					
1	Adilabad	79.15	418.67	M/s L&T	1,17,167
2	Karimnagar	100.12		M/s L&T	2,61,185
3	Khammam	207.84		M/s L&T	2,84,268
4	Ramagundam	89.60		M/s L&T	2,29,644
	Package- I Total	476.71	418.67		
PACKAGE – II					
5	Mahabubnagar	156.90	378.19	M/s MEIL	2,17,143
6	Miryalaguda	38.60		M/s MEIL	1,08,781
7	Nalgonda	107.38		M/s MEIL	1,65,328
8	Nizamabad	90.84		M/s MEIL	3,11,152
9	Suryapet	27.92		M/s MEIL	1,05,531
	Package-II Total	421.64	378.19		
PACKAGE – III					
10	Warangal	543.26	489.13	M/s NCC	8,19,406
	Package-III Total	543.26	489.13		
Water Supply Total (A)		1,441.61	1,285.99		
SEWERAGE					
1	Nizamabad	26.00	26.73	M/s Ayyappa	3,11,152
2	Siddipet	158.34	176.57	M/s Ayyappa	1,13,893
Sewerage Total (B)		184.34	203.30		
PARKS					
	Parks Total (12 ULBs including GHMC)	40.31	22.92*	Taken up by ULBs through petty contracts	
Parks Total (C)		40.31	22.92*		
Grand Total (A+B+C)		1,666.26	1,512.21		

*Contract awarded cost for GHMC and GWMC were not provided to Audit

Appendix-2.2

(Reference to paragraph 2.3, Page 28)

Statement showing Approved Cost of projects in Mission Cities/Towns under the Mission

Sl. No	Mission City/Town	Sector	GoI Approved Cost (₹ in crore)	Name of the firm/ agency	Population as per 2011 census
1	2	3	4	5	6
1	Adilabad	Water Supply	79.15	M/s L&T	1,17,167
		Parks	2.94	Petty Contracts	
2	GHMC	Parks	3.13	Petty Contracts	67,31,790
3	Karimnagar	Water Supply	100.12	M/s L&T	2,61,185
		Parks	3.36	Petty Contracts	
4	Khammam	Water Supply	207.84	M/s L&T	2,84,268
		Parks	2.84	Petty Contracts	
5	Mahabubnagar	Water Supply	156.90	M/s MEIL	2,17,143
		Parks	3.50	Petty Contracts	
6	Miryalaguda	Water Supply	38.60	M/s MEIL	1,08,781
		Parks	3.00	Petty Contracts	
7	Nalgonda	Water Supply	107.38	M/s MEIL	1,65,328
		Parks	2.75	Petty Contracts	
8	Nizamabad	Water Supply	90.84	M/s MEIL	3,11,152
		Sewerage	26.00	M/s Ayyappa	
		Parks	4.34	Petty Contracts	
9	Ramagundam	Water Supply	89.60	M/s L&T	2,29,644
		Parks	3.50	Petty Contracts	
10	Suryapet	Water Supply	27.92	M/s MEIL	1,05,531
		Parks	3.75	Petty Contracts	
11	Siddipet	Sewerage	158.34	M/s Ayyappa	1,13,893
		Parks	3.32	Petty Contracts	
12	Warangal	Water Supply	543.26	M/s NCC	8,19,406
		Parks	3.88	Petty Contracts	
	Total		1,666.26		

Appendix-2.3

(Reference to paragraph 2.5.2, Page 35)

Statement showing the tasks mandated in the Mission Guidelines for which documentary evidence were not furnished to Audit

Sl. No.	Task mandated in the Mission Guidelines	Remarks
1.	To develop “City-wide Concept Plan” which is a non-fully complete CDP, which may be based on old or revised City Development Plan (CDP). The City-wide Concept Plan will contain the City Vision, description, situation analysis/As-is description of the Water Supply, storm water drainage, Sewerage and septage management and open spaces (e.g. parks, playgrounds).	Documentary evidence not furnished to Audit.
2.	The PDMC will identify projects based on SLIP framework, and carry out required investigation, design, procurement, and implementation.	Documentary evidence for having conducted investigation/survey for preparation of DPRs were not furnished to Audit by ENC (TPH&ME).
3.	The PDMC will also ensure compliances and monitoring of the project activities using Programme Management Information System (PMIS) / latest IT tools and techniques such as online monitoring of work sites with the aid of cyber tools.	Not carried out.
4.	City Planning and SLIP development will be people-driven achieved through citizen consultation meetings involving diverse people and groups of people, such as resident’s welfare associations, taxpayers associations, senior citizens, chamber of commerce and industries, slum dwellers associations groups.	Documentary evidence not furnished to Audit.
5.	There will also be a financial plan prepared. During consultations citizens will be informed about the cost and the need for external sources of funds. Innovative financing models and mechanisms will be fully described. The challenge in providing basic services at benchmark levels, at reduced costs and less resource consumption will be shared with the citizens.	Documentary evidence not furnished to Audit.
6.	Field/laboratory Investigations, surveys, formulation of technical options, design, cost estimates and solutions to resettlement and environmental issues will be made a part of DPR.	Documentary evidence for Field/laboratory Investigations, surveys, formulation of technical option, solutions to resettlement and environmental issues not produced to Audit.
7.	At draft DPR stage, first stage consultations will be facilitated by PDMC to engage citizens and get feedback and adopt mid-course correction, if required. Periodic second stage consultations for taking useful feedback will also be facilitated by PDMCs during implementation phase.	Documentary evidence not furnished to Audit.

Source: Mission Guidelines

Appendix-2.4

(Reference to paragraph 2.7.4.1 (i), Page 74)

Excess payment of price adjustment towards POL resulted in undue benefit to the contractors**(₹ in crore)**

Sl. No.	Gist of Observation	Money value
	<p>The estimates for all the Water Supply works taken up under the Mission were prepared based on Standard Schedule of Rates (SSR) 2016-17, i.e., prior to implementation of Goods and Services Tax (GST) from 1 July 2017 and agreements were entered into in May 2017. Hence, the works contract prior to and up to SSR 2016-17, were inclusive of Central and State Taxes/Embedded taxes¹.</p> <p>The price adjustment for POL is regulated by the Government orders², which stipulates that seigniorage charges, Value Added Tax (VAT) and all overheads charges including contractor's profit (13.615 per cent) have to be excluded from value of work done as per the formulae³ for computation of price adjustment on Petrol, Oil and Lubricants (POL). The percentage of POL component of the work shall be 15 per cent. Hence, for the work bills paid after 1 July 2017 in respect of works contract entered into with SSR 2016-17, even the embedded taxes have to be deducted from the value of work done before payment of price adjustment.</p>	
(i)	<p><i>Excess payment of price adjustment towards POL due to incorrect adoption and arbitrary revision of base price of POL</i></p> <p>In Warangal Mission City, base price of ₹64.36 per litre was adopted for payment of price adjustment for POL and an amount of ₹1.95 crore was paid from 4th RA Bill to 9th RA Bill during the period from March 2018 to August 2019. This base price was revised (December 2021) arbitrarily by the PH&ME Division of Warangal from ₹64.36 per litre to ₹62.46 per litre and the price adjustment for POL was recalculated and paid for in 12 RA Bills during the period from September 2017 to July 2021 for an amount of ₹6.56 crore.</p> <p>This incorrect arbitrary revision of base price to ₹62.46 per litre instead of original base price of ₹64.36 per litre had resulted in excess payment of ₹1.04 crore⁴ towards price adjustment of POL for the period from September 2017 to July 2021.</p> <p><i>The PH&ME Division, Warangal replied (January 2023) that the base price of ₹64.36 per litre would be considered for computation of price adjustment of POL and excess amount, if any, would be recovered from the further bills.</i></p>	1.05
(ii)	<p><i>Excess payment of price adjustment towards POL due to non-deduction of Contractor's profit element</i></p> <p>a. In Nalgonda Mission City, the PH&ME Division adopted ₹64.32 per litre as base price for calculation of price adjustment for POL and paid ₹1.50 crore to M/s MEIL, Hyderabad from 1st RA Bill (August 2017), 6th RA Bill to 18th RA Bill (during March 2018 to August 2020). The element of contractor's profit of</p>	0.28

¹ An embedded tax is a tax that is included within the price of a good or service, rather than being charged separately. The tax is "embedded" in the cost of the item

² G.O. Ms. No. 35 Transport, Roads and Buildings (R.I) Department dated 28 February 2006 and G.O. Ms. No. 252 Transport, Roads and Buildings (R.I) Department dated 28 August 2008

³ 15 per cent of (Value of work done excluding embedded taxes, Seigniorage charges, Contractor's profit and other overheads) * (percentage increase over and above 5 per cent, in the average wholesale price of POL cost 28 days prior to the last date of measurement when compared to base price of POL 28 days before submission of Bid document for the work)

⁴ Paid by PH&ME Department: ₹6,56,74,290 (minus) to be paid as per Audit calculation: ₹5,52,01,716

	<p>13.615 per cent of the value of work done was not deducted while computing price adjustment for POL. This had resulted in excess payment of ₹0.20 crore⁵ to M/s MEIL, Hyderabad.</p> <p>b. In Nizamabad Mission City, the PH&ME Division adopted ₹65.15 per litre as base price for calculation of price adjustment for POL and paid ₹53,11,139 to M/s MEIL, Hyderabad from 1st RA Bill to 21st Final Bill⁶ (August 2017 to August 2020). The element of contractor's profit of 13.615 per cent of the value of work done was not deducted while computing price adjustment for POL. This had resulted in excess payment of ₹0.07 crore⁷ to M/s MEIL, Hyderabad.</p> <p><i>The PH&ME Divisions replied (September 2022) that the excess price adjustment amount paid to M/s MEIL, Hyderabad will be recovered from the next running account bills.</i></p>	
	Total	1.33

⁵ Paid by PH&ME Department: ₹1,50,38,031 (*minus*) to be paid as per Audit calculation: ₹1,29,91,893

⁶ No payment towards price adjustment was paid from 2nd RA bill to 6th RA Bill and 20th RA Bill

⁷ Paid by PH&ME Department: ₹53,11,139 (*minus*) to be paid as per Audit calculation: ₹45,87,861

Appendix-2.5

(Reference to paragraph 2.7.4.1 (iv), Page 75)

Excess payment of price adjustment towards DI Pipes due to incorrect calculation resulted in undue benefit to the contractors**(₹ in crore)**

Gist of Observation	Money value
<p>Government issued orders (June 2008)⁸ stipulating the following formulae for computation of price adjustment towards Ductile Iron (DI) pipes:</p> <p style="text-align: center;">$P_2 = P_1 + (CPI_2 - CPI_1) / 1000 \times M \times 0.96$, where P_2 = Revised pipe price in Rupees per Meter P_1 = Pipe price in Rupees per Meter as per SSR/Agreement CPI_1 = Price of Pig Iron considered in the estimate CPI_2 = Price of Pig Iron at the time of delivery M = Weight of pipe in Kgs per Meter as per IS:8929-1994 0.96 = 0.96 MT of Pig Iron is required to manufacture 1 MT of DI pipes</p> <p style="text-align: center;">After calculating P_2, the price adjustment is calculated as below:</p> <p>(i) Percentage variation in P_1 and P_2: 'X' = $\{(P_2 - P_1) / P_1\} * 100$</p> <p>(ii) Price adjustment is allowed if percentage variation is more than 5 per cent</p> <p>(iii) Price variation to be allowed: 'Y' = $(X - 5 \text{ per cent})$</p> <p>(iv) Revised rate per Running Meter (Rmt) for the price variation allowed: $P_1 + (Y * P_1) / 100 = A$</p> <p>(v) Difference rate per Rmt: $B = (A - P_1)$</p> <p>(vi) Amount of price adjustment to be paid: Quantity of DI pipe used (in Rmt) * B</p>	
<p>The PH&ME Divisions of Nalgonda and Nizamabad Mission Cities/Towns calculated the price adjustment for DI pipes in respect of Water Supply works of Package-II, by taking only the difference in price between the pig iron rates of estimated price (CPI_1) and rate prevailing 28 days prior to the date of recording check measurements (CPI_2) and without applying P_1 and P_2 factor. This incorrect calculation had resulted in excess payment of ₹1.26 crore⁹ and ₹0.16 crore¹⁰ towards price adjustment of DI pipes to M/s MEIL, Hyderabad in Nalgonda and Nizamabad mission cites respectively.</p> <p><i>The ENC (TPH&ME) replied (March 2023) with regard to price adjustment for DI pipes, that instructions were issued in March 2023 to the Superintending Engineers (SEs), the Agreement concluding authority and Executive Engineers (EEs) of PH&ME Divisions of the Mission Cities/Towns to recover the excess paid price adjustment amounts from the contractors.</i></p>	1.42

⁸ G.O. Rt. No. 910 Municipal Administration and Urban Development (A2) Department dated 21 June 2008⁹ Nalgonda- Paid by PH&ME Department: ₹3,40,79,530 (minus) to be paid as per Audit calculation: ₹2,14,35,210¹⁰ Nizamabad- Paid by PH&ME Department: ₹33,87,319 (minus) to be paid as per Audit calculation: ₹17,38,688

Appendix-2.6

(Reference to paragraph 2.7.4.1 (v), Page 75)

Irregular payment of price adjustment towards DI fittings resulted in undue benefit to the contractors

(₹ in crore)	
Gist of Observation	Money value
<p>Price adjustment for DI fittings was not allowed as per Government Orders¹¹. A total amount of ₹0.49 crore¹² towards price adjustment for DI fittings was, however, paid to the contractor, M/s MEIL, Hyderabad in all Mission Cities/Towns of Package-II.</p> <p><i>The ENC (TPH&ME) replied (March 2023) that with regard to price adjustment for DI fittings, instructions were issued in March 2023 to all the EEs of the Mission Cities/Towns to recover the excess paid amount from the contractors.</i></p>	0.49

¹¹ G.O. Rt. No. 910 Municipal Administration and Urban Development (A2) Department dated 21 June 2008

¹² Nalgonda: ₹18,55,143, Nizamabad: ₹9,86,797, Mahabubnagar: ₹12,94,114, Miryalguda: ₹6,29,343 and Suryapet: ₹1,28,760

Appendix-2.7
(Reference to paragraph 2.7.4.1 (vi), Page 75)

Statement showing the excess paid amount due to non-deduction of embedded taxes

Sl. No.	Item of work	Base price as per SOR 2016-17	Sub-item on which embedded taxes added	Embedded Taxes added for the sub-item			contractors profit (13.615 per cent)	Item rate for the work	Quantity of work executed	Amount paid including embedded taxes post GST regime	Amount to be paid deducting embedded taxes	Excess paid
				CED (12.5%)	ST (5%)	4 (Total)						
	1	2	3			5	6	7	8	9	10	
1	Manufacture as per BIS:12592 (Part 1&2) Supply & Delivery of manhole covers and frames anywhere in A.P., F.O.R. destination including, loading, un-loading & stacking at site, central excise duty, but excluding sales tax, octroi and other Government levies etc., as applicable ISI mark	2,133	H.D.-20 with 560mm dia clear opening	266.63	106.65	373.28	290.41	2,796.68	346	9,67,652.30	8,38,499.15	1,29,153.15
2	Manufacture, Supply & Delivery of Precast Inspection chambers with manufactured with PCC nominal mix M15 and Fe 500 grade of steel with HD 20 FRC cover including cost of casting at formyard transportation and fixing at site with earthwork excavation to the required depth and laying CC nominal mix 1:4:8, bed concrete including all incidental charges complete. 0.60m dia and 0.90m depth	2,133	H.D.-20 with 560mm dia clear opening	266.63	106.65	373.28	290.41	2,796.68	167	4,67,046.05	4,04,709.13	62,336.93

3	Manufacture, Supply & Delivery of Precast Inspection chambers with manufactured with PCC nominal mix M15 and Fe 500 grade of steel with HD 20 FRC cover including cost of casting at formyard transportation and fixing at site with earthwork excavation to the required depth and laying CC nominal mix 1:4:8, bed concrete including all incidental charges complete. 0.60m dia and 0.80m depth	2,133	H.D.-20 with 560mm dia clear opening	266.63	106.65	373.28	290.41	2,796.68	532	14,87,835.33	12,89,253.03	1,98,582.30
4	Manufacture, Supply & Delivery of Precast Inspection chambers with manufactured with PCC nominal mix M15 and Fe 500 grade of steel with HD 20 FRC cover including cost of casting at formyard transportation and fixing at site with earthwork excavation to the required depth and laying CC nominal mix 1:4:8, bed concrete including all incidental charges complete. 0.60m dia and 0.70m depth	2,133	H.D.-20 with 560mm dia clear opening	266.63	106.65	373.28	290.41	2,796.68	2,270	63,48,470.30	55,01,136.05	8,47,334.25
5	Manufacture , Supply & Delivery of Precast Inspection chambers with manufactured with PCC nominal mix M15 and Fe 500 grade of steel with HD 20 FRC cover including cost of casting at formyard transportation and fixing at site with earthwork excavation to the required depth and laying CC nominal mix 1:4:8, bed concrete including all incidental charges complete 0.60m dia and 0.60m depth	2,133	H.D.-20 with 560mm dia clear opening	266.63	106.65	373.28	290.41	2,796.68	5,403	1,51,10,477.98	1,30,93,673.15	20,16,804.83
6	BLD-CSTN-3-1-29.a : Construction of sewer conical manhole as per type design using Fly ash cement/lime solid blocks with compressive strength of 75 kg/sq.cm - IS:12894-1990 - CLASS - 7.5 - 225 x 100 x 60 and brick masonry in CM (1:5) prop; including CC (1:4:8) bed for foundation and of CC (1:2:4) prop; using 20mm HG metal for benching and channels, inside plastering 12mm tick in single coat of Portland slag CM (1:3) prop; and outside plastering 12mm thick in single coat of Portland slag CM (1:3) prop; 12mm thick, the foundation concrete in CC (1:4:8) prop; using 40mm nominal size hard broken granite stone and supporting incoming pipes with concrete block/ masonry wherever necessary including finishing the gap with CM (1:3) prop; on both the sides including supply and fixing of manhole frame and cover and Plastic steps including cost and conveyance of all other incidental and operational charges etc., complete.	1,989	H.D.-20 with 500mm dia clear opening	248.63	99.45	348.08	270.80	2,607.88	3,082	80,37,477.99	69,64,710.84	10,72,767.15
a	0.90m dia manhole up to 1.10m											

b	1.20m dia manhole 1.65m depth	1,989	H.D.-20 with dia 500mm clear opening	248.63	99.45	348.08	270.80	2,607.88	525	13,69,135.61	11,86,396.23	1,82,739.38
c	1.50m dia manhole 2.30m depth	1,989	H.D.-20 with dia 500mm clear opening	248.63	99.45	348.08	270.80	2,607.88	271	7,06,734.76	6,12,406.44	94,328.33
d	1.50m dia manhole 3.10m depth	1,989	H.D.-20 with dia 500mm clear opening	248.63	99.45	348.08	270.80	2,607.88	173	4,51,162.78	3,90,945.81	60,216.98
e	1.50m dia manhole 5.00m depth	1,989	H.D.-20 with dia 500mm clear opening	248.63	99.45	348.08	270.80	2,607.88	20	52,157.55	45,196.05	6961.50
Total excess payment												46,71,224.78

Appendix-3.1

(Reference to Paragraph 3.2.1.1(i), Page 93)

List of Faculties and Academic Departments in Osmania University

Sl. No.	Name of the Faculty	Name of the Department	Name of the Department
1	Arts	Ancient Indian History, Culture & Archaeology	Kannada
		Arabic	Linguistics
		English	Marathi
		French	Persian
		German	Philosophy
		Hindi	Russian
		Islamic Studies	Sanskrit
		Theatre Arts	Tamil
		Urdu	Telugu
2	Social Sciences	Communication & Journalism	Political Science
		Economics	Public Administration
		History	Psychology
		Library & Information Science	Sociology
3	Management	Business Management	
4	Commerce	Commerce	
5	Education	Education	Physical Education
6	Engineering	Biomedical Engineering	Electrical Engineering
		Civil Engineering	Electronics & Communication Engineering
		Computer Science & Engineering	Mechanical Engineering
7	Law	Law	
8	Science	Applied Geo Chemistry	Geology
		Botany	Geophysics
		Bio-Chemistry	Mathematics
		Chemistry	Microbiology
		Genetics	Physics
		Geography	Statistics
		Zoology	
9	Technology	Technology	
10	Pharmacy	Pharmacy	
11	Informatics	Computer Applications	
12	Oriental Languages	Oriental Languages	

Appendix 3.2**(Reference to Paragraph 3.2.1.4, Page 95)****University Colleges and Research Centres covered during the field Audit**

Area of audit	Name of colleges/ units selected
Campus colleges	1. University College of Arts & Social Sciences
	2. University College of Science
	3. University College of Education
	4. University College of Commerce & Business Management
	5. University College of Engineering
Constituent colleges	1. University Post Graduate College, Secunderabad
	2. University College of Science, Saifabad, Hyderabad
	3. Post Graduate College of Law, Basheerbagh, Hyderabad
District PG Colleges	1. OU PG College, Jogipet
	2. OU PG College, Narsapur
	3. OU PG College, Vikarabad
Centre for Distance Education	4. Prof. G. Ram Reddy Centre for Distance Education, Osmania University
Research Centers	1. Centre for Women Studies
	2. Centre for Solid Waste Technology & Management
	3. Centre for Plant Molecular Biology
	4. Regional Centre for Urban and Environmental Studies
	5. Dr BR Ambedkar Research Centre

Appendix 3.3

(Reference to Paragraph 3.2.2.3(ii), Page 102)

Constitution of Board of Studies

Sl. No.	Name of the Faculty	Head of the Department	Date of Constitution of Last BOS	Valid up to
1	Arts	AIHC&A	Not constituted since 2010 and no BOS made available in the file	
2		Foreign Languages	12.06.2013	11.06.2015
3		Philosophy	20.2.2009	19.2.2011
4		Tamil	19.04.2011	18.04.2013
5		Rehabilitation Psychology	16.03.2013	15.03.2015
6		Sociology(UG)	not constituted from 2012	
7		Sociology(PG)	not constituted from 2012	
8		Nanoscience	06.02.2012	05.02.2014
9		Pharmaceutical Chemistry	6.4.2010	5.4.2012

BOS not constituted during the Audit period

Sl. No.	Name of the Faculty	Head of the Dept	Date of Constitution of Last BOS	Valid up to
1		Arabic	28.02.2020	27.2.2022
2		Islamic Studies	23.11.2016	22.11.2018
3		Kannada	14.10.2016	13.10.2018
4		Persian	20.06.2016	19.06.2018
5		Fine Arts	02.01.2019	01.02.2021
6		Psychology	22.01.2016	21.01.2018
7	Management	Business Management	12.08.2020	11.8.2022
8	Education	Education (UG)	08.07.2018	07.07.2020
9		Education (PG)	08.07.2018	07.07.2020
10		Life long learning	07.11.2019	06.11.2021
11	Engineering	CSE	04.06.2020	03.06.2022
12		Electrical	21.05.2020	20.05.2022
13		ECE	30.04.2015	29.04.2017
14		Informatics	07.11.2019	06.11.2021
15	Science	Astronomy	14.09.2019	13.09.2021
16		Environmental Science	07.09.2016	06.09.2018
17		Genetics	14.08.2019	13.08.2021
18		Geography (UG)	21.06.2019	20.06.2021
19		Geography (PG)	21.06.2019	20.06.2021
20		Forestry	03.12.2020	02.12.2022
21		Nutrition	08.08.2018	07.08.2020
22		Mathematics (PG)	26.02.2020	25.02.2022
23		Sports Sciences	05.02.2019	04.02.2021
24		HLS/ASLP	26.08.2016	25.08.2018
25		Computer Science	15.10.2016	14.10.2018
26	Technology	Technology	07.09.2016	06.09.2018
27		Pharmacy	11.09.2017	10.09.2019

Appendix 3.4
(Reference to Paragraph 3.2.2.3(iii), page 103)

Revision of Curriculum

Sl. No.	Name of the course	Syllabi of Academic department	Academic Year		Remarks
			Revised in	Due in	
1.	MA	English, Economics, Urdu, Psychology,	2017-18	2020-21	Not revised
2.	M.Sc.	Genetics, Biotechnology, Geology, Mathematics, Zoology, Chemistry, Physics, Geography, Biochemistry	2017-18	2020-21	Not revised
3.	M.Com	Commerce	2017-18	2020-21	Not revised
4.	ME	Biomedical Engineering	2017-18	2020-21	Not revised
5.	M.Ed	Education	2017-18	2020-21	Not revised
6.	BE	Biomedical Engineering, Electrical Engineering, Electronics and Communication Engineering, Mechanical Engineering	2017-18	2020-21	Not revised
7.	B.Ed	Education	2017-18	2020-21	Not revised
8.	BA	English, Political Science, HEP& EPP	2017-18	2020-21	Not revised
9.	B.Sc.	Biotechnology, Genetics, Chemistry, Mathematics, Botany	2017-18	2020-21	Not revised
10.	B.LibISc.	Library & Information Science	2017-18	2020-21	Not revised
11.	M.Lib.I.Sc	Library and Information Science	2017-18	2020-21	Not revised
12.	M.Sc.	Statistics, Applied Statistics, Audiology, SLP	2018-19	2021-22	Not revised
13.	ME	Mining Engineering	2018-19	2021-22	Not revised
14.	B.Com	Computers, Computer Applications, Honours, Foreign Trade, Tax Practices & Procedures, Advertising, Sales Promotions & Sales Management	2018-19	2021-22	Not revised

Appendix-3.5

(Reference to Paragraph 3.2.3.1(i), Page114)

Teaching posts not sanctioned for Departments

Department	Professors	Associate Professors	Assistant Professors
French	×	✓	✓
German	×	✓	✓
Kannada	×	✓	✓
Russian	×	✓	✓
Tamil	×	✓	×
Library & Information Science	×	✓	✓
Physical Education	×	✓	✓
Master of Computer Applications	×	×	✓
Environmental Science	×	×	✓
Forensic Science	×	×	✓
Biotechnology	×	×	✓
MSW	×	×	✓

Source: Information available in the Annual Reports of the University

Appendix-3.6

(Reference to Paragraph 3.2.3.1(v), Page 118)

Teachers appointed without specified Qualifications

Sl. No.	Name of the College	Department	Name	Qualification
1	UC of Arts& SS, OU Hyderabad	Islamic Studies	Shahab MohdAltaf	MA, LLB
2	UC of Arts& SS, OU Hyderabad	Marathi	NamrataBagde	MA
3	UC of Science, OU, Hyderabad	Astronomy	A. Vijaya	MSc.
4	UC of Science, OU, Hyderabad	Forensic Science	K. Rama	MSc.
5	UC of Science, OU, Hyderabad	Physics	K. Kirana	MSc., M.phil
6	UC of Science, OU, Hyderabad	Statistics	J.L. Padma Shree	MSc.
7	UC of Science, OU, Hyderabad	Zoology	Meenakshi	MSc.
8	UC of Engineering, OU, Hyderabad	Bio-medical Engineering	M. Srinivas	ME
9	UC of Engineering, OU, Hyderabad	Bio-medical Engineering	G. Shravanya	MS
10	UC of Engineering, OU, Hyderabad	Bio-medical Engineering	E. Ch. Vidyasagar	M.Tech.
11	UC of Engineering, OU, Hyderabad	Civil Engineer	P. Anuradha	M.Tech.
12	UC of Engineering, OU, Hyderabad	Civil Engineer	R. Rajender	ME
13	UC of Engineering, OU Hyderabad	Computer Science & Engineering	M. Venkat Das	ME
14	UC of Engineering, OU Hyderabad	Computer Science & Engineering	S. Srinivasa Rao	BE. Mtech
15	UC of Engineering, OU, Hyderabad	MCA	V. Sukanya	M.Tech.
16	UC of Engineering, OU, Hyderabad	MCA	E. Pragnavi	M.Tech.
17	UC of Engineering, OU, Hyderabad	Electrical Engineering.	M.V. Ramana Rao	M.Tech.
18	UC of Engineering, OU, Hyderabad	Electrical Engineering	Ch. Siva Kumar	ME
19	UC of Engineering, OU, Hyd	Electrical Engineering.	G.V. Naga Lakshmi	BE
20	UC of Engineering, OU, Hyderabad	Electrical Engineering	E. Shree Shobha	B.Tech.
21	UC of Engineering, OU, Hyderabad	Electrical Engineering	P. Lokender Reddy	M.Tech.
22	UC of Engineering, OU, Hyderabad	Electrical Engineering	U. Suryavalli	M.Tech.
23	UC of Engineering, OU, Hyderabad	ECE	PandariPadama	M.Tech.
24	UC of Engineering, OU, Hyderabad	ECE	MisbahuddinMd	ME

Sl. No.	Name of the College	Department	Name	Qualification
25	UC of Engineering, OU, Hyderabad	ECE	P. Srividya	ME
26	UC of Engineering, OU, Hyderabad	Mechanical Engineering.	E. Madhusudhan Raju	ME
27	UC for Women, Koti, Hyderabad	Chemistry	USH. Raghavendra Prasad	MSc., Bed
28	UC for Women, Koti, Hyderabad	Chemistry	K. Narmada	MSc.
29	UC for Women, Koti, Hyderabad	English	Sangeetha	MA, Mphil
30	UC for Women, Koti, Hyderabad	Psychology	A.K. Ashwin	MA
31	UC for Women, Koti, Hyderabad	Mathematics	D. Swapna	MSc.
32	UC for Women, Koti, Hyderabad	Food & Nutrition	P. Suma	MSc.
33	Dist. PG College, Siddipet	Business Management	P. Raju	MBA
34	Dist. PG College, Siddipet	Informatics	U. Rajender	MCA&Mtech.
35	Dist. PG College, Siddipet	Informatics	V. Chandra Sekhar	MCA&Mtech.
36	Dist. PG College, Mirzapur	Chemistry	D. sivasankar	MSc.
37	Dist. PG College, Mirzapur	Chemistry	S. Yadaiah	MSc.
38	Dist. PG College, Mirzapur	Chemistry	B.Upender	MSc.
39	Dist. PG College, Siddipet	MBA	K.Sandhya	MBA
40	Dist. PG College, Siddipet	MBA	K.Sandhya	MBA
41	UC for Women, Koti	MCA	T S Savitha	MSC &M.Tech.
42	UC for Women, Koti	MCA	M. Suneetha	MSC &M.Tech.
43	UC for Women, Koti	MSc.	N. Savitha Reddy	MSC &M.Tech.
44	UC for Women, Koti	MSc.	K. Veeresh	MCA
45	UC for Women, Koti	MSc.	V S Pallavi	MSC &M.Tech.
46	UC for Women, Koti	MCA	G.Satyanarayana Murthy	MSC &M.Tech.
47	UC for Women, Koti	MCA	D. Yadaiah	M.Tech.
48	UC for Women, Koti	MSc.	S Narasimha Rao	MCA &M.Tech.
49	UC for Women, Koti	BSc.	I Sujatha	MSc.
50	UC for Women, Koti	BSc.	AzmatMubeen	MSC &M.Tech.
51	UC for Women, Koti	BSc.	S. Sandhya	MSc.
52	UC for Women, Koti	BSc.	Rajani Devi	MSc.
53	UC for Women, Koti	MSc.	P. Sowmya	MCA &M.Tech.

Sl. No.	Name of the College	Department	Name	Qualification
54	UC for Women, Koti	Organic Chemistry.	J. Annapurna	MSc.
55	UC for Women, Koti	Analytical chemistry .	M. Vijayatha	MSc.
56	UC for Women, Koti	Food Science Management	M. Jaya Surya Kumari	MSc.
57	UC for Women, Koti	BCom	A. Madhuri	MCom., MBA, M.Phil
58	UC for Women, Koti	BCom	Sharada	MCom.
59	UC for Women, Koti	BCom	Srilaxmi	MCom., LLB
60	UC for Women, Koti	BCom	N. Rajya Lakshmi	MCom.
61	University PG College, OU, Secunderabad	Computer Science	P. Naveen	MCA &M.Tech.
62	University PG College, OU, Secunderabad	Physics	Ch. Radhika	MSc.
63	University PG College, OU, Secunderabad	Physics	R.V. Neeraja	MSc.
64	University PG College, OU, Secunderabad	Mathematics	Uma Devi	MSc.
65	University PG College, OU, Secunderabad	Computer Science	B. Ranganadha Rao	MCA &M.Tech.
66	University PG College, OU, Secunderabad	Computer Science	B. Narender	MCA
67	University PG College, OU, Secunderabad	Computer Science	A. Sandhya	B.Tech.
68	University PG College, OU, Secunderabad	Computer Science	T. Venkatesham	MCA
69	University PG College, OU, Secunderabad	Computer Science	J. Kalyani	MCA &M.Tech.
70	University PG College, OU, Secunderabad	Computer Science	K. Sattyanna	MCA
71	University PG College, OU, Secunderabad	Computer Science	A. Vijay Kumar	M.Tech.
72	University PG College, OU, Secunderabad	Computer Science	G. Vamsi Krishna	MSc.
73	University PG College, OU, Secunderabad	Computer Science	B. Suresh	MCA
74	University PG College, OU, Secunderabad	Computer Science	V.ChennaGoud	MCA
75	University PG College, OU, Secunderabad	Commerce	Naveena Grape Kumari	MCom, MBA
76	University PG College, OU, Secunderabad	Physics	Y Mallaiah	MSc., Bed
77	University PG College, OU, Secunderabad	Chemiastry	S.Shabjahan	MSc.
78	University PG College, OU, Secunderabad	English	K. Mamatha	MA English
79	University College of Engineering	Electronics and Communication Engineering	B. Ramesh	MTech.
80	University College of Engineering	Electronics and Communication Engineering	G. Kishore Kumar	ME

Sl. No.	Name of the College	Department	Name	Qualification
81	University College of Engineering	Electronics and Communication Engineering	R. Narender Reddy	ME
82	University College of Engineering	Electronics and Communication Engineering	Prem Kumar	BE

Appendix-3.7

(Reference to Paragraph 3.2.3.3(i), page 119)

Availability of Class Rooms, Laboratories and Seminar Halls in Colleges

Name of the College	Class Rooms			Laboratories			Seminar Halls		
	Required	Available	Shortfalls	Required	Available	Shortfalls	Required	Available	Shortfalls
OU A&SS, OU	16	16	0	5	3	2	6	6	0
OU C&BM	12	12	0	1	1	0	2	2	0
OU UCEd	12	5	7	8	2	6	3	2	1
UCS, Saifabad	45	35	10	33	24	9	1	1	0
PG Secunderabad	48	48	0	9	9	0	5	5	0
PG Jogipet	4	4	0	5	1	4	1	0	1
PG Narsapur	8	6	2	4	2	2	1	0	1

Appendix - 3.8
(Reference to paragraph No. 3.2.3.3(i), Page 119)

General Facilities in University Colleges

General facilities in the University Colleges	UC A&SS	OU C&BM	UCS, Saifabad	PG Secunderabad	PG Jogipet	PG Narsapur	LLM Basheerbagh	UC Education
Library with Integrated Library Management System (ILMS)	Yes	Yes	No	No	No	No	No	No
Uninterrupted power supply to Classrooms & Hostels	Yes	Yes	Yes	Yes	No	No	No	No
Buildings having separate washrooms for Men & Women	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
In-campus Health Center with full time Doctor	Yes	Yes	No	Yes	No	No	No	No
Ambulance Facility	Yes	Yes	No	No	No	No	No	No
Guest House Facility	Yes	Yes	No	No	No	No	No	Yes
Canteen Facility	Yes	Yes	No	Yes	No	No	No	No
Student Support Centre	Yes	Yes	Yes	No	No	Yes	No	No
Solid Waste and Garbage Management	Yes	Yes	Yes	No	No	No	No	Yes
Separate rest rooms for Staff & Students	Yes	No	Yes	Yes	No	No	No	No
Drinking Water Facility in Hostels	Yes	Yes	Yes	Yes	NA	NA	Yes	Yes

Appendix-3.9**(Reference to paragraph No.3.2.3.3(iii), Page 120)****Non-Compliance with Land Ownership Criteria for Temporary Affiliation**

Sl. No.	Name of the College	Type of Affiliation	Property	Land(Acre)
1	Ali Yavar Jung National Institute For Hearing Handicapped, Hasmatpet Rd, Manovikas Nagar, Bowenpally, Telangana	Temporary	Own	0.64
2	Arunodaya Degree & PG College, Gaddiannaram, Dilsukhnagar, Hyderabad	Temporary	Leased	1.25
3	I Create Degree College, H.No.5-1-65, 5-1-65/NR, Sy.No.572, Kukatpally, Medchal Dist.	Temporary	Leased	1.00
4	Prathibha Degree College for women,Naveen Complex, Kukatpally, Ranga Reddy	Temporary	Leased	0.04
5	Princeton College of Education, Sharadanagar, Ramanthapur, Ranga Reddy	Temporary	Own	0.77
6	Shadan Degree College for Women, Khairtabad, Hyderabad	Temporary	Own	0.62
7	Shadan Institute of Management Studies For Boys, Khairtabad, Hyderabad	Temporary	Own	0.62
8	Tapasya Degree College, Redhills, Lakdikapool, Hyderabad	Permanent	Rented	1.00
9	Acharya Jayshankar Degree College, Sy.No.24/2, Plot No.4,5 & 40, Narayankhed, Narayankhed (V & M), Medak (Located in Non-metropolitan area)	Permanent	Rented	2.00

Appendix-3.10**(Reference to paragraph No.3.2.3.3(iii), Page 120)****Non-Compliance with Building Construction Criteria for Permanent Affiliation**

Sl. No.	Name of the College	Type of Affiliation	Date of Affiliation	Property
1	ARK (Vasundara) Degree & P.G. College, Vidyanagar, Musheerabad, Hyderabad.	Permanent	20.11.1992	Leased
2	Tapasya Degree College, Redhills, Lakdikapool, Hyderabad	Permanent	07.01.2023	Rented
3	Vignan Degree Collage, Attapur, R.R. Dist.	Permanent	2012	Leased
4	Acharya Jayshankar Degree College, Sy.No.24/2, Plot No.4,5 & 40, Narayankhed, Narayankhed (V & M), Medak	Permanent	31.08.2013	Rented

Appendix-3.11

(Reference to paragraph No.3.2.3.3(iii), Page 120)

Non-Compliance with college movement to permanent building criteria for Temporary Affiliation

Sl. No.	Name of the College	Type of Affiliation	Date of Affiliation	Property
1	ARK (Vasundara) Degree & P.G. College, Vidyanagar, Musheerabad, Hyderabad.	Permanent	20.11.1992	Leased
2	Pinnacle Institute of Hotel Management & Catering Technology as 12-1-59/NR, Old No: 1-59, Sai Nivas, Near Hanuman Temple, Old Moosapet Village, Kukatpally mandal, Medchal Dist Hyderabad -500018	Temporary	25.08.2006	Leased
3	Prathibha Degree College for women, Naveen Complex, Kukatpally, Ranga Reddy	Temporary	03.11.2014	Leased
4	Vignan Degree Collage, Attapur, R.R. Dist.	Permanent	2012	Leased
5	Acharya Jayshankar Degree College, Sy.No.24/2, Plot No.4,5 & 40, Narayankhed, Narayankhed (V & M), Medak	Permanent	31.08.2013	Rented
6	Sri Sai Degree College, Opp: Police Station, Jogipet, Medak	Temporary	2005	Leased
7	Sri Sai Degree College, Tandur, Ranga Reddy	Temporary	2005	Leased

Appendix-3.12
(Reference to paragraph No.3.2.3.4, Page 122)

Khelo India Works

Sl. No.	Name of the Work	Estimated Cost	Grant received	Contract value	Date of agreement	Agreed Date for completion of work	Likely date of completion	Progressive expenditure	% of expenditure over receipt	Present status
1.	Synthetic Athletic Track (timeline: 12 months from the date of A/A and expenditure sanction)	7.00	3.12	6.25	16.02.2021	31.12.2022	31 July 2023	1.11	40%	Work in progress
2.	Swimming Pool (timeline: 18 months from the date of A/A and expenditure sanction)	5.00	2.09	4.17	26.02.2021	22.11.2022	30 Oct 2023	0.61	70%	Work in progress
3.	Synthetic Tennis Court (timeline: 12 months from the date of A/A and expenditure sanction)	1.50	0.60	1.19	16.02.2021	20.02.2022	June 2022	0.02	1%	Work in progress
	Total	13.50	5.81	11.61				1.74		

Regarding the Synthetic Athletic Track, bitumen laying was completed and fencing work was in progress. The fencing work must be finished before laying the PU layer, for which the University had sanctioned ₹69,25,000. Tenders are yet to be called by the TSEWIDC Department and the overall physical progress stands at 30 *per cent*.

For the construction of the swimming pool, an extension of time was granted until 30 October 2023. The bottom slab has been laid and steel fabrication for side walls was in progress. The filtration work, up to laying the footings, is about 50 *per cent* complete.

As for the construction of the Synthetic Tennis Court, despite being handed over to the contractor on 21 October 2021 with a completion deadline of 20 February 2022, the work remains incomplete. The value of work done so far is ₹1.94 lakh.

The University Building Division was mandated to execute the grant works. However, in October 2022, the University proposed to transfer the balance works for the Swimming Pool and Tennis Court to TSEWIDC, violating the grant's conditions. The sanction letter had indicated that failure to utilize funds by March 2023 and adhere to the specified timeline could result in project cancellation and non-release of subsequent funding by the Government of India (GoI).

Appendix-3.13

(Reference to Para No.3.2.3.5, Page 122)

Repairs and Renovation works entrusted to TSEWIDC

(₹ in lakh)

Sl. No.	Name of the works	Date of Admn Sanction	Estimated cost	Advance to TSEWIDC	Status of completion
1.	Repairs and Renovation of shed behind Arts College Canteen and laying of CC Road from Chief Warden office to Shed	30-11-2021	23.40	18.72	Completed
2.	Providing roof repairs to Model High School in OU Campus	30-11-2021	24.00	24.00	Completed
3.	Repairs and renovation of Central Work shop	30-11-2021	48.90	48.90	Completed
4	Repairs and renovation to Toilet Blocks & Exterior drainage pipe line of Main Building at Prof. G Ram Reddy Centre for Distance Education OU Campus	25-10-2021	46.00	43.67	Completed
5.	Construction of New Toilet Block including over Head Tank for NRS Hostel (Narmada) OU	25-10-2021	130.00	65.00	In progress
6.	Construction of New Toilet Block for Old PG Hostel, G+2 floors on both sides (Left & Right wings)	25-10-2021	156.00	132.60	In progress
		Total	428.30	332.89	

Source: information furnished by the University

Appendix-3.14
(Reference to Paragraph 3.2.3.9, Page 125)
Intake capacity of the hostel of the University

Sl. No.	Name of the College	Name of the Hostel	2017-18			2018-19			2019-20			2020-21			2021-22		
			Intake capacity	Actual Occupancy	Percentage of Occupancy	Intake capacity	Actual Occupancy	Percentage of Occupancy	Intake capacity	Actual Occupancy	Percentage of Occupancy	Intake capacity	Actual Occupancy	Percentage of Occupancy	Intake capacity	Actual Occupancy	Percentage of Occupancy
1	UC of Women, Koti	UCW, Girls	320	958	299	320	911	285	320	1004	314	320	493	154	320	963	301
2	UC of Engineering	Girls Hostels	382	442	116	382	450	118	382	492	129	382	618	162	382	569	149
3	UC of Engineering	New Kinnera Hostel	124	85	69	124	106	85	124	108	87	124	84	68	124	153	123
4	UC of Engineering	Ganga Hostel	204	216	106	204	247	121	204	261	128	204	220	108	204	250	123
5	Nizam College, Basheerbagh	PG Nizam college Hostel	145	160	110	135	140	104	135	150	111	134	114	85	122	140	115
6	UC of Engineering	Kinnera Hostel	284	326	115	284	302	106	284	352	124	284	332	117	284	324	114
7	Nizam College, Basheerbagh	UG Nizam college Hostel	450	300	67	500	550	110	600	700	117	500	150	30	530	600	113
8	Nizam College, Basheerbagh	Sarayu Hostel	Data not furnished														
9	UC PG, Secunderabad	Gnanagangothri, Girls	136	153	113	136	140	103	136	127	93	136	101	74	136	142	104
10	Nizam College, Basheerbagh	EII Old Hostel	300	450	150	230	400	174	200	300	150	Data Not furnished	282	290	103		
11	PG College of Law, Basheerbagh	CHW, OU, Ladies Hostel	26	26	100	25	26	104	27	27	100	9	9	100	27	27	100
12	UC of Engineering	Swarnamukhi Hostel	124	152	123	124	131	106	124	136	110	124	114	92	124	116	94
13	UCS, Saifabad, OU	Boys Hostel, UCSS	340	286	84	340	168	49	148	245	166	300	204	68	300	259	86

Sl. No.	Name of the College	Name of the Hostel	2017-18			2018-19			2019-20			2020-21			2021-22		
			Intake capacity	Actual Occupancy	Percentage of Occupancy	Intake capacity	Actual Occupancy	Percentage of Occupancy	Intake capacity	Actual Occupancy	Percentage of Occupancy	Intake capacity	Actual Occupancy	Percentage of Occupancy	Intake capacity	Actual Occupancy	Percentage of Occupancy
14	UCA&SS, OU	A & C Hostel (PG)	Data Not furnished	558	636	114	744	779	105	Data Not furnished	744	628	84				
15	UC PG, Secunderabad	Gnanagangothri, Boys	288	298	103	288	303	105	288	240	83	288	240	83			
16	PG College, Mirzapur	Manjeera	30	28	93	30	29	97	30	30	100	30	24	80			
17	UCE, OU	BEd/Med. Girls Hostel	50	23	46	50	34	68	50	36	72	50	38	76			
18	UC PE, OU	Sports Hostel	72	30	42	72	36	50	72	40	56	72	32	44			
19	UCC&BM, OU	Ladies Hostel	90	37	41	90	41	46	90	38	42	90	39	43			
20	UC LAW, OU	E1	250	145	58	250	140	56	250	75	30	250	95	38			
21	UCE, OU	BEd/Med. Boys Hostel	160	57	36	160	60	38	160	60	38	160	52	33			
22	UCC&BM, OU	Manjeera Hostel	240	99	41	240	98	41	240	86	36	240	62	26			
23	UCA&SS, OU	NRSH(Ph.D)	110	138	125	110	91	83	110	168	153	Data Not furnished	110	24	22		
24	UCA&SS, OU	Old P.G (Ph.D)	94	161	171	94	88	94	94	151	161	Data Not furnished	94	19	20		
25	Nizam College, Basheerbagh	Ladies Hostel	272	180	66	260	270	104	260	280	108	Data Not furnished	Data Not furnished				
26	UCA&SS, OU	New Godavari	342	340	99						Data not furnished						
27	UCA&SS, OU	CHW(Ph.D)									Data not furnished						
28	UCA&SS, OU	CHW(PG)									Data not furnished						

Appendix-3.15
(Reference to Paragraph 3.2.4.7, Page 137)
Receipts and Expenditure of Self-Financing Institutions

(₹ in lakhs)

Sl. No.	Name of the College	Receipts						Expenditure						Gain/Loss
		2017-18	2018-19	2019-20	2020-21	2021-22	Total	2017-18	2018-19	2019-20	2020-21	2021-22	Total	
1	OU District PG Colleges	143.63	65.09	64.94	69.41	63.07	406.14	142.59	54.98	61.74	48.07	56.62	364	42.14
2	Nizam College, Hyderabad	272.62	295.74	260.69	277.24	314.99	1421.28	272.77	296.21	261.15	275.73	314.14	1420	1.28
3	University College for Women, Koti, Hyderabad	161.74	187.34	184.12	194.98	229.02	957.2	212.59	216.61	227.76	280.8	316.47	1254.23	-
4	University College of Science., OU Campus	97.84	71.67	72.73	66.22	68.31	376.77	98.88	83.39	77.85	66.22	68.31	394.65	-17.88
5	University College of Engineering, OU Campus	311.93	343.52	292.8	187.88	229.61	1365.74	275.18	349.94	296.71	179.2	193.72	1294.75	70.99
6	UCC&BM	46.49	50.16	49.07	36.7	48.7	231.12	48.81	48.33	44.49	46.17	48.81	236.61	-5.49
7	Univ. College of Science, Saifabad, Hyderabad	194.1	160.5	181.56	177.78	154.71	868.65	189.35	152.78	173.7	170.29	162.6	848.72	19.93
8	Univ. PG College, Secunderabad	176.01	184.37	168.9	150.14	166.3	845.72	192.09	148.13	168.27	172.12	179.73	860.34	-14.62
9	University PG College of Law, Basheerbagh, Hyderabad	33.21	44.78	69.91	40.85	60.95	249.7	37.99	50.71	54.59	44.87	66.23	254.39	-4.69
10	University College of Arts & Social Sciences, OU Campus	100.93	120.92	116.76	111.03	132.29	581.93	103.2	121.04	117.24	115.56	128.79	585.83	-3.9
11	University College of Physical Education, OU Campus	9.75	8.4	12.48	12	12	54.63	8.85	7.31	10.74	12.41	14.5	53.81	0.82
12	University College of Law, OU Campus	40.4	32.27	48.6	60.6	60.6	242.47	23.65	26.16	32.29	37.62	39.99	159.71	82.76
13	University College of Technology, OU Campus	117.34	71.23	176.74	84.09	91.79	541.19	71.85	54.18	259.07	137.67	73.52	596.29	-55.1
14	Institute of Genetics, OU, Begumpet, Secunderabad	8.2	2.05	0.85	0.85	5.05	17	0.86	1.24	1.17	1.17	2.81	7.25	9.75
15	Prof PDRR Centre for Distance Education, OU,	1398.35	1660.36	1581.83	1211.12	1743.98	7595.64	1447.81	1706.23	1542.54	1321.87	1446.84	7465.29	130.35
16	Department in Arabic & COP	2.48	2.2	2.2	0	0	6.88	3.59	3.4	2.79	0	0	9.78	-2.9

Source: Self Finance Annual Budget Books

Appendix-3.16

(Reference to Paragraph 3.2.4.8(i), Page 138)
Total Amount to be recovered from TSCPDCL

Sl. No.	Land Location	No. of year	Rate per annum	Outstanding amount	
				(₹ in lakhs)	
1.	Nizam College, Basheerbagh	12	17.50	210.00	
2.	Uni College for Women, Koti	11	17.50	192.50	
	Total	23	17.50	402.50	
			Receipt	54.60	
Total Outstanding amount				347.90	

Appendix-3.17

(Reference to Paragraph 3.2.4.8(ii), Page 138)
Loss of Revenue towards rental charges

(in ₹)

Sl. No.	Year	Rate as per GO	Rate as per Lease	Difference per month	Difference per year
1	Aug 1998-Jul 1999	20,000	20,000	0	0
2	Aug 1999-Jul 2000	22,000	20,000	2,000	24,000
3	Aug 2000-Jul 2001	24,200	20,000	4,200	50,400
4	Aug 2001-Jul 2002	26,620	22,000	4,620	55,440
5	Aug 2002-Jul 2003	29,282	22,000	7,282	87,384
6	Aug 2003-Jul 2004	32,210	22,000	10,210	1,22,522
7	Aug 2004-Jul 2005	35,431	24,200	11,231	1,34,775
8	Aug 2005-Jul 2006	38,974	24,200	14,774	1,77,292
9	Aug 2006-Jul 2007	42,872	24,200	18,672	2,24,061
10	Aug 2007-Jul 2008	47,159	26,620	20,539	2,46,467
11	Aug 2008-Jul 2009	51,875	26,620	25,255	3,03,058
12	Aug 2009-Jul 2010	57,062	26,620	30,442	3,65,308
13	Aug 2010-Jul 2011	62,769	29,282	33,487	4,01,839
14	Aug 2011-Jul 2012	69,045	29,282	39,763	4,77,161
15	Aug 2012-Jul 2013	75,950	29,282	46,668	5,60,016
16	Aug 2013-Jul 2014	83,545	32,210	51,335	6,16,020
17	Aug 2014-Jul 2015	91,899	32,210	59,689	7,16,274
18	Aug 2015-Jul 2016	1,01,089	32,210	68,879	8,26,553
19	Aug 2016-Jul 2017	1,11,198	35,431	75,767	9,09,208
20	Aug 2017-Jul 2018	1,22,318	35,431	86,887	10,42,646
21	Aug 2018-Jul 2019	1,34,550	35,431	99,119	11,89,428
22	Aug 2019-Jul 2020	1,48,005	38,974	1,09,031	13,08,372
23	Aug 2020-Jul 2021	1,62,805	38,974	1,23,831	14,85,978
24	Aug 2021-Jul 2022	1,79,086	38,974	1,40,112	16,81,345
25	Aug 2022-Jul 2023	1,96,995	42,872	1,54,123	18,49,472
Total					1,48,55,018

Appendix-3.18**(Reference to Paragraph 3.2.4.9(ii), Page 139)****Irregular payment of remuneration of ₹2.60 crore
to the University staff**

Sl. No.	Year	Cheque No.	Date	Amount (in ₹)	Purpose
1	2017-18	3985	03.11.2018	40,78,047	Payment of Remuneration to staff, who performed to extra work to maximum of 180 hours during 2017-18
2	2018-19	1405	05.07.2019	40,25,798	Payment of Remuneration to staff, who performed to extra work to maximum of 180 hours during 2018-19
3	2019-20	3126	12.11.2020	36,53,793	Payment of Remuneration to staff, who performed to extra work to maximum of 180 hours during 2019-20
4	2020-21	2716	01.10.2021	35,55,766	Payment of Remuneration to staff, who performed to extra work to maximum of 180 hours during 2020-21
5			Total	1,53,13,404	

Appendix-3.19**(Reference to Paragraph 3.2.4.9(ii), Page 139)****Irregular Payment of Remuneration
Centre for Distance Education**

Sl. No.	Year	Cheque No.	Date	Amount (in ₹)	Purpose
1	2016-17	969323, 969324	23.09.2017	19,06,651	Remuneration to the Non Teaching staff
2	2017-18	176850	15.10.2018	19,87,100	Remuneration to the Non Teaching staff
3	2018-19	279028	21.10.2019	21,95,934	Remuneration to the Non Teaching staff
4	2019-20	279788	19.11.2020	22,88,838	Remuneration to the Non Teaching staff
5	2020-21	302167	29.11.2021	23,84,143	Remuneration to the Non Teaching staff
Total				1,07,62,666	

Appendix - 3.20

(Reference to Paragraph 3.2.4.9(iv), Page 141)

Year-wise pending adjustment of Advances

Sl. No.	Name of the college	Advance amount to be adjusted (₹ in lakh)						Total
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
1	OU Arts and Social Sciences College	50.00	75.00	62.00	0	0	107.00	294.00
2	OU PG College of Science, Secunderabad	23.00	10.00	10.00	0	0	0	43.00
3	University College of Commerce and Business Management	5.00	48.00	15.51	0	10	10	88.51
4	Centre for Distance Education, Hyderabad	0	10.00	0	5.00	10.00	0	25.00
5	University College of Engineering, OU, Hyderabad	0	0	0	0	0	75.00	75.00
	Total	78.00	143.00	87.51	5.00	20.00	192.00	525.51

Appendix-3.21
(Reference to Paragraph 3.2.4.9(v), Page 141)

Outstanding Tuition Fee from Government

(₹ in Lakhs)

Year	Total Tuition fee to be reimbursed by Govt.					Actual tuition fee reimbursed from Govt.					Outstanding Tuition fee from Govt.				
	SC	ST	BC	Minorities	Total	SC	ST	BC	Minorities	Total	SC	ST	BC	Minorities	Total
2017-18	129.9	56.73	382.29	46.99	615.91	122.76	53.61	373.49	44.67	594.53	7.14	3.12	8.80	2.32	21.38
2018-19	119.65	54.46	357.38	43.20	574.69	115.14	51.87	349.74	41.62	558.37	4.51	2.59	7.64	1.58	16.32
2019-20	146.27	63.73	392.91	44.71	647.62	141.59	60.50	379.85	44.06	626.00	4.68	3.23	13.06	0.65	21.62
2020-21	133.86	66.14	430.69	57.11	687.80	125.47	61.92	406.21	29.29	622.89	8.39	4.22	24.48	27.82	64.91
2021-22	226.49	125.13	392.73	71.64	815.99	75.96	18.49	37.45	0.20	132.10	150.53	106.64	355.28	71.44	683.89
Total	756.17	366.19	1956	263.65	3342.01	580.92	246.39	1546.74	159.84	2533.89	175.25	119.8	409.26	103.81	808.12

Appendix-3.22

(Reference to paragraph 3.3.3.4, Page 149)

Programme-wise details of total works and expenditure in the five sampled districts

(₹ in crore)

		Total no of works and Expenditure of selected Districts											
Sl. No	Name of the Programme	Adilabad		Jogulamba Gadwal		Mahabubabad		Medchal-Malkajgiri		Siddipet		Total	
		No. of works	Expr	No. of works	Expr	No. of works	Expr	No. of works	Expr	No. of works	Expr	No. of works	Expr
1	PMGSY-I	56	55.40	0	0.00	98	111.43	0	0.00	4	4.45	158	171.28
2	PMGSY-II	4	17.52	2	7.20	2	8.13	3	10.20	5	21.88	16	64.93
3	PMGSY-III	14	10.95	8	2.36	21	9.72	3	5.84	17	15.35	63	44.22
4	CRR-State Grants	43	66.22	78	33.35	149	56.97	54	23.52	318	271.43	642	451.49
5	MRR-State Grants	81	78.11	37	24.09	140	58.86	79	29.67	128	43.61	465	234.34
6	NABARD-RIDF	14	9.82	1	1.64	7	9.84	3	2.84	22	26.89	47	51.03
Total		212	238.02	126	68.64	417	254.95	142	72.07	494	383.61	1391	1017.29

Source: Information furnished by ENC (PRED), Hyderabad

Appendix 3.23

(Reference to paragraph 3.3.3.4, Page 149)

Programme-wise details of selected works in the five sampled districts

(₹ in crore)

		Selected Districts											
Sl. No	Name of the Programme	Adilabad		Jogulamba Gadwal		Mahabubabad		Medchal-Malkajgiri		Siddipet		Total	
		No. of works	Expr	No. of works	Expr	No. of works	Expr	No. of works	Expr	No. of works	Expr	No. of works	Expr
1.	PMGSY-I	9	9.17	0	0.00	15	16.01	0	0.00	1	1.13	25	26.31
2.	PMGSY-II	1	5.55	1	3.48	1	2.01	1	3.92	1	3.07	5	18.03
3.	PMGSY-III	3	0	2	0.62	3	0.00	1	3.73	3	0.00	12	4.35
4.	CRR-State Grants	7	11.94	12	8.19	23	3.67	9	4.06	48	51.04	99	78.90
5.	MRR-State Grants	13	9.85	6	6.44	21	9.71	12	3.26	20	4.40	72	33.66
6.	NABARD-RIDF	3	3.01	1	1.64	2	1.98	1	0.11	4	1.94	11	8.68
Total		36	39.52	22	20.37	65	33.38	24	15.08	77	61.58	224	169.93

Source: Sample selection from the information furnished by ENC (PRED), Hyderabad

Appendix-3.24

(Reference to paragraph 3.3.4.4, Page 153)

Details of PMGSY works with expenditure incurred but not completed due to lack of forest clearance

Sl. No	District Name	Block Name	Package No.	Sanctioned Year	Work Type	Road Name/Bridge Name	Sanction Cost	Road Length (Km)	Road Length Completed Till Date	Expenditure
1	Adilabad	Inderavelly	TS01XII034	2017-18	Road	L052-PR road to Tummalapahad	143.50	3.300	0.000	49.50
2	Adilabad	Inderavelly	TS01XII039	2017-18	Road	L054-PR road to Lachimpur B	126.98	3.000	0.000	62.00
3	Adilabad	Neradigonda	TS01XII065	2017-18	Road	L039-Kunthala K to Mathura Thanda	443.32	9.900	0.000	147.27
4	Komrambheem Asifabad	Bejjur	AP01XA023	2012-13	Road	ZP Road - Gerregudem	70.00	1.200	0.000	5.68
5	Komrambheem Asifabad ¹	Bejjur	AP01XA104	2012-13	Road	T01-Karjevally to Motlaguda	667.60	11.800	5.000	439.13
6	Komrambheem Asifabad	Dahegaon	TS01XII025	2017-18	Road	L035-R & B Road to Chinnagudipet via Parvathipet	371.50	8.500	5.600	248.87
7	Komrambheem Asifabad	Dahegaon	TS01XII026	2017-18	Road	L041-Karji to Motlaguda via Rampur	625.00	15.000	2.200	198.61
8	Komrambheem Asifabad	Kerameri	AP01XLB12	2010-11	Long Span Bridge	C/o Bridge @ 0/0 to 0/4, Km on R/f Anarpally to Karanjwada	272.22	0.000	0.000	19.75
9	Komrambheem Asifabad	Kerameri	TS01XII051	2017-18	Road	L029-PWD road to Potharaj temple	131.30	3.000	2.700	112.68
10	Komrambheem Asifabad	Sirpur (T)	TS01XII072	2017-18	Road	L032-PWD Road to Edlagdam	120.00	3.300	2.345	91.52
11	Mahabubabad	Gudur	AP21XA27	2012-13	Road	PWD Road- Neelavancha	205.03	3.560	0.400	204.85
12	Mahabubabad	Kothaguda	TS09XII38	2017-18	Road	ML01-Cheruvumundu Thanda to Doravivempally	356.50	7.400	0.000	390.75
13	Mancheril	Vemanpalle	TS01XII093	2017-18	Road	L028-Laxmipur to Baddampally	707.50	11.400	0.301	20.08
14	Mulugu	Venkatapuram	TS03X109	2017-18	Road	L023-R B Road to Thippapuram	366.00	6.880	3.500	179.90
15	Nirmal	Kaddampeddur	AP01XA077	2012-13	Long Span Bridge	Construction of 7V 20m span Bridge at 3/8 Km on R/f Ervachintal to Dattojipet	385.83	0.000	0.000	67.75
16	Nirmal	Kaddampeddur	AP01XA76	2012-13	Road	T05-Nawabpet to Gangapur	383.89	8.280	6.080	304.22
17	Nirmal	Khanapur	TS01XII052	2017-18	Road	T06-Rasimatla to Korkal	317.50	9.150	2.300	72.99
18	Nirmal	Khanapur	TS01XII053	2017-18	Road	L031-R & B road to Kosagutta	79.90	2.200	1.586	36.97
19	Nirmal	Khanapur	TS01XII055	2017-18	Road	L033-Kosagutta to Yapalguda	181.50	4.370	0.000	6.02
Total							5,955.07	112.24	32.012	2,658.54

Source: Information furnished by ENC (PRED), Hyderabad

¹ The ENC(PRED) informed (December 2023) that this work was withdrawn after laying a road of 5 km against proposed 11.8 km and incurring expenditure of ₹4.39 crore

Appendix-3.25
(Reference to paragraph 3.3.4.4., Page 153)

Details of PMGSY works not completed due to lack of forest clearance with zero expenditure

S. No	District Name	Block Name	Package No.	Sanctioned Year	Work Type	Road Name/Bridge Name	Sanction Cost	Road Length (Km)	Road Length Completed Till Date	Expenditure
1	Adilabad	Inderavelly	TS01XII035	2017-18	Road	L049-PR Road to Dharmasagar	57.02	1.300	0.000	0.00
2	Adilabad	Inderavelly	TS01XII043	2017-18	Road	T02-Muthur to Pakkernaiktanda	22.02	0.65	0	0
3	Adilabad	Inderavelly	TS01XII044	2017-18	Road	T02-Muthur to Pakkernaiktanda	659.5	13.2	0.6	0
4	Bhadradri Kothagudem	Aswapuram	TS03XIII12	2017-18	Road	L030-PWD Road Mondikunta to Mamillavai	159.9	4.35	0	0
5	Komrambheem Asifabad	Bejjur	TSIXILB05	2016-17	Long Span Bridge	Constn of High level Bridge at 1/000 Km on Kethini to Dimda	300.00	0.000	0.000	0.00
6	Komrambheem Asifabad	Bejjur	TSIXILB07	2016-17	Long Span Bridge	Constn of High level Bridge at 13/900 Km on R/f Gudem to Bejjur	210.5	0	0	0
7	Komrambheem Asifabad	Bejjur	TSIXILB08	2016-17	Long Span Bridge	Constn of High level Bridge at 15/400 Km on R/f Gudem to Bejjur	178	0	0	0
8	Komrambheem Asifabad	Bejjur	TS01XII07	2017-18	Road	L022-Eriguda to Thalai	205	5	3.357	0
9	Komrambheem Asifabad	Bejjur	TS01XII010	2017-18	Road	T01-Karjevally to Motlaguda	593	14	0	0
10	Komrambheem Asifabad	Bejjur	TS01XII012	2017-18	Road	L038-Bejjur to Somini	336	8	0	0
11	Komrambheem Asifabad	Jainoor	TS01XII048	2017-18	Road	L039-PWD road to Jhaduguda	220.5	5	0	0
12	Komrambheem Asifabad	Kouthala	TS01XII058	2017-18	Road	L028-Ravindranager to Korsini	128.5	3	0	0
13	Komrambheem Asifabad	Tiryani	AP01XA0102	2012-13	Road	L029-ZP road to Doddiguda	402.63	5.8	0	0
14	Komrambheem Asifabad	Tiryani	AP01XA103	2012-13	Road	L043-ZP road to Nagn Guda	300.49	4.075	0	0
15	Mancherl	Vemanpalle	TS01XIIILB01	2017-18	Long Span Bridge	C/o Bridge at Km 6/600 on R/f Laxmipur to Baddampally	125.5	0	0	0
16	Mancherl	Vemanpalle	TS01XIIILB02	2017-18	Long Span Bridge	C/o Bridge at Km 8/800 on R/f Laxmipur to Baddampally	824	0	0	0
17	Mancherl	Vemanpalle	TS01XII094	2017-18	Road	L030-8/600 of L028 to Chamanapally	114.5	1.9	0	0
Total							4837.06	66.275		

Source: Information furnished by ENC (PRED), Hyderabad

Appendix-3.26
(Reference to paragraph 3.3.6.6, Page 164)

Specifications of road mentioned in the IRC Manual SP-72-2007

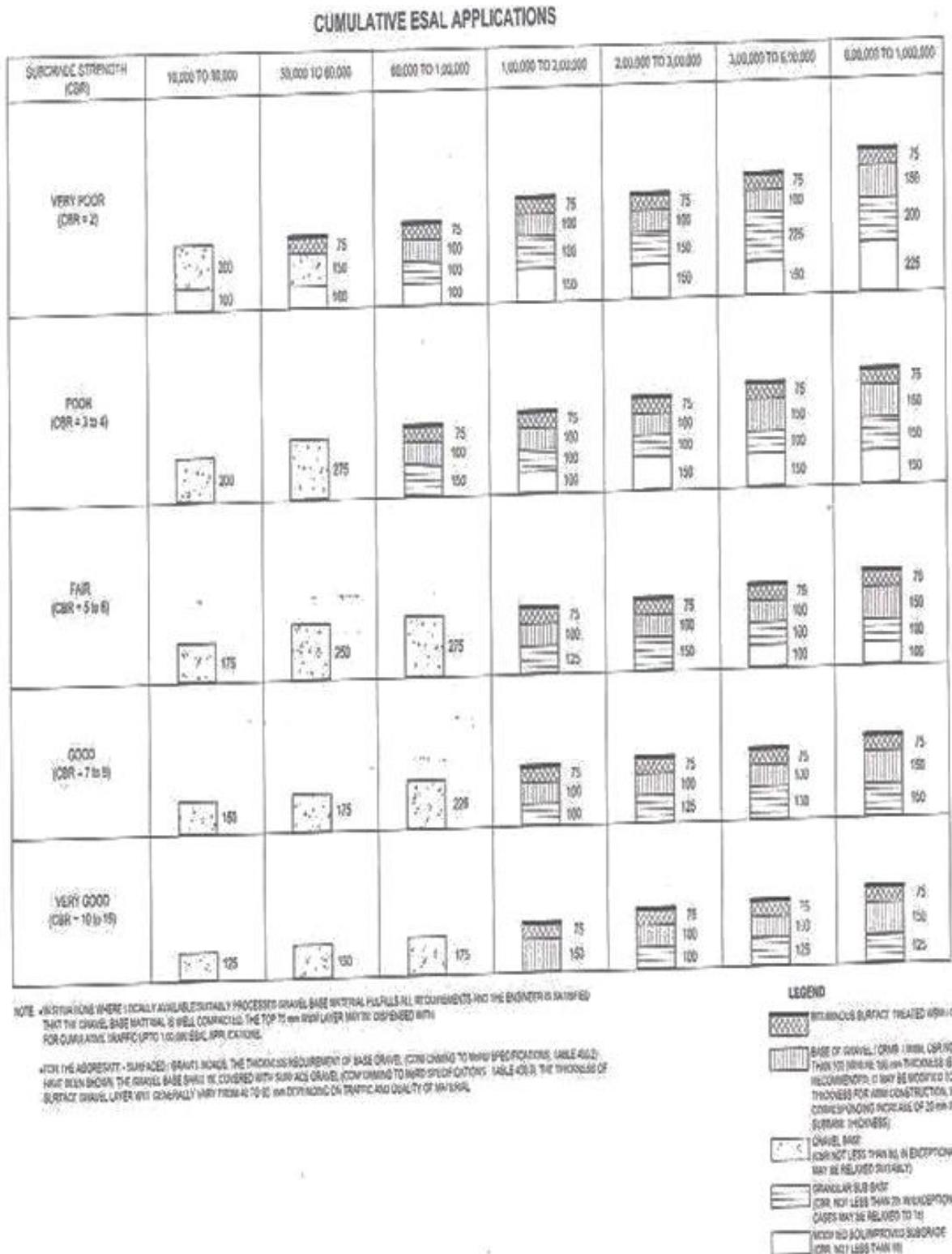


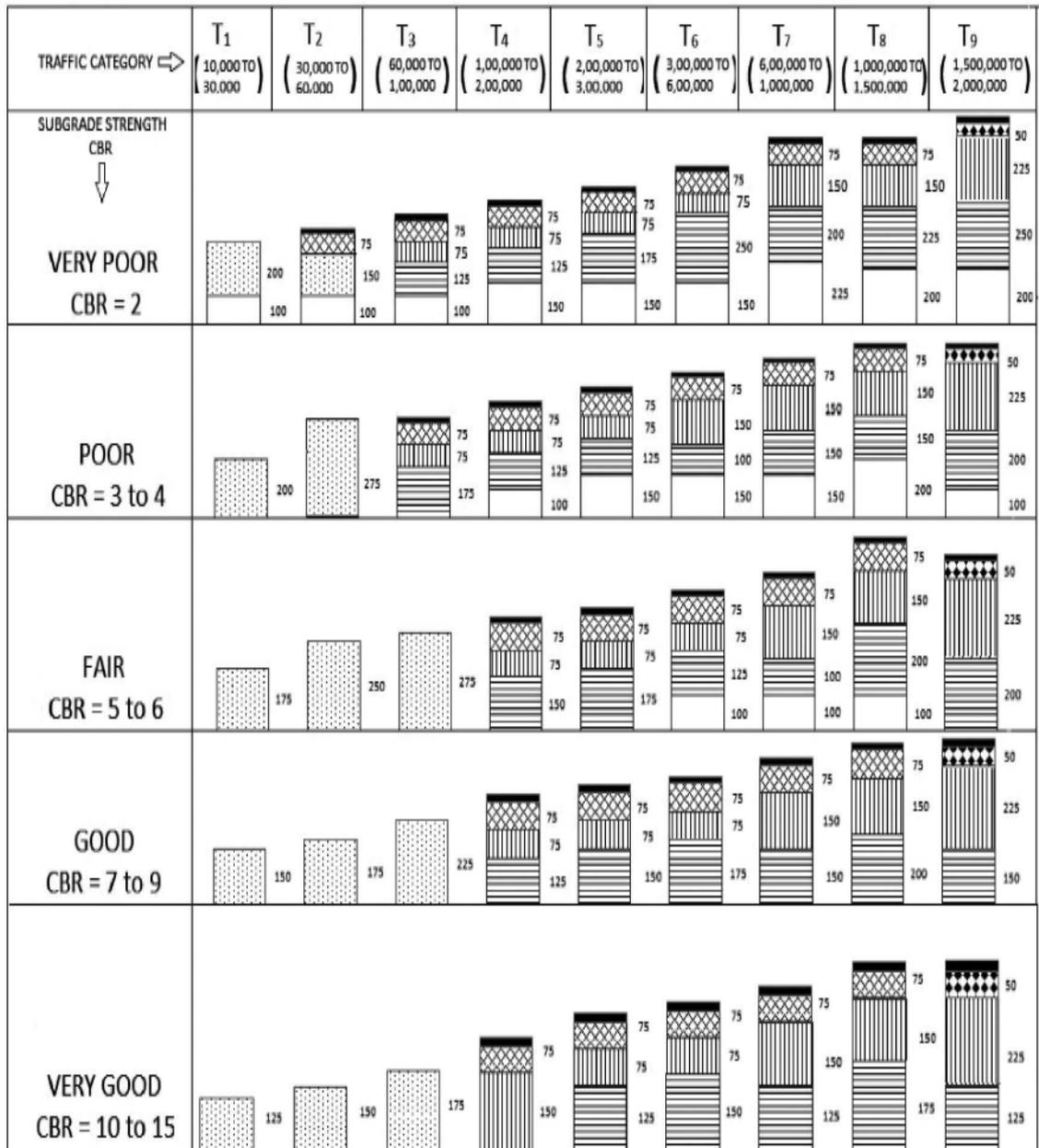
Fig. 4. Pavement Design Catalogues

Source: IRC Manual

Appendix-3.27

(Reference to paragraph 3.3.6.6, Page 164)

Specifications of road mentioned in the IRC Manual SP-72-2015



LEGEND

- Modified Soil/Improved Subgrade (CBR not < 10)
- Granular Subbase (CBR not < 20) in exceptional case can be 15
- Gravel Base (CBR not < 80). In Lower base course shall not be less than 50 Clause 2.3.5 (in exceptional case may be relaxed suitably)

- Base of Gravel/CRMB/WBM (CBR not < 100) Where 100mm thickness is recommended it can be modified to 75 mm for WBM with corresp. increase of 25 mm in Subbase
- WBM Grade-3
- Bituminous Macadam
- Premix/OGPC

Fig. 4 Pavement Design Catalogues for Gravel/Granular Bases and Sub-bases

Source: IRC Manual

Appendix-3.28
(Reference to paragraph 3.3.6.6, Page 164)

Avoidable expenditure due to adoption of highest specifications for pavements

Sl. No	Name of the work	Month of Technical Sanction	Month of Traffic Survey	IRC Referred	CBR (%)	Traffic Cat. & CVPD	To be executed as per IRC referred specifications (mm)										Extra executed over and above the IRC specifications	Avoidable Exp on extra executed quantities (₹ in lakh)			
							GSB	WBM Gr.-II	WBM Gr.-III	WMM	OGPC	BC	CC (Max value)	GSB	WBM Gr.-II	WBM Gr.-III			WMM	OGPC	BC
Adilabad																					
1	Road from ZP Road (Bandal Nagpur) to Jamidi X Roads, Tamsi Mandal (CRR grant)	Jan-15	Jan-15	SP-72-2007, SP-62-2014	3-4	T3/24	100	100	100	75		20	0	160	200	150	20	0	200	GSB: 75mm and CC 40 mm	7.23
2	Road from PR Road Soanpally to Talamadri in Echoda Mandal(CRR grant)	Feb-15	Jan-15	SP-72-2007, SP-62-2014	2.5	T3/10	100	100	100	75		20	0	160	200	150	20	0	200	GSB: 75mm and CC 40 mm	3.93
3	Road from Adilabad to Indervelly via Ankoli, Wanwat, Pippaldhari, Khandala, Chichdhari and Bursanpatar (PMGSY)	Apr-21	Sep-20	SP-72-2015, SP-62-2014	5-6	T7/198	100	150	100	75		20			150	200		30		GSB: 25mm	17.26

Sl. No	Name of the work	Month of Technical Sanction	Month of Traffic Survey	IRC Referred	CBR (%)	Traffic Cat. & CVPD	To be executed as per IRC referred specifications (mm)								Actually executed (mm)						Extra executed over and above the IRC specifications	Avoidable Exp on extra executed quantities (₹ in lakh)			
							GSB	WBM Gr.-II	WBM Gr.-III	WMM	OGPC	BC	CC (Max value)	GSB	WBM Gr.-II	WBM Gr.-III	WMM	OGPC	BC	CC					
	y via Dasari Colony, Malyala (CRR grant)			SP-62-2014																					
10	Road from Kodandaraopally (V) to Laxmidhevally SC Colony (CRR grant)	Feb-15	Jan-15	SP-72-2007, SP-62-2014	3	T5/45																			6.56
11	Road from Rangadampally to Bogguloni Banda	Feb-15	Jan-15	SP-72-2007, SP-62-2014	3	T5/45																			14.84
12	Providing BT surface on Road from Mulugu-Tunki ZP Road to Rajeev Rahadari via Nagireddyally, Laxmakkapally (CRR grant)	Feb-15	Jan-15	SP-72-2007, SP-62-2014	3-4	T4/43																			9.06
13	Upgradation of PR Road to Setharampally (CRR grant)	Feb-15	Jan-15	SP-62-2014		31																			2.63
14	Road from Koheda to Arepally via Dharmasagarally	Jan-15	Jan-15	SP-62-2014		32																			3.72

Sl. No	Name of the work	Month of Technical Sanction	Month of Traffic Survey	IRC Referred	CBR (%)	Traffic Cat. & CVPD	To be executed as per IRC referred specifications (mm)	Actually executed (mm)	Extra executed over and above the IRC specifications	Avoidable Exp on extra executed quantities (₹ in lakh)																																										
15	Road from Ankireddypally to Tadoor (Warangal dist. Border) (CRR grant)	Jan-15	Jan-15	SP-72-2007, SP-62-2014	3	T4/48	<table border="1"> <tr> <td>GSB</td> <td>100</td> <td>100</td> </tr> <tr> <td>WBM Gr.-II</td> <td>100</td> <td>75</td> </tr> <tr> <td>WBM Gr.-III</td> <td>0</td> <td>0</td> </tr> <tr> <td>WMM</td> <td>0</td> <td>0</td> </tr> <tr> <td>OGPC</td> <td>20</td> <td>20</td> </tr> <tr> <td>BC</td> <td>0</td> <td>0</td> </tr> <tr> <td>CC (Max value)</td> <td>160</td> <td>150 + 75 existing</td> </tr> </table>	GSB	100	100	WBM Gr.-II	100	75	WBM Gr.-III	0	0	WMM	0	0	OGPC	20	20	BC	0	0	CC (Max value)	160	150 + 75 existing	<table border="1"> <tr> <td>GSB</td> <td>150 + 75 existing</td> <td>150</td> </tr> <tr> <td>WBM Gr.-II</td> <td></td> <td></td> </tr> <tr> <td>WBM Gr.-III</td> <td></td> <td></td> </tr> <tr> <td>WMM</td> <td>150</td> <td></td> </tr> <tr> <td>OGPC</td> <td>20</td> <td></td> </tr> <tr> <td>BC</td> <td></td> <td></td> </tr> <tr> <td>CC</td> <td>200</td> <td></td> </tr> </table>	GSB	150 + 75 existing	150	WBM Gr.-II			WBM Gr.-III			WMM	150		OGPC	20		BC			CC	200		GSB: 100 mm and CC: 40 mm	16.00
GSB	100	100																																																		
WBM Gr.-II	100	75																																																		
WBM Gr.-III	0	0																																																		
WMM	0	0																																																		
OGPC	20	20																																																		
BC	0	0																																																		
CC (Max value)	160	150 + 75 existing																																																		
GSB	150 + 75 existing	150																																																		
WBM Gr.-II																																																				
WBM Gr.-III																																																				
WMM	150																																																			
OGPC	20																																																			
BC																																																				
CC	200																																																			
Total										117.50																																										

Appendix-3.29
(Reference to paragraph 3.3.7.2, Page 171)

Roads Badly Damaged Before Expiry of DLP

Sl. No.	Mandal	Name of Work	Programme	Road Type	Date of Completion	Damaged BT or CC or Both	Expiry Date of DLP	Date of JPV	Defect noticed
Siddipet District									
1	Jagadevpur	Road from Angadikistapur to Ippalaguda	CRR	BT	31.07.2018	BT	30.07.2023	06.05.2023	Badly damaged from start to end. Some stretch - BT completely vanished, only base course visible, some stretches - base course is not visible, entire length - full of ditches, potholes, metals strewn all across
2	Jagadevpur	Road from Jagdevpur to Vardharajpur Via Lingareddyally, Itikyala, Kothapet	CRR	BT & CC	31.07.2018	Both	30.07.2023	06.05.2023	BT layer damaged throughout the length, cracks, potholes in CC surface, rough surface resulting in bad riding quality
3	Koheda	R/F Koheda to Arepally Via Dharmasagarally	CRR	BT	15.12.2018	BT	14.12.2023	09.05.2023	BT completely vanished in most of stretches, cracks, depressions and ditches
Mahabubabad District									
4	Maripeda	PWD Road - Laxman Thanda	PMGSY-I	BT & CC	05.03.2018	CC	04.03.2023	04.04.2023	cracks, depressions and roughness due to removal of metal concrete
5	Mahabubabad	L066-PR Road to Bhajana Thanda	PMGSY-I	BT & CC	10.01.2020	Both	09.01.2025	02.04.2023	BT layer damaged in most of stretches potholes, CC part- cracks, depression and roughness due to removal of metal concrete.
6	Maripeda	L065-PWD road T04 to Chepur Thanda	PMGSY-I	BT & CC	05.03.2020	CC	3.04.2025	04.04.2023	CC part - cracks, depression and roughness due to removal of metal concrete
7	Nellikudur	MRL2-Alair to Komatipally of Nellikudur and Kesamudram Mandals	PMGSY-II	BT & CC	05.03.2018	CC	04.03.2023	06.04.2023	CC part - cracks, depression and roughness due to removal of metal concrete
8	Kothaguda	L052-Kamaram to Barla Mallalah Gumpu (VR34)	PMGSY-I	BT	08.10.2020	BT	07.10.2025	10.04.2023	BT layer completely damaged throughout length, metals strewn all across, potholes
9	Gariabayyaram	ML01-R & B Road to Bandlakunta	PMGSY-I	BT & CC	08.10.2020	BT	07.10.2025	14.04.2023	BT layer completely damaged throughout length, metals strewn all across, potholes
10	Nellikudur	L066-PWD Road to Balaunaik Thanda (VR51)	PMGSY-I	BT	11.03.2020	BT	10.03.2025	06.04.2023	BT layer completely damaged throughout length, metals strewn all across, potholes

Source: Finding during JPV and data furnished by ENC (PRED), Hyderabad

Appendix-3.30
(Reference to paragraph 3.4(i), Page 179)
Details of the calculation of the total amount of Rice drawn by ineligible beneficiaries

During 2020-21										
Card Pool Type	Total No. of Ration Card holders	Economic Cost of Rice per MT (in ₹)			Qty. of rice lifted from April 2020 to June 2020 (in MT)		Qty. of rice lifted from July 2020 to Nov' 2020 (in MT)		Qty. of rice lifted from Dec' 2020 to March 2021 (in MT)	Total Cost (in ₹)
		Regular quota (from April to Nov' 2020)	Regular quota (from Dec' 2020 to March 2021)	PMGKAY	Regular quota	PMGKAY	Regular quota	PMGKAY		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Economic Cost to Government of India										
Central	31,213	32,465.80	32,465.80	37,267.60	2,457.753	1,755.729	2,873.480	2,704.854	2,007.888	40,45,05,657.57
Economic Cost to Government of Telangana										
Central	31,213	3,176.95	3,176.95	163.85	2,457.753	1,755.729	2,873.480	2,704.854	2,007.888	2,40,46,886.99
State	27,012	26,783.32	25,783.32	26,783.32	1,369.073	977.955	1,444.658	1,444.638	949.299	16,47,22,221.21
Total	58,225	--	--	--	3,826.826	2,733.684	4,318.138	4,149.492	2,957.187	59,32,74,765.77
Total Quantity of Rice lifted during the year 2020-21:									17,985.327 MT	

During 2021-22									
Card Pool Type	Total No. of ineligible Ration Card holders	Economic Cost of Rice per MT (in ₹)			Qty. of rice lifted during April 2021 & May 2021 (in MT)	Qty. of rice lifted from June 2021 to March 2022 (in MT)		Total Cost (in ₹) [Col.(3) X Col.(6) + Col.(4) X Col. (7) + Col.(5) X Col.(8)]	
		Regular quota (upto May 2021)	Regular quota (from June 2021 to March 2022)	PMGKAY		Regular quota	PMGKAY		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Economic Cost to Government of India									
Central	31,213	32,624.90	32,624.90	35,967.25	1,306.212	5,757.396	5,757.396	43,75,27,205.92	
Economic Cost to Government of Telangana									
Central	31,213	3,342.35	4,342.35	163.85	1,306.212	5,757.396	5,757.396	3,03,09,795.53	
State	27,012	25,694.07	26,694.07	26,694.07	630.388	3,119.757	3,119.757	18,27,55,256.88	
Total	58,225	--	--	--	1,936.600	8,877.153	8,877.153	65,05,92,258.33	
Total Quantity of rice lifted during the year 2021-22:							19,690.906 MT		

Source: Information of the rice drawn by these ineligible households as furnished by the Department

Appendix 3.31
(Reference to paragraph 3.4(ii), Page 180)

Details of the calculation of the total amount of Rice drawn for the Deceased persons

During 2020-21										
Card Pool Type	Total No. of deceased beneficiaries	Economic Cost of Rice per MT (in ₹)			Qty. of rice lifted from April 2020 to June 2020 (in MT)		Qty. of rice lifted from July 2020 to Nov' 2020 (in MT)		Qty. of rice lifted from Dec' 2020 to March 2021 (in MT)	Total Cost (in ₹) [Col.(3) X Col.(6) + Col.(5) X Col. (7) + Col.(3) X Col.(8) + Col.(5)X Col.(9) + Col.(4)X Col.(10)]
		Regular quota (from April to Nov' 2020)	Regular quota (from Dec' 2020 to March 2021)	PMGKAY	Regular quota	PMGKAY	Regular quota	PMGKAY		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Economic Cost to Government of India										
Central	11,599	32,465.80	32,465.80	37,267.60	104,953	79,432	153,590	166,454	191,750	2,37,82,703.57
Economic Cost to Government of Telangana										
Central	11,599	3,176.95	3,176.95	163.85	104,953	79,432	153,590	166,454	191,750	14,70,846.77
State	4,619	26,783.32	25,783.32	26,783.32	41,966	29,976	55,270	55,241	59,888	64,30,808.55
Total	16,218	--	--	--	146,919	109,408	208,860	221,695	251,638	3,16,84,358.89
Total Quantity of Rice lifted during the year 2020-21:									938,520 MT	

During 2021-22									
Card Pool Type	Total No. of deceased beneficiaries	Economic Cost of Rice per MT (in ₹)			Qty. of rice lifted during April 2021 & May 2021 (in MT)	Qty. of rice lifted from June 2021 to March 2022 (in MT)		Total Cost (in ₹) [Col.(3) X Col.(6) + Col.(4) X Col. (7) + Col.(5) X Col.(8)]	
		Regular quota (upto May 2021)	Regular quota (from June 2021 to March 2022)	PMGKAY		Regular quota	PMGKAY		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Economic Cost to Government of India									
Central	18,463	32,624.90	32,624.90	35,967.25	136.833	800.287	800.287	5,93,57,568.89	
Economic Cost to Government of Telangana									
Central	18,463	3,342.35	4,342.35	163.85	136.833	800.287	800.287	40,63,597.06	
State	6,857	25,694.07	26,694.07	26,694.07	35.428	221.846	221.846	1,27,54,234.82	
Total	25,320	--	--	--	172.261	1022.133	1022.133	7,61,75,400.76	
Total Quantity of rice lifted during the year 2021-22:					2,216.527 MT				

Source: Information of the rice drawn in the name of deceased persons as furnished by the Department

Appendix 3.32

(Reference to paragraph 3.4(ii), Page 180)

Details of the calculation of the total amount of Rice drawn for the Deceased persons (Single Family member)

During 2020-21										
Card Pool Type	Total No. of deceased beneficiaries	Economic Cost of Rice per MT (in ₹)			Qty. of rice lifted from April 2020 to June 2020 (in MT)		Qty. of rice lifted from July 2020 to Nov' 2020 (in MT)		Qty. of rice lifted from Dec' 2020 to March 2021 (in MT)	Total Cost (in ₹)
		Regular quota (from April to Nov' 2020)	Regular quota (from Dec' 2020 to March 2021)	PMGKAY	Regular quota	PMGKAY	Regular quota	PMGKAY		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Economic Cost to Government of India										
Central	67	32,465.80	32,465.80	37,267.60	1.460	0.401	2.630	0.705	0.501	1,90,268.45
Economic Cost to Government of Telangana										
Central	67	3,176.95	3,176.95	163.85	1.460	0.401	2.630	0.705	0.501	14,766.60
State	163	26,783.32	25,783.32	26,783.32	1.090	0.780	1.390	1.390	0.138	1,28,100.54
Total	230	--	--	--	2.550	1.181	4.020	2.095	0.639	3,33,135.59
Total Quantity of Rice lifted during the year 2020-21:									10.485 MT	

During 2021-22									
Card Pool Type	Total No. of deceased beneficiaries	Economic Cost of Rice per MT (in ₹)			Qty. of rice lifted during April 2021 & May 2021 (in MT)	Qty. of rice lifted from June 2021 to March 2022 (in MT)		Total Cost (in ₹) [Col.(3) X Col.(6) + Col.(4) X Col. (7) + Col.(5) X Col.(8)]	
		Regular quota (upto May 2021)	Regular quota (from June 2021 to March 2022)	PMGKAY		Regular quota	PMGKAY		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Economic Cost to Government of India									
Central	51	32,624.90	32,624.90	35,967.25	0.400	2.900	2.900	2,11,967.20	
Economic Cost to Government of Telangana									
Central	51	3,342.35	4,342.35	163.85	0.400	2.900	2.900	14,404.92	
State	49	25,694.07	26,694.07	26,694.07	0.120	1.280	1.280	71,420.11	
Total	100	--	--	--	0.520	4.180	4.180	2,97,792.23	
Total Quantity of rice lifted during the year 2021-22:						8.880 MT			

Source: Information of the rice drawn in the name of deceased persons as furnished by the Department

Appendix-3.33

(Reference to Paragraph 3.8.2, page 188)

Details of Same Family Members availing Financial Assistance under DEP -Scheduled Caste Development Corporation

Sl. No.	FSC No.	Financial Year	Applicant Name	Father Name	Vehicle Type	Preceding Date	Release Date	Subsidy (₹)
1.	365370847231-	2016-17	Bendela Kumar	Bendela Rajendhar	Four Wheeler	21-12-2018	21-12-2018	4,44,346
2.	365370847231-	2016-17	Praveen Bendela	Bendela Rajendhar	Four Wheeler	30-11-2018	30-11-2018	4,44,346
3.	369410120764-	2016-17	Boya Venkataiah	Lachaiiah	Four Wheeler	12-03-2018	12-03-2018	4,44,346
4.	369410120764-	2016-17	Boya Narsimha	B Lachaiiah	Four Wheeler	30-11-2018	30-11-2018	4,44,346
TOTAL								17,77,384

Details of Same Family Members availing Financial Assistance under DEP -Minority Finance Corporation

Sl. No.	FSC No	Financial Year	Applicant Name	Unit cost (in ₹)	Bank loan (in ₹)	Subsidy (in ₹)
1	365370307180	2016-17	Mohammed Javeed	7,40,577	2,46,231	4,44,346
2	365370307180	2016-17	Mohammed Khursheed	7,40,577	2,46,231	4,44,346
TOTAL						8,88,692

Appendix-4.1
(Refer to Paragraph 4.1.3.3, Page No 197)

Statement showing Audit Sample

(Value in ₹ crore)

Sl. No.	Selected ZO	Total		High Risk		Others		Total Sample		Selected IALAs
		No. of Cases	Value	No. of Cases	Value	No. of Cases	Value	No. of Cases	Value	
1	Cyberabad	46	107.53	4	50.87	2	8.45	6	59.32	Madhapur
										Nanakram guda
2	Patancheru	316	643.64	6	258.59	17	19.04	23	277.63	Pashamy laram
										Patancheru
3	Shamshabad	406	2,792.17	29	2,648.64	19	19.47	48	2,668.11	Hyderabad
										Jadcherla
Total		768	3,543.34	39	2,958.10	38	46.96	77	3,005.06	

Glossary

A&OE	Administrative & Office Expenses
AC	Apex Committee
ADSIPL	M/s Amazon Data Services India Private Limited
ADSTL	Adani Defence Systems and Technologies Limited
AE	Assistant Engineer
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APDSS	Andhra Pradesh Detailed Standard Specifications
APIICL	Andhra Pradesh Industrial Infrastructure Corporation Limited
AQAR	Annual Quality Assurance Report
ARRMP	Annual Rural Road Maintenance Plan
ATNs	Action Taken Notes
ATR	Action Taken Report
AY	Assessment Year
BC	Bituminous Concrete
BG	Bank Guarantee
BoD	Board of Directors
BoS	Board of Studies
BT	Black Top
CA	Command Area
CA	Central Assistance
CBR	California Bearing Ratio
CC	Cement Concrete
CCESD&M	Consultative Committee on Electronic System Design & Manufacturing
CDC	College Development Council
CDE	Centre for Distance Education
CDMA	Commissioner and Director of Municipal Administration
CETP	Common Effluent Treatment Plant
CGG	Centre for Good Governance
CoPU	Committee on Public Undertakings
CPFL	M/s Chiripal Poly Films Limited
CPWD	Central Public Works Department
CRR	Construction of Rural Roads
CSC	Cabinet Sub-Committee
CTCLs	Computer Training Centres cum Libraries
CTCs	Computer Training Centres
CVPD	Commercial Vehicle Per Day
DCs	District Collectors
DI	Ductile Iron
DIPP	Department of Industrial Policy and Promotion
DLAMC	District Level Advisory and Monitoring Committee
DLP	Defects Liability Period

DPRE	District Panchayat Raj Engineer
DPRs	Detailed Project Reports
DST	Department of Science & Technology
EC	Empowered Committee
EEs	Executive Engineers
ELBR	Elevated Balancing Reservoir
ELSR	Elevated Service Reservoir
EM&HM	Electro-Mechanical and Hydro-Mechanical
eMARG	Electronic Maintenance of Rural Roads under PMGSY
E-MAAS	E-Municipality As A Service
ENC PRED	Engineering -in –Chief, Panchayat Raj and Engineering Department
EoAT	Extension of Agreement Time
ePASS	Electronic Payment and Application System of Scholarships
ESS	Economic Support Scheme
FSR	Faculty Student Ratio
GHMC	Greater Hyderabad Municipal Corporation
GLBR	Ground Level Balancing Reservoir
GLSRs	Ground Level Service Reservoirs
GoAP	Government of Andhra Pradesh
GoI	Government of India
GoTS	Government of Telangana State
GrAMs	Gramin Agricultural Markets
GSB	Granular Sub-Base
GWMC	Greater Warangal Municipal Corporation
HEIs	Higher Education Institutions
HLB	High Level Bridge
HPC	Hyderabad Pharma City
HSCs	House Service Connections
HUDCO	Housing and Urban Development Corporation
I&CD	Industries and Commerce Department
I&CAD	Irrigation and Command Area Development
IALAs	Industrial Area Local Authorities
ICT Policy	Information Communication Technology Policy Framework, 2016
IPs	Industrial Parks
IR	Inspection Report
IRC	Indian Road Congress
IRMA	Independent Review and Monitoring Agency
ISRLIS	Indira Sagar Rudramkota Lift Irrigation Scheme
ITR	Income Tax Return
JCKIPL	M/s JCK Infra Projects Limited
JE	Junior Engineer
JNNURM	Jawaharlal Nehru National Urban Renewal Mission

JPV	Joint Physical Verification
KSL	M/s KAP Steel Limited
lpcd	Litres Per Capita Per Day
LSA	Lease cum Sale Agreement
MA&UD	Municipal Administration and Urban Development
MBR	Master Balancing Reservoir
MCIPL	M/s Microsoft Corporation (India) Private Limited
MI Tank	Minor Irrigation Tank
MIUS	Modified Industrial Infrastructure Upgradation Scheme, 2013
MLD	Million Litres per Day
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
MoUD	Ministry of Urban Development
MoHUA	Ministry of Housing and Urban Affairs
MRL	Major Rural Links
MRR	Maintenance of Rural Roads
MRV	Monthly Rental Values
MSE-CDP	Micro and Small Enterprises Cluster Development Program
MSME	Micro, Small and Medium Enterprise(s)
MT	Metric Tonnes
NAAC	National Assessment and Accreditation Council
NABARD	National Bank for Agriculture and Rural Development
NICDC	National Industrial Corridor Development Corporation
NIMZ	National Investment and Manufacturing Zone
NIRF	National Institutional Ranking Framework
NQM	National Quality Monitors
NRRDA	National Rural Roads Development Agency
NRW	Non-Revenue Water
O&M	Operation and Maintenance
OBMMS`	Online Beneficiary Management & Monitoring System
OGPC	Open Graded Premix Carpet
OMMAS	Online Management, Monitoring and Accounting System
OU	Osmania University
PD	Personal Deposit
PDMC	Project Development & Management Consultants
PF&IC	Price Fixation & Infrastructure Committee
PG College	Post Graduate College
PIUs	Project Implementation Units
PLB	Permanently Lubricated
PMGKAY	Pradhan Mantri Garib Kalyan Anna Yojana
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMKY	Prime Minister Kisan Yojana

PN	Preliminary Notification
POL	Petrol, Oil and Lubricants
PR&RD	Panchayat Raj and Rural Development
PRED	Panchayat Raj Engineering Division
PRIs	Panchayat Raj Institutions
PSUs	Public Sector Undertakings
PURSE	Promotion of University Research and Scientific Excellence
QA&QC	Quality Assurance and Quality Control
RCUES	Regional Centre for Urban and Environmental Studies
R&D	Research and Development
RR	Road Restoration
R&R	Resettlement and Rehabilitation
RDLIS	Rajiv Dummugudem Lift Irrigation Scheme
RDO	Revenue Divisional Officer
RIDF	Rural Infrastructure Development Fund
RM	Regional Manager
RUSA	Rashtriya Uchchar Shiksha Abhiyan
SAAP	State Annual Action Plan
SEs	Superintending Engineers
SEZs	Special Economic Zones
SHpsc	State High Power Steering Committee
SIA	State Implementation Agencies
SLAC	State Level Allotment Committee
SLB	Service Level Benchmarks
SLIP	Service Level Improvement Plans
SLSC	State Level Standing Committee
SLTC	State Level Technical Committee
SMD	State Mission Directorate
SPV(s)	Special Purpose Vehicles
Sq. ft.	Square Feet
SQC	State Quality Coordinator
SQM	State Quality Monitors
SRLIP	Sita Rama Lift Irrigation Project
SRRDA	State Rural Roads Development Agency
TRANSCO	Transmission Corporation of Telangana Limited
TRICOR	Telangana Scheduled Tribes Co-operative Finance Corporation
TSCCDC	Telangana Scheduled Castes Co-operative Development Corporation
TSCHE	Telangana State Council of Higher Education
TSEWIDC	Telangana State Education and Welfare Infrastructure Development Corporation
TSIIC	Telangana State Industrial Infrastructure Corporation
TSMFC	Telangana State Minorities Finance Corporation

TSMSIDC	Telangana State Medical Services Infrastructure Development Corporation
TSRRDA	Telangana State Rural Roads Development Agency
TSRTC	Telangana State Road Transport Corporation
TSSPDCL	Telangana State Southern Power Distribution Corporation Limited
T-TAP	Telangana Textile and Apparel Policy
TUFIDC	Telangana Urban Finance & Infrastructure Development Corporation
UC	Utilisation Certificate
UCS	University College of Science
UGC	University Grants Commission
ULBs	Urban Local Bodies
VC&MD	Vice Chairman & Managing Director
VRA	Village Revenue Assistant
VRO	Village Revenue Officer
VTPL	M/s Vem Technologies Private Limited
WBM	Water Bond Macadam
WGC	M/s Welspun Group of Companies
WMM	Water Mix Macadam
ZO	Zonal Office

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