

CHAPTER – VII

Financial Assistance to Local Bodies and Others

Section – A: contains performance review of the schemes:

- **Rural Housing schemes including
Indira Awaas Yojana**
- **Swarnjayanti Gram Swarozgar Yojana**

Section – B: contains performance review of 'Adarana scheme', 'National Scheme for Liberation and Rehabilitation of Scavengers' and other major audit points

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

GENERAL

7.1 Extent of assistance

Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance in the shape of grants and loans from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Cooperative Societies Act; Companies Act, 1956, etc. to implement certain programmes of the Government. The grants are also given to Panchayati Raj institutions as devolution of resources and to other institutions essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of school and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

During 2001-02, financial assistance in the form of grants¹ (Rs 9179.03 crore) and loans (Rs 1604.49 crore) aggregating to Rs 10783.52 crore (42 per cent of the revenue expenditure) was paid to various autonomous bodies and others, broadly grouped as under:

(Rupees in crore)

S.No.	Names/types of institutions	Assistance provided	
		Grants	Loans
1.	Zilla Parishads and other Panchayati Raj Institutions	3259.35	-
2.	Municipal Corporations and Municipalities	385.30	3.24
3.	Transmission Corporation of Andhra Pradesh Limited	2094.67	700.58
4.	Universities and educational institutions	1272.93	-
5.	Generation Corporation of Andhra Pradesh Limited	-	317.66
6.	AP State Housing Corporation	-	283.22
7.	AP Vaidya Vidhana Parishad	200.85	-
8.	AP State Road Transport Corporation	100.00	-
9.	District Rural Development Agencies	79.03	-
10.	AP State Police Housing Corporation	-	50.00
11.	AP Urban Infrastructure Corporation	-	112.16
12.	Co-operative Sugar Factories	-	24.44
13.	Hyderabad Urban Development Authority	23.81	-
14.	AP State Electricity Board	7.41	30.55
15.	Integrated Tribal Development Agencies	19.18	-
16.	Hyderabad Metropolitan Water Supply and Sewerage Board	14.52	-
17.	Co-operative Societies	19.84	-
18.	AP Health and Medical Housing and Infrastructure Development Corporation	-	16.25
19.	Puttaparthi Urban Development Authority	10.86	-
20.	Others	1691.28	66.39

¹ Please see misclassification of grants-in-aid of Rs 761.59 crore discussed in para 1.6

The purposes for which grants and loans were sanctioned are broadly grouped as follows:

(Rupees in crore)

Purpose	Amount of assistance
Power Development	3146.67
Education	2924.12
Community Development	1133.14
Social Welfare	504.72
Housing	454.99
Water Supply and Sanitation	417.16
Rural Development	371.81
Urban Development	318.61
Medical and Public Health	260.62
Relief to victims of natural calamities	198.15
Industries	159.68
Others	893.85
Total	10783.52

7.2 Delay in furnishing utilisation certificates

The certificates of utilisation of grants obtained from grantee institutions are required to be submitted by the sanctioning authorities of the respective departments to the Accountant General, after verification, within 18 months from the date of sanction unless specified otherwise. The purpose of furnishing the certificates is to ensure that grants were properly utilised for the purpose for which they were sanctioned and where the grants released were conditional, the prescribed conditions had been fulfilled.

As at the end of March 2002, 3234 Utilisation Certificates (UCs) relating to Rs 613.93 crore in respect of grants released up to September 2000 and due by March 2002 from 6 departments were outstanding, as detailed below. It will be seen from the table that UCs were outstanding for periods up to 10 years and thus the sanctioning authorities evidently failed to take adequate action to obtain the UCs in a timely manner.

S. No.	Department	Number of UCs outstanding	Amount (Rupees in crore)	Earliest year of pendency
1	Revenue (Relief on account of natural calamities)	2450	478.72	1993-94
2	Panchayati Raj and Rural Development	634	71.01	1991-92
3	Social Welfare (including Tribal Welfare)	42	37.67	1992-93
4	Panchayati Raj & Rural Development, and Municipal Administration and Urban Development (Water Supply and Sanitation)	63	22.51	1998-99
5	School Education	4	1.44	1992-93
6	Municipal Administration and Urban Development	41	2.58	1998-99
	Total	3234	613.93	

7.3 Delay in submission of accounts

In order to identify the institutions which attract audit under Section 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, (Act), Government is required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which the assistance was sanctioned and the total expenditure of the institutions. Information for the year 2001-02 called for in April 2002 was awaited as of August 2002 from the following departments of Government.

S. No	Department
1.	Agriculture and Co-operation
2.	Animal Husbandry and Fisheries
3.	Backward classes Welfare
4.	Education
5.	Energy
6.	Food, Civil Supplies and Consumer Affairs
7.	Health, Medical and Family Welfare
8.	Irrigation and Command Area Development
9.	Labour, Employment, Training and Factories
10.	Law
11.	Minorities Welfare
12.	Panchayati Raj and Rural Development
13.	Public Enterprises
14.	Revenue
15.	Social Welfare
16.	Transport, Roads and Buildings
17.	Women Development, Child and Disabled Welfare

1581 accounts from 88 Municipal Corporations/Municipalities were due up to 31 March 2002 as of August 2002 for want of certification by the Director, State Audit.

The status of submission of accounts by autonomous bodies covered under Section 19(3) of the Act, and submission of Audit Reports thereon to the State Legislature as of August 2002 is given below:

S. No.	Name of the body	Year up to which		
		Accounts were due	Accounts submitted	Audit Reports issued
1.	AP Khadi and Village Industries Board	2001-02	1996-97	1994-95
2.	AP Vaidya Vidhana Parishad	2001-02	2000-01	1999-2000

The audit of accounts of 8 bodies and 9 Integrated Tribal Development Agencies (ITDAs) has been entrusted to Comptroller and Auditor General of India under Section 20(1) of the Act.

Of the bodies, audit of the accounts of Hyderabad Urban Development Authority (2000-01 and 2001-02), Visakhapatnam Urban Development Authority (2001-02), Vijayawada-Guntur-Tenali-Mangalagiri Urban Development Authority (2001-02), Tirupati Urban Development Authority (1997-98 to 2001-02), Kakatiya Urban Development Authority (1997-98 to 2001-02), Sri Satya Sai Urban Development Authority (1992-93 to 2001-02), Hyderabad Metropolitan Water Supply and Sewerage Board (2000-01 and 2001-02) could not be conducted due to non-rendering of accounts by the bodies. The position in respect of audit of ITDAs is as follows:

S.No.	Name of the body	Year up to which	
		Accounts received	Accounts Audited
1	Bhadrachalam	1999-2000	1999-2000
2	Utnoor	2000-01	1999-2000
3	Parvathipuram	1999-2000	1999-2000
4	Paderu	2000-01	1999-2000
5	Seethampet	2000-01	1999-2000
6	Srisailam	1999-2000	1999-2000
7	Eturunagaram	2000-01	1999-2000
8	Rampachodavaram	2000-01	1999-2000
9	Kota Ramachandrapuram	2000-01	1999-2000

7.4 Audit arrangement

Audit of local bodies (Zilla Parishads, Mandal Parishads, Municipal Corporations, Municipalities and Grandhalaya Samsthas) and Universities is conducted by Director of State Audit while the Registrar of Co-operative Societies is the statutory auditor for Co-operative Societies. Audit of the District Rural Development Agencies is conducted by Chartered Accountants.

Of the 375 bodies/authorities, accounts of which for 2000-01 were received, 370 bodies/authorities attracted audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Further, the accounts for earlier years in respect of 132 bodies were also received and 106 bodies/authorities attracted audit. Of these, the accounts of 109 bodies/authorities were audited during 2001-02.

SECTION 'A' – AUDIT REVIEWS

HOUSING/PANCHAYATI RAJ AND RURAL DEVELOPMENT DEPARTMENT

7.5 Rural Housing schemes including Indira Awaas Yojana

Highlights

Rural Housing Schemes (including Indira Awaas Yojana) were launched with a view to providing accommodation to rural poor below poverty line. Though the scheme was to be implemented by the DRDAs, it was implemented by AP State Housing Corporation (APSHC). The implementation of the programme suffered due to State share of funds not being released, diversions, misappropriations, etc. Targets for construction were not set by the State. A significant number of houses sanctioned during 1998-2002 were not even started. The activity of upgradation of kutcha houses into pucca houses envisaged under IAY was totally neglected. The funds allocated under IAY (Upgradation), Pradhan Mantri Gramodaya Yojana and Credit-cum-Subsidy Scheme were diverted to a State housing scheme – Rural Permanent Housing Scheme and thereby the implementation of all these Central schemes suffered to that extent. The extent of achievement made under the programme was not assessed.

❖ Out of Rs 809.41 crore made available Rs 734.75 crore were utilised. However, the actual amount fruitfully utilised was much less because of the diversions, unauthorised expenditure, and misappropriation, etc.

[Paragraph 7.5.4]

❖ DRDAs delayed transferring the funds to District Manager (DM), APSHC for one to 8 months.

[Paragraph 7.5.4]

❖ Based on the allocations, 4.53 lakh houses were taken up for construction, but only 3.52 lakh (78 per cent) were completed.

[Paragraph 7.5.6 A (i)]

❖ Houses already constructed under a State Housing scheme, were counted under the IAY, Pradhan Mantri Gramodaya Yojana and Credit-cum-Subsidy Scheme and Rs 127.27 crore of Central assistance was diverted to State housing scheme.

[Paragraphs 7.5.6 A (iii), 7.5.6 B and 7.5.6 C]

The abbreviations used in this review are listed alphabetically in glossary vide Appendix XXXVI (page 214)

❖ **IAY funds of Rs 56.10 lakh were misappropriated in Chittoor and Khammam Districts.**

[Paragraph 7.5.6 A (viii)]

❖ **Admission fees of Rs 4.53 crore were unauthorisedly collected from the beneficiaries.**

[Paragraph 7.5.7 (i)]

❖ **Rice valued Rs 7.66 crore received free of cost from GOI under 'Food for Work' programme was converted into cash - also borne by GOI.**

[Paragraph 7.5.7 (ii)]

❖ **District Managers, APSHC utilised Rs 6.23 crore towards administrative charges for the years 1997-99 though guidelines did not provide such charges.**

[Paragraph 7.5.7(iv)]

❖ **Monitoring both at district and State level was poor.**

[Paragraph 7.5.8]

7.5.1 Introduction

Indira Awaas Yojana (IAY) was launched in 1985-86 as a component of RLEGP a Centrally sponsored wage employment programme fully funded by the Central Government for providing houses to Scheduled Castes, Scheduled Tribes and Freed Bonded Labourers living below poverty line (BPL). IAY was made an independent scheme with effect from 1 January 1996. IAY (Additional) dealing with construction of houses for victims of natural calamities was introduced in 1997-98. The IAY Scheme was divided into two segments i.e. IAY (Regular) and IAY (Upgradation) from 1 April 1999. The main objective of IAY was to provide accommodation to rural poor who are below poverty line, earmarking 60 per cent of the dwellings for SC/ST.

The State Government was also implementing simultaneously the other Central sector housing schemes viz., PMGY², CCSS³, Innovative scheme for Rural Housing and Samagra Awaas Yojana besides its own schemes, viz., Rural Permanent Housing Scheme (RPHS) and Semi Permanent Rural Housing Scheme (SPRHS) separately.

² Pradhan Mantri Gramodaya Yojana

³ Credit-cum-Subsidy Scheme

7.5.2 Organisational set-up

As per guidelines, Rural Development Department was to implement the scheme, through DRDAs. In the State, AP State Housing Corporation Limited (APSHC) was implementing the scheme under the overall control of the Principal Secretary, Housing Department. The District Managers (DM) of the APSHC are responsible for implementation of the scheme at district level.

7.5.3 Audit coverage

The implementation of the scheme was reviewed by test-check of the records (January – April 2002) of the Managing Director (MD), APSHC and District Managers, APSHC in six* (out of 22⁴) districts for the period 1997-2002 covering 27 per cent of the total expenditure reported and 28 per cent of the total rural BPL (41.85 lakh) families in the State. The results of the review are mentioned in the succeeding paragraphs.

7.5.4 Financial performance

The IAY expenditure was to be shared by Central and State Governments in the ratio of 80:20 (75:25 from 1 April 1999). GOI released the funds directly to the District Rural Development Agencies (DRDAs⁵) in two instalments who in turn released the moneys to the DMs, APSHC. State's share was being released to MD, APSHC through the Director, Housing, Government of Andhra Pradesh.

The unit cost of Rs 20000 per house was payable to beneficiary, stage-wise by way of cash and material. Cash component of Rs 7510 was to be transferred to the savings bank account of the beneficiary while material component such as cement, steel etc. costing Rs 9990 was to be issued. The balance Rs 2500 was earmarked for infrastructure facilities like roads, water, sanitation, etc. The beneficiaries were to be involved in the construction of the houses and contribute family labour.

* Adilabad, Chittoor, East Godavari, Khammam, Kurnool and West Godavari

⁴ except Hyderabad (urban)

⁵ being passed on to APSHC for implementation of the scheme

The year-wise releases vis-à-vis expenditure were as follows:

(Rupees in crore)

Year	Opening balance	Releases		Total funds available	Expenditure	Closing balance	Percentage of achievement
		GOI	State Government				
1997-98	4.94	142.75	36.45	184.13	149.97	34.17	81
1998-99	34.17	90.12	22.53	146.82	124.40	22.41	85
1999-2000	22.41	110.95	36.98	170.35	157.55	12.80	92
2000-01	12.80	110.02	36.67	159.50	147.29	12.21	92
2001-02	12.21	178.69	39.31	230.21	155.54	74.66	68
Total		632.53*	171.94*		734.75*		

* this included Rs 1.50 crore released and expended during 1997-98, 1999-2000 and 2000-01 for the three test-checked districts alone meant for housing in the case of natural calamities under IAY (Additional)

The following points emerged in audit.

State share not released in 2001-02

(a) The State did not release Rs 20 crore of its share in the year 2001-02.

(b) Against Rs 809.41 crore available, the State could spend Rs 734.75 crore (91 per cent). The unutilised amounts increased from Rs 34.17 crore in 1997-98 to Rs 74.66 crore in 2001-02.

(c) Out of Rs 734.75 crore recorded as spent, the amount fruitfully utilised on the programme was much less considering the diversion of funds (Rs 67.73 crore), unauthorised expenditure (Rs 6.23 crore), inadmissible expenditure (Rs 13.01 crore) and misappropriations (Rs 0.56 crore) noticed in the six test-checked districts alone. Besides, the DMs in the State had a balance of Rs 175.20 crore in the form of cash and construction material as of March 2002, in respect of houses not started and those at various stages.

The following points were also noticed:

The purpose of direct routing of the funds to DRDAs defeated

Delay in transfer of funds by DRDAs to implementing agencies: In the test-checked districts Rs 19.09 crore of GOI funds were retained in current account (instead of Savings Bank account) for one to 8 months, before transferring the money to the DMs, APSHC; the main defaulter was ZP, Kakinada who retained Rs 1.51 crore for 8 months. The delays deprived the benefit of accruable interest of Rs 13.91 lakh to the scheme with which more houses could have been constructed.

DMs, APSHC deposited scheme funds in current account

The DM, Chittoor stated (April 2002) that payments to beneficiaries were being made through PBBS⁶ system as banks were willing to extend the services only through current account. This was not acceptable as the funds pertaining to other Centrally sponsored schemes were being operated through the savings bank accounts.

⁶ Principal Bank Branch Services

Thus, the scheme lost the benefit of interest of Rs 4.08 crore on the unutilised funds.

7.5.5 Programme implementation

No data on shortage of rural shelter

As per the survey conducted in April 1999 there were 41.85 lakh rural BPL families in the State. Of these, SCs and STs constituted 15.84 lakh (38 per cent). Number of BPL families in six test-checked districts was 11.73 lakh⁷ (SCs and STs : 4.57 lakh). APSHC did not have the data on the number of rural BPL families not having shelter and the requirement of new houses since inception of the scheme.

Flawed selection of beneficiaries

As per the guidelines, the beneficiaries were to be selected by the respective Gram Sabhas. However, in 4 districts 842⁸ beneficiaries were selected, only on the basis of recommendations of people's representatives. Though required, the lists of beneficiaries selected were not being displayed in Gram Sabhas. Thus there was no transparency in selection of beneficiaries.

Scheme implemented by APSHC instead of by DRDAs

The scheme was to be implemented and monitored by DRDAs to whom the funds were released by GOI. However, the scheme was implemented in the State by APSHC, and the DRDAs functioned as intermediaries to transfer the funds received from GOI to APSHC. On the other hand APSHC had no control over rural administration. This adversely affected the implementation of the scheme such as flawed identification of beneficiaries, diversions to State housing schemes, lack of direct monitoring, etc.

7.5.6 Physical performance

A. Indira Awaas Yojana (IAY)

i) Targets and achievements: No State level targets were set with reference to the shortages of rural housing particularly among BPL. The APSHC fixed district-wise annual targets based on the allocations from GOI and communicated them.

Only 3.52 lakh out of 4.53 lakh houses (78 per cent) completed

As against 4.46 lakh houses targeted 4.53 lakh were taken up for construction during 1997-2002 and only 3.52 lakh (78 per cent) houses⁹ were completed. The coverage of SC/STs was 59 per cent (against 60 per cent due). As can be seen from *Appendix XXX*, the overall shortfall during the 5 year period was 37 per cent, 33 per cent and 31 per cent in Chittoor, Adilabad and Khammam districts.

⁷ Adilabad : 1.26 lakh, Chittoor : 1.69 lakh, East Godavari : 2.56 lakh, Khammam : 1.91 lakh, Kurnool : 2.06 lakh, West Godavari : 2.25 lakh,

⁸ Chittoor : 45, Khammam : 251, Kurnool : 124 and West Godavari : 422

⁹ individual and in clusters

Inflated financial achievement reported to GOI

ii) Mismatch between resource utilisation and physical achievements: There was no correlation between the financial and physical achievements. When the financial achievement was 81, 85, 92, 92 and 68 per cent during the years 1997-98 to 2001-02 the physical achievement was 63, 90, 104, 103 and 50 per cent respectively. The MD, APSHC had been reporting inflated financial achievements to GOI since Central funds were diverted to State housing schemes as discussed in paragraphs 7.5.6 A (iii), 7.5.6 B and 7.5.6 C infra.

Central subsidy of Rs 67.73 crore for IAY (UP) diverted to State housing scheme

iii) Guidelines envisaged that 20 per cent of scheme funds were to be earmarked for IAY (Upgradation) for upgradation of the existing kutcha houses into pucca houses with a subsidy of Rs 10000 (GOI share: Rs 7500, State share: Rs 2500) for each house. Rupees 67.73 crore were allocated under the IAY (Upgradation) for the period 1999-2002.

In the State as a whole, no upgradation work was taken up and the entire Central subsidy of Rs 67.73 crore was diverted to RPHS during 1999-2002. The MD, APSHC instructed (March 2001) all the DMs to treat 1.29 lakh houses constructed prior to April 1999 i.e., before launching IAY (UP), under a separate State scheme viz., Rural Permanent Housing Scheme (RPHS) as achievements under IAY (UP).

Extra cost of Rs 31.57 lakh on purchase of sanitary items

iv) Beneficiaries were to make their own arrangements for procuring construction material and skilled workmen besides employing their family labour. The implementing agencies were however, to co-ordinate in purchase of cement, steel and bricks. It was however, seen that in 3¹⁰ test-checked districts, the DMs purchased (1996-2001), squatting pans of non-ISI standard without calling for tenders, at higher (Rs 260 to 317 each) cost than market rates (Rs 200), and distributed them to beneficiaries against their will, resulting in extra cost of Rs. 31.57¹¹ lakh.

Only 0.3 per cent instead of 3 per cent houses allotted to physically challenged

v) As per the rural BPL survey (April 1999), there were 1.22 lakh physically and mentally challenged persons. IAY guidelines provided 3 per cent allotment of houses to physically challenged category. It was however, seen that out of 4.53 lakh houses taken up, only 1505 houses¹² (0.3 per cent) were allotted to them during 1997-2002. Thus, 12083 physically challenged persons were denied the benefit of housing.

21 per cent of the houses allotted exclusively to male beneficiaries contrary to norms

vi) The allotment of dwelling units was to be in the name of female member of beneficiary household; alternatively, it could be

¹⁰ Khammam, Kurnool and West Godavari

¹¹ Khammam: 9797/Rs 8.33 lakh, Kurnool: 11816/Rs 9.46 lakh, West Godavari: 21195/Rs 13.78 lakh

¹² 1997-98 : nil/1737, 1998-99: nil/2000, 1999-2000 : 469/2746, 2000-01 : 417/3120 and 2001-02: 619/3985

in the joint name of both husband and wife. It was however, seen that 46897¹³ out of 2.29 lakh (21 per cent) houses were allotted exclusively to male beneficiaries, in contravention of the guidelines.

vii) While the guidelines insisted upon construction of pucca houses, in Rampachodavaram agency area of East Godavari district, 2661 tiled houses, were constructed at a cost of Rs 5.16 crore for tribal beneficiaries denying them the RCC roof in spite of spending the same amount meant for the pucca houses.

The District Manager stated (March 2002) that tiled houses were constructed as per the local needs and the availability of construction material. Contrary to this reply, however, he had initiated action to propagate the laying of RCC slab in future. Also why the cost of constructions for tiled houses was not less was not stated.

viii) (a) During 1999-2000, a Committee headed by Joint Collector, Chittoor, conducted an enquiry and confirmed the misappropriation of Rs 44.33 lakh relating to IAY scheme. As a result, 934 IAY houses remained incomplete as of April 2002 as the construction had to be stopped.

Though departmental action was taken against the delinquent officials, recovery of only Rs 2.87 lakh was made as of February 2002. In order to complete the 934 houses the Committee recommended (2001) to Government an additional release of Rs 44.33 lakh. Pending disposal of the disciplinary proceedings against the Accounts Officer concerned, Government permitted (August 2002) the District Collector to utilise Rs 44.33 lakh from the available funds of the Corporation subject to recoument later.

Excess release of subsidy of Rs 11.77 lakh – suspected misappropriation

(b) During 1999-2000, seven Primitive Tribal Group housing colonies were taken up by DM, APSHC, Khammam in Bhadrachalam under IAY, for departmental construction. The Project officer, ITDA, Bhadrachalam, while inspecting the construction of colonies, noticed (July 2001) that cash/material were released over and above the actual project cost. The delinquent officials viz., DEE¹⁴, Bhadrachalam, AE¹⁵ and Work Inspector, VR Puram were suspended (August 2001) and a criminal case was filed (August 2001). The total excess release of subsidy on material component worked out to Rs 11.77 lakh in respect of 182 houses in the 7 colonies. Despite excess release of subsidy, Rs 8.47 lakh was further required for completing the houses, which was yet to be released. As a result 182 houses remained incomplete as of June 2002 despite incurring expenditure of Rs 29.13 lakh.

¹³ 1999-2000: 18109, 2000-01: 28780, 2001-02: 8

¹⁴ Deputy Executive Engineer

¹⁵ Assistant Engineer

B. Pradhan Mantri Gramodaya Yojana (PMGY - Rural Housing component) - Gramin Awaas

To supplement the efforts being made for provision of rural shelter to BPL families, PMGY was launched from 1 April 2000. PMGY is generally based on the pattern of IAY for implementation in the rural areas. GOI released funds to the State Government in the form of loan (70 per cent) and subsidy (30 per cent).

Central assistance of Rs 39.06 crore under PMGY diverted to a State scheme

Diversion of PMGY funds to a State housing scheme: As against Rs 39.06 crore (2000-01: Rs 10.66 crore, 2001-02: Rs 28.40 crore) received from GOI the DMs, APSHC utilised Rs 39.82 crore as of January 2002; the balance Rs 0.76 crore was met out of other scheme funds. Though the pattern of assistance, selection of beneficiaries, etc. under PMGY was to be done on the lines of IAY scheme, the MD, APSHC instructed (December 2001) all the DMs to count 24346 houses constructed prior to April 2000 under a separate State scheme RPHS –as the achievement under PMGY. Thus, the entire Central assistance of Rs 39.06 crore was diverted for a State sponsored scheme, on which expenditure had already been incurred.

C. Credit-cum-Subsidy Scheme

The Credit-cum-Subsidy Scheme (CCSS) launched from 1 April 1999, targeted rural families having annual income up to Rs 32000 per annum. While subsidy is restricted to Rs 10000, the maximum loan that can be availed of is Rs 40000. The subsidy was to be shared by the Central and State Governments in the ratio of 75:25. Sixty (60) per cent of the houses were to be allocated for SC/ST families and the remaining 40 per cent for the households other than SC/ST.

While the Central share was being received by DRDAs directly and passed on to APSHC, State was releasing its share to MD, APSHC for onward release to DMs.

Entire Central assistance of Rs 20.48 crore under CCSS diverted to a State scheme

Diversion of Central subsidy to a State housing scheme: (a) Of Rs 27.30 crore (GOI share : Rs 20.48 crore, State share : Rs 6.82 crore) received, the DMs utilised Rs 26.71 crore. State Government ordered (November 1999) to treat the houses constructed/under construction under RPHS¹⁶ as the achievement under CCSS too. Thus, the entire Central share of Rs 20.48 crore was diverted to a State scheme on which expenditure had already been incurred.

(b) As against subsidy of Rs 10000 and loan component of up to Rs 40000 permissible under the scheme, the State Government had

¹⁶ subsidy : Rs 7000, loan : Rs 10000, beneficiary contribution : Rs 500

adopted the unit cost as Rs 17500 (subsidy¹⁷ : Rs 7000, loan : Rs 10000 and beneficiary contribution : Rs 500)

D. Samagra Awaas Yojana

Drinking water and sanitation in a village habitat was to be addressed on priority along with housing to improve the quality of life of the rural people. Keeping this in view, GOI announced the new National Housing or Habitat Policy 1998 laying emphasis on early access to basic sanitation, drinking water and solid waste disposal. To achieve the objective the Samagra Awaas Yojana was introduced from 1 April 2000. The funding pattern of the scheme was the same as for the housing schemes. However, special assistance of Rs 25 lakh each (Rs 5 lakh for IEC¹⁸ and Rs. 20 lakh for habitat development) is fully provided by the Central Government.

The State received Rs 70 lakh in 2000-01 (no funds were received during 2001-02) for implementation of the scheme in three districts only. Of this, only Chittoor and Nellore Districts utilised the funds of Rs 45 lakh fully, while Rs 25 lakh released to East Godavari District was lying unutilised as of March 2002 resulting in the denial of drinking water, sanitation facilities to the beneficiaries, besides locking up of funds.

7.5.7 Other points of interest

Unauthorised collection of admission fee from beneficiaries amounted to Rs 4.53 crore

i) Unauthorised collection of admission fee from IAY beneficiaries: IAY envisaged cent per cent subsidy. It was however, observed that the DMs were collecting Rs 100 each, towards admission fee from the beneficiaries statedly on the instructions of the MD, APSHC. For 4.53 lakh beneficiaries covered under the scheme, the unauthorised collection of admission fee could be Rs 4.53 crore. This collection only helped the ways and means position of APSHC, at the cost of the beneficiaries.

Rice received free of cost under Food for work programme converted into cash – also borne by GOI

ii) The State Government ordered (October 2001) issue of rice, received from GOI under 'Food for Work' programme, towards the self labour provided by the beneficiaries under IAY scheme. Each beneficiary could get 400 kg, at Rs 5.65 per kg and at 10 kg per manday in lieu of cash subsidy even though distribution of rice was not contemplated under the guidelines. Rice coupons were issued by Civil Supplies Department to IAY beneficiaries and 13549 MTs of rice valued Rs 7.66 crore was distributed to 33872 beneficiaries during 2001-02. In this process, the State Government had irregularly converted rice received free of cost (valued at Rs 7.66

¹⁷ Central : Rs 5250, State : Rs 1750

¹⁸ Information, Education and Communication

crore) from Central Government into cash under Food for Work Programme.

Anganwadi centres constructed with IAY funds

iii) In Integrated Tribal Development Agency (ITDA), Rampachodavaram (East Godavari district), 94 mini Anganwadi centres were constructed (1998-99) at a cost of Rs 18.80 lakh out of IAY funds under the orders of the district Collector. As the construction of Anganwadi centres does not fall within the scope of the IAY, Rs 18.80 lakh remained to be recouped from the ITDA.

Unauthorised apportionment of administrative charges (Rs 6.23 crore)

iv) From January 1996, IAY guidelines did not provide administrative charges. However, the DMs continued to apportion 2 per cent of the IAY releases for administrative expenses. Rupees 6.23 crore were set apart as administrative charges by the DMs of APSHC during 1997-99.

7.5.8 Monitoring and Evaluation

(a) As the scheme was being implemented by APSHC, it was not being monitored by SLCC; the PDs, DRDAs became extramural and had no information on the implementation of the scheme. Implementation of the programme was also affected as APSHC had no control over the rural administration.

(b) Evaluation of the impact of the programme is essential for taking remedial action to eliminate shortcomings, weaknesses in the implementation. However, no evaluation was done by DRDAs or APSHC.

The above points were referred to Principal Secretaries to Government in July 2002 and followed up with a reminder on September 2002. However, reply had not been received (September 2002).

PANCHAYATI RAJ AND RURAL DEVELOPMENT DEPARTMENT

7.6 Swarnjayanti Gram Swarozgar Yojana

Highlights

The main objective of SGSY was to bring the assisted poor families (swarozgaris) above poverty line in three years by providing them with income-generating assets through a mix of bank credit and subsidy. The implementation of the programme suffered from inefficient utilisation of funds and lack of monitoring by the Project Directors, DRDAs and the Commissioner of Women Empowerment and Self-Employment. Substantial programme funds were either diverted or were parked in banks. Consequently only 43 per cent of targeted families (7.53 lakh) were assisted. Only 18 per cent (0.29 lakh) of the swarozgaris formed into SHGs received revolving fund and 4 per cent (0.19 lakh) started economic activity. There were abnormal delays ranging from 3 months to 18 months in financing the units by banks. Funds allocated for Training and Technology Development Centres were misused. There were cases of incorrect selection of swarozgaris, non-identification of key activities, release of subsidy to ineligible groups, etc. Inspections were not conducted. As a result, crucial aspects of the programme such as creation of asset, its continued existence as well as the sustainable income generation were not watched. No follow-up action was taken and it was not known as to how many assisted BPL families had actually crossed the poverty line.

❖ Though the DRDAs had reported spending Rs 226.83 crore during 1999-2002, the actual expenditure was much less considering the diversions, mis-utilisation, parking of funds, etc. Rupees 5.62 crore paid to sectoral officers/line departments remained unspent in the six districts alone.

[Paragraph 7.6.4]

❖ Guidelines on selection of beneficiaries were not followed by the Project Directors (PDs), Chittoor and Prakasam Districts.

[Paragraph 7.6.5]

❖ Thirty (30) per cent of the allocated funds for Training of swarozgaris was not spent. The shortfall was very high in Anantapur (70 per cent) and Chittoor (41 per cent).

[Paragraph 7.6.6]

❖ Only 43 per cent of targeted families (7.53 lakh) were assisted. Out of 4.28 lakh swarozgaris formed into SHGs,

The abbreviations used in this review are listed alphabetically in glossary vide Appendix XXXVI (page 215)

0.29 lakh (18 per cent) received revolving fund and 0.19 lakh (4 per cent) started economic activity.

[Paragraphs 7.6.8 (i), (ii)]

❖ **3436 swarozgaris in Adilabad and Karimnagar Districts did not have irrigation facilities for lands distributed to them. Rupees 2.01 crore spent on purchase of land was unfruitful.**

[Paragraph 7.6.8 (iv)]

❖ **Due to ineffective monitoring, special project for improved agricultural technology, taken up in March 2001 to benefit 8000 farmers in Kuppam (Chittoor District) did not make much headway even after the release of Rs 14.25 crore.**

[Paragraph 7.6.10 (i)]

❖ **Out of 22 DWCRA Bazaars proposed, 8 were not taken up and the 3 taken up in 2000-01 were still incomplete. The DWCRA bazaar in Hyderabad, completed in March 2001 at a cost of Rs 1.53 crore, had not been taken over even as of August 2002.**

[Paragraph 7.6.10 (ii)]

❖ **Coir production project taken up in East Godavari District at a cost of Rs 14.52 crore had not been completed thereby denying infrastructural support to women swarozgaris.**

[Paragraph 7.6.10 (iv)]

❖ **There were delays ranging from 3 to 18 months in commencement of micro-enterprises already sanctioned.**

[Paragraph 7.6.11]

❖ **In the 6 test-checked districts Rs 12.82 crore was diverted. Rupees 3.12 crore released to a Society were spent on activities not connected with the programme.**

[Paragraphs 7.6.10 (iii) and 7.6.12]

7.6.1. Introduction

To overcome the inherent problems¹⁹ of Integrated Rural Development Programme (IRDP) and allied programmes, Government of India consolidated these programmes, restructured and rechristened as Swarnjayanti Gram Swarozgar Yojana (SGSY) from 1 April 1999. SGSY aimed at bringing every assisted family above the poverty line in three years with focus on group approach. Number of Below Poverty Line (BPL) families identified in April 1999 was 41.85 lakh; no resurvey was made thereafter. SGSY was conceived as a holistic programme of micro-enterprises envisaging organisation of the rural poor into Self-Help Groups (SHGs) with

¹⁹ Lack of proper social intermediation, absence of desired linkage among IRDP and allied programmes, non-focusing on the issue of sustainable income generation, etc.

components of capacity building, activity clusters, infrastructure build up, training, credit, technology, marketing, etc.

7.6.2 Organisational set-up

The Commissioner for Women Empowerment and Self-Employment (Commissioner) implements the scheme in the State under the charge of Special Chief Secretary, Panchayati Raj and Rural Development Department. The Project Directors (PD) of the District Rural Development Agencies (DRDAs) assisted by Assistant Project Officers (APOs) and the Mandal Parishad Development Officers (MPDOs), were responsible for the programme.

7.6.3 Audit coverage

The implementation of the programme was test-checked during January- May 2002 in the Office of the Commissioner and PDs in 6²⁰ out of 22 districts and in 90 MPDOs and banks for the period 1999-2002 covering 33 per cent of the expenditure reported. The results of the review are mentioned in the succeeding paragraphs.

7.6.4 Financial performance

The programme is funded by Central and State Governments in the ratio of 75:25. GOI had been releasing its share directly to the DRDAs, based on the Annual Action plans submitted. The State Government was also releasing its share through the Commissioner. The assistance was to be utilised as subsidy (60 per cent), infrastructure (20 per cent), training (10 per cent) and revolving fund (10 per cent). The pattern of financial assistance to Swarozgaris is in the form of back end subsidy at a uniform 30 per cent of the project cost subject to a maximum of Rs 7500. For SC/STs, subsidy would be 50 per cent not exceeding Rs 10000. For groups of swarozgaris (SHGs) also the subsidy would be 50 per cent of the project cost subject to a ceiling of Rs 1.25 lakh. The balance cost of the project was to be met by loan assistance from the banks to be arranged by DRDAs. There was no monetary limit, on subsidy for irrigation projects.

²⁰ Adilabad, Anantapur, Chittoor, East Godavari, Karimnagar and Prakasam

Year-wise details of Central assistance and State releases vis-à-vis expenditure in all the districts in the State were as follows:

(Rupees in crore)

Year	Opening balance	Central share	State share	Miscellaneous receipts ^{\$}	Total	Expenditure	Closing balance
1999-2000	27.34*	62.20	20.62	2.53	112.69	93.60	19.09
2000-01	19.09	52.84	5.70	7.78	85.41	70.82	14.59
2001-02	14.59	30.68	22.14	5.98	73.39	62.41	10.98
Total		145.72	48.46	16.29		226.83[@]	

Source: Information as furnished by the Commissioner

* Represents the unspent balances as on 31 March 1999 in respect of the closed schemes

^{\$} Represents interest on deposits and return of subsidy by banks

[@] Subsidy: Rs 151.31 crore (67 per cent), Infrastructure: Rs 29.51 crore (13 per cent), Training: Rs 15.47 crore (7 per cent), Revolving Fund: Rs 30.54 crore (13 per cent) - as per the progress reports sent to GOI

Note: (i) Audit by the Chartered Accountants of the Accounts of all the test-checked DRDAs for the year 2001-02 was in progress (August 2002).

(ii) As per balance sheets of the DRDAs the opening balances for the years 2000-01 and 2001-02 were Rs 5.17 crore and Rs 4.16 crore respectively. As per the Commissioner, the expenditure (1999-2002) as shown in the Balance sheets of DRDAs was Rs 237.25 crore. However, neither the Commissioner nor the Government had explained the reasons for variation between the figures of expenditure reported to GOI and those reflected in the Balance sheets.

(a) DRDAs in the State reported expenditure of Rs 226.83 crore. Considering the diversions, unfruitful/ineligible expenditure, misutilisation and parking of funds aggregating to Rs 42.66 crore (total expenditure : Rs 74.62 crore) noticed in the 6 test-checked districts alone, amount fruitfully utilised for the scheme was much less than the amount reported to GOI.

(b) There were delays in releases. In 2000-01, GOI released the second instalment of Rs 26.32 crore in the last quarter of the financial year and the State Government in the next financial year i.e., July to December 2001. Thus State's share were released with a delay of over four to nine months.

(c) The PDs released advances to various sectoral officers/line departments. As of March 2002, utilisation certificates were not furnished for advances aggregating to Rs 5.62 crore²¹ paid to the sectoral officers/line departments, etc. and were shown as unspent. None of the DRDAs had year-wise break-up of these outstanding advances. Apart from denial of benefits such unspent advances remained unsettled for long periods.

(d) The PD, DRDA, East Godavari released Rs 52.05²² lakh to ITDA, Rampachodavaram and District SCSC Society, Kakinada in 1999-2000. The amount was lying unutilised but utilisation

Utilisation certificates for advances of Rs 5.62 crore were outstanding

²¹ Adilabad: Rs 0.90 crore, Anantapur: Rs 1.35 crore, Chittoor: Rs 1.99 crore, East Godavari: Rs 0.16 crore, Karimnagar: Rs 1.02 crore and Prakasam: Rs 0.20 crore

²² ITDA, Rampachodavaram (Rs 27.05 lakh) and District SCSC Society, Kakinada (Rs 25 lakh)

certificates had been submitted. Further, Rs 9.77 lakh refunded by banks as unutilised subsidy in Adilabad, East Godavari and Karimnagar was also shown as expenditure. Thus, Rs 61.82 lakh were lying unutilised in savings banks accounts depriving nearly 618 swarozgaris of the benefit of the scheme.

7.6.5 Identification of beneficiaries

As per the survey conducted²³ by the DRDAs there were 41.85 lakh BPL families in the State as of 1 April 1999. Of these, 12.54 lakh²⁴ were in 6 test-checked districts. The programme aimed to cover 30 per cent of BPL families in each block over a 5-year period 1999-2004 i.e., at 6 per cent per year. BPL families were to be identified in the Gram Sabha by a Committee consisting of Sarpanch of the village, MPDO and the banker. For coverage under the programme SHGs would go through three stages of evolution viz., Group Formation (stage-I), Capital Formation through the Revolving Fund and Skill Development (stage-II), and taking up economic activity for income-generation (stage-III).

Faulty selection of beneficiaries in Chittoor and Prakasam districts

In Chittoor and Prakasam Districts, the guidelines for selection of beneficiaries were not followed. The names of 536 out of 988 test-checked (54 per cent) beneficiaries assisted under SGSY during 1999-2001 were not found in the BPL list. The irregular financial assistance provided in these cases amounted to Rs 41.87 lakh (Chittoor : Rs 28.15 lakh; Prakasam : Rs 13.72 lakh).

7.6.6 Training

Training to swarozgaris was to be given so that swarozgaris possessed minimum skill requirement (MSR). Swarozgaris would be eligible for assistance only when they possess MSR, and loans disbursed only after satisfactory completion of skill training.

30 per cent of the funds allocated for training were not spent

Against the allocation of Rs 19.41 crore (10 per cent of the releases) for training of swarozgaris in basic orientation and skill upgradation in the State during 1999-2002, only Rs 15.46 crore was spent on training, the shortfall being 30 per cent. The shortfalls were high in two test-checked districts with 41 per cent (Chittoor) and 70 per cent (Anantapur).

7.6.7 Selection of key activities

Selection of key activities was to be done based on the local resources and aptitude and skill of the people. It was also necessary that the products had ready market. MPDOs were required to select

²³ through school teachers and statistical officers

²⁴ Adilabad : 1.31 lakh, Anantapur : 2.78 lakh, Chittoor : 1.29 lakh, East Godavari : 2.56 lakh, Karimnagar : 2.22 lakh and Prakasam : 2.38 lakh

the key activities through the Mandal Level SGSY Committees and submit a project report in respect of each such key activity.

Selection of key activities without the approval of governing body

(a) In Chittoor District, identification of key activities and preparation of project reports was completed only in 20 out of 65 mandals. But the identified key activities included several activities²⁵ which were not in the approved²⁶ list of key activities. Government stated (September 2002) that the key activities were identified keeping in view the local viability and interest of the beneficiaries. The explanation is not acceptable as these activities were taken up without the approval of the governing body and was therefore contrary to the guidelines.

(b) Similarly, in Karimnagar District, the key activities identified (1999-2000) included "mango plantation" (involving subsidy of Rs 19.92 lakh) which would generate income only after six years. Thus the objective of creating income-generation within a period of 3 years had not been achieved.

7.6.8 Economic assistance

Only 3.27 lakh out of 7.53 lakh BPL families (43 per cent) were covered

i) As against the target of 7.53 lakh BPL families to be covered in the three years from 1999-2002, only 3.27 lakh²⁷ families²⁸ (43 per cent) were assisted. There were huge shortfalls in 5 test-checked districts viz., Karimnagar (80 per cent), Anantapur (69 per cent), Prakasam (67 per cent), East Godavari (59 per cent) and Chittoor (56 per cent) (*Appendix XXXI* refers) and at the current pace of coverage it would take nearly 8½ years to cover the remaining 9.28 lakh beneficiaries (30 per cent). Government attributed (September 2002) the shortfall to insufficiency of funds, without however, indicating whether or not the funds required were sought for from GOI.

Only 12 per cent of those who crossed stage II and 4 per cent of SHGs formed have started economic activity

ii) Only those SHGs with 6 months existence could be allowed to enter the Stage II and be paid the revolving fund so as to embark on further capacity building and reach stage III. Out of 4.28 lakh swarozgaris formed into SHGs in the State 2.69 lakh have crossed Stage I. Of them, 1.59 lakh who crossed stage II and became eligible for revolving fund. However only 28952 (18 per cent) were assisted with the revolving fund. Ultimately, only 19131

²⁵ leather chappal, tailoring, beedi manufacture, readymade garments cut-piece shop, autorickshaw, etc.

²⁶ by the Governing Body of DRDA

²⁷ 1999-2000 : 1.65 lakh, 2000-01 : 0.83 lakh and 2001-02 : 0.79 lakh

²⁸ individuals and SHGs

swarozgaris have started economic activity as of March 2002 as detailed below.

Year	Number of SHGs				
	formed into SHGs	crossed Stage I	crossed Stage II (eligible for revolving fund)	received Revolving Fund	started economic activity
1999-2000	167259	104595	62934	13087	10425
2000-01	219943	140198	79189	8843	4123
2001-02	40476	23805	16671	7022	4583
Total	427678	268598	158794	28952	19131

The achievement was very low in Karimnagar (6 per cent/2 per cent), East Godavari (11 per cent/4 per cent) and Prakasam (13 per cent/5 per cent) as detailed in *Appendix XXXII*. Thus, large number of SHGs who had reached stage II were yet to receive revolving fund for starting economic activity.

109 ineligible SHGs in Chittoor district were assisted (Rs 77.78 lakh)

iii) The SHG group was not to include more than one member from the same family. However, in Chittoor district, apart from the head of the family, wife and sons were also sanctioned subsidy (to 69 groups) in violation of the guidelines. The total amount of subsidy released to 123 ineligible persons in these 69 groups amounted to Rs 52.51 lakh.

The SHG was also to consist of 10 members to be eligible for subsidy. However, in Chittoor District, subsidy of Rs 25.27 lakh was released to 40 ineligible SHGs.

Irrigation facilities were not provided for lands distributed (subsidy : Rs 2.01 crore)

iv) For implementation of land purchase scheme for SC Swarozgaris in Adilabad and Karimnagar districts, the PDs released Rs 2.01 crore²⁹ towards subsidy to the respective District Scheduled Castes Services Co-operative Societies (Societies). The Societies purchased 2385.63 ha of dry lands during the period from 1996-2001 and distributed the entire land (each area ranging from 0.30 to 2.57 acres) to 3436 (Adilabad: 2498, Karimnagar: 938) SC beneficiaries.

Irrigation facilities were to be provided by the Societies for the lands purchased for SCs. But irrigation facilities were not provided by both the Societies and thereby the lands continued to be rainfed (March 2002). Consequently, the expenditure did not ensure the realisation of the objective of providing the monthly income of Rs 2000 per month by the swarozgaris.

7.6.9 Infrastructure fund

SGSY sought to ensure that the infrastructure needs for the identified activities were met in full. The infrastructure activities should enable SGSY swarozgaris full utilisation of their assets. The Infrastructure Fund was meant for filling small gaps in infrastructure

²⁹ District SCSC society, Adilabad (Rs 128.95 lakh/3404) and Karimnagar (Rs 72.55 lakh/938)

giving priority to marketing linkages and should not be used to augment the financial resources of the State.

(a) PD, DRDA, Chittoor in violation of the guidelines purchased air-conditioners, Jeep, Tata Sumo vehicle and cycles, costing Rs 9.43 lakh from the Infrastructure Fund.

(b) The PD, DRDA, Anantapur advanced (March 2000) Rs 20 lakh to AP State Rural Irrigation Corporation Limited (APSRIC) for construction of conference hall. The work was stopped in May 2001, at the instance of the District Collector, after incurring an expenditure of Rs 2.55 lakh for reasons not on record. The unspent balance of Rs 17.45 lakh had not been refunded by the APSRIC (August 2002).

Government stated (September 2002) that it had decided to continue the construction and complete the work with the modified plan. However, the utilisation of infrastructure fund for construction of conference hall was not in accordance with the guidelines.

7.6.10 Implementation of Special Projects

SGSY guidelines envisaged taking up special pioneering projects which could ensure a time-bound programme for bringing a specific number of BPL families above the poverty line through SGSY.

Under Special Project only 10 per cent of the proposed area was developed and 17 per cent of targeted groups assisted

i) A special project for improved Agricultural Technology³⁰ at Kuppam (Chittoor District) was undertaken to cover 10000 acres of land to benefit 8000 farmers in 5 mandals³¹. The PD, DRDA, Chittoor received (March 2001) Rs 14.25 crore (GOI share : Rs 10.69 crore and State share : Rs 3.56 crore) as against the estimated cost of Rs 53 crore. The balance amount was to be met by loan assistance from banks (Rs 24.50 crore). The work was entrusted to Special Officer, of the project at Kuppam. The project which started in September 2000 was scheduled to be completed by March 2002. The progress made is discussed in the succeeding paragraphs.

(a) There was no record to show that any demand survey was conducted by the PD, DRDA or the Special Officer. Training to the staff in selection of beneficiaries as well as implementation of the project was provided only in November 2001.

(b) As of May 2002, only 10 per cent of the proposed area was developed and 17 per cent (97 groups) of targeted groups were assisted. The PD, DRDA Chittoor attributed (May 2002) the low

³⁰ land development, land shaping , irrigation facilities (borewells, pumpsets), etc.

³¹ Kuppam, Ramakuppam, Gudipalli, Santipuram and V. Kota

achievement to lack of motivation of the farmers and bankers to be involved in the implementation of the project.

Rupees 8.25 crore lying unutilised in fixed deposits

(c) As of July 2002, GOI subsidy of Rs 6 crore only (43 per cent) was spent on the project and the balance Rs 8.25 crore was kept as fixed deposits with various banks since March 2001. The PD, DRDA however, submitted incorrect utilisation certificates for Rs 7.25 crore. Government stated (September 2002) that expenditure as of July 2002 was Rs 6.48 crore.

DWCRA bazaars were not completed in Anantapur and East Godavari; not taken up in Chittoor and Karimnagar

ii) (a) With a view to creating marketing support to the Swarozgaris GOI approved (March 2000) another special project viz., construction of Permanent Marketing Centres (PMCs). For construction of PMCs in 22 districts, Rs 12.35 crore³² were received by the PD/DRDA, RangaReddy district (co-ordinating officer for the programme) during 2000-02 comprising of GOI share of Rs 6.51 crore and State share of Rs 5.84 crore. The PMCs were scheduled to be completed by March 2002.

It was noticed in audit that as of August 2002, out of 22 DWCRA bazaars proposed, 8³³ were not taken up while the work taken up in 2000-01 was in progress in 3³⁴ other districts. Reasons for not taking up the works, though called for, were not forthcoming. Consequently, Rs 3.43 crore were lying unutilised in respect of works not taken up in the 8 districts.

DWCRA bazaar at Hyderabad completed at a cost of Rs 1.53 crore was not taken over by the Commissioner

(b) Further, the Commissioner for Women Empowerment and Self Employment received (March 2000) Rs 4.66 crore (GOI share: Rs 2.18 crore, State share: Rs 0.72 crore and pooled up from 22 DRDAs: Rs 1.76 crore) for construction of DWCRA bazaar in Hyderabad. Though the construction of the bazaar was completed as far back as in March 2001 at a cost of Rs 1.53 crore, the building was not taken over by the Commissioner as of August 2002. Reasons though called for were not furnished. Non-occupation of the DWCRA bazaar for over one year resulted in the denial of the benefit of market facilities to all the rural swarozgaris, rendering the expenditure thereon of Rs 1.53 crore unfruitful. The entire balance of Rs 3.13 crore was lying in the shape of FDRs with banks, which was to be refunded.

Rupees 3.13 crore lying unutilised in FDRs

TTDCs in 4 of the 6 districts scheduled to be completed by March 2002 were not completed

iii) Under another special project, the State as a whole received (March 2001) Rs 14.25 crore (GOI share : Rs 10.69 crore, State share : Rs 3.56 crore) for setting up of Training and Technology Development Centres (TTDCs) in 22 districts (Rs 11.85 crore) and

³² including for the PMC (DWCRA bazaar) at Lower Tank bund road in Hyderabad (estimated cost: Rs 3.06 crore – paragraph 7.6.10 (ii) (b) refers)

³³ Chittoor, Guntur, Karimnagar, Krishna, Medak, Nalgonda, Nellore and Visakhapatnam

³⁴ Cuddapah, Kurnool and Prakasam

for Swami Ramananda Teertha Rural Institute³⁵ (SRTRI - Rs 3.15 crore) at Jalalpur, Nalgonda. It was observed that TTDCs in 4 (Adilabad, Karimnagar, Nizamabad and East Godavari) of the 6 test-checked districts though scheduled to be completed by March 2002 had not been completed as of August 2002.

Against Rs 3.15 crore allocated for SRTRI, the Commissioner released Rs 3.44 crore till March 2002. In the meantime, the Commissioner instructed (September 1999) all the DRDAs to transfer Rs 3.41 lakh each out of SGSY infrastructure funds to SRTRI. Accordingly Rs 75 lakh was transferred to SRTRI in contravention of the guidelines.

Rupees 3.12 crore released to a Society were spent on activities not connected to the programme

Out of the total Rs 4.19 crore so released to SRTRI, Rs 3.12 crore were utilised till August 2002 for construction of administrative block, boys and girls hostel buildings, internal roads, fencing and for purchase of computers, etc. leaving Rs 1.07 crore unutilised. Thus, Rs 3.12 crore of SGSY funds were spent on an activity not connected with the programme.

Coir production unit in East Godavari District not completed

iv) For implementation of another special project, GOI approved Coir production project (for extraction of fibre and manufacture of coir products using raw material like coconut husk, fibre, etc.) in East Godavari District at a cost of Rs 14.52 crore and released 71 per cent of its share of Rs 10.35 crore during 1999-2001 (March 2000: Rs 5.45 crore, March 2001: Rs 4.90 crore). The objective of the project was to provide infrastructural support to women swarozgaris and making fibre available at economic price. State also released Rs 3.44 crore (against Rs 3.63 crore) during 2000-02 (March 2001: Rs 1.81 crore, September 2001: Rs 1.63 crore). Of the total amount of Rs 13.79 crore so made available, the PD, DRDA, spent only Rs 8.91 crore and the balance Rs 4.88 crore was lying unutilised for over 1½ years with the DRDA as of July 2002. Establishment of five fibre extraction units³⁶ (estimated cost: Rs 56.75 lakh) as well as the Corridor Mat Production unit (estimated cost : Rs 62.30 lakh) scheduled to be completed by March 2002 were not taken up. No reasons were furnished for the same.

Against 13950 to be trained, only 9904 women were trained and only 8649 of these were assisted

Against the target of 13950 swarozgaris to be trained in coir production, only 9904 women (71 per cent) were trained by July 2002. Of these, 8649 were linked with banks for asset creation leaving 5301 women still to be provided with economic assistance.

7.6.11 Role of Banks

Guidelines stipulated that immediately after the swarozgaris complete the basic orientation of the skill training programme, the

³⁵ a registered society under Co-operative Societies Act

³⁶ Amalapuram, Mumidivaram, Razole, Rajahmundry (rural) and Tallarevu

bank should disburse the loan and subsidy amount to the swarozgaris to enable purchase or creation of the asset.

Shortfall (12 per cent) in commencement of micro-enterprises

It was seen that in the 6 test-checked districts out of 80831 micro-enterprises sanctioned loan during 1999-2002, 9411 were not set up as of July 2002. Shortfalls in commencement of the micro-enterprises were as follows:

District	Number of micro-enterprises sanctioned	Micro-enterprises commenced	Shortfall (percentage)
Adilabad	18184	15011	3173 (17)
Anantapur	3706	3625	81 (2)
Chittoor	15671	12511	3160 (20)
East Godavari	25844	25669	175 (0.67)
Karimnagar	10546	9455	1091 (10)
Prakasam	6880	5149	1731 (25)
Total	80831	71420	9411 (12)

Delays in processing of applications by banks

In four³⁷ of the six test-checked districts there were delays ranging from 3 to 18 months in commencement of economic activity for income generation after the micro-enterprises were sanctioned. The PDs attributed (May 2002) the delays to the belated processing of applications by banks owing to the delay in documentation.

7.6.12 Diversion of programme funds

Programme funds of Rs 12.82 crore were diverted in the 6 districts alone

In all, funds aggregating to Rs 12.82 crore³⁸ were diverted, under the orders of the District Collectors, to other programmes/purposes such as CMEY³⁹ programme (Rs 9.15 crore), tours of VVIPs, etc. (Rs 24 lakh), purchase of vehicles (Rs 5 lakh) and other schemes/purposes⁴⁰ (Rs 3.38 crore) not connected with the programme. Diversion of funds adversely affected the implementation of the programme.

7.6.13 Non-conduct of inspection of units

Huge shortfalls in inspection of units in Anantapur and Chittoor Districts

The following schedule of inspection of SGSY units by various levels of officers was prescribed:

Number of units to be inspected per month	
District Collector	10
Project Director, DRDA	20
Assistant Project Officer (APO)	40
Block Development Officer (BDO)	20
Village Development Officer (VDO)	20

³⁷ Anantapur, East Godavari, Chittoor and Prakasam

³⁸ Adilabad (Rs 78.24 lakh), Anantapur (Rs 330.49 lakh), Chittoor (Rs 61.66 lakh), East Godavari (Rs 169.60 lakh), Karimnagar (Rs 97.61 lakh), Prakasam (Rs 222.84 lakh), Mahboobnagar (Rs 213.96 lakh), Nizamabad (Rs 44.58 lakh) and West Godavari (Rs 63.19 lakh)

³⁹ Chief Minister's Empowerment of Youth

⁴⁰ National Maternity Benefit Scheme, National Family Benefit scheme, National Child Labour Project, Land Purchase Scheme for SC beneficiaries, Transportation of foodgrains, Janmabhoomi programme, Cyclone Rehabilitation programme, etc.

(a) In 4 of the 6 districts, neither the District Collectors nor the PDs, DRDAs had furnished the information regarding the units inspected. In Chittoor District both the Collector and the PD, DRDA had not conducted any inspection during 1999-2002. There were huge shortfalls ranging from 65 per cent (Chittoor) to 95 per cent (Anantapur) in inspections by APOs, BDOs and VDOs.

(b) In none of the six districts, such targets were fixed by the district Collectors and thereby no inspections were conducted by the line departments during 1999-2002.

Due to failure to conduct the inspections, the crucial aspects of the programme such as creation and continued existence of the assets, income generation, and continued functioning of the group were not ensured.

7.6.14 Other points of interest

Unreliable achievements

i) There were wide variations between the figures of achievements as reported to GOI by the Commissioner and those noticed in audit in the test-checked DRDAs. There were also variations in the figures of achievement of the SC/STs swarozgaris, as follows:

District	Achievement as reported by		Variation (percentage)	Coverage of SC/ST families as reported by		Variation (percentage)
	Commissioner in progress reports	DRDAs		Commissioner in progress reports	DRDAs	
Adilabad	25067	15044	10023(40)	9868	8280	1588(17)
Anantapur	15395	15431	36	7039	7039	-
Chittoor	17111	14140	2971(18)	8690	6559	2131(25)
East Godavari	27889	19062	8827(32)	15768	15870	102
Karimnagar	11987	7864	4123(35)	5785	4684	1101(20)
Prakasam	15333	13948	1385(10)	8353	7872	481(6)

Thus, the achievements claimed both by the Commissioner and the PDs were unreliable.

ii) Guidelines stipulated that the opening balance of DRDA should not exceed 15 per cent of the allocation of the year. In case it is more it is to be adjusted out of the second instalment.

The PD, DRDA, Karimnagar, understated the opening balance for the years 2000-01⁴¹ and 2001-02⁴¹ by Rs 27.72 lakh and Rs 30.86 lakh respectively. Rupees 59.95 lakh was excess drawn owing to false reporting by the DRDA, Karimnagar.

⁴¹ Releases : 2000-01 (Rs 2.72 crore); 2001-02 (Rs 1.58 crore)

Excess release of subsidy of Rs 11.26 lakh to 587 swarozgaris by PD, DRDA, Chittoor

iii) Individual swarozgaris are entitled for 30 per cent of the project cost as subsidy subject to a maximum of Rs 7500, while SC/STs are eligible for 50 per cent of project cost subject to a maximum of Rs 10000. In 587 cases the PD, DRDA, Chittoor allowed (1999-2001) subsidy at 50 per cent (instead of 30 per cent) to non-SC/STs beneficiaries resulting in payment of excess subsidy of Rs 11.26 lakh.

7.6.15 Monitoring and evaluation

Vikas Patrikas not issued to swarozgaris except in East Godavari district

DRDA/Block officials, and bankers were to follow up the projects to see that the swarozgari properly managed the assets and was able to generate the projected income. Every swarozgari was to be given Vikas Patrikas reflecting the details of key activity undertaken, financial progress of swarozgari, asset created, and its maintenance, repayment of loans, etc. The Vikas Patrika was also to be updated from time to time. Except in East Godavari, Vikas Patrikas were not issued to the swarozgaris.

Neither the Commissioner nor the State Government had evaluated the implementation of the programme as of March 2002. No follow-up action was also taken either by the Commissioner or by any of the test-checked DRDAs to ascertain the extent of achievement with regard to the number of BPL families crossing the poverty line.

Impact assessment of 1493 (out of 13948) swarozgaris made by Audit in 6 districts revealed that 75 swarozgaris (5 per cent) only had crossed the poverty line, earning a net income of Rs 2000 per month.

SECTION 'B' - AUDIT PARAGRAPHS

BACKWARD CLASSES WELFARE DEPARTMENT

7.7 Adarana⁴² scheme

7.7.1 Introduction

With a view to minimising human drudgery, enhancing productivity and standard of living of backward class⁴³ artisans, State Government launched Adarana scheme in November 1998 for providing the artisans with modern and improved hand/power tools, etc. The scheme proposed to cover 10 lakh⁴⁴ BC artisans as a part of the project over a 10-month period during the period December 1998 to September 1999.

The Managing Director, AP Backward Classes Cooperative Finance Corporation Limited (Corporation) was responsible for implementation of the scheme at State level, while the Executive Directors (EDs) of District Backward Classes Service Cooperative Societies (District Societies) implemented the scheme at district level.

7.7.2 Test-check of the implementation of the scheme in 7 out of 23 districts⁴⁵ during the period 1998-2002 revealed the following points.

7.7.3 Financial performance

A. Funding

Complex funding pattern: The scheme was to be funded through subsidy, loan and beneficiaries' contribution in various percentages, as detailed below:

Category	Unit cost	Percentage of units to be assisted	Beneficiary contribution	Loan by NBCFDC/ Nationalised Bank	Subsidy by Government
I	Up to Rs 2500	37.5	10	10	80
II	Rs 2501 to Rs 5000	25.0	10	20	70
III	Rs 5001 to Rs 10000	25.0	15	35	50
IV	Rs 10001 to Rs 20000	12.5	15	50	35

⁴² Means Respect to/Empowerment of BC artisans

⁴³ consists of occupational groups, viz., yadavas (milk vending), gowda (toddy tapping), besta (fishing), padmasali (weaving), etc.

⁴⁴ 1998-99 : 4 lakh; 1999-2000 : 6 lakh based on activity-wise BC artisans

⁴⁵ Chittoor, Guntur, Krishna, Kurnool, Mahboobnagar, Nalgonda and Visakhapatnam

The complex funding pattern with varying percentages made the implementation difficult and ineffective (Paragraph 7.7.4 (iv), (vi) and 7.7.5 (i) refers) needs simplification.

B. Budget and Expenditure

As against Rs 266 crore provided in the budget during 1998-2002, Rs 193.25 crore were sanctioned to the Department. Of this, Rs 188.25 crore were drawn and placed in the Personal Deposit Account of the Corporation. Corporation however, drew only Rs 142.75 crore, and released Rs 119.53 crore to the District Societies. Against this, the District societies spent only Rs 112.98 crore.

Only 42 per cent of the budgeted funds spent

Corporation spent Rs 2.62 crore on administrative expenses and had a cash balance of Rs 22.26 crore (including interest) in the shape of fixed deposits (Rs 7.55 crore) and in the savings bank accounts (Rs 14.71 crore). The District Societies also spent Rs 5.63 crore on administrative expenses and had a cash balance of Rs 4.64 crore (including interest) in the shape of fixed deposits (Rs 2.23 crore) and in savings bank accounts (Rs 2.41 crore). Thus, only 42 per cent of budgeted funds were spent.

7.7.4 Programme implementation

As per the scheme guidelines, beneficiaries were to be identified from among the practicing artisans and were to be selected by Gram Sabhas. Only one member in the family was eligible for the financial assistance under the scheme.

(i) In the State as a whole, 5.44 lakh potential artisans were identified in December 1998 and 5.38 lakh were covered by July 2002 at a total outlay of Rs 143.95 crore⁴⁶. The district –wise details of number of artisans covered and cost of tools supplied are given in *Appendix XXXIII*.

12064 tools valuing Rs 2.02 crore remained undistributed

(ii) 12064 out of 10.02 lakh tools, procured at a cost of Rs 2.02 crore out of total available funds of Rs 143.95 crore (6877 tools: Rs 1.09 crore⁴⁷ in 7 test-checked districts) procured during February – December 1999 remained undistributed as of July 2002 due to migration of beneficiaries and unsuitability of tools procured.

Improper identification of beneficiaries

(iii) Scrutiny of 742 applications of beneficiaries in 21 Mandals (597) and 7 Municipalities (145) revealed that (i) in 29 cases, the caste and income details were not countersigned by the Mandal Revenue Officers, (ii) in 19 cases, choice of beneficiaries was not

⁴⁶ Subsidy : Rs 106.19 crore, Beneficiary contribution : Rs 15.23 crore, loan by the Corporation : Rs 17.36 crore, Loans by banks : Rs 5.17 crore

⁴⁷ Chittoor (10.89 lakh), Guntur (18.59 lakh), Krishna (10.70 lakh), Kurnool (27.98 lakh), Mahboobnagar (20.03 lakh), Nalgonda (20.16 lakh) and Visakhapatnam (0.51 lakh)

ascertained, (iii) acquittance roll was signed by the Municipal Commissioner on behalf of the beneficiaries in 30 cases, and (iv) tools other than those opted for by the beneficiaries were distributed in 46 cases.

Lack of uniformity in purchase and supply of tools

(iv) Though the scheme guidelines were issued in November 1998, a number (174) of executive instructions and clarifications for the implementation of the scheme were also issued during December 1998 - April 2000. Resultantly, no uniform procedure was followed by the District Societies in purchase and supply of tools to beneficiaries and decisions were taken by the District Societies individually. This resulted in the purchase and supply of tools not covered under the scheme, non-finalisation of rates, procurement of tools at different rates in different districts, delay in distribution of tools and distribution of substandard tools (Paragraphs 7.7.5 (iii) and (iv) infra refers) thus defeating the very objective of the scheme to supply standard artisan tools to BC artisans.

(v) With a view to computerising the process of implementation of the scheme, the Corporation entrusted (January 1999) the development of suitable application software to NIIT⁴⁸ at a cost of Rs 8 lakh. The software package supplied by NIIT (March – April 1999) and the database created for computerising the process of implementation of the scheme could not be standardised and put to use due to decentralisation of purchases in February 1999. Thus, the entire expenditure of Rs 11.61 lakh thereon (including the scanners procured subsequently) proved unfruitful.

Defective formulation of guidelines at government level

(vi) Though the implementation of the scheme was to be completed by 1999-2000, the MD of the Corporation issued instructions to the District Societies in December 1999 to cancel the pending supply orders for categories I and II in view of the abnormal delays in supply, high prices and low quality of tools and keep the supply orders in case of category III and IV in abeyance. In April 2001, Government issued revised guidelines, classifying the beneficiaries into 3 categories making only groups of beneficiaries (instead of individuals) eligible for financial assistance to be provided by banks under back-end method with a uniform subsidy of 35 per cent.

Government further revised guidelines in May 2002 making a provision for supply of tools both for individual (50 per cent) and groups⁴⁹ of artisans (50 per cent). Though Rs 25 crore was provided in the Budget Estimates for 2002-03, the scheme was yet to take off (July 2002).

⁴⁸ National Institute of Information Technology

⁴⁹ consisting of minimum three artisans

The complicated categorisation of beneficiaries into various groups with different percentages of subsidies and frequent changes in guidelines was only indicative of defective formulation of the guidelines and made implementation difficult.

7.7.5 Programme execution

Against a target of 10 lakh artisans only 5.38 lakh were covered

i) Targets and achievements: (a) Against the target of financing 10 lakh BC artisans 5.44 lakh artisans were identified in December 1998 and 5.38 lakh were covered as of July 2002. However, percentages of beneficiaries covered under the categories I, II, III and IV were 70 (3.74 lakh), 28 (1.52 lakh), 1.12 (0.06 lakh) and 0.88 (0.06 lakh) respectively against the norms of 37.5, 25, 25 and 12.5 per cent. The coverage under category II fell short of the prescribed 25 per cent in Chittoor (21 per cent) and Kurnool (14 per cent).

98 per cent of assistance went to categories I and II

The District Societies attributed (March/April 2002) the shortfalls in categories III and IV to the maintenance cost of the tools being high, the quantum of subsidy being meagre and the nationalised banks not cooperating in providing loan assistance to the beneficiaries because of their past experience in non-repayment of loans, etc. Further, out of 1.42 lakh applications filed, banks entertained only 12000 (8 per cent). Thus, the beneficiaries covered mainly belonged to categories I & II only.

None of the 7 test-checked District Societies adhered to prescribed percentage of activities

(b) As per the guidelines, all BC artisans were eligible for assistance irrespective of their castes/sub-castes. It also prescribed targets for coverage of beneficiaries for each activity such as Milk vending, Toddy tapping, Hair dressing, Laundry, etc.

However, none of the 7 District Societies adhered to the prescribed number of beneficiaries under each activity as can be seen from *Appendix XXXIV*. Most of the male beneficiaries opted for milk vending while the women opted for tailoring. Reasons for excess/short coverage were not forthcoming from any of the District Societies.

Cost of cycles supplied constituted 42 per cent of the total outlay (Rs 81.95 crore) on supply of tools

ii) Cycles supplied as a tool: Cycle is not an artisan tool. However, in the State as a whole, 255507 cycles were supplied to beneficiaries of category I, as a complementary tool, at a total cost of Rs 34.63 crore⁵⁰. The cost of cycles supplied constituted 42 per cent of the total outlay of Rs 81.95 crore on supply of tools under category I. The cost of cycle on an average was Rs 1400 while the cost of other tools supplied to the beneficiaries ranged from Rs 400 to Rs 1100. Thus the supply of cycles deprived the beneficiaries of improved tools, which could have enhanced their productivity and income levels.

⁵⁰ involving subsidy of Rs 27.70 crore

Only cycles supplied without activity tools

It was also observed that cycles alone were provided to 6325 BC artisans at a total cost of Rs 79.20 lakh in 6⁵¹ of the 7 test-checked districts, without supply of any activity tools, defeating the very objective of the scheme.

Selection of ineligible beneficiaries, supply of sub-standard and unnecessary tools, etc.

iii) Supply of sub-standard tools: (a) The investigation teams nominated by the respective district Collectors and the Vigilance and Enforcement officials pointed out (February 2000) selection of ineligible beneficiaries, supply of sub-standard and unnecessary tools, banks not being represented on selection committees, etc. Details of remedial action, if any, taken on the shortcomings pointed out by vigilance were awaited though called for (July 2002).

(b) NISIET⁵² who evaluated the scheme in six⁵³ districts also pointed out that (i) the beneficiaries were generally not satisfied with the quality of tools, (ii) selection of beneficiaries was not done properly, and (iii) banks were not cooperating with the beneficiaries because of their past experience in non-repayment of loans by the beneficiaries.

Complementary tools valuing Rs 3.61 crore supplied though not admissible

iv) Supply of complementary tools not covered under the guidelines: (a) Scheme guidelines provided for supply of improvised tools to beneficiaries, related only to their activity. Contrary to this, certain complementary tools like wet grinders, push carts, flat rickshaws, manual trolleys, dress materials to band troops, bed sheets, blankets, etc. valuing Rs 3.61 crore (11478 tools) were also supplied to the beneficiaries in 9⁵⁴ districts even though these were not artisan tools.

(b) In Visakhapatnam District, autorickshaws (3), mopeds (10), cement concrete mixers (3), mini rice mill (1), mini flour mill (2), video cameras (2), and photostat machine (1), valuing Rs 13.02 lakh⁵⁵ were also supplied to the beneficiaries of categories III (Rs 3.20 lakh) and IV (Rs 9.82 lakh) though not covered under the guidelines.

7.7.6 Non-recovery/short recovery of term loan

Abysmal recovery of term loans from beneficiaries

The Corporation received Rs 17.38 crore from the NBCFDC, for providing term loan to beneficiaries of categories I and II, and released Rs 17.36 crore as of May 2002 to the District Societies.

⁵¹ Guntur (Rs 3.42 lakh), Kurnool (Rs 7.39 lakh), Krishna (Rs 24.55 lakh), Mahboobnagar (Rs 5.40 lakh), Nalgonda (Rs 4.69 lakh) and Visakhapatnam (Rs 33.75 lakh)

⁵² National Institute of Small Industrial Extension Training

⁵³ Anantapur, Cuddapah, East Godavari, Mahboobnagar, Nizamabad, and Prakasam

⁵⁴ Anantapur (4244/Rs 193.39 lakh), Chittoor (192/Rs 4.42 lakh), Guntur (1581/Rs 42.67 lakh), Hyderabad (2056/Rs 63.62 lakh), Kurnool (714/Rs 4.62 lakh), Krishna (1641/Rs 25.83 lakh), Nellore (184/Rs 1.30 lakh), Prakasam (415/Rs 9.68 lakh) and Visakhapatnam (451/Rs 15.00 lakh)

⁵⁵ involving subsidy of Rs 5.04 lakh

The District Societies distributed Rs 16.97 crore as loan component to the beneficiaries. Against this, only a meagre Rs 1.19 crore (7 per cent) were recovered as of July 2002. The extent of recovery ranged from 0.31 per cent (Mahboobnagar) to 80 per cent (Visakhapatnam) in 12 districts, while the recovery was yet to commence in 11 districts⁵⁶. Failure to recover the loan would ultimately result in the Government writing off the loan affecting the ways and means position of the Government.

7.7.7 Other points of interest

Purchase procedure lacked transparency

i) Ill-conceived and non-transparent purchase procedure: Instead of calling for open tenders through notification in newspapers for supply of tools, the MD of the Corporation negotiated the rates with a limited number of suppliers. Government observed (July 2000) that most of the tools supplied were at high prices and also not in conformity with the prescribed specifications. Complaints were also received about the supply of sub-standard quality of tools. Government, therefore, appointed State and district level negotiation committees in July 2000 to negotiate with the supplying firms. As a result, prices were got reduced by 4 per cent on an average with an overall reduction in cost of Rs 5.32 crore⁵⁷ out of the original cost of Rs 124.14 crore. The discount ranged from 1.16 per cent in Nellore to 9.39 per cent in Vizianagaram. This indicated that due to flawed negotiations by the MD with the firms, the rates accepted *ab initio* were on the high side.

Rupees 11 lakh diverted to other scheme/purposes

ii) Diversion of funds: Scheme funds of Rs 11 lakh were diverted by the EDs, Guntur (Rs 10 lakh), and Mahboobnagar (Rs 1 lakh) for Chief Minister's Empowerment of Youth Programme and to DRDA respectively. Approval of the Corporation or Government was not obtained for such diversion.

iii) Non-receipt of utilisation certificates: Of Rs 119.53 crore released to the District Societies, utilisation certificates (UCs) for Rs 112.98 crore were received by the Corporation from the EDs of District Societies leaving Rs 1.91 crore (excluding the cash balance of Rs 4.64 crore – paragraph 7.7.3 B supra refers) for which UCs were yet to be received. Action taken to ensure utilisation of the balance funds called for was awaited (July 2002).

⁵⁶ Anantapur, Guntur, Khammam, Krishna, Kurnool, Medak, Nalgonda, Nellore, Nizamabad, Prakasam and West Godavari

⁵⁷ Rupees 1.91 crore out of Rs 46.32 crore in the 7 districts – Chittoor (Rs 17.21 lakh), Guntur (Rs 24.77 lakh), Kurnool (Rs 14.83 lakh), Krishna (Rs 43.38 lakh), Mahboobnagar (Rs 35.27 lakh), Nalgonda (Rs 43.26 lakh) and Visakhapatnam (Rs 12.59 lakh)

7.7.8 Monitoring

Poor monitoring at district level

The study conducted by NISIET suggested that, a single agency at district level be made responsible for regularly monitoring the activities, as monitoring through review committees, headed by the Minister-in-charge, was not sufficient. Follow-up action, if any, taken on the shortcomings pointed out in the evaluation reports, though called for was awaited (August 2002).

Conclusion

The programme suffered from inadequate and inefficient utilisation of funds, and complex categorisation of beneficiaries coupled with equally complex funding pattern. Proper purchase procedures were not followed for supply of tools, with the result, rates for the tools were yet to be finalised. Overall, the procurement procedure lacked transparency. The prescribed percentages for the activity coverage were not adhered to. There were large-scale irregularities in selection of beneficiaries, supply of sub-standard tools, at high prices and distribution of unsuitable tools. The coverage under categories III and IV was a measly 2 per cent.

The above points were referred to the Principal Secretary to Government in July 2002 and followed up with a reminder in August 2002. However, reply had not been received (September 2002).

EDUCATION DEPARTMENT

Sri Venkateswara University

7.8 Mess charges in arrears

Failure of the Wardens, Sri Venkateswara University to collect the mess charges from the inmates of its hostels resulted in accumulation of arrears of Rs 52.92 lakh as of July 2002.

The Sri Venkateswara University maintains hostels for its students and research scholars. Rules provide for collection of all dues before issue of hall tickets for year-end examinations.

Scrutiny, however, revealed (January 2001/July 2002) that Principal/Chief Wardens of the University did not collect the mess and other

charges and Rs 52.92 lakh⁵⁸ relating to the period 1983-2002 remained uncollected as of June 2002. Of this, Rs 38.64 lakh related to 1997-99 and earlier years.

The Additional Chief Warden of the University stated (July 2002) that a committee has been constituted to look into the outstanding dues and demand notices were being issued to the defaulters. The Registrar stated (August 2002) that the deficit in running the hostels was made good by advances from the Principals. This indicated that the grants of the University were being tapped to run the hostels.

Thus, failure of the Wardens, Principals and Deans/Heads of department concerned in ensuring collection of the mess charges of Rs 52.92 lakh, as of June 2002, had put an unwarranted strain on the resources of the University and increased the burden on the State Government, which financed the expenditure of the University.

The matter was referred to Government and the Vice Chancellor in June 2002; no reply had been received (September 2002).

HOUSING DEPARTMENT

7.9 Unfruitful expenditure on construction of LIG⁵⁹ houses

Out of 600 LIG houses constructed by the AP Housing Board, at Kanteshwar (Nizamabad District), 181 have not been handed over to the allottees and another 135 houses not completed resulting in blockade of Rs 1.73 crore thereon, and interest payment of Rs 1.07 crore.

After conducting a demand survey⁶⁰, AP Housing Board took up (December 1994) construction of 600 LIG houses at Kanteshwar (Nizamabad District), at an estimated cost of Rs 3.57 crore with loan assistance from HUDCO⁶¹. The houses were to be allotted at a unit cost of Rs 60000. While works were awarded during December 1994 - December 1995 for completion within 9 months of the handing over of the site, the houses were allotted to the applicants by drawal of lots in April 1995. An initial deposit aggregating to Rs 60.81 lakh was collected from the allottees before taking up the

⁵⁸ 1983-85 : Rs 0.16 lakh; 1985-87 : Rs 0.58 lakh; 1987-89 : Rs 1.02 lakh; 1989-90 : Rs 1.16 lakh; 1990-92: Rs 1.54 lakh; 1991-93: Rs 5.53 lakh; 1993-95: Rs 0.70 lakh; 1994-96: Rs 3.69 lakh; 1995-97: Rs 5.16 lakh; 1996-98: Rs 14.86 lakh; 1997-99: Rs 4.95 lakh; 1998-2000: Rs 7.94 lakh; 1999-2001: Rs 2.23 lakh; 2000-02: Rs 3.40 lakh

⁵⁹ Low Income Group

⁶⁰ by the Board

⁶¹ Housing and Urban Development Corporation

construction work out of which Rs 4.69 lakh was forfeited subsequently.

As of July 2002, only 465 houses were completed. In the remaining 135 houses, certain items of work like flooring, fixing of doors and windows, painting, etc. had not been completed (expenditure already incurred : Rs 0.73 crore). Even out of the 465 houses completed, 181 houses (expenditure : Rs one crore) were not handed over to the allottees as sale agreements have not been executed. In the meantime, due to increase in cost of land, plinth area, cost for development, etc., the unit cost was raised to Rs 1.10 lakh from the original Rs 60000. Reasons for the 181 allottees not coming forward to execute the sale agreements, though called for were not forthcoming from the Board.

The Executive Engineer (EE) attributed (May 2002) the delay in allotment of the completed houses and delay in completion of houses to lack of public demand owing to location of the houses in a slum area and far away (1 km) from the main road.

Thus, the expenditure of Rs 1.73 crore on the 181 unallotted houses (Rs 1.00 crore) and 135 incomplete houses (Rs 0.73 crore) besides the interest payment of Rs 1.07 crore (as of June 2002) to HUDCO has remained unfruitful. Further, abnormal delay in allotment/completion of the houses could only result in deterioration of their condition due to non-maintenance.

The matter was referred to Vice-Chairman and Housing Commissioner in May 2002, but to no response. The matter was also referred to Government in June 2002; reply has not been received (September 2002).

HOUSING/REVENUE DEPARTMENT

7.10 Unfruitful expenditure on a housing programme

Despite poor demand, AP Housing Board acquired (June 1999) unsuitable land for a housing programme at Kandukur (Prakasam District), resulting in blockade of Rs 26.31 lakh.

For a housing programme in Kandukur (Prakasam district), proposed by the AP Housing Board (Board), the Executive Engineer (Housing), Vijayawada (EE) identified (September 1994) 7.98 acres of dry agricultural land in private ownership. In response to a demand survey for houses, by the Board, only 17 applications for

LIG⁶² and 2 applications for MIG⁶³ were received (April 1995). In view of the poor demand, EE recommended (July 1995) shelving the project.

In the meantime, the Vice Chairman and Housing Commissioner (VC) decided in June 1995 to acquire the land, even without placing the matter before the Board, based on the recommendations of the then Superintending Engineer, Vijayawada Circle, that the demand would increase once the land was acquired and the housing scheme commenced. The VC deposited (November 1995 - November 1996), Rs 26.45 lakh towards land compensation and publication charges with the Revenue Divisional Officer (RDO), Kandukur. The award was passed in October 1996 for Rs 25.87 lakh and the land was taken possession by the Board in June 1998.

However, during inspection of the site in November 1998, the successor VC observed that it was located far away from the main town where it would be difficult to provide civic amenities, there being no habitation nearby. The successor VC also opined that the rate of Rs 3.30 lakh per acre fixed by the RDO was abnormally high compared to the market value (Rs 50000 per acre), and requested (January 1999) Government to get the matter investigated. Neither the Government has taken any action against erring officials nor the housing programme taken up as of July 2002.

Thus, the flawed decision of the earlier VC to acquire the unsuitable land without the Board's resolution at high cost and in the face of poor demand, resulted in blockade of Rs 26.31 lakh (including publication charges of Rs 0.44 lakh).

The matter was referred to Government in February 2002; reply has not been received (September 2002).

PANCHAYATI RAJ AND RURAL DEVELOPMENT DEPARTMENT

7.11 Misutilisation of Employment Assurance Scheme funds

Project Director, DRDA, Prakasam District, misutilised EAS funds of Rs 38.26 lakh for purposes not covered by the scheme.

To provide assured gainful employment for 100 days to all adults in rural areas during the lean agricultural season and to create

⁶² Low Income Group

⁶³ Middle Income Group

economic infrastructure/community assets for sustained employment and development, the Centrally sponsored Employment Assurance Scheme (EAS) contemplated execution of labour intensive works such as water and soil conservation, minor irrigation, link roads and public community buildings.

It was, however, observed that the Project Director (PD), District Rural Development Agency (DRDA), Prakasam, expended Rs 38.26 lakh⁶⁴ from out of EAS funds during 1998-2001 through EEs of 4 Panchayati Raj divisions for construction of 28 Panchayat Samithi buildings and one Mandal Revenue Office building in their respective jurisdictions. Of the 28 works taken up, only 18 were completed (August 2002) at a cost of Rs 27.19 lakh leaving 10 works incomplete.

While the Secretary, Rural Development Department had permitted (26 September 1997) construction of office buildings with suitable public contribution, Ministry of Rural Areas and Employment, GOI, clarified (30 September 1997) that EAS funds should not be used for construction of such buildings. Information as to whether any corrigendum was issued by the State Government cancelling the earlier orders of 26 September 1997 in the light of the GOI clarification was not forthcoming though called for. Further, the works were executed without any public contributions.

Thus, EAS funds of Rs 38.26 lakh were misutilised, disregarding the GOI orders, which could have generated additional employment of 70000 mandays.

The matter was referred to Government in May 2002; reply had not been received (September 2002).

SOCIAL WELFARE DEPARTMENT

7.12 National Scheme of Liberation and Rehabilitation of Scavengers

7.12.1 Introduction

Government of India (GOI) launched the National Scheme of Liberation and Rehabilitation of Scavengers (NSLRS) in 1980-81 as a Centrally sponsored scheme with the objective to liberate scavengers and their dependents from the prevalent hereditary

⁶⁴ Executive Engineers (EE), Markapur: Rs 11.61 lakh/8 works; EE, Ongole: Rs 12.97 lakh/8 works; EE, Parchur: Rs 1.97 lakh/1 work and EE, Kandukur: Rs 11.71 lakh/11 works

occupation and to provide alternative and dignified occupations. The scheme is being implemented in the State since 1992-93.

The Employment of Manual Scavengers and Conversion of Dry Latrines (Prohibition) Act, 1993 came into force with effect from 26 January 1997 in the State. In the implementation of the Act, the State Government decided to convert the NSLRS into a ‘mission mode’ in September 2001 to achieve eradication of manual scavenging and rehabilitation of all existing scavengers by December 2002.

The Managing Director (MD), AP Scheduled Castes Co-operative Finance Corporation (Corporation) is implementing the scheme at State level, while the Executive Directors (EDs), District Scheduled Castes Services Co-operative Societies are responsible for implementation of the scheme at the district level. Test-check of the implementation of the scheme in 7 districts⁶⁵ during 1997-2002 revealed the following points.

7.12.2 Budget

State share not released during 1997-2002

During 1997-2002, GOI released a total of Rs 14.10 crore for implementation of the scheme to the Corporation. State Government, however, did not release its share. The Corporation also obtained a loan of Rs 13.25 crore from the NSKFDC⁶⁶. Thus, the total funds available for the scheme during the period were Rs 30.77 crore (including the opening balance of Rs 3.42 crore). Additional funds of Rs 2.01 crore were diverted to this scheme by the Corporation from its other sources and released to the District Societies bringing the total release by the Corporation to Rs 32.78 crore. The District Societies in turn spent a total of Rs 53.61 crore during the above period towards training (Rs 0.36 crore), rehabilitation including establishment of sanitary mart schemes (Rs 53.25 crore) under the scheme. The District Societies spent the balance amount by diverting the funds from other schemes for SCs/STs.

7.12.3 Survey

Faulty identification – number of scavengers increased from survey to survey despite rehabilitation reported

Identification of the scavengers was done by means of three surveys conducted in 1992, 1996, and 2000. In none of the District Societies test-checked, the survey reports of 1992, 1996 were available in complete shape i.e., in respect of all Mandals of the district. The surveys were done by the APOs⁶⁷, MPDOs⁶⁸ and EO⁶⁹ in case of Gram Panchayats. Survey was conducted (August 2000) by the

⁶⁵ Cuddapah, East Godavari, Karimnagar, Krishna, Kurnool, Nizamabad and Warangal

⁶⁶ National Safai Karamcharies Finance Development Corporation

⁶⁷ Assistant Project Officer

⁶⁸ Mandal Parishad Development Officer

⁶⁹ Executive Officer

Corporation through an NGO viz. National Safai Karamchari Andolan Sangh and a Janmabhoomi Habitation Officer. This survey list was circulated to all the District Societies.

7938 scavengers were identified in the 1992 survey and 7448 in the 1996 survey. The August 2000 survey identified 8402 scavengers and 22519 dependents. Although, 5537 scavengers from the 1992 survey were rehabilitated by 1995-96 and 6493 were rehabilitated during 1996-2000, the number of identified scavengers increased to 30921 in the August 2000 survey.

Reasons for huge increase in numbers of scavengers, as noticed during scrutiny of identification list in test-checked districts, were as follows:

- (i) Enlisting, each of the family members as head of the family and also as dependents turn-by-turn.
- (ii) Enlisting of persons working as Safai Karmcharies in factories, and other reputed establishments, local bodies and recognised Government hospitals.
- (iii) Inclusion of scavengers who were already rehabilitated up to 1998-99 under other self-employment schemes⁷⁰.

Ineligible persons were identified

On a re-survey conducted in September 2001 by the District Society, 1985 identified scavengers were found to be ineligible for assistance under the scheme in the Districts of East Godavari (1197), Karimnagar (567) and Kurnool (221).

Action plans based on incorrect data

The Corporation however, prepared Action Plans to obtain funds from GOI and loan from NSKFDC on incorrect data.

7.12.4 Training

Training of scavengers was altogether neglected

The selection of trades was to be made after discussions with the beneficiaries keeping in view their preference, aptitude and competence for particular trades. The rehabilitation package for beneficiary who has been provided training should be of the same trade for which training was provided. However, no training in selected trades was provided to the beneficiaries. Only awareness programmes called Entrepreneur Development Programmes (EDP) were conducted involving NGOs. Of the 19521 scavengers rehabilitated between 1997-2002, only 6672 (34 per cent) attended awareness programme at a cost of Rs 35.51 lakh. This was despite the fact that the Corporation had projected training as a component in the annual plans and obtained Rs 4.72 crore in 1997-98 and

⁷⁰ of National Scheduled Castes and Scheduled Tribes Finance and Development Corporation implemented by the AP Scheduled Castes Co-operative Finance Corporation

1999-2000 from GOI. Though Training was a pre-requisite for rehabilitation, no skill-oriented profession was encouraged by the Corporation.

7.12.5 Rehabilitation

**Targets were
ab initio low**

(i) State Government/ Corporation had not drawn up a 5-year plan to rehabilitate the scavengers. Corporation prepared Annual Action Plans without any inputs from the District Societies. Thus the targets fixed were *ab initio* baseless. The year-wise details of targets and achievements were:

Year	Target	Achievement as reported by Corporation	Shortfall (percentage)
		Physical (Number of scavengers)	
1997-98	1027	509	50
1998-99	1346	4718	-
1999-2000	1350	747	45
2000-01	1438	879	39
2001-02	20000	12668	37
Total	25161	19521	

Reasons for shortfall, though called for, have not been received as of August 2002. The data for 2001-02 was prima facie not reliable.

**Only 44 per cent
scavengers
rehabilitated as
of March 2002**

In the August 2000 survey, 30921 scavengers (8402 scavengers and 22519 dependents) were identified for rehabilitation. Of them 13547 (44 per cent) were rehabilitated as of March 2002. At this pace, rehabilitating all these scavengers by the end of 2002 is not possible. In the 7 districts test-checked, 6244 scavengers out of 12206 identified were reported to have been rehabilitated leaving 5962⁷¹ (49 per cent) uncovered.

**Women-oriented
schemes not
formulated**

(ii) Evaluation studies revealed that even after the men folk of the family shifted to more dignified professions, women continued to be engaged in manual scavenging. In the State, women constituted 45 per cent of the total scavengers (13903 out of 30921). As such, priority was to be given to women scavengers under the scheme.

**Only 44 per cent
women
rehabilitated in
the 7 districts**

In the 7 districts test-checked, out of 5588⁷² women 2436⁷² (44 per cent) (867 scavengers and 1569 dependents) were rehabilitated, while rehabilitation of men was 58 per cent. Thus women were mainly included as dependents. In East Godavari District 181 women scavengers were provided assistance (Rs 8000 each) for establishing businesses like cloth/kirana stores, rice, goat rearing, fancy items, milching, sewing and fuel depot, etc. without imparting any training in the running of the business. The units became sick within 3 to 6

⁷¹ Cuddapah (313), East Godavari (784), Karimnagar (157), Kurnool (187), Krishna (2544), Nizamabad (1250) and Warangal (727)

⁷² Cuddapah (662/503), East Godavari (699/300), Karimnagar (272/23), Kurnool (450/345), Krishna (2397/1113), Nizamabad (676/31) and Warangal (432/121)

months of their setting up. The Executive Director stated (April 2002) that they never gave up the earlier profession of scavenging.

Providing autos, gulfers/vacuum loaders, tractors etc. resulted in rehabilitation of men only, and women as dependents continued with the profession of scavenging. In the State, 50 per cent of rehabilitation was done in the trades under transport sector.

Rehabilitation without construction of wet latrines

(iii) The Corporation identified (October 2000) 6084 individual dry latrines (IDL) and 14990 community dry latrines (CDL). In the 7 test-checked districts, 10925 dry latrines (712 IDL and 10213 CDL) were identified. Of these, only 36 (19 IDL +17 CDL) were converted and 250 (15 IDL + 235 CDL) were demolished during October 2000 to March 2002. The EDs, Cuddapah, East Godavari, Krishna and Kurnool attributed non-demolition of the dry latrines to non-availability of alternative arrangements. As rehabilitation was undertaken without construction of wet latrines, a pre-requisite to eliminate manual scavenging, existence of manual scavenging cannot be ruled out.

Achievements were unreliable

As per the guidelines, only the persons servicing the dry latrines were to be rehabilitated. Seven District Societies reported rehabilitation (assistance provided : Rs 9.58 crore) of 2160 scavengers and identification of 463 dry latrines in the 10 selected municipal areas. However, municipal records showed demolition of only 44 CDL and 32 IDL by October 2001. This indicated that either most of the scavengers stated to have been rehabilitated were actually not engaged in manual scavenging or the achievement reported by the Corporation were not reliable.

7.12.6 Sanitary Mart

Objective of sanitary mart scheme remained largely unachieved

Sanitary mart is a workshop/shop where sanitary materials required for construction of latrines and toilets such as soap, toilet brush, bleaching powder, phenyl, etc. would be available. It also provided services for construction of latrines, production of materials and equipment such as pans, traps, etc. and also responsible for generation of demand for wet latrines. The main goal of sanitary mart was to erase the need for manual scavenging by converting dry latrines to wet latrines and to create demand for wet latrines through information, education and communication, constructing latrines or supply low cost equipment/material. During 2000-02, Rs 38.43 crore were spent on the scheme and the entire expenditure was on sanitary marts for rehabilitating 13547 scavengers.

Sanitary material component was meagre

In the 7 districts test-checked, financial assistance of Rs 1.19 crore⁷³ was provided under 'Sanitary Mart' scheme to establish shops of

⁷³ Cuddapah (Rs 37.15 lakh), East Godavari (Rs 2.32 lakh), Krishna (Rs 16 lakh), Karimnagar (Rs 33 lakh), Kurnool (Rs 14.21 lakh), Nizamabad (Rs 9 lakh) and Warangal (Rs 7 lakh)

kirana, garment, cement, plastic/fancy items, etc. along with sanitary materials. The sanitary material component was of nominal value (Rs 8000 – East Godavari, Rs 25000 – Nizamabad and Rs 35000 – Karimnagar). The sanitary marts established were not according to guidelines.

Even though the District Societies addressed Municipalities/Gram Panchayats for procurement of sanitary related items from the marts, the Marts did not have adequate sanitary material for sale.

Though the District Societies encouraged grouping of scavengers, the groups were too large. In Nizamabad District, the number was as high as 36 per group. Some groups (279 scavengers including dependents) were allotted gulfers/vaccum loaders in lieu of sanitary items at a cost of Rs 72.24 lakh. In Karimnagar District 35 sanitary marts were established at a cost of Rs 33 lakh for 35 scavengers and 254 dependents. Such large groups resulted in low per capita income.

In Krishna District, a survey conducted in January/February 2002 by a NGO revealed that most of the shops like kirana, cloth, etc. were not having any business. The units such as video camera, cool drinks, tent house shops, etc. established at a cost of Rs 2.25 crore for 1862 scavengers including dependents, also did not have any business. Thus money was spent on shops for which the scavengers had very little training or enterprise. 27 out of 32 units in Cuddapah and Kurnool districts financed at a total cost of Rs 11.15 lakh were not in existence. Information as to the action taken by EDs in the above cases was awaited (August 2002).

Though a number of scavengers were stated to have been rehabilitated under the Sanitary Mart scheme, there was no increase in the construction of wet latrines. Between October 2000 and March 2002, out of 10925 dry latrines identified by the Corporation, only 36 (less than one per cent) were converted. Thus, the objective of Sanitary Mart and cluster approach scheme remained largely unachieved.

7.12.7 Other points of interest

Poor management of loans by the District Societies

i) ***Non-recovery/dismal recovery of loans:*** Demand, Collection and Balance (DCB) registers showing the amounts due from the beneficiaries every month were not maintained properly and consequently demands were not raised on due dates, by any of the EDs of test-checked District Societies.

In Cuddapah, East Godavari and Krishna districts, as against the total demand of Rs 3.20 crore⁷⁴ as at the end of March 2002, only Rs 23.77 lakh⁷⁴ (7 per cent) was recovered. In Kurnool, no recovery was effected. In Karimnagar, Nizamabad and Warangal districts, DCB registers were not updated.

While the ED, District Society, Krishna, attributed (April 2002) the poor recovery of loans to non-availability of staff, the other EDs did not furnish any reasons. As the District Societies are responsible for implementation of all the schemes implemented by the Corporation, the reply was not tenable.

**Irregular
expenditure:
Rs 12.33 crore**

ii) Unauthorised expenditure: Prior approval of the Ministry of Welfare, GOI, should be obtained for establishing projects costing over Rs 50000. However, 1493 units⁷⁵ with higher project cost were established in the 7 test-checked districts for rehabilitation of 4899 scavengers at a total cost of Rs 12.33 crore. This was irregular.

7.12.8 Monitoring and evaluation

**Monitoring was
poor**

In East Godavari and Kurnool districts, monitoring committees were not formed; in the remaining 5 districts though formed (October 2001), these committees did not meet even once as of May 2002. Coordination within the department as well as with the Rural and Urban Development Departments was also lacking.

Neither the State Government nor the Corporation had evaluated the implementation of the scheme. No follow-up action was also taken either by the Corporation or by any District Society to ascertain whether the rehabilitated scavengers were able to attain a reasonable economic and social level after rehabilitation and had not reverted to their original profession.

Conclusion

The scheme was not effectively implemented in the State. The components/stages, viz., identification of scavengers, training and rehabilitation were not suitably dovetailed with the programmes of survey and demolition of dry latrines and conversion of dry latrines. Surveys were not conducted on any scientific basis. Training was not imparted to the beneficiaries in the trades offered despite availability of sufficient funds. Resultantly, there was a preponderance of non-viable projects. Inclusion of a large number of dependents in the group projects rendered the rehabilitation ineffective and the goal of providing sustainable income to the beneficiaries could not therefore be achieved.

⁷⁴ Cuddapah (Rs 51 lakh/Rs 8.94 lakh); East Godavari (Rs 254 lakh/Rs 14.21 lakh); Krishna (Rs 15 lakh/Rs 0.62 lakh)

⁷⁵ Cuddapah (267), East Godavari (320), Krishna (493), Karimnagar (79), Kurnool (157), Nizamabad (73) and Warangal (104)

7.13 Unfruitful expenditure on a Lift Irrigation Scheme

Lift Irrigation Scheme on Tungabhadra river in Kurnool District to provide irrigation facility to 600 acres of ayacut to benefit 233 families was not completed even after eight years rendering the expenditure of Rs 48.74 lakh thereon unfruitful.

With a view to providing irrigation to 600 acres of ayacut to benefit 233 families (including 197 SC families), the AP Scheduled Castes Co-operative Finance Corporation Limited (Corporation) approved (March 1994) a Lift Irrigation scheme on Tungabhadra river at T. Somalagudur in Nandavaram Mandal (Kurnool District) at an estimated cost of Rs 85 lakh. The funding pattern envisaged 20 per cent margin money loan (Rs 17 lakh), 30 per cent Special Central Assistance (SCA) loan (Rs 25.50 lakh) by the Corporation and 50 per cent IRDP⁷⁶ subsidy (Rs 42.50 lakh). The work was entrusted to the Executive Engineer, AP State Irrigation Development Corporation Limited (EE, APSIDC), Kurnool in October 1995 as a deposit work without, however, specifying any time limit for completion. Rupees 5.21 lakh (margin money loan) was released (March 1994) by the Corporation for commencement of the work.

The work was commenced in December 1995. The subsidy portion of Rs 42.50 lakh⁷⁷ was however released to APSIDC by the District Collector in January 1999 and March 1999 and the balance margin money loan of Rs 11.79 lakh was released by the Corporation only in March 2002, after repeated requests⁷⁸ from the EE, APSIDC. The SCA loan of Rs 25.50 lakh sanctioned by the Corporation in June 2002 has not been released to APSIDC by the Executive Director of the District Scheduled Castes Services Co-operative Society, Kurnool as of July 2002. As of July 2002, Rs 48.74 lakh was spent on the work. However, the vital components such as sump well-cum-pump house (2nd stage), main canals, distributory system, testing of pumping main, approach road, etc. valued Rs 36.26 lakh were yet to be completed/taken up (July 2002).

Thus, due to the failure of the Corporation/ED, District Society, Kurnool to release the SCA component of Rs 25.50 lakh, the lift irrigation scheme taken up in March 1994 was not completed

⁷⁶ Integrated Rural Development Programme

⁷⁷ under the revised funding pattern – Rs 21.25 lakh each under Ganga Kalyana Yojana and Special funds scheme of the Agriculture department

⁷⁸ at least seven between 17 March 1998 and 7 November 1999

even after a lapse of 8 years rendering the expenditure of Rs 48.74 lakh thereon unfruitful. This also deprived the targeted beneficiaries of the envisaged irrigation facilities.

The matter was referred to Government in June 2002 and followed up with a reminder in August 2002. However, reply had not been received (September 2002).

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