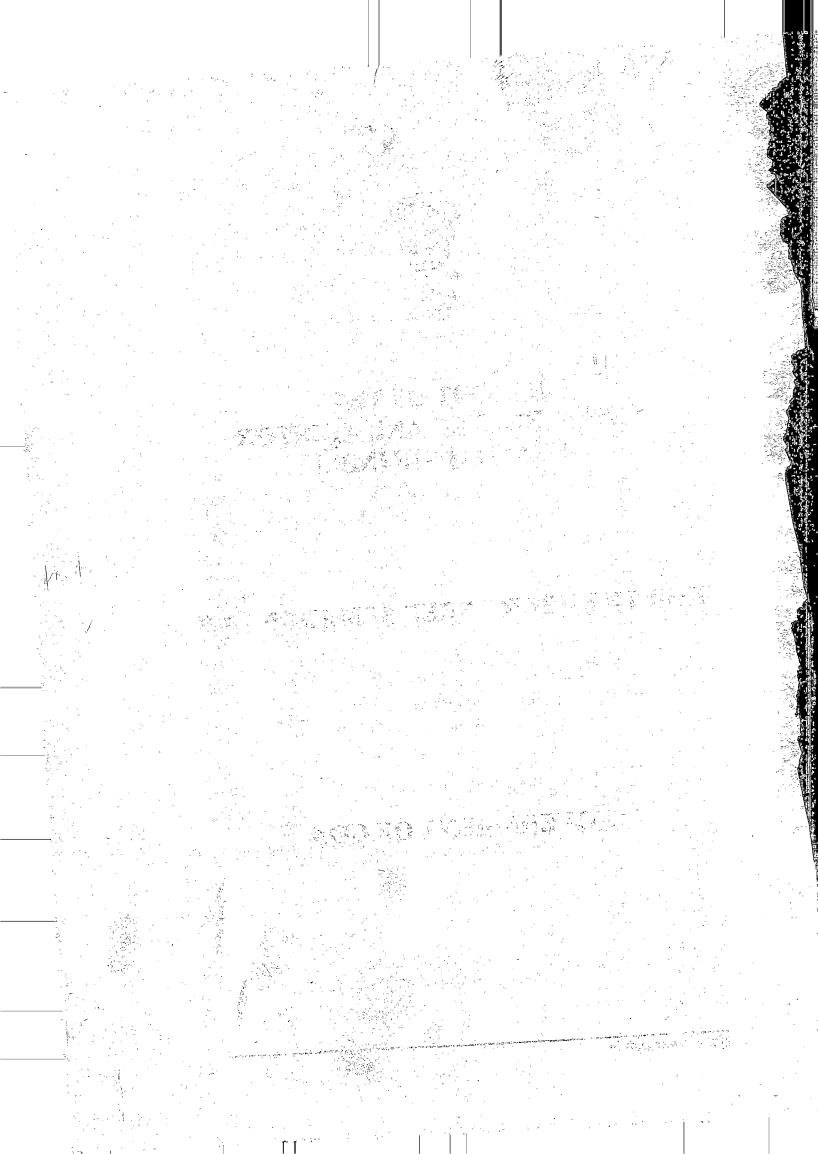
PRESENTED IN THE GRA VICHAN SCENA NO.



REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2005

GOVERNMENT OF GOA



Targets and Achievements: Draft Paragraphs

	Wing	Y	ear 2004	-05	Year 2005-06			
		Target - Sent -Printed			Target - Sent - Printed			
1.	OAD - State	} 3 10	8	6	} } 10	10		
2.	Autonomous Bodies - State	}	3	3	} 10 }			
3.	Local Bodies							
4.	SRA	2	1		4	3		
5.	Commercial	7	5	2	7	8		
	TOTAL STATE	19	17	12	21	21	Not	
6.	Civil - Union Govt.					1	finalised	
7.	ITRA		5	2	7	8		
8.	CERA	3			}	3		
9.	CRA	•			}	1		
10.	Central Autonomous Bodies							
	TOTAL UNION GOVT.	3	5	2	11	13		
	GRAND TOTAL	22	22	14	32	34		

Note: Money Value of paras printed in 2004-05 was as under:

States		Union Government					
	(Rs. in crore) Money Value		(R's. in crore) Money Value				
1. OAD - State	6.86	1. Civil - Union Govt.	nil				
2. Autonomous bodies	31.90	2. ITRA	0.68				
3. Local bodies	NIL	3. CERA	nil				
4. SRA	0.01	4. CRA	nil				
5. Commercial	5.32	5. Central Autonomous Bodies					
TOTAL	44.09	TOTAL	0.68				

Targets and Achievements: Reviews

Wing		ear 2004 - Sent -	-05 Printed	District Control of the Control of t	Year 2005-06 rget - Sent - Printed	
1. OAD - State	4	4	4	3	*	
2. Autonomous Bodies - State				1		
3. Local Bodies						
4. SRA	.1	.1	1	1	1	
5. Commercial	2	2	2	2	1	NI
TOTAL STATE	7	7	7	7	2	Not
6. Civil - Union Govt.	3#	1.		3\$	1.1	finalised
7. ITRA				3	1	
8. CERA				2	2	
9. CRA				<u>.</u>		
10. Central Autonomous Bodies				1		
TOTAL UNION GOVT.				8	4	
GRAND TOTAL				15	6	

^{*} Food Security Review not proposed for State Review

OAD:

- 1) Integrated audit of Tourism Department.
- 2) Internal Controls in Public Works Department.
- 3) Review on Development of Education for SCs/STs.

AUTONOMOUS BODIES:

1) Working of Goa University.

SRA:

1) Review on Receipts under Mines and Minerals.

Commercial:

- 1) Operational performance of Kadamba Transport Corporation Limited.
- 2) Accelerated Power Reforms Development Programme

Central:

- # (i) Food security, Deferred for 2005-06.
 - (ii) Sarva Shikshan abhiyan not conducted.
 - (iii) Registrar of Companies.
- \$ (i) Review on Food security, subsidy and Management of Food grains.
 - (ii) Review on Development of Education for SCs/STs.
 - (iii) Accelerated Power Reforms Development Programme.

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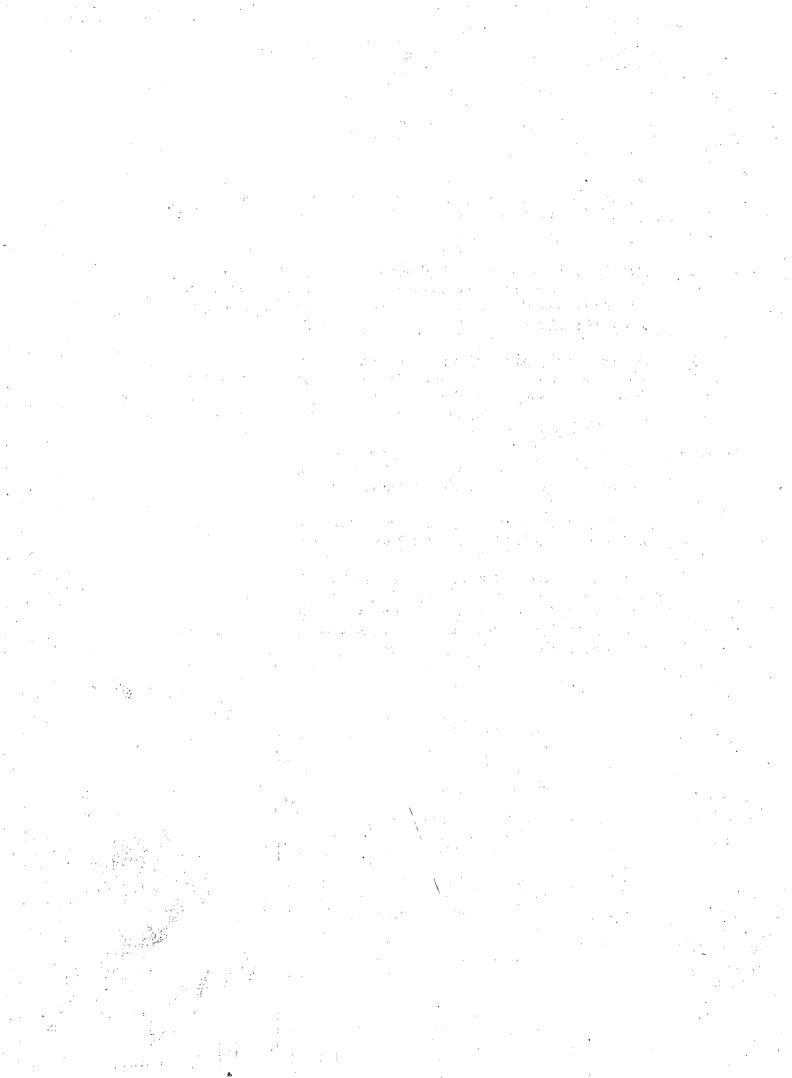
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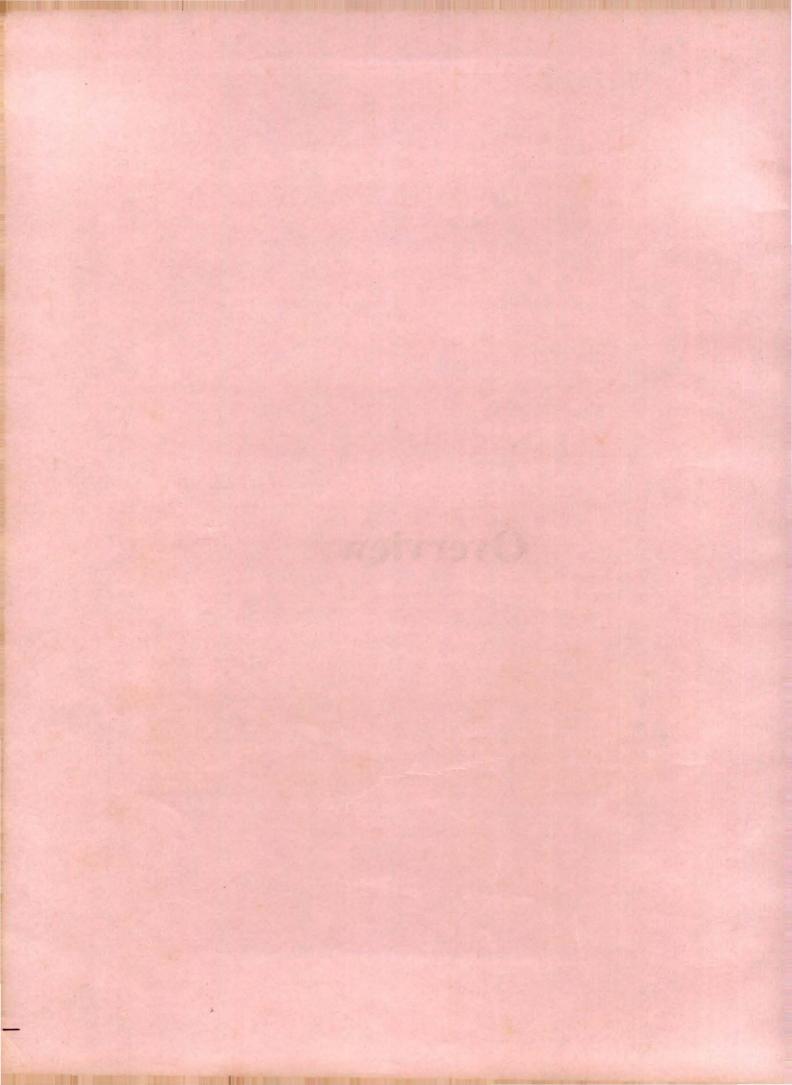
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Preface

- 1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
- 2. Chapter I and II of this Report contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of the State Government for the period from April 2004 to March 2005.
- 3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works, Civil Supplies & Consumer Affairs Department, Education Department and Evaluation of Internal Control Mechanism in Police Department.
- 4. The observations arising out of audit of Revenue Receipts in various Tax departments is included in Chapter VI of this Report.
- 5. The observations arising out of audit of Government Commercial and trading activities is included in Chapter VII of this Report.
- 6. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2004-05 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matter relating to the period subsequent to 2004-05 have also been included wherever necessary.



Overview



OVERVIEW

This Audit Report includes two Chapters containing observations on the Finance and the Appropriation Accounts of the Government of Goa for the year 2004-05 and five others comprising seven reviews/long paragraphs and nine paragraphs dealing with the result of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. The specific audit methodology adopted for audit of programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and the recommendations made taking into consideration the views of the Government, wherever received.

A summary of the financial position of the State Government of Goa and the audit findings is given below.

1. Financial position of the State Government

The revenue receipts of the State Government during 2004-05 were Rs.1,820 crore, registering an increase of 12 *percent* over 2003-04. The revenue expenditure during the year was Rs.1,943 crore, an increase of 10 *per cent* over 2003-04. Though mobilisation of revenue from own resources increased in absolute terms, it decreased from 89 *per cent* in 2003-04 to 87 *per cent* of revenue receipts during the year. Eighty one *per cent* of the revenue expenditure was under non-plan. Fiscal deficits grew from Rs. 445 crore in 2003-04 to Rs. 550 crore and fiscal liabilities grew from Rs.3,838 crore in 2003-04 to Rs.4,350 crore in 2004-05.

(Paragraph 1.1 to 1.10)

2. Appropriation audit and control over expenditure

Appropriation Accounts present the details of amounts actually spent *vis-à-vis* the amount authorized by the State Legislature. During 2004-05, expenditure of Rs.3,183.97 crore was incurred against the total grants and appropriations of Rs.3,873.98 crore resulting in a savings of Rs.690.01 crore. Supplementary provision of Rs. 16.12 crore made in six cases was excessive, resulting in savings of Rs.13.32 crore. In 13 cases, expenditure fell short by rupees two crore or more in each case and also by more than 10 *per cent* of the total provision, resulting in savings of Rs.84.70 crore. In two cases (Appropriation Debt Services and 8-Treasury and Accounts), supplementary provision of Rs.11.94 crore proved insufficient leaving an uncovered expenditure of Rs.293.85 crore.

(Paragraph 2.1 to 2.6)

3. Review on Water supply and Sanitation programmes

The water supply demand in the State is met through seven regional water supply schemes and sanitation in urban areas is provided through urban sewerage schemes being implemented by the Public Health Engineering Wing of the State Public Works Department (PWD). A review of the Regional Water Supply and Urban Sanitation programmes revealed that against the present demand (March 2005) of 568 MLD (Million Litres per Day) of water for the existing population, the Department could supply only 394 MLD leaving a gap of 174 MLD which adversely affected the public needs of sufficient water supply. The execution of schemes suffered from deficiencies in implementation of the various terms of contract, absence of phased planning to ensure co-ordinated completion of various components of work. The sewerage treatment plants in the major towns were underutilized as individual sewage connections have not been obtained by the residents. The work of Sewerage Treatment Plant in Panaji was awarded to a single bidder for Rs.13.33 crore without competitive offers as the Department had not finalised the technology parameters while calling for the financial bids. A Detailed Project Report for Sewerage system in Margao town prepared at a cost of Rs.29.50 lakh by the Sewage and Infrastructure Development Corporation Ltd., was not found useful by the PWD, rendering the expenditure unfruitful. Non-recovery of actual cost of supply of water through tankers exclusively arranged for the ONGC resulted in a loss of Rs.42.63 lakh to the Government. The arrears of revenue of water charges stood at Rs.22.82 crore as of March 2005.

(Paragraph 3.1)

4. Implementation of Consumer Protection Act

The Consumer Protection Act 1986 was enacted by the Parliament for better protection of the interest of the consumers. The review on implementation of Consumer Protection Act revealed that the post of President for the State Commission and District Forum was vacant for 25 and 42 months respectively during 2000-05. A review of the implementation of the Act and Rules in the State revealed that the adjudicatory mechanism comprising of the State Commission and District Forums created under the Act were understaffed and the Presidents/Members of the Commission and Forums were appointed on part time basis, resulting in delay of disposal of cases. It was seen that the Department of Civil Supplies and Consumer Affairs had not taken effective measures for enhancing general awareness amongst the consumers of the rights available under the Act and also for the procedure to be followed for redressal of grievances/complaints.

(Paragraph 3.2)

5. Cyberage Students Scheme

The State Government had introduced the scheme of supplying computers to the students of Higher Secondary Schools and colleges in 2002-05, with the objective of making the students computer literate. Though computers were supplied to 28,586 students, the impact of the scheme was not measurable as Government had not obtained any feedback or carried out an evaluation, even after three years of its commencement. The Government decision to supply computers to all the students without restricting it to one to each family resulted in avoidable expenditure of Rs.20.09 lakh. Modems provided with 25,780 computers at a cost of Rs.1.28 crore

remained idle as internet connectivity was not ensured. Department failed to provide for a suitable clause in the supply order/agreement for levy of duty and taxes prevailing at the time of delivery which resulted in non-availment of benefits of Rs.34.28 lakh due to reduction in duties. The system of preventive maintenance and attendance of complaints was deficient.

(Paragraph 3.3)

6. Internal Control System in Police Department

An evaluation of Internal Control System in Police Department revealed weakness in the areas of budget preparation and expenditure and operational controls. The system of levy, collection, accounting of fines/fees was inadequate and ineffective in implementation. No action was taken to dispose off obsolescent/unserviceable arms some of which pertained to the Portuguese regime. Confiscated explosives were not destroyed for over three years despite court orders. One hundred forty five officials who retired between 1967-2004 were occupying police quarters without payment of rent indicating weak internal controls. No internal audit wing existed in the Police Department.

(Paragraph 5.1)

7. Audit of Transactions

Besides the above, audit of financial transactions, test checked in various Departments of the Government and their field offices revealed instances of loss to Government, avoidable expenditure, blocking up of funds and other irregularities involving Rs.36.17 crore as mentioned below:

Loss to Government (Rs. 29.29 crore) was noticed in Housing Department, Unjustified expenditure (Rs.2.06 crore) in Information and Publicity Department. Besides there was avoidable expenditure of Rs.1.62 crore due to non-availment of benefit of reduced rate of interest (Housing Department) and blocking up of funds of Rs.1.24 crore in Housing and Tourism Departments.

Apart from this there were regularity issues pertaining to Home Department (Rs.1.96 crore) in non utilisation of Finance Commission Grants.

(Paragraph 4.1 to 4.5)

8. Review on Internal controls in Sales Tax Department

The Department did not conduct any market survey or use information available with other Government agencies to identify dealers for registration under the Act. The delay in renewal of registration certificates resulted in non realization of revenue of Rs. 30.25 lakh in test checked cases. As on 31 March 2004, Rs.88.47 crore was pending for recovery as arrears of revenue. Though the Department had powers to recover the dues as arrears of land revenue, RRCs of Rs. 2.69 crore were not issued.

The Department was not prompt in issuing refunds as it was seen that refunds of Rs.4.67 crore in 178 cases was pending as on 31 March, 2005 of which 138 cases were more than a year old. Internal audit mechanism did not exist in the Department. Interest of Rs. 35.50 lakh was not levied for delayed payment of tax in respect of four dealers and short levied to the tune of Rs. 3.50 lakh in cases of four dealers. Failure of the assessing officers to cross verify the declarations of places of business with reference to certificates of registration resulted in short levy of central sales tax of Rs.42.71 lakh in four wards.

(Paragraph 6.11)

9. Commercial activities of State Corporation and companies

There were 16 Public Sector Undertakings (PSUs) comprising 15 Government companies and one Statutory corporation (all working) as on 31 March 2005 as against 15 working PSUs (14 Government companies and one Statutory corporation) as on 31 March 2004. The total investment in working PSUs increased from Rs.606.03 crore as on 31 March 2004 to Rs. 615.16 crore as on 31 March 2005.

(Paragraphs 7.1.1 and 7.1.2)

Of the 16 PSUs, none of them had finalized their accounts for the year 2004-05 and accounts of these PSUs were in arrears for periods ranging from one to five years as on 30 September 2005.

(Paragraph 7.1.6)

According to the latest finalised accounts 10 PSUs had incurred an aggregate loss of Rs. 48.44 crore.

(Paragraph 7.1.7)

Performance Reviews

Creation of facilities and infrastructure development relating to the International Film Festival of India at Goa by Goa State Infrastructure Development Corporation Limited.

Goa State Infrastructure Development Corporation Limited was declared as the nodal agency by the Government of Goa for development of infrastructure facilities for the International Film Festival of India. The company undertook construction of a multiplex, upgradation of the Kala Academy (the main festival venue), improvement and beautification of roads and allied works at a total cost of Rs. 97.31 crore (June 2005). Major works like upgradation of the Kala Academy, road packages and dredging/de-silting of rivers were not completed before the festival. The projects were executed in haste without finalisation of design/specifications before inviting tenders and without proper estimation of quantities. This deprived the company of competitive offers and resulted in high cost of execution. There was heavy dependence on local and foreign consultants.

Some of the important points noticed during the review are given below:

Despite the Company knowing the major design parameters, the Company failed to invite separate technical and financial bids. The Company awarded the multiplex contract rejecting the lowest offer although it conformed to the notified requirements.

(Paragraph 7.2.6)

The Company incurred extra expenditure of Rs. 3.11 crore due to change in design of the multiplex for faster completion and to match the concept of the lead consultant. The road works were awarded at 19.9 per cent above estimates, which was much higher than the rates for similar works executed by the State Public Works Department. The Company also approved 19.9 per cent tender excess for some items, which were estimated at market rates resulting in avoidable extra cost of Rs. 1.34 crore.

(Paragraphs 7.2.7 and 7.2.16)

Billing and Collection of Revenue by Electricity Department of Goa

The performance of the Department with regard to revenue collection was found to be deficient as short billing of HT consumers non-recovery of delayed payment charges, accumulation of arrears, non-receipt of cost of surplus power sold to private as well as State Governments and ineffective Internal Control System were noticed.

Some of the important points noticed during the review are given below:

There were instances of short billing of Rs. 1.54 crore due to misinterpretation of rules resulting in non-recovery of revenue of Rs. 1.43 crore.

(Paragraph 7.3.8)

Injudicious grant of instalment facility, delay in disconnection, delay in referring default cases to the Revenue Recovery Court resulted in accumulation of arrears to the extent of Rs. 9.24 crore.

(Paragraphs 7.3.10 to 7.3.11)

Lack of Internal Control and inadequacy of Internal Audit led to non-detection/delay in replacement of faulty meters, non-renewal of bank guarantee during validity periods and non-collection of adequate security deposits adversely affecting revenue collection.

(Paragraphs 7.3.17 to 7.3.23)

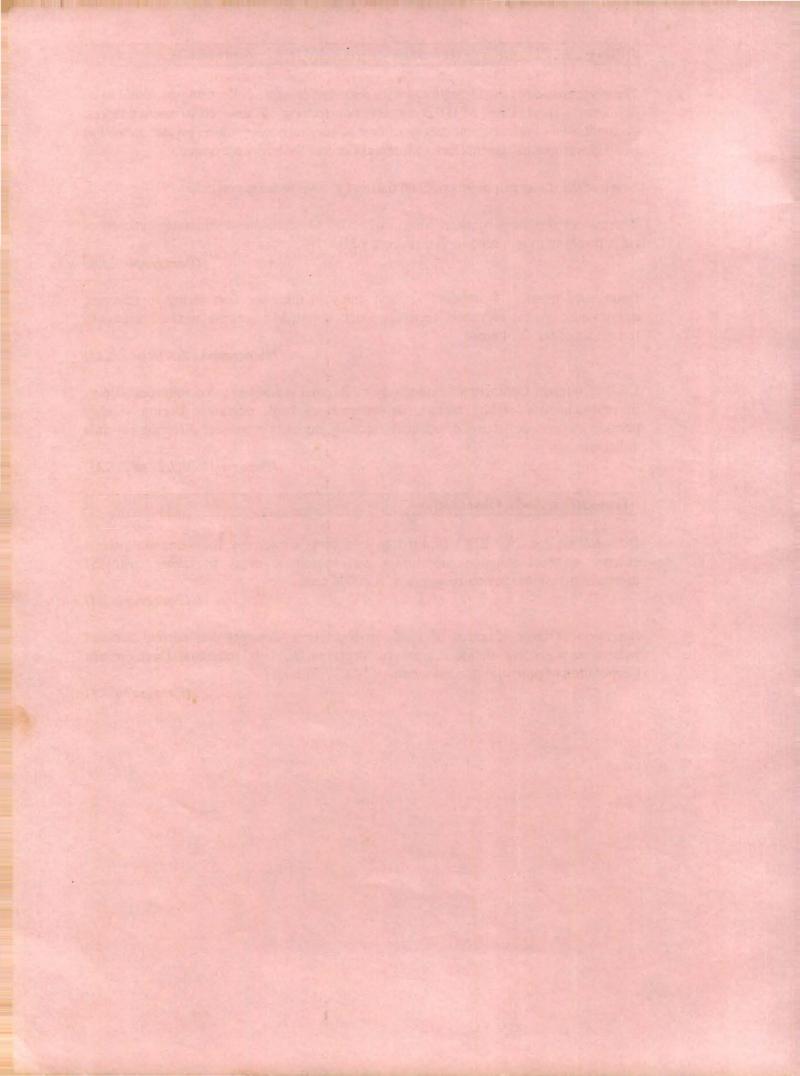
Transaction Audit Observations

Disbursal of loan by EDC Limited to two units owned by the same promoters, absence of post sanction monitoring and inordinate delay in taking over the units/assets resulted in non-recovery of Rs. 5.04 crore.

(Paragraph 7.4)

Retention of large balances of funds in short term deposits and current account without any prudent financial planning deprived the Goa Industrial Development Corporation of potential interest income of Rs.27.93 lakh.

(Paragraph 7.5)



Chapter - I

Finances of the State Government

Chapter - I

Finances of the State'

CHAPTERI

Finances of the State Government

Summary

During 2004-05, the revenue deficit was Rs. 123 crore, which was Rs.18 crore (12 per cent) less than that of the previous year. The fiscal deficit during the year increased by Rs.105 crore (23 per cent) compared with the previous year's fiscal deficit of Rs.445 crore.

Revenue receipts increased from Rs.1623 crore in 2003-2004 to Rs.1820 crore in 2004-05. Tax revenues of the State Government increased by Rs.147 crore from Rs. 710 crore during the previous year to Rs.857 crore during 2004-05. About 87 per cent of revenue receipts came from its own sources while Central tax transfers and grants in aid from the Central Government together contributed about 13 per cent.

Revenue Expenditure also increased from Rs.1764 crore in 2003-04 to Rs.1943 crore during 2004-05 an increase of Rs.179 crore. The increase in expenditure was mainly due to more expenditure under General Education (Rs. 48.13 crore), Medical and Public Health (Rs. 10.68 crore), Pension and other Retirement benefits (Rs. 30.24 crore), more expenditure under Information and Publicity etc., (Rs. 12.47 crore). Interest payments increased steadily from Rs.212 crore in 2000-01 to Rs.323 crore during 2004-05 due to continued reliance on borrowings to meet its fiscal deficit. Interest payments constituted 18 per cent of revenue expenditure during the year. Developmental expenditure during the year however, increased by Rs.211 crore from Rs.1455 crore during 2003-04 to Rs.1666 crore during '2004-05.

Balance from current revenue (BCR) plays an important role in plan expenditure. It was consistently negative upto 2002-03; however, it improved during 2003-05 and was on the positive side.

Fiscal Liabilities for the State increased from Rs.2531 crore in 2000-01 to Rs.4350 crore in 2004-05. The ratio of Assets to Liabilities of the State increased from 0.73 in 2003-04 to 0.74 in 2004-05. It indicated that one-fourth of State's fiscal liabilities ceased to have an asset back-up.

1.1 Introduction

The Finance Accounts of the Government of Goa are laid out in nineteen Statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The layout of the Finance Accounts is depicted in Box 1.

Box 1 Lay out of Finance Accounts

Statement No. 1 presents the Summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc., in the consolidated fund, contingency fund and public account of the state.

Statement No. 2 contains the Summarised Statement of capital outlay showing progressive expenditure to the end of 2004-05.

Statement No. 3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No. 4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5 gives the Summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the Summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporation, local bodies and other institutions.

Statement No. 7 gives the Summary of cash balances and investments made out of such balances.

Statement No. 8 depicts the Summary of balances under consolidated fund, contingency fund and public account as on 31 March 2005.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2004-2005 as a percentage of total revenue/expenditure.

Statement No. 10 indicates the distribution between the charge and voted expenditure incurred during the year.

Statement No. 11 indicates the detailed account of revenue receipts by minor heads.

Statement No. 12 provides accounts of revenue expenditure by minor heads under non plan, State plan and centrally sponsored schemes separately and capital expenditure major head wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2004-05.

Statement No. 14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2004-05.

Statement No. 15 depicts the capital and other expenditure to the end of 2004-05 and the principal sources from which the funds were provided for that expenditure.

Statement No. 16 gives the detailed account of receipts disbursements and balances under heads of account relating to debt, contingency fund and public account.

Statement No. 17 presents detailed account of debt and other interest bearing obligations of the Government of Goa.

Statement No. 18 provides the detailed account of loans and advances given by the Government of Goa, the amount of loan repaid during the year, the balance as on 31 March 2005, and the amount of interest received during the year.

Statement No. 19 gives the details of earmarked balances of reserved funds.

1.2 Trend of Finances with reference to previous year

Finances of the State Government during the current year compared to the previous year were as under:

(Rupees in crore)

2003-04	Sl. No	Major Aggregates	2004-05
1623	1.	Revenue Receipts (2+3+4)	1820
710	2.	Tax Revenue	857
725	3.	Non-Tax Revenue	729.
188	4.	Other Receipts	234
7	5.	Non-Debt Capital Receipts	6
7	6.	Of which, recovery of Loans	
1630	7.	Total Receipts (1+5)	1826
1483	8.	Non-Plan Expenditure (9+11)	1581
1480	.9.	On Revenue Account	1578
321	10.	Of which interest Payments	323
3	. 11.	On Capital Account	3
3	12.	Of which, loans disbursed	2
592	13.	Plan Expenditure (14+15)	795
284	14.	On Revenue Account	365
308	15.	On Capital Account	430
7	16.	Of which, Loans disbursed	5
2075	17.	Total Expenditure (8+13)	2376
445	18.	Fiscal Deficit (17-1-5)	550
141	19.	Revenue Deficit (9+14-1)	123
124	20.	Primary Deficit (18-10)	227

Includes assignment of Union Taxes and grants in aid from GOI

#

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government of Goa for the year 2004-05 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and Public Account receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed Statements.

Table 1: SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2004-2005

(Rupees in crore)

2003-04	Receipts	2004-05	2003-04	Disbursements	2	004-2005	
		<u>s</u>	ection-A: Re	venue		. ,	
		_			Non-Plan	<u>Plan</u>	Total
1623.12	I. Revenue receipts	1820.02	1763.59	I. Revenue expenditure	1578.02	365.18	1943.20
710.26	Tax revenue	856.53	581.66	General services	626.57	6.25	632.82
724.73	Non-tax revenue	729.26	564.25	Social Services	419.30	248.42	667.72
135.58	Share of Union Taxes/Duties	162.07	617.68	Economic Services	532.15	110.51	642.66
52.55	Grants from Govt. of India	72.16		Grants-in-aid / Contributions	_		
		9	Section-B: Ca	ıpital		•	
_	II. Misc. Capital Receipts	-	301.42	II. Capital Outlay	0.45	425.55	426.00
6.55	III. Recoveries of Loans and Advances	5.58	9.83	III. Loans and Advances disbursed	2.50	4.96	7.46
791.73	IV. Public Debt Receipts	701.63	362.65	IV. Repayment of Public Debt		230.13*	230.13
3239.35	V. Public Account Receipts	3156.76	3217.60	V. Public Account Disbursements	-	2971.25	2971.25
	VI. Net receipts from Contingency Fund	1.17	1.17	VI. Expenditure from Contingency Fund	_	0.22	0.22
37.35	Opening Balance	41.84	41.84	Closing Balance		148.74	148.74
5698.10	Total	5727.00	5698.10	Total	1580.97	4146.03	5727.00

^{*} includes net ways and means advances and overdraft

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in major fiscal aggregates of receipts and expenditure from the Statements of the Finance Accounts for the year 2004-05 and wherever necessary, show these in the light of time series data and periodic comparisons (Appendix 1.1 to 1.4).

The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios

commonly adopted for the relational interpretation of fiscal aggregates.

The reporting parameters are depicted in Box 1.2

Box 1.2 Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage of the GSDP at current market prices. The New GSDP series as indicated in the Budget at a Glance by the Finance Department of the State Government have been used.

For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.

The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in Appendix 1.5.

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account as defined in Box 1.3

Box 1.3 - State Government Funds and the Public Account

Consolidated Fund	Contingency Fund	Public Account
All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled the Consolidated Fund of the State established under Article 266(1) of the Constitution of India.	The Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor for meeting urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, in order to recoup the advances from the	Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursements are
	Contingency Fund.	made from it.

State Finances by key Indicators

1.5 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipt. Revenue receipts consist of tax and non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts (like proceeds from disinvestments), recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/ commercial banks etc., and loans and advances from Government of India as well as accruals from the Public Account.

Table 2 shows that the total receipts of the State Government for the year 2004-05 were Rs.5686 crore. Of these, revenue receipts were Rs. 1820 crore, constituting 32 per cent of the total receipts. The balance of the receipts came from borrowings and public account receipts.

Table 2 - Resources of Goa

(Rupees in crore) 1820 Revenue Receipts II Capital Receipts 708 Miscellaneous Receipts Recovery of Loans and Advances 6 Public Debt Receipts 702 3157 III Public Account Receipts 118 Small Savings, Provident Fund, etc. Reserve Fund 28 Deposits and Advances 93 с Suspense and Miscellaneous (CSS Account, 1430 RBI (CAO) suspense, PAO suspense etc.) Remittances (PWD, Forest) 1488 IV Receipts from Contingency Fund Total Receipts 5686

The revenue receipts, capital receipts under different heads and GSDP during 2004-2005 are indicated in Table 3.

Table 3 – Sources of Receipts: Trends

(Rupees in crore)

			apital Rece	ipts	Contingency		Gross State	
Year	Revenue Receipts	Non-Debt Receipts	Debt Receipts	Accruals in Public Account	Fund Receipts	Total Receipts	Domestic product	
2000-01	1483	11	347	2132	165	4138	7761	
2001-02	1873	6	397	2464	190	4930	8925	
2002-03	1833	7	497 .	2755	14	5106-	9947	
2003-04	1623	7	792	3239		5661	9290*	
2004-05	1820	6	702	3157	1	5686	10219	

GSDP figures for 2003-04 have been revised by the State Government as Rs. 9290 crore.

1.5.1 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy are indicated in Table 4.

Table 4: Revenue Receipts - Basic Parameters

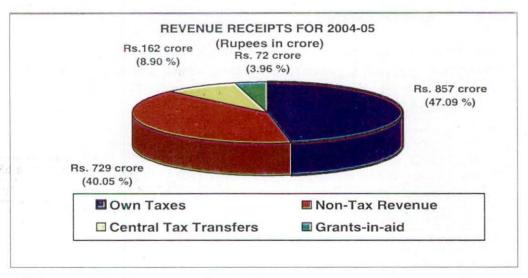
	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Receipts (Rupees in crore)	1483	1873	1833	1623	1820
Own taxes (in per cent)	34.73	30.38	32.84	₇ * 43.75	47.09
Non-Tax Revenue (in per cent)	53.67	60.65	56.68	44.67	40.05
Central Tax Transfers (in per cent)	7.08	5.77	6.27	8.38	8.90
Grants-in-aid (in per cent)	4.52	3.15	4.20	3.20	3.96
Rate of Growth (in per cent)	20.77	26.3	(-) 2.14	(-) 11.46	12.14
Revenue Receipts/GSDP(in per cent)	19.11	20.99	18.43	17.47	17.81
GSDP Growth (per cent)	15.01	15.00	11.45	(-) 6.61*	10.00
Revenue Buoyancy	1.38	1.75	* #	#	1.21
Own Tax Buoyancy	0.83	0.70	0.51	#	2,07

Revenue receipts of the State increased from Rs. 1483 crore in 2000-01 to Rs.1820 crore in 2004-2005. There was an increase in revenue receipts by Rs. 197 crore in the current year compared to the previous year. There were significant inter year variations in the growth rates. The increase of Rs. 147 crore in the tax revenue during the year 2004-2005 was mainly on account of increase in Sales Tax by Rs.65 crore. There was also an increase of Rs. 20 crore in grants in aid from Government of India during the year. Similarly the State's share of Union taxes also increased by Rs. 26 crore in 2004-2005. Significant variations were noticed in growth rate of non tax revenue receipts during the year 2004-05 as it has decreased to 40.05 per cent of total revenue receipt during the year compared with 44.67 per cent in previous year.

About 87 per cent of the revenue had come from the State's own resources. Central tax transfers and grants-in-aid together contributed 13 per cent of the total revenue. During 2004-05, sales tax was the major source of State's own tax revenue having contributed 66 per cent of the tax revenues followed by taxes on goods and passengers (12 per cent), State excise (seven per cent) and taxes on vehicles (seven per cent). Of non-tax revenue sources, sale of power (80 per cent) was the principal contributor. During the year the receipts under sale of power were Rs. 584.66 crore which were Rs. 7.49 crore less over the previous year.

GSDP figures for 2003-04 have been revised by the State Government as Rs. 9290 crore.

Growth in Revenue Receipts during 2002-03 and 2003-04 was negative as also GSDP growth during 2003-04 was negative.



1.5.2 Analysis of arrears of revenue

The arrears of revenue increased by 60 per cent in five years from Rs. 205 crore in 2000-01 to Rs. 322 crore at the end of 2004-05. In 2004-05, arrears were 18 per cent of the State's own resources. Of this, Rs. 66 crore were outstanding for a period of more than three years. Arrears were mainly in respect of taxes on sales, trade, etc. (Rs. 94 crore), power (Rs.199 crore) and water charges, meter rent (Rs. 23 crore). The increasing arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased from Rs.1907 crore in 2000-01 to Rs. 2376 crore in 2004-2005.

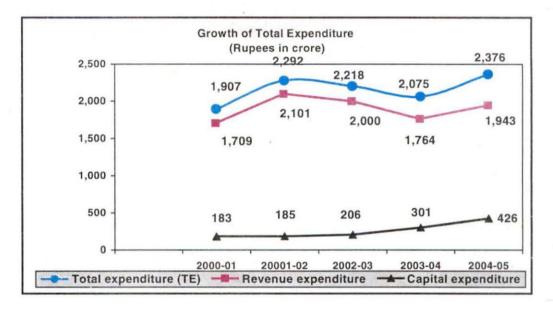
Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table 5 below.

Table 5:	Total Expendit	ture – Basic	Parameter	S
Table 17	2000-01	2001-02	2002-03	

	2000-01	2001-02	2002-03	2003-04	2004-05
Total Expenditure (Rupees in crore)	1907	2292	2218	2075	2376
Rate of Growth (in per cent)	21.16	20.19	(-) 3.23	(-) 6.45	14.51
TE/GSDP (in per cent)	24.57	25.68	22.30	22.34	23.25
Revenue Receipts/TE (in per cent)	77.77	81.72	82.64	78.22	76.60
RE as per cent to Revenue Receipts	115.24	112.17	109.11	108.69	106.76
Buoyancy of Total Expenditur	e with				unit.
GSDP	1.41	1.35	*	*	1.45
Revenue Receipts	1.02	0.77	*	*	1.20

Total Expenditure had a negative growth.

There was an increasing trend in the ratio of revenue receipts to total expenditure during 2000-2003, whereas a declining trend was noticed during 2003-05. Ratios further indicated that only 77 *per cent* of State's total expenditure was met from its current revenue and the balance financed mostly from borrowings.

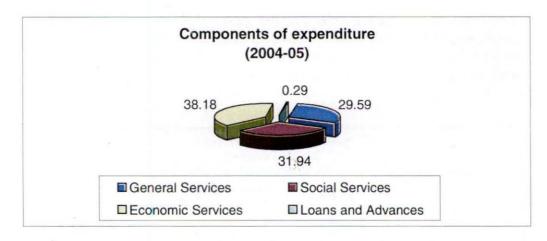


In terms of the activities, the total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative shares of these components in total expenditure are indicated in Table 6.

Table 6: Components of expenditure – Relative Share (in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
General Services including interest payments	41.06	47.43	41.75	29.40	29.59
Social Services	26.53	22.86	27.28	31.47	31.94
Economic Services	31.62	29.45	30.43	38.65	38.18
Loans and advances	0.79	0.26	0.54	0.48	0.29

While the expenditure on General Services, which was on increasing trend upto 2001-02, has been declining with effect from 2002-03. However for the year 2004-05 there was marginal increase of relative share of General Services including interest.



1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in the total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts are indicated in Table 7 below:

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Expenditure (Rupees in crore)	1709	2101	2000	1764	1943
Rate of Growth (in per cent)	18.93	22.94	(-) 4.81	(-) 11.80	10.15
RE/ GSDP (in per cent)	22.02	23.54	20.11	18.99*	19.01
RE as per cent of TE	89.62	91.67	90.17	85.01	81.78
RE as per cent to Revenue Receipts	115.24	112.17	109.11	108.69	106.76

Table 7: Revenue Expenditure - Basic Parameters

Revenue expenditure of the State increased from Rs.1709 crore in 2000-01 to Rs.1943 crore in 2004-2005 and registered a growth of Rs. 179 crore during the year 2004-05. This was because of increase in expenditure under Social sector like Education, Sports, Arts and Culture, Social Welfare, Water Supply & Sanitation etc., Information and Publicity (IFFI) etc., to the extent of Rs. 104 crore, and increased expenditure under pension and other General Services (Rs. 30 crore).

The ratio of revenue expenditure to revenue receipts declined from 115.24 per cent in 2000-01 to 106.76 per cent in 2004-05. Notwithstanding the fact that the State utilized its revenue receipts for plan expenditure also. The expenditure on Salaries (Rs. 433.44 crore), Interest payments (Rs. 322.99 crore) and Pensions (Rs. 140.34 crore) together consumed 49 per cent of total revenue receipts of the State during the year.

1.6.3 Expenditure on pension and gratuity payments

Pension payments increased by 58 per cent from Rs. 89 crore in 2000-01 to Rs. 140.34 crore in 2004-2005. It increased by Rs. 27.01 crore during the year

GSDP figures for 2003-04 have been revised by the State Government as Rs. 9290 crore.

2004-05 due to increase in number of pension cases and dearness relief to the pensioners. Year-wise details are as under.

Table 8

	Year		$\mathbb{E}\mathbf{x}$	penditure		Percentag	ge to total	revenue
-			(Rupe	ees in cro	re)			
3.5	2000-2001			89.00			6	eri List
1.7	2001-2002	1.1.	2 / 2 2 / 2 -	118.67		,	6.3	
1	2002-2003	! ,		140.54	e .	· ·	7.7	
1	2003-2004	. ,	90	113.33	, ,		· 7	
1	2004-2005.			140.34			7.7	3.

1.6.4 Interest payments

The Eleventh Finance Commission (August 2000) recommended that as a medium term objective, States should endeavour to keep interest payment as a percentage of revenue receipts pegged at 18 to 20 per cent. In case of Goa interest payments as a percentage of revenue receipts increased steadily from 14 per cent in 2000-01 to 20 per cent in 2003-04. However it decreased to 18 per cent in 2004-05. Interest payments as a percentage of Revenue Expenditure increased from 12 per cent in 2000-01 to 18 per cent in 2003-04. However this also decreased to 17 per cent in 2004-05. Further if the receipts on account of power are excluded, as there was an equally high level of revenue expenditure against these receipts, the interest payments as a percentage of revenue receipts during 2004-05 would be 26 per cent with reference to revenue receipts and 21 per cent to that of revenue expenditure.

Table 9

Year	Interest Payment	Percentage of interest payment with reference to					
I ear	(Rupees in crore)	Revenue Receipts	Revenue Expenditure				
2000-2001	212	14.	12				
2001-2002	261	14	12				
2002-2003	292	16	15				
2003-2004	321	20	18				
2004-2005	323	18	4 . 17				

In absolute terms, interest payments increased steadily by 52 *per cent* from Rs. 212 crore in 2000-01 to Rs.323 crore in 2004-05 primarily due to continued reliance on borrowings for financing the fiscal deficit for plan schemes.

1.7 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of

expenditure. Table 10 below gives the percentage share of these components of expenditure in State's total expenditure.

Table 10: Quality of expenditure (per cent of total expenditure)

	2000-01	2001-02	2002-03	2003-04	2004-05
Plan Expenditure	17.39	16.10	19.67	28.33	33.35
Capital Expenditure	9.67	8.09	9.34	14.58	17.98
Developmental Expenditure	58.62	52.45	58.02	70.46	70.33

Out of the developmental expenditure (Rs.1666 crore), social services (Rs. 759 crore) accounted for 46 *per cent* during the year. General Education (Rs. 354 crore), Health and Family Welfare (Rs.119 crore) and Water supply, Sanitation, Housing and Urban Development (Rs.185 crore) consumed nearly 87 *per cent* of the expenditure on social sector.

Table 11: Social Sector Expenditure

(Rupees in crore)

				(2007)	rees in croi
	2000-01	2001-02	2002-03	2003-04	2004-05
General Education	233	247	286	292	354
Medical and Public Health	86	89	97	109	119
Water Supply, Sanitation, Housing and Urban Development	144	120	136	145	185
Total	463	456	519	546	658

Similarly, the expenditure on Economic Services (Rs.907 crore) accounted for 54 *per cent* of the developmental expenditure. Power (Rs.508 crore), Irrigation and Flood Control (Rs.74 crore) and Transport (Rs.163 crore) accounted for 82 *per cent* of the expenditure on Economic sector.

Table 12: Economic Sector Expenditure

(Runees in crore)

				(Кир	ees in crore
	2000-01	2001-02	2002-03	2003-04	2004-05
Power	393.08	429.15	420.30	472.09	507.80
Irrigation and flood control	70.54	61.38	44.10	54.07	74.20
Transport	73.59	88.84	100.06	131.04	163.04
Total	537.21	579.37	564.46	657.20	745.04

1.7.1 Financial Assistance to local bodies and other institutions

Extent of assistance

Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies and authorities receive substantial financial assistance from the Government. The Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956,

etc., to implement various programmes of the Government. The grants are given by the Government mainly for salaries of teaching and non-teaching staff, maintenance of educational institutions, construction and maintenance of schools and other development works of municipalities and local bodies.

The quantum of assistance provided to different bodies during the period of five years ending 2004-2005 was as follows:

Table 13

(Rupees in crore)

Sr. No.	Bodies/authorities, etc.	2000-01	2001-02	2002-03	2003-04	2004-05
1.	Universities and Educational Institutions	129.90	115.22	170.67	162.36	153.60
2.	Municipal Corporations and Municipalities	7.25	14.55	21.29	17.72	16.96
3.	Zilla Panchayats and Panchayati Raj Institutions	3.84	10.50	24.44	24.87	32.75
4.	Development Agencies	1.96	4.80	-	-	
5.	Other Institutions (including statutory bodies)	13.51	11.17	9.48	9.54	15.02
	Total	156.46	156.24	225.88	214.49	218.53
6.	Percentage increase(+)/ decrease (-) over previous year	(-) 4.69	(-)0.14	(+)44.57	(-) 5.04	(+) 1.88
7.	Assistance as a percentage of revenue receipts	10.55	8.35	12.32	13.22	12.01
8.	Percentage of assistance to revenue expenditure	9.15	7.43	11.29	12.16	11.25

Delay in furnishing utilisation certificates

The General Financial rules which are followed by the Government of Goa require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the Departmental officers from the grantees and after verification, these should be forwarded to the Director of Accounts within 18 months from the date of sanction of the grant unless specified otherwise.

Of 2795 utilisation certificates due in respect of grants-in-aid of Rs.108.95 crore paid upto the end of March 2005, only 233 utilisation certificates for Rs.21.38 crore were furnished by the concerned Departments to the Director of Accounts by 30 September 2005 and 2562 certificates for Rs.87.57 crore were in arrears. Department-wise and year-wise break up is given in *Appendix* 1.6

Delay in submission of accounts by Autonomous Bodies

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2005 is given below.

					-	100
Sr. No.	Name of the Body/Authority	Entrustment of audit	Year for which Accounts due	Year upto which Accounts received	Year upto which Audit Report issued	Year upto which Audit Report laid in the legislature
1.	Goa Tillari Irrigation Development Corporation	1.4.2004 to 31.3.2008	2003-2004 2004-2005	2002-03	2002-03	2000-2001
2.	Goa State Commission for Backward Classes	1.4.2004 to 31.3.2009	2004-2005	2003-04	2003-04	2000-2001
3.	Goa University	1.4.2005 to 31.3.2010	2003-2004 2004-2005	2002-03	2002-03	2001-2002
4.	Goa Khadi & Village Industries Board	1.4.2003 to 31.3.2008	2004-05	- 2003-04	2002-03	2000-2001
5.	Goa Housing Board	1.4.2002 to	2004-05	2003-04	2003-04	2001-2002

Table 14

1.7.2 Misappropriation and defalcations

State Government reported 22 cases involving Rs. 76.85 lakh on account of misappropriation and defalcation of Government money till 2004-05 on which final action pending at the end of June 2005. The Department-wise, year-wise and category-wise break-up of pending cases is given in the *Appendices* 1.7 & 1.8.

1.7.3 Write off of losses

During the year 2004-05 losses amounting to Rs. 6.55 lakh in 55 cases were written off by competent authorities. The losses mainly pertained to theft of cash (Rs. 1.89 lakh) planting materials, vegetable seeds, linen and spoilt medicines (Rs. 2.13 lakh). The Department wise details of write off are given in *Appendix* 1.9.

1.8 Assets & Liabilities

Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of the Finance Accounts, show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. *Appendix 1.1* presents an abstract of such liabilities and the assets as on 31 March 2005, compared with the corresponding position on 31 March 2004. While the liabilities in this Statement consist mainly of money

owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government.

The ratio of assets to liabilities of the State declined sharply from 0.76 in 2000-2001 to 0.63 in 2001-02. There was an improvement in this ratio and it remained stable at 0.74 from 2002-03 to 2004-05. It indicated that 26 per cent of liabilities are without an asset back up. The liabilities of Government of Goa depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving/retired Government employees. Appendix 1.4 depicts the Time Series Data on State Government Finances for the period 2000-2005.

1.8.1 Incomplete projects

As on 31 March 2005, there were 12 incomplete projects in which Rs.464.18 crore were blocked. The major projects involved were (i) Tillari Irrigation Projects (Rs. 408.16 crore); (ii) Construction of Amona Khandola bridge (Rs.30.73 crore), (iii) Construction, repairs and strengthening of various roads of Village Panchayats (Rs.8.44 crore), (iv) Laying of pipelines in vulnerable stretches of Selauli Irrigation Project (Rs.7.07 crore) and (v) Rural Water Supply Scheme (Rs.5.42 crore). Blockage of funds resulted in investment of own as well as borrowed funds without any return.

1.8.2 Investments and returns

As on 31 March 2005, the Government had invested Rs.220.93 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. The Government's return on this investment was meagre (less than one *per cent*) as indicated in table 15 below. Of this, nine Government companies with capital employed amounting to Rs.619 crore upto 2004-2005, were incurring losses and their accumulated losses amounted to Rs.204.47 crore as per the latest accounts furnished by these companies (*Appendix 7.2*).

Table 15: Return on Investment

(Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (per cent)
2000-2001	133.51	0.25	0.19	9.07
2001-2002	182.12	0.44	0.24	9.47
2002-2003	189.81	0.19	0.10	9.25
2003-2004	202.93	0.03	0.01	8.95
2004-2005	220.93	0.27	0.12	7.89

Capital employed represents the average of the aggregate of the opening and closing balances of paid up capital, bonds and debentures, reserves and surplus, borrowings (including refinance) and deposits.

1.8.3 Loans and advances by the State Government

In addition to its investment, the Government has also been providing loans and advances to many bodies. Total outstanding balance of the loans advanced was Rs.49.66 crore as on 31 March 2005 (Table 16). Overall interest received against these advances declined from 4.99 in 2000-01 to 4.91 *per cent* during 2004-2005.

Table 16: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Opening Balance	35.23	39.30	38.90	44.50	47.78
Amount advanced during the year	15.43	5.85	12.20	9.83	7.46
Amount repaid during the year	11.36	6.25	6.60	6.55	5.58
Closing Balance	39.30	38.90	44.50	47.78	49.66
Net Addition (+) / Reduction (-)	(+) 4.07	(-) 0.40	(+) 5.60	(+) 3.28	(+) 1.88
Interest Received (Rupees in crore)	1.86	1.47	1.70	1.65	2.44
Interest received as per cent to outstanding Loans and advances	4.99	3.76	4.08	3.45	4.91
Average rate of interest paid by the State	9.07	9.47	9.25	8.95	7.89
Difference between interest paid and received	(-) 4.08	(-) 5.71	(-) 5.17	(-) 5.5	(-) 2.98

1.8.4 Commercial activities

Lack of accountability for use of public funds in Departmental commercial undertakings

Activities of quasi-commercial nature are performed by certain Departmental undertakings of the Government. These undertakings prepare *proforma* annual accounts in the prescribed format showing the results of financial operation so that the Government can assess the results of their working. The Heads of Departments in the Government are to ensure that the undertakings, which are funded through budgetary release, prepare the accounts in time and submit the same to the Accountant General for audit.

As of March 2005, there were two Departmental undertakings with the Government of Goa. Rupees 440.46 crore had been invested by the State Government in these two undertakings at the end of the financial year

upto which their accounts were completed. The Department-wise position of preparation of accounts in respect of these undertakings was as follows:

Table 17

Department	No. of undertakings under the Department	Accounts not finalised (name of undertakings)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Inland Water	1 .	River	2003-04	92.57
Transport	• • • • • • • • • • • • • • • • • • • •	Navigation		
1 1		Department	1.	
Power	1 1	Chief Electrical	2003-04	347.89
		Engineer		
			Total	440.46

1.8.5 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. The State had a WMA limit of Rs.65 crore. During the year, the State Government used this mechanism for 221 days as against 249 days in the previous year besides resorting to borrowings of Rs.133 crore from the market. States also resort to overdraft over and above the WMA limits for meeting resources mismatch. The amount availed under WMA decreased by Rs. 38.14 crore as compared to the previous year. The State Government availed of overdraft facilities on 7 occasions for 12 days during the year for Rs.37.30 crore as against Rs.112.92 crore in the previous year. No overdraft, was outstanding at the end of March 2005 as against Rs.12.15 crore at the end of the previous year.

Table 18: Ways and Means and Overdrafts of the State and Interest paid thereon

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Ways and Means Advances					
Taken in the Year	243.25	309.87	619.21	536.74	498.60
Outstanding	9.35	28.25	53.41	53.61	-
Interest Paid	0.55	0.78	2.18	1.34	1.13
Overdraft					
Taken in the Year	25.44	128.10	137.80	112.92	37.30
Outstanding	-	11.04	33.59	12.15	7-1
Interest Paid	0.09	0.17	0.19	0.23	0.05
No. of Days State was in	16	36	34	21	12
Overdraft	·			^	e viete (

1.8.6 Undischarged Liabilities

Fiscal liabilities – public debt

The Constitution of India provides that a State may borrow within the territory of India, upon the security of its Consolidated Fund, within such limits as may

from time to time, be fixed by an act of Legislature. However, the State Government had not passed any law to limit its borrowings. Statement 4 read with Statements 16 and 17 of the Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the overall fiscal liabilities of the State increased from Rs. 2531 crore in 2000-01 to Rs. 4350 crore in 2004-2005. This included Rs. 409.35 crore being loan given by GOI to the erstwhile Union Territory of Goa, Daman and Diu. These liabilities as ratio to GSDP increased from 41.31 per cent in 2003-04 to 42.57 per cent in 2004-05 and stood at 2.39 times of its revenue receipts and 2.74 times of its own resources comprising its own tax and non-tax revenue.

Table 19 below gives the fiscal Liabilities of the State, its rate of growth, the ratios of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities.

	2000-01	2001-02	2002-03	2003-04	2004-05
Fiscal Liabilities (Rs. in crore)	2531	2979	3335	3838 ^φ	4350
Rate of growth (in per cent)	18.05	17.70	11.95	15.08	13.34
Ratio of Fiscal Liabilities to					
GSDP (in per cent)	32.6	33.4	33.5	41.31*	42.57
Revenue Receipts (in per cent)	170.7	159.1	181.9	236.48	239.01
Own Resources (in per cent)	193.1	174.7	203.2	267.46	274.27
Buoyancy of Fiscal Liabilities t	.0				
GSDP	1.20	1.18	1.04	#	1.33
Revenue Receipts	0.87	0.67	#	#	1.10
Own Resources	0.90	0.59	#	#	1.27

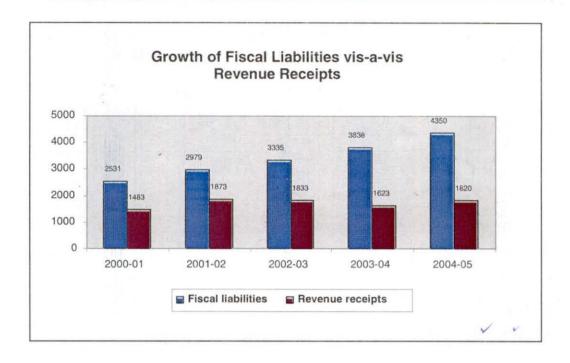
Table 19: Fiscal Imbalances-Basic Parameters

The Goa State Infrastructure Development Corporation (GSIDC) was formed by the State Government to finance as well as to undertake various developmental and infrastructure projects in the State. The Corporation raises funds from the market mainly from banks and financial institutions. The State Government not only guarantees the loans but also repays the Corporation in instalments by way of annuity payments. The Corporation raised Rs. 60 crore from the market during the year and thus the outstanding loan liability as at 31 March 2005 was Rs. 221.79 crore though these borrowings have been used for financing the State Government Projects. These borrowings do not feature in the budget or the State Government Accounts as commented previously in the Audit Report (Para 1.8.6 (ii) of the C & AG's Report 2003-04).

Figures for the year 2003-04 changed due to proforma correction.

GSDP figures for 2003-04 have been revised by the State Government as Rs. 9290 crore.

Growth of Revenue Receipts and own Resources during 2002-03 and 2003-04 was negative as also GSDP growth during 2003-04 was negative.



1.8.7 Guarantees

In addition to these liabilities, the Government had guaranteed loans to its various Corporations and others, which in 2004-05 stood at Rs.719.32 crore. As per article 293(1) of the Constitution, the Government may give guarantees within such limits as may be fixed by State Legislature. The State Legislature in March 2005, fixed a ceiling limit of Rs.800 crore for the purpose. The guarantees are in the nature of contingent liabilities of the State, in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities are more than two times of the revenue receipts of the State.

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 20.

Table 20: Debt Sustainability – Interest Rate and GSDP Growth (in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
Weighted Interest Rate	9.07	9.47	9.25	8.95	7.89
GSDP Growth	15.01	15.00	11.45	(-) 6.61	10.00
Interest spread	5.94	5.53	2.20	(-) 15.56	2.11

Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest thereon. Table 21 below gives the position of the receipts and repayments of internal debt over the last five years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments showed wide inter year variations and declined to six *per cent* in 2002-03. However

the position improved in 2003-04 and 2004-05 as net availability of funds increased from six *per cent* from 2002-03 to 38 *per cent* in 2004-05.

	2000-01	2001-02	2002-03	2003-04	2004-05
Internal Debt*					
Receipts	127	126	181	273 .	151
Repayments (Principal +	83	126	197	202	246
Interest)			1	, <u>1</u> 25 - 1	
Net Funds Available	44	_	(-) 16	71	(-) 95
Net Funds Available (per cent)	35		-	- 26	
Loans and Advances from Gov	ernment of I	ndia			
Receipts	210	241	269	519	551
Repayments (Principal +	136	145	226	409	191
Interest)					
Net Funds Available	74	96	43	110	360
Net Funds Available (per cent)	35	40	16	. 21	65
Total					
Receipts	337	3,67	450	792	702
Repayments (Principal +	219	271	423	611	437
Interest)					
Net Funds Available	118	96	27	181	265
Net Funds Available (per cent)	35	26	6	23	38

Table 21: Net Availability of Borrowed Funds (Rupees in crore)

Out of loans and advances of Rs.191 crore repaid during 2004-05, repayment of Rs.77.79 crore was carried out under Debt Swap Scheme.

The State Government raised market loans of Rs.133 crore during 2004-05 with an average rate of interest of 6.76 per cent. As on 31 March 2005, 40 per cent of the existing market loans of the State Government carried the interest rate exceeding 10 per cent. Thus, the effective cost of borrowings on their past loans was much higher than the rate at which they were able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly 36 per cent of the total market loans are repayable within the next five years while the remaining 64 per cent loans are required to be repaid after 5 to 10 years.

1.9 Management of deficits

1.9.1 Fiscal imbalances

The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied, are important pointers to the fiscal health.

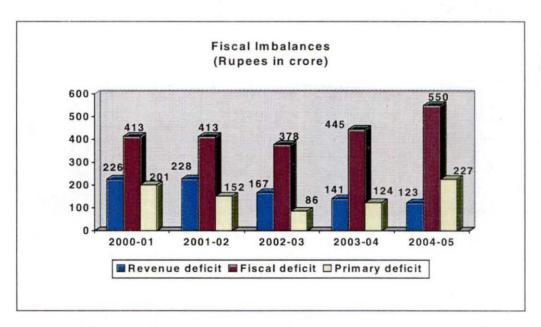
The revenue deficit (Statement-1 of the Finance Accounts) of the State, which is the excess of its revenue expenditure over revenue receipts, declined from

^{*} Internal debt excluding ways and means advances

Rs.226 crore in 2000-01 to Rs. 123 crore in 2004-05. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap increased from Rs.413 crore in 2000-01 to Rs. 550 crore in 2004-05. This however, does not take into account the expenditure of Rs.111.85 crore incurred by the Goa State Infrastructure Development Corporation on behalf of Government of Goa including the expenditure of Rs. 64.60 crore on International Film Festival of India. Had this been taken into account fiscal deficit would have been Rs.662 crore. The State's primary deficit increased from Rs.201 crore in 2000-01 to Rs. 227 crore in 2004-05.

Table 22: Fiscal Imbalances - Basic Parameters

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue deficit (Rs. in crore)	226	228	167	141	123
Fiscal deficit (Rs. in crore)	413	413	378	445	550
Primary Deficit (Rs. in crore)	201	152	86	124	227
RD/GSDP (in per cent)	2.91	2.55	1.68	1.52*	1.20
FD/GSDP (in per cent)	5.32	4.63	3.80	4.79*	5.38
PD/GSDP (in per cent)	2.59	1.70	0.86	1.33*	2.22
RD/FD (in per cent)	54.72	55.21	44.18	31.69	22.36



The ratio of revenue deficit to fiscal deficit came down from 55 per cent in 2000-01 to 22 per cent in 2004-05. As proportion to GSDP, revenue deficit had decreased to 1.20 per cent in 2004-05 from 2.91 per cent in 2000-01 and fiscal deficit increased to 5.38 per cent compared with the previous year's fiscal deficit of 4.79 per cent.

GSDP figures for the year 2003-04 have been revised by the State Government as Rs. 9290 crore.

1.10 Fiscal Ratios

The finances of a State should be sustainable and flexible. Table 23 below presents a summarized position of Government finances over 2000-2005, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

Various ratios concerning the expenditure management of the State indicate the quality of its expenditure and the sustainability of these in relation to its resource mobilization. The ratio of revenue expenditure to total expenditure during the current year was 81.78 per cent against 85.01 per cent in 2003-04. The ratio of both capital expenditure and developmental expenditure to total expenditure which declined in 2001-2002 as compared to earlier years has shown increase in 2002-03 and 2003-04. However development expenditure showed a marginal decrease in 2004-05 over the previous year.

Table 23: Ratios of Fiscal Efficiency

Fiscal Ratios	2000-01	2001-02	2002-03	2003-04	2004-05
Resources Mobilization					
Revenue Receipts/GSDP (per cent)	19.11	20.99	18.43	17.47	17.81
Revenue Buoyancy	1.38	1.75	#	#	1.21
Own Tax/GSDP (per cent)	6.64	6.38	6.05	7.64	8.39
Expenditure Management					
Total Expenditure/GSDP	24.57	25.68	22.30	22.34	23.25
Revenue Receipts/ Total	77.77	81.72	82.64	₹ .78.22	76.60
Expenditure	* ~ * * * * * * * * * * * * * * * * * *	*	<u></u>		
Revenue Expenditure/Total Exp.	89.62	91.67	90.17	85.01	81.78
Capital Expenditure/ Total exp	9.67	8.09	9.34	14.58	17.98
Developmental Expenditure/ Total	58.62	52.45	58.02	70.46	70.33
Expenditure (RE+CE)	and the same	S Ta	77 4 74		
Buoyancy of TE with RR	1:02	0.77	# *	1 1	1.20
Management of Fiscal Imbalances					
Revenue deficit (Rs in crore)	226	228	167	141	123
Fiscal deficit (Rs in crore):	, 413	413	378	445	550
Primary Deficit (Rs in crore)	201	. 152	-86	124	227 .
Revenue Deficit/Fiscal Deficit	54.72	55.21	44.18	31.69	22.36
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	32.6	33.4	33.5	41.31	42.57
Fiscal Liabilities/RR	170,7	. 159.1	181.9	236.48	239.01
Buoyancy of FL with RR	0.87	0.67	# **	. #	1.10
Buoyancy of FL with OR	0.90	0.59	#	#	1.27
Interest Spread	5.94	5.52	2.20	(-) 15.56	2.11
Net Funds Available	35	26	. 6	23	38
Other Fiscal Health Indicators				5	Land Control
Return on Investment (Percentage)	0.19	0.24	0.1	0.01	0.12
BCR (Rs in crore)	(-) 128.44	(-)88.24	(-)18.48	109.65	191.33
Financial Assets/Liabilities	0.76	0.63	0.74	0.73	0.74

Growth in Revenue Receipts as well as in State's Resources during 2002-03 and 2003-04 was negative as also GSDP growth during 2003-04 was negative.

Tax Revenues did increase during the year over the previous year. Borrowings as well as total liabilities also increased.

The Debt/GSDP ratio increased over a period of five years from 32.6 in 2000-01 to 42.57 in 2004-05. If the borrowings of GSIDC are taken into account, the ratio would be varying from 32.6 in 2000-01 to 44.74 in 2004-05. Further, due to increase in borrowings the fiscal deficit also increased from Rs. 413 crore to Rs. 550 crore. If the expenditure of Rs. 111.85 crore incurred by GSIDC on Government of Goa projects were considered, the fiscal deficit would increase to Rs. 662 crore. These are the matters of concern, which need to be addressed.

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Chapter - II

Allocative Priorities and Appropriation

Chapter - D

Allocative Priorities and Allocative Priorities and

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of the budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and whether the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure incurred is in conformity with law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2004-2005 against grants and appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	2342.32	128.85	2471.17	1620.41	(-) 850.76
	II. Capital	494.30	39.70	534.00	438.20	(-) 95.80
	III. Loans & Advances	19.37	-	19.37	7.46	(-) 11.91
Total Voted		2855.99	168.55	3024.54	2066.07	(-) 958.47
Charged	IV. Revenue	348.76	20.34	369.10	347.83	(-) 21.27
	V. Capital	0.45	1.62	2.07	1.64	(-) 0.43
	VI. Public Debt	477.80	0.47	478.27	768.43	(+) 290.16
Total Charged		827.01	22.43	849.44	1117.90	(+) 268.46
Grand Total		3683.00	190.98	3873.98	3183.97	(-) 690.01

Note:- The expenditure includes the recoveries of revenue expenditure amounting to Rs. 25.04 crore and capital expenditure amounting to Rs. 13.85 crore adjusted as reduction of expenditure.

The overall savings of Rs.690.01 crore as mentioned above were net result of savings of Rs.983.86 crore in 81 grants and appropriations offset by excess of Rs.293.85 crore in one grant and one appropriation.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Out of savings of Rs.958.47 crore under voted grants major savings of Rs.763.51 crore (79.65 per cent) occurred in five grants as mentioned below:

(Rupees in crore)

				- (Attipe	es in civie)	
Sr.No.	Grant No.		Allocation		Actual	Savings
51.10.	Gram No.	Original	Supplementary	Total	Expenditure	Savings
1.	PUBLIC W	ORKS DEPA	RTMENT (CAPIT	AL VOTED))	
	21	175.52	18.00	193.52	164.73	28.79
2.	LOTTERIE	S (REVENUI	E VOTED)			
	30	685.60	- 4 - 4 - 5 - 4 - 5 - 5 - 5 - 5 - 5 - 5	685.60	4.28	681.32
3.	HEALTH S	ERVICES (R	EVENUE VOTED)		
	48	62.44	6.39	68.83	56.58	12.25
4.	MUNICIPA	L ADMINIS'	TRATION (REVE	NUE VOTE	D)	*
	55	42.78	1.02	43.80	13.85	29.95
5.	INFORMA	TION TECHN	OLOGY (REVEN	UE VOTEI	D)	
. 13.	82	14.37		14.37	3.17	11.20
Total		980.71	25.41	1006.12	242.61	763.51

Reasons for savings in the above grants were as follows:

- Public Works Department: Reduction of expenditure on Major Works, Government decision not to invest further in Sewage Infrastructure Development Corporation, slow progress of district roads.
- Lotteries: Savings were mainly on account of stoppage of lottery business in August 2002. However, Budget Provision continued in 2004-05 also.
- Health Services: The savings was mainly on account of non-implementation of Universal Mediclaim Scheme.
- Municipal Administration: The anticipated savings were mainly due to non-implementation of Ace Marg Technology, non-receipt of proposals for release of funds under Integrated Development of Major Towns, slum development Programme, Swarna Jayanti Shahari Rojgar Yojana.
- Information Technology: The anticipated savings were mainly on account non-finalisation of schemes and transfer of schemes to other Departments.

Areas in which major savings occurred in these grants/appropriation are given in *Appendix 2.1*.

In 13 cases, savings exceeding Rs. two crore in each case and also by more than 10 *per cent* of the total provision amounted to Rs. 84.70 crore as indicated in *Appendix 2.2*.

2.3.2 Excess requiring regularisation

Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant or appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs.1576.07 crore for the years 1996-97 to 2003-04 was yet to be regularised. Details are given in *Appendix 2.3*.

Excess over provisions during 2004-05 requiring regularisation

The excess of Rs.293.85 crore under one grant and one appropriation during the year requires regularisation under Article 205 of the Constitution. Details are given below:

Sr. No.	No. and name of Grant/appropriation	Total Grant/ appropriation	Actual expenditure	Excess
			Amount	in Rupees
Rev	enue (Charged)			
1.	8-Treasury and Accounts	1,46,20,03,000	1,49,89,72,389	3,69,69,389
Сар	ital (Charged)			
2.	Appropriation–Debt Services	4,78,26,70,000	7,68,41,93,743	2,90,15,23,743
	TOTAL	6,24,46,73,000	9,18,31,66,132	2,93,84,93,132
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The final excess was due to occasional imbalance between the receipts and payments of the State Government, necessitating borrowings by means of Ways and Means Advances from the Reserve Bank of India and due to inadequate budgetary support provided by the State Government under the Head "Appropriation-Debt Services".

2.3.3 Original budget and supplementary provisions

Supplementary provisions (Rs.190.98 crore) made during this year constituted five *per cent* of the original provision (Rs.3683.00 crore) as against 12.66 *per cent* in the previous year.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs.65.14 crore made in 33 cases during the year proved unnecessary in view of aggregate savings of Rs.150.42 crore as detailed in *Appendix 2.4*

In six cases, against additional requirement of only Rs.2.80 crore, supplementary provision of Rs.16.12 crore was obtained, resulting in savings in each case exceeding Rs.5.00 lakh, aggregating Rs.13.32 crore (Appendix 2.5).

In two cases (Appropriation Debt Services and 8-Treasury and Accounts), supplementary provision of Rs.11.94 crore proved insufficient leaving an uncovered expenditure of Rs.293.85 crore.

2.3.5 Anticipated savings not surrendered

According to rules, the spending Departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2004-05, savings of Rs.7.61 crore in eight cases had not been surrendered. In eight cases, even after partial surrender, savings of Rs.20 lakhs and above in each case aggregating Rs.3.99 crore were not surrendered. Details are given in *Appendix 2.6* and *2.7* respectively.

2.3.6 Surrender in excess of actual savings/in spite of excess expenditure over provisions

In four cases, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. The surrender orders were issued by the Budget controlling Authorities for Rs.51.71 crore as against the actual saving of Rs.37.51 crore resulting in excess surrender of Rs.14.20 crore.

In two cases Rs.7.91 crore were surrendered inspite of the fact that the expenditure exceeded the approved provision of Rs.624.47 crore. Details are in *Appendix 2.8*.

2.4 Unreconciled expenditure

The departmental officers are required to reconcile periodically and before the close of the accounts of a year, the departmental figures of expenditure with those recorded in the books of the Director of Accounts. The Public Accounts Committee in its forty-eighth report (1992) had also desired that punitive action be taken against erring Budget Controlling Authorities (BCAs). During 2004-05, out of 85 Budget Controlling Authorities (BCAs), 13 BCAs had not carried out such reconciliation for the entire year in respect of 20 units under their control involving Rs.69.96 crore and 34 BCAs had not carried out such reconciliation for part of the year in respect of 82 units under their control involving Rs.95.89 crore. The unreconciled period in case of the partially reconciled units ranges from one to nine months. The details of the major BCAs, who did not reconcile the expenditure to the extent were as follows:

Sr.No.	Budget Controlling Authority who did not reconcile their figures	Amounts not reconciled (Rupees in crore)
1.	Under Secretary Finance (Bud)	55.14
2.	Directorate of Education	17.45
3.	Directorate of Social Welfare	40.10
	TOTAL	112.69

2.5 Advances from the Contingency Fund

The Contingency Fund of the State of Goa was established under the Goa Contingency Fund Act, 1988 in terms of the provision under Article 267 of the Constitution of India. The Fund was established with the objective of meeting expenditure of an unforeseen and emergent character, the postponement of which till its authorisation by the Legislature would not be desirable. The fund

was in the nature of an imprest with legislative approval for the corpus of Rs.30 crore. As on 1 April 2004, the balance in the fund was Rs. 28.83 crore. During the year advances of Rs.59.56 crore were withdrawn from the Fund by issuing 158 orders, of which Rs.0.22 crore was not recouped till March 2005. The balance in the fund as on 31st March 2005 thus stood at Rs. 29.78 crore. Audit scrutiny of the drawal orders revealed the following:

Rupees 20.85 crore were withdrawn for meeting Pay and Allowances of employees between the period from June 2004 to March 2005. Rupees 37.61 crore were withdrawn for various reasons such as Exposition of the Sacred Relics of St.Francis Xavier, Old Goa (Rs.5.21 crore), Supply of Computers under Cyberage Scheme (Rs.5.12 crore), Parliamentary Election (Rs.2.09 crore) Purchase of Vehicles (Rs.0.98 crore) etc., Work of construction of Ribander Byepass (Rs.5.00 crore) Rs.3.74 crore were withdrawn for Decretal orders, Arbitration Award etc., and balance (Rs 15.47 crore) for various purposes like, Motor Car Advances to MLAs, Maintenance of existing infrastructure etc.

Further, Rs. 0.97 crore was withdrawn under six orders for implementation of Centrally Sponsored Schemes.

The drawals from the Contingency Fund for Pay and Allowances, Centrally Sponsored Schemes, purchase of vehicles and such other known and foreseen expenditure were not in tune with the spirit of the formation of Contingency Fund provided in the Constitution. It also reflected underreporting of revenue deficit at the time of budget proposals besides underscoring the unrealistic nature of the budget provisions.

2.6 Outstanding Advances

Outstanding AC bills

According to the General Financial Rules followed by the Government of Goa, money should not be drawn from treasury in advance and/or in excess of requirement. As per Rules, Detailed Contingent (DC) bills are to be submitted against the Abstract Contingent (AC) bills within one month from the date of drawal. Certain Departments like Health have been given extended time limit of 12 months for submission of D.C. Bills.

As per information furnished by the Director of Accounts, 193 AC Bills involving an amount of Rs.5.03 crore drawn by various Departments upto March 2005, were pending adjustment as on 30 September 2005.

Year-wise position of these outstanding Bills was as follows:

Year	No. of DC Bills	Amount (Rupees in crore)
2000-2001	16	0.07
2001-2002	4	0.01
2002-2003	10	0.21
2003-2004		0.23
2004-2005	148	4.51
TOTAL	193	5.03

The Departments against which substantial amounts were outstanding are as follows:

Sr.No.	Department/office	No. of AC bills	Amount (Rupees in crore)	Earliest year to which AC bills pertain
1.	General Administration Department	13	0.32	1993-94
2.	Chief Electoral office	49	0.26	2002-03
3.	Directorate of Sports	9	0.34	2002-03
4.	Directorate of Health Services	52	1.41	2001-02
5.	Tourism Department	4	0.10	2003-04
6.	Goa State Election Commission	4	0.31	2003-04

Outstanding advances to Government servants ...

Scrutiny revealed that Rs.2.61 crore being advances made upto March 2004 to Government servants on account of Traveling Allowances, Leave Travel Concessions etc., were pending adjustment as of September 2005. The Departments against which a large number of such advances outstanding were:

Sr. No.	Department/office	No. of AC bills	Amount (Rupees in crore)	Earliest year to which AC bills pertain
1.	Directorate of Education	19	0.75	2002-03
2.	Directorate of Health Services	26	0.40	2001-02
3.	Public Works Department	12	0.30	1992-93
4.	Director General of Police	111	0.16	1998-99
5.	General Administration Department	25	0.12	1998-99
6.	Directorate of Craftsman Training	22	0.06	1993-94
7.	Legislature Department	22	0.12	1982-83

Chapter - III

Performance Reviews

- 3.1 Water Supply and Sanitation Programmes
- 3.2 Implementation of Act and Rules pertaining to Consumer Protection
- 3.3 Cyberage Students Scheme

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Performance Reviews

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CHAPTER-III Performance Reviews

PUBLIC WORKS DEPARTMENT

3.1 Review on Water supply and Sanitation programmes

Highlights

The water supply demand in the State is met through seven regional water supply schemes and sanitation in urban areas is provided through urban sewerage schemes being implemented by the Public Health Engineering Wing of the State Public Works Department (PWD). A review of the Regional Water Supply and Urban Sanitation programmes revealed that against the present demand (March 2005) of 568 MLD (Million Litres per Day) of water for the existing population, the Department could supply only 394 MLD leaving a gap of 174 MLD which adversely affected the public needs of sufficient water supply.

It was seen that the augmentation of two regional water supply schemes out of the three schemes taken up were not completed resulting in non-achievement of the intended benefit of augmentation. Though 85 per cent areas of Panaji, 40 per cent of Margao and 80 per cent of Vasco municipalities were provided with sewerage network, the percentage of households connected to the sewerage network in Panaji capital area was 95 per cent, whereas in the towns of Margao and Vasco in South Goa, the Department could provide only seven and 19 per cent household connections respectively due to poor public response. The salient highlights of the Review are:

> In the absence of a comprehensive and consistent plan to keep pace with the demand for water supply, there existed a shortfall of 174 MLD against demand of 568 MLD as of March 2005.

(Paragraph 3.1.7)

> Delays in land acquisition, finalization of alignment, supply of pipes hampered completion of the Opa Water Supply scheme resulting in non-achievement of the intended benefits of the scheme to the full extent.

(Paragraph 3.1.11)

The work of Sewerage Treatment Plant in Panaji was awarded to a single bidder for Rs.13.33 crore without competitive offers as the Department had not finalised the technology while calling for the financial bids.

(Paragraph 3.1.14)

> A Detailed Project Report for Sewerage system in Margao town prepared at a cost of Rs.29.50 lakh by the Sewage and Infrastructure Development Corporation Ltd, was not found useful by the PWD, rendering the expenditure unfruitful.

(Paragraph 3.1.17)

The revenue from water charges was not only stagnant over the period 2002-05 but also showed a downward trend despite the augmentation schemes. The arrears of revenue, which stood at Rs.22.82 crore as of March 2005 constituted 43 per cent of the revenue from water charges:

(Paragraphs 3.1.18 & 3.1.19)

> Non-recovery of actual cost of supply of water through tankers exclusively arranged for the ONGC resulted in a loss of Rs.42.63 lakh to the Government.

(Paragraph 3.1.21)

3.1.1 Introduction

The water supply demand in the State is met through seven regional water supply schemes¹ with a total installed capacity of 394 MLD (million litres per day) against the State's existing demand of 568 MLD. In order to improve the service level of water supply in the villages and towns to meet the increasing industrial, commercial as well as domestic demand, and in view of the shortage of water supply against present demand and the envisaged increase in future demand, the Government took up augmentation of three supply schemes. Similarly the urban sanitation schemes were also taken up in three towns² with a view to improving public hygiene and for creating sanitary awareness among the public. The schemes were implemented by the Public Health Engineering Divisions of the Public Works Department under the supervision of three circle officers and one Chief Engineer under the overall guidance and supervision of the Principal Chief Engineer and the Secretary (PWD).

3.1.2 Scope of Audit

The review covered schemes taken up for augmentation of Regional Water Supply and urban sewerage and the expenditure incurred there under for a period of three years from 2002-03 to 2004-05. The review was conducted during July to September, 2005 by test checking the records of Chief Engineer I, two Circle Offices³ out of three, Superintending Engineer (Monitoring & Evaluation) and six⁴ divisions out of seven divisions.

¹ Opa, Assonora, Sanquelim, Salaulim, Canacona, Dabose and Chandel.

² Panaji, Margao and Vasco.

³ Circles-VI and VIII.

Divisions III, IX. XII, XVII, XX, XXI

3.1.3 Audit objectives

The review was conducted to assess whether;

- The programmes for augmentation of Regional Water Supply Schemes and the Urban Sewerage Schemes were properly planned;
- The schemes were implemented as planned, with due consideration to economy and efficiency;
- The revenue of water and sewage charges were demanded correctly and collected.

3.1.4 Audit Criteria

The following audit criteria for achievement of audit objectives were adopted.

- Project feasibility reports;
- Work estimates and tendering procedures;
- Economy in execution of schemes;
- Coordination amongst agencies for inter-related works; and
- Collection and accounting of water charges and sewage charges.

3.1.5 Audit methodology

An entry conference was held with the Secretary (PWD), Principal Chief Engineer, PWD alongwith other officers of the Department. Records relating to planning and execution of the schemes covered under review maintained in the offices of Chief Engineer, Superintending Engineers and Executive Engineers were examined and data collected and analyzed with reference to Manuals, Codes, Act and Rules and Government orders and instructions. Discussions/interactions were also held with the executing authorities during the course of the review and their views have been taken into account while finalizing the review.

Audit Findings

3.1.6 Financial Management

The details of the budget provisions and expenditure incurred on Regional Water Supply and Urban Sewerage and Sanitation programmes for the period 2002-05 are given below:

(Rupees in crore)

	Budget provision		Expenditure		Savings		Percentage of savings	
Year	Water supply	Sanita- tion	Water supply	Sanita- tion	Water Supply	Sanita- tion	Water Supply	Sanita- tion
2000-01	113.19	18.54	97.86	16.29	15.33	2.25	14	12
2001-02	100.02	25.94	85.49	. 6.23	.14.53	19.71	15	76
2002-03	142.25	28.41	112.97	3.57	29.28	24.84	21	87
2003-04	132.74	8.95	115.09	5.00	17:65	3.95	13	44
2004-05	126.50	16.80	124.66	3.78	1.84	13.02	.1	78

(Source: Appropriation Accounts of Govt. of Goa)

The savings in Sanitation Programme were mainly due to non-taking up of major works, changes in scope of works on technical as well as administrative grounds and envisaged share capital investment aggregating to rupees seven crore in Sewage and Infrastructural Development Corporation not being made by the State Government.

In addition to the expenditure indicated above, the Department incurred an expenditure of Rs.11.14⁵ crore (March 2005) through Goa Coastal Zone Management Authority (GCZMA), Department of Science Technology and Environment (STE) for the Scheme of "Environmental upgradation of Panaji City, Phase-I", a joint project of the Government of India (GOI) and the State Government, for which the State Government contributed Rs.5.81 crore and GOI contributed Rs.7.56 crore upto April 2005. The scheme consisted of sewage treatment plant of 12.50 MLD capacity, renovation and remodeling of existing 5.7 MLD STP at Tonca, laying of under-water effluent disposal pipeline in Mandovi estuary, extension of sewerlines to Tambdi Matti, Patto Colony and other left out areas of Panaji city.

Water Supply Programmes

3.1.7 Planning

The existing total capacity of the Water Supply schemes in the State in the year 2001 was 314 MLD (Million Litres per Day) as against the present demand of 568 MLD, and a futuristic demand of 775 MLD for the year 2030. The Department planned for augmentation of three schemes totalling 80 MLD only during the five year plan period, and augmentation of four schemes by a total of 275 MLD is under various stages of planning.

The fact that augmentation of 80 MLD only was taken up as against a shortfall of 254 MLD between the existing capacity (314 MLD) and present demand (568 MLD) shows that the planning itself has not been consistent with the demand in the State.

The planned augmentation of 275 MLD was to be achieved through seven⁶ water supply schemes and out of these only in three schemes the work has

Balance amount of Rs. 2.23 crore is lying with the Goa Coastal Zone Management Authority.

⁶ Opa, Assonora, Sanquelim, Salaulim, Canacona, Dabose and Mhadei.

actually commenced involving plant augmentation of 80 MLD as given in the table below:

	Name of the scheme and source of water	Objective/Purpose of the scheme.	Month & Year of commen -cement	Estimated cost (Rs. in crore)	Period of comple- tion as per project report	Progress of work	Expenditure incurred (Rs. in crore) MLD supply actually augmentted as of Sept. 05.
Ī	Augmentation	Augmentation of			-	Water treatment plant at	
1	of Sanquelim	Water supply in		34.91	3 Years	Padocem and conveying	30.06
-	Water Supply	Bicholim Taluka	2001		· .	main from Padocem to	
-	Scheme. (River	and six villages of				Assonora completed	
.	Volvant)	Sattari & Tiswadi				inApril, 2003. Laying of pipeline from Sanguelim	
-	•	Talukas by 25 MLD and providing 15				WTP to Surla, Pale and	
-		MLD treated water	l			Usap Dumacem	
-		to Assonora Water		ļ		completed in December	25 MLD
1		Supply Scheme.		1		2004.	
ļ	Augmentation	Augmentation of	1 1			Laying of main pipeline,	
1	of Assonora	Water Supply in	March	76.85	3 Years	Construction of 3000	63.22
	Water Supply	Bardez Taluka by	2001		· .	cu.m. Master balancing	
1	scheme	15 MLD and				Reservoir (MBR) and	
1	(River	improving the				650 cu.m. Overhead	
1	Volvant)	network.				Reservoir (OHR) at	3 :
1						Porvorim completed. Pumping installation and	15 MLD
Į						Rising main from MBR	**
1	•				٠.	to OHR not completed.	
-	:					lo office not completed.	
•	Augmentation	Augmentation of				40 MLD Water treatment	
1	of Opa Water	Water Supply in	March	83.83	2 Years	plant at Curti and Laying	44.82
	Supply scheme	Ponda and Tiswadi	2001	,		of pipeline upto	
	(River	Talukas by 40 MLD				Banastarim (Ch. 0-16)	
	Khandepar)					completed. Laying of	
}						pipeline from Banastarim	10 MLD
- (7-5 · 1	2.5			to Altinho/ Panaji (Ch.16-33) yet to be done.	17.
						[33] yet to be done.	· .
Į			1	<u> </u>	1		لـــــــــــــــــــــــــــــــــــــ

Augmentation of water supply not achieved due to improper planning

As of March 2005, thus the Department could achieve 394 MLD capacity by these three commissioned augmentation schemes, still leaving a gap of 174 MLD of water supply on the present demand. Even in these three schemes where the work have been commenced, despite incurring an expenditure of Rs.138.10 crore the actual augmentation that has been carried out as of September 2005 is only 50 MLD. Thus, against existing demand of 568 MLD, the capacity that had been created as of September 2005 is 364 MLD resulting in a gap of 204 MLD with reference to demand. Further, the balance four augmentation schemes involving plant augmentation of 275 MLD, no work has commenced and even Detailed Project Reports (DPRs) for these

⁷ Salaulim, Canacona, Dabose and Mhadei

schemes have not been finalized. Consequently, the chances of completion of these schemes by the end of the X five year plan appears remote and therefore the planned augmentation of 275 MLD would be difficult.

Further, under the Accelerated Urban Water Supply Programme an additional provision for supply of 2.88 MLD was being planned. The progress of the work under the AUWSP was also tardy as discussed below.

3.1.8 Accelerated Urban Water Supply Programme

The Centrally sponsored scheme "Accelerated Urban Water Supply Programme (AUWSP)" was launched (1993-94) through the Ministry of Urban Development (MOUD). The scheme envisaged providing safe and adequate water supply in smaller towns with population of less than 2000, as per 1991 census. The programme was to be funded by the Central Government and the State Government on 50:50 basis.

Selection of towns/Urban Agglomeration for implementation of the scheme was to be done by the State Level Selection Committee constituted for the purpose by the State Government as per guidelines of the programme, after considering the DPRs proposed in respect of individual towns.

During 2001-05, out of four towns⁸ planned for augmentation of water supply, schemes in Ponda and Pernem were taken up, and works were commenced only in Pernem. The DPRs submitted for Cuncolim and Benaulim towns were returned (June 2002) by the GOI for modification as per AUWSP guidelines which were not resubmitted by the Department as of August 2005. The details of schemes taken up were as below:

(Rupees in lakh)

N.		Estimated	Targetted year of	year of Month &		eleased			
	Name of town	cost sanctioned by GOI	completion as envisaged in DPR	scheme sanctioned by	Central share	State share	Upto-date expenditure	Present position	
	Ponda	144.00	2002-03	March 2004	72.00	72.00	/ Nil	Detailed estimates under finalisation	
	Pemem	157.72	2002-03	December 2003	78.60	78.86	112.13	Works in progress.	

Thus, schemes sanctioned in 2001-02 and required to be completed by 2002-03 were yet to be taken up/completed (September 2005). The delay in taking up the scheme by the Department resulted in delay in extending the intended benefits of improved water supply to the population of two towns of Ponda

Delay in implementation of Centrally sponsored Accelerated Urban Water Supply programme

⁸ Ponda, Pernem, Cuncolim and Benaulim

and Pernem, while as the DPRs for Cuncolium and Benaulim towns not being approved, these two works have not been sanctioned by GOI. Thus, the envisaged benefit on additional supply of 2.88 MLD through AUWSP could not be availed as works on these schemes have been delayed.

Execution of Schemes

3.1.9 Augmentation of Sanquelim Water Supply scheme - Extra expenditure to be recovered from contractor

The work of laying of pipeline from Sanguelim Water Treatment Plant to Surla and Usap Dumacem, a component work of Augmentation of Sanquelim Water Supply scheme, was awarded in June 2001 to a contractor for Rs.1.42 crore to be completed in January 2002. The agreement was terminated in May 2003 at the risk and cost of the contractor due to undue delay on the part of the contractor, and the balance work estimated to cost Rs.1.19 crore was awarded to another contractor in February 2004 for Rs.1.68 crore to be completed by August 2004. As the work was terminated at the risk and cost of the original contractor, the extra expenditure was recoverable from the original contractor. The extra expenditure recoverable from the first contractor on the basis of the original tendered cost (Rs.142 lakh), the work completed and paid (Rs.20 lakh) and the tendered cost of the balance work (Rs.168 lakh), amounted to Rs.44 lakh⁹ after adjusting the security deposit (Rs.2 lakh) available. The Department has not claimed the above amount from the contractor so far, though the balance work was tendered in February 2004, for which no reason was furnished.

3.1.10 Augmentation of Assonora Water Supply scheme

Though the laying of pipeline from Water Treatment Plant at Assonora to Porvorim was completed by August 2003, and construction of Master Balancing Reservoir (MBR) and Overhead Reservoir (OHR) at Porvorim was completed by March 2004, however the works of rising main from MBR to OHR and pumping installations at MBR were not completed.

Audit scrutiny revealed that though all the above works were inter related, and were to be taken up simultaneously, tenders for the work of rising main from MBR to OHR and pumping installation were invited only in July 2004 and the works (tendered cost Rs.65.26 lakh) commenced only in November 2004, seven months after completion of MBR and OHR. The delay in taking up of these works resulted in not achieving the intended benefit of augmentation of water supply in three villages of Bardez Taluka and idling of the MBR and OHR constructed at a cost of Rs.1.01 crore.

3.1.11 Augmentation of Opa Water Supply schemes

The major part of the scheme 40 MLD Water Treatment Plant at Curti, laying of pipeline from Curti to Banastarim (16 KMs) have been completed by

of Rs.44 lakh
from contractor
on work
terminated at his
risk and cost

Non recovery of extra expenditure

Delay in taking up works resulted in nonachievement of augmentation of water supply and idling infrastructure

⁹ Rs. 168 lakh minus (Rs. 142 lakh – 20 lakh) = Rs. 46 lakh ¹⁰ Soccoro, Salvador-do-Mundo and Penha-de-franca.

April 2003 and October 2004 respectively and the total expenditure incurred on the scheme upto May 2005 was Rs.44.82 crores. However, the laying of pipeline from Banastarim to Altinho/Panaji (Ch. 16 to 33 KMs) was yet to be completed due to delays in land acquisition, finalisation of alignment from Chimbel to Panaji, supply of pipes and getting clearance for cutting of trees and roads, etc. As a result, though the scheme is designed for augmentation by 40 MLD, augmentation of 10 MLD only could be achieved (October 2004) so far, even after four years of commencement of the scheme which was planned for completion within two years, and even after incurring more than 50 percent of the sanctioned expenditure (Rs.44.82 out of 83.83 crores).

3.1.12 Extra expenditure recoverable from the contractor

Audit scrutiny revealed that the work of laying of pipeline from Curti to Kundaim, under augmentation of Opa Water Supply Scheme, awarded to a contractor for Rs.4.43 crore was terminated (May 2004) at the risk and cost of the contractor for slow progress of work. The contractor was paid Rs.2.73 crore upto October 2003. The balance work was tendered in July 2004 and awarded (October 2004) to another contractor for Rs.3.34 crore, and the contractor was paid Rs.3.11 crore upto October 2005, and minor works such as construction of some chambers for sluice valves, refilling trenches at some places etc. were yet to be completed. The approximate extra expenditure recoverable from the original contractor was Rs.1.64 crore taking into account the original tendered amount (Rs.4.43 crore), cost of work done by the original agency (Rs.2.73 crore), and the tendered cost of the balance work (Rs.3.34 crore). The Department had not taken any action to recover the excess cost although termination of the work of the original contractor was carried out with invocation of risk and cost clause.

Non-recovery of Rs.1.64 crore from contractor against work terminated at his risk and cost

3.1.13 Environmental upgradation of Panaji city

In Panaji city 85 percent area was covered under the sewerage network, and 95 percent of the households of the sewered areas were connected to the network. As the existing sewage system in Panaji city installed in 1967 was inadequate, the Department proposed to augment the sewage treatment system by 12.50 MLD capacity. The proposed project included, additional sewage treatment plant of 12.50 MLD capacity, renovation and remodeling of existing 5.70 MLD Sewage Treatment Plant at Tonca, laying of under water effluent disposal pipelines in Mandovi estuary, conditioning the secondary effluent for gardening, extension of sewer lines to Tambdi matti, and Patto colony and other left out areas of Panaji city. The project was proposed to be implemented during 2002-2005 out of State Govt. funds (Rs.4.50 crore) and availing assistance (Rs.10.50 crore) from the GOI.

The GOI sanctioned (May, 2002) the scheme of Environmental upgradation of Panaji city, Phase-I, under National River Conservation Plan, for Rs.14.10 crore, on cost sharing (70:30) basis and subject to completion by July, 2004.

The Executive Engineer, Division III invited (October, 2002) tenders in two sealed cover system, namely technical and financial bids, for the main and

ancillary components of the scheme estimated to cost Rs.12.11 crore. The following irregularities were noticed in awarding and execution of the work:

3.1.14 Acceptance of single tender

Acceptance of single tender of Rs.13.33 crore

Though tenders were initially invited (October 2002), inter-alia, for 12.50 MLD Sewage Treatment Plant based on Activated Sludge Process specified in the NIT, the concept of alternate offer was brought in (December 2002) before submission of tenders and alternate designs were called from the bidders. The Department deputed a technical committee (June 2003) to study the technologies available in foreign countries (Germany and Austria) after receipt of tenders, and accepted their recommendation to adopt the C-Tech process for which only one agency M/s. H.N. Bhat & Co. had quoted (Rs.14.79 crore), thus vitiating the tendering process. As the Department had not invited tenders for STP based on C-Tech process, and M/s. H.N. Bhat & Co. only had quoted for the C-Tech Process, the tender accepted was not competitive as it was a single tender. Besides, the rates cannot be considered as reasonable as the Department did not prepare an estimate for STP based on C-Tech process. On directions of the Goa State Works Board (August 2003) negotiations were done by the Chief Engineer with M/s. H.N. Bhat and the single tenderer was awarded the work for Rs.13.33 crore (October 2003). An expenditure of Rs.11.14 crore was incurred upto March 2005.

3.1.15 Margao Sewerage Scheme

The project of underground drainage scheme to Margao town (revised estimated cost: Rs.18.68 crore) was taken up in 1986. The scheme was broadly divided into three drainage zones, namely North, Central and South Zone, covering 876 hectare area to be sewered. Infrastructure comprising a network of 22 Kms. sewerline in North Zone, 23 Kms. sewerline in Central Zone, covering 40 percent area of Margao, and a 7.5 MLD Sewage Treatment Plant at Navelim were completed and commissioned in the year 2000 at a cost of Rs.18.30 crore as of July, 2005.

The infrastructure created had capacity to provide sewerage connections to 12900 households. However only 906 households (7 percent) were connected upto March 2004 due to lack of response from the public in taking domestic connections as they had already invested in construction of septic tank and soak pits. The Government introduced a pilot scheme to provide house connection Departmentally charging a nominal fee of Rs.2000 for single house unit and Rs.1000 per flat in apartments. The scheme to provide 100 house connection was sanctioned by the Government in January 2004 and 53 connections involving 419 households were provided upto March 2005, at a cost of Rs.21.86 lakh. Thus only 1325¹¹ households were connected to the network as of March 2005 and 5008 households were yet to be connected.

Under utilization of sewerage scheme in Margao city

¹¹ 906 plus 419 households.

Considering the response to the pilot scheme, the Government decided (January 2005) to extend the benefits to all the residents of Margao, Vasco and Panaji wherever sewerage network is covered, on a nominal charge between Rs.500 to Rs.3000 per household¹², for which applications were accepted during April to 1 August, 2005.

The Department assessed the total cost of 1008 connections to individual houses and 4000 flats (assessed through a survey conducted by the Department) in Margao at Rs. six crore out of which Rupees one crore will be recovered as connection charges from the consumers and subsidy would be Rs. five crore.

A preliminary estimate of Rs.2.27 crore for subsidized sewerage connection for North and Central Zone of Margao was approved by the Government (February 2005) and the work was divided into six parts, tendered and awarded (July 2005) to six different agencies for Rs.1.92 crore. The work was in progress (August 2005).

The Department's belated attempts to convince the consumers as well as Government's failure to enforce the powers available under the Health Act, for providing individual household sewage connections compulsorily, resulted in underutilization of the existing infrastructure created at a cost of Rs.18.30 crore.

3.1.16 Vasco Sewerage Scheme

Vasco Sewerage Scheme covering 240 hectares drainage area consisting of a 14 MLD Sewerage Treatment Plant, seven drainage zones, six sewage pumping stations and 41 Kms. sewer lines was commissioned at a cost of Rs.5.09 crore, in 1985 in Baina, Sada and Mangore areas and in 1992 in Vasco area covering 80 percent area of Vasco city.

The infrastructure created had a capacity to provide sewerage connections to approximately 23000 households. However, 4414 households (19 percent) only were connected to the sewerage network as of 31 January 2005, and major part of the sewerage network remained unutilized and did not serve the purpose for which the huge expenditure was incurred.

Though the Department has prepared (March 2005) an estimate of Rs.1.24 crore, under the subsidized scheme for providing concessional house sewer connection to 583 households, further action to commence the work was yet to be taken (August 2005).

3.1.17 Unfruitful expenditure on Project Report

Audit scrutiny revealed that on directions of the Government the Department had transferred (December 2001) the unexecuted work of sewerage system of South Drainage Zone, Margao, to a newly created corporation, Sewerage and Infrastructure Development Corporation Limited (SIDC), Panaji for execution.

Under utilization of sewerage network in Vasco city

Project report prepared at a cost of Rs.29.50 lakh was not useful

¹² Rs. 3000 for individual house, Rs.2000 per flat in apartments; Rs.1000 per shop provided for house connection in apartment and Rs.500 per shops without house connection in apartments.

The Corporation had prepared (June 2002), a detailed project report (DPR) for the work through MECON LTD, a Government of India Undertaking at a cost of Rs. 29.50 lakh. As directed (August 2002) by the Chief Secretary, the Department obtained (September, 2002) the project proposal from the Corporation. On verifying the DPR, the Department noticed that there was no detailed hydraulic design for sewer network, the cost estimate was on a lump sum basis without indicating the quantity and basis of rates adopted. Areawise length and diameter of pipelines, details of types of manholes at various locations were also not shown in the project report. In the absence of these details, the project report was not considered useful by the Department as mentioned above.

Government subsequently empanelled (November, 2004), 11 firms as consultants for water supply, sewerage and sanitation projects, and sought (December 2004) financial offers for providing consultancy for preparation of DPR for the above mentioned project. The offers received were opened in February, 2005 and the S.E. Circle VI, accepted (May, 2005) the lowest offer of M/s Ramky Enviro Engineers Ltd. for Rs.10.28 lakh and awarded the consultancy for preparation of DPR to them. The work order was issued in June 2005 with stipulation to complete it by October 2005. The work was commenced in June 2005 and was in progress (August 2005). Thus another consultancy for the same project was awarded for Rs.10.28 lakhs, rendering the expenditure of Rs.29.50 lakh incurred for preparation of the DPR to MECON unfruitful.

3.1.18 Revenue receipts

The Department fixes water tariff based on the classification of consumers as domestic, Small hotels, Industries and Commercial categories. The current tariff which was revised in April 2002 and modified in August 2003 was Rs.2.50 per cu.mtr. for domestic, Rs.10 per cu.mtr. for small hotels and certain other establishments, Rs.20 per cu.mtr. for Industries and Rs.30 per cu.mtr. for commercial category consumers. The sewerage charge was 50 percent of the water charges. The year-wise revenue collected from water supply and sewerage charges was as under:-

(Rupees in crore)

	i Budget e	estimates	Actual	receipts	Excess(+)/Shortfall(-)		
Year	Water Supply	Sanitation	Water Supply	Sanitation	Water Supply	Sanitation	
2002-03	69.19	0.81	55.20	0.51	(-) 13.99	(-) 0.30	
2003-04	69.11	0.89	50.41	4.25 ¹³	(-) 18.70	(+) 3.36	
2004-05	76.02	0.98	54.41	0.40	(-) 21.61	(-) 0.58	

The shortfall of revenue from water supply against budget estimates ranged from 20 to 28 per cent during the period under review. The actual revenue

¹³ Includes amount received as deposits for new connections

from water supply indicated a declining trend despite augmentation of water supply schemes, as well as new consumers. The reasons for shortfall in water supply revenue with reference to budget estimates as well as downward trend in revenue collections were awaited.

3.1.19 Arrears of Revenue

The arrears of revenue of water charges, pending recovery as of 31 March 2005 were Rs.22.82 crore which was 43 per cent of the average annual revenue of the Department from water supply and sanitation. It was noticed that though arrears amounting to Rs.17.39 crore were more than a year old, only Rs.5.59 crore pertaining to 1623 cases were referred to the Revenue Recovery Courts as on 31 March 2005, revealing severe slackness in actions against defaulters.

The mounting arrears and slow progress in its recovery was mainly due to timely action not taken against the defaulters, by disconnecting the water supply as required under water supply bye-laws, laxity in referring the overdue cases to Revenue Recovery Courts and its pursuance, and lack of proper internal control systems to monitor all aspects of demand, collection and accounting of revenue including prompt action for speedy recovery of revenue arrears, by the Chief Engineer's office.

3.1.20 Short billing against Raw water supply

As per Article-6 of the water supply bye-laws a minimum contract demand has to be fixed for each consumer and water charges leviable should not be less than the minimum contract demand, even when the meter is not working.

A consumer, M/s. Aparant Iron and Steel Ltd. has been drawing raw water since July 2000 from Salaulim dam for industrial purpose, as per an agreement entered into with the Government in July 1996, and further renewed in March 2001. Though the demand of the consumer was supply of 4000 to 12000 cu.m. of water per day, the Department did not indicate the minimum contract demand and the billing has so far been done on actual consumption as per meter readings, which was less than 1.20 lakh cu.m. per month.

Audit scrutiny revealed that though the Government had approved (Dec. 2001) a proposal of the Department to fix minimum contract demand, the Department did not fix such minimum contract demand. Thus, due to non-fixation of contract demand at least at the minimum quantity of 4000 cu.m. per day as demanded by consumer, and billing done on actual consumption basis, resulted in short billing of Rs.43.06 lakh on the basis of minimum demand of 4000 cu.m. per day for the period from April 2002 to July 2005.

On this being observed by audit, the Executive Engineer replied (September 2005) that action has since been initiated to issue revised bills for recovery of revenue on the basis of minimum demand of 4000 cu.m. per day, and a report has been submitted to Government for amending the agreement with the consumer to fix up minimum contract demand.

Slow progress in recovery of arrears of revenue

Short billing of Rs.43.06 lakh due to non-fixation of minimum contract demand

3.1.21 Loss due to non-recovery of cost of water supplied through water tankers

Non-recovery of Rs.42.63 lakh towards cost of water supply In order to supply drinking water to the areas such as Balli, Adnem, Fatorpa Khananginim and ONGC Complex at Betul from Salaulim Water Supply Scheme, the Department had commissioned a water supply scheme in 1998. The ONGC's minimum demand of water per day was 100 cu.m.

Based on the complaints of ONGC on short supply of water during November/December 2001, and due to inadequate pressure at the tapping point of the scheme, the Executive Engineer Division-XX, supplied water to ONGC from April 2002 to March 2005 through water tanker by engaging a contractor, incurring an expenditure of Rs.48.01 lakh.

Audit scrutiny (December 2004) revealed that against this expenditure of Rs. 48.01 lakh the Division had billed and collected water charges of Rs. 5.38 lakh only from the ONGC during the period from April 2002 to March 2005. As the Department had no obligation to supply water to ONGC through tanker at the cost of the Department, the additional cost for supply of water through tanker exclusively arranged for ONGC should have been recovered from them. The non-recovery of the additional cost of water supply resulted in a loss of Rs. 42.63 lakh to the Department.

The Department stated that water supply through tanker was discontinued form April 2005 and water supply position would improve after laying a pipeline from Ambaulim to Bali for which work was in progress (July 2005).

3.1.22 Delay in installation of metering equipment

A water supply connection was released (February 2005) to M/s. Sesa Industries Ltd. with supply of water to be made at the rate of Rs.20 per cubic metre and a minimum contracted demand of 3000 cu.m. per month. As the billing was to be made out on the basis of actual consumption it was important for the Department to have ensured early installation of the metering equipment. It was however observed that the meter was installed only after a delay of more than two months on 5 May 2005. Resultantly the billing for the period of March and April 2005 was made on the minimum contracted demand in the absence of meters although consumption for the subsequent months commencing from May (when the meter was installed) reflected average monthly consumption of 31,155 cu.m. per month. Consequently due to non timely installation of meters the Department had to forego an amount of Rs.11.26 lakh as the billing in the absence of meters was restricted to minimum contracted demand while the actual as revealed from the scrutiny of bills of the subsequent months reflects a much higher consumption.

3.1.23 Conclusion

As against the existing demand of 568 MLD of water, the Department could achieve 394 MLD capacity by the commissioned augmentation schemes, leaving a gap of 174 MLD of water supply. Although four augmentation projects were selected to be completed by the end of X five year plan, no work has commenced as these projects are in the planning stages only. The

Loss of Rs.11.26 lakh due to non-timely installation of water meter.

execution of schemes suffered from deficiencies in implementation of the various terms of contract, absence of phased planning to ensure co-ordinated completion of various components of work. The sewerage treatment plants in the major towns were under utilized as individual sewage connections have not been obtained by the residents. The system of collection of revenue suffered from mounting arrears, losses on account of delays in installation of meters, and defects in contract conditions.

3.1.24 Recommendations

- A comprehensive plan consistent with the forecasted demand should be made for phased commencement and implementation of various augmentation schemes.
- Funds made available by GOI under Accelerated Urban Water Supply Schemes should be utilized by expeditious action in preparation of DPRs and focused attention towards early implementation of these schemes.
- The infrastructure created in terms of Sewerage Treatment Plant should be put to optimum utilization by ensuring release of individual sewerage connections to the households.
- System to ensure liquidation of outstanding dues against water and sewerage charges should be put in place.
- The clause pertaining to risk and cost as provided for in the contracts should be invoked and enforced.

CIVIL SUPPLIES & CONSUMER AFFAIRS DEPARTMENT

3.2 REVIEW ON "IMPLEMENTATION OF ACT AND RULES" PERTAINING TO CONSUMER PROTECTION"

Highlights

The Consumer Protection Act, 1986, which is a socio-economic legislation, has been enacted to provide speedy and inexpensive redressal of grievances of consumers. A review of the implementation of the Act and Rules in the State revealed that the adjudicatory mechanism comprising of the State Commission and District Forums created under the Act were understaffed and the Presidents/Members of the Commission and Forums were appointed on part time basis, resulting in delay of disposal of cases. It was seen that the Department of Civil Supplies and Consumer Affairs had not taken effective measures for enhancing general awareness amongst the consumers of the rights available under the Act and also for the procedure to be followed for redressal of grievances/complaints.

The delay in setting up District Forums and State Commission was 25 and 42 months respectively.

(Paragraph 3.2.7)

> Infrastructure in terms of office buildings, furniture, equipment, other facilities and staff were inadequate.

(Paragraph 3.2.9)

The posts of Presidents/Members of State Commission/District Forums were vacant for periods ranging from two to nine months.

(Paragraph 3.2.10.1)

As of March 2005, the State Commission had 158 cases outstanding, of which 85 were pending for more than two years, 14 for more than one year and 24 cases for more than six months.

(*Paragraph 3.2.12*)

Dissemination of awareness of the Consumer Protection Act was not ensured because District Consumer Information Centres were not established.

(Paragraph 3.2.13)

3.2.1 Introduction

The Consumer Protection Act, 1986 (Act) was enacted by the Parliament in 1986 to provide simple, speedy and inexpensive redressal for consumers' grievances. The provisions of this "Act" give the consumer an additional remedy besides those that may be available under other existing laws. The Act came into effect from 1987 after Government of India (GOI) framed the Consumer Protection Rules, 1987. The Act is applicable to all goods and services, covers all sectors – whether private, public and co-operative and

provides for establishment of a three tier quasi-judicial consumer dispute redressal machinery at the national, state and district levels. These forums are also referred to as consumer courts. The courts are empowered to give relief of specific nature and award compensation to consumers. The Act was amended in 2002 to discourage adjournments, making provision for the senior most member to preside over the forum in the absence or vacancy of the President and empowering courts to punish those not obeying its orders in order to facilitate quicker disposal of complaints. The State Government had notified the Goa Consumer Protection Rules 1987 as required under the Act.

3.2.2 Scope of Audit

A test check of the records of the Department of Civil Supplies and Consumer Affairs and of the redressal agencies viz. the State Commission and both the District (North and South) Forums, relating to the implementation of the Act and Rules for the period from 2000-2005, was conducted during September to October 2005.

M/s. ORG-MARG was engaged by the Comptroller and Auditor General of India, under intimation (November 2005) to the State Government, to survey and assess the awareness of the consumers and other stake holders like manufacturers/service providers, non government organisation (NGOs) and appropriate laboratories and also to assess the impact of implementation of the Act on them and this was also intimated to the State Government in November 2005. This survey was conducted between mid-July and mid-August 2005, and covered both the districts. The agency contacted 1250 consumers and analysed 36 complaints. The findings of the survey are incorporated in the review and an Executive Summary (Annexure A) is also attached to this review. The results of review are contained in the succeeding paragraphs.

3.2.3 Audit objectives

The main objectives of the review were to examine:

- The policy/programmes enunciated and evolved for establishment of an adjudication mechanism;
- The efficacy of the mechanism for speedy redressal of cases;
- The functioning of the Consumer Protection Councils at the State/District levels;
- Staffing and governance issues in the State Commission/District Forums and
- Initiatives taken by the State Government towards creation of awareness of the Act amongst consumers.

3.2.4 Audit criteria

The audit criteria adopted to test and achieve the objectives were:

Examination of the Government Gazette, Policy and Programme documents;

- Setting up of the State Commission and District Forums and adequacy of infrastructure;
- Data, reports, returns regarding disposal of complaints;
- Methodology adopted for promoting and protecting the rights of Consumers.

3.2.5 Audit Methodology

Documents at the Government as well as the State Commission and its lower formations relating to the implementation of the Act and the Rules were studied. The budget and the expenditure incurred were examined. Information on requirement and availability of infrastructure was collected. Physical targets and achievements were also studied at the level of the State Commission and the two district forums. The survey conducted by the consultant was based on structured questionnaire and interviews with consumers at large, complainants and other stakeholder. An exit conference was held (November 2005) with the Secretary (Consumer Affairs), Government of Goa and their views were taken into account while finalizing this review.

3.2.6 Organisational set-up

The Government in the Civil Supplies and Consumer Affairs Department is responsible for the establishment of the State Commission and the District Forums, their smooth functioning, grant of budget and sanctioning of the posts. The District Forums are functioning under the administrative control of the State Commission with headquarters at Panaji. The latter is under the control of the National Consumer Disputes Redressal Commission (National Commission), New Delhi, for implementation of the Act and Rules. The State Commission and the District Forums have the quasi-judicial composition of one President and two Members each, besides the ministerial staff.

3.2.7 Implementation

Creation of adjudication mechanism

The State Government was to set up a State Commission and one District Forum in each district. The Act came into force in July 1987 and the North (Porvorim) and South (Margao) District Forums in the State were set up with effect from August 1, 1989 and the State Commission was established in January 1991. Thus there was a delay of 25 months in setting up of District Forums and 42 months in setting up of the State Commission since the Act came into force.

How the consumers perceive Government's inaction to increase the capacity of the State Commission and the district forums to deal with more cases came out in the survey conducted by the ORG MARG. They reported that almost 65 per cent of the consumers responded either that the Government was not doing enough to safeguard consumer rights or that they were not aware of such efforts by the Government.

3.2.8 Formulation of policy and notification of rules

It was seen that the State Government did not frame any separate policy outlining the measures to be taken for the purpose of creation and strengthening of infrastructure of adjudication mechanism, involvement of NGOs for the purpose of strengthening of consumer groups, media policy for dissemination of information pertaining to awareness about the Act and mechanism for filing of complaints and procedure of adjudication.

Results of the ORG MARG survey highlighted that though the complaint can be filed at the District Forum on plain paper with relevant documents attached, all the complainants reportedly filed the complaint on stamp paper. About 83 per cent of these respondents reported that they were told to do so by the agents or the lawyers. Another 17 per cent used the stamp paper on their own. As such the State Government need to frame a policy declaring the objectives to be achieved through the consumer welfare programmes with a uniform procedure for processing of complaints.

3.2.8.1 The State Government notified (April 2004) in the Official Gazette (OG) the fee structure for registration of complaints in the District Forums (DFs) in Goa, effective from date of publication in OG. The DFs commenced levy of fee in April 2004 (North Forum) and May 2004 (South Forum). Fees of Rs.33,400 and Rs.23,500 were collected upto 30 September 2005 in respect of 190/133 complaints respectively at the two forums.

Audit scrutiny revealed that the State Government circulated (December 2004) to the DFs the Consumer Protection (Amendment 2003) Rules prescribing the procedure whereby every copy of the complaint filed under relevant clause shall bear embossment of the rubber stamp certifying the receipt of the necessary court fee to be paid by the complainant to the DF according to the notification issued by the Central Government; and whereby the Asst. Registrar shall give a receipt towards the fees paid to the complainant. It was seen that the DFs did not acknowledge receipt of fee either by way of embossment of the rubber stamp nor by issue of a receipt voucher (T R 5 receipt). Thus procedure the prescribed registration complaints/collection of fees was not adhered to and the Government also did not take any action. The Government replied (November 2005) that the existing procedure will be examined vis-à-vis the amendment and action would be taken as deemed fit.

3.2.9 Adequacy of infrastructure

Ready built office premises (two flats) for housing the South District Forum at Margao and North District Forum at Porvorim, were acquired in 1996-97 and 1998-99 at a cost of Rs.34.25 lakh and Rs.17.48 lakh respectively, from the one time grant of Rs.70.00 lakh released by the Government of India (1995-1997). The balance of Rs.18.27 lakh was utilised on supporting infrastructure like office furniture, computer system etc. The State Commission is housed in old Government accommodation at Panjim. It was seen that all the three premises did not have a waiting room for the complainants while the District Forums did not have adequate facilities by way of drinking water and a

Consumers were unaware of the procedure for filing complaints

Inadequate
infrastructure
hampered efficient
discharge of
functions

library. Absence of a proper building also makes it more difficult for the consumer's in general to become aware of the existence and the location of the redressal agency.

Results of the ORG survey highlighted that only 14 per cent of the sample covered reported to be aware of the existence of any redressal agency whereas 36 per cent aware of the redressal mechanism, claimed that they did not know the location of the district forum in their respective district.

3.2.10 Personnel Management

3.2.10.1 Vacant posts of Presidents and Members

Government of India, Mnistry of Consumer Affairs, Food and Public Distribution intimated (December 2001) the State Government that as per the directives (November 2001) of the Supreme Court, the local Government had to frame a comprehensive scheme with regard to the structuring of the Consumer Forums giving emphasis on the service conditions of the members and staff of the DFs and State commission. It had also been recommended in the meeting (March 2004) organized by the Institute of Public Administration, New Delhi for the Presidents and members of the DFs that measures had to be taken in advance for filling up the posts falling vacant as soon as the vacancies arose, so that the functioning of the forums would not suffer.

Audit scrutiny revealed that the posts of President and Members of the State Commission and District Forums were lying vacant as detailed below:-

Category of post lying vacant	State Commission	North District Forum	South District Forum
President	10 May 2000 to 25 February 2001	19 July 2000 (on expiry of term) to 18 April 2001	September 2000 (on expiry of term) to 18 April 2001
	February 2005 to September 2005	9 August 2003 (on resignation) to 7 June 2004	27 June 2002 (on resignation) to 7 June 2004
Members	8 January (on resignation) to 2 April 2000 (one member)	1 January 2000 (on resignation) to 7 May 2000 (one member)	September 2000 (on expiry of term) to 18 April 2001 (Both members)
	9 February 2000 (on resignation) to 1 May 2000 (one member)	31 August 2000 (on expiry of term) to 22 April 2001 (one member)	

It can thus be seen from the above that the post of President of the State Commission was lying vacant for a period of approximately nine months during 2000-01 and for eight months in 2005, while the posts of Members in the State Commission were vacant for over two months, contributing to the delay in disposal of cases and accumulation of arrears. Similarly the posts of President/one Member (North Forum) and President/both Members (South Forum) were vacant for over seven months. The non-availability of key

personnel for the disposal of complaints resulted in delays in redressal of grievances of the consumers. Though there was high pendency of cases, the State Government did not take timely action to fill the post of President. Reasons for non-filling up of posts of President/Member on time were not available on records. Though the Act provides for appointment of full time President/Members, only part-time President/Members were being appointed in State Commission/District Forums in the State.

3.2.10.2 Support staff

It was seen that despite the Supreme Court's directives as above and the Bagla Commission's recommendations for providing adequate support staff in the State Commission and the District Forums, the DF (South) did not have a Registrar/Assistant Registrar and a Bailiff during 2000-2005 while a stenographer was not posted during 2000-2002. At the DF (North), the posts of stenographer and bailiff were vacant during 2000-2002.

The Department of Consumer Affairs had replied (January 2002) to the GOI that necessary staff members had been provided to the State Commission/District Forums and that they did not consider it necessary to provide more staff taking into account the monthly cases being filed there. The fact remains that the non-availability of support staff delayed the registration of complaints and proceedings on these complaints.

3.2.11 Functioning of the State/District Consumer Protection Councils

Sections 7 and 8A of the Act provides for the setting up of a State and District Consumer Protection Council in the State and each District (referred to as Council hereafter), with the object to promote and protect the rights of The Act prescribed two meetings in a year. The State Consumers. Government established the State Council in September 1992, five years after the Act came into force, reconstituting it five times 14 upto September 2004. The Minister in charge of the Consumer Affairs is the Chairman of the Council with 45 members (2004). It was seen that the Council did not hold any meeting for over six years between August 1994 and January 2001 and in 2002, while it held only one meeting subsequently in February 2003 and November 2004. Scrutiny of records revealed that despite recommendations of the State Council (January 2001), no action was taken by the State Government to implement them particularly in respect of strengthening of the redressal forum so as to ensure execution of orders passed by the State Commission/Forums and setting up of a Consumer Grievance Cell in the Department of Consumer Affairs (September 2005).

The State Government constituted the North and South District Consumer Protection Councils (DCPCs) in September 2004 with the Collector as the Chairman, after a delay of two years.

The Councils were meant for promoting and protecting the right of consumers by dissemination of information and through consumer education. These were Failure in timely filling up of the posts of President/ Members and support staff

Recommendations of the State Council were not implemented by the Government and there were delays in setting up of District Consumer Protection Councils

¹⁴ January 1993, February 1994 March 1995, February 2000 and September 2004

also supposed to ensure that the consumer interests would receive due consideration at appropriate forum. Results of the survey revealed that out of those aware about consumer rights, 75 per cent acquired such knowledge from electronic media, 39 per cent from print media and only 0.2 per cent of the aware consumers came to know about the Act from the NGOs. Thus the basic purpose of legislative enactment was not really addressed as Consumer Protection Councils established for promoting and protecting the rights of consumers by dissemination of information through consumer education were not functioning in an effective manner.

3.2.12 Delay in disposal of cases

The age-wise analysis of the cases pending as on 31 March 2005 in respect of State Commission and District Forums is as given below:-

		Number of cases (since inception)					
Sr. No.		State Com- mission (since 1991)		South Forum (since 1989)			
i)	Total cases admitted	1615	3571	1343			
ii)	Total cases outstanding (March 2005)	158	559	397			
iii)	Cases outstanding for more than six months upto one year	24	97	. 59			
iv)	Cases outstanding for more than one year upto two years	14	111				
v)	Cases outstanding for more than two years	85	284	195			

Note: Returns of DFs to SC and by SC to National Commission

From the above it can be seen that 158 cases out of 1615 and 956 cases out of 4914 cases filed since inception i.e 1991 (State Commission) and 1989 (District Forums) were pending for settlement as on 31 March 2005 of which, 85 and 479 cases were pending for over two years at the State Commission/District Forums respectively. It was seen that the State Government had intimated the GOI (January 2002) that appointment of full time Presidents was not justified as the number of cases in Goa was small. This contention is not tenable as the pendency of cases at the District Forums had increased from 647 in 2000-01 to 956 in 2004-05.

Prolonging of the cases works against the basic objectives of the Act and increases the cost of litigation, which also is against the basic tenet of the Act. Results of ORG MARG survey revealed that on an average 5.3 hearings were required to resolve the case. Around 67 per cent of the cases were still unresolved even after about 7.2 hearings and most of these cases were against banking services (38 per cent). To resolve a case on an average 20 months were spent. Hiring of lawyers was very common as 61 per cent of the complainants hired lawyers. Results of the survey further revealed that, on an average the complainant had to spend Rs.2176 to resolve a case.

Pendency of cases at the District Forums had increased from 647 in 2000-01 to 956 cases in 2004-05

3.2.13 Awareness and empowerment of consumers

Non establishment of District Consumer Information Centres

The scheme of setting up of one District Consumer Information Centre (DCIC) in each district with the help of Zilla Parishad (ZP) and Voluntary Consumer Organisation (VCOs) was launched by GOI in October 2000 with the object of creating awareness of consumer rights among people. As envisaged in the scheme, 20 per cent of the districts in the State were to be covered each year. A financial assistance of Rs. 5 lakh per centre over a period of three years was to be given by GOI. The proposals for setting up DCIC by ZP were to be sent by the State Government to the GOI for approval and release of grants. Although the State Government asked (October 2001 and May 2002), ZP (North) to send proposal for setting up DCIC, no proposal was received from ZP (N). ZP (South) was not requested to send a proposal for setting up DCIC. Thus, DCIC are not functioning in either of the two districts and funds to the extent made available by the Central Government have also not been availed, besides not creating awareness among the people of their Consumer rights.

3.2.13.1 Similarly, GOI released (October 2003) Rs.0.50 lakh to the State Government under the scheme of Jagruti Shivir Yojana for the purpose of enhancing awareness on the consumer redressal machinery. The amount was credited to State account in December 2003 and remained unutilised. (31 March 2005). The reasons for non-utilisation of the amount were awaited (September 2005).

3.2.13.2 The Goa Consumer Protection Rules (Amendment 2003) required the State Government to set up a Consumer Welfare Fund (CWF) for which Government of India would provide Rs.5 lakh as seed money. The grants received from the Government of India towards Jagruti Shivir Yojana, setting up of Consumers Clubs in colleges and, funds received towards fees on complaints registered, copies of documents etc., were to be credited to the CWF. The State Government set up a Fund only in September 2005, made a budget provision of Rs.5 lakh in Supplementary demand for grants (2005-06) and have sent (October 2005) the proposal to GOI for their contribution of Rs.5 lakh. ORG MARG survey revealed that 60 per cent of the consumers were not aware of the Act, however 47 per cent were aware of the consumer rights. The Act is envisaged to benefit all the consumers in urban and rural areas but only 36 per cent of the rural population had heard about it. The analysis further showed that among those who were aware of the Act, most belonged to the Government service (60 per cent), student (73 per cent), selfemployed (45 per cent) and retired (48 per cent). This was despite the fact that ORG MARG survey revealed that 97 per cent of the consumers at large gave importance to knowing the Act.

3.2.14 Conclusion

The legislative intent of the Parliament to empower the consumer has only been partially achieved in Goa. This is mainly attributable to the delay in creating the adjudication mechanism and inability of the Government to Non setting up of DCICs delayed dissemination of awareness on Consumer Protection Act

Due to delay in setting up of Consumer Welfare Fund, the benefit of enhancement of consumer awareness was not achieved provide adequate infrastructure. There were also delays in appointment of President and Members of the State Commission and the District Forums. Implementation and compliance of the recommendations of the State and District Councils was tardy. The consumers at large were not aware of the system and procedures of redressal machinery. There was delay in setting up of District Consumer Protection Councils, to promote awareness in the districts.

3.2.15 Recommendations

- The President at the State Commission and District Forums should be appointed on full time basis to ensure speedy redressal of complaints.
- Infrastructure and other facilities should be strengthened to make the Consumer courts really effective.
- Government should streamline the system to ensure compliance of recommendations of the Council and execution of orders of the Commission and Forums.
- The Department should take concrete measures for enhancing awareness of the Act amongst the consumers, the rights available to them and the procedures to be followed for redressal of grievances. District Consumer Information Centres should be set up immediately.

ANNEXURE 'A'

EXECUTIVE SUMMARY OF ORG - MARG

In order to gain an understanding of the functional status of the Consumer Protection Act Consumers at large, complainants, manufacturers/service providers, NGOs and appropriate laboratories were covered under the survey. In state of Goa, a total of 1250 consumers spread across urban and rural areas were contacted. Besides 26 complainants, 10 manufacturers/ service providers and one NGO were also interviewed. The survey was conducted during the 2nd week of July to 4th week of August 2005.

FINDINGS OF THE SURVEY

- Overall 97 per cent of the consumers at large gave importance to knowing the Consumer Protection Act (CPA). Nearly 47 per cent not aware of consumer rights and 60 per cent still unaware of Consumer Protection Act.
- The act is envisaged to benefit all the consumers in urban and rural areas, but only 36 per cent of the rural population has heard about it.
- In response to, whether the government is making any effort in safeguarding the consumer rights, only 35 per cent replied positively remaining either carrying negative opinion or have no idea of the same.
- Formal source of awareness electronic and print media stand at 75 and 39 per cent respectively and only 0.2 per cent of the aware consumers came to know about CPA from the NGOs.
- Nearly 49 per cent of the aware Consumers at large have come to know about the Act only in the last four years whereas the Act has been in existence for past 19 years.
- Overall, only 14 per cent reported to be aware of the existence of any redressal agency. Awareness on this among those aware of rights and CPA was higher.
- Around 36 per cent aware of redressal agency did not know the location of the district forum in their respective districts.
- Nearly 94 per cent of the complainants were literate. Their average monthly household income was Rs.6000/-. This implied that facilities provided by redressal agencies were availed by educated residents of urban areas and that too by the middle/lower middle strata of the community.
- Majority of the complaints (94 per cent) were against services such as banking (44 per cent), housing and construction (32 per cent) other financial services (18 per cent) and insurance (6 per cent).
- Majority of the complainants came to know about the redressal agencies through electronic media (25 per cent), print media (75 per cent) and other i.e friends/relatives (33 per cent), NGOs were not a popular source of awareness (2.8 percent overall).

- All the complainants used stamp paper to file the case and in majority of cases (83 per cent) the lawyers/agents advised them to do so.
- None of the complainants interviewed reported to have deposited court fee.
- An analysis of time taken at various stages of the cases show that on an average 7 days were spent for registering a case and 30 days were taken for serving the notice, first hearing was held after 27 days of serving the notice.
- On an average 5.3 hearings were required to resolve the case. Around 67 per cent of the cases were still unresolved even after about 7.2 hearings and most of these cases were against banking services (38 per cent).
- To resolve a case on an average 20 months were spent.
- There were 2 cases where the decree was passed and compensation was yet to be received. On an average the compensation was due for about one month. For those received compensation the same was received within an average period of 1 month.
- On an average 5.3 hearings were required to resolve the case. Around 67 per cent of the cases were still unresolved even after about 7.2 hearings and most of these cases were against banking services (38 per cent).
- o On an average the complainant had to spend Rs.2176/- to resolve the case. The complainants who hired advocates personally, the average cost incurred on advocate fee was Rs.3100/-
- The manufacturers and service providers were well aware of the CPA on the contrary not many consumers at large were aware of the Act or the redressal system.
- The complainants found the redressal system to be simple but not speedy. However the manufacturers and service providers opined the process to be simple but not simple and inexpensive.

EDUCATION DEPARTMENT

3.3 CYBERAGE STUDENTS SCHEME

3.3.1 Introduction

The State Government had introduced the "Computer Literacy Programme (CLP)" in all the Government and the Government aided High Schools from the financial year 2000-01 for the students of VIIIth to Xth standards with an aim to achieve 100 per cent Computer Literacy. Under this programme the State Government had introduced the "Cyberage Students Scheme" from 2002-03 whereby Government supplied one computer to each of the student consisting of one monitor, Multimedia P.C. along with uninterrupted power supply (UPS) and necessary accessories with requisite software and one modem, for internet use was supplied to the students. The scheme which was initially started for Class XI students of Science stream was extended to the students of other streams of Eleventh standard and also to the students of polytechnic, degree courses, including professional courses/post graduates etc. from 2003-04. The Departments of Education and Higher Education together had distributed 28,586 computers by the end of March 2005 on which Rs.77.39 crore was spent during the period 2002-05. The scheme was a 100 per cent State Budget Scheme.

The configuration of the computers was decided by the Education Department. The equipment had a warranty of one year and beyond one year the maintenance was to be carried out by the parents/guardians of the students. The Goa Electronics Ltd (GEL), state owned company was the agency nominated for the procurement and maintenance of the computer systems.

3.3.2 Financial /Physical Performance

During the period 2002-05 the State Government made budget provision of Rs.11.12 crore, Rs.27.02 crore and Rs.51 crore against which expenditure incurred was Rs.6.13 crore, Rs.20.29 crore and Rs.50.97 crore respectively. During the period 2003-05 the Department supplied 28,586 computers to the students as under:

Year	Schools/Colleges	Target	Achievements		
T CAR	Schools/Coneges	No. of students			
2002-03	XIth Science	2806	2806		
2003-04	XIth (all Streams)	10,629	10,629		
2004-05	Degree and Professional courses	15,151	15,151		
	Total	28,586	28,586		

3.3.3 Scheme Implementation

3.3.3.1 Supply of more than one computer to a family

Guidelines issued by the Government to the Educational Institutions did not contain any clause to restrict the supply of one computer per family. The Director of Education had supplied 2806 and 10629 computers to the students of Eleventh Standard Science/All streams in the year 2002-03 and 2003-04 respectively. Similarly the Director of Higher Education had supplied 15151 computers to the students of 42 colleges in Goa such as Graduates, Diploma holders, Professionals etc. during 2004-05. A test check in audit revealed, 59 families of students in 44 Higher Secondary Schools and 29 families of the students of 19 colleges were supplied with two computers to these families. Thus the Government decision to give computers to all the students without restricting one computer to each family had resulted in avoidable expenditure of Rs.20.09 lakh on 88 computers and further additions of such cases was also not ruled out. The Department stated (September 2005) that a clause has now been included in the Guidelines of the Scheme for 2004-05 restricting supply of computers to the family of the students who do not possess computers.

3.3.3.2 Non-provision of Educational CDs

Though supply of software, 'CD', Internet connectivity and training on computers was also envisaged in the Scheme, the Department did not provide Educational CDs as per Goa Board Curriculum, and connecting to Internet was also not ensured. In the absence of Educational CDs, internet connectivity and training, the complete benefit that was envisaged under the scheme was not extended to the students and the Scheme objectives of enabling students to become technology savvy was also not fulfilled. Further modems provided to 25,780 computers at a cost of Rs.1.28 crore remained idle as Internet connectivity was not ensured. The Department stated (September 2005) that under this scheme Government had provided basic hardware and software and other requirements like electrical connections and Internet connectivity are to be procured by the students at their own cost. The reply is not tenable as modem was supplied without ensuring capability of the students to incur the expenditure in obtaining the Internet connectivity resulting in the uncertainty in utilization of modems on which expenditure of Rs.1.28 crore had been made. and the Johns

3.3.4 Procurement of computers

3.3.4.1 Undue Benefit to Suppliers due to defective agreement

The Director of Education placed (November 2003) an order on the GEL for supply of 10,000 computers through the identified suppliers, to the students of the XI Standard at the rate of Rs.18,900 inclusive of all taxes and delivery charges. An agreement was entered into with GEL in January 2004 for this supply. The supply order/agreement did not provide for clause for restricting payment of statutory duties and taxes to the actuals paid. Such a clause was important in a scheme of such a nature as the computer industry prone to several changes, both as regards to technology and prices. The Government of

India announced where reduction of excise duty on parts and components of computers from 16 per cent to 8 per cent and also removed 4 per cent special additional duty on personal computers with effect from 8 January 2004. Government of India further reduced the excise duty on the parts of the computer from 8 per cent to Nil with effect from 15 January 2004. In view of reduction of excise duty Director of Education took up (February 2004) the matter of reduction of prices of computers supplied with GEL. The Company only reduced the price of 537 computers for Rs.17508 and balance 9463 computers were charged at the original rate of Rs.18900. The failure of the Department in providing suitable clause in the supply order/agreement for levy of duties and taxes, prevailing at the time of delivery resulted in non availment of benefits of Rs.34.28 lakh due to reduction of duties and consequent extra expenditure to that extent. The Department stated (Sept 2005) that the clause on decrease in taxes and duties was not made in the agreement to claim the benefit of reduction in the duties. It was further stated that GEL had passed on the benefit of reduction in excise duties to the Government after the announcement in the Union Budget. The reply of the Department was not tenable as GEL had given excise duty benefit only of Rs.7.47 lakh on 537 computers instead of benefit of Rs.34.28 lakh that was to be passed on 1463 additional computers.

3.3.4.2 Non-invitation of tenders

The State Government extended the Cyberage Students scheme to the students of the aided colleges, Polytechnics, Engineering colleges etc. in February 2004 and accordingly the Director of Higher Education Department had placed a supply order for 15000 computers to M/s Goa Electronics Ltd. i.e. 4500 Pentium IV and 10500 AMD Athlon on the same terms and conditions as negotiated by the Director of Education for purchases made by them in the year 2003-04. Goa Electronics Ltd., the procuring agency placed the supply orders for 15000 computers on the same nine suppliers (proportionately) who had supplied to the Education Department in 2003-04 at the old rates agreed as per contracts for 2003-04 supplies. Since there was a fall in the prices of the computers due to reduction in Excise duty the Government should have advised the GEL to invite fresh tenders for the year 2004-05 to get better quality computers and at a much lesser cost or should have renegotiated the prices. This resulted in depriving the Government in obtaining better rates/better configuration within the same funds that were expended.

3.3.4.3 Funds drawn to avoid lapse of budget provision

Though the GEL had invited tenders in December 2004 for the year 2004-05 for the supply of computers to the class XI students, Government delayed finalisation of the bids and in March 2005 ordered fresh invitation of tenders to take advantage of reduction in duties. To avoid lapse of budget provisions the Directorate of Education sanctioned Rs. 23.43 crore for the procurement of 11000 computers and Rs. 15.09 crore were withdrawn from the Treasury on contingent bills. Till July 2005, payments had not been made to GEL as Government had not finalized the tenders. The Department stated (September 2005) that based on the preliminary estimates, Government decided to draw 70

per cent of the estimated expenditure on the basis of advance bills from GEL in view of paucity of time for implementing the Scheme. The reply is not acceptable since funds were drawn even before the finalization of the contract for supply of computers.

3.3.5 Poor Maintenance of Computers

3.3.5.1 Non-attendance of complaints

The Department had awarded the maintenance contract for the computers under the scheme to GEL since 2003-04. Scrutiny of the records of the GEL revealed that GEL had not attended the complaints relating to computers lodged by students, promptly. It was seen that 1127 complaints registered by 97 Higher Secondary Schools (H.S.S) between April 2004 to August 2004 were attended to after a delay ranging from seven days to more than two months. These complaints were of the nature of keyboard not functioning, CPU/Monitor/Mouse/Speakers not working, computers not booting, UPS not functioning and application software not working.

Though the Monitoring Cell of the Director of Education had attended about 7100 complaints registered in the cell and about 6000 in GEL it was noticed that no returns were prescribed by the Director of Education for GEL and its suppliers, to monitor the efficiency and problems in handling of the complaints. The Department stated (September 2005) that complaints were later rectified in due course of time. The reply was not acceptable as the complaints were rectified in a period ranging from seven days to two months from the date of lodging of complaint.

Further the monitoring cell which was constituted in January 2004 in the Department of Education with one officer-in-charge and eight engineers/technicians on contract basis, became non functional as the services of eight engineers/technicians were terminated between May 2005 to June 2005.

3.3.5.2 Preventive Maintenance of Computers

As per clause 34 (g) of agreement made in November 2003 by GEL with the Government, GEL had to carry out preventive maintenance of the computers once in a quarter and submit the report for each computer system in the prescribed format to the Director of Education/Higher Education. No such reports were rendered by the GEL to the Department. It was also noticed that GEL and their suppliers had not carried out preventive maintenance of Computers supplied by Director 13433 Computers and 15151 Education/Directorate of Higher Education, during 2003-05. The Department has also not initiated any action for such lapses against GEL. The Department stated (September 2005) that the preventive maintenance for 2004-05 was carried out by GEL. The reply is not tenable as GEL had admitted (September 2005) that they have not carried out preventive maintenance as they have found the process cumbersome due to non-availability of students at the locations and on account of large number of installations.

3.3.6 Evaluation

The evaluation of the scheme was also not carried out by the Government at any stage to assess the performance of the programme. The scheme was extended to the College students also without getting any feed back from the existing beneficiaries. The Department stated (September 2005) that the Government was working upon the modalities to give the task of evaluation to either Goa University or Goa Institute of Management and the proposals received from them were under scrutiny and the feed back received after evaluation would be made applicable to the scheme from the next academic year.

3.3.7 Conclusion

The State Government had introduced the scheme of supplying computers to the students of Higher Secondary Schools and colleges in 2002-05, with the objective of making the students computer literate. Despite issue of computers to 28,586 students, the impact of the scheme was not measurable as Government had not obtained any feedback or carried out an evaluation, even after three years of its commencement. Deficiencies in the contract resulted in the department being deprived of competitive and better rates and the benefit of reduction in excise duty. The system of preventive maintenance and attendance of complaints was deficient.

3.3.8 Recommendations

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- The State Government should carry out evaluation of the scheme and fine tune it based on the results of the evaluation and feedback obtained.
- Agreement with suppliers should be redrafted to ensure the department avails of the benefit due to decrease in duties and taxes.
- A complete review of the system of maintenance of computers should be carried out with a view to ensure sustained availability of the assets to beneficiaries on a long term basis:

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Chapter - IV

Transaction Audit

- 4.1 Loss to Government
- 4.2 Violation of Contractual obligations, undue favour to contractors, avoidable expenditure
- 4.3 Idle Investment/Idle Establishment/Blockage of funds, delay in commissioning equipment; diversion/misutilisation of funds
- 4.4 Regularity issue and others

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CHAPTER - IV

AUDIT OF TRANSACTIONS

This chapter contains audit paragraphs on loss to the Government, avoidable/excess expenditure, idle investment and blockage of funds that came to notice during the audit of transactions of the Government Departments. The chapter also contains comments on lack of response to audit findings.

4.1 Loss to Government

HOUSING DEPARTMENT

4.1.1 Financial loss to the Government on formation of a parallel Company for Housing Schemes

Injudicious decision of the State Government to form a parallel Company for undertaking the activities which were already being executed by the Goa Housing Board resulted in financial loss and burden of Rs.29.29 crore on the public exchequer.

The Goa Housing Board was established in 1968, by the State Government for executing housing schemes for all the sections of the Society, with priorities to housing schemes for socially and economically weaker sections of the society. Nevertheless the Government approved the formation of another body the "Goa Construction Housing and Finance Corporation Ltd." (Company) (September 1993) with a budgetary support of Rupees two crore with the main aim of executing Housing Schemes for Higher Income Groups. The idea to float the above corporation by the then Minister for Housing was opposed (August 1993) by the Finance Department as the Goa Housing Board was already well established in the business of executing Housing Schemes. However the Government overlooked this advise and the Company was created with an aim to tap NRI funds.

The Company took up two major projects i) Low income group housing project at Colvale, for which they raised loans of Rs.12 crore from LIC/GIC during the period from 1994-95 to 1999-2000 and ii) Construction of 66 flats at Porvorim, called "Paraiso de Goa" for Higher Income group, for which funds were to be raised from the Goa State Cooperative Bank.

The Company could not utilise the loans borrowed from LIC/GIC as the land on which these tenements were to be constructed was not acquired. The Company diverted the entire loan for construction of the super luxury apartments at Porvorim. The Company started (December 1997) construction of 66 super luxury apartments at Porvorim meant for the NRIs and High Income Group. The project originally scheduled for completion in August 1999, was actually completed only in March 2003 at a cost of Rs. 10.93 crore due to architectural design changes and slow progress of work.

Due to costly construction design adopted for the buildings and consequent fixation of high sale price (Rs. 16500 per sq. mtr.) the demand for the flats was

very low. Consequently the Company had to reduce the sale price to Rs. 10,000 per sq.mtr. (June 2002), which was Rs. 4250 per sq. mtr. lesser than the actual cost incurred on construction of the flats. The Company thus incurred a huge loss of Rs. 4.12 crore on sale of 63 flats under the scheme.

As the Company was continuously incurring losses since 1995-96 which accumulated to Rs.6.68 crore as on 31 March 2001 and failed to utilise its assets and fulfill the objectives for which it was created, namely tapping of NRI funds for Housing Sector, the Government decided (January 2002) to wind up the Company and transfer its assets and liabilities to the Housing Board. The Assets and liabilities of the Company were transferred to the Goa Housing Board with effect from 1 March 2004.

Thus the Company, instead of tapping NRI Funds profitably, diverted loans received from financial institutions meant for providing housing to the economically weaker sections of the society for the construction of houses for NRI/higher income group and even on this had incurred a loss of Rs.4.12 crore; the sole scheme that was taken up. In addition the Goa Housing Board was saddled with the loan liability of Rs.13.87 crore as on April 2001 and interest burden of Rs.8.74 crore for the period from 2001-02 to 2004-05 at the rate of 13 per cent per annum on this scheme. Thus injudicious decision of the Government to form a parallel Company for undertaking the activities which were already being executed by the Goa Housing Board resulted in heavy burden of approximately Rs.29.29* crore as on March 2005, on the public exchequer.

4.2 Violation of contractual obligations, undue favour to contractors, avoidable expenditure

INFORMATION AND PUBLICITY DEPARTMENT

4.2.1 Unjustified Expenditure on conducting IFFI 2004

The expenditure of Rs 1.78 crore incurred on the State Government consultant was not entirely justified due to non performance and overlap of functions with the Director of Film Festivals, Government of India. Further the failure of the Entertainment Society of Goa in deciding the scope of work and rejecting the lowest offer for event management resulted in loss of Rs. 39 lakh. Delay in settlement of final bills resulted in non recovery of Rs. 1.67 crore from the agency.

Goa was the venue for the International Film Festival (IFFI-2004) as decided (June 2003) jointly by the Ministry of Information and Broadcasting, GOI and the Government of Goa. The State Government constituted a Core Committee* in October 2003 to oversee and take all policy decisions on the conduct of the

Loan balance Rs.13.87 crore, Interest Rs.8.74 crore and Accumulated loss Rs.6.68 crore.

The Core Committee comprised of the Chief Minister, Minister for Urban Development, Health, Town and Country Planning, Revenue, Tourism and Art & Culture, one MLA and Government Officials being the Chief Secretary, Secretary to the C.M, Director Information & Publicity and M.D GSIDC. All other Ministers, the Chairman Kala-Academy and Mr. Aleixo Sequeira (MLA) were special invitees.

International Film Festival of India-2004 (IFFI). The infrastructure development for IFFI was to be executed by the Goa State Infrastructure Development Corporation (GSIDC). The Director of Information and Publicity (DIP), Goa was to coordinate with the Directorate of Film Festivals, New Delhi (DFF) for conducting the event. The State Government set up (May 2004), a society called the Entertainment Society of Goa (the society) for the purpose of conducting/coordinating the event management of the IFFI.

HOK Inc., a company incorporated in Canada, had been appointed as the Lead consultant by the GSIDC for planning of infrastructure projects and facilities for the IFFI. Scrutiny revealed that HOK had suggested to the Core Committee in its meeting held on 6 March 2004 that during IFFI there should be community involvement and various small festivals could be held simultaneously which may reflect Goan art and culture, dance, music and fire works etc., and that they had experience and expertise in conducting and organizing such events. The Core Committee agreed to this suggestion and asked HOK to submit their proposal for organizing the festival, to give the IFFI in Goa a uniqueness of its own and help in creating a niche in the world Film Festivals. HOK then submitted their proposal (March 2004) for production of IFFI at a cost of \$ 748500 (Rs. 4 crore approx.). The State Government thereafter consulted (March 2004) the DFF, New Delhi, who clarified (March 2004) that most of the works proposed by HOK were the prerogative of the DFF for which they had separate specialized units but if the State government desired they could engage a consultant to take care of hospitality, transportation, accommodation, and publicity campaigns.

Based on HOK's revised proposal (30 March 2004), which they were asked to submit, the DIP entered into an Agreement (28 April 2004) with them, for providing suitable assistance and advice to the Government of Goa, regarding branding/ production of the event, IFFI – 2004 at a cost of \$ 398000 (Rs. 2 crore approx.) which included:

Advise on event management, event marketing and sponsorship, event communications and public relations and special events. They were also to assist in defining graphics identity preparation of the event program, event budget and collaborate with production personnel for delivery of event facilities.

The terms of payment provided for 40 *per cent* advance payment and balance in eight monthly installments. Accordingly during the period April 2004 to January 2005 HOK Inc., were paid Rs.1.78 crore (US \$ 386494.70).

Thus HOK Inc., was awarded the consultancy based on their own proposals and as recommended by the Core Committee, without following normal procedures such as invitation of tenders, technical bids, financial bids etc. In the absence of competitive tenders, the competitiveness of fees/expenses agreed to and the technical expertise of the party could not be ensured.

- There was a clear overlap of functions of the DFF with those entrusted to HOK as per the Agreement. These included designing of graphic identity, event communication strategy and public relation plans, including media coverage branding and branding strategy, which were the domain of the DFF, New Delhi.
- Scope of the work also included that HOK was to assist in developing a sponsorship strategy and program to offset the direct and indirect cost related to production of event. The HOK neither guaranteed the results of the sponsorship drive nor any revenue was accounted by the Government (May 2005). Assistance in the preparation of Event Budget 2004 included in the scope of work also lacked any relevance, as neither the Government nor the consultants had prepared any event estimate as the event managers were asked to give financial quotes against specified items. Further the contract value for event management was revised several times.
- The Ministry of Information and Broadcasting, Government of India, the Directorate of Film Festival (DFF) had been conducting IFFI every year. Matters relating to content i.e. selection of films, appointment of juries and the actual conduct of the film festival are the exclusive domain of DFF for which they had the necessary arrangements in place. As the role of Government of Goa was limited to taking care of hospitality, transportation, accommodation of the delegates/guests and publicity campaigns for the IFFI, engagement of a consultant at a fee of Rs.1.78 crore for advisory services lacked justification.
- Payments were made to the consultant based on their invoices and the Agreement without any certification of the satisfactory completion of work by the competent authority, the DIP. There was no record in the Directorate to verify whether any deliverables were created in support of the work done/services rendered by the HOK. Hence the correctness of the payments was not susceptible for any verification.
- 4.2.1.1 In addition to HOK, the ESG (Society) also engaged a professional agency to ensure smooth operation of all technical, organizational and logistical aspects of the IFFI. In response to the Expression of Interest invited (July 2004) by the society 37 applications were received (July 2004). Based on the presentation of the eleven agencies short-listed, the Society selected six agencies and invited (August 2004) financial bids from these agencies.

Audit observed (June 2005) that as neither the lead consultant nor the Society could define the exact scope of work or identify the main items for the event management, the agencies quoted their own rates for different mode of execution/scope of work as proposed by them. The Society then decided to execute 28 items and the short listed agencies were asked to quote for these

was as under:	

Name of agency	Original financial bid				
rvame of agency	Cost of event	Management fee	Total		
M/s Wizcrafts International Pvt. Ltd. (Wiz creations)	2.53 crore	38.02 lakh	2.91crore		
M/s TIC Integrated Marketing Services (TIC)	2.63 crore	39.41 lakh	3.02 crore		
M/s Times Infotainment Media Limited (TIML)	2.80 crore	49.44 lakh	3.30 crore		

The three short listed agencies were also asked to give their presentations to the Committee headed by the Chief Secretary and based on their presentation the Society selected the Times Infotainment Media Limited (TIML) as the event manager, rejecting the two lowest offers. The Society added some new items for the event, increased the quantity of some of the items and the contract was awarded to TIML for Rs.3.30 crore for the event cost and revised management fee to Rs. 35 lakh. Based on the financial bids received, TIML's quotes were more by Rs. 0.39 crore than the first lowest offer. During actual execution, the Society further revised the scope of work and cost of event management was further increased to Rs.5.03 crore. The Society paid Rs.3.60 crore (October-November 2004) to TIML as advance.

- Scrutiny of the bills submitted (15-1-2005) by the Event Manager revealed that as against claims/bills of Rs.4.21 crore submitted by TIML, the Society worked out the admissible claims for Rs.2.97 crore only. The excess payment of Rs.0.63 crore with reference to the advance of Rs.3.60 crore had not been recovered (July 2005). Besides, the Society had also received (February 2005) claims of Rs. 13.63 lakh against TIML on account of hotel accommodation booked by them, losses caused by them to Government property etc., which were also not recovered.
- It was seen that the agreement entered into by the Government of Goa with TIML provided for coordinated mutual efforts to identify and get sponsorship for various activities relating to IFFI. The Society however did not evolve any mechanism to counter check or watch the sponsorship collections, and did not maintain any records thereof. The Society had proposed to recover estimated sponsorship revenue of Rs.90 lakh from TIML from their bills, but the same had not been recovered (September 2005) and credited to the books of accounts of the Society. The Society replied that the final bills were still under scrutiny.

Thus lack of clarity about the role of the consultant HOK resulted in awarding of a contract with items which overlapped with the role of DFF, New Delhi and besides items like preparation of event budget and sponsorship strategy and graphics identity which were not also delivered by HOK. Thus the expenditure of Rs. 1.78 crore made by the State Government was not entirely justifiable.

Further, failure to decide the scope of work and non-acceptance of the lowest offer for the event management contract resulted in loss of Rs.39 lakh to Government. Recoveries of Rs. 76.63 lakh had not been made from TIML (July 2005). The Society also did not receive estimated sponsorship revenue of Rs.90.00 lakh till date (October 2005).

HOUSING DEPARTMENT

4.2.2 Avoidable excess liability on account of non availment of benefit of reduced interest rates

Indecision on part of the Housing Department to restructure the loans availed from the Life Insurance Corporation and General Insurance Corporation resulted in avoidable excess liability to the Government to the tune of Rs.1.62 crore.

Housing Department, Government of Goa had borrowed loans aggregating Rs.21.17 crore from the Life Insurance Corporation (LIC) during the period 1992-2000 and Rs.5.91 crore from the General Insurance Corporation (GIC) during the period from 1994 to 1996, for taking up various social housing schemes in the State. The loans were repayable in 25 annual installments at interest rates of 12 to 13 *per cent* per annum payable in half yearly installments in March and September each year.

The loans borrowed were distributed by the Housing Department, between Goa Construction Housing and Finance Corporation (GCHFC) of Rs.12 crore (LIC loan of Rs.8.00 crore and GIC loan of Rs.4.00 crore) and Goa Housing Board of Rs.15.08 crore (LIC Rs.13.17 crore and GIC Rs.1.91 crore).

Both the organizations adhered to the repayment schedule till March 1999. The GCHFC deferred the repayment of principal and interest due from September 1999, whereas the Goa Housing Board continued to pay their share of principal and interest directly to LIC and GIC as per repayment schedule. The Joint Secretary (Housing) requested (October 1999) the Goa Housing Board to bear the repayment of share of GCHFC along with interest till improvement of financial position of the Corporation. However the Board did not agree to the request and the Housing Department also did not pursue the matter further.

In view of the general fall in interest rates the Housing Board proposed (August 2003) to the LIC/GIC that they would repay the entire loan by availing fresh loans carrying lower rates of interest. The LIC as well as GIC agreed to reduce the interest rates of the existing loans to nine *per cent* subject to the condition that the entire overdues were paid by the Government.

Audit scrutiny (November 2004) revealed that the Housing Department did not take any action on the offer of repayment finder by LIC/GIC. For restructuring of the loan for better/reduced interest tates, the Housing Department also did not approach the Finance Department who are

responsible for the overall cash management and debt repayment of the Government.

Thus, due to indecision on the part of the Government on the offer, reduced rate of interest by LIC/GIC was not availed resulting in excess interest payment of Rs.23 lakh for the period January 2004 to June 2005 and Rs.1.39 crore on account of compound interest due to default in repayment by GCHFC as also the liability for continued payment of all the balance installment at 13 per cent.

The matter was reported to the Government in September 2005 and their reply is awaited.

4.3 Idle Investment/Idle Establishment/Blockage of funds, delay in commissioning equipment; diversion/misutilisation of funds

HOME DEPARTMENT

4.3.1 Blocking of funds outside government accounts

The Police Department failed to implement the Computerisation Project despite receipt of funds from GOI under the Modernisation of Police Force Scheme. The funds of Rs.97.75 lakh were parked with a State Government Company

With the aim of computerizing the entire process of crime registration, investigation as well as routine administrative and crime records, the Government of Goa (GOG) approved (March 2000) the project of setting up a computer network connecting the entire Department upto unit level. The Department submitted (July 2001) a comprehensive programme to the State Government as per the guidelines of National Crime Records Bureau (NCRB), Government of India, for approval. It was proposed to meet the expenditure on computerization from funds being allocated by GOI (60 per cent being central share) under Modernization of Police Force (MPF) scheme. The Ministry of Home Affairs had requested the State Governments to prepare a proper computerization plan and get it vetted by the NCRB. The NCRB had developed a Common Integrated Software for Police Application and the concerned States were to place orders for recommended configuration of hardware and software. The State Government submitted the detailed plan only in September 2004.

In the meanwhile in September 2002, Government of Goa formulated its own IT Policy for the State and certain Departments were selected on priority basis for total computerization of which Police Department was one of them. In pursuance of this policy, the Goa Police moved its proposal for total computerization of its operation and Goa Electronics Ltd. (GEL) a State

owned company was appointed as Technical Consultant to Goa Police. On recommendation of GEL the tender for software project was awarded to a Company, CMC Ltd., Mumbai at a cost of Rs.97.75 lakh. Out of the funds of Rs. 8.57 crore received from GOI under the scheme, Rs.97.75 lakh were deposited by the Police Department with GEL in January 2004, Rs.5.87 crore were spent on various components of MPF scheme including computerization and the balance of Rs.2.70 crore were lying with the Department. The GEL paid (March 2004) Rs.9.78 lakh, to CMC as first installment as per the Agreement on completion of preliminary study towards computerization.

Subsequently, it was seen that the Police Department sought exemption (September 2004) from the scheme of Common Integrated software for Police Application prepared by the NCRB. The GOI, had informed the State Government (January 2004) that if they decided to embark upon their own software development, no funds would be made available out of MPF funds, for computerization.

Neither the exemptions sought from the GOI was reviewed nor the progress on the development of software that was envisaged by the State Government was achieved. The funding for the hardware component by the GOI is also uncertain as the primary condition of use of software application prepared by NCRB has also not been accepted by the State Government.

Thus, the entire funds of Rs.97.75 lakh were parked outside government account with the GEL, and there was no progress in development of the software for more than eighteen months.

TOURISM DEPARTMENT

4.3.2 Idle investment on land acquisition

Land acquired for Paryatan Bhavan remained idle resulting in blocking up of Rs.27.67 lakh for more than seven years

Acquisition of land along Merces byepass for construction of a tourist reception centre (Paryatan Bhavan) was approved by the Government (August 1994). The land was acquired (1995) under urgency clause (Section 17 of Land Acquisition Act) and 80 per cent of compensation was paid to the land owners and balance was kept at the disposal of Special Land Acquisition Officer (SLAO) in June 1996 for making payment to the land owners after declaration of Land Acquisition Award. The Tourism Department took possession of land admeasuring 17,824 square metres costing Rs.37.94 lakh (Sept. 1995). Audit scrutiny revealed (April 2003) that after lapse of nearly six years when the Department took action for preparing the drawings, they were informed by the Chief Town Planner about the National Highway Bye pass passing through their acquired area. In November 2002, Government notified the land required for the Ribander bye pass (143.500 to 153.200 Kms National Highway 4-A), which included 4825 square metres for the road plus an additional area of 3525 square metres for set back/ "No construction Zone" thus leaving an area of 9000 square metres approximately for the Tourism Department out of the 17,824 square metres acquired.

In May 2003, Director of Tourism proposed transfer of the land admeasuring 9000 square metres to Goa Handicrafts, Rural and Small Scale Industries Development Corporation (GHRSSIDC) for developing it as a utility centre for handicrafts. However in November 2003, transfer was proposed to Rural Development Agency for setting up of a Goa Bazaar similar to Dilli Haat in New Delhi. On matter being referred to the State PWD they opined that since the bazaar was proposed at a junction of four lane National Highway it was not desirable from traffic safety point of view. Till March 2005, the land had neither been transferred nor utilised by the Tourism Department for any other project.

The Director (Tourism) stated (March 2005) that the balance land available is subjected to set back for the proposed bye pass National Highway and the other road going to Merces Village and that there were no other projects with the Department which could have been taken up in the available balance land.

Thus due to failure of the Department in taking timely action in planning the utilisation of Land acquired resulted in blocking up of Rs.27.67⁴ lakh for seven years and prime land of 9000 square meter remaining idle for nine years defeating the purpose of its acquisition under urgency clause.

Government comments are awaited (November 2005).

HOUSING DEPARTMENT

4.3.3 Blocking up of funds on land development

The Goa Housing Board acquired and developed land at Camurlim, Bardez at a cost of Rs. 98.67 lakh. Further construction work as well as sale of plots was stopped due to recommendation of the House Committee to establish a garbage treatment plant near the land

The Goa Housing Board (GHB) decided (April 1992) to acquire 10 hectares of land in Camurlim village in Bardez taluka for implementation of various housing schemes. Government approval for land acquisition was received in September 1992. The scheme contemplates construction of houses and development of plots for allotment to public at reasonable cost to be implemented through the GHB (September 1998).

The Town and Country Planning Department gave the NOC for acquisition of the said land for housing purposes in March 1997 and the land admeasuring 86,360 sq. mtr. was acquired at a cost of Rs. 33.55 lakh in November 2000. The Board took possession of the land in January 2001. It was seen in audit that the GHB developed part of the land admeasuring 35706.75 sq. mtrs. into 117 plots, at a cost of Rs.65.12 lakh (March 2003). Of these 50 were advertised for sale and the Board allotted 48 plots and received Rs. 69.39 lakh as sale price (May 2004).

^{*} Since the land has been transferred to National Highway, proportionate cost has been reduced from total compensation to be paid by NH-4A.

In the meanwhile the House Committee constituted by the State Legislative Assembly (Feb.2003) for setting up of the garbage treatment plants in the South and the North Goa Districts submitted its report in September 2003, where in the site selected for construction of garbage treatment plant for North Goa District was the land adjacent to the land already developed by the GHB at Camurlim. The House committee rejected the Board's objection in selecting the site for garbage treatment plant near the land developed by them for residential purpose and suggested that the GHB should replan/reschedule their already developed project. It was seen that the Housing Department did not protest or take any action on this report.

Due to these developments the Town and Country-Planning Department did not issue final NOCs for construction of houses on the plots allotted by the GHB so far (May 2005). The GHB also could not sell the remaining plots.

Despite passage of more than two years since the submission of the report by the House Committee the Department had not taken effective action to resolve this issue resulting in blockage of funds to the extent of Rs.98.67 lakh incurred on the land development as no NOC has been given to plot holders for construction who have already paid for these plots. The issue is fraught with risk of litigation and return of amounts received from plot holders if early resolution is not reached.

4.4 Regularity issue and others

HOME DEPARTMENT

4.4.1 Non-utilisation and lapsing of Finance Commission Grants

Indecision regarding the site for setting up the State Forensic Science Laboratory resulted in non-utilisation/lapsing of Eleventh Finance Commission capital grants.

The Eleventh Finance Commission (EFC) allocated (Nov. 2000) Rs.2.45 crore (Rs.1.92 crore for construction of Building and Rs.0.53 crore for equipment) to the Goa Government for setting up of a State Forensic Science Laboratory (FSL) during 2000-2005, for the Police Department. As per the plan approved by the State Level Empowered Committee (SLEC) the funds were to be utilized by 31 March 2004. Government of India, Ministry of Finance released Rs.49.27 lakh (Feb.2001) as first installment for constructing FSL building at Verna. As per the plan proposed by DGP and approved by SLEC (January 2001) the building for FSL was to be constructed on the land admeasuring 30,000 sq. mtr., which was available with the Department at Verna and the Central Forensic Science Laboratory (CFSL) Hyderabad, was to assist the Department in setting up the Laboratory. Accordingly, the Director CFSL visited and approved the site located at Verna in August 2001 and action to prepare the estimates for the construction of building were initiated

(March 2002) by the Public Works Department (PWD). No further progress was made till June 2003.

The Audit scrutiny revealed that the new DGP sought for change of site from Verna to Porvorim in June 2003 i.e. after two years of approval of site at Verna on the grounds that the FSL should be in the vicinity of the Finger Print Bureau (FPB) at Porvorim. The Home Department agreed to the proposal of the DGP (July 2003) for setting up the FSL at Porvorim, adjacent to the Police Station, as land was stated to be available. However the Department could not get the approval from Town and Country Planning Department for the construction of the laboratory at Porvorim as the plot identified was within 75 metres of set back and within a width of 75 metres on either side of the existing National Highway (NH) wherein new constructions were temporarily frozen. The site was thus again reverted back to Verna stating that there was no other alternative (July 2004). Therefore indecision regarding the site for the proposed FSL, resulted in non commencement of the work (June 2005).

The SLEC also did not monitor the implementation of the approved FSL project resulting in the State not receiving the balance FC grants of Rs. 1.96 crore (Rs.1.43 crore for building and Rs.0.53 crore for equipment), which would now lapse, as per the EFC guidelines.

4.5 General Paragraph

4.5.1 Lack of response to audit findings

Accountant General, Goa arranges to conduct periodical inspection of Government Departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) which are sent to the heads of offices and the next higher authorities to comply with the observations and report compliance to the Accountant General. Half-yearly report of pending IRs is sent to the Secretary of each Department to facilitate monitoring of the audit observations and their compliance by the Departments.

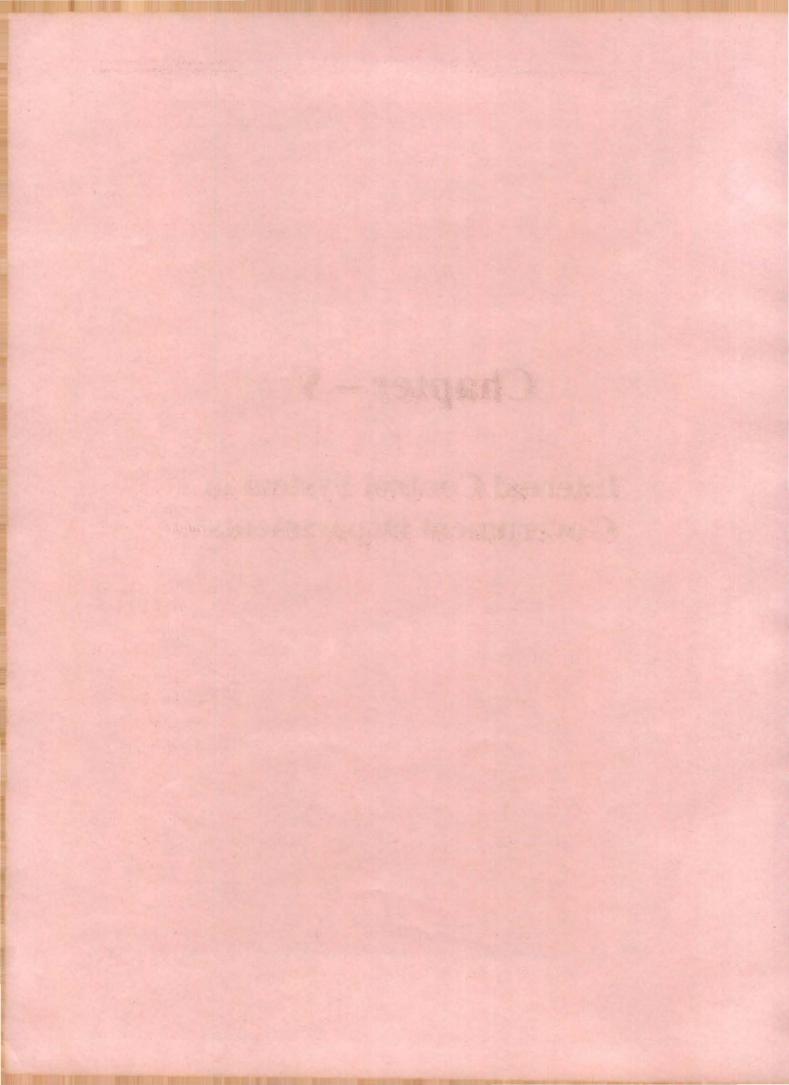
A review of the IRs issued up to December 2004 pertaining to 38 Departments showed that 552 paragraphs relating to 242 IRs were outstanding at the end of June 2005. Of these, 60 IRs containing 80 paragraphs were more than five years old. Failure to comply with the issues raised by Audit facilitated the continuation of serious financial irregularities and loss to the Government.

Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix 4.1(A)*. Even the initial replies which were required to be received from the heads of offices within six weeks from the date of issue of inspection report, were not received upto June 2005 in respect of 110 Paragraphs of 20 Inspection Reports as detailed in *Appendix 4.1 (B)*.



Chapter - V

Internal Control System in Government Departments



Chapter-V

INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENTS

HOME DEPARTMENT

5.1 INTERNAL CONTROL SYSTEM IN THE POLICE DEPARTMENT

Highlights

Internal controls are laid down in the rules, regulations, codes. Adherence to built-in Internal Control system minimizes the risk of errors and irregularities in operational and financial matters and provides assurance in achieving reliability in accounting, financial reporting and efficiency in Department's operation. Review of Internal Controls System in the Department revealed that the budgetary and cash controls were deficient. Receipt books were not numbered and there were deficiencies in their accounting. Action for disposal of obsolete arms had not been initiated and no Internal Audit Wing was in existence. Some of the important deficiencies in financial and operational controls are highlighted below:-

➤ There were savings under capital heads in the Department's budget ranging from 19 to 82 per cent during the period 2000-05, due to weak budgetary controls.

(Paragraph 5.1.5)

> The system of levy, collection, accounting and remittance of fines/fee, was inadequate and ineffective in their implementation.

(Paragraph 5.1.6.1)

> There was delay of 13 to 16 months in submission of DC bills for settlement valued at Rs.6.09 crore.

(Paragraph 5.1.7.1)

> No action was taken to dispose of obsolescent/ unserviceable arms some of which pertained to the Portuguese regime. Confiscated explosives were not destroyed for over three years despite court orders.

(Paragraph 5.1.8.1)

Exercising internal control suffered as the Department does not have an Administrative Manual, which is stated to be under preparation for the last five years.

(Paragraph 5.1.9.1)

> One hundred and forty five officials who retired between 1967 to 2004 were occupying (March 2005) police quarters without payment of rent, indicating weak operational controls.

(Paragraph 5.1.9.2)

No Internal Audit Wing existed. Further, units had not been audited since inception even by the Accounts Officer of the Department as required.

(Paragraph 5.1.10.1)

5.1.1 Introduction

The role and functions of the Goa Police are mainly prevention and detection of crimes, maintenance of law and order and emerging internal security scenario, collection of intelligence, prevention of harassment of tourists and to control the activities of touts. The Goa Police is also responsible for the enforcement of statutes such as Smoking and Spitting Act 1997, Garbage Control Act 1996, Motor Vehicle Act, Tourist Trade Act, Narcotics Drugs and Psychotropic Substances Act. While the Foreigner's branch is responsible for the registration of foreigners and extension of visas, the Marine Police patrols the inland waters. The Police Headquarters is located in the capital city of Panaji. The State's jurisdiction is divided into two districts. The North district with headquarters at Porvorim has five sub-divisions and the South district with headquarters at Margao has three sub-divisions. There are 26 Police Stations (13 in each district) and 43 outposts.

5.1.2 Organisational set up

The Police Department functions under the administrative control of the Home Department, which is headed by the Chief Secretary. The Director General of Police (DGP) is the Head of the Police Department. He is assisted by Deputy Inspector General (DIG), seven Superintendents of Police, 23 Deputy Superintendents, 49 Inspectors, 105 Police Sub-Inspectors, 211 Assistant Sub-Inspectors, 2758 Police Constables and 97⁴ administrative staff. There are 46 units under the Department which includes Goa Reserve Police with five companies, the Police Training School at Valpoi, Wireless Branch connecting headquarters with Police Stations/Outposts, Police Motor Transport, Traffic Cells in major cities and towns, Tourist Police, Marine Police, Anti Narcotics Cell, Fingerprint Bureau and the Criminal Investigations Department (CID) which controls 11⁵ units. The total strength of the Department is 4,666

³ Twenty seven in North and 16 in South

(x) Women Cell/Police Station (xi) Economic Offences Cell.

¹ Panaji, Mapusa I & II, Bicholim and Ponda

² Margao, Vasco, Quepem

⁴ Office Superintendent-1, Head Clerks-8, Accountant-3, UDCs-30, LDCs-47 and Stenos-8
⁵ CID units: (i) Special Branch (ii) Crime Branch (iii) Foreigners Branch (iv) Research unit (v) Anti Corruption Branch (vi) Security (vii) Readers Branch (viii) Immigration (ix) CID centers in Panjim, Margao, Vasco, Mapusa, Ponda, Curchorem, Bicholim, Dona Paula

including an Accounts Officer and a Police Medical Officer. There are in all four⁶ Drawing and Disbursing Officers (March 2005).

5.1.3 Audit objectives

The objectives of the review of Internal Control System were to assess adequacy and effectiveness of

- Budgetary controls
- Cash controls
- Expenditure controls
- Stores and inventory controls
- Operational controls
- System of internal audit arrangements.

5.1.4 Scope of audit

A review of the adequacy and effectiveness of internal control mechanism including internal audit arrangements was conducted by test check of records for the period 2000-2005 at the Secretariat, Police Headquarters and its 28 units out of 46 and 23 Police Stations out of 26 in both districts during the period June to August 2005.

Audit findings

5.1.5 Budgetary controls

The budget provision and the capital and revenue expenditure of Goa Police during 2000-2005 is given below:-

	Capital			Revenue				
Year	Total provi- sion	Expen- diture	Saving	Percen- tage of saving	Total provi- sion	Expe- diture	Savin g	Percen- tage of saving
	(Rupees in crore)				re)			
2000-01	0.58	0.45	0.13	22	41.26	40.19	1.07	3
2001-02	2.54	0.46	2.08	82	45.06	42.77	2.29	5
2002-03	. 2.75	1.54	1.21	44	49.33	46.05	3.28	. 7
2003-04	2.89	2.87	0.02	1	53.84	50.57	3.27	6
2004-05	1.25	1.01	0.24	19	61.16	53.90	7.26	12
TOTAL	10.01	6.33	3.68	1 3	250.65	233.48	17.17	

Non-monitoring of budget allocations resulted in huge savings under capital head

It can be seen from the table above that the savings under capital head ranged from 19 to 44 per cent and was as high as 82 per cent in 2001-02. The reasons for savings under capital head were delays in, commencement of works by PWD, completion of purchase procedure for equipment. Savings under

⁶ AO/DGP, AAO/SP (N), Dy.SP(KR)/SP (S) and Principal PTS Valpoi.

revenue head were attributed to non-finalisation of tenders for machinery, non filling up of vacant posts. Thus the Department/Government had not monitored its budget allocations adequately resulting in huge savings under both capital and revenue heads.

5.1.6 Cash controls

Deficiencies in system of levy, accounting, collection and remittance of fines imposed under Smoking/Spitting, Garbage Control and Temporary Landing Permits (TLPs)

5.1.6.1 The Police Department has been entrusted with the responsibility for implementation of statutes such as Smoking/Spitting, Garbage Control Act and Registration of Foreigners' Rules 1992/extension of visas. For implementation of the above statutes, in cases of detection of violation w.e.f 29 September 2000 compounding through collection of fine of Rs.100 per violation has been prescribed while for extension of visas/Registration of Foreigners Rules 1992, the Police Department has been entrusted with the responsibility for issue of TLPs at the airport/seaport to the foreigners who had arrived without visa under certain emergent circumstances. The TLPs were to be issued after charging a prescribed fee of USD30 (USD 40 w.e.f 8 November 2000).

It was observed that the system of levy, collection, accounting and remittance of fines/fee was inadequate and ineffective as discussed below:-

5.1.6.2 Entries of collection in the cash book

Receipt and Payment Rules require that all monetary transactions should be entered in the cash book and is required to be attested by the head of office as a token of the check exercised by him. Audit scrutiny revealed that the fines collected were not being entered in the main cash book maintained by the DDOs and also these were not found to be recorded in the day book⁷, which were maintained at the unit level. Further while depositing these collections through challans in the treasury, summary or abstract of the receipt was also not found enclosed alongwith the challan. In absence of this, the correctness of the amount that had been deposited and its reconciliation was not verifiable in audit.

Fines collected under Smoking/ Spitting and Garbage Control Act were not entered in the main cash book and their remittances was not verifiable in audit

5.1.6.3 Accounting of Smoking/Spitting and Garbage challans

The Crime Investigation Department (CID) had ordered and received (February 2001) from the Government Printing Press (GPP), 180 challan books of 50 folios each towards implementation of the Goa Prohibition Smoking/Spitting Act 1997. The challans had the heading of Goa Police (GP). These books were not numbered either booklet wise or folio wise and a stock account was also not maintained by any DDO/Unit.

⁷ Cash book at the Police Stations

It was observed during verification that 30 booklets containing 1500 folios remained unaccountable by the CID as neither the receipt of these by the store section was available (28 booklets) nor acknowledgement of its receipts (two booklets) to the units to which these had been stated to have been issued by CID was available. Further it was also observed that four⁸ Police Stations were unable to account for six smoking/spitting booklets as also four⁹ other Police Stations were unable to account for 51 folios in the challan book which had been issued under smoking/spitting Act. In this connection it was further observed that an inquiry had been initiated on suspected misappropriation of Rs.9,100 by a Police Constable who was incharge of maintenance of the day book at Police Station Calangute.

Further, the CID printed (2000) through the GPP, 50 booklets of 50 challans each, for implementation of Garbage Control Act. Neither CID nor Stores could produce any stock account of these challans. It was seen that 16 booklets only had been issued by the Stores/DGP, resulting in a shortfall of 34 booklets, the accounting of which was not made available to audit.

5.1.6.4 Accounting of Temporary Landing Permits (TLPs)

Audit scrutiny revealed that the blank TLPs were kept in loose form/unbound and unnumbered. A stock account of the blank TLPs had not also been maintained during 2000-2005 either at seaport (Mormugao Harbour) or at Dabolim Airport. Further the TLP register that were maintained by the Airport Immigration Officer (AIO) did not contain abstract of details of serial number of TLPs duly linked with challan under which the collection were remitted to the Treasury. Similarly the cash book maintained by the seaport officer did not contain serial numbers of the TLPs. In the absence of this, the extent to which amounts collected under individual TLPs issued has been properly accounted and remitted was not verifiable in audit.

5.1.6.5 Maintenance of stock account of receipt books

All receipt forms should be serially numbered, bound in booklets which should bear a certificate of count of folios by the Drawing and Disbursing Officer (DDO) before they are put to use and their issue should be controlled through a stock account register wherein the source of receipt of the serial numberwise booklet should be recorded alongwith acknowledgement of its receipt by the unit to which the booklet has been issued. To ensure proper control over usage of these receipt booklets, unused stock should be regularly checked by the DDOs and a certificate of these facts should be recorded at the prescribed intervals. During test check it was noticed that the TR 5 receipt books got printed from Government Printing Press were received/distributed by the Stores section of the Director General of Police without a number been given by GPP/Stores. The DDOs issued them to the units under their jurisdiction after numbering. The receipt book in use at Sanguem Police Station since July 1991, did not have a book number, nor were the pages numbered and certificate of count of pages recorded.

⁸ Panaji-1, Agassaim-1, Verna-2, Calangute-2 (4 PS and 6 booklets)

⁹ Canacona-27, Railways-4, Cuncolim-3 (S/S) and Colva -17 (Garbage)

5.1.6.6 Remittance of Government dues into Treasury

As per Receipt and Payments Rules, the revenue realized is to be credited to Government Treasury at the earliest. Audit scrutiny revealed that there was delays upto 240 days in remitting receipts towards police protection charges, smoking/spitting fines, garbage control fines into Government Treasury by the Police Stations(PS)/Traffic cells(TC)¹⁰.

In respect of MV challans, SP (Traffic), Altinho instructed (March 2002) the TC to deposit on weekly basis the collections of MV challans at the TC, Altinho, while the PSs were directed to send the cash on any working day before 11.00 a.m. The SP (Traffic) Altinho was by and large depositing the dues to Treasury the same day, however the Department had not prescribed any periodicity to PSs for sending the MV receipts to Government/TC, Altinho. While the TC, Curchorem sent amounts of Rs.11000 to Rs.41000 once a month, PS Sanguem remitted amounts of Rs.4500 to Rs.36,000 within three months..

In respect of TLPs, audit scrutiny revealed that 1478 passengers of a ship that arrived at Mormugao Harbour on 21 November 1999 were issued TLPs @ USD 30 per head, but the total receipts of Rs.19.17 lakh (44340 USD) remained with the Shipping agent for over four months as the Department/DFP, State Bank of India, Reserve Bank of India and the Sub-Treasury, Vasco were not willing to accept the amount, awaiting GOI's clarifications as to its remittance. Thus the delay by the Home Department in directing the Police Department to receive and keep the amount in safe custody, until GOI's clarifications were received by the banks, resulted in Government dues remaining outside the Government account.

In respect of Smoking/Spitting fines whereas the South District remitted (2002-2003) the fines to the general head of account "other receipts" under 0055- Police, it was seen that in the North District, there was a delay of two years (2001-03) in crediting Rs.57,000 to Government treasury, as the appropriate unit of appropriation to which the receipts were to be credited was not communicated by the Finance Department to the DDO (N) / PS/units.

5.1.6.7 Reconciliation of receipts with Treasury

The Departmental officers are required to reconcile periodically and before the close of the accounts of a year, the Departmental figures of receipts with those recorded in the books of the Director of Accounts.

The Traffic Cell, Panaji is the nodal cell for the collection and remittance to Government Treasury in respect of fine imposed under Motor vehicles (MV) Act for the six traffic cells as well as the Police Stations/units. The remittances are accounted under "0041-Taxes On Vehicles" by the Superintendent of Police, Traffic. The SP Traffic sends to the Director of Transport a monthly list of the Treasury challans showing the receipts remitted. However the details of the MV challans under which the amounts

Temporary
landing permit
receipts of
Rs.19.17 lakh
remained with the
shipping agent for
over four months
due to delay by
Home
Department in
clarifying the
remittance head

Sanguem-upto 240 days, Curchorem-upto 60 days, Quepem-upto 120 days, Margao Town-upto 110 days and Pernem-upto 50 days.

were realized were not sent to the Transport Department for reconciliation purposes.

The system of reconciliation of collections deposited through Treasury challans was not functioning as the respective DDOs instead of reconciling the amounts that have been deposited into the Treasury with the copies of the challans received by them were sending these challans to Department of Science, Technology and Environment, who had initially indented for these challan books. In view of the above no system of reconciliation was in existence.

5.1.6.8 Uncompounded MV challans with court

It was seen that 1339 number of MV challans in respect of 11 PS/1 TC were referred to Courts during 2000-2005 as these challans were not compounded. The outstanding balances were not being carried forward from year to year and the outstandings prior to 2000 were not available. The Traffic Cell at Altinho could not clarify whether these challans were compounded or decided by the Courts, indicating lack of control mechanism in pursuing the traffic offences referred to the Courts.

5.1.7 Expenditure controls

5.1.7.1 Pending AC bills and Delay in submission of DC bills

According to the General Financial Rules followed by the Government of Goa, money should not be drawn from treasury in advance and/or in excess of requirement. As per Rules, the Detailed Contingent (DC) bills are to be submitted against the Abstract Contingent (AC) bills within one month from the date of drawal.

Twelve AC bills amounting Rs.39.98 lakh drawn during the period April 2004 to January 2005 were pending settlement as on 31 March 2005 for want of submission of DC bills though the time limit for submission of these bills was 30 days. These DC bills pertained mostly to duty allowances/hiring of vehicles for Parliamentary/State Legislature election expenditure for which the expenditure statements were pending with the Election cell at the DGP's office. Thirty one DC bills pertaining to the AC bills drawn during the period 2000-2005 with monetary value of Rs.6.09 crore were submitted to the Accounts Department for settlement after a delay of three to 16 months, though the time limit for the submission of these bills was one month. The reasons for delay in submission of the bills was not furnished (August 2005). Thus the Accounts officer at the DGP's office, who is the DDO for the Department, had not monitored the timely submission of DC bills.

5.1.7.2 Pay bill /Bill register

As per the General Financial Rules, a pay bill register is to be maintained to record details of salaries, advances disbursed and recoveries effected. Audit scrutiny revealed that the neither columns of the register for advances

taken/repayments made filled up, nor were the registers initialed by any officer as proof of having checked the correctness of entries recorded therein. This resulted in missing instalments towards GPF advances (Rs.7,294), Motor conveyance advances (Rs.942) and House building advance (Rs.25,931). The bill register in form TR 28-A maintained at the DGP's office also did not record the summary of outstanding bills at the end of every month.

5.1.7.3 Undisbursed salaries and allowances

At the DGP's office the entries in the Undisbursed Pay and Allowances Register (UPAR) were not attested by the DDO after February 2004 and the register was incomplete after 18 November 2004 as entries were not recorded despite the fact that the salary for the month was around Rs.1.00 crore.

The Police Stations/units collect the cash in respect of salaries, petty cash from the respective DDOs and record the disbursement in their Day book. However in two Police stations it was seen that the receipts of cash were not recorded and consequently the undisbursed salaries account also was not maintained. It was stated that undisbursed cash was returned to the DDO within a fortnight.

The entire amount received in Headquarter's office towards pay and allowances are entered in the UPAR on the date of receipt of cheque/encashment of the cheque and the full amount disbursed is then shown by recording the date in the disbursement column of UPAR. As the acquittances were not dated, the amount lying undisbursed on any particular date could not be ascertained in audit.

5.1.8 Stores and Inventory control

5.1.8.1 Disposal of old arms/confiscated explosives

The disposal of obsolete/obsolescent, confiscated, seized/recovered firearms and ammunition in non prohibited bore categories is regulated by the Government of India, Ministry of Home Affairs guidelines of October 2001. After following the procedure towards condemnation/declaring unserviceability of firearms, all obsolete/obsolescent and condemned/unserviceable firearms/their components are to be destroyed centrally.

It was seen from Armoury records of Goa Police that 859 firearms (604 rifles of the Portuguese regime, prior to 1961) partly serviceable/unserviceable/obsolescent were lying undisposed (July 2005) since 1976. Audit scrutiny revealed that the Department took up the matter for the first time only in November 2000 with the Ordnance factory at Jabalpur for the condemnation/disposal. The factory instructed (December 2004) the Police Department to get the serviceability of firearms determined by an Army unit in Goa.

Due to the undue delay in disposal of the arms, the Department is unable to trace the history sheets of the weapons. Thus the unserviceable firearms

Colva and Harbour

remained piled up resulting in avoidable expenditure on its storage/safety and blocking up of armoury space.

5.1.8.2 Disposal of confiscated explosives

A huge quantity of explosives were seized during a raid on 13 April 1995 at Quepem. The case was registered in court in 1996. In November 2000, the Joint Chief Controller of Explosives (JCCE), Mumbai, in reply to SP (CID)'s reference of September 2000, advised to obtain permission letter from Court for destruction of the explosives. The accused was acquitted (June 2002) and the court granted permission to the Investigating officer to dispose of the explosives lying in the PS as per the provisions of the Explosives Act. After a year in September 2003, the matter was referred to the JCCE, Mumbai. There was no pursuance in the matter until March 2005. Thus non-pursuance of the disposal at H.Qrs/unit level for three years after the court's order resulted in the explosive lying undestroyed.

5.1.8.3 Hydraulic cranes lying idle

The Ministry of Road Transport and Highways (MORTH), Government of India had allotted two Hydraulic Cranes costing Rs.36.68 lakh (March 2002 and February 2004) to the State Police Department (Traffic), Government of Goa. The Hydraulic cranes were to be utilized for removing the vehicles involved in accidents on the Highways.

Audit scrutiny (February 2005) revealed that the crane received in March 2002, covered only four kilometers and was lying idle since then in the campus of Director General of Police, Panaji. The DGP had proposed (October 2004) for the repairs of the crane for making it road worthy, at an estimated cost of Rs.0.52 lakh for which the Government had delayed approval for almost one year.

The crane received in February 2004 was transferred to the Traffic Cell at Ponda in August 2004 and was stationed at Police Outpost at Farmagudi, for want of lifting accessories. It was also seen that the Police Department had deployed two drivers and one home guard for each of the cranes. Services of the employees however were not being utilized since 2003.

Thus inaction on the part of the Police Department had resulted in idling of one crane for three years and the other for one year. This resulted in idling of cranes and nugatory expenditure of Rs.9.61 lakh on pay and allowances of staff.

5.1.8.4 Deliveries of petrol and diesel

The Department has two petrol pumps, one at H.Qrs at Panaji and another at Verna Police Station (from March 2005) for supplying petrol and diesel to their fleet of vehicles at North and South Districts respectively. Each pump has two tanks of 15,000 litres capacity each for petrol/diesel. Audit scrutiny

^{* 881} sticks of gelatine, 3582 number of ordinary detonators, 2165 numbers of electric detonators and 91 nos of safety fuse coils.

revealed that the minimum monthly supply was of 12,000 litres each of petrol and diesel by the Indian Oil Corporation (IOC).

A test check of five deliveries (2 diesel and 3 petrol) made between May 2002 and February 2004 indicated a shortfall in supply ranging from 40 to 119 litres valuing at Rs.11,000. Department had not recorded the actual quantities as per the gauge chart at the time of delivery by IOC, and failed to get the stock supplies certified by a responsible officer as required under the General Financial Rules. Also, the Department opened at Verna PS a separate petrol/diesel pump which was commissioned in March 2005, but for want of the dip gauge chart, the PS had no records of the actual quantity delivered. Thus the Department did not exercise control on the deliveries of petrol/diesel.

5.1.9 Operational controls

5.1.9.1 Administrative Manual not framed

The Department did not have any Administrative Manual setting out guidelines and procedures so as to exercise necessary checks and controls for effective functioning and reliable financial reporting of all the units. It was seen in audit that though the Department engaged the services of retired police officers since 2001 for drafting their own manual, the manual is yet (July 2005) to be framed.

5.1.9.2 Immovable assets/building register

The Department had not maintained an assets/building register showing the details of buildings (residential/non-residential) under its control, their date of construction/creation, value and location. Further 1279 quarters were under the Department's administrative control as on 31 March 2005. The allotment registers maintained at Police Headquarters, Panaji and S.P. (South) did not record dates such as allotment of quarters, vacating of quarters, eviction notices filed, period when the quarters were under repairs etc. Audit could not ascertain how the Department exercised administrative control over its residential estate matters. S.P. (S) replied (August 2005) that entries in the registers were in progress. Reply from Police Headquarters was awaited (November 2005).

As per Government of India, Ministry of Home Affairs letter (October 1982), rent free accommodation is to be provided to non-gazetted police personnel. As per Government General Pool Residential Accommodation Allotment Rules, 1995 (amended in March 2000), a retired Government official can retain quarter for a period of upto four months on payment of stipulated licence fee¹¹. Audit scrutiny revealed that 145 officials who retired between 1967 to December 2004 have not vacated the quarters (August 2005) and were not paying any rent though they were entitled to rent free accommodation only during the service. The Department filed eviction notices between 1992 to 2004, but failed to evict the occupants.

¹¹ For the first two month-Double the licence fee; for the next two months-market rate

Forty two vacant quarters (30 'A' type and 12 'B' type) at Bogda in control of Superintendent of Police, Margao were placed at the disposal of Collector, South Goa, Margao in September 2000 for temporary re-habilitation of land slide affected persons till alternate arrangements were done. Despite a lapse of five years since allotment, the quarters are yet to be handed over back to SP(S), Margao. The Department had not taken any action to effsure early transfer of these quarters despite passage of more than three years.

5.1.9.3 Safeguarding of confiscated/unclaimed property

The Police Stations maintain a *muddemal* register wherein the properties attached on registration of a crime, are to be recorded in detail (for easy identification) on the day the properties are attached. A charge sheet is then prepared, the time for which varies according to the severity of the crime and the chargesheet alongwith the attached material is sent to the Court through a road certificate (RC), wherein the property sent is to be acknowledged by the Court's official as per Department's standing order of September 2002. Audit scrutiny revealed that the system of Road Certificates was not followed by the Panaji Police Station (PPS) and thus the acknowledgements of the *muddemal* deposited in Court were not obtained. The reasons for the Panaji Police Station being unable to obtain acknowledgements from the courts, when other Police Stations were doing so, remain to be clarified by them.

5.1.10 Internal audit arrangements

5.1.10.1 The Finance Department specified (August 1996) that in Departments where the post of Accounts officer/Senior Accounts Officer exists, the duty of carrying out the internal inspection of the establishment/Drawing and Disbursing Officers would devolve on the Accounts officer. It was however observed that neither was the internal audit of any unit conducted (2000-2005) nor was a separate internal audit wing within the Department set up.

5.1.11 Conclusion

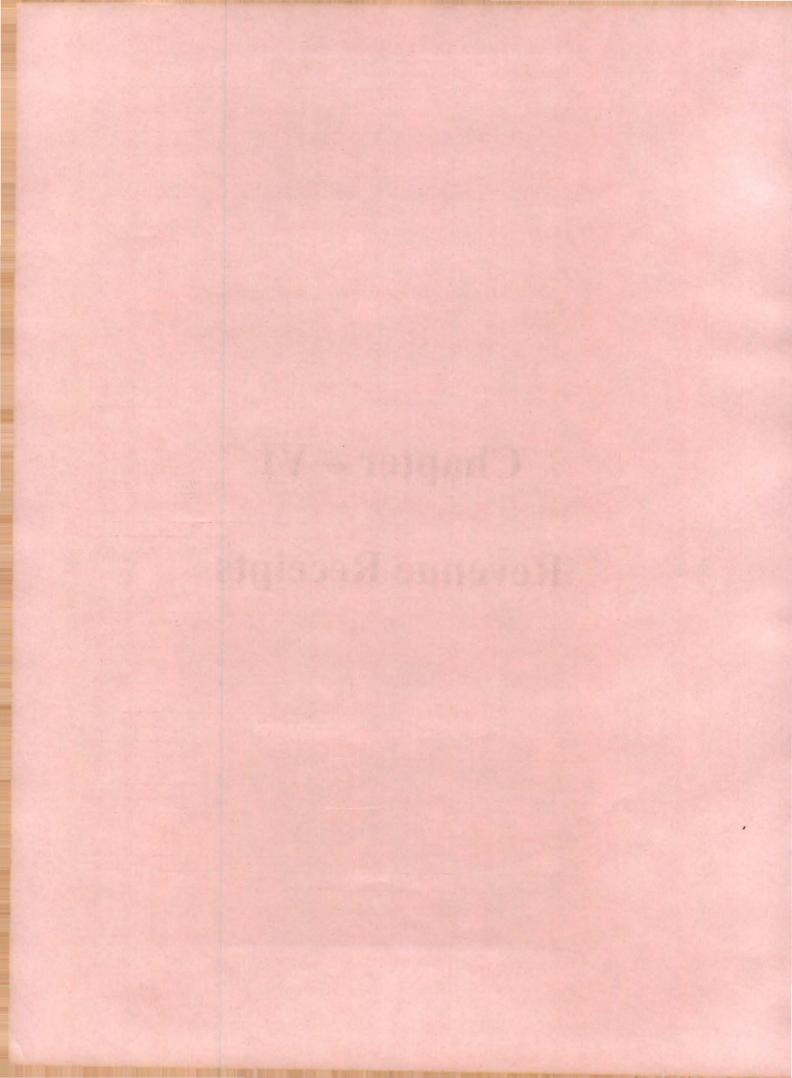
The budgetary and cash controls were weak as huge savings were noticed under capital head. The cash books were not maintained properly. Unnumbered receipt books were issued and stock account was not maintained which resulted in there being no control mechanism for certifying receipts until their credits to Treasury. There was no proper monitoring of GOI funds as well as State Budget funds at Government level. The Department did not have adequate internal control tools in the form of Police Administration Manual prescribing guidelines for effective functioning. Unserviceable/ obsolescent arms were allowed to pile up as no disposal was done for nearly 30 years resulting in avoidable carrying cost and manpower to guard the arms. No Internal audit mechanism to enforce internal control had been set up in the Department.

5.1.12 Recommendations

- Budget estimates especially of lower formations should be scrutinised carefully to ensure estimates are realistic and savings are minimised.
- Maintenance of cash book, undisbursed pay register and house allotment registers should be streamlined.
- Internal controls should be strengthened by maintaining proper records of receipts, issuance, accounting of receipt books relating to fines collected through implementation of Garbage Control/Smoking/Spitting Acts and remittances of collection to Treasury.
- A watch over the settlement of Abstract Contingent bills should be kept to ensure timely submission of Detailed Contingent Bills.
- An internal audit system should be put in place to assess regularly the functioning and the efficacy of the Department.
- Administration Manuals should be introduced immediately to ensure proper Inventory Controls especially of arms and ammunition.

Chapter – VI

Revenue Receipts



CHAPTER-VI

REVENUE RECEIPTS

6.1 Trend of revenue receipts

The tax and non tax revenue raised by the Government of Goa during the year 2004-05, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below:

(Rupees in crore)

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
I. Revenue raised by the			, ,,,,		
State Government				,	۸.
Tax Revenue	514.80	569.34	602.20	710.25	856.53
Non Tax Revenue	796.14	1136.08	1039.17	724.73	729.26
Total	1,310.94	1,705.42	1,641.37	1,434.98	1,585.79
II. Receipts from the			1	-	
Government of India	,	\$ 1 × 4 × 5			
 State's share of 					
divisible Union taxes	105.34	107.82	114.62	135.59	162.07
Grants in aid	66.95	59.29	77.02	52.55	72.16
Total	172.29	167.11	191.64	188.14	234.23
III. Total receipts of the	1,483.23	1,872.53	1,833.01	1,623.12	1,820.02
State					
IV. Percentage of I to III	88	91	90	89	87

6.1.1 The details of tax revenue raised during the year 2004-05 along with the figures for the preceding four years are given below:

(Rupees in crore)

SI. No.	Head of Revenue	2000- 2001	2001- 2002	2002- 2003	2003- 2004	2004- 2005	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
1.	Sales tax	346.73	365.37	398.93	463.52	502.70	(+) 8
	 Central sales tax 	41.09	36.10	40.26	38.84	64.49	(+) 66
2.	State excise	38.98	46.13	46.79	53.44	55.34	(+) 4
3.	Stamps and registration fees	21.91	26.38	26.56	- 28.96	35.69	(+) 23
4.	Taxes on vehicles	29.92	32.83	36.78	50.76	58.78	(+) 16
5.	Taxes on goods and passengers	13.07	36.19	30.47	41.14	103.10	(+)151
6.	Luxury tax	17.35	14.95	15.93	24.73	27.01	(+) 9
7.	Entertainment tax	1.93	2.72	2.36	2.11	2.48	(+) 18
8.	Other taxes and duties on commodities and services	0.82	1.13	1.41	1.46	1.79	(+) 23
9.	Land revenue	3.00	7.54	2.71	5.29	5.15	(-) 3
	TOTAL	514.80	569.34	602.20	710.25	856.53	(+) 21

The reasons for variation in receipts during 2004-05 as compared to the year 2003-04 as intimated by the departments concerned were as under:

Taxes on goods and passengers: The increase was mainly due to more receipts under "Tax on Entry of Goods into Local Areas" Act.

Sales tax: The increase was mainly due to more receipts under Central Sales Tax Act and State Sales Tax Act.

Stamps and registration fees: The increase was mainly due to increase in sale of stamps and fees for registering documents.

Taxes on vehicles: The increase was mainly due to enforcement of State Motor Vehicle Taxation Act.

Other taxes and duties on commodities and services: The increase was mainly due to more collection under luxury tax.

State excise: The increase was mainly due to more receipts under "malt liquor" and "foreign liquor and spirits".

6.1.2 The details of the major non tax revenue raised during the year 2004-05 along with the figures for the preceding four years are given below:

(Rupees in crore)

Sl. No.	Head of Revenue	2000- 2001	2001- 2002	2002- 2003	2003- 2004	2004- 2005	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
1	Interest Receipts	3.09	2.62	2.33	2.23	3.73	(+) 67
2.	Dairy development	Nil	0.40	0.49	0.26	0.20	(-) 23
3	Other Non Tax Receipts	55.16	63.80	87.65	90.88	88.42	(-) 3
4.	Forestry and Wild Life	1.11	1.18	0.73	1.81	2.08	(+) 15
5.	Non ferrous Mining and Metallurgical Industries	15.97	13.14	15.78	19.39	23.66	(+) 22
6.	Power	330.66	418.40	548.35	592.15.	584.66	(-) 1
7.	Major and Medium Irrigation	0.22	13.69	4.26	2.94	3.49	(+) 19
8.	Medical and Public Health	4.77	4.67	6.94	7.30	8.82	(+) 21
9.	Co-operation	0.18	0.36	0.20	0.25	0.42	(+) 68
10.	Public Works	1.13	1.21	0.95	1.41	1.37	(-) 3
11.	Police	0.38	0.42	0.66	0.61	2.15	(+)252
12.	Other Administrative Services	2.89	3.76	4.68	5.50	10.26	(+) 87
	Total	796.14	1,136.08	1,039.17	724.73	729.26	(+) 1

The reasons for variation in receipts during 2004-05 as compared to the year 2003-04 as intimated by the department concerned were as under:

Police: The increase was due to more receipts under Other Receipts.

Other Administrative Services: The increase in receipts were mainly under "Election and other services like, Petroleum Act, Cinematograph Film Act, fees for issuing certified copies of documents, visa, passport etc."

Non ferrous Mining and Metallurgical Industries: The increase was due to increase in mineral concession fees, rent and royalties.

The reasons for variations in other heads though called for from the Department in November 2005 have not been received.

6.2 Variations between budget estimates and actuals

The variations between budget estimates and actuals of revenue receipts for the year 2004-05 in respect of the principal heads of tax and non tax revenue are given below:

(Rupees in crore) Budget Variations excess Percentage Head of Revenue Actuals estimates +) or shortfall (-) of variation Tax Revenue 567.19 600.00 (-) 32.81 Sales tax (-)560.50 55.34 (-) 5.16(-).9 2. State excise 6.99 5.15 **(-)** 1.84 (-)263. Land revenue Other taxes and duties on 25.18 31.28 (+)6.10(+)24commodities & services Non Tax Revenue 6.73 3.73 (-) 3.00 (-) 45 5. Interest receipts 2.01 2.15 (+) 0.14Police (+).7 1,37 Public works 3.52 (-) 2.15(-)61Misc. general services 705.61 0.43 **(-)** 100 (-)705.1815.54 2.45 (-) 13.09Roads & bridges (-).84

The reasons for variations between the budget estimates and actuals as furnished by the departments were as under:

Miscellaneous General Services: The receipts were "Nil" due to stoppage of lottery business by Government of Goa in August 2002. Though the lottery business was stopped with effect from August 2002, receipts under the same head were estimated at Rs.705.61 crore in 2003-04 and 2004-05. The reasons for making provisions during 2003-05 were called for from the Department in December 2004 and also in November 2005. No reply has been received (December 2005).

The reasons for wide variations in other revenue heads with those of budget estimates though called for from the departments in November 2005, have not been received (December 2005).

6.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2002-03, 2003-04 and 2004-05 along with the relevant all India average percentage for 2002-03 are as follows:

(Rupees in crore)

SI. No.	Head of Revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2002-03
-1.	Sales tax	2002-03	439.19	2.62	0.60	
	· · · · · · · · · · · · · · · · · ·	2003-04	502.36	3.09	0.62	1.15
.9 5		2004-05	: 567.19	3.59	0.63	
2.	Taxes on	2002-03	36.78	0.76	2.06	
	vehicles	2003-04	50.76	0.79	1.56	2.57
	*	2004-05	58.78	0.87	1.48	
3.	State excise	2002-03	46.79	2.18	4.65	
,		2003-04	53.44	2.27	4.25	3.81
1.7		2004-05	55.34	2.59	. 4.68	7 ₁
4.	Stamp duty	2002-03	26.56	1.22	4.59	
	and registra-	2003-04	28.96	1.53	5.28	3.66
1	tion fees	2004-05	35.69	1.41	3.95	

The higher percentage of expenditure on collection to gross collection of State excise as compared to All India average percentage were stated to be due to lower excise duty structure on India made foreign liquor/country liquor in Goa as compared to the rest of India. The higher percentage of expenditure to gross collection of stamp duty and registration fees was attributed to handling of other compulsory works like registering marriages, drawing notorial wills, births and deaths etc. which are mandatory functions under the law.

6.4 Collection of sales tax per assessee

Year	No. of assesses	Sales Tax revenue (Rs. in crore)	Revenue/assessee (Rs. in lakh)
2000-2001	20,788	387.82	1.87
2001-2002	23,423	401.47	1.71
2002-2003	22,112	439.19	1.99
2003-2004	21,798	502.36	2.30
2004-2005	24,947	567.19	2.27

6.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2005 in respect of some principal heads of revenue amounted to Rs. 321.93 crore of which Rs.66.28 crore were outstanding for more than three years as detailed.

Head of Revenue	Amount of arrears as on 31 March 2005	Arrears more than three years old	Remarks
Finance Department		-	
Commercial Tax	93.90	55.19	Out of Rs. 93.90 crore only Rs. 27.99 crore were referred to Revenue Recovery Court (RRC) by the Department.
Excise	0.34	0.13	Out of Rs 0.34 crore only Rs. 3,000 was referred to RRC by the Department.
Transport			
Taxes on vehicles	4.99	2.23	Demand notices were being issued from time to time.
Public Works Departmen	nt		
Chief Engineer i) Rent of Building / Shops ii) Water charges, meter rent and sewerage charges	0.30	0.07 8.66	Out of Rs. 0.30 crore only Rs. 0.01 was referred to RRC. Out of Rs. 22.75 crore only Rs. 5.59 crore have been referred to RRC.
Power			Parker San Carlotte
Chief Electrical Engineer Energy charges	199. 65	Not furnished	Out of Rs. 199.65 crore only Rs. 70.24 crore were referred to RRC.
Total	321.93	66.28	

6.6 Arrears in assessments

The details of year wise cases due for assessment during 2004-05, cases finalised during 2004-05 and the number of cases pending finalisation at the end of the year as furnished by the Commercial Taxes Department are as follows:

Head of	No. of cases due for Assessment		Total assessments	Cases disposed.	Balance at the end	Percentage of column
гечепие	Year	No.	due	during 2004-05	of the year	6 to 4
1	2	3	4	5	6	7
	2001-02	4,348				profit juda
Taxes on	2002-03	5,771	27,274	19,303	7,971	29
sales, trade	2003-04	7,425			,	
[2, 1] [2, 1]	2004-05	9,730				

6.7 Pending appeals

The details of appeals pending at the beginning of the year 2004-05, cases filed and disposed during 2004-05 and appeals pending finalisation at the end of year as furnished by the Commercial Taxes Department are as follows:

. . (Rupees in crore)

pendir	appeals ig at the inning	filed	appeals during 44-05	To	otal	disposed	appeals of during 2004-05	pendin close of	appeals g at the the year h 2005
							Revenue Involved		
1,153	36	171	3	1,324	39	277	5	1,047	34

6.8 Refund

The number of refund cases pending at beginning of the year 2004-05, claims received during the year, refunds allowed during the year and cases pending at the close of the year (March 2005), as reported by the Commercial Taxes Department are as follows:

(Rupees in crore)

SI		Sales tax includir	ng works contracts
No.		No. of cases	Amount
1	Claims outstanding at the beginning of	207	5.10
	the year	ं वस्त्रीति हो के वर्ष	
2	Claims received during the year	24	0.74
3	Refunds made during the year	48	1.60
4	Balance outstanding at the end of the year	183	4.24

6.9 Results of Audit

Test check of records of sales tax, land revenue, state excise, motor vehicles tax, stamps and registration fees conducted during the year 2004-05 revealed underassessment/short levy/loss of revenue amounting to Rs.0.26 crore in 15 cases. The Department accepted underassessment of Rs.0.14 crore in 10 cases pointed out in earlier years and short assessment of Rs. 0.06 crore in two cases pointed out during the year and recovered Rs.0.16 crore as of June 2005 in 11 cases and has taken remedial action in one case. No replies have been received in respect of the remaining cases.

This chapter contains one review on Evaluation of Internal Control in Sales Tax Department.

6.10 Failure of senior officials to enforce accountability and protect interest of Government

Accountant General, Goa arranges to conduct periodical inspection of the various offices of the Government departments to test check the transactions of tax receipts and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by inspection reports (IRs) issued to the heads of offices with a copy to next higher authorities. Government of Goa issued instructions to the executive for response within one month to the IRs issued by Accountant General, Goa after ensuring action in compliance of the prescribed Acts, rules and procedures noticed during audit inspection. A half yearly report is sent to the Secretary of the department in respect of pending IRs to facilitate monitoring of the audit observations by Government.

Inspection reports issued upto 31 December 2004 pertaining to offices under Finance, Revenue, Transport and Law departments disclosed that 217 paras relating to 74 IRs involving Rs. 1.43 crore in 63 cases remained outstanding at the end of June 2005. Of these, 23 IRs containing 44 paras had not been settled for more than four years. Year wise position of outstanding IRs and paras are detailed in *Appendix-6.1*.

The heads of offices and heads of the departments (Secretaries) did not send convincing reply to a large number of IRs/paragraphs indicating their failure to initiate action to rectify the defects, omissions and irregularities pointed out in audit. The secretaries of the departments, who were informed of the position through yearly report also did not ensure prompt and timely action. Such inaction would result in continuation of serious financial irregularities and loss of revenue to Government despite these having been pointed out in audit.

It is recommended that Government should look into the matter again and ensure that procedures exist for action against the officials who failed to send replies to IRs/paras within the prescribed time schedule, action to recover loss/under assessments in a time bound manner and revamping the system for ensuring proper response to the audit observations by the department.

The details of outstanding IRs were reported to Government in August 2005.

FINANCE DEPARTMENT

6.11 Review on "Internal controls in Sales Tax Department of State of Goa"

Highlights

The Department did not conduct any market survey or use information available with other Government agencies to identify dealers for registration under the Act. The delay in renewal of registration certificates, resulted in non realisation of revenue of Rs.30.25 lakh in test checked cases.

(Paragraph 6.11.6)

As on 31 March 2004, Rs.88.47 crore was pending for recovery as arrears of revenue. Though the Department had powers to recover the dues as arrears of land revenue, RRCS of Rs.2.69 crore were not issued.

(Paragraph 6.11.9)

The Department was not prompt in issuing refunds as it was seen that refunds of Rs.4.67 crore in 178 cases was pending as on 31 March 2005, of which 138 cases were more than a year old.

(Paragraph 6.11.11)

Non prescribing of time limit for disposal of appeal cases resulted in 1180 appeals involving disputed amount of Rs.11.04 crore were pending for disposal, as on 31 March 2005.

(Paragraph 6.11.12)

Internal audit mechanism did not exist in the Department.

(Paragraph 6.11.13)

Interest of Rs.35.50 lakh was not levied for delayed payment of tax in respect of four dealers and short levied to the tune of Rs.3.50 lakh in cases of four dealers.

(Paragraph 6.11.14)

Failure of the assessing officers to cross verify the declarations of places of business with reference to certificates of registration resulted in short levy of central sales tax of Rs.42.71 lakh in four

(Paragraph 6.11.15)

6.11.1 Introduction

The levy, assessment and collection of sales tax is governed by the Goa Sales Tax Act, (GST Act) 1964 and Rules framed thereunder and administrative instructions issued from time to time by the Department. On receipt of sales tax returns from the dealers, it is the responsibility of the Department to ensure

completion of assessments, in accordance with the provision of the law and executive instructions issued from time to time.

6.11.2 Organisational set up

The Commissioner of Sales Tax is the head of the Department and is assisted by one Additional Commissioner, three Assistant Commissioners and 10 Sales Tax Officers. The Department has seven wards in the State, in which registration of dealers, assessment and collection of tax is being done.

6.11.3 Scope of Audit

A review of the efficacy of the functioning of internal controls in the Sales Tax Department was conducted during March 2005 to June 2005 in the Commissionerate and in \sin^{α} out of seven wards in the State for the period 2000-01 to 2004-05. The results of the review are given in the succeeding paragraphs.

6.11.4 Audit Objectives:

The review was conducted with a view to:

- seek an assurance that proper procedure and checks existed for registration of dealers, filing of returns and payment of taxes;
- ascertain the efficiency of the departmental machinery in complying with the law and procedures, departmental instructions to safeguard the revenue against errors, evasion and frauds; and
- adequacy of the internal audit system of the Department.

6.11.5 Trend of revenue

The budget estimates and actuals for the period 2000-01 to 2004-05 are as under:

(Rupees in crore)

	Year	Budget estimates	Actuals	Variation	Percentage variation
	2000-01	390.00	387.82	(-) 2.18	0.56
:	2001-02	445.00	401.47	(-) 43.53	9.78
• •	2002-03	525.00	439.19	(-) 85.81	16.34
	2003-04	565.00 · · ·	502.36	(-).62.64	11.09
	2004-05	600.00	567.19	(-) 32.81	5.47

The table indicates that shortfall in collection during the period from 2001 to 2005 was more than five *per cent*. The department stated that budget estimates were not realistic.

6.11.6 Registration

Under the Act no dealer shall carry on business as a dealer unless he has a valid registration certificate. An application for registration of a dealer shall be

^α Bicholim, Mapusa, Ponda, Margao, Vasco and Panaji.

made within 30 days from the date of commencement of the liability under the Act. Audit observed that adequate mechanisms were not in place to ensure timely registration of dealers who were liable to pay tax as detailed below.

Market survey

There is no provision in the GST Act/Rules and neither did the Department issue any instructions to conduct time bound and effective market survey to locate and register eligible dealers. Scrutiny of records revealed that survey was not conducted in any of the four* wards test checked.

As on 31 March 2005, shops and establishments registered under the Goa Shops and Establishment Act 1973(SEA) were 40,840 whereas 29,250 dealers were registered under the GST Act. As the difference between the traders registered under the SEA and those registered with the Sales Tax Department was considerable the Department should have taken adequate steps to register more dealers.

Pending applications for registration

Under the provision of the Act, no dealer shall carry on business unless he has a valid registration certificate. No time limit has been prescribed for disposal of applications for registration cases either in the Act or by way of instructions.

Details of applications received for registration, disposal and balance called for in respect of the years 2000-01 to 2004-05, were not furnished by the Department. Details of receipt and disposal of applications in four $^{\beta}$ wards as collected by audit are as under:

Year	No. of applications	Dispose	ed off	Pending as on
Теаг	received for registration	Within 3 months	After 3 months	31 March
2002-03	983	679	225	79
2003-04	924	673.	144	107
2004-05	. 19	Not fur	nished	

Non prescribing of time limit for disposal of applications for registration resulted in pendency of 107 applications for more than three months as on 31 March 2004. As can be seen from the table, the Department could dispose only 69.07 per cent and 72.84 per cent applications within the period of three months. The STO, Bicholim and Panaji stated that delay in disposal of applications was due to lack of response by the applicants and non furnishing of security deposits.

^{*} Margao, Ponda, Panaji and Vasco

^β Bicholim, Ponda, Mapusa and Panaji

Non renewal of registration certificates (RC)

Under the provisions of the Act, with effect from April 2001, a registered dealer is required to renew his RC within 90 days from the commencement of the year in which the renewal is due on payment of charges prescribed. A fine not exceeding Rs. 50 per day was leviable during the period of continuation of the offence. Details of the RCs not renewed during 2001-02 to 2004-05 called for were not furnished by the Department.

Scrutiny of records in three wards revealed that out of 51,937 RCs to be renewed during 2001-05, 16,136 RCs were not renewed, details of which are as under:

Year	No of RCs due for renewal	No of RCs not renewed	Delay in renewal in the year (in days)	Percentage of non renewal
2001-02	12,416	2,789	275	22.46
2002-03	12,598	3,604	275	28.61
2003-04	13,178	4,206	275	31.92
2004-05	13,745	5,537	275	40.28
TOTAL	51,937	16,136		

Non renewal of RCs which ranged between nine months to 45 months as on 31 March 2005 resulted in non realisation of revenue of Rs. 30.25 lakh as on 31 March 2005.

The maximum fine leviable in the above cases worked out to Rs. 22.19 crore calculated at the rate of Rs.50 per day during the period 2001-02 to 2004-05. The Department did not enforce the penal provisions stringently with the result that non renewal of RCs increased from 22.46 per cent in 2001-02 to 40.28 per cent in 2004-05. Besides, the Department had not put in place separate registration wing for registration/renewal of RCs, as a result of which all these functions were left to the assessing officers, who were checking the renewal of RCs only at the time of assessment which could be at any time during two years or extended period available for assessment.

6.11.7 Assessment

Efficient assessment procedures have a vital bearing on the revenue of the State. It is, therefore, necessary to ensure that assessment procedures are adequate for levy of taxes due.

As provided under the Act, assessment of sales tax is done by the designated officers on the basis of returns filed by the dealers and on verification of the books of accounts and documents. With effect from April 2000 by Government notification the period for assessment was reduced from four years to two years, which could be further entered by one year by Government. The Act also provides for making deemed assessments by accepting the returns as filed without calling for the production of books of accounts, when an assessment was not concluded within the time specified for

Ponda, Margao and Vasco.

assessment of tax. The Act had also prescribed summary assessment scheme for dealers having turnover upto Rs.5 lakh and sales tax liability upto Rs.0.10 lakh.

Non assessment of cases

Test check of records maintained at three wards revealed that in respect of assessments for March 2000-01, 2,410 assessments due for completion as on 31 March 2004 were not completed though the assessment period was extended by one year as detailed below:-

	Daglars	Dealers asse 2001	essed during -2004		Non	Percentage of	Percentag
SI3 Name of No. ward	Dealers to be assessed	Assessed (including summarily assessed)	Deemed assessed	Total	non assessed cases	assessment/ deemed assessed cases	e of non assessed cases
1. Vasco	2,098	1,706	123	1,829	269	87.18	12.82
2. Ponda	2,273	1,468	186	1,654	619	72.77	27.23
3. Margao	5,805	2,799	1,484	4,283	1,522	73.78	26.22
Total	10,176	5,973	1,793	7,766	2,410		

6.11.8 Arrears pending for recovery

The amount of tax assessed and penalty levied shall be paid by the dealer by such date as may be specified in the notice issued, not earlier than 60 days from the date of service of the notice. The amount not paid shall be recoverable as arrears of land revenue. With effect from February 1994, the authorised tax recovery officer (TRO) was to recover the amount referred to him following the procedure laid down in the Land Revenue Code, 1968. Only the revenue recovery cases (RRC) pertaining to recovery to be made from other States were continued to be referred to the Collector. Verification of records revealed that no effective mechanism existed for speedy recovery of arrears as detailed below.

Pending arrears

Scrutiny of records of the Commissionerate revealed that the position of arrears as on 31 March was as under: -

(Rupees in crore)

Year ending 31 March	Outstanding at departmental level	Outstanding With RRC	Cases under appeal/ revision/ court	Total arrears
1	2	3	4	5
2001	46.39	24.50	1.56	72.45
2002	59.38	27.94	1.68	89.00
2003	76.47	29.50	1.67	107.64
2004	59.13	27.65	1.69	88.47
2005	Not available/Not furnished	27.99	Not available/Not furnished	93.90

• RRC not issued

When a dealer fails to pay the amount demanded within the prescribed date of payment in the notice of payment, the assessing authority shall proceed to issue a certificate of the amount due to be recovered as arrears of land revenue.

Scrutiny of records at a ward at Vasco revealed that out of 392 assessments done during 2003-04, in only five cases RRCs were issued till March 2005. Revenue involved in 387 cases in which RRCs were not issued was Rs. 2.69 crore.

6.11.9 Reconciliation

The GST Rules provide for verification of taxes collected with the treasury records. Instructions were also issued by the Assistant Commissioner of Sales Tax in August 2003 to conduct timely reconciliation of taxes collected. The amount payable by the dealer is directly paid by him to the State Bank of India accompanied by the prescribed challan in quadruplicate, one copy is retained by the treasury, one copy is sent to the assessing authority and two copies are returned to the dealers of which one copy goes to the assessing authority along with the returns.

Non reconciliation of detailed head wise revenue

It was noticed that there was variation in the figures booked by the treasuries and those booked by the Commissionerate under the Sales Tax/Central Sales Tax during 2000-01 to 2003-04, whereby during 2000-01 the Commissionerate booked Rs. 3.67 lakh short whereas Rs. 22.11 lakh was booked excess during 2001-02. It was stated that a dealer pays through challan under only one minor head or sub head without giving the detailed classification. It is precisely for such reasons that reconciliation which has been prescribed, needs to be done by Department.

6.11.10 Delay in finalisation of refund orders

Under the provisions of the GST Act, the Commissioner shall refund to the dealer any amount of tax and penalty paid by such dealers in excess of the amount due from him under the Act and paid by him. As per Section 19A of the GST Act, where any amount required to be refunded by the Commissioner to any person by virtue of an order issued under the GST Act is not so refunded to him within 90 days of the date of the order, the State Government shall pay such person simple interest at the rate of 15 per cent per annum on the said amount from the date immediately following the expiry of the period of 90 days of the date of the refund.

Scrutiny of refund registers maintained in the Commissionerate revealed that out of 354 cases of refunds received during 2000-01 to 2004-05, only 176 cases were disposed off leaving 178 cases involving Rs.4.67 crore unrefunded as on 31 March 2005. Out of these, 138 cases were more than one year old. Reasons for delay in disposal of applications for refund were attributed by the Commissionerate to shortage of manpower. The reply is not tenable as shortage of manpower is not relevant to the issue as these cases are to be disposed by the Commissioner/Additional Commissioner themselves as per delegation of financial powers.

6.11.11 Pending appeals

Any dealer may, if he is not satisfied, with the order of assessment or reassessment passed by the appropriate assessing officer or feels himself aggrieved by it may appeal to the prescribed authority against such assessment or reassessment within 60 days from the date of communication of the order appealed against. An appeal against an order of assessment or reassessment passed by the assessing authority shall lie to the Assistant Commissioner. With effect from 4 March 2002, the Additional Commissioner is the appellate authority except against an order passed by the Assistant Sales Tax Officer involving disputed amount below Rs.25,000 in which cases the appeal shall lie to the Assistant Commissioner.

The details of the appeal cases received, disposed off and pending during 2000-01 to 2004-05 were as under:-

(Rupees in crore)

	-	Num	ber of ca	ses		Disputed	Percentage
Year	Opening Balance	Additions	Total	Disposed off	Balance	amount of pending cases	of appeals pending
2000-01	408	. 222	630	135	495	6.99	m · · · . 78,57:
2001-02	495	392	887	. 79	808	4,99	91.09
2002-03	808	281	1,089	75	1014	18.47	93.11
2003-04	1,014	148	1,162	130	1032	7.70	88.81
2004-05	1,032	168	1,200	20.	1180	11.04	98.33
TOTAL		1,211		439		T'	12800878

Percentage of pendency of appeal cases ranged from 78.57 per cent to 98.33 per cent during 2000-01 to 2004-05. It was stated that appeal is a quasi judicial function and therefore giving direction to the appellate authority to complete the appeals within a particular time would be unfair. It was further stated that general instructions are always there to complete the appeals within minimum time keeping in view that non disposal of appeals blocks recovery of dues.

6.11.12 Non existence of internal audit

Internal audit is generally defined as control of all controls or key internal control used to assess whether various prescribed systems were functioning reasonably well in the organisation.

It was seen that though an internal audit cell was set up by the Department, scrutiny of records in four^β wards revealed that no internal audit was conducted during the period 2001-02 to 2004-05 indicating that a very vital component of internal control had not been utilised.

The Commissioner of sales tax stated that internal audit was paralysed due to shortage of manpower.

6.11.13 Non/short levy of interest

As per the provision of the GST Rules, tax is payable for every month within 15 days of expiry of each month if monthly tax liability exceeds Rs. 1 lakh and

^β Ponda, Margao, Vasco and Panaji.

in other cases, within 30 days from the date of expiry of the month. Scrutiny of assessment order of two dealers at Vasco wards revealed that interest of Rs. 30.28 lakh was not levied for delay in payment of tax during 1998-99 to 2000-01, on Rs. 16.53 crore of taxes out of which Rs.5.63 lakh relates to the year 2000-01.

Further scrutiny of assessment orders of two dealers at Vasco and Panaji wards revealed that interest to the extent of Rs. 4.97 lakh and Rs. 25000, respectively was not levied for delayed payment of sale tax and central sales tax during the period between 2001-02 and 2004-05 respectively on Rs. 3.52 crore of taxes delayed for the periods ranging from one month to 27 months. Scrutiny of assessment orders, of four dealers at Vasco and Panaji wards revealed that against interest of Rs.4.76 lakh leviable, interest levied was Rs.1.26 lakh resulting in short levy of Rs. 3.50 lakh for delayed payment of tax for the period between October 2001 to May 2002 on Rs.2.88 crore of taxes delayed for period of one month to eight months.

6.11.14 Under assessment under Central Sales Tax Act

Under provisions of the Central Sales Tax Act, 1956 and Rules made thereunder, a dealer who claims exemption from levy of tax on account of branch transfer of goods is required to declare place of business in his registration certificate. Non compliance of the provisions of Act/rules may invalidate the claim for exemption and tax will be leviable at double the rate of tax in case of declared goods and in other cases at the rate of 10 per cent or at the rate applicable in the State whichever is higher.

In four wards, four dealers were allowed exemption on stock transfer on tyres, tubes, pipes, biscuits and cashew valued at Rs. 423.98 lakh during 2000-01 to 2003-04 (Bangalore, Ernakulam, Hubli, Hyderabad, Mumbai etc.) on the strength of declaration in form 'F'. Cross verification by audit of registration certificates revealed that these places were not covered by the registration certificates as the movement of goods from one state to another in these cases was not occasioned by branches/transfers. Failure of the assessing officer to cross verify declarations with reference to certificate of registration resulted in short levy of tax amounting to Rs. 42.71 lakh.

STO Mapusa stated that the Assistant Commissioner of Commercial Taxes, Bangalore had written to the STO Mapusa that the dealer had a branch in Mapusa and hence the stock transfer was valid. The reply is not tenable as no amendment was made in the registration certificate of the dealer.

6.11.15 Monitoring

The Commissionerate has been collecting monthly information from the wards relating to registration done, applications pending for registrations, progress of assessment of cases, arrears of tax and collection of taxes. The department had not put in place separate registration wing for registration for renewal of RCs.

^{*} Bicholim, Mapusa, Ponda and Margao.

There was no evidence of monitoring of returns received/pending, cases deemed to have been assessed, summary assessment cases, reassessment cases, RRCs pending for issue, refund cases pending, appeals pending from time to time etc. Non monitoring of administration of the provisions of the Act/Rules and instructions, resulted in weak internal control mechanism in the Department having a direct impact on the assessment and collection of sales tax revenue.

6.11.16 Recommendations

- Action as per the law need to be taken to reduce the arrears of revenue.
- Monitoring mechanism of the commissioner of Sales Tax need to be made more effective for registration, assessment of dealers, reduction of refunds and appeals.
- Internal audit mechanism need to be put in place firmly.

Chapter - VII

Government Commercial and Trading Activities

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CHAPTER - VII

Government Commercial And Trading Activities

7.1 Overview of Government companies and Statutory corporation

Introduction

7.1.1 As on 31 March 2005, there were 15 Government companies (all working companies) and one Statutory corporation (working) as against 14 working Government companies and one working Statutory corporation as on 31 March 2004 under the control of the State Government. The audit of one new company viz. Goa State Scheduled Tribes Finance and Development Corporation Limited (incorporated in March 2004) was entrusted in September 2005. The accounts of Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per the provisions of Section 619 of the Companies Act, 1956. The audit arrangement of the Statutory corporation is as shown below:

Name of the corporation	Authority for audit by the CAG	Audit arrangement
Goa Industrial	Section 25(2) of the Goa Industrial	Sole audit up to the
Development	Development Corporation Act,	period 31 March
Corporation	1965 and Section 19(3) of CAG's	
1	(Duties, Powers and Conditions of	entrusted to the
·	Service) Act, 1971	CAG

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

7.1.2 The total investment in 15 working PSUs (14 Government companies and one Statutory corporation) and 16 working PSUs (15 Government companies and one Statutory corporation) at the end of March 2004 and March 2005, respectively, was as follows:

(Amount: Rupees in crore)

Year	Number of	Investment in working	g PSUs	
i cal	working PSUs	Equity Share application money	Loans*	Total
2003-04	15	130.71 26.65	448.67	606.03
2004-05	16	144.14 28.36	442.66	615.16

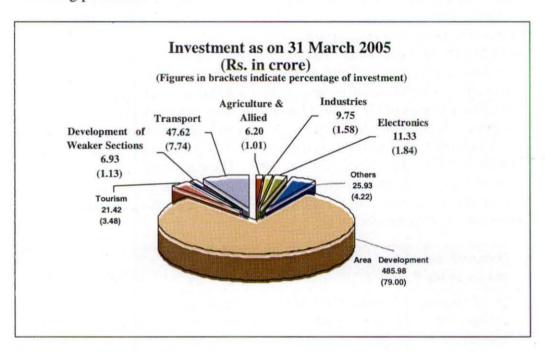
^{*}The figures of investment by Government as furnished by the PSUs are under reconciliation with figures in the Finance Accounts.

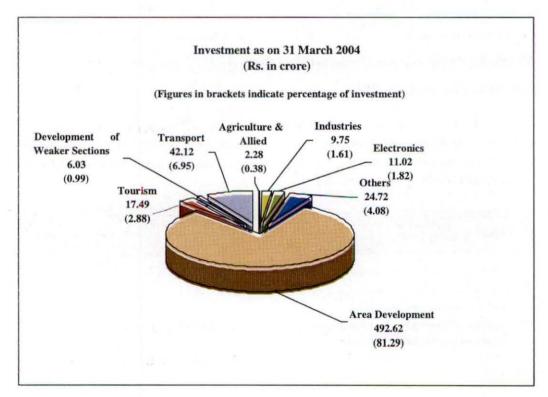
^{*}Long-term loans mentioned in Para 7.1.2 and 7.1.3 are excluding interest accrued and due on such loans.

An analysis of investment in working PSUs is given in the following paragraphs.

Sector wise investment in working Government companies and Statutory corporation

The investment (equity and long term loans) in various sectors and percentages thereof at the end of 31 March 2005 and 31 March 2004 are indicated in the following pie charts:





Working Government companies

7.1.3 The total investment in working Government companies at the end of March 2004 and March 2005 was as follows:

(Amount: Rupees in crore)

		Number of	Investment	in working Gove	rnment com	panies
v	Year	working Government companies	Equity	Share application money	Loans	Total
	2003-04	14	103.07	26.65	448.67	578.39
	2004-05	15	116.12	28.36	442.66	587.14

The summarised statement of Government investment in working Government companies in the form of equity and loans is given in *Appendix-7.1*.

As on 31 March 2005, the total investment in working Government companies comprised 24.61 *per cent* of equity capital and 75.39 *per cent* of loans as compared to 22.16 and 77.84 *per cent* respectively, as on 31 March 2004. The increase in investment in equity capital of Rs.14.76 crore was due to additional investment by the State Government in seven companies during the year.

Working Statutory corporation

7.1.4 The total investment in one working Statutory corporation at the end of March 2004 and March 2005 was as follows:

(Amount: Rupees in crore)

N	2003	-04	2004	-05
Name of the corporation	Capital	Loan	Capital°	Loan
Goa Industrial Development Corporation	27.64	- , ·	28.02	_

A summarised statement of Government investment in the working Statutory corporation in the form of equity and loans is given in *Appendix-7.1*.

Budgetary outgo, grants/subsidies, guarantees issued and waiver of dues and conversion of loans into equity

7.1.5 The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government in respect of the working Government companies and the working Statutory corporation are given in *Appendix-7.1* and *Appendix-7.3*.

[#] Sl. No. A-2,6,7,10,11,12 and 15 of Appendix-7.1

Amount payable to the State Government is treated as capital from State Government.

The budgetary outgo in the form of equity, loans and grants/subsidies from the State Government to working Government companies and the working Statutory Corporation during the years 2002-03 to 2004-05 is given below:

(Amount: Rupees in crore)

	2002-03				2003-04			2004-05				
Particulars	Companies		Corporation		Companies		Cor	Corporation	Companies		Corporation	
	No.	Amount	No.	Amount	No.	Amount	No	Amount	No.	Amount	No.	Amount
Equity capital	4	5.05	1	0.05	3	7.69	1	1.62	7	14.76	1	0.38
Loans given from budget	-		-	-		-	-	-	2	0.87	-	-
Grants/subsidies	4	11.11	-	-	5	15.63	-	-	6	14.70		-
Total Outgo	7(a)	16.16	1	0.05	7@	23.32	1	1.62	8@	30.33	1	0.38

During 2004-05, the Government had guaranteed loans aggregating Rs.115 crore obtained by two working Government companies. At the end of the year, guarantees of Rs.495.06 crore obtained by three Government companies were outstanding as against the outstanding guarantees of Rs.426.65 crore as on 31 March 2004. There was no case of default by the State Government companies/corporation in repayment of guaranteed loan during the year.

Finalisation of accounts by working PSUs

7.1.6 The accounts of the companies for each financial year are required to be finalised within six months from the end of the relevant financial year, under Sections 166, 210, 619 and 619-B of the Companies Act, 1956. They are also to be laid before the Legislature within nine months from the end of the financial year. Similarly, in case of Statutory corporations their accounts are finalised, audited and presented to the State Legislature as per the provisions of the respective Acts.

It would be seen from *Appendix-7.2* that the 15 working Government companies and the Statutory corporation had not finalised their accounts for 2004-05 within the stipulated period. During October 2004 to September 2005, eight working Government companies finalised eight accounts for previous years.

The accounts of all the 15 working Government companies involving 24 accounts were in arrears for periods ranging from one to five years as on 30 September 2005, as detailed below.

[@] Actual number of companies/corporations which have received budgetary support from the State Government in the form of equity, loans, grants and subsidy.

Sr. Nos. A-5, 6, 7, 8, 12, 13, 14 and 15 of Appendix-7.2.

Sl. No.	Number of working companies	Year for which accounts are in arrears	Number of years for which accounts are in arrears	Reference to Sl. No. of Appendix-7.2
1.	1	2000-01 to 2004-05	5	A-10
2.	2	2002-03 to 2004-05	3	A-5 and 9
3.	. 1	2003-04 to 2004-05	2	A-2
4.	11	2004-05	1	1, 3, 4, 6, 7, 8, 11, 12, 13, 14 and 15
Total	15			

Besides, accounts of the Statutory corporation (B-1) were also in arrears for two years i.e., 2003-04 and 2004-05.

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though Audit apprised the concerned administrative departments and the officials of the Government regarding arrears in finalisation of accounts, no effective measures have been taken by the Government. As a result, the net worth of these PSUs could not be assessed in audit.

Financial position and working results of working PSUs

7.1.7 The summarised financial results of the working PSUs (Government companies and Statutory corporation) as per their latest finalised accounts are given in *Appendix-7.2*. Besides, the financial position and working results of the working Statutory corporation are given in *Appendix-7.4*.

Out of 15 working Government companies, one company viz. Goa State Scheduled Tribes Finance and Development Corporation Limited had not finalised its first accounts. According to the latest finalised accounts of 14 working Government companies and one working Statutory corporation, nine companies had incurred an aggregate loss of Rs.45.55 crore, four companies earned an aggregate profit of Rs.1.47 crore and one company, viz., Sewage and Infrastructural Development Corporation Limited had not started commercial activities. The Statutory corporation incurred a loss of Rs.2.89 crore.

Working Government companies

Profit earning working companies and dividend

7.1.8 Out of eight working Government companies, which finalised their accounts for previous years during October 2004 to September 2005, only two Companies (Sl.No. A - 6 and 8 of *Appendix-7.2*) earned profit aggregating Rs.93.30 lakh and only one company declared a dividend of Rs.15.50 lakh

[⊗] Sl. No. A-8 of Appendix 7.2

which represents 0.16 per cent of total investment of Rs.99.36 crore of the State Government in Government companies. The State Government has not formulated any policy for payment of minimum dividend by the companies/corporation.

Loss incurring Government companies

7.1.9 Out of the nine loss incurring working Government companies, five companies had accumulated losses aggregating Rs.199.95 crore which exceeded their aggregate paid-up capital of Rs.75.29 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of subsidy *etc*. According to available information, total financial support so provided by the State Government to two such companies was Rs.12.96 crore by way of subsidy / grants during 2004-05.

Working Statutory corporation

Loss incurring Statutory corporation

7.1.10 The Statutory corporation, which finalised its accounts for 2002-03, incurred a loss of Rs.2.89 crore during the year. It had an accumulated surplus of Rs.9.14 crore.

Return on capital employed

7.1.11 As per the latest finalised accounts (up to September 2005) the capital employed in 13 working Government companies worked out to Rs. 619.48 crore and total return thereon amounted to Rs.10.88 crore which was 1.76 per cent, as compared to total return of Rs. 35.95 crore (5.78 per cent) in the previous year (accounts finalised up to September 2004). Similarly, the capital employed and total return thereon in case of the working Statutory corporation as per the latest finalised accounts worked out to Rs.61.77 crore and (-) Rs.2.89 crore respectively. The details of capital employed and total return on capital employed in case of working Government companies and the Statutory corporation are given in Appendix-7.2.

* EDC Limited and Kadamba Transport Corporation Limited. (Appendix 7.3).

[#] Sl. Nos. A-3,5,7, 13 and 15 of Appendix 7.2

Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in finance companies and corporations where it represents the mean of aggregate of opening and closing balances of paid-up capital, free-reserves, bonds, deposits and borrowing (including refinance).

^{*} For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the Profit and Loss Account.

Status of placement of Separate Audit Report of Statutory corporation in the Legislature

7.1.12 The following table gives the status of placement of Separate Audit Reports (SARs) on the accounts of the Statutory corporation issued by the CAG in the Legislature by the Government.

			Years up to	Years for which	ı SARs not place	ed in the Legislature
- 100	Sl. No.	Name of Statutory corporation	which SARs placed in Legislature	Year of SAR	Date of issue to the Government	Reasons for delay in placement in the Legislature
	1.	Goa Industrial Development Corporation	2001-02	2002-03	02 May 2005	

Disinvestment, privatisation and restructuring of Public Sector Undertakings

7.1.13 The State Government did not undertake any disinvestment, privatisation and restructuring of any of its PSUs during 2004-05.

Results of audit of accounts of PSUs by the Comptroller and Auditor General of India

7.1.14 During October 2004 to September 2005, the accounts of seven working Government companies were selected for audit. The net impact of the important audit observations as a result of review of accounts of these PSUs was as follows:

SI.	Details	Number of	accounts of	Amount (Rupees in lakh)		
No.		Government companies	Statutory Corporation	Government companies	Statutory Corporation	
i)	Increase in loss	3		2039.40		
ii)	Non-disclosure of material facts	2				
iii)	Errors of classification	3		35.79	-	

Some of the major errors and omissions noticed in the course of review of annual accounts of the PSUs are as under:

Errors and omissions noticed in case of Government companies

EDC Limited (2003-04)

7.1.15 Non-provision for doubtful investments in two loss making subsidiaries had resulted in overstatement of investments and understatement of loss for the year by Rs.19.95 crore.

7.1.16 Inclusion of subsidy amounts receivable from the State Government without preferring any claim had resulted in overstatement of receivables by Rs.81.41 lakh.

Goa Tourism Development Corporation Limited (2003-04)

7.1.17 Non-accounting of liabilities towards completed capital works for which bills were received had resulted in understatement of fixed assets and Current liabilities & provisions by Rs.35.79 lakh.

Goa Antibiotics and Pharmaceuticals Limited (2003-04)

7.1.18 Non-provision of Sales Tax / Penalty demanded by the Commercial Tax Officer, Hyderabad in respect of sales made in Andhra Pradesh had resulted in understatement of liabilities and loss for the year by Rs.10.83 lakh.

Kadamba Transport Corporation Limited (2003-04)

7.1.19 Accounting of subsidy as income for the year instead of deducting from the cost of fixed assets had resulted in overstatement of income and fixed assets by Rs.31.50 lakh, depreciation by Rs.2.49 lakh and understatement of loss by Rs.29.01 lakh.

Internal Audit/Internal Control

7.1.20 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including the Internal Control/Internal Audit Systems in the companies audited in accordance with the directions issued by the Comptroller and Auditor General of India under Section 619(3)(a) of the Companies Act, 1956 and to identify the areas which need improvement.

An illustrative resume of major recommendations/comments made by the Statutory Auditors on possible improvements in the Internal Audit System in respect of State Government companies is indicated below:

- Non-maintenance of proper records of inventory and the procedure followed for physical verification of inventory not being reasonable and adequate in relation to the size of the Company and nature of business (Goa State Horticultural Corporation Limited).
- Scope of work entrusted to Internal Audit needs to be enlarged and strengthened and the compliance mechanism for Internal Audit reports is inadequate (Goa Auto Accessories Limited).
- Accounting of delayed payment charges on realisation basis and nondetermination of amount of debts doubtful of recovery though there were old debtors of Rs.56.32 lakh (Goa Forest Development Corporation Limited).

Recommendation for closure of PSUs

7.1.21 Even after completion of five years of their existence, the turnover of five working Government companies (Sl. No.A-1, 2, 6, 10 and 13 of Appendix-7.2) has been less than rupees five crore in each of the preceding five years of their latest finalised accounts. Similarly, two working Government companies (Sl. No.A-12 and 14 of Appendix-7.2) had been incurring losses for five consecutive years as per their latest finalised accounts leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve performance of the above seven Government companies or consider their closure. The Government stated that action regarding Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited would be taken in consultation with the Government of India, Ministry of Social Justice and Empowerment. Information about progress made was awaited (September 2005).

Response to inspection reports, draft paras and reviews

7.1.22 Observations made during audit and not settled on the spot are communicated to the heads of PSUs and the concerned administrative Departments of the State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through the respective heads of Departments within a period of six weeks. Inspection Reports issued up to March 2005 pertaining to 15 PSUs disclosed that 136 paragraphs relating to 29 Inspection Reports remained outstanding at the end of September 2005. Department-wise break-up of Inspection Reports and Audit Observations outstanding as on 30 September 2005 is given in *Appendix-7.5*.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the concerned administrative department seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that three draft paragraphs and two reviews forwarded to Finance, Electricity and Industries Departments during September-October 2005 have not been replied to so far (December 2005). It is recommended that the Government should ensure that

- (a) procedure exists for action against the officials who failed to send replies to Inspection Reports/draft paragraphs/reviews and ATNs on the recommendations of COPU, as per the prescribed time schedule;
- (b) action is taken to recover loss/outstanding advances/overpayment in a time bound manner; and
- (c) the system of responding to audit observations is revamped.

Position of discussion of Audit Reports (Civil) by the Committee on Public Undertakings (COPU)

7.1.23 The position of reviews and paras on Commercial and Trading Activities included in Audit Reports (Civil) – Government of Goa and reviews and paragraphs pending for discussion by COPU at the end of March 2005 is given below:

Period of Audit Report	Number of reviews appeared in the Chapter of At	Commercial	Number of reviews and paragraphs pending for discussion		
	Reviews	Paragraphs	Reviews	Paragraphs	
1992-93	1		1		
1993-94	1		1 .		
1995-96	1		1	* ·	
1998-99	1 1 2	2	1	2	
2000-01)	1		1	
2001-02	1	 1,	1		
2002-03	1	1	1	1	
Total	6	4	6	4	

619-B companies

7.1.24 There was only one working company coming under the purview of Section 619-B of the Companies Act, 1956. *Appendix-7.6* gives the details of paid-up capital, investment by way of equity, loans and grants and summarised working results of this company based on its latest available accounts.

Departmentally managed Government commercial / quasi commercial undertakings

7.1.25 There were two departmentally managed Government commercial/quasicommercial undertakings *viz*: the Electricity Department and the River Navigation Department in the State as on 31 March 2005.

The pro forma accounts of both the Electricity Department and the River Navigation Department were in arrears for the year 2004-05 (December 2005).

The summarised financial results of both the Electricity Department and the River Navigation Department for 2001-02 to 2003-04 are given in *Appendix-7.7*.

SECTION A - REVIEWS

GOA STATE INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

7.2 Creation of facilities and infrastructure development relating to the International Film Festival of India at Goa

Highlights

Despite the Company knowing the major design parameters, the Company failed to invite separate technical and financial bids. The Company awarded the multiplex contract rejecting the lowest offer although it conformed to the notified requirements.

(Paragraph 7.2.6)

The Company awarded the contract for multiplex with four screens at the cost of Rs.21.24 crore quoted for six screens and renovation work resulting in undue benefit to the contractor.

(Paragraph 7.2.7)

The Company incurred extra expenditure of Rs.3.11 crore due to change in design of the multiplex and to match the concept of the lead consultant. The road works were awarded at 19.9 per cent above estimates which was much higher than the rates for similar works executed by the State Public Works Department. The Company also approved 19.9 per cent tender excess for some items which were estimated at market rates resulting in avoidable extra cost of Rs.1.34 crore.

(Paragraphs 7.2.7 and 7.2.16)

Though the contractor failed to achieve substantial completion within the stipulated time for completion, the Company paid Rs.60 lakh as substantial completion bonus.

(Paragraph 7.2.9)

The estimates prepared by the consultants were unrealistic. Various items of works suffered huge variations, upto 170 times of the estimated quantities, amounting to Rs.10.75 crore. This not only indicated incorrect estimates but also had the effect of awarding the works to that extent without inviting tenders.

(Paragraphs 7.2.13 and 7.2.23)

The Company awarded all the four road package works to a single contractor defeating the objectives of splitting of works for early completion. This also resulted in non-completion of all the works. The Company did not levy liquidated damages of Rs.30.87 crore (June 2005)

for non-completion of road works, despite enabling provisions in the agreement.

(Paragraphs 7.2.15 and 7.2.17)

Consultant's fee of Rs.1.67 crore for restoration and facility upgradation of existing Kala Academy without any structural/design change was not justified. The Company also incurred wasteful expenditure of Rs.58.65 lakh towards consultancy fee for projects which did not take off.

(Paragraphs 7.2.26 and 7.2.28)

Introduction

7.2.1. Goa State Infrastructure Development Corporation Limited (Company) was declared (October 2003) by the Government of Goa as the nodal agency for development of the facilities required for hosting of the International Film Festival of India (IFFI) to be held in 2004. The Company estimated the total infrastructure project cost for IFFI 2004 at Rs.140 crore. The Company took up construction of a multiplex theatre, upgradation and restoration of facilities at the existing State owned Kala Academy (main festival theatre) and improvement of roads and other related projects including beautification works.

As per statement of expenditure (June 2005) the total expenditure incurred for the implementation of various projects undertaken by the Company upto the film festival (December 2004) and thereafter for completion of balance works was Rs.75.76 crore (June 2005). In addition, the Company also had liabilities of Rs.21.21 crore as on 30 June 2005 on account of works done / contracts executed. The project cost was met by the Company from funds borrowed from the Housing and Urban Development Corporation Limited (HUDCO) / commercial banks, which were guaranteed by the Government of Goa. During the year 2004-05 the Company raised market loan of Rs 93 crore. The expenditure incurred by the Company on all these projects was to be reimbursed by the State Government. During 2004-05, the Company received a contribution of Rs.32.50 crore only from the State Government.

The day-to-day affairs of the Company are carried out by the Managing Director under the general supervision and guidance of the Board of Directors (BOD). The Chairman of the Company during the IFFI period (November–December 2004) was the then Chief Minister of Goa and Additional Secretary, Budget was holding additional charge as Managing Director.

A Core Committee* empowered for taking all policy decisions for holding the IFFI was formed by the State Government (October 2003). The Company had also appointed a lead consultant to advise and assist in development and planning for the infrastructure necessary for IFFI.

^{*} The Core Committee comprised the Chief Minister, Ministers for Urban Development, Health, Town and Country Planning, Revenue, Tourism and Art & Culture, Shri H. Zantye, MLA and Government Officials being the Chief Secretary, Secretary to the Chief Minister, Principal Director Information, Publicity & Films and the Managing Director, GSIDC. All other Ministers and the Chairman Kala Academy were special invitees.

Scope of audit

7.2.2. The review was conducted during July 2005. It covers the audit of expenditure incurred by the Company on the major infrastructure facilities developed during October 2003 to December 2004 when the IFFI was held and the residual work taken up thereafter till March 2005.

Audit objective

- 7.2.3. The objective of the review was to ascertain whether:
- the project was taken up after detailed planning, surveys and sequencing of activities as per their criticality;
- the Company took steps to ensure economy and efficiency in execution of the various components of the project through adequate management controls;
- the Company had put in place a dependable system to assess comparability and reasonableness of estimated and actual quantities/costs of work factoring in the relevant specifications;
- the system of tendering, evaluation and award of works was transparent so as to afford credibility and quality assurance; and
- the Company's oversight was adequate with regard to the efficient performance of the consultants and others involved in the projects.

Audit criteria

- 7.2.4. The following audit criteria were adopted to assess / evaluate the mandate of the Company with regard to project planning and feasibility analysis:
- rules, procedures and directives with regard to estimates for works and their execution in accordance with laid down tendering procedures;
- reasonableness of project cost; and
- timely execution of contracts within awarded cost.

Audit methodology

- 7.2.5. The following methodologies were adopted:
- review of minutes of the BOD, Core Committee and Sub-committee meetings;
- scrutiny of projects files, tender files and other connected files;
- scrutiny of bills and related correspondence;
- analysis of data collected by Audit; and
- interaction/ meetings with the officials of the Company/Government.

^{*} Construction of multiplex, landscaping and external development of multiplex courtyard, restoration of Kala Academy (main festival theatre), improvement, beautification of roads and the allied works including dredging.

Audit findings

The major audit findings as a result of the review are discussed below. Although Government was requested to convene an ARCPSE meeting to discuss these findings, the meeting was not held. The views of the Government/Company as contained in their replies to the Inspection Report paras and to the review have, however, been taken into account before finalising the review.

Construction of Multiplex

Defective/non transparent bidding process and evaluation.

7.2.6 The Company appoints a consultant for preparation of techno feasibility study, estimates, and tender documents etc. for works decided to be undertaken. Works estimates are prepared based on the Goa Schedule of Rates (GSR) wherever available and at market rates in other cases. The tenders are invited, bids are evaluated and works are awarded based on evaluated bid price method (i.e. 20 per cent weightage for technical competency and 80 per cent for the financial bid). The Company has been appointing Project Management Consultants (PMC) for monitoring the progress of works, measurement of works and certification of bills. As a practice, the Company appoints the same consultant for the techno feasibility studies, tender management and project management for each work.

The Company invited (February 2004) Expression Of Interest (EOI) from leaders in the multiplex industry for development of entertainment facilities comprising construction of a multiplex for the IFFI with minimum of three screens and total capacity of about 1250 seats alongwith other supporting amenities required for the profitable operations of the proposed facility. The Terms of Reference (TOR) for the EOI contained a general description of the work, method of selection of the contractor, general conditions of the contract, prescribed forms, financial competency, previous experience, work plan and methodology and terms of payment.

The Company received five applications of which only one application viz. PVR Cinema satisfied the minimum eligibility criteria of experience and turnover. The Company relaxed the eligibility requirements and with this two more applications viz ADLABS Films Limited and INOX Leisure Limited were also considered for further evaluation.

The financial bids of these three applicants were opened by the Committee formed for the purpose and subsequently the bidders were asked to make a presentation as prescribed in the terms of reference of the EOI. The details of the financial bids received were as under:

Name of the firm	Description	Quoted Cost (Amount: Rupees in crore)
ADLABS Films Limited (ADLABS)	3 screens (1286 seats)	16.50
INOX Leisures Limited (INOX)	6 screens (1250 seats)	21.23
PVR Cinemas Limited (PVR)	4 screens (1014 seats)	34.20

Based on the lead consultant HOK Canada Inc's (HOK) recommendation the Company found the proposal of INOX as the most acceptable. HOK also observed that the presentation made by ADLABS (lowest bidder) did have a merit in configuration, but their proposed design would require significant amount of renovation of the existing structure of the old Goa Medical College Complex (GMC). HOK also believed that an undertaking such as ADLABS would jeopardize the completion of the multiplex for the IFFI and also opined that the viability of the design proposed for period beyond the film festival had to be evaluated.

After negotiations, the Company issued letter of intent (LOI) to INOX on 28 February, 2004 and entered into an agreement with them on 21 April 2004 at the agreed contract price of Rs.18.65 crore plus other costs aggregating Rs.2.59 crore making the total contract cost at Rs.21.24 crore for construction of four screens multiplex theatre.

Audit scrutiny revealed the following:

- The Company had invited EOI from leaders in the multiplex industry for formulating the design for the multiplex. Even after viewing the presentation made by the bidders neither the lead consultant nor the Company themselves decided upon the kind of structure they required for the Multiplex. Resultantly, the Company did not formulate any budget/upper limit for the multiplex cost. Besides the economic viability of the project post IFFI 2004 was also not studied.
- The multiplex construction does not involve any specialised or complicated technology as it is already available in other cities. For a project of such a nature, when the Company had decided on the minimum requirements regarding the number of screens and seating capacity, they should have finalized the technical parameters and then invited the bids. The Company, however failed to invite separate technical and financial bids despite the design parameters being broadly known. As a result, the bid values varied with the number of screens and seating capacity and were thus not comparable with each other.
- The financial bid of ADLABS was rejected based on the recommendation of the lead consultant who expressed a doubt about the design submitted by them and an apprehension about timely delivery of the multiplex. The basis of this doubt and apprehension was not on record nor was supported by any documentation. Rejection of their offer, which otherwise conformed to the notified requirements with regard to number of screens/seating capacity etc. and was also lower by Rs.4.74 crore was, therefore, not justified.

Rejection of offer of ADLABS resulted in avoidable expenditure of Rs.4.74 crore.

The Government stated (December 2005) that as time was the constraint, it was felt appropriate to call for turnkey proposals for the project and therefore the financial and technical bids were combined. The emphasis was given basically on the expertise in construction of multiplex and their ability to move fast so as to complete the multiplex within the time frame available. ADLABS failed miserably during their presentation which created doubts about their capability of delivering within the time frame. The quoted costs, which were basically block estimates* were evaluated to ensure the reasonability and that for maintaining financial propriety tendering process for individual item was envisaged at the time of execution of the project.

The reply is not tenable as the Company did not decide the final technical parameters/design before inviting the financial bids. As a result the bids were not comparable depriving the company of getting the best price. The rejection of the offer of ADLABS which was done at the behest of the consultant without assigning reasons even though it conformed to the notified requirements was also not justified.

Award of contract at higher cost

7.2.7 INOX had originally quoted Rs.21.23 crore (Rs.19.13 crore for the multiplex proper with six screens and 1,250 seats and Rs.2.10 crore for renovation of the existing buildings in the complex). The design finally approved was for a multiplex with four screens without any change in the number of seats. INOX agreed to reduce the cost by rupees one crore for reduction in the number of screens. The renovation of the existing old GMC buildings in the complex proposed by INOX was specifically excluded from the agreement. Despite the change in the original financial quote the Company finalised the contract at Rs.21.24 crore without availing the benefit of savings of Rs.3.11 crore.

The Government stated (December 2005) that the project cost was reworked due to modified requirements as suggested by the lead consultant for IFFI to match the overall concept of the multiplex project, such as superstructure was changed to structural steel instead of RCC to ensure faster construction, higher requirement of acoustic treatment due to change in alignment of theatres, shifting of multiplex away from the old GMC building, increasing the auditorium size to accommodate the required number of seats etc.

The reply is not tenable as the time frame of the project as also the required number of seats was known to INOX when they submitted the financial bids. The contract was awarded to them for four screens at the price quoted by them for six screens and renovation work, resulting in undue benefit to the contractor.

7.2.8 Audit analysis revealed that the Company awarded the multiplex contract to INOX on the recommendation of the lead consultant. The Company had not done any analysis regarding the comparative cost of multiplexes which were

Finalisation
on of the
contract
without
considering
reduction in
number of
screens and
renovation
work resulted
in nonavailment of
saving of
Rs.3.11 crore,

Block estimates refer to estimates within a range instead of a specific figure.

[@] Difference of Rs.0.01 crore in contract value plus Rupees one crore for reduction of one screen and Rs.2.10 crore for reduced scope of work.

already built up/operational in other cities. It was also noticed in audit that during the second meeting of the IFFI Infrastructure Committee held on 13 November 2003, ICICI Bank, who were special invitees for giving their professional advice on the cost of multiplexes financed by them, had informed the Company that the cost of a world class multiplex would be around Rs.2,000 per square feet. Accordingly, the cost of a multiplex of 30,000 square feet would be around rupees six crore. It was also seen in audit that similar multiplexes in metros with built up area ranging from 30,000 to 35,000 square feet and seating capacity 1000-1250 had been constructed at cost of Rs.8.5 crore to Rs.11 crore. The Company/Core Committee, however, did not deliberate upon this aspect. It is thus evident that award of contract to INOX at Rs.21.24 crore was on higher side.

Though the multiplex was made operational in November 2004 the final measurements were submitted only in April 2005. The contractor had been paid Rs.16.29 crore (June 2005) against the total claims of Rs 20.90 crore.

The Government stated (December 2005) that the cost appeared to be on higher side as it was decided to provide world standard facility and that comparison needs to account various factors such as seating capacity, number of screens, specification and the quality of sound and projection system, facilities and equipments provided, location and the time frame in which the work was to be completed. Further, the basis on which the ICICI had given the information was not clear as the cost per square feet of a normal interior of any office was in that range.

The reply is not acceptable as the main requirements for the multiplex i.e. minimum three screens and 1250 seats had already been specified and the Company had not added any other concrete component to justify higher cost. The reply with regard to ICICI is also not acceptable as it was the Government which had invited ICICI for their professional advice on the cost of multiplex and that nothing prevented the Government/ Company from seeking further clarifications from them with regard to the basis of the costing of the multiplex.

Payment of bonus

being put to use.

7.2.9 The agreement with INOX stipulated the date of substantial completion as on or before 9 November 2004. Clause 32 of the agreement provided for substantial completion bonus of Rs.60 lakh or three per cent of actual contract price excluding consultancy charges, bonus and pre-operative expenses, whichever was higher, as incentive if substantial completion of the work was achieved on or before 8 November, 2004. Substantial completion had been defined as the state of work of the multiplex which was reasonably ready with fittings, interior and exterior finishes in a state fit for its intended use as certified by the engineer appointed by the Company. It was clarified, among other things, that for assessing whether the multiplex was reasonably ready the engineer would take into consideration whether the building was complete, the screens, seats, air conditioning, lighting and projection equipments were in place so as to have a non commercial dummy run of a film. The works were not to be considered as substantially completed until they were in a state of

Bonus clause was not mentioned in the terms of reference.

Though the contractor failed to achieve substantial completion with in the stipulated time the Company paid Rs.60 lakh as substantial completion bonus

It was noticed in audit that the terms of reference of EOI had mentioned that the project was required to be completed in the first week of November 2004 itself. Therefore agreeing to pay bonus for completion of the project on the stipulated date of completion lacked justification and was an undue favour to the contractor.

Further, INOX claimed that the substantial completion of the multiplex was achieved on 1 November, 2004. The Company's consultant, Frischmann Prabhu (India) Private Limited (FPPL), who was responsible for certifying substantial completion visited the site on 6 November and 7 November 2004 and submitted (9 November 2004) a list of 59 items pending to be executed as on that date, which included erection of all screens also, without which it could not be considered to be in a state of being put to use making it clear that the contractor was not eligible for bonus.

The Government while accepting that the bonus clause was not part of the EOI, however, justified the payment of the bonus for completion of the project within the time frame. The reply is not tenable as the TOR should have indicated the provision of bonus to all the intending bidders who could have quoted lower rates. Thus, non inclusion of this clause in the TOR and subsequent inclusion of the same in the Agreement with INOX vitiated the tendering process.

Further, when the Company had clearly defined substantial completion in their agreement with INOX; the Company's consultant should have been capable of giving an independent opinion on the physical completion of the works. Therefore, their action in asking the contractor to clarify about substantial completion, was not proper, indicating that the work had not been adequately monitored by the consultant.

The Government in their reply had also agreed that the contractor had not achieved substantial completion by the stipulated date and was therefore not eligible for the bonus payment. The inadmissible payment therefore needs to be recovered.

Defective clause in the agreement

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7.2.10 The matter was compounded by providing even further benefit to INOX by including a clause (Clause 75) in the agreement (April 2004) which provided that the Company shall float a tender for development of land, operation, maintenance and management of the multiplex. This clause further provided that in case the tender was not floated within six months of the completion or if the operation was not given to INOX the Company would pay five per cent of the net contract price to INOX as know-how fee. Under the agreement, INOX was also eligible to bid and was entitled to a price preference (reduction) of five per cent of bid price to match the highest bid. In case INOX was unable to meet the highest bid even with price preference the winning bidder shall have to pay to INOX a sum of 10 per cent of actual contract price towards know-how fee.

Actual contract price less consultancy, bonus and pre-operation expenses

This clause had the effect that either the Company or whoever was awarded the running of the multiplex would necessarily compensate INOX again for its know-how. These provisions were detrimental to the financial interest of the State Government and favoured the contractor who had already been paid (Rs. 1.50 crore as design and consultancy charges) for know-how in construction of the multiplex.

It was noticed in audit that the Company did not invite tenders for running the multiplex and the same was being run and managed by INOX since 13 November 2004 without any formal agreement with the Company for a lease rent of Rs 72 lakh per annum payable by INOX to the Government.

The Government stated (December 2005) that the know-how fee/compensation to a developer/advisor was a normal industry practice. Further, the role of INOX was much greater than that of a contractor and therefore the know-how was factored in the MOU.

The reply is not tenable as INOX had already been compensated for its know-how by payment of design and consultancy charges included in their contract. It would thus appear that the entire contract was of considerable benefit to INOX.

Avoidable expenditure on INOX appointed consultant

7.2.11 It is a standard practice of the Company to appoint for each project a Project Management Consultant (PMC) who is responsible for monitoring the progress of work, quality and quantity and also for measuring the work and certifying the bills. The Company appointed FPPL as a consultant at a fee of rupees five lakh plus 2.5 per cent of the contract cost (Rs.46.63 lakh) for services for implementation of tender management and independent technical auditor and cost auditor for multiplex. The work included review of design and project management and certification of substantial completion for the multiplex.

In addition to this the Company, as part of the agreement with INOX entrusted the responsibility of monitoring the progress of work, quality and quantity of the work and also measuring and certifying the bills to a consultant appointed by INOX at a cost of Rs.45 lakh (included in design and consultancy charges). Entrusting the responsibility of monitoring the quality and quantity of work and also measuring and certifying the bills to the consultant appointed by the contractor was not in order and was in deviation from the standard practice followed by the Company for its other projects. As the Company appointed FPPL for monitoring the works, payment to INOX for the same purpose resulted in avoidable cost of Rs.45 lakh.

The Government stated (December 2005) that it accepted the suggestion of INOX to have their own project management consultant in the interest of better coordination.

The reply is not tenable as the Company had appointed FPPL, as their consultant to monitor and review all aspects relating to design and project management. By accepting the suggestion of INOX to have their own consultants at the Company's cost the Company not only incurred extra cost of Rs.45 lakh but also compromised on the independence of the work measurement and quality certification.

The work of measuring and certifying the bills was entrusted to the consultant appointed by the contractor at an extra cost of Rs. 45 lakh

Undue favour to a contractor

7.2.12 The agreement with INOX contained a specific clause (clause 2) to appoint RBS Candiaparcar as a civil contractor for the multiplex civil works on the same rates at which the work of Panaji Municipal Market was being executed for the Company. As this clause was included at the behest of the Company it was irregular as it favoured a particular contractor whose expertise in multiplex works was not on record. The civil contract awarded to them was to the tune of Rs.3.06 crore and a sum of Rs.3.35 crore had already been paid (June 2005).

The Government stated (December 2005) that the civil contractor was identified locally for faster delivery of civil works.

The reply is not tenable as INOX was contractually bound to complete the work within the stipulated date.

Restoration and upgradation of facilities at Kala Academy

Abnormal variations

7.2.13 The Kala Academy, a twenty year old structure designed by the renowned architect Charles Correa was identified as the main venue for the IFFI. It was proposed to suitably restore and upgrade the existing facilities in the Kala Academy at a contract cost of Rs.24.18 crore. The estimate for the work of restoration and facilities upgradations of existing Kala Academy was prepared by Uttam C Jain, a consultant for project planning and preparation. The work scheduled to be completed by the end of October 2004 was completed to the extent of 95 per cent before the festival at a cost of Rs.24.91 crore. The contract cost of Rs.24.18 crore turned out to be unrealistic with huge cost increase of Rs.9.89 crore (41 per cent) due to deviation. The execution of work value of Rs.9.89 crore as deviated/substituted/extra items had the effect of awarding the work to that extent without inviting tenders. Thus the Company could not take advantage of competitive offers to that extent.

The Government accepted (December 2005) that as the project was for restoration of an existing structure and that the exact quantities could be ascertained only after dismantling and, therefore, the estimates could not be accurately worked out. The reply is not acceptable because the deviations of such a magnitude should not have occurred in a work where a consultant was engaged by the Company at a huge fee of Rs.1.67 crore.

7.2.14 It was seen that the estimate for the work of Kala Academy included landscaping work in which one of the items was for supply and stacking of local sand dump manure, estimated by the Company at Rs.156 per square metre (market rate) for 4,000 square metre. In the tenders received Unity Infraprojects Limited (UIL) had quoted Rs.650 per square metre which was abnormally high in comparison with the rate of Rs.60 offered by the second lowest bidder for the same item. While accepting the offer of UIL being overall the lowest the Company had not sought justification for such an exorbitant rate. It was noticed in audit that the quantity of the item when executed also increased by over 200 per cent to 12,155.94 square metre from the estimated quantity of 4,000 square

Contractor for civil works was appointed without following the tendering procedure.

Extra expenditure of Rs.53.01 lakh due to abnormal increase in quantity of works relating to Kala Academy.

metre. The abnormal increase in quantity coupled with the exorbitant rate resulted in extra expenditure of Rs.53.01* lakh on this item.

The Government stated (December 2005) that though the items with freak rates (abnormally high or low rates when compared to estimate rates) were identified and negotiated, the contractor sought to increase the rates where he had quoted low rates if lowering of these rates were agreed. Therefore, an overall percentage rebate of one *per cent* was allowed on the BOQ items. Further, the quantity was increased based on suggestion of the lead consultant. It was further stated that it would not be appropriate to compare the rates/ quantities of individual items executed, in isolation.

The reply is not acceptable as the Company, while accepting the offer of UIL, had neither sought any justification for the exorbitant rate nor contained the quantity within the estimated limits during execution in view of the abnormally high cost.

Further, the Kala Academy had ordered (June 2005) an 'engineering audit' of the works which reported (December 2005) that the work was far from expected high class and appeared that the product available was not commensurate with the rates/prices given vindicating audit stand.

Improvement and beautification of roads and allied works

7.2.15 The Company tendered (December 2003) the work of improvement and beautification of roads from Patto to Dona Paula, a length of 13 kilometre, dividing the work in four stretches. The tendered cost of each stretch (package I to IV) was Rs.8.84 crore, Rs.10.51 crore, Rs.4.55 crore and Rs.9.26 crore respectively. The work of all the four packages was awarded to Simplex Concrete Piles Limited at 19.9 per cent above the estimates. The total contract cost aggregated Rs.39. 77 crore.

Audit analysis revealed the following:

- Simplex Concrete Piles Limited, which was awarded the above work was not the lowest financial bidder for any of the road packages. The works were awarded to them based on evaluated bid price i.e. by giving 20 per cent weightage to the post qualification marks and 80 per cent to the financial bid. Thus, the Company mixed up the technical and financial bids which was not in conformity with the standard tendering procedures. The technical capability should have been decided first and once the bidders were short-listed for technical qualifications financial competitiveness should have been the only criterion for deciding the financial bid.
- Based on the evaluated bid price, Simplex was the lowest in the I, II and III package. M. Venkata Rao was the lowest bidder for Package IV. All four works were, however, awarded to Simplex accepting their conditional offer at 19.9 per cent above the estimated cost for all the packages together. Awarding the work of all the four packages to a single contractor defeated the objectives of splitting the work for timely completion.

^{* 8,155.94} square metre (12,155.94 square metre – 4,000 square metre) x Rs.650

The Government stated (December 2005) that they have followed the two bids system and technical bids were evaluated to short list the best bidders by allotting marks to their credentials and past performance.

The reply is not tenable as two bids system envisaged evaluation of technical competency before opening of the financial bids, and financial competitiveness alone should have been the criteria for awarding the work thereafter. The fact also remains that all the four stretches of the work remained incomplete and the objective of splitting works for timely completion was also defeated.

Award of work at rates higher than market rates

7.2.16 The estimates prepared by the consultant for the works of improvement and beautification of roads were based on the Goa Schedule of rates (GSR) wherever available or market rates wherever GSR was not available. For similar road works in Panaji and adjoining areas in 2004 it was noticed in audit that the State PWD had awarded works at 4.43 per cent above estimated costs. When compared to this, awarding the works at 19.9 per cent above the estimates was on the higher side. Test check revealed that the Company awarded the work at a higher cost of Rs.1.34 crore by allowing rates above market rates for specially designed material for pavements, beautification, lighting/ luminaries works etc.

The Government stated (December 2005) that the acceptance of the tender at 19.9 per cent above the cost put to tender (based on GSR 2000) had to be seen in the light of the fact that there was an average increase in price index of 26 per cent in 2004 over rates of 2000. The tender excess of 19.9 per cent on the market rate items was also justified due to the fact that the contractor had to provide site offices to the PMCs along with other facilities which was not present in the tenders floated by the PWD.

The reply is not tenable as the works carried out by the PWD were also executed during the same period and the cost of providing minor facilities like provision of sheds for site office to the PMCs would be negligible compared to the tender excess.

Deficient contract management

Non-levy of liquidated damages

7.2.17 The works of improvement and beautification of roads were to be completed within eight months ending 15 October 2004, which was extended up to 12 December 2004. The contractor, however, failed to complete any of the packages in time even during the extended period. The work of package III was not taken up at all (June 2005). The details of the works, the contract cost, stage of completion and progress of works are given in **Appendix-7.8**. The expenditure incurred was Rs.12.02 crore till December 2004 and there were pending bills to the tune of Rs.6.94 crore. All the agreements with Simplex for the four packages of improvement and beautification of roads provided for levy of liquidated damages at the rate of rupees three lakh per day of delay. Though none of the packages was completed in time and one package was not commenced at all, the Company did not levy liquidated damages of Rs.30.87 crore (June 2005) despite enabling provisions in the agreement.

The Government stated (December 2005) that during the IFFI all works were suspended temporarily in view of the event and it was decided to take up the balance works from February 2005. It also stated that the contractor, after initially responding, backed out and a notice (15 April 2005) informing termination of the contract was sent and that decision on the issue of liquidated damages was under process.

The reply is not tenable, as these works should have been completed in October 2004 before the festival as per the contract. In spite of the failure of the contractor to finish the work in time the Company neither levied liquidated damages as per the agreement nor did it take any action to get the work executed at the risk and cost of the contractor after the festival.

Non recovery of mobilisation advance

7.2.18 The Company paid (May 2004) mobilisation advance of Rs.27.30 lakh to Simplex for the work of improvement and upgradation of roads from St. Inez circle to Hotel Goa International and from Tonca Pillar to Miramar Circle (4 Kms – Package III), which did not commence. Non-recovery of mobilisation advance in view of non commencement of work was a lapse on the part of the Company.

The Government stated (December 2005) that the advance was not recovered as substantial amount was payable to the contractor for the works done on other packages and a decision was awaited from the BOD.

The reply is not tenable as it was an independent agreement not linked with any other work. The Company also failed to invoke the bank guarantee in time and allowed extension of the same with the result that the contractor secured an injunction from the court.

Award of work without land acquisition

7.2.19 For timely completion of work, it is important to acquire the land before commencement of the work. It was noticed in audit that land measuring 11,548 square metre in Tiswadi Taluka was notified on 5 November 2004 whereas the scheduled date of completion of the road work as stipulated in the agreement was 15 October 2004. The Company deposited (September 2004) Rs.2.72 crore for the land acquisition with EDC Limited, a State Government Company (authorised agency for depositing compensation). The land required for improvement and beautification of roads under package III could not be acquired before awarding the work due to confusion regarding the agency for land acquisition.

The Government replied (December 2005) that land acquisition was a process which required three to four months if notified under urgency clause.

The reply is not tenable as though the consultant for the work was engaged as early as in December 2003 the process of acquisition of land was initiated only in April 2004. Deficient planning resulted in incorrect sequencing which led to non commencement of the road work and blocking of funds for compensation with resultant loss of interest of Rs.26.35 lakh (October 2004 to December 2005 at 7.75 per cent).

Mobilisation advance of Rs.27.30 lakh was paid for works of Cackage III which was never commenced.

Idle charges

7.2.20 The dredging work on Panaji bank started (1 April 2004) and was stopped (24 April 2004) due to non-clearance by the Coastal Regulation Zone (CRZ) Committee and the work was resumed on 8 June 2004. The contractor claimed Rs.45.41 lakh towards idle charges from 24 April 2004 to 28 May 2004 duly recommended by the Project Management Consultant, which was pending before the Technical Advisory Committee (August 2005). There was no provision in the agreement to pay idle charges.

The Government accepted (December 2005) that it was not clear as to whether CRZ clearance was required or not for executing the work and that no provision for idle charges was made in the tender as conditions for idling were not foreseen.

The reply is not tenable as the Company was expected to know relevant notified requirements before taking up the work.

Incorrect estimation of quantity for dredging work

7.2.21 The Company decided (March 2004), as part of the river modification programme in connection with IFFI, to dredge the riverbed of Mandovi River from Patto Bridge to Miramar and to dredge the sand bar at the mouth of the river Chapora. The work of dredging at River Chapora which was to be done by the Captain of Ports Department (COPD), Government of Goa was transferred (March 2004) to the Company. The quantity to be dredged was originally estimated (December 2003) by COPD as 15,000 cubic metre. S N Bhobe & Associates, the consultants appointed by the Company for the work (at a fee of Rs.8.5 lakh), estimated the quantity to be dredged at 1,20,000 cubic metre. The estimate was later revised (March 2004) after conducting a survey to 1,80,000 cubic metre to achieve a depth of four metre. The work was awarded (March 2004) to Afcons Infrastructure Limited at their quoted price of Rs.4.92 crore. The time for completion was four months from April 2004.

Audit scrutiny revealed that the quantity estimated by the consultant and tendered by the Company was without any justifiable basis for the following reasons:

The quantity to be dredged was estimated by COPD as 15,000 cubic metre for the length of 300 metre and width of 100 metre and the silt to be removed was assessed for a depth of 0.5° metre only. When the work was transferred to the Company in March 2004 no change in scope had been proposed by the COPD. As there was no specific proposal from the Government for deepening the channel apart from the proposed dredging of a shallow patch in the navigational channel, the necessity for dredging upto a depth of four metre in the Chapora river increasing the quantity to be dredged from 15,000 cubic metre to 1,80,000 cubic metre was without any justification. Further, as the depth at river mouth was only one metre, dredging beyond one metre would require deepening the channel for which no clearance was sought by the Company from the COPD. Prior approval of COPD was all the more important as according to National Institute of Oceanography (NIO), deepening the channel would allow high

Increase in the quantity to be dredged was not justified.

Depth = $\frac{15000 \text{ cum (total quantity)}}{300 \text{ m (length) x } 100 \text{ m (width)}}$

waves to enter the creek and cause erosion of the bank close to the river mouth. Thus, the incorrect estimation resulted in awarding the work with excess quantity of 1,65,000 cubic metre. The quantity so far (June 2005) dredged at Chapora was 87,171.46 cubic metre, which was in excess by 72,171.46 cubic metre than that assessed by COPD resulting in extra expenditure of Rs.1.63 crore.

The Government stated (December 2005) that the depth required to be dredged was taken as four metre based on preliminary survey and the quantity estimated at 1,20,000 cubic metre which was later increased to 1,80,000 based on hydrographic survey. Further, as COPD officials were present during pre dredging survey it was deemed that four-metre minimum draft was acceptable to them.

The reply is not acceptable as in view of variation of such magnitude the estimated quantity should have been got approved by the specialised agencies, namely NIO and COPD.

Landscape and External Development Works in the Old GMC Complex

Irregular award of contract

7.2.22 The Company invited (August 2004) item rate tenders for Landscaping and External Development Works on a total area of 19,528 square metre in the Old GMC Complex, Panaji i.e. multiplex court yard, at an estimated cost of rupees two crore. Of the total eight tenders received, three tenders namely, Unity Infra Projects Limited (UIL), Premier Builders (PB) and RBS Candiaparcar (RBS) were considered for technical evaluation. The Company, however, did not open the financial bid of UIL and the offer of RBS was accepted being lower of the other two. The Company awarded the contract to RBS at a negotiated price of Rs.2.09 crore which was 4.98 per cent above the estimate (Rs.1.99 crore) prepared by the Company's Consultant. It was noticed in audit that the selection procedure for awarding the contract was irregular as the financial bid of UIL was not considered on the ground that it was executing other time bound projects for IFFI. This was equally applicable to RBS also as it was executing IFFI related works for the Company apart from the work of Panaji Municipal Market during the same period. Further, RBS did not meet the minimum turnover criterion, which was relaxed by the Company.

Panaji Municipal Market during the same period. Further, RBS did not meet the minimum turnover criterion, which was relaxed by the Company.

The Government stated (December 2005) that subsequent to technical bid evaluation it was decided to drop the opening of financial bid of UIL and also contended that the other works awarded to RBS were either completed or

The reply is not tenable as the capacity of UIL to complete the work in time along with other projects was considered in the technical evaluation and non opening of their financial bid, therefore, lacked justification.

nearing completion at that time. Further, the Company reserved the right to

Variations

reject any bid as per NIT.

7.2.23 The work of providing Landscape Architectural Design and Development for the landscape and external development work in the Old GMC Complex was assigned to Prabhugaonkar & Associates on the recommendation of the lead Consultant at a fee of Rs.4.50 lakh. The estimates

Irregular Award of contract, prepared by the consultant were not realistic because the cost of work originally agreed at Rs 2.09 crore on completion rose to Rs.2.64 crore. The cost of civil works increased by 52 per cent (from Rs 93.12 lakh to Rs 1.41 crore) and the increase in quantities of many other items was more than cent per cent of the quantities estimated and even went up to 170 times (PVC sheathed power cable, plain cement and concrete, laterite rubble soling, etc). The total value of variations was Rs.86.04 lakh. The abnormal variation had the effect of executing work of Rs.86.04 lakh without tendering.

The Government stated (December 2005) that the variations were due to additional requirements during implementation stage.

The reply is not tenable in view of the fact that many items had to be included after awarding the contract indicating incorrect estimation which led to the execution of excess/extra quantities to the extent of Rs 86.04 lakh, which could have been avoided had the Government technical and engineering organisations such as the State Public Works Department been involved at the stage of estimation.

Appointment of consultants

7.2.24 The Company appointed consultants/ architects for various projects identified for the IFFI. For projects of estimated cost aggregating Rs.98.64 crore the consulting fee agreed to with various consultants aggregated Rs.9.04 crore, of which Rs.6.67 crore were paid till 30 June 2005. Scrutiny in audit revealed that the consultants were mostly appointed without calling for offers, ensuring technical capabilities and competitiveness of their fees and wherever the tendering process was adopted the selection was not transparent as discussed in paragraphs 7.2.25, 7.2.26 and 7.2.27.

Appointment of lead consultant

7.2.25 The Company appointed HOK Canada Inc. (HOK), a foreign firm as the lead Consultant at a total fee of US \$ 5,32,500 (equivalent to Rs.2.40 crore approximately) to advise and assist in the development and planning of the infrastructure necessary for the IFFI. Out of the four firms short listed by the Company two were rejected due to their failure to make presentations. CPG Corporation, one of the applicants was rejected, though they had made an impressive presentation, on the grounds that they did not address issues like economic viability. The reasons recorded for rejection of the three applications, however, were not substantiated by any documentary evidence. The selection of HOK as lead Consultant, therefore, lacked transparency.

It was also noticed in audit that the Company did not ask the lead consultant to prepare any basic design for the multiplex which was the main new facility required for the IFFI. Further, as all the other applications were rejected either at the initial screening or at the presentation stage there was no comparison of financial quotes. HOK, being the sole applicant was appointed by the Company on the financial quote without any analysis of the competitiveness and reasonableness of the fees quoted by them.

The Government stated (December 2005) that even though there was no documentation justifying the reasonableness, the fee fixed was roughly two *per cent* of the estimated cost of the project (Rs 100 crore) for IFFI.

The reply is not acceptable as the fee was not reasonable since it was not based on competitive bidding. Further, the justification for the fee being two *per cent* of the project cost is also not acceptable as the Government had appointed other consultants for various IFFI related works and for organizing of the event, with overlapping functions.

Consultant for Kala Academy works

7.2.26 It was proposed to suitably restore and upgrade the existing facilities in Kala Academy at an estimated cost of Rs.23 crore. The Company appointed (June 2004) Uttam C Jain as a consultant for the work at a total fee of Rs.1.67 crore, which represented about seven per cent of the project cost. The selection of the consultant was done on the basis of similar work done elsewhere for which no evidence was on record and the tendering procedures such as calling for offers and their evaluation with reference to technical capability/financial reasonableness were dispensed with. Thus, the selection lacked transparency. It was also seen that the HOK group as lead consultants for the IFFI facilities had identified in detail the extent of renovation that would be necessary for the complex and had submitted a report to the Company. The Company, however, did not analyse the reasonableness and competitiveness of the fee of Rs 1.67 crore to the consultant (Uttam C. Jain) for restoration and upgradation of Kala Academy, which lacked justification.

Appointment of consultant was done without ensuring financial competitiveness.

The Government stated (December 2005) that the consultant was engaged to render various services including architectural and structural work and the fee of seven *per cent* of the project cost was within the standard norms. The report submitted by the lead consultant was a broad outline for the work.

The reply is not tenable as restoration and repair did not call for any architectural/structural changes and HOK had given a detailed list with specific items of work to be carried out. The Company also had awarded the work without inviting offers for the consultancy work which lacked transparency.

The report (December 2005) brought out by the engineering audit of the works, ordered (June 2005) by the Kala Academy revealed that a large percentage of defects/deficiencies could have been avoided during the construction itself indicating that the engagement of PMC at Rs.1.67 crore has not brought in the desired results.

Appointment of consultant for Road Package works

7.2.27 S N Bhobe & Associates Private Limited (SNB) were appointed (December 2003) as consultants for techno- feasibility study and thereafter for Project Management for the work of improvement, upgradation and beautification of roads from Patto to Dona Paula Jetty and from St. Inez Circle to Miramar Circle via Hotel Goa International. The contract cost of the work tendered for four different stretches aggregated Rs. 39.77 crore and the consultant fee agreed to by the Company was Rs. 1.59 crore. It was noticed in audit that engagement of SNB as consultant for road works was not justified as they had applied for empanelment for bridgeworks. It was further noticed that the Company availed the services of seven other architects also at an aggregate fee of Rs.18.92 lakh for the same works. It was opined by HOK that the services of the consultant were, however, not upto the standard and benchmark

required for holding the film festival. Consequently, the Company had to engage another architect at a cost of Rs. 7.26 lakh. Appointment of SNB without evaluating their credentials with regard to their capabilities necessitated availing of services of other architects at an extra expenditure of Rs. 26.18 lakh.

The details given in the Appendix 7.8 show that the road packages were not completed and one package was not commenced. The consultants, however, were paid fees without linking with the work completion. Payment of project management fee of Rs 72.77 lakh to the consultants without linking to the physical progress of the construction was irregular and unjustified resulting in excess payment of Rs.12.69 lakh.

The Government stated (December 2005) that the work initially included a bridge, flyover jetty, sub-way and various civil works in addition to the roads and consultant having expertise in bridges was most suited. Further, the seven architects who were originally appointed by the Corporation of City of Panaji were re-engaged to provide architectural services. One more architect was appointed based on the suggestion of the lead consultant for providing services related to landscaping. It was also stated that the payment of fee was as per agreement and as per normal practice followed by the Company and hence was not irregular.

The reply is not tenable as the work awarded did not involve bridge, flyover, jetty and sub-way etc. and the necessity of appointing a consultant having expertise in bridges was not justified. The lead consultant as well as the Company recorded the poor quality of services rendered by the consultant, which was indicative of wrong selection of the consultant.

The Company at the instance of Audit has now evolved a payment schedule based on the services rendered by the consultant.

Wasteful expenditure on abandoned projects

7.2.28 The Company had initially (February 2004) decided to construct a temporary theatre for the opening / closing ceremonies of the IFFI at a site next to the Kala Academy (Football ground). For this and other works of upgradation of three private theatres in Panjim, the Company appointed Uttam C Jain as Consultant. Though the project was tendered in March 2004 the works did not commence as the Company could not obtain necessary clearances for the construction of the temporary theatre and non execution of agreement by theatre owners. The Company paid (June 2004) the consultant Rs. 58.65 lakh, which were rendered wasteful as the proposed objectives were not met.

The Government stated (December 2005) that the projects had to be kept in abeyance as the requirements of the infrastructure for the festival were modified in consultation with Directorate of Film Festival (DFF) and non-execution of agreement by private theatre owners. Separate film theatre was not taken up since the time was short. Further, the project development was taken up entirely based on the requirements of the Government with clear directives

^{*} Amount paid – Rs.72.77 lakh less amount payable on the basis of percentage completion – Rs.60.08 lakh

that in the case of the projects not being taken up, the cost would be reimbursed.

The reply is not tenable as the expenditure on the consultancy was rendered wasteful.

Conclusion

Though the State Government hosted a prestigious event like IFFI 2004, the findings of the review as mentioned above reveal that the works were not planned, executed and monitored efficiently. The Company did not carry out proper surveys. The tendering process suffered due to lack of transparency, tender evaluation procedure was faulty, there were cases of excess payments/wasteful expenditure and over dependence on consultants on all the major works.

Recommendations

The Company must ensure that:

- proper planning is done based on surveys with adequate involvement of user departments/ agencies before taking up projects;
- the Company's own professional group for technical advice and monitoring of projects including quality is used to avoid over-dependence on hired consultants and the consultants fees are linked with physical progress of works;
- a dependable quality assurance mechanism is installed;
- reasonability of rates payable to various contractor is ensured through strict competitive bidding;
- the contract clauses are constructed to safeguard the financial interests of the Company/Government and are enforced in their entirety.

ELECTRICITY DEPARTMENT

7.3 BILLING AND COLLECTION OF REVENUE

Highlights

The arrears in revenue collection increased by over 55 *per cent* from Rs.128.26 crore in 2000-01 to Rs.199.65 crore in 2004-05.

(Paragraph 7.3.9)

There were instances of short billing of Rs.1.54 crore due to misinterpretation of rules resulting in non-recovery of revenue of Rs.1.43 crore.

(Paragraph 7.3.8)

Injudicious grant of instalment facility, delay in disconnection, delay in referring default cases to the Revenue Recovery Court resulted in accumulation of arrears to the extent of Rs.9.24 crore.

(Paragraphs 7.3.10 to 7.3.11)

The Department suffered loss of Rs.189.89 crore upto 2004-05 due to transmission and distribution losses in excess of the norms.

(Paragraph 7.3.16)

Lack of Internal Controls and inadequacy of Internal Audit led to nondetection/delay in replacement of faulty meters, non renewal of bank guarantees during validity periods and non collection of adequate security deposits adversely affecting revenue collection.

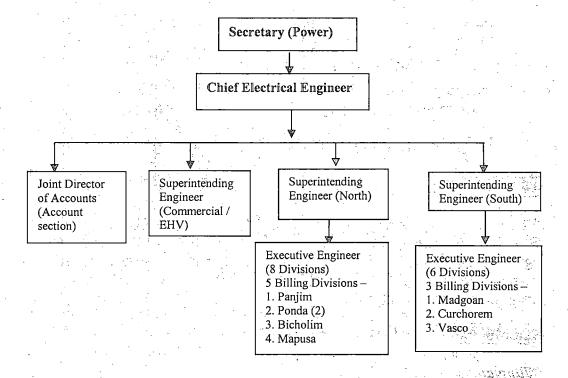
(Paragraphs 7.3.17 to 7.3.23)

Introduction

7.3.1 The Electricity Department of the Government of Goa (Department) is entrusted with the transmission and distribution of electrical energy as the State does not generate any power of its own. The State has been allocated 357 mega watt (MW) of power from the Central sector generating stations. The Department also buys (18 MW) power from Reliance Energy Limited (formerly Reliance Salgaonkar Power Company Limited).

The power supply thus received is distributed through a network of transmission and distribution lines to all types of consumers, i.e. high tension (HT) for bulk consumption, industrial and other units etc. and low tension (LT) for motive power for industries, domestic, agriculture, commercial, public lighting, small scale industries etc. The Department also trades surplus power, which yielded additional revenue of Rs. 118.66 crore to the State during 2003-04. The Department, being a commercial entity, maintains Pro-forma Accounts. The Accounts for the year 2003-04 showed a net profit of Rs. 187.07 crore.

The Department is headed by a Chief Electrical Engineer and consists of six branches at Head office. There are fourteen divisions headed by Executive Engineers which carry out the operations and maintenance works relating to transmission and distribution. The organisation chart of the Department relating to billing and collection of revenue is as follows:



Scope of Audit

7.3.2 The review was conducted during May-July 2005. It covers the performance with regard to billing and collection of revenue with special emphasis on (HT/EHT)* consumers for the five year period 2000-2005, which was extended to earlier periods wherever required, covering all the eight divisional offices where billing and collection of revenue are being carried out.

Audit objectives

- 7.3.3 The objectives of the audit review were to ascertain whether the systems and procedures in the Department were adequate to ensure:
- regular billing and collection of revenue as per applicable tariff;
- prompt collection of arrears of revenue;
- prevention of transmission and distribution losses; and
- effective Internal Controls and Internal Audit System.

^{*} HT/EHT- High Tension/Extra High Tension

Panajim, Ponda (two divisions), Madgaon, Curchorem, Bicholim, Mapusa and Vasco

Audit criteria

- 7.3.4 The following audit criteria were adopted:
- prescribed system for regular and timely billing and collection of electricity charges;
- system devised and adopted for granting concessional tariff to consumers;
- adequacy of the system for recovery of arrears of revenue;
- adequacy of the Internal Control mechanism to check billing and recovery and credit of revenue to Government account; and
- other instructions, rules, directions, notifications issued by the Government or the Department.

Audit methodology

7.3.5 Audit test checked and analysed documentary evidence comprising Electricity Act/Rules, Government orders and guidelines, tariff notifications, agreements with consumers, proforma accounts of the Department, internal correspondence and Internal Audit reports. Meetings were also held at higher levels to obtain key evidence/replies etc.

Audit findings

Billing and collection of revenue

7.3.6 The revenue and profitability of the Electricity Department during the period 2000-2005 is given below:

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05*
Units purchased (lakh units)	15903.46	20065.54	26658.70	28992.80	27163.20
Units sold (lakh units)	11115.10	15417.20	21496.00	23642.50	22367.90
Number of consumers	355264	368820	417771	424575	428597
Revenue receipts (Rupees in crore)	328.26	416.29	491.45	565.78	534.06
Profit(+)/Loss(-) (Rupees in crore)	(-) 17.90	(-) 1.65	154.11	187.07	146.39

The Department revised the tariff in July 2000 and again in April 2002. A comparison of the two revisions revealed that there was no upward revision in respect of domestic, mixed, public lighting and public water works under the LT category and Public Works, MES / Defence under the HT category. The

Figures for 2004-05 are provisional.

tariff in respect of certain categories of consumers under LT and HT category were reduced in the revision carried out in April 2002. A new tariff for IT high tech category was introduced in 2002.

Billing

7.3.7 The bills for LT consumers are issued monthly at sub-division level. The Chief Electrical Engineer's Office issues computerised bills during the first week of every month for HT consumers after collecting the details from the divisional offices. Monthly meter reading is taken by the Junior Engineers/Assistant Engineers of the concerned divisions.

Test check in audit revealed the following deficiencies resulting in short billing of mainly the HT Consumers:

Short billing due to misinterpretation of rules

7.3.8 As per clause 10(e) of the Government Notification dated 2 May 2002, if the Industry is closed for a minimum period of seven days or more during a month, the demand charges for that month would be levied on pro rata basis. This provision was, however, misinterpreted and Division III at Ponda allowed inadmissible benefit to 11 HT consumers by splitting the closure days to the next calendar month for different periods during 2000-2003. The Divisional Office issued (July 2002) supplementary bills amounting to Rs.1.54 crore to these consumers to rectify the mistake, as detailed in Appendix 7.9.

There was short billing of Rs. 1.54 crore due to misinterpretation of the rules.

The Department stated (November 2005) that an amount of Rs 10.74 lakh had been recovered from two consumers and efforts were being made to recover the balance amount.

Collection and accountal of revenue

7.3.9 Appendix 7.10 gives the revenue assessed, amount recovered and arrears of revenue outstanding at the end of the year during 2000-01 to 2004-05. It will be seen that the arrears of revenue increased by over 55 per cent from Rs.128.26 crore in 2000-01 to Rs 199.65 crore in 2004-05.

Audit analysis of the arrears revealed the following:

- The Department recovered 71.90, 73.54, 73.82, 74.40 and 72.78 *per cent* in 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 respectively which reflects an inefficient recovery mechanism leading to accumulation of arrears.
- The Department had not maintained age-wise analysis of dues recoverable from individual consumers, indicating slack monitoring over receivables.
- In respect of low tension supply to Government Departments, the arrears increased by 47 per cent from Rs.4.37 crore in 2002-03 to Rs.6.43 crore in 2003-04, indicating poor follow up action.
- The arrears under Revenue Recovery Court (RRC) increased considerably from Rs.67.27 crore in 2002-03 to Rs. 76.59 crore in 2003-04 resulting in net increase of 13.85 *per cent* during the year. The recovery of the arrears by RRC

declined to Rs.33.24 lakh in 2002-03 and Rs.25.08 lakh in 2003-04. Increasing recourse to revenue recovery court indicates failure to effect timely and prompt recovery of dues from defaulting consumers.

The Department stated (November 2005) that all efforts were being made to recover the dues.

Non-recovery / delay in recovery of arrears

7.3.10 As per Clause 8 of General conditions of tariff revision order, if the consumers fail to pay the energy bills within the stipulated period, the Department shall have the right to disconnect the supply after serving seven days clear notice. The Government has delegated powers to the Chief Electrical Engineer to grant instalment facility to the defaulting consumers and also for waiver of delayed payment charges.

Test check in audit revealed that the power supply to defaulting consumers was not disconnected in the following cases leading to accumulation of arrears:

Arrears of Goa Steel Limited up to July 2000 were Rs.35.70 lakh. The Department disconnected the supply on 4 August 2000. As the consumer agreed to pay the arrears, the Chief Electrical Engineer instructed (April 2001) to restore the power supply on the condition that the connection should again be disconnected, if the consumer failed to make payment as agreed upon. The consumer had agreed to pay rupees two lakh per month for first three months as monthly instalments against the outstanding arrears and thereafter rupees three lakh per month till the remaining outstanding arrears were cleared in full. The consumer, however, did not pay any instalment as agreed but the Department failed to disconnect the power supply as instructed. The arrears had increased to Rs.1.20 crore at the end of March 2005.

No action had been taken to fix responsibility for the violation of the instructions of the Chief Electrical Engineer to disconnect the supply if the consumers failed to make payment as agreed.

The arrears due from Goa Steel Rolling Mills Limited, Bicholim increased to Rs.28.96 lakh in April 2005 from Rs.25.69 lakh in April 2002. The arrear did not include delayed payment charges on the arrears which were frozen by the Chief Electrical Engineer since September 2001. Despite granting instalment facility to the consumer, the consumer did not pay but the power supply was not disconnected (June 2005). Justification for freezing the delayed payment charges was not made available.

7.3.11 A review of the arrears position of the Department revealed that the arrears relating to Ponda, Margao and Mapusa divisions were pending for periods ranging from two to seven years in the following cases:

Failure to disconnect the power supply resulted in accumulation of arrears.

1 4500	SI. No	Name of the consumer	Consumer No.	Arrears (Rupees in lakh)	Arrears pending from
	1	Twenty First Century Wire Roads, Madkaim	HTC-14	435.47	September 1998
	2	Kartik Induction Limited,	HTC-88	376.13	May 1998
	, s. 5	Kundaim	* e		,
. [3	*Samudra Ropes Private	HTC-102	14.22	May 2003
	3	Limited			
	4	Ravish Infusion	HTC-52	1.21	June 1998
		Total * *		827.03	

In addition amounts aggregating Rs.32.28 lakh were due from Kay Pee Steels Private Limited, Diamant Boart Limited and Zuari Carbide Limited; these have remained uncollected from January 1991 to February 1997, which indicates serious deficiencies in collection of arrears.

The Department stated (November 2005) that action was being taken to refer the cases to RRC. The undue delay in taking suitable action to refer the cases to RRC even after a lapse of 2 to 14 years had led to non-realisation of Rs.8.59 crore and consequential loss of interest.

Dues from permanently disconnected consumers

Delay in recovery of dues from permanently disconnected HT Installations

7.3.12 Audit analysis revealed that a total amount of Rs.34.30 crore was recoverable from the following six permanently disconnected HT consumers whose cases had been referred to RRC as detailed below:

Sr. No.	Name of the Consumer	Date on which referred to RRC	Recoverable Amount (Rupees in lakh)
1	Venkateshwar Alloys Private Limited,	18.12.1998	41.08
	Kundaim -HTC-100	<u> </u>	
2	Pent House-HTC-50	17.2.1999	2.18
3	Trirupati Steels -HTC-94	7 .12.1999	426.86
4	Raj & Yash -HTC-97	9 .12.1999	1116.88
5	Mandovi Ispat-HTC-100.	9 .12.1999	1548.07
6.	Mandovi Steel- HTC-113	9 .12.1999	294.58
	Total		3429.65

The above cases had been referred to RRC during the period from 1998 to 2000 but the cases remained pending at various levels even after lapse of six to seven years. The Department stated (November 2005) that efforts were being made to recover the dues. The recovery of these amounts, however, was still pending (November 2005).

Arrears of Revenue due from Viswas Steels Limited, Dhargal

7.3.13 Viswas Steel Limited was given power connection in March 1998 with a contract demand of 5000 KVA. It was noticed in audit that the consumer defaulted in payment of electricity charges from September 2000 onwards. The

power supply was, therefore, temporarily disconnected in October 2000 and the bank guarantee for Rs.1.10 crore was encashed (January 2001) and adjusted against the bills of Rs.55.35 lakh issued upto the end of December 2000 including delayed payment charges of two *per cent*. The balance claim was revised on 1 July 2004 to Rs.56.66 lakh by including Rs.1.31 lakh towards cost of departmental materials.

In view of the breach of contract on the part of the consumer, clause 18(C) of the agreement was invoked by the division, which stipulated that, in case of termination of the agreement during its currency (seven years), the consumer was to be billed an amount equal to the minimum charges for the un-expired period of the agreement. Thus claim for the minimum contract demand for the un-expired period of the agreement to the tune of Rs 18.55 crore was preferred (February 2001) against the consumer.

Thereafter, neither were the arrears pursued for was the case referred to RRC (May 2005). The Department stated (November 2005) that the matter was being referred to RRC. The fact remains that delay in referring the matter to RRC resulted in non-recovery of the amount for more than four years.

Trading of Surplus Power

Outstanding charges from MSEB

7.3.14 Out of the total quantum of power allocated to the Western region from the Central grid, surplus due to underdrawal by the constituent States is exported to the Southern region and the revenue is shared by the constituents on the basis of the quantum of underdrawal. Maharashtra State Electricity Board (MSEB) is the nodal agency for overseeing the sale of the surplus. Audit scrutiny of the records revealed that an amount of Rs.4.25 crore was due for recovery from MSEB being the share of value of surplus power exported to the Southern region during August 1990 to September 1998.

The Department stated (November 2005) that the figures were under reconciliation and the matter was being pursued vigorously. The fact, however, remains that the failure of the Department in getting the dues settled in time resulted in accumulation of arrears for a long time.

Non-settlement of dues by Global Energy Limited

7.3.15 The Government signed (April 2002) a Memorandum of Understanding (MOU) for trading of surplus power of 50 MW in the Southern Region Grid with Global Energy Limited (GEL), a Delhi based private company. The rates were fixed at Rs.2.80 per unit during peak hours and rupees two per unit during off peak hours with 25 per cent rebate for sale of power in excess of 10 MW during off peak hours. The Department accordingly sold 50 MW power during peak hours and off peak hours to GEL during 19 June 2003 to 11 May 2004 at the above rates.

Audit scrutiny revealed that an amount of Rs.3.24 crore was due from GEL as on 31 March 2005 being the value of power sold to them up to 11 May 2004. The MOU with GEL stipulated that GEL would open a revolving letter of credit mechanism for payment to enable the Department to make weekly draw

Non-recovery of Rs.4.25 crore from MSEB being the share of value of surplus power exported to the Southern Region.

Failure to
effect weekly
draw down
resulted in
accumulation
of arrears.

downs there from and raise monthly bills as per the details furnished by the Regional Electricity Board and GEL would release payments against the same. The Department failed to effect weekly draw downs as stipulated in the MOU which resulted in accumulation of arrears for 11 months. The Department also continued the supply inspite of default, which also contributed to the accumulation of arrears.

The Department stated (November 2005) that their effort to encash the letter of credit was not successful as Delhi High Court stayed the encashment in connection with another case filed by Delhi Transco against GEL and that the matter had now been referred to arbitration.

The reply is not tenable as the Department failed to effect recoveries on weekly basis as provided in the MOU which resulted in accumulation of arrears and necessitated reference to the arbitrator.

Transmission and Distribution Losses

7.3.16 The Transmission & Distribution (T&D) losses are accounted for as technical losses / commercial losses. Technical losses occur due to inherent characteristics of the equipment and conductors used for transmitting and distributing power. Commercial losses occur due to theft of energy, defects in the meters, errors in reading or recording of readings and other human errors.

The details of energy purchased, energy sold and transmission and distribution losses during 2000-01 to 2004-05 are detailed in the Appendix 7.11. It was noticed in audit that even though the Department could considerably reduce the T & D losses over a period of time, the losses are more than the norm of 15.5 per cent fixed by the Central Electricity Authority (CEA).

Due to T & D losses in excess of the norms fixed by the CEA, the Department suffered loss of 63.34 crore units of power valued at Rs.189.89 crore during 2000-05.

The Department stated (November 2005) that the T&D losses were within the CEA norms and lots of measures had been taken to bring down the losses still further. The reply is not tenable as the losses ranged between 18 to 30 per cent which are in excess of the norm of 15.5 per cent.

Internal Control

7.3.17 Audit analysis revealed that due care was not taken in raising energy bills at correct rates, there were delays in meter checking / periodical inspections, under assessment of revenue due to defective meters, non encashment of bank guarantees and short collection of security deposit as discussed below:

Excess/Short billing of energy charges

7.3.18 Audit scrutiny revealed that Goa Steel Limited was billed as per tariff applicable to HT Industrial (Steel Rolling) instead of tariff applicable to HT industrial (Ferro-Metallurgical/ power Intensive) for the period from July 2000 to July 2001. The demand charge for HT industrial (Ferro-Metallurgical/ power Intensive) was Rs.700 per KVA whereas for HT Industrial (Steel Rolling) the

rate was only Rs.450 per KVA. This resulted in short billing of Rs.18.02 lakh. The error in billing, which was brought to the notice of the Divisional office by the consumer, was caused due to failure of the division in exercising prescribed internal checks. The failure of the Department to detect the short billing in time resulted in loss of Rs 18.02 lakh as recovery of short billing cannot be preferred beyond six months as per Electricity Supply Rules.

The Department stated (November 2005) that the audit findings have been noted for future compliance.

Delays in periodical inspection/check reading

7.3.19 Binani Industries Goa Glass Fibre Limited (EHTC-57), an HT consumer under Division VI, was given a 4000 KVA connection in March 1996. Within a year the transformer at the consumers unit failed and the billing had to be done on daily consumption basis. The Meter Relay Testing (MRT) Division of the Department inspected (December 1997) the installation and reported that the meter was recording only 31 per cent of the actual consumption. The Department replaced the meter with an electronic one only in February 1999 i.e. after a gap of one year and two months. When the MRT Division served an arrear bill of Rs.3.15 crore based on average readings for this intervening period, the consumer disputed the same. The matter was referred to the Chief Electrical Engineer in October 1999 but action for recovery has not been taken even after a lapse of six years (November 2005).

The Department stated (November 2005) that the case was being examined for appropriate action.

The inordinate delay on the part of the Department in taking a decision on the case resulted in non recovery of Rs.3.15 crore for more than six years.

Short billing due to faulty meter

7.3.20 The HT meter of All India Radio (No. 182) in Division-I was not working from July 1999 to July 2003 and the bills were issued for 1.90 lakh units based on the average consumption for the previous months. After replacing the meter in July 2003 it was noticed that the average consumption was around 2.97 lakh units per month on the basis of the actual consumption recorded. Accordingly, an arrear bill for Rs.1.81 crore for the period of short billing was issued on 15 April 2005, which was contested by the Consumer pointing out that several letters had been written to the Department for replacing the meter. The consumer did not pay the energy charges. Thus, absence of check reading and inspection of installation, especially that of HT consumers resulted in failure to detect the faulty meter and consequent non recovery of the arrears of Rs.1.91 crore from HT consumer.

7.3.21 Non-encashment of Bank Guarantees

 Electric power supply to Trimaran India Limited (HTC 145) in Division No. III was temporarily disconnected on 20 March 2002 for non-payment of accumulated arrears of Rs.2.12 lakh. Later, the power supply was permanently disconnected after six months of temporary disconnection. The Executive Engineer had intimated the consumer that the bank guarantee would be adjusted towards the balance arrears and the matter was being referred to RRC for recovery of the amount.

It was noticed in audit that though the bank guarantee for Rs.2.20 lakh was revalidated upto 27 June 2004, the division failed to encash the same within its validity period. The bank guarantee was sent to the Bank on 19 July 2004. The bank did not remit any amount towards encashment of bank guarantee as the validity had expired. The matter was taken up with the Reserve Bank also, but it yielded no results; the Department was unable to realise the arrears (June 2005).

• In yet another case, Anderson Marine Private Limited (HTC-40) who are the owners of Trimaran India Private Limited, also defaulted in making payments of energy charges and the supply was temporarily disconnected on 11 June 2004. Later, at the time of permanent disconnection the accumulated amount of arrears of the consumer was Rs.1.27 lakh. The division had a bank guarantee for Rs.0.85 lakh issued by Corporation Bank, Vasco-da-Gama Branch, valid upto 2 June 2004. The Division invoked the above bank guarantee to recover the dues only on 7 July 2004 after its validity period and as a result the bank did not honour the same.

Though these cases were required to be referred to RRC after one month of permanent disconnection as per the conditions of supply, they had not been referred till June 2005.

The Department stated (November 2005) that these cases would be followed up vigorously.

Faulty Meters

7.3.22 The Department has the responsibility of maintaining the electricity meters which are in operation at the premises of the consumers. Scrutiny of records revealed the existence of a large number of faulty meters, which indicates lack of internal check in this regard. The details of faulty meters at five Divisions (No. I, V, VI, VII and XI) during 2002-05 as furnished by the Department are given below:

SI. No.	Particulars	2002-03	2003-04	2004-05
1.	No. of faulty meters at the beginning of the year	29819	29179	32698
2.	No of Meters replaced during the year	3713	4051	16941
3.	No. of faulty meters at the close of the year	29179	32698	23118
4.	Percentage of Replacement	12.45	13.91	47.42

Details of faulty meters in other divisions, though called for, were not furnished (December 2005). As against 2.78 lakh installations at the end of March 2005 in five divisions, 23110 meters were faulty. The number of faulty meters has increased but the Department did not take action to replace them promptly. The

Increasing trend in number of faulty meters resulted in billing on average basis with consequent disputes and blocking of revenue.

Department, therefore, had to bill the energy charges based on average consumption instead of actual consumption, which was generally disputed by the consumers resulting in blockage/loss of revenue.

The Department stated (November 2005) that a large number of single phase meters had been replaced with electronic meters and 3-phase meters were being replaced.

Short collection of Security deposit

7.3.23 The conditions of supply of Electrical Energy, inter alia, provide that the amount equivalent to three months energy consumption charges should be collected from the consumers by way of cash/bank guarantee which should be reviewed periodically and updated with reference to the latest energy charges (clause 8 and 26). Scrutiny of security deposits collected from HT consumers revealed that Rs.42.13 crore from 91 consumers had not been recovered so far in the form of bank guarantee, as detailed in the Appendix 7.12.

Conclusion

The performance of the Department with regard to revenue collection was found to be unsatisfactory. Cases of short billing of HT consumers non-recovery of delayed payment charges and accumulation of huge arrears were observed during the review. Non-receipt of cost of surplus power sold to private as well as State Governments were also noticed. Internal Control System was found to be ineffective in timely replacement of faulty meters, checking of installation, collection of prescribed security deposits and encashment of bank guarantees within the validity periods which adversely affected revenue collection.

Recommendations

The Department should ensure:

- Prompt collection of revenue by sending timely notices of disconnection to defaulters.
- Timely collection and encashment of security deposits and bank guarantees from the consumers as per the rules.
- Non-restoration of HT connections till fulfillment of payment conditions.
- Improving the monitoring mechanism at Chief Electrical Engineer's level.

The above matters were referred to the Government in September 2005; reply had not been received (December 2005).

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troductor's treatment

SECTION 'B' DRAFT PARAGRAPHS

GOVERNMENT COMPANIES

EDC Limited

7.4 Irregular disbursal of loans

Disbursal of loans to two units owned by the same promoters, absence of post sanction monitoring and inordinate delay in taking over the units / assets resulted in non-recovery of Rs.5.04 crore.

The Company sanctioned (March / June 1998) term loan of Rs.1.50 crore each to two units viz. Meher Plastics to establish a unit for manufacture of plastic articles; and Monalisa Multiplast Limited for their proposed expansion scheme in Daman, set up by the same promoters*, at interest rates of 16.5 and 17.5 per cent respectively. The Company disbursed Rs.1.14 crore to Meher Plastics during March 1998 to June 1998 and Rs.1.24 crore to Monalisa Multiplast Limited during July 1998 to April 1999. The loans, along with interest thereon were repayable in 16 equal quarterly instalments of Rs.9.38 lakh each beginning after one year from the date of first disbursement.

Audit scrutiny revealed the following:

- The Company disbursed loans to the units established by the same promoters.
- Technological changes were not considered while appraising the loan proposal.
- Both the units defaulted in repayment from the beginning (March 1999 and July 1999) and no instalment was paid by the units.
- The Company recalled the loans only in September 2003 and the assets of the units were taken over in December 2003 and January 2004 respectively under Section 29 and 30 of the State Financial Corporations Act, 1951 (SFC Act).
- The Company sold the properties taken over from Meher Plastics and realised (November 2004 / May 2005) an amount of Rs 34 lakh only while in the case of Monalisa Multiplast Limited, the properties were sold (February 2005) for Rs.11 lakh.
- The delay on the part of the Company in taking over the possession of assets contributed to reduction in the realisable value of the assets taken over.

^{*} Promoters of Meher Plastics – Shri Mohammed Aslam Khan, Shri Mohammed Azam Khan, and Shri Mohammed Alam Khan. Promoters of Monalisa Multiplast Limited – Shri. Mohammed Aslam Khan, Shri Mohammed Azam Khan, Shri Mohammed Alam Khan and Shri Mohammed Anjum Khan

The outstanding dues from Meher Plastics and Monalisa Multiplast at the end of July 2005 were Rs.2.32 crore (Principal: Rs.1.14 crore and interest: Rs.1.18 crore) and Rs.2.72 crore (Principal: Rs1.19 crore and interest: Rs.1.53 crore), respectively.

The management stated (September 2005) that the delay of four years in recalling the loans and initiating recovery proceedings was due to a proposal of restructuring package considered during 2001-02 but withdrawn due to default by the loanees. It was also stated that the personal guarantee of the promoters had also been invoked (March 2005) as per the terms and conditions of loan and a suit was filed under section 31 of SFC Act for recovery of the balance amount. Further, the depletion in value of the assets was attributed to constant technological and design changes in the market.

The management's reply relates to the post disbursal action taken. The fact remains that disbursal of the two loans to the same promoters, failure to consider the technological changes during appraisal, absence of post sanction monitoring and delay in recalling the loans after withdrawal of restructuring package as also invoking the personal guarantees of the promoters resulted in non-recovery of Rs.5.04 crore (Principal Rs.2.33 crore and interest Rs.2.71 crore).

The matter was reported to the Government in August 2005; their reply was awaited (November 2005).

STATUTORY CORPORATION

Goa Industrial Development Corporation

7.5 Poor cash management

Retention of large balances of funds in short term deposits and current account without any prudent financial planning deprived the Corporation of potential interest income of Rs 27.93 lakh.

The Corporation, which is engaged in promotion of industries in the State, receives funds from the State and Central Government to carry out various activities related to industrial development. It also earns its own income arising out of lease rentals, building rent in addition to interest earned on the deposits.

Audit scrutiny revealed that the Corporation had not devised any system for efficient cash management through preparation of Cash flow statement indicating the probable flow of cash during the year and its utilisation. The Corporation did not optimize the investment returns by investing the funds for long-term instead of in short-term deposits requiring frequent renewals. During the year 2003-04, the Corporation invested surplus funds ranging from Rs.90 lakh to Rs.4.46 crore in Term Deposits mainly with Centurion Bank for periods ranging from 15 days to one year. The interest earned ranged between 5 to 5.75 per cent as against 5.75 to 8 per cent in case of long-term deposits. The Corporation earned interest of Rs.1.12 crore from the deposits as against Rs.1.38 crore that could have been earned by opting for long term deposits,

thus resulting in loss of interest income of Rs.25.97 lakh. Deposits were renewed for short periods, resulting in low interest return to the Corporation.

It was further noticed that large balances were retained in current account with Centurion Bank and State Bank of India. The aggregate of minimum balance in the current accounts with Centurion Bank and State Bank of India (SBI), Panaji branch ranged between Rs 2.15 crore to Rs 3.07 crore during 2003-04, which did not earn any interest. Had the Corporation transferred the excess funds to short-term deposits, it could have earned an additional income of Rs.1.96 lakh.

Thus, parking of surplus funds in short term deposits (deposits initially for 15 days and renewing the same upto even one year) and retention of heavy balances in current accounts (Rs.2.22 crore for 15 days during April 2003, Rs.3.07 crore for 15 days during December 2003 and Rs.2.15 crore for 34 days during February – March 2004) without any prudent financial planning resulted in a foregone interest income of Rs 27.93 lakh by the Corporation during the year.

The Management stated (November 2005) that funds were kept in short term deposits / current accounts for making major payments including land acquisition, meeting revenue expenditure like salaries of around Rs.75 lakh and to avoid premature encashment of long term fixed deposits.

The reply is not tenable as the investments of funds were made without any prudent financial planning. The balances in the current account were more than the monthly requirements and the short-term deposits were renewed without reviewing the availability of funds for long-term investment. absence of an efficient cash management system as the Corporation failed to optimise returns on surplus funds.

The matter was reported to the Government in October 2005; their replies were awaited (November 2005).

Panaji The 6 APR 2006

Sargita Chouse (SANGITA CHOURE) Accountant General, Goa

Countersigned

New Delhi

18 AFR 2006

(VIJAYENDRA N. KAUL) Comptroller and Auditor General of India



Appendices

Appendices

APPENDIX-1.1 (Referred to in paragraph 1.4) SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF GOA

(Rapees in crore)

_	<u> </u>	<u> </u>		(RA)	pees in crore)
	As on 31 March 2004	Egit	Liabilities		As on 31 March 2005
<u>-</u>	1072.67#		Internal Debt		1119.74
-		842.75#	Market Loans bearing interest	961.21	
	\$.	32.65	Loans from LIC	30.66	
┟	yay Tre	97.60	Loans from other institutions	98.13	*
h	- 3	33.31	Loans from NABARD	28.39	
-	50	0.60	Loans from National Co-operatives	1.35	1.3. 1.4 7 7
			Development Corporation		and a second
-	*	65.76	Ways and Means Advances /overdraft	3/11/	
	1951.85		Loans and Advances from Central		2376.28
			Government		
		1090.97	Non-Plan Loans	1551.18	
T	* * * * * * * * * * * * * * * * * * * *	851:90	Loans for State Plan Schemes	815.87	
	100	0.18	Loans for Central Plan Scheme	0.15	
	Bune i		Loans for Centrally Sponsored Plan Schemes	9.08	* - *
	28.83		Contingency Fund		29.78
1.	485.09		Small savings, Provident Fund etc.	**************************************	526.89
- [-]	327.89		Deposits		327.38
F	52.67		Reserve Funds		79.69
,	(TAGE	Remittances		13.13
	3919.00#				4472.89
	As on 31		Assets		
	March 2004		with the second of the second		
. [2644.79	in and the	Gross Capital Outlay on Fixed Assets		3071.27
r	1 1	202.93	Investment in shares of Companies, Corporation	220.93	1. 1 A
			etc.		
7	gr t en a	2441.86	Other Capital Outlay	2850.34	
1	47.79	1 (22	Loans and Advances		49.66
Τ.		28.87	Other Development Loans	32.93	
Ī		18.92	Loans to Government Servants	16.73	
1	0.73	1 18 S 18 11 1	Advances		0.71
•	22.90	100	Remittances	1.0	(10 mm) 1 mm 4 mm
Γ	140.64#	3 37	Suspense & Miscellaneous Balances		59.02
١	41.84	16.	Cash		148.74
: [** 9.35-	(A) (A) (*)	Cash in Treasuries		
	3.5	1.45	Departmental Cash Balances	1.45	1.5
		0.10	Permanent Advances	0.11	
-[?	2.91	Cash Balance Investment	82.82	17.00
: [1919	50.44	Earmarked Fund Investment	77.61	
1	9 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	(-) 13.06	Deposits with Reserve Bank	(-) 13.25	
	1012.91	100	Deficit in Government Accounts	111 4	1136.09
		140.47	Revenue Deficit of the current year	123.18	
1		872.44	Accumulated deficit as on 31 March 2004	1012.91	
. [1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	Appropriation to Contingency Fund	F 4 .	
Γ	7.40	2 2 2	Net effect of Balances taken over		7.40
		431.66	Balances taken over on 30 May 87 under capital	(-) 431.66	
	and selection	424.26	Net result of allocation of Capital Expenditure	424.26	
	3919.00 [#]	44			4472.89
. [3	フグルブ・リリー	3888		les and the second	7714.07

^{*} Rs.7000/-.

Figures in respect of 2003-04 changed due to proforma correction.

APPENDIX-1.2 (Referred to in paragraph 1.4)

ABSTRACT OF RECEIPTS AND DISBURSEMENT FOR THE YEAR 2004-05

(Rupees in crore)

	Receipts				D	isbursements			
2003-04			2004-05	2003-04		Non-Plan	Plan	Total	2004-05
1623.12	Section A – Revenu I-Revenue Receipts		1820.02	1763.59	I – Revenue Expendi	ture			1943.20
710.26	Tax Revenue	856.53		581.66	General Services	626.57	6.25	632.82	
724.73	Non-Tax Revenue	729.26		564.25	Social Services	419.30	248.42	667.72	
135.58	State's share of Union Taxes	162.07		280.62	Education, Sports, Arts and Culture	241.51	95.00	336.51	
5.19	Non-Plan Grants	1.48		101.98	Health and Family Welfare	80.86	31.53	112.39	
30.97	Grants for State Plan Scheme	55.03	.c. 101	80.03	Water Supply and Sanitation	66.44	29.58	96.02	
16.39	Grants for Central and Centrally	15.65		23.68	Housing and Urban Development	6.36	17.08	23.44	
	Sponsored Schemes						3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 -		
	Grants for Special Plan Schemes			3.14	Information and Broadcasting	1.45	14.16	15.61	
				0.93	Welfare of SC/ST and Other Backward classes	0.15	1.98	2.13	
				11.58	Labour and Labour Welfare	7.67	4.32	11.99	
				61.80	Social Welfare and Nutrition	14.15	54.77	68.92	
		1 1 1 1 1 1 1 1 1 1 1 1		0.49	Others	0.71		0.71	1 1/1 1/20
			-	617.68	Economic Services	532.15	110.51	642.66	
			• · · · · · · · · · · · · · · · · ·	44.41	Agriculture and allied activities	22.18	25.08	47.26	j.
				27.07	Rural Development	12.49	21.67	34.16	
				1.99	Special Areas Programme		1.74	1.74	
				15.33	Irrigation and Flood Control	14.55	2.88	17.43	
				421.48	Energy	408.96	10.93	419.89	
				15.91	Industry and Minerals	4.32	16.32	20.64	
				57.51	Transport	60.17	6.10	66.27	
				3.28	Science, Technology & Environment		4.74	4.74	
				30.70	General Economic Services	9.48	21.05	30.53	
140.47	II – Revenue Deficit carried over to Section B		123.18		II- Revenue Surplus carried over to Section B				
1763.59	Total Section A		1943.20	1763.59	Total	1578.02	365.18	1943.20	1943.20

	Receipts			2	D	isbursement	S :		
2003-04			2004-05	2003-04	100	Non- Plan	Plan	Total	2004-05
37.35	Section B - Others III - Opening Cash Baincluding Permanent and Cash Balance Inv	Advance	41.84		III- Openia	ng overdraft	from RBI		12.15
				301.42	IV -	Capital Out	lav		426.00
4		÷ .		27.78	General Services		69.66	69.66	
· .	*		·	88.68	Social Services	_	90.84	90.84	
		4		11.72	Education, Sports, Arts and culture		17.87	17.87	٠,
	,	* * * * * * * * * * * * * * * * * * *		6.93	Health & Family Welfare	- /	7.10	7.10	
		3.		68.15	Water Supply, Sanitation, Housing & Urban Development	-	65.49	65.49	
				1.05	Welfare of SC/ST and Other Backward classes	-	0.05	0.05	
	IV – Miscellaneous Ro	eceipts		0.25	Social Welfare & Nutrition	-	0.09	0.09	
		:		0.58	Other Social Services	-	0.24	0.24	
			- · · · · · · · · · · · · · · · · · · ·	184.96 7.89	Agriculture & Allied activities	0.45 0.45	265.05 12.27	265.50 12.72	
				0.94	Special Areas Programme	-	1.28	1.28	
				38.74	Irrigation & Flood Control	-	56.77	56.77	ê."
				51.34	Energy	-	88.14	88.14	
		1		7.46	Industry & Minerals		5.17	5.17	
	:			73.53 5.06	Transport General Economic Services		96.77 4.65	96.77 4.65	
				301.42	Total Capital outlay	0.45	425.55	426.00	
6.55	V - Recoveries of		5.58	9.83	V-Loans and			/	7.46
	Loans and Advances	,							
-	From Power Projects	s -			For Power Projects	_ •	· `		
5.60	From Government Servants	4.70		2.46	To Government servants	2.50	- :	2.50	
0.95	From Others	0.88		7.37	To others		4.96	4.96	
, -,	VI- Revenue Surplus brought down			140.47	VI-Revenue	Deficit brou	ght down		123.18
791.73	VII – Public Debt Receipts	-	701.63	362.65*	VII-Repaym	ent of Public	Debt	ī	217.98*
272.66	Internal Debt other than Ways and Means Advances	150.63	;	33.52	Internal Debt other than ways and means advances & overdrafts		37.80	37.80	
-	Ways and Means Advances excluding over draft			21.24	Ways & Means advances excluding overdraft	-	53.61	53.61	
519.07	Loans and Advances from Central Government	551.00		307.89	Repayment of loans & advances to Central Government	<u>-</u> .	126.57	126.57	

^{*} Includes net ways and means advances excluding overdraft

	Receipts					Disbursen	nents		
2003-04			2004-05	2003-04		Non- Plan	Plan	Total	2004-05
1	VIII-Amount transf	ferred to	1.17	1.17	VIII-Expen	diture from	Contingency	Fund	0.22
3239.35	IX-Public Accounts I	Receipts	3156.76	3217.60	IX-Pub	it .	2971.25		
	1	1							
110.89	Small savings and	117.49	,	67.67	Small Savings		75.68	75.68	11 Eq. (
	Provident Fund				and Provident Fund				
20.38	Reserve Funds	28.35		1.61	Reserve Funds		1.33	1.33	<u> </u>
118.96	Deposits and Advances	93.13		133.49	Deposits and Advances		93.61	93.61	49
1536.81	suspense and Miscellaneous	1429.46	-	1550.30	Suspense and Miscellaneous		1348.33	1348.33	
1452.31	Remittances	1488.33		1464.53	Remittances	-	1452.30	1452.30	
	X- Closing overdraft from RBI	and the second s		41.84	X-	- Cash Balan	ce at end	en s	148.74
, a with a				*	Cash in Treasuries	1 = 1 + r 1 = 1 + r	*	*	2 - 20 2 - 2 - 2
				(-) 13.06	Deposits with Reserve Bank of India		(-) 13.25	(-) 13.25	182
				51.99	Departmental cash balance	1	79.18	79.18	
		1 (a)			including permanent advance				
e e e e e e e e e e e e e e e e e e e				2.91	Cash Balance Investment		82.81	82.81	1 m m
4074.98	Total Section B		3906.98	4074.98	Lung				3906.98

^{*} Rs. 7000/- only

APPENDIX-1.3

(Referred to in paragraph 1.4) Sources and Application of Funds

		crore)	

<u> 14</u>		그는 생각이 가장 이 회사를 받았다. 그는 가는 왜 이렇게	A)	upees in crore)
2003-04		Sources.		2004-05
1623.12		Revenue Receipts	- 1000 C	1820.02
6.55		Recoveries of Loans and Advances		5.58
429.07	Inc	rease in Public Debt other than over	Iraft	483.65
21.76		Net Receipts from Public Accounts		185.51
	43.21	Increase in Small Savings	41.81	
	(-) 14.52	Decrease in deposits and advances	(-) 0.48	
	18.76	Increase in Reserve Funds	27.02	
	(-) 13.47	Net effect of suspense and	81.13	
		Miscellaneous transactions		
	(-) 12.22	Net effect of remittance transactions	36.03	
	Ne	t effect of Contingency Fund Transac	tion	0.95
.		Decrease in closing balances	Ŷ	, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,
2080.50		TOTAL		2495.71

2003-04	Applications	2004-05
1763.59	Revenue Expenditure	1943.20
301.42	Capital Expenditure	426.00
9.83	Lending for Development and other purposes	7.46
1.17	Net effect of Contingency Fund Transactions	
-	Repayment of overdraft	12.15
4.49	Increase in closing balance	106.90
2080.50	TOTAL	2495.71

Explanatory Note

(For Statement I, II &III)

- 1. The abridged accounts in the foregoing have to be read with comments and explanations in the Finance Accounts.
- 2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Statement-1 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.
- 3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
- 4. There was a difference of Rs.0.07 crore (debit) between the figures reflected in the accounts and that intimated by RBI under "Deposits with Reserve Bank".

APPENDIX-1.4 TIME SERIES DATA ON STATE GOVERNMENT FINANCES

				(Rupees	in crore)
Part A. Receipts	2000-2001	2001-2002	2002-2003	2003-2004]	2004-05
1. Revenue Receipts	1483	1873	1833	1623	1820
(i) Tax Revenue	515 (35)	569 (30)	602 (33)	710(44)	857(47)
Sales Tax	388 (75)	402 (71)	439 (73)	502(71)	567(66)
State Excise	39 (8)	.46 (8) 33 (6)	47 (8) 37 (6)	53(7)	56(7) 59(7)
Taxes on Vehicles Stamps duty and Registration fees	30 (6) 22 (4)	26 (5)	26 (4)	51(7) 29(4)	36(4)
Land Revenue	3 (1)	8 (1)	3(1)	5(1)	5(1)
Taxes on goods and passengers	13 (2)	36 (6)	30 (5)	41(6)	103(12)
Other Taxes	20 (4)	19 (3)	20 (3)	29(4)	31(3)
(ii) Non-Tax Revenue	796 (54)	1136 (61)	1039 (57)	725(45)	729(40)
(iii) State's share in Union taxes and duties (iv) Grants-in-aid from Government of India	105 (7) 67 (4)	108 (6) 59 (3)	115 (6) 77 (4)	136(8) 52(3)	162(9) 72(4)
2 Misc. Canital Receipts	07 (4)	39 (3)	77 (4)	32(3)	72(4)
3. Total Revenue and Non debt capital receipt (1+2)	1483	1873	1833	1623	1820
Misc. Capital Receipts Total Revenue and Non debt capital receipt (1+2) Recoveries of Loans and Advances	11	6	7	7	6
5. Public Debt Receipts	347	397	497	792	702
Internal Debt (excluding Ways & Means Advances and Overdrafts)	127	126	181	273	151
Net transactions under Ways and Means Advances and Overdraft	10	30	47		-
Loans and Advances from Government of India	210	241	269	519	551
6. Total Receipts in the Consolidated Fund (3+4+5)	1841	2276	2337	2422	2528
7 Contingency Fund Receipts	165	190	14		1
8. Public Accounts receipts	2132	2464	2755	3239	3157
8. Public Accounts receipts 9. Total receipts of the State (6+7+8) Part B. Expenditure	4138 1892	4930 2286	5106 2206	5661 2065	5686 2369
10. Revenue Expenditure	1709 (90)	2101 (92)	2000 (91)	1764(85)	1943(82)
Plan	141 (8)	183 (9)	218 (11)	284(16)	365(19)
Non-plan	1568 (92)	1918 (91)	1782 (89)	1480(84)	1578(82)
General Services (including Interests payments)	778 (46)	1080 (51)	911 (45)	582(33)	633(33)
Economic Services Social Services	498 (29) 433 (25)	543 (26) 478 (23)	539 (27) 550 (28)	618(35) 564(32)	642(34) 668(34)
Grants-in-aid and contributions	162	156	226	214	219
11. Capital Expenditure	183 (10)	185 (8)	206 (9)	301(15)	426(18)
Plan	188 (100)	185 (100)	216 (105)	301(100)	425(100)
Non-plan	(-) 5		(-)10 (-5)		1
General Services	5 (3)	7 (4)	15 (7)	28(9)	70(16) 265(62)
Economic Services Social Services	105 (58) 73 (39)	132 (71) 46 (25)	136 (66) 55 (27)	184(61) 89(30)	91(21)
12. Disbursement of Loans and Advances	15	6	12	10	7
13. Total (10+11+12)	1907	2292	2218	2075	2376
13. Total (10+11+12) 14. Repayments of Public Debt	55	61	182	363	230
Internal Debt (excluding Ways and Means Advances and	11	17	65	34	38
Overdrafts) Net transactions under Ways and Means Advances and		-	7	21	66
Overdraft	- 44	- 44	117	200	100
Loans and Advances from Government of India	44 190	680	117	308_	126
15. Appropriation to Contingency Fund 16. Total disbursement out of Consolidated Fund	2152	3033	2420	2416	2606
(13+14+15)	1	1			
17. Contingency Fund disbursements	0.14	204	680	1.17	0.22
18. Public Accounts disbursements	2036	2364	2693	3218	2971
19. Total disbursement by the State (16+17+18)	4188_	5601	5793	5635	5577.22
Part C. Deficits 20. Revenue Deficit (1-10)	226	228	167	141	123
21. Fiscal Deficit (3+4-13)	413	413	378	445	550
22. Primary Deficit (-)/surplus (+) (21-23))	201	152	86	124	227
Part D. Other data	046			- 004	- 200
23. Interest Payments (included in revenue expenditure .) 24. Arrears of Revenue(Percentage of Tax & non-tax	212 205	261 277	292 296	321 321	323 322
Revenue Receipts)	203	"	250	321	322
25. Financial Assistance to local bodies etc.	156	156	226	214	219
26. Ways and Means Advances (WMA)/Overdraft availed (days)	. 16	36	259/34	249/21	221/12
27. Interest on WMA/Overdraft	0.59	0.96	1.76/0.17	1.34/0.23	1.13/0.05
28. Gross State Domestic Product (GSDP)*	7761	8925	9947	9290	10219
29. Outstanding Debt (year end)	2531	2979	3335	3838#	4350
30. Outstanding guarantees including interest (year end) 31. Maximum amount guaranteed (year end)	160	141	216°	491*	621
32. Number of incomplete projects	111	338	550 16	628 17	719
33. Capital blocked in incomplete projects	15.20	15.15	534	466.93	464.18
		·	·		

Note: Figures in brackets represent percentages (rounded) to total of each sub heading.

^{*} Source of GSDP – Budget at a glance 2003-04 of Govt. of Goa.

[#] Figures in respect of 2003-04 changed due to proforma correction.

^{*} Excluding the information awaited from HDFC, Goa, Daman & Diu KVIB, Vausmach Industries, Margao Industrial Estate

APPENDIX-1.5 (Referred to in paragraph 1.4)

Part B - List of terms used in the Chapter - I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter
	GSDP Growth
Buoyancy of a parameter (X) with	Rate of Growth of the parameter (X)
respect to another parameter (Y)	Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	[(Current year Amount/Previous year Amount) - 1] * 100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of
	5 year's of the parameter in Revenue or
	Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate	Interest Payment/[(Amount of previous year's
(Average interest paid by the State)	Fiscal Liabilities + Current year's Fiscal
	Liabilities)/2] * 100.
Interest spread	GSDP growth - Weighted Interest rates
Interest received as per cent to Loans	Interest Received [(Opening balance + Closing
Advanced	balance of Loans and Advances)/2] * 100
Revenue Deficit	Revenue Receipt - Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure +
	Net Loans and Advances - Revenue Receipts -
	Miscellaneous Capital Receipts.
Primary Deficit	Fiscal Deficit - Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and
	Non-Plan Revenue Expenditure excluding debits
	under 2048-Appropriation for Reduction or
	Avoidance of Debt.

APPENDIX-1.6

(Referred to in paragraph 1.7.1)

Department-wise and Year-wise break up of outstanding Utilisation Certificates

Sr. No.	Name of the Department	No. of utilization certificates	Amount (Rupees in crore)
1.	Education Directorate of Education	86	3.03
2.	Sports Director of Sports	131	16.28
3.	Directorate of Higher Education	28	9.19
4.	Town and Country Planning Department	5	2.04
5.	Urban Development Directorate of Municipal Administration	227	29.95
6.	i) Directorate of Women and Child Welfare,	59	1.09
	Panaji ii) Directorate of Social Welfare	53	0.97
7.	Science, Technology & Environment Directorate of Science, Technology & Environment	23	2.80
8.	Panchayati Raj i) Directorate of Panchayat (South), Margao ii) Directorate of Panchayat (North)	1039 688	2.29 17.64
9.	Secretariat, Panaji	13	0.77
10.	Health Directorate of Health Services	5	0.31
11.	Home Department Director General of Police	1	0.02
12.	Directorate of Art & Culture	30	0.73
13.	Directorate of Agriculture	174	0.46
	TOTAL	2562	87.57

Year-wise break up of Outstanding Utilisation Certificates

Year	No. of Utilisation Certificates	Amount (Rupees in crore)
Upto 1993-94	1032	0.45
1994-95	18	0.07
1995-96	64	0.15
1996-97	44	0.17
1997-98	100	1.78
1998-99	70	2.04
1999-00	62	3.27
2000-01	126	5.13
2001-02	122	5.53
2002-03	320	25.03
2003-04	604	43.95
TOTAL	2562	87.57

APPENDIX-1.7 (Referred to in paragraph 1.7.2) Yearwise details of Misappropriation cases

Sr. No.	Name of the Dept.	Upto 19	99-2000	2000-2	2001	2001	-2002	2002-2	2003	2003-2	2004	2004-2	2005	Tot	al
		No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.
1.	Panchayati Raj	2	0.79	-	-: -	-			-	· -			2	2	0.79*
2.	Dy. Commandant Home Guards, Panaji	1	4.95	. <u>-</u>			-	-	-		_	<u>-</u>	-	1	4.95*
3.	Director General of Police	1	1.38	''. .		a	_		<u>-</u>	-	- +, -	-		1,	1.38
4.	Civil Supplies	-		-	-	-	-	-	_	2	2.89	-		2	2.89
5.	Conservator of Forest	1 .	0.67		-							-		<u> </u>	0.67
6.	Director General of Prisons	·	-	* . .	/ · =	<u>-</u>	-	. <u>.</u>	d.		·	1	0.18	1	0.18
7	Govt. Polytechnic, Panji	2	0.24	-		-			4. <u>=</u> 	-			-	2	0.24
8.	Power Department	2	40.24	-	-	<u>.</u>	-	-		. 1	1.61	1	- ;	4	41.85
9.	P.W.D.	1 11	0.13	· . ·			·			·	-	1	21.96	2	22.09
10.	Director of Health Services	-	-	-	-	-	_	5	1.76	-	-			5	1.76
.11	Director of State Craftsmen training	7. T	-	` . .	Ng a i d'⊕ La internation		. -	_	_	1	0.05	-	-	1	0.05
	TOTAL	10	48.40	- `.	•	, 1, 1 <u>.</u>	· · · - · · ·	5	1.76	4	4.55	3	22.14	22	76.85

Out of Rs.0.79 lakhs Rs.0.15 lakhs has been recovered so far.
Out of Rs.4.95 lakhs Rs.0.30 lakh has been recovered so far.

APPENDIX - 1.8

(Referred to in paragraph 1.7.2)

Category wise details of misappropriation, losses etc. reported upto 31 March 2005 pending finalisation at the end of June 2005

Sr. No.	Name of the Department	Awaiting Dept. criminal investigation		Departmental action started but not finalised		Criminal proceedings finalized but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the courts of law		Total	
		No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
						(Rupees i	n lakh)				•		
1.	Panchayati Raj Director of Panchayat, Panaji	-		_	_			2	0.79		_	2	0.79
2.	Home a) Deputy Commandant General, Home Guards b) Director General of Police	-	-		-		-	-	-	1	4.95	1	4.95
	c) Director General of Prisons	1	0.18	-	•		-		-	1	1.38	1	1.38 0.18
3.	Civil Supplies	-	-	-	-	-		-	-	2	2.89	2	2.89*
4.	Forest Conservator of Forest	-		1	0.67					-		1	0.67
5.	Power Department									-			
	Chief Electrical Engineer	2	*	2	41.85	-		-	-	-	-	4.	41.85

^{*} One case in respect of Civil supplies forRs.0.52 lakh has been closed

^{1. *} In respect of one case in 1999-2000 and one case in 2004-05 details of loss is yet to be assessed.

6.	Public Works Department												
	Chief Engineer, PWD		-	1	21.38	-	<u>.</u>	-	<u> </u>	1	0.71	2	22.09
7.	Health					. 1.3	North Control of the State of t						
	Directorate of Health Services	· -	-	-	-		.	-	-	5	1.76	5	1.76
8.	Technical Education					41 6							
	Government Polytechnic, Panaji	· 5=	-			-	- .	-	<u>.</u> ' <u>-</u> '	2.	0.24	2	0.24
9.	Labour Director of State Craftsman Training	,	- -				- -	1	0.05	· - · ·) 	0.05
	TOTAL	3	0.18	4	63.90		•	3	0.84	12	11.93	22	76.85

In respect of Education Department one case amounting to Rs.0.77 lakhs has been closed.

APPENDIX-1.9
Department-wise details of write off and waiver of recovery
(Referred to in paragraph 1.7.3)

0		Write off						
Sr. No.	Name of Department	No. of	Amount					
2.00		cases	(in Rupees)					
1.	ANIMAL HUSBANDRY & VETERINARY	11	36,341					
t t	Director of Animal Husbandry & Veterinary	;·						
	Services	-						
2.	TECHNICAL EDUCATION	1	2,527					
	Principal, College of Engineering, Goa							
3.	EDUCATION	9	31,350					
!	Director of Education							
4.	AGRICULTURE	· 9	2,26,819					
	Directorate of Agriculture		· H: -					
•								
5.	GENERAL ADMINISTRATION DEPARTMENT	2 -	1,18,080					
	Secretary, General Administration Department							
<u> </u>								
6.	LABOUR DEPARTMENT	1	25,631					
	Director, State Director of Craftsman Training,		• •					
	Panaji.		,					
7.	PRINTING & STATIONERY	1	1,297					
ļ i	Director, Government Printing Press, Panaji							
		<u> </u>						
8.	HEALTH DEPARTMENT	19	1,97,221					
	Directorate of Health Services, Panaji							
	Director, Institute of Psychiatry & Human	2	15,626					
	Behavior, Bambolim		13,020					
	penavior, pariformin							
	TOTAL	55	6,54,892					
12	LUIAL	່ວວ	0,54,694					

APPENDIX-2.1 (Referred to in paragraph 2.3.1) Areas in which major savings occurred

Grant No./Major Head	Areas in which major savings occurred	Savings (Rupees in crore)
21	Public Works (Capital Voted)	
4059	Other buildings	0.09
4059	Special Problems Secretariat Complex	1.37
4215	Augmentation of water supply Schemes at Opa, Assonora and Sanquelim	0.52
4215	Investment in PSU	3.40
4215	Sewage & Sanitation	13.18
5054	Roads & Bridges, State Highways, District Roads	5.79
30	Lotteries (Revenue Voted)	
2075	State Lotteries	681.32
48	Health Services	
2210	Medical & Public Health	12.00
55	Municipal Administration	
2217	Urban Development (Revenue)	27.42
82	Information Technology	
2852	Industries	10.85

APPENDIX-2.2 (Referred to in paragraph 2. 3.1)

Savings in excess of Rs. two crore in each case and also by more than 10 per cent of the total provision

		(Rupees in crore					
Sr. No.	Grant/ Appropriation	Total Provision	Actual Expenditure	Savings			
Revenu	e (Voted)						
1.	2 – General Administration & Coordination	18.52	14.79	3.73			
2.	7- Settlement & Land Records	8.47	4.61	3.86			
3.	31 – Panchayats	38.14	32.98	5.16			
4.	42 – Sports	14.82	11.85	2.97			
5.	54 – Town and Country Planning	10.48	6.10	4.38			
6.	56 –Information and Publicity	19.27	15.61	3.66			
7.	58 – Women and Child Development	19.74	14.05	5.69			
8.	64 – Agriculture	19.51	16.45	3.06			
9.	65 – Animal Husbandry & Veterinary Services	17.36	11.05	6.31			
10.	71 –Cooperation	7.12	3.18	3.94			
11.	72- Science Information Technology & Environment	9.29	5:41,	3.88			
Capital	(Voted)						
12.	21 – Public works	193.52	164.73	28.79			
13.	70 – Civil Supplies & Price Control	23.25	13.98	9.27			
	TOTAL	399.49	314.79	84.70			

APPENDIX-2.3

(Referred to in paragraph 2.3.2)

Statement showing excess over provision relating to previous years requiring regularisation

Year	No. of grants/ Appropriation in the year	Grant/ Appropriation No.	Excess amount (Rupees in crore)	Reasons for excess
1996-1997	6	1, 37, 42, 57 Public Service Commission and Public Debt	14.75	Received
1997-1998	9:	18, 20, 24, 29, 33, 37, 49, 61 and Public Debt	11.96	Received
1998-1999	10	7, 32, 33, 34, 35, 36, 37, 46, 53 and 59	1.35	Not received
1999-2000	6	9, 27, 40, 42, 46, 58	0.39	Not received
2000-2001	5	8, 38, 44, 58 and Public Debt	14.79	Not received
2001-2002	3	44, 58 and Public Debt	307.91	Not received
2002-2003	2	50, Appropriation Debt Services	675.33	Not received
2003-2004	2	2, Appropriation Debt Services	549.59	Not received
TOTAL		die a	1576.07	

APPENDIX-2.4

(Referred to in paragraph 2.3.4)

Statement showing cases where supplementary grants proved unnecessary

Sr.			Amount o	of grants/approp	riation
No.	Grant/Appropriation	Original	Supplementary	Actual expenditure	Savings
Rev	enue (Charged)				
1.	Appropriation Debt Services	346.10	17.94	342.99	21.05
Rev	enue (Voted)				
1.	4 –District and Session court (South Goa)	3.53	0.10	3.39	0.24
2.	17 - Police	55.52	5.64	53.93	7.23
3.	19 – Industries & Mines	25.85	3.56	14.73	14.68
4.	23- Home	0.65	0.31	0.38	0.58
5.	25 – Home Guards and Civil Defence	2.46	0.05	1.39	1.12
6.	26 – Fire & Emergency Services	4.11	0.40	4.08	0.43
7.	27 - Evacuee Property	1.89	0.50	1.48	0.91
8.	31 - Panchayats	37.54	0.60	32.98	5.16
9.	37 – Government Polytechnic (Panaji)	4.47	0.37	4.34	0.50
10.	42 –Sports	14.73	0.08	11.85	2.96
11.	48 – Health Services	62.44	6.39	56.58	12.25
12.	51 - Goa Dental College	2.60	0.18	2.46	0.32
13.	52– Labour	7.44	0.27	7.33	0.38
14.	54 – Town & Country Planning	7.34	3.14	6.10	4.38
15.	58- Women & Child Development	19.43	0.30	14.04	5.69
16.	61 Craftsman Training	10.82	0.42	10.12	1.12
17.	64 - Agriculture	19.22	0.29	16.45	3.06
18.	65 – Animal Husbandry & Vet. Services	16.58	0.78	11.05	6.31
19.	68 - Forests	13.61	1.68	12.45	2.84

	· · · · · · · · · · · · · · · · · · ·	-			
20.	71 – Co-operation	6.90	0.22	3.18	3.94
21.	72 – Science Technology & Environment	9.11	0.18	5.41	3.88
22.	75 – Planning, Statistics & Evaluation	2.93	0.15	2.22	0.86
23.	76 – Electricity	435.69	1.00	427.18	9.51
24.	78 - Tourism	27.45	0.77	23.46	4.76
25.	79 – Goa Gazetter	0.14	0.02	0.14	0.02
Cap	ital (Charged)	v			
1.	65 – Animal Husbandry & Vet. Services	0.13	0.12	0.08	0.17
Cap	ital (Voted)				
1.	2 – General Administration and Coordination	0.25	0.11	0.17	0.19
2.	21- Public Works	175.52	18.00	164.73	28.79
3.	32- Finance	59.00	1.00	58.00	2.00
4.	35 –Higher Education	7.10	0.05	4.66	2.49
5.	40 – Goa College of Engineering	2.90	0.39	1.18	2.11
6.	66 – Fisheries	1.15	0.13	0.79-	0.49
	Total	1384.60	65.14	1299.32	150.42

APPENDIX-2.5 (Referred to in paragraph 2.3.4)

Statement showing cases where supplementary provision was excessive

	ANNUA TO THE REAL PROPERTY OF THE PROPERTY OF	FALLER AND CONTRACTOR OF THE STREET	Colores de la co	Indiana and annual designation of the same and an analysis of the same and an annual same and an annual same a	t Para a contribution and analysis of the	reaction and the second
Sr. No.	Number and name of Grant	Original Provision	Supplementary Provision	Total Provision	Expenditure	Savings
Reve	nue (Voted)			;		
1.	6-Election Office	1.97	2.09	4.06	2.54	1.52
2.	21 Public works	174.31	8.00	182.31	174.71	7.60
3.	38 – Government Polytechnic (Bicholim)	1.40	0.13	1.53	1.47	0.06
4.	49 – Institute of Psychiatry & Human Behaviour	4.22	0.16	4.38	4.28	0.10
5.	57 –Social Welfare	45.59	3.25	48.84	46.37	2.47
Capi	tal (Voted)	7	(
6.	78 – Tourism	3.73	2.49	6.22	4.65	1.57
	TOTAL	231.22	16.12	247.34	234.02	13.32

APPENDIX -2.6 (Referred to in paragraph 2.3.5)

Unutilised provisions not surrendered

	T	. 7	· · · · · · · · · · · · · · · · · · ·	Savings available				
Sr. No.	Grant No.	Total Grant	Total Expenditure					
Revenu	e (Voted)							
1.	27- Evacuee property	2.39	1.48	0.91				
2.	36 – Technical Education	6.05	5.04	1.01				
Capital	(Voted)							
.3.	1 – Legislature Secretariat	0.60	0.42	0.18				
4.	7 – Settlement and land Records	0.40		0.40				
5.	10 – Notary Services	0.25		0.25				
6.	55 – Municipal Administration	5.00	1.83	3.17				
. 7 .	78 – Tourism	6.22	4.65	1.57				
Capital	(Charged)		· · · · · · · · · · · · · · · · · · ·					
8.	78 – Tourism	0.12		0.12				
	TOTAL	21.03	13.42	7.61				

APPENDIX-2.7 (Referred to in paragraph 2.3.5)

Savings partially surrendered

Sr. No.	Number and Name of Grant	Total Grant	I H V NAMATRIPA I SOLUTION COL				
Reve	nue (Voted)						
1.	25 – House Guards and Civil Defence	2.51	1.39	1.12	0.89	0.23	
2.	43 – Art and Culture	8.37	8.01	0.36	0.09	0.27	
3.	55 – Municipal Administration	43.80	13.85	29.95	29.32	0.63	
4.	68 – Forests	15.29	12.45	2.84	2.28	0.56	
5.	78 – Tourism	28.22	23.46	4.76	4.19	0.57	
Capi	tal (Voted)						
6.	62 – Law	1.00	0.40	0.60	0.05	0.55	
7.	67 – Ports Administration	1.49	0.55	0.94	0.17	0.77	
8.	76 – Electricity	89.25	87.80	1.45	1.04	0.41	
	TOTAL	189.93	147.91	42.02	38.03	3.99	

APPENDIX-2.8 (Referred to in paragraph 2.3.6)

a) Surrender in excess of actual savings

(Rupees in crore)

Company of the Compan		and the second s	r	TALLOW LAND TO THE PROPERTY CONTROL OF THE PARTY OF THE P		(A. (A. A. A
Sr. No.	Number and Name of Grant	Total Grant	Expenditure	Savings	Savings surrendered	Excess amount surrendered
Reve	nue (Voted)	- Ag				
1.	21 – Public Works	182.31	174.71	7.60	19.99	12.39
2.	61 – Craftsman Training	11.24	10.12	1.12	1.23	0.11
Reve	nue (Charged)	1 2				
3.	68 – Forest	1.89	1.89		0.27	0.27
Capi	tal (Voted)					
4.	21 – Public Works	193.52	164.73	28.79	30.22	1.43
	TOTAL	388.96	351.45	37.51	51.71	14.20

b) Surrender in spite of excess expenditure

Sr. No.	Number and Name of Grant	Section	Total Grant	Expenditure	Excess expendi- ture	Excess amount surrendered
1.	8 – Treasury and Accounts Revenue	Revenue voted	146.20	149.90	3.70	1.73
2.	Appropriation Debt Service	Capital charged	478.27	768.42	290.15	6.18
	TOTAL		624.47	918.32	293.85	7.91

Appendix 4.1 (A)
Statement showing year-wise position of Inspection Reports and Paragraphs pending settlement.

Sr.	Name of the Department	1995-96		190	96-97	199	97-98	19	98-99	190	99-00	200	00-01	200	1-02	200	2-03	200	03-04	200	04-05	T	otal
No		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Pa
	Agriculture Department	1	1		***			1	1					2	6	1	1					-5	9
	Animal Husbandry & Veterinary Services								-				-15	-				1	-3			1	
	Department	2.0	: 444.		***				**									1	2			-	
	Archives, Archaeology & Museum				:				97.	77.	68		1990					1	2	-	340	,	
	Art & Culture Department	-1	1	1	1	1		1	1	1	1	2	2						**			6	
	Civil Supplies Department		**					1	1					2	3		***				(mm):	3	
	Co-operative Department									22	- 122					1	1					1	
	Director of Sports							1	1	1	1		**					3	41	-		5	
	Education Department										7.7		177	3	3						***	3	
	Finance Department							1	1			2	3	2	2			1	5			6	
)	Fisheries Department	***	164											. 1	1			1	7		2.0	2	
	Forest Department	***						1	1			1	1			2	2	5	13	1941		9	
	General Administration																			1	1	1	
	Department																						
3	Housing Department	1	2			44				1	1	1	3			1	6				200	4	
	Health Department	55						1	2	1	1	1	3	2	5			4	13		***	9	
	Higher Education					100			**			1	1			1	1			377		2	
	Home Department	**									**		***			2	7	3	5	2	3	7	
	Industries Department	1	1			1	1	1	1					2	2	1	2	2	14	1	5	9	
	Information & Publicity								**					22			144	1	1			1	
	Inland Water Transport Department			**		**	**	1	1	1	1			1	1 -					2	9	5	
	Inspectorate of Factories & Boilers	77							**		-					=				1	2	1	T
	Irrigation Department			1	1					3	5	1	1	4	7	2	4			3	17	14	
	Labour Department					**	**	**				2	2	4	4			1	1	1	2	8	
	Law Department		**	**					**		**		***	2	2	2	2	-				4	+
	Legislature Department	1	1													1	1					2	+
	Panchayati Raj Department					**					124	4	12	5	7	2	3				***	11	+
	Planning Department											2	3			**					++	2	+
	Provedoria Department	1	1					**			***	1	1		**							2	+
	Public Works Department		**			1	1	3	3	3	3	6	8	5	11	12	31	12	46	3	11	45	+
	Revenue Department			**						3	6	1	4	4	4	1	1		++	3	23	12	+
	Rural Development																			1	8	1	+
	Department	-				-			-											*			
	Science Technology &					144			2.2				***					1	1	1	1	2	+
	Environment Department	1000	1275		-720	15.00				1			14,500				2247	1					
	Social Welfare Department	**										1	1			**		1	2		**	2	+
	Technical Education			3	5			3	4	3	5	3	4	4	21	3	3			4	13	23	1
	Transport Department											1	1		21	2	2	1	2	1	2	5	+
	Tourism Department																	1	1	1	2	2	+
	Urban Development	1	1	3	4	3	3	1	2	6	12	6	12	2	4							22	+
	Department	(4)	I.	2	7	2	3	, k	-	U	1.4	0	14	-2	- T	- 27			-	-		22	
_	Vigilance Department										**	1	2								***	1	+
	Women & Child									1	1			2	2							3	+
	Development									1	1				- 2							3	_
tal		7	8	8	11	5	5	16	19	24	37	37	64	47	85	34	67	39	157	25	99	242	

APPENDIX 4.1 (B)

Statement showing the offices from whom not even the first reply was received within six weeks from the date of issue of Inspection Report.

Sr.No.	Name of the Offices	No. of Paragraphs
1.	Dy.Conservator of Forest North	· · · · · · · · · · · · · · · · · · ·
2.	Dy.Conservator of Forest South	2
3.	Public Works Department Div.XI	4
4.	Fisheries Department	7
5.	Director of Panchayats	6,****
6.	Public Works Department Div.VII	6
7.	Public Works Department Div.XXIII	4
8.	Doordarshan	8
9.	Public Works Department Div.XV	4
10.	Goa University	4
11.	Zilla Panchayat, North	13
12.	Zilla Panchayat, South	12
13.	Public Works Department Div.XIII	5
14.	Water Resources Dept. Div.II	6
15.	Employees State Ins.Corpn.	4
16.	Employees Provident Fund	3
17.	Khadi & Villages Industries Board	5
18.	Dist.Rural Development Agency, South, Margao	8
19.	C.E., Public Works Department	2
20.	Water Resources Dept., Div.IX	2
	TOTAL	110

APPENDIX-6.1

(Referred to in paragraph 6.10)

Yearwise position of Inspection Reports, Paras Pertaining to Revenue Receipts

Name of the Tax Revenue	Upt	o 2 000-	2001		2001-20	02		2002-20	03		2003-20	04		2004-20	05		Tota	ıl
	IR	Paras	Amt. Invol- ved	IR	Paras	Amt. Invol- Ved	ĪR	Paras	Amt. Invol- Ved	IR:	Paras	Amt. Invol- ved	IR .	Paras	Amt. Involved	. IR	Paras	Amt. Invol- Ved
Land Tax	4	14				-			4.1	2	-11	1	-	-,		6	25	
Excise	10	20	4. 9	. 5	6	1 144	21	70:	0.4435	7-	-		1	. 2		- 37	. 98	0.4435
Sales Tax	3	4	1	5	9	0.0986	2	4	0.1804	4	- 40	0.6395	1	. 6	0.0306	-15	63	0.9491
Entertainment Tax		, ,,,		2	2	0.0004		-		-	_	ž	-		- 1777 <u>-</u>	2	2	0.0004
Motor Vehicle Tax (Transport)	1	· . 1		-	-		2	. 3	0.0137	4	16	0.0267	1	- 2	0.0005	8	22	0.0409
Stamp Duty & Registration Fee	5	5		-					: -	. 1	2			-	-	6	7	- ,
TOTAL	23	44	-	12	17	0.099	25	77	0.6376	11	69	0.6662	3	10	0.0311	74	217	1,4339

Statement showing particulars of upto date capital, equity loans received out of budget and loans outstanding as on 31 March 2005 in respect of Government companies and Statutory corporation
(Referred to in paragraphs 7.1.3, 7.1.4 and 7.1.5)

(Figures in column 3(a) to 4(f) are Rupees in lakh)

								(4	rigures in con	min J(u)	, 10 7(J) III	c Kupees u	i illini)
Sl. No	Sector and name of the Company	Paid up ca	pital as at the		ent year (2	(004-05)	Equity / received Budget di yea	l out of uring the	Other loans received during the		s outstandi lose of 2004		Debt-Equity ratio for 2004-05 (previous
		State Government	Central Government	Holding Company	Others	Total	Equity	Loans	year"	Govern ment	Others	Total	year) 4(f) / 3 (e)
1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(e)	4(d)	4(e)	4(f)	5
. A	Government Com	panies					***				2.5		
AG	RICULTURE AND A	ALLIED	\$ 1. The state of		e e e		* *			, A			
1	Goa Meat Complex Limited	25.00	23.96		12.86	61.82	· · · · · · · · · · · · · · · · · · ·				<u>-</u>		
2	Goa State Horticultural Corporation Limited	- 496.50			· · · · · · · · · · · · · · · · · · ·	496.50	330.00	62.00		62.00		62.00	0.12
	TOTAL -	521.50	23,96	·	12.86	558.32	330.00	62.00	-	62.00	-	62.00	
INI	USTRIES												,
3	Goa Auto Accessories Limited			67.00 % 492.00		67.00 % 492.00		,			65.62	65.62	0.12:1 (0.12:1)
4	Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited	333.01	17.00			350.01							-
	TOTAL	333.01	17.00	67.00 \$\psi 492.00		417.01 ¥ 492.00	-	* -	-		65.62	65.62	

Includes bonds, debentures, inter corporate deposits etc.,

Loans outstanding at the close of 2004-05 represents long-term loan only

Audit Report for the year ended 31 March 2005

1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
EL	ECTRONICS					1,000							
5	Goa Electronics Limited			180.00		180.00					953.14	953.14	5.30:1 (5.12:1)
	TOTAL		- Samuel in Sis	180.00	decr.	180.00					953.14	953.14	A CHARLES
FO	REST					No.					1000		
6	Goa Forest Development Corporation Limited	250.00	a a			250.00	200.00					at to	
7.19	TOTAL	250.00			-	250.00	200.00			_			
AR	EA DEVELOPMENT	12, 64	7 100		17773	1.87.15			-				
7	EDC Limited	3320.26 ▼ 100.00		п у	1472.22	4792.48 ▼ 100.00	100.00		473.43		21606.43	21606.43	4.42:1 (6.16:1)
8	Goa State Infrastructure Development Corporation Limited	310.00				310.00		-	9100.31	-	18781.79	18781.79	60.59:1 (37.6:1)
9	Sewage and Infrastructural Development Corporation Limited	205.00				205.00							
	TOTAL	3835.26			1472.22	5307.48	100.00		9573.74	With the second	40388.22	40388.22	
		₹ 100.00				₩ 100.00	100.00		75/5//4		40500.22	10300.22	
DE	VELOPMENT OF EC	The second second second second second	V WEAKER	SECTION	S								
_		169.67	103.76		-	273.43	5.00		24.91	-	294.28	294.28	1.08:1 (1.25:1)
11	Goa State Scheduled Tribes Finance and Development Corporation Limited	100.00				100.00	100.00	25.00		25.00		25.00	0.25:1
	TOTAL	269.67	103.76			373.43	105.00	25.00	24.91	25.00	294.28	319.28	

1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
го	URISM												
12	Goa Tourism	1594.25				1594.25	441.14				106.49	106.49	0.05:1
	Development Corporation Limited	♥ 441.14				▼ 441.14							(0.1:1)
	TOTAL TOTAL	1594.25				1594.25	441.14			-	106.49	106.49	
	TOTAL	▼ 441.14				♥ 441.14							
DR	UGS, CHEMICALS A	ND PHARMA	CEUTICAL	S									
13	Goa Antibiotics and			399.00		399.00					200.00	200.00	0.11:1
	Pharmaceuticals Limited			▼ 1503.00		▼ 1503.00							(0.13:1)
				399.00	-	399.00		-		-	200.00	200.00	
	TOTAL			♥ 1503.00		♥ 1503.00							
FIN	VANCE	•				A					•		
14	Goa Financial and Leasing Services Limited			241.46		241.46						150	
	TOTAL			241.46		241.46	-	-			- 14	ALANS SEE	
TR.	ANSPORT						L						
15	Kadamba Transport	2290.96				2290.96	300.00		249.83		2170.81	2170.81	0.84:1
	Corporation Limited	₹300.00				♥ 300.00							(0.84:1)
	TOTAL	2290.96			3405	2290.96	300.00		249.83	-	2170.81	2170.81	
		♥ 300.00				♥ 300.00		THE PERSON NAMED IN	0.50			1000	
	TOTAL - A	9094.65	144.72		1485.08	11611.91	1476.14	87.00	9848.48	87.00	44178.56	44265.56	
		♥ 841.14		♥ 1995.00		♥ 2836.14			Topics State and				

Audit Report for the year ended 31 March 2005

1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
В	STATUTORY CORP	PORATION											
1	Goa Industrial Development Corporation	1802.18	1000.00			2802.18	38.00	-	-				-
	TOTAL - B	1802.18	. 1000.00			2802.18	38.00			-			
	TOTAL - A + B	10896.83	1144.72	887.46	1485.08	14414.09	1514.14	87.00	9848.48	87.00	44178.56	44265.56	
		♥ 841.14		♥ 1995.00	1	♥ 2836.14							

Note: Figures in brackets represent figures for the previous years.

^{1.} Except in respect of companies / corporation which finalised their accounts for 2004-05, figures are provisional and as given by the companies / corporation .

^{2.} The figures of investment by Government as furnished by the PSUs are under reconciliation with figures in Finance Accounts.

Share application money

Summarised financial results of Government companies and Statutory corporation for the latest years for which accounts were finalised (Referred to in paragraphs 7.1.6, 7.1.7, 7.1.8, 7.1.9, 7.1.11 and 7.1.21)

(Figures in Column 7 to 12 and 15 are Rupees in lakh)

										(1 igures	in Commi	1012	unu 15 u	re Kupees i	,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Sl. No	Name of the Company	Name of Department	Year of Incorp oration	Period of accounts	Year in which finalised	Net Profit (+) / Loss (-)	Net Impact of Audit Comments	Paidup capital	Accumulated profit / loss	Capital employed	Total Return on Capital Employed	Percent age of total return on Capital Emplo yed	Arrears of accounts	Turnover	Man
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A	WORKING GOV	ERNMENT CO	OMPAN	IES											
AG	RICULTURE AND	ALLIED		1. *	·										
1	Goa Meat Complex Limited	Animal Husbandry	1971	2003-04	2004-05	49.84		61.82	124.25	386.08	40.31	10.44	1	213.62	79
2	Goa State Horticultural Corporation Limited	Agriculture	1993	2002-03	2004-05	(-)17.96		122.50	-86.70	59.79	(-)17.96		. 2	41.43	30
	TOTAL					31.88		184.32	37.55	445.87	22.35		NIST OF	255.05	109
INI	OUSTRIES														
3	Goa Auto Accessories Limited	Industries and Labour	1976	2003-04	2004-05	(-)56.52		67.00	(-)522.94	94.26	(-)56.52		1	512.50	93
4	Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited	Industries and Labour	1980	2003-04	2004-05	4.12		350.01	82.42	736.99	4.12	0.55	1	1693.54	68
	TOTAL	ST STAN	STATE OF			(-)52.40	Bon Journ	417.01	(-)440.52	831.25	(-)52.40			2206.04	161
ELI	ECTRONICS														
5	Goa Electronics Limited	Industries and Labour	1976	2001-02	2005-06	(-)424.47		180.00	(-)1522.15	444.26	(-)392.16	-	3	115.87	93
200	TOTAL .		7/49			(-)424.47	No. 115 CEA	180.00	(-)1522.15	444.26	(-)392.16	THE REAL PROPERTY.		115.87	93

1 2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
FOREST											'			
Goa Forest Development Corporation Limited	Forest	1997	2003-04	2004-05	68.69		50.00	402.51	519.62	68.69	13.22	1	140.69	98
TOTAL					68.69		50.00	402.51	519.62	68.69			140.69	98
AREA DEVELOPME	NT													
7 EDC Limited	Industries	1975	2003-04	2005-06	(-)3340.67	(Understat ement of Loss)	4592.48	(-)11496.09	38749.41	92.93	0.24	1	4864.76	97
8 Goa State Infrastructure Development Corporation Limited	Finance	2001	2003-04	2005-06	24.61		310.00	12.07	15428.27	1694.38	10.98	1	6247.61	33
9 Sewage and Infrastructural Development Corporation Limited	Public Works	2001	2001-02	2004-05			205.00	Con	nmercial ope	rations not	started	3	0.00	14
TOTAL					(-)3316.06	Spiral	5107.48	(-)11484.02	54177.68	1787.31	MERCHAN	Ace of the	11112.37	144
THE VACEDAVI	PITE PHOLES IN		DEVI	ELOPMEN	NT OF ECO	NOMICA	LLY WE	AKER SECT	IONS					
Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	Social Welfare	1990	1999-00	2004-05	(-)0.03		216.76	(-)12.53	302.65	3.25	1.07	5	23.04	13
Goa State Scheduled Tribes Finance and Development Corporation Limited	Social Welfare	2004					First	accounts not f	inalised.					
TOTAL	Wilder Welling to Secretary	REAL PROPERTY.	think the state of		(-)0.03	TOTAL STATE OF	216.76	(-)12.53	302.65	3.25	U.S. CHE		23.04	13

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
ТО	URISM														
12	Goa Tourism Development Corporation Limited	Tourism	1982	2003-04	2005-06	(-)30.72		1124.29	(-)149.51	1512.77	(-)5.60		1	991.14	369
	TOTAL		The same			(-)30.72		1124.29	(-)149.51	1512.77	(-)5.60			991.14	369
DR	UGS, CHEMICALS	AND PHARM	IACEU	TICALS											
13	Goa Antibiotics and Pharmaceuticals Limited	Industries and Labour	1980	2003-04	2004-05	(-)245.18	10.83 (Understat ement of Loss)		(-)2065.01	955.12	(-)149.23		1	1782.45	239
	TOTAL					(-)245.18		399.00	(-)2065.01	955.12	(-)149.23		0.14.000	1782.45	239
FIN	NANCE														
14	Goa Financial and Leasing Services Limited	Industries	1989	2003-04	2005-06	(-)0.57		241.46	(-)203.37	12.10	1.97	16.28	1	5.04	2
(A	TOTAL	7度計劃2度深				(-)0.57		241.46	(-)203.37	12.10	1.97		327/25-	5.04	2
TR	ANSPORT			l.	and a second										
15	Kadamba Transport Corporation Limited	Transport	1980	2003-04	2005-06	(-)439.32	33.57 (Understat ement of Loss)	1 1	(-)4388.47	2746.64	(-)196.56		. 1	3556.43	2043
	TOTAL					(-)439.32		2290.96	(-)4388.47	2746.64	(-)196.56			3556.43	2043
	TOTAL - A		XHE			(-)4408.18		10211.28	(-)19825.52	61947.96	1087.62			20188.12	3271

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1	2	3	4 .	5	6	7	8	9	10	11	12	13	14	15	16
В	STATUTORY C	ORPORATION									•			-	
	Goa Industrial Development Corporation	Industries and Labour	1966	2002-03	2004-05	(-)289.31		2602.19	914.03	6176.72	(-)289.31		2	831.84	226
	TOTAL - B		TE PAI			(-)289.31		2602.19	914.03	6176.72	(-)289.31			831.84	226
	TOTAL - A + B					(-)4697.49		12813.47	(-)18911.49	68124.68	798.31			21019.96	3497

Note: Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of finance companies where the capital employed is worked out as a mean of the aggregate of the opening and closing balances of (i) paid-up capital, (ii) bonds and debentures, (iii) free reserves and surplus, (iv) borrowings (including refinance) and deposits.

Statement showing grants and subsidy received / receivable, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and guarantees outstanding at the end of March 2005

(Referred to in paragraph 7.1.5)

46865665545		1	ALCOHOL STATE					a processing and the same			Kejerrea to ti	purusrup	74115)		-	monitor and a second	Sec.			
			ntral ovt.	State	Govt	Oth	iers		otal	Guaran	tees received	during the end of the	year and outstand year	ing at the	Waiver	of dues du	ring the ye	ar		
SI. N	Name of the Public Sector Undertaking	G	S	G	S	G	S	G	S	Cash credit from banks	Loans	Letters of credit opened by banks in respect of imports	Payment obligation under agreemer with foreign consultant or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived	Total	Loans on which morator ium allowed	Loans converted into equity during the year
1	2.	3	(a)	3	(b)	31	(c)	1 3	3(d)	4(a_	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	- 6	7
1.	Goa State Horticultural Corporation Limited			44.00	- 			44.00				·-					·			
2.	Goa State Infrastructure Development Corporation Limited										6500.00 (27263.00)			6500.00 (27263.00)			- 			
						<u>_</u> ,				1										
3.	Goa State Scheduled Caste and Other Backward	.			0.29				0.29	 		-	<u></u> -	- -	<u></u>	 , .		 		
	Classes Development Corporation Limited					10 m 10 m	**		 	i de la companio		*				* .				
			N	- · · · -	, .				·			. ,		<i>'</i> .,•						
4.	Goa Forest Development Corporation Limited	: : : : : : : : : : : : : : : : : : :	 y	20.00				20.00	:						 ,		 	* <u></u>		<u></u>
5.	Kadamba Transport Corporation Limited	; :	T,	255.00	875.04			255.00	875.04	(30.00)	(3000.00)	,		(3030.00)	7	. 			<u>+</u>	
	Runal par Servi		<u> -</u>			Ψ ₆				(30.00)	(3000.00)	<u> </u>		(3030.00)	et .	. '	L,			<u> </u>

Audit Report for the year ended 31 March 2005

1	2	3(a)	3	(b)	3	(ć)	3	(d)	4(a_	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
6.	Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited			110.00				110.00		-			-		-		-	-		-
7.	EDC Limited				165.76		-		165.76	2000.00 (2400.00)	3000.00 (16813.00)	-	**	5000.00 (19213.00)			-			
	TOTAL		-	429.00	1041.09	-	-	429.00	1041.09	1	9500.00 (47076.00)	-	-	11500.00 (49506.00)	-	-				

G - Grants, S - Subsidy

^{*} Figures in brackets indicate guarantees outstanding at the end of the year.

Statement showing the financial position and working results of the Statutory Corporation during the three years 2000-01 to 2002-03

(Referred to in Paragraph 7.1.7)

Goa Industrial Development Corporation

(Rupees in lakh)

			(Rupees in lakh)
A. Financial position	74		
Particulars	2000-01	2001-02	2002-03
Liabilities			
A. Amount payable to Government	2447.18	2447.19	2602.18
B. Reserves and surplus	832.11	1000.93	914.03
C. Deposits	*: *		
i) from Govt. for schemes undertaken and/or on behalf of Government and others	0.56	0.56	0.56
ii) from private parties (for lease of plots <i>etc</i> .)	531.32	588.63	592.85
D. Loan from bank		2000.00	3000.00
E. Current liabilities, provisions and refunds	8897.35	10162.26	11364.65
o Total	• 12708.52	• 16199.57	• 18474.27
Assets			
A. Net Fixed Assets	101.27	88.86	75.77
B. Work-in-progress	429.42	851.97	825.16
C. Net development of industrial areas/estates	5078.24	5284.84	5450.10
D. Investment	267.19	274.04	339.49
E. Cash balance	4660.31	5631.17	6349.95
F. Other current assets, loans and advances	2172.09	4068.69	5433.80
Total	12708.52	16199.57	18474.27
Capital employed*	3012.10	5174.08	6176.76
Net worth*	3279.29	3448.12	3516.21

(Rupees in lakh)

^{*} Capital employed represents net fixed assets including capital work-in-progress and net development of industrial areas/estates *plus* working capital (Current assets including cash balance minus current liabilities, provision and refunds including deposits).

Net worth represents share capital (Amount payable to Government is treated as share capital) plus reserves and surplus.

B. Working results			na.
Particulars	2000-01	2001-02	2002-03
Income			
Annual rent of land and buildings leased	133.05	175.83	187.10
2. Interest from bank deposits etc.	544.35	676.75	467.97
3. Transfer fees and approval charges	83.26	138.49	64.56
4. Miscellaneous	7.24	7.03	112.21
Total	767.90	998.10	831.84
Expenditure			
1. Executive and Admn. Expenses	350.70	418.02	542.50
2. Water supply and Electricity charges	217.95	250.77	295.16
3. Maintenance and repairs	44.70	19.33	15.05
4. Depreciation	298.89	280.48	268.44
Total	912.24	968.60	1121.15
Surplus (+)/ deficit (-)	(-) 144.34	(+) 29.50	(-) 289.31
Net Surplus (+) / Deficit (-) after prior period adjustment	(-) 107.92	(+) 168.82	(-) 86.90
Total interest charged to Income and Expenditure Account.		0.61	
Accumulated surplus	832.11	1000.93	914.03
Return on capital employed*		169.43	
Percentage of return on capital employed		3.3	

Return on capital employed represents net surplus after prior period adjustments plus total interest charged to income and expenditure account.

APPENDIX – 7.5

ment showing the department wise outstanding Inspection Reports (IRs

Statement showing the department wise outstanding Inspection Reports (IRs) (Referred to in paragraph 7.1.22)

Sl. No.	Name of the Department	No. of PSUs	No. of outstanding Inspection reports	No. of outstanding paragraphs	Years from which paragraphs outstanding
1	Agriculture	2	4	12	1993-2000
2 -	Industries & Labour	2	2	10	2002-2004
3	Electronics	. 1	. 1	- 5	2001-2004
4	Forest	1	2	2	1997-2001
- 5	Area Development	3	7	55	1991-1996
6	Development of Economically Weaker Sections	1	2	4	1990-2001
7:	Tourism	1	, 2 ,	6	2000-2002
8.	Drugs, Chemicals & Pharmaceuticals	1	2	2	1994-2000
9	Finance	1	.1	3	2002-2004
10	Transport	. 1	2	12	2000-2002
11	Statutory Corporation	1	4	25	1996-2000
	Total	15	29	136	

APPENDIX – 7.6

Statement showing paid-up capital, investment and summarised working results of 619-B company as per its latest finalised Accounts (Referred to in paragraph 7.1.24)

(Figures in Column 5 to 19 are in Rupees in lakh)

				Paid-up.		Equity by	į.		Loans by	Y		Grants	by	V-05005+055000+2500	estment b loans and	results and the second second second		Accumul
SI: No:	Name of company	Status (Working/n on- working)	Year of account	capital as on 31 March 2003	State Govt	State Govt. compa nies/corpor ation *	Central Govt. and their compa nies *	State Govt*	State Govt. compa- nies	Central Goyt. and their compa- nles	State Govt+	State Govt. compa -nies	Central Govt. and their compa- nies	State Govt*	State Govt. compa- nies/ corpor- ation	Central Govt. and their compa- nies	Profit (+)/ Loss (-)	ated profit(+)/ Accumul ated loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1.	Info Tech Corporation of Goa Limited	Working -	2002-03	318.90		318.90						• -	120.74	<u></u> .	318.90	120.74	(-) 43.02	(-) 41.09

^{*} As on 31 March 2005, the share capital of the company (Rs.4.49 crore) was held by Government (Rs.1.30 crore), two Government companies and a Statutory corporation (Sl.No.A-4, 7 and B-1 of Appendix I)

Summarised financial results of Departmentally managed commercial undertakings as per their latest proforma accounts (Referred to in Paragraph 7.1.25)

I. Electricity Department

		Year of commencement: 1962-63						
Sl.	Particulars Particulars		Period of accoun	ts				
No.		2001-02	2002-03	2003-04				
		60	(Rupees in lakh)					
1	Government capital	24699.42	29705.14	34788.65				
2	Block assets at depreciated cost	14453.34	15095.80	16397.92				
. 3	Cumulative depreciation	4777.91	5658.84	5403.60				
4	Net loss (-) / Net profit (+)	(-) 164.82	(+)15410.80	(+)18706.55				
5	Interest on capital	2794.28	2171.83	685.09				
6	Total returns (5 + 4)	2629.46	17582.63	19391.64				
7	Percentage of returns on mean capital	11.16	64.63	60.13				

II. River Navigation Department

		Year of c	ommencement: 1	1962-63			
Sl.	Particulars	Period of accounts					
No.		2001-02	2002-03	2003-04			
		(Rupees in lakh)				
1	Government capital	7452.44	8343.55	9257.46			
_ 2	Block assets at depreciated cost	775.13	827.75	879.61			
3 .	Depreciation	87.75	92.84	98.36			
4	Net loss (-) / Net profit (+)	(-) 1004.10	(-) 905.71	(-) 937.00			
5	Interest on capital	37.26	38.83	39.91			
6	Total returns (5 ± 4)	(-) 966.84	(-) 866.88	(-) 897.09			
7	Percentage of returns on mean capital	Nil	Nil	Nil			

APPENDIX 7.8 Techno feasibility studies (Referred to paragraphs 7.2.17 and 7.2.27)

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(Rupees in lakh)

							I		ees in turn)
Description of work	Tender cost	Contract cost		tage of gress Financi al	Project manag- ement fee fixed	Payment of PMC fees	Percent-age of PMC paid to total fee payable during contract period (95%)	Gross Amount paid to contract or	Estimate Amount pending to contractor
Package I Improvement and beautification of Dona Paula Jetty and upgradation of roads from Dona Paula Jetty to Miramar Circle inclusive of beautification of Promenade etc. 4.2	883.86	1059.75	29.00	22.00	31.79	19.39	64.00	264.17	65.13
Km. Package II Improvement and upgradation of road from Miramar Circle to Betim Ferry beautification of Promenade etc. 2.8 Km.	1:051:00	1260.15	75.00	36.00	.37.80	23.06	64.20	450.70	373.60
Package III Improvement and upgradation from St. Inez Circle to Hotel Goa International and from Tonca Pillar to Miramar Circle	455.52	546.17	W	ork	16.39	10.00		27.30	
Package IV Improvement and upgradation of road from Betim Ferry to new Patto bridge and from Traffic Circle at Ribandar	926.34	1110.68	63	40	33.20	20.32	64.20	459.50	255.16
Junction to Traffic Circle at Kadamba Bus Terminus and beautification of Muncipal Garden and steps at Altinho 2.0 Km	110.								
	3316.72	3976.75			119.18	72.77		1201.67	693.89

Statement showing the details of short billing due to misinterpretation of rules:(Referred to in paragraph No.7.3.8)

	Sept.	Bill Amount	Amount Recovered
Sr. No.	Name of the Consumer	(Rupee	s in lakh)
1.	Kundil Alloys Pvt Limited	57.98	
2.	Goa Ispat Limited	4.83	
3.	Karthik Inductions	6.44	5.52
4.	Mohit Steel Industries	5.22	5.22
5.	Balaji Metals	27.24	
6.	West Coast Ingots Pvt. Limited	3.95	
7.	Shivam Ispat Pvt Limited	9.73	
8.	Mandovi Metal Pvt. Limited	21.36	
9.	Prateek Alloys	3.95	
10.	21 st Century Wire Rods	9.03	
11.	Ambe Forging Pvt Limited	4.68	
	Total	154.41	10.74

Statement showing revenue assessed, amount recovered and arrears outstanding during 2000-05.

(Referred to in paragraph No.7.3.9)

Sr No	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
1	Arrears of Revenue at the beginning of the year	72.48	128.07	149.79	174.26	194.69
. 2	Revenue assessed during the year	384.04	438.00	515.92	586.22	539.02
3	Total amount due for collection	456.52	566.07	665.70	760.47	733.71
4	Revenue collected during the year	328.26	416.29	491.45	565.78	534.06
5	Arrears of Revenue outstanding at the end of the year	128.26	149.78	174.26	194.69	199.65
6	Percentage of collection to the total amount due for collection	71.90	73.54	73.82	74.40	72.78
7	Arrears outstanding at the end in terms of average monthly assessment	4.00	4.10	4.05	3.99	4.44
8	Security deposit available with the department	16.70	20.63	23.46	26.61	N. A.

Statement showing details of energy purchased, sold and losses to the Department 2000-01 to 2004-05

(Referred to in paragraph 7.3.16)

Year	Energy purchased (lakh units)	Energy sold (lakh units)	Transmiss ion and Distribution loss (lakh units)	Per cent age of T&D loss to total energy pur- chased	T&D loss in excess over CEA norm of 15.5 per cent (lakh units)	Average per unit revenue realised on sale of power	Loss of revenue due to T&D loss in excess over CEA norms (Rs. in crore)
2000-01	15903.45	11115.10	4788.35	30	2306.00	3.06	70.56
2001-02	20065.54	15417.20	4648.34	23	1504.91	3.35	50.41
2002-03	26658.70	21496.00	5162.70	19	933.05	2.84	26.49
2003-04	28992.80	23642.50	5350.30	18	724.82	2.81	20.36
2004-05	27163.20	22367.90	4795.30	18	679.08	3.25	22.07
Total					6333.53		189.89

Statement showing the shortage of recovery of security deposit/ bank guarantee from HT Consumers.

(Referred to in paragraph No.7.3.23)

Electric division	Number of HT consumers	HT consumers test checked in audit	Short recovery of security deposit /bank guarantee (Rupees in lakh)
Curti – Ponda	27	27	2839.95
Margao	97	15	1061.11
Bicholim	93	9	43.04
Mapusa	70	10	50.45
Curchorem	46	10	47.50
Vasco	87	10	102.36
Panaji	76	10	68.56
Total	496	91	4212.97