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Report of the
Comptroller and Auditor General
Of India

for the year ended 31 March 2001

Government of Goa

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COMPTROLLER AND AUDITOR GENERAL OF INDIA
2002

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**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

**FOR THE YEAR ENDED
31 MARCH 2001**

GOVERNMENT OF GOA

REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA

FOR THE YEAR 1950
PART I

GOVERNMENT OF INDIA

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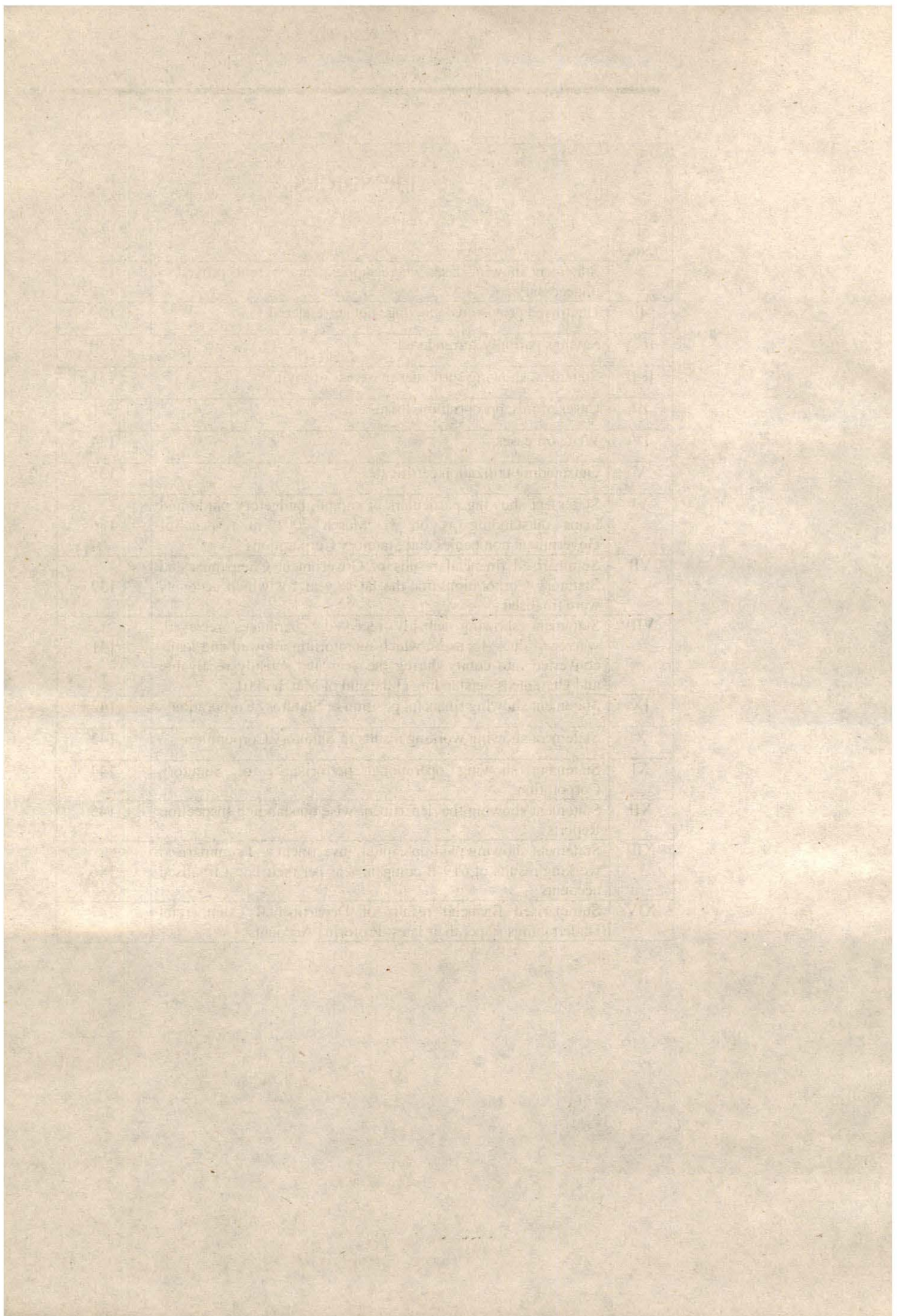
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OVERVIEW

OVERVIEW

This report includes two chapters on the Finance and Appropriation Accounts of the Government of Goa for the year 2000-2001 and six other chapters comprising 4 Reviews and 23 Paragraphs based on the audit of certain selected programmes and activities and financial transactions of the Government. A synopsis of the important findings contained in the report is presented in this overview.

1. Finance of the State Government

The liabilities of the State Government increased from Rs.2332.10 crore in 1999-2000 to Rs.2747.52 crore, an increase of 18 *per cent* compared to the previous year; whereas assets increased from Rs.1928.81 crore in 1999-2000 to Rs.2093.22 crore in 2000-2001, an increase of 9 *per cent* only. This shows an overall deterioration in the financial condition of the Government.

The revenue expenditure (Rs.1709.24 crore) during the year exceeded the revenue receipts (Rs.1483.23 crore) resulting in a revenue deficit of Rs.226.01 crore.

The revenue expenditure accounted to 90 *per cent* of the expenditure of the State Government and increased by 8 *per cent* during 2000-2001. The non-plan expenditure (Rs.1568 crore) constituted 92 *per cent* of the revenue expenditure.

Revenue receipts increased from Rs.1227.90 crore in 1999-2000 to Rs.1483.23 crore an increase of 21 *per cent* compared to previous year. While 54 *per cent* of the revenue receipt comprised of non-tax revenue (Rs.796.14 crore) tax revenue mobilised was 35 *per cent* only (Rs. 514.80 crore).

The flow of funds from Government of India towards State's share of Union Taxes and Duties decreased from Rs.95.92 crore in 1999-2000 to Rs.105.34 crore. Further, the amount of Central Grant also increased from Rs.40.12 crore in 1999-2000 to Rs.66.95 crore in 2000-2001.

Interest payment increased steeply by 110 *per cent* from Rs.101 crore in 1996-97 to Rs.212 crore in 2000-2001.

The financial assistance to the local bodies increased from Rs.93.27 crore in 1996-97 to Rs.162.94 crore in 2000-2001, an increase of 75 *per cent* during the period of five years.

Government made further investment of Rs.1.57 crore in the Statutory Corporations, Government Companies and Co-operative institutions, increasing total investment to Rs.133.51 crore. However, the dividend/interest

received on this investment in all these years was negligible and ranged between 0.19 *per cent* and 0.52 *per cent* of total investment.

The arrears of revenue increased from Rs.72 crore in 1996-97 to Rs.205 crore in 2000-2001 an increase of 185 *per cent* during the five year period. The arrears of revenue constituted 14 *per cent* of the total revenue receipts of the State Government.

The fiscal deficit ranged between Rs.104.01 crore in 1996-97 and Rs.412.87 crore in 2000-2001 showing an increase of 297 *per cent*. The recurrence of fiscal deficit led to borrowings and increase in liability of the Government.

The internal debt of State Government increased by 262 *per cent* during 1996-2001 from Rs.140.42 crore in 1996-97 to Rs.508.36 crore in 2000-2001. The outstanding loans and advances also increased by Rs.414.93 crore during the period 1996-2001.

The indicators of financial performance of the State shows that the interest payment has gone up to nearly 50 *per cent* of net capital borrowings and this has an adverse implication for sustainability. The application of a large share of the borrowing on revenue expenditure has made the State finance vulnerable to source of funding outside its control, mounting revenue deficit including heavy interest has left little for investment.

2. Appropriation audit and control over expenditure

Against the total budget provision of Rs.2904.70 crore (including supplementary) actual expenditure was Rs. 2454.88 crore. The overall savings of Rs.449.82 were the result of savings of Rs.464.61 crore in 75 grants and appropriation offset by excess of Rs. 14.79 crore in 5 grants and appropriations.

Supplementary provision of Rs. 30.79 crore made in 29 cases during the year proved unnecessary.

The excess expenditure of Rs. 14.79 crore under 4 grants and 1 appropriation require regularisation.

3. Audit Reviews

3.1 National Programme for Prevention and Control of Diseases

3.1.1 National Tuberculosis Control Programme

National Tuberculosis Control Programme introduced in Goa since 1963 and implemented as a 100 per cent centrally sponsored scheme. The state had not spent Rs.66.34 lakh received as grant during 1996-97 to 2000-01. The targets

prescribed were unrealistic and not based on survey/prevalence of disease. About 70 beds in T B Hospital, Margao were utilised against 160 bed strength available during 1996-2001. The percentage of T B patients discontinuing regular treatment was extremely high and the expenditure of Rs. 3.82 crore (approx.) on these patients was infructuous. Evaluation of the programme was not carried out to ensure effective implementation.

Paragraph 3.1.1 to 3.1.16

3.1.2 National Programme for Control of Blindness

The National Programme for Control of Blindness (NPCB) was introduced in Goa in 1981, as a 100 per cent centrally sponsored scheme. The targets prescribed were not realistic and based on assessment/survey during 1996-2001. The programme did not cover a population of 1.63 lakh due to shortage of staff. NPCB training was not given to the ophthalmic staff during 1996-2001. Evaluation of the programme was not carried out to ensure effective implementation.

Paragraph 3.2.1 to 3.2.15

3.2 Rural Water Supply and Accelerated Urban Water Supply Programme

The Accelerated Rural Water Supply programme (ARWSP) and Accelerated Urban Water Supply Programme (AUWSP) envisaged providing safe drinking water supply to the rural population and the urban population in small towns respectively. Out of 95 villages which had remained to be provided with safe drinking water as of April 1997, 52 villages were yet (April 2001) to be covered. The AUWSP was implemented only in 2 towns and central allocation of Rs.97.93 lakh was not availed.

The Department incurred excess expenditure of Rs.8.35 crore over the budget provision under State Sector Minimum Needs Programme (MNP) during the year 2000-01 even while central grants amounting Rs.104.64 lakh remained unutilised.

Slow progress in utilization of grants released by Central Government resulted in non-release of allocated grants to the extent of Rs.11.73 crore under ARWSP.

Inordinate delay in making payment to the contractor resulted in rescinding and retendering of a contract and consequent avoidable expenditure of Rs.18.56 lakh.

Paragraph 4.1.1 to 4.1.33

3.3 Review of Irrigation Department (Water Resources Department)

The Irrigation Department (Water Resources Department) is responsible for optimum integrated development and utilisation of the water resources of the

state in a scientific and perspective manner. As against the expected irrigation potential of 89,660 Ha to be created under major, medium and minor irrigation projects, the irrigation potential created was 29,423 Ha and the potential actually utilised was 22,140 Ha only as on 31 March 2001.

The inadequate provisions of funds for the Tillari Irrigation Project (a joint venture of Government of Goa and Government of Maharashtra) by the Government of Goa has resulted in time overrun of 5 years in completion of the project and cost overrun of Rs.94.34 crores as of March 2001. Besides, the intended benefits of irrigation in an area of 16978 Ha in Goa as envisaged, were also not achieved.

The failure of the department in making available the hindrance free site for construction of a minor irrigation tank at Chapoli and consequent delay in completion of the work resulted in litigation and depositing Rs.13.35 crore in the Court. Further as against the total area of 550 ha to be irrigated only 50 ha of command area was brought under irrigation as on 31 March 2001, after incurring expenditure of Rs.5.72 crore.

Paragraph 4.2.1 to 4.2.29

3.4 Review of Stores and Stock of Power Department

The procurement, custody and issue of material required for transmission and distribution of power is rested with the Stores Division of Power Department.

A review relating to procurement, custody of Stores and Stock for the period from 1996-97 to 2000-01 revealed that annual reserve stock was not fixed by the department.

Rs.44.46 crore were pending recovery from various divisions of the departments for supply of materials for execution of various electrical works.

Physical verification of Stores was not conducted annually as required under the General Financial Rules.

Paragraph 5.1.1 TO 5.1.25

4. Avoidable/unfruitful/infructuous expenditure

- i) Delay in placing adequate funds and frequent revision of architectural drawings of the work of construction of outpatient department of Institute of Psychiatry and Human Behaviour, Bambolim resulted in delay in completion and consequent avoidable expenditure of Rs.9.59 lakh on escalation charges.

Paragraph 3.4

- ii) Lack of proper co-ordination between the Health Department and Public Works Department for completion of residential quarters for the

staff of Primary Health Centre, Casarvarnem resulted in idle investment of Rs.29.13 lakh for about two years.

Paragraph 3.5

- iii) Training infrastructure created at a cost of Rs.15.92 lakh remained largely unutilised due to failure of the department to assess the need for training and demand for leather goods in the market before establishment of the centre.

Paragraph 3.6

- iv) The award of work of cleaning the Legislative Assembly Complex at Porvorim to a higher tenderer resulted in avoidable expenditure of Rs.7.80 lakh for a period of one year.

Paragraph 3.7

- v) Execution of a bund work at Government cost instead of cost sharing basis between Government and beneficiaries resulted in additional liability of Rs.10.51 lakh.

Paragraph 4.3

- vi) The decision of the Government to stop the process of privatisation of transmission and distribution in the power sector rendered the expenditure of Rs.107.01 lakh incurred on consultancy etc. infructuous.

Paragraph 4.4

- vii) Failure of the Public Works Department, in making available hindrance free site, delay in supplying drawings and excessive variation in quantities for the Construction of Operation Theatre and Radio Diagnostic Department for 750 bedded Hospital Complex at Bambolim, resulted in avoidable expenditure of Rs.2.39 crore towards compensation and escalation payment to the contractor.

Paragraph 4.6

- viii) The revision of drawings by the Public Works department after partial execution of work of extension of Government Polytechnic at Mayem delayed the execution of the work, consequent litigation and avoidable payment of escalation of Rs. 116.82 lakh.

Paragraph 4.7

- ix) Failure of the Public Works Department in accepting the lowest offer within the validity period of the tender resulted in retendering and avoidable expenditure of Rs.85 lakh on manufacture and supply of 1422 mm M S pipes for laying 4.35 Km pipeline from Xelpem to Sirvoi.

Paragraph 4.8

- x) Delay on the part of the Public Works Department in supplying drawings and shifting water pipeline for the work of construction of Sub-Jail cum Judicial Lockup, Vasco resulted in litigation and consequent avoidable payment of Rs.26.15 lakh.

Paragraph 4.9

- xi) Non-procurement and supply of C I pipes departmentally for the work of replacement of A C pipeline rising main of rural water supply scheme of Vaddem Colony resulted in an avoidable expenditure of Rs.9.70 lakhs.

Paragraph 4.11

5. Non-achievement of objectives

- i) Failure of the Public Works Department in supplying C I pipes to the contractor in time and procurement of D I pipes for the work of Improvement of Water Supply to Mond-de-Guirim and suburbs in Guirim Village Panchayat resulted in an idle expenditure of Rs.23.95 lakh for more than three years and in denial of intended benefits to the villagers due to non-completion of the work.

Paragraph 4.10

6. Other points of interest

- i) Irregular release of payment of Rs.21.06 lakh for sub-standard Semi Organic Manure resulted in unauthorised benefit to the supplier.

Paragraph 3.3

- ii) Release of Rs.50 lakh from the contingency fund of the State without any urgency, for paying to a private organisation for the purpose of acquiring land for construction of a cricket stadium, resulted in retention of Government money outside Government account and also in interest cost of Rs.11 lakh to the Government.

Paragraph 3.8

- iii) Failure of the Public Works Department to specify the monthly minimum quantity of water to be billed in the water supply agreement with an industrial concern and non-execution of a water supply contract with a hotel resulted in loss of revenue of Rs.4.31 crore to the Government.

Paragraph 4.5

- iv) Public Works Department made an irregular on account payment of Rs.9.48 lakh on a defective work.

Paragraph 4.12

- v) An amount of Rs.7.04 lakh towards pay and allowances and contribution towards pension and leave salary of the excise staff posted at distilleries/breweries/wineries recoverable from these units were not recovered.

Paragraph 6.6

- vi) There was loss of revenue of Rs.2.62 lakh due to non-inclusion of Rs.17.46 lakh in the turnover of receipts for assessment of luxury tax.

Paragraph 6.7

- vii) Non-depositing of demand drafts in the bank within the validity period resulted in non-realisation of revenue of Rs.2.15 lakh.

Paragraph 6.8

- viii) The Goa University leased 10,000 Sq.m. land to a Registered Society and two Government of India Departments for a period of 99 years at a nominal rent of rupee one per annum, without approval of the Government.

Paragraph 7.5

- ix) Construction of duplex bungalow at Davorlim, Margao by the Goa Housing Board without proper assessment of demand resulted in idle investment of Rs.33.37 lakh on 6 duplex bungalows for over two years.

Paragraph 7.6

- x) The State Government had 13 companies and one Statutory Corporations with total investment of Rs.467.79 crore (equity Rs.104.40 crore; long term loans Rs.363.39 crore) as on March 2001.

Paragraph 8.2.1

- xi) Of the 13 Government companies only six companies had finalised their accounts for the year 200-01 and accounts other companies were in arrears for periods ranging from one year to two years as on 30 September 2001

Paragraph 8.2.14 & 8.2.15

- xii) According to the latest finalised accounts of 13 Government companies and one statutory corporation, nine companies and one corporation had incurred an aggregated loss of Rs.14.27 crore and Rs.1.44 crore respectively and remaining four companies earned an aggregate profit of Rs.1.67 crore.

Paragraph 8.2.18

- xiii) The Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited suffered a loss of Rs.0.15 crore due to purchase of steel without assessing the demand from the State Public Works Department and its subsequent sale in the open market on discount.

Paragraph 8.13

Paragraph 6.0
Paragraph 6.1
Paragraph 6.2
Paragraph 6.3
Paragraph 6.4
Paragraph 6.5
Paragraph 6.6
Paragraph 6.7
Paragraph 6.8
Paragraph 6.9
Paragraph 6.10
Paragraph 6.11
Paragraph 6.12
Paragraph 6.13

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 respectively contain audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2001.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Departments, audit of Stores and Stock, Revenue Receipts, Audit of Autonomous Bodies, Statutory Corporations, Government Companies and departmentally run commercial undertakings.
4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2000-2001, as well as those which had come to notice in earlier years but could not be dealt with in previous years; matter relating to the period subsequent to 2000-2001 have also been included wherever necessary.

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The first of these is the fact that the...

The second of these is the fact that the...

The third of these is the fact that the...

The fourth of these is the fact that the...

CHAPTER I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government, based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the analysis of indicators of financial performance of the Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in the Appendix-A to this chapter.

1.2 Financial position of the State Government

In the Government accounting system comprehensive accounting of the fixed assets like land and building etc. owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Table 1.1 below gives an abstract of such liabilities and assets as on 31 March 2001, compared with the corresponding position on 31 March 2000. While the liabilities in this statement consist mainly of external and internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and cash balances. It would be seen from Table 1.1 that while the liabilities grew by 17.81 *per cent*, the assets grew by only 8.52 *per cent* during 2000-01, mainly as a result of an increase (8.21 *per cent*) in the deficit on the Government account. This shows an overall deterioration in the financial condition of the Government.

TABLE

Summarised financial position of the Government of Goa

As on 31 March 2000	Liabilities		As on 31 March 2001
--	External Debt		--
382.86	Internal Debt		508.36
288.16	Market loans bearing interest	368.17	
-	Market loans not bearing interest	-	
34.45	Loans from LIC	38.62	
60.25	Loans from other institutions	83.45	
-	Loans from NABARD	8.69	
-	Loans from National Co-op. Development Corporation	0.08	
-	Ways and Means advances	9.35	
1224.79	Loans and Advances from Central Government		1391.16
459.57	Non-Plan Loans	551.99	
755.87	Loans for State Plan schemes	830.21	
0.33	Loans for Central Plan Schemes	0.29	
9.02	Loans for Centrally Sponsored schemes	8.67	
174.96	Contingency Fund		199.86
549.49	Public Accounts		648.14
343.65	Small Savings, Provident Fund etc	388.16	
193.01	Deposits	243.74	
12.83	Reserve Funds	16.24	
2332.10			2747.52

1.1

as on 31 March 2001

(Rupees in crore)

As on 31 March 2000	Assets			As on 31 March 2001
1769.47	Gross Capital Outlay on Fixed Assets			1952.26
	132.06	Investment in shares of Companies Corporations etc.	133.51	
	1637.41	Other Capital outlay	1818.75	
35.24	Loans and advances			39.31
	13.93	Other Development loans	13.35	
	21.31	Loans to Government Servants	25.96	
-	Reserve Fund Investment			-
0.71	Advances			0.71
14.09	Remittances			1.77
68.06	Suspense and Miscellaneous Balances			82.68
41.24	Cash			16.49
	*	Cash in Treasuries and Local Remittances	*	
	3.53 ^a	Deposits with Reserve Bank	(-).3.86 ^a	
	1.46	Departmental Cash Balances	1.46	
	0.08	Permanent Advances	0.08	
	29.32	Cash Balance Investment	3.01	
	6.85	Earmarked Fund Investment	15.80	
395.89	Deficit in Government Accounts			646.90
	208.86	Revenue deficit of the current year	226.01	
	18.03	Accumulated deficit as on 31 March 2000	395.89	
	169.00	Appropriation to Contingency Fund	25.00	
7.40	431.66	Net effect of balances taken over	431.66	7.40
	424.26	Net capital expenditure taken over	424.26	
2332.10				2747.52

* Rs.7000 only

^a This represents the balance taking into account the adjustment of inter-Governmental transactions relating to 2000-01 advised to the Reserve Bank of India upto 25 April 2001. For further details refer Explanatory note below statement No.7.

1.3 Sources and applications of fund

1.3.1 Table 1.3.2 below gives the position of sources and applications of funds during the current and preceding year. The main sources of funds include the revenue receipt of the Government recoveries of loans and advances, public debt and the receipts in Public Accounts. These are applied mainly on revenue and capital expenditure and the lending for developmental purposes. While revenue receipts share decreased from 78.01 per cent in 1999-2000 to 77.75 per cent during 2000-01, the share of recoveries of loans and advances went up from 0.32 per cent to 0.60 per cent. The receipts from the Public Accounts decreased as their share went down from 7.08 per cent in 1999-2000 to 5.05 per cent in 2000-01. This was mainly due to increase in suspense and miscellaneous transactions and remittance balance. The receipts from Public Debt increased substantially from 11.91 per cent in 1999-2000 to 15.30 per cent in 2000-01.

The funds were mainly applied for revenue expenditure whose share decreased from 91.28 per cent to 89.60 per cent, but remained significantly higher than the share of the revenue receipts (77.75 per cent) in the total receipts of the State Government. This led to the Revenue Deficit. The increase in Revenue expenditure and consequent revenue deficit was attributed mainly to Rs.71.29 crore spent towards purchase of power, Rs.105.32 crore for expenditure under state lotteries and Rs.18.24 crore for implementation of the voluntary retirement scheme, Rs.34.01 crore for interest payment due to increase in quantum of outstanding debt and Rs.19.21 crore spent on Urban Water Supply Programme and Sanitation works. The percentage of capital expenditure increased from 8.21 per cent to 9.58 per cent, lending for development purposes went up from 0.50 per cent to 0.81 per cent. The cash balances at the end of the year decreased from 2.64 per cent in 1999-2000 to 1.30 per cent in 2000-01.

TABLE 1.3.2
Sources and Application of Funds

(Rupees in crore)

1999-2000	Sources		2000-01
1227.90	Revenue Receipts		1483.23
5.11	Recoveries of Loans and Advances		11.36
187.40	Increase in Public Debt other than overdraft		291.88
111.41	Net Receipts from Public Accounts		96.38
	52.35	Increase in Small Savings	44.52
	55.56	Increase in deposits and advances	50.74
	7.91	Increase in Reserve Funds	3.42
	(-5.52)	Net effect of suspense and Miscellaneous transactions	(-14.62)
	1.11	Net effect of remittance transactions	12.32
0.64	Net effect of Contingency Fund Transaction		-
41.51	Decrease in closing balances		24.75
1573.97	TOTAL		1907.60

1999-2000	Applications	2000-01
1436.76	Revenue Expenditure	1709.24
7.91	Lending for Development and other purposes	15.43
129.30	Capital Expenditure	182.79
-	Net effect of Contingency Fund Transactions	0.14
-	Increase in closing balance	-
1573.97	TOTAL	1907.60

1.4 Financial operations of the State Government

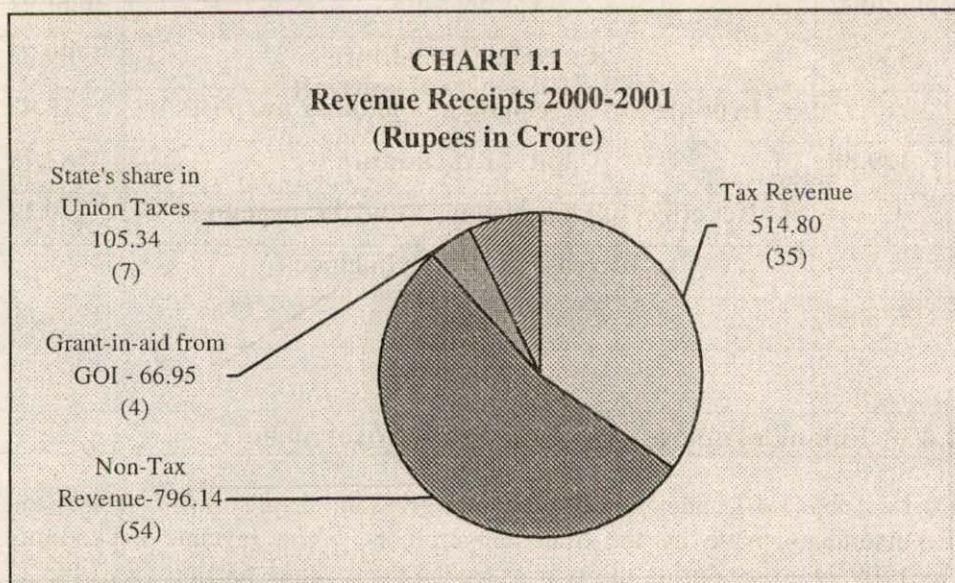
1.4.1 Table 1.4.1 annexed to this chapter gives the details of the receipts and disbursements made by the State Government. The revenue expenditure (Rs.1709.24 crore) during the year exceeded the revenue receipts (Rs.1483.23 crore) resulting in a revenue deficit of Rs.226.01 crore. The revenue receipts included tax revenue (Rs.514.80 crore), non-tax revenue (Rs.796.14 crore), State's share of Union taxes and duties (Rs.105.34 crore) and grants-in-aid from the Central Government (Rs.66.95 crore). The main sources of tax revenue were sales tax (75 per cent) and state excise (8 per cent). Non tax revenue came mainly from General Services (48 per cent) and energy (41 per cent)

1.4.2 The capital receipts comprised Rs.11.36 crore from recoveries of loans and advances and Rs.605.71 crore from public debt, against this the expenditure was Rs. 182.79 crore on capital outlay Rs.15.43 crore on disbursement of loan and advances and Rs.313.84 crore on repayment of public debt. The receipts in the Public Accounts amounted to Rs.2132.34 crore against which the disbursement of Rs.2035.99 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was a decrease in the cash balance from Rs.41.24 crore at the beginning of the year to Rs.16.49 crore at the end of the year.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from the Government of India (GOI). Their relative shares are shown in Chart 1.1. The revenue receipt grew at an average annual rate of 20 per cent during 1996-97 to 2000-01.

1.5.2 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Table 1.3 annexed to this chapter, abstract of Receipts and Disbursements and the time series data for the five year's period from 1996-97 to 2000-01 presented in Table 1.4 below.



Note: Figures in bracket indicate percentage.

TABLE 1.4
TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000	2000-01
PART A - RECEIPTS					
1. Revenue Receipts	810	1108	1147	1228	1483
(i) Tax Revenue	303(37)	365(33)	357(31)	458(37)	515(35)
Agricultural Income Tax	-	-	-	-	-
Sales Tax	220(73)	258(71)	254(71)	348(76)	388(75)
State Excise	27(9)	32(9)	35(10)	36(8)	39(8)
Taxes on Vehicles	15(5)	31(8)	24(7)	28(6)	30(6)
Stamps and Registration fees	17(5)	17(5)	17(5)	18(4)	22(4)
Land Revenue	3(1)	3(1)	4(1)	5(1)	3(1)
Taxes on Goods and Passengers	5(1)	6(2)	4(1)	4(1)	13(2)
Other Taxes	16(6)	18(4)	19(5)	19(4)	20(4)
(ii) Non Tax Revenue	347(43)	582(50)	651(57)	634(52)	796(54)
(iii) State's share in Union Taxes	91(11)	97(9)	97(8)	96(8)	105(7)
(iv) Grants in aid from GOI	76(9)	64(6)	42(7)	40(3)	67(4)
2. Misc. Capital Receipts	-	-	-	-	-
3. Total Revenue and non-debt capital receipts (1+2)	810	1108	1147	1228	1483
4. Recoveries of Loans and Advances	4	6	6	5	11

5. Public Debt Receipts	213	233	274	301	606
Internal Debt (excluding ways and means advances and overdrafts)	28	30	122	97	127
Net transaction under ways and means advance and overdraft	115	112	25	73	269
Loans and advances from Government of India	70	91	127	131	210
6. Total Receipts in the Consolidated Fund (3+4+5)	1027	1347	1427	1534	2100
7. Contingency Fund Receipts	-	-	3	170	165
8. Public Account Receipt	2267	1745	1538	1785	2132
9. Total Receipts of the State (6+7+8)	3294	3092	2968	3489	4397
PART B – EXPENDITURE	915	1236	1416	1566	1892
10. Revenue Expenditure	788(86)	1122(91)	1288(95)	1437(92)	1709(90)
Plan	88(11)	97(9)	106(8)	122(8)	141(8)
Non-Plan	700(89)	1025(91)	1182(92)	1315(92)	1568(92)
General Services	331(42)	554(49)	602(47)	606(42)	778(46)
Economic Services	207(26)	256(23)	325(25)	416(29)	498(29)
Social Services	250(32)	311(28)	361(28)	415(29)	432(25)
Interest payments	101(13)	118(11)	144(11)	178(12)	212(12)
11. Capital Expenditure	127(14)	114(9)	128(9)	129(8)	183(10)
Plan	127(100)	113(99)	127(99)	129(100)	188(100)
Non Plan	-	1(1)	1(1)	-	(-5)
General Services	7(6)	12(11)	15(12)	13(10)	5(3)
Economic Services	88(69)	74(65)	75(58)	80(62)	110(58)
Social Services	32(25)	28(25)	38(30)	36(28)	73(39)
12. Disbursement of loan and advances	3	3	6	8	15
13. Total (10+11+12)	918	1239	1422	1574	1907
14. Repayment of Public Debt	143	143	61	113	314
Internal Debt (excluding ways and means advances and overdraft)	1	1	2	4	11
Net transactions under ways and means advances and overdraft	115	112	25	73	259
Loans and advances from Govt. of India	27	30	34	36	44
15. Appropriation to Contingency Fund	-	-	3	169	190
16. Total disbursement by the state (13+14+15)	1062	1382	1486	1756	2311

17. Contingency Fund disbursements	-	-	3.68	0.04	0.14
18. Public Account disbursement	960	1217	1424	1674	2036
19. Total Disbursement by the State (16+17+18)	2022	2599	2914	3430	4347
20. Revenue Deficit (1-10)	22	(-) 14	(-)141	(-)209	(-)226
21. Fiscal Deficit (3+4-13)	(-) 04	(-) 125	(-) 269	(-) 341	(-) 413
22. Primary Deficit (21-23)	3	7	125	163	201
PART-D – OTHER DATA					
23. Interest Payments (included in revenue expenditure)	101	118	144	178	212
24. Arrears of revenue (% Tax and Non-Tax Revenue Receipts)	72	139	189	165	205
25. Financial Assistance to Local Bodies etc.	93	125	133	164	163
26. Ways and Means Advances/Overdraft availed (days)	140	108	16	22	16
27. Interest on Ways and Means Advances/Overdraft	0.34	0.31	0.02	0.16	0.59
28. Gross State Domestic Product (GSDP)	3550	3690	4285*	4369*	4714*
29. Outstanding Debt (year end)	1399	1565	1854	2151	2532
30. Outstanding guarantees (year end)	9	29	28	52	160
31. Maximum amount guaranteed (during the year)	-	32	4	43	111
32. Number of incomplete projects	N.A	N.A	7	20	24
33. Capital blocked in incomplete projects	N.A	N.A	126.67	21.22	15.20

Note: Figures in brackets represent *per centages* (rounded) to total of each sub-heading.

Tax Revenue

1.5.3 The tax revenue constitutes 35 *per cent* of the revenue receipts. Time series data show that the contribution of Sales Tax (major constituent) decreased from 76 *per cent* in 1999-2000 to 75 *per cent* in 2000-01, though its share remained constant during 1996-97 to 1998-99.

* Provisional figure

Non Tax Revenue

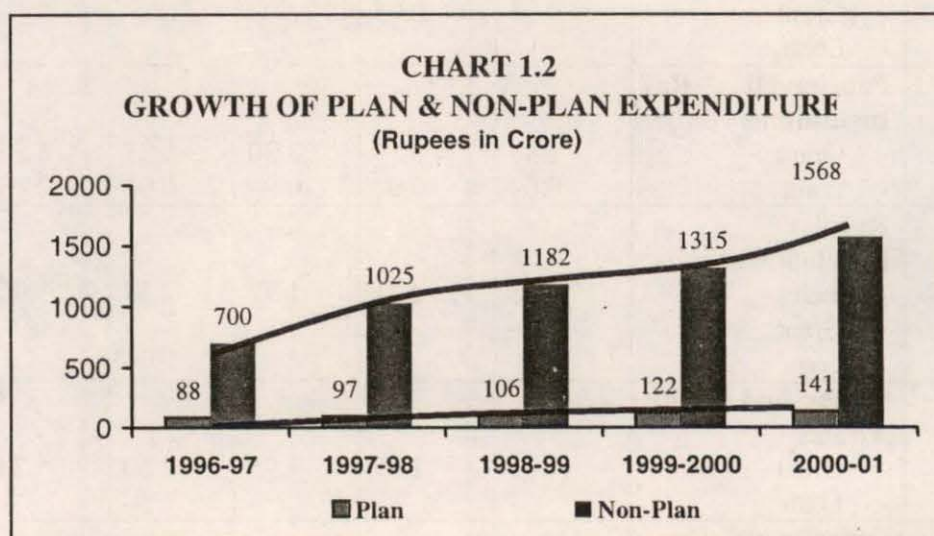
1.5.4 The non-tax revenue constituted 54 *per cent* of the revenue receipts of Government and their share in the revenue receipts decreased from 57 *per cent* in 1998-99. However there was an increase of Non-Tax Revenue from Rs.634 crore in 1999-2000 to Rs.796 crore in 2000-01.

State's share of Union taxes and duties and grants-in-aid from Central Government

1.5.5 The State's share of Union taxes (excise duties and income and corporate taxes) and Grants-in-aid from Government of India constituted 11 *per cent* of the revenue receipts of the state. Grants-in-aid from Government of India increased by one *per cent* during the year. As a *percentage* of revenue receipt (they both taken together) declined from 20 *per cent* in 1996-97 to 11 *per cent* during 2000-01.

1.6 Revenue expenditure

1.6.1 The revenue expenditure accounted for most (90 *per cent*) of the expenditure of the State Government and increased by 19 *per cent* during 2000-01. Non –Plan revenue expenditure constituted a major part of the revenue expenditure during the five years from 1996-97 to 2000-01 and ranged between 89 and 92 *per cent* of the total revenue expenditure. The increase in revenue expenditure was however mainly on non-plan side. A comparison shows that the rate of growth in non-plan component (92 *per cent*) of revenue expenditure far surpassed the plan expenditure (8 *per cent*) during the five years (1996-2001).



1.6.2 Sector-wise analysis shows that while the expenditure on General services increased by 135 *per cent* from Rs.331 crore in 1996-97 to Rs.778 crore in 2000-01, the corresponding increases in expenditure on Social

Services and Economic services were 73 per cent and 140 per cent respectively. As a proportion of total expenditure the share of General Services increased from 42 per cent in 1996-97 to 46 per cent in 2000-01, the share of Social services decreased from 32 per cent to 25 per cent and that of Economic Services increased from 26 per cent to 29 per cent.

Interest payments

1.6.3 Interest payments increased steadily from Rs.101 crore in 1996-97 to 212 crore in 2000-01. This is further discussed in the section on financial indicators. The main component of the increase in interest payments was the payment of interest on loans and advances from Government of India which had risen from 70 crore in 1996-97 to 210 crore in 2000-01.

Financial assistance to local bodies and other institutions

1.6.4 The quantum of assistance provided to different local bodies' etc. during the period of five years ending 2000-01 was as follows:

TABLE 1.5

Sl. No	Name of local body/ authority	1996-97	1997-98	1998-99	1999-2000	2000-01
(Rupees in crore)						
1.	Universities and Educational Institutions	78.49	103.85	114.78	143.64	129.90
	- Grant	0.10	0.01	-	-	0.01
	- Loan					
2.	Municipal Councils	3.83	7.71	5.04	4.67	7.25
	- Grant	0.05	0.05	-	-	-
	- Loan					
3.	Panchayati Raj Institutions	1.47	3.11	3.30	5.35	3.84
	- Grant	0.04	0.05	0.04	0.01	0.03
	- Loan					
4.	Rural Development Agencies	1.58	2.11	1.72	2.17	1.96
	- Grant	-	-	-	-	-
	- Loan					
5.	Sports and Youth Affairs	1.46	2.09	1.75	2.60	5.74
	- Grant	-	-	-	-	-
	- Loan					
6.	Other Institutions	6.07	6.03	6.85	5.73	7.77
	- Grant	0.18	0.04	0.07	0.01	6.02
	- Loan					

Total					
- Grant	92.90	124.90	133.17	164.16	156.46
- Loan	0.37	0.15	0.11	0.02	6.06
Grand Total	93.27	125.05	133.28	164.18	162.94
Percentage of growth over previous year	11.38	34.07	6.58	23	(-)1.00
Assistance as percentage of Revenue Receipts	11.50	11.28	11.61	13.37	10.98
Assistance as percentage of revenue expenditure	11.83	11.14	10.34	11.43	9.53

1.6.5 The assistance to the local bodies etc., increased from 93.27 crore in 1996-97 to 162.94 crore in 2000-01, an increase of 75 per cent during the period of five years. The assistance to local bodies and others ranged between 10 per cent and 13 per cent of revenue receipts and between 9 per cent and 11 per cent of revenue expenditure during the period of five years.

1.6.6 Educational institutions (including university) were the major beneficiaries whose share increased from 78.59 crore in 1996-97 to 129.91 crore in 2000-01 indicating the increase of 65.30 per cent for the period of five years.

Loans and Advances by the State Government

1.6.7 The Government gives loans and advances to Government companies, Corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions etc., for developmental and non-developmental activities. The position for the last five years given below shows that while amount of advances increased significantly there was a decrease in repayment during 2000-01 as a result, the closing balance of recoverable loans increased by 7 per cent compared to closing balance of 1996-97.

TABLE 1.6

	1996-97	1997-98	1998-99	1999-2000	2000-01
(Rupees in crore)					
Opening balance	37.74	35.58	31.91	32.43	35.23
Amount advanced during the year	2.95	2.29	6.40	7.91	15.43
Amount repaid during the year	4.11	5.96	5.88	5.11	11.36
Closing balance	36.58	31.91	32.43	35.23	39.30
Net addition	(-)1.16	(-)3.67	0.52	2.81	4.07
Interest received	1.43	1.85	1.72	1.61	1.86

Out of loans advanced to Goa Housing Board, the detailed accounts of which were kept by the Directorate of Accounts, Government of Goa, recovery of Rs.6.85 crore (Principal: Rs.2.66 crore and interest: Rs.4.19 crore) was in arrears as on 31 March 2001. In respect of loans, the detailed accounts of which were maintained by the departmental officers, only 13 out of 29 departments furnished details to the Director of Accounts, Government of Goa. In these departments recovery of Rs.10.92 crore (Principal: Rs.4.79 crore and interest Rs.6.13 crore) were in arrears. Thus amount of outstanding loans is understated, as 16 departments did not furnish the necessary information to Director of Accounts.

1.7 Capital expenditure

Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e Public Sector Undertakings (PSUs), corporations, etc. and loans and advances. There has been a steep decline in the capital expenditure and its share in total expenditure had fallen from 14 *per cent* in 1996-97 to 10 *per cent* in 2000-01. Exhibit IV shows that most of the capital expenditure has been on economic and social service and on plan side.

1.8 Quality of expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-Plan and revenue and capital. While the Plan and Capital expenditure are usually associated with asset creation, the non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, and funds blocking in incomplete projects would also impinge negatively on the quality of expenditure. Similarly funds transferred to Deposit heads in the Public Account, after booking them as expenditure can also be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year, it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General services, to the detriment of Economic and Social services.

1.8.3 The following table lists out the trend in these indicators

TABLE 1.7

	1996-97	1997-98	1998-99	1999-2000	2000-01
1. Plan expenditure as a percentage of					
- Revenue expenditure	11	9	8	8	8
- Capital expenditure	100	99	99	100	100
2. Capital expenditure as a percentage of total expenditure	14	9	9	8	10
3. Expenditure on General services (<i>per cent</i>)					
- Revenue	42	49	47	42	46
- Capital	6	11	12	10	3
4. Amount of wastage and diversion of funds detected during test audit (Rupees in crore)	10.86	10.93	37.91	8.10	6.93
5. Non remunerative expenditure in incomplete projects	N A	N A	126.67	21.22	15.20
6. Unspent balance under deposit heads, booked as expenditure at the time of their transfer to the deposit head	Nil	Nil	Nil	Nil	Nil

It would be seen that the share of Plan expenditure on the revenue side has been declining since 1996-97 from 11 to 8 *per cent* in 2000-01 whereas the share on capital expenditure to total expenditure declined from 14 *per cent* to 10 *per cent* during the same period.

1.9 Financial Management

The issue of financial management in the Government should relate to efficiency, economy, effectiveness in expenditure operations. Subsequent chapters on this report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

Investment and returns

1.9.1 Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved are as under:

TABLE 1.8 (i)

Sector	Number of concerns	Amount invested	
		As on 31 March 2001	During 2000-01
		(Rupees in crore)	
1. Statutory Corporations	2	18.01	Nil
2. Government Companies	12	96.99	1.25
3. Joint Stock Companies	78	0.04	Nil
4. Co-operative Institutions	359	18.47	0.32
TOTAL	451	133.51	1.57

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

TABLE 1.8(ii)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowings (Percentage)
	(Rupees in crore)			
1996-97	123.91	0.52	0.42	13.75 to 13.85
1997-98	128.17	0.67	0.52	13.05
1998-99	131.05	0.44	0.33	12.15 and 12.50
1999-2000	132.06	0.33	0.25	11.85 to 12.25
2000-01	133.51	0.25	0.19	10.52 to 14

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies etc., fetched insignificant returns.

Incomplete projects

1.9.2 As on 31 March 2001, there were 24 incomplete projects I which Rs.15.20 crore were blocked. This showed that the Government was spreading its resources thinly without any returns. The major projects involved were (i) construction of Institute of Psychiatry and Human Behaviour, Bambolim (Rs.3.98 crore) (ii) Rajiv Gandhi Kala Mandir, Ponda (Rs.3.15 crore), (iii) Government Higher Secondary School, Altinho (Rs.1.14 crore), (iv) Goa Science Centre (Rs.1.64 crore), (v) Special Repairs Programme in KM 18 to 28 in Panvel-Panaji sector of NH 17 (Rs.1.23 crore), (vi) Additions to ITI, Farmagudi (Rs.84.57 lakh) (vii) Computerisation of land records and Survey Maps (Rs.86.40 lakh)

Arrears of revenue

1.9.3 The arrears of revenue increased from 72 crore in 1996-97 to 205 crore in 2000-01, an increase of 185 per cent during the five year period. The arrears of revenue of Rs.205 crore in 2000-01 constitute 14 per cent of total revenue receipts of the State Government.

Ways and means advances and overdraft

1.9.4 Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.0.19 crore on all days. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances (WMA)/ Overdraft (OD) from the Bank. In addition, special ways and means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government and hence reflects on the financial management in Government. During the year 2000-01, the Government obtained Ways and Means advances of Rs.243.25 crore from Reserve Bank of India and an amount of Rs.233.90 crore was repaid during the year and Rs.9.35 crore were outstanding. Rs.50.39 lakh was paid as interest on these advances in 2000-01. During the year an overdraft amounting to Rs.25.44 crore was obtained from RBI which was fully repaid during the year along with the accrued interest of Rs 8.68 lakh.

Deficit

1.9.5 Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz. Revenue Deficit, Fiscal Deficit and Primary Deficit.

1.9.6 The Revenue Deficit is the excess of revenue expenditure over the revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). Primary deficit is fiscal deficit less interest payments. The following table gives a break-up of the deficit in Government account.

TABLE 1.9 (Rupees in crore)

CONSOLIDATED FUND				
Receipt	Amount		Disbursement	Amount
Revenue	1483.23	Revenue Deficit:226.01	Revenue	1709.24
Misc. Capital Receipts	-		Capital	182.79
Recovery of loans and advances	11.36		Loans and advances disbursement	15.43
Sub-Total	1494.59	Gross Fiscal deficit 412.87		1907.46
Public Debt	605.71		Public Debt repayment	313.84
Total	2100.30	A: Deficit in CF 121.00		2221.30

CONTINGENCY FUND				
Appropriation to Contingency Fund	0.04	B : Deficit in Contingency Fund (-)0.10	Unrecouped expenditure from Contingency Fund	0.14
PUBLIC ACCOUNT				
Small Savings, PF etc	104.04		Small Savings, PF etc.	59.52
Deposits and advances	130.83		Deposits and advances	80.10
Reserve Funds	10.36		Reserve Funds	6.95
Suspense and miscellaneous	832.82		Suspense and miscellaneous	847.45
Remittances	1054.29		Remittances	1041.97
Total Public Account	2132.34	C : Surplus on Public Account : Rs.96.35		2035.99
Decrease in cash balance (B+C-A) : 24.75				

The fiscal deficit of Rs.412.87 crore was financed by net proceeds of the Public Debt (Rs.291.87 crore) and surplus from Public Account. Exhibit IV shows that the deficit has shown an increasing trend over the last three years. There was an overall increase of Rs.309 crore in 2000-01 in Fiscal deficit as compared to 1996-97. Revenue deficit constituted 55 per cent of the Fiscal deficit.

Application of borrowed funds (Fiscal Deficit)

1.9.6 The fiscal deficit (FD) represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD) for making the Capital Expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operation because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the Government of Goa for the last five years

TABLE 1.10

Ratio	1996-97	1997-98	1998-99	1999-2000	2000-01
RD/FD	(-)0.21 *	0.11	0.52	0.61	0.55
CE/FD	1.22	0.91	0.48	0.38	0.44
Net loans/FD	(-)0.01	(-)0.02	--	0.01	0.01
Total	1	1	1	1	1

* Revenue surplus during 1996-97 and hence the figure is negative

It would be seen that while the State was surplus on revenue accounts during 1996-97 borrowed fund was used to meet revenue deficit thereafter increasingly from 11 per cent to 55 per cent during 1997-98 and 2000-01. As

a result, the availability of funds for the Capital expenditure was affected and reduced from 122 per cent to 44 per cent during the years 1997-2001.

Guarantees given by the State Government

1.9.7 Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital etc. raised by the statutory corporations, Government companies and co-operative institutions etc. and payment of interest and dividend by them. They constitute contingent liability of the State. Under Article 293 of the Constitution the State Legislature had laid down the maximum limits of Rs.350 crore within which Government may give guarantees on the security of the Consolidated Fund of the State. Exhibit-IV lists the amount of guarantees given by the Government and the amounts outstanding at the end of each year during 1997-2000. There was a significant increase in the amount of outstanding guarantee from Rs.52 crore at the end of 1999-2000 to Rs.160 crore for 2000-01. There was an increase in amount of guarantee given during the year 1999-2000 from Rs.43 crore to Rs.111 crore.

1.10 Public Debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law has been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five year period, the total liabilities of the Government had grown by 81 per cent. This was on account of 262 per cent growth in internal debt, 42 per cent growth in loans and advances from Government of India and 124 per cent growth in other liabilities. During 2000-01 Government borrowed Rs.80 crore in open market at the interest rates of 10.52 and 12.00 per cent per annum.

TABLE 1.11

(Rupees in crore)

Year	Internal Debt	Loans and advances from Central Government	Total Public Debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
1996-97	140.42	976.23	1116.65	282.63	1399.28	0.31
1997-98	169.74	1036.78	1206.52	358.92	1565.44	0.33
1998-99	289.93	1130.32	1420.25	433.67	1853.92	0.43
1999-00	382.86	1224.79	1607.65	543.01	2150.66	0.49
2000-01	508.36	1391.16	1899.52	633.01	2532.53	0.54

1.10.2 The amount of funds raised through Public Debt, the amount of repayment and net funds available are given in the following table.

TABLE 1.12

	1996-97	1997-98	1998-99	1999-2000	2000-01
Internal Debt					
- Receipt					
- Repayment	143.21	141.96	147.31	170.25	395.76
(Principal + Interest)	131.83	132.83	52.63	119.59	342.32
- Net funds available	11.38	9.13	94.68	50.66	53.44
(per cent)	(8)	(6)	(69)	(30)	(14)
Loans and advances from Government					
- Receipt during the year	70.44	90.76	127.07	130.52	209.95
- Repayment	87.67	97.49	109.74	126.31	135.86
- Net funds available	(-)17.23	(-)6.73	17.33	4.21	74.09
(per cent)	(-)24	(-)7	(14)	(3)	(35)
Other liabilities					
- Receipt during the year	112.68	165.17	98.31	101.82	104.04
- Repayment					
- Net funds available	80.08	119.53	70.19	86.30	96.35
(per cent)	32.60	45.64	28.12	15.52	7.69
	(29)	(28)	(29)	(15)	(8)

It would be seen that very little of the borrowings are available for investment and other expenditure after meeting the repayment obligation. Considering that the outstanding debt has been increasing year after year, the net availability of funds through public borrowings is going to reduce further.

1.11 Indicators of financial performance

1.11.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if the Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing and finally Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans, which translate to annual development plans and are provided for in the State Budget. Broadly, it can be stated that non-plan expenditure entails expansion of activity. Both these activities require resource mobilization increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:-

(i) Sustainability

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing its debt burden.

(ii) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenue or increasing its debt burden.

(iii) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on an therefore vulnerable to sources to funding outside its control or influence, both domestic and international.

(iv) Transparency

There is also the issue of financial information provided by the Government. This consists of annual Financial statement (Budget) and the Accounts. As regards the budget the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards, accounts, timeliness in submission, for which milestones exist and completeness of accounts would be principal criteria.

1.11.2 Information available in Finance Accounts can be used to flush out sustainability, flexibility and vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Appendix-B. The Table 1.11(iv) indicates the behaviour of these indices/ratios over the period from 1996-97 to 2000-01. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the paragraphs that follow the table.

TABLE 1.13
Financial Indicators for Government of Goa

Government of Goa	1996-97	1997-98	1998-99	1999-2000	2000-01
SUSTAINABILITY					
B C R (Rupees in crore)	71.89	44.44	(-)70.17	(-)126.54	(-)137.09
Interest Ratio	0.12	0.10	0.12	0.14	0.14
Capital Outlay/Capital Receipts	0.73	0.57	0.41	0.32	0.26
Total Tax Receipts/GSDP at current prices	0.11	0.13	0.27	0.28	0.31
State Tax Receipts/GSDP at current prices	0.09	0.09	0.24	0.25	0.28
Returns on Investment	0.52	0.67	0.44	0.25	0.18

FLEXIBILITY					
B C R (Rupees in crore)	71.89	44.44	(-) 70.17	(-)126.54	(-)137.09
Capital repayment/Capital borrowings	0.33	0.31	0.17	0.29	0.52
Total Tax Receipts/GSDP	0.43	0.21	0.27	0.28	0.31
State Tax Receipts/GSDP	0.09	0.09	0.24	0.25	0.28
Debt/SDP	0.06	0.08	0.40	0.45	0.49
VULNERABILITY					
Revenue Surplus/Deficit	(+)21.99	(-)14.05	(-)140.78	(-)208.86	(-)226.01
Fiscal Deficit	104.01	124.64	269.11	340.96	412.87
Primary Deficit	3.51	6.53	124.23	162.81	200.71
Primary Deficit/Fiscal Deficit	0.03	0.05	0.45	0.48	0.49
Revenue Deficit/Fiscal Deficit	0.21	0.11	0.52	0.61	0.55
Outstanding guarantee/Revenue Receipts	0.01	0.03	0.99	0.04	0.11
Assets/Liabilities	1.10	1.08		0.83	0.76

1.11.3 The behaviour of the indices/ratios is discussed below

(i) Balance from current revenue (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure.

The table shows that though the State Government has had positive BCRs in two out of five years, but in 1998-99 to 2000-01 the BCR was negative suggesting that the Government had to depend only on borrowings for meeting its plan expenditure.

(ii) Interest ratio

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Goa the ratio has moved in the narrow range of 0.10 to 0.14. It has gone up from 0.10 to 0.14 from 1997-98 to 2000-01. A rising interest ratio has adverse implications on the sustainability since it points out to the rising interest burden.

(iii) Capital outlay/capital receipts

The ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long terms in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Goa the ratio has shown a declining trend and in 2000-01 well below 0.26 indicating that a substantial part of the capital receipts are not available for investment. The ratio declined from 0.73 in 1996-97 to 0.26 in 2000-01 indicating a worsening sustainability.

(iv) Tax receipts Vs. Gross State Domestic Products (GSDP)

Tax receipts consist of State taxes and state's share of central taxes. The latter can also be viewed as a part of central taxes paid by people living in the state. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Goa this ratio with GSDP at current prices fluctuated from 0.11 to 0.31 during the period from 1996-97 to 2000-01. Similarly the ratio of State tax receipts compared to GSDP has been increasing from 0.09 to 0.28. The ratio suggests that while the State Government had the option to raise more resources through taxation, it chose the easier option of borrowing to meet its increasing revenue and fiscal deficit.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the returns on Government investments in statutory corporations, Government companies, joint stock companies and co-operative institutions. It shows that the ROI in case of Government of Goa has been negligible and has moved in a narrow range of 0.18 to 0.67 *per cent* during 1996-97 to 2000-01. During 2000-01 the ROI has declined to 0.18 from 0.25 of previous year.

(vi) Capital repayment Vs. Capital borrowings

This ratio would indicate the extent to which the capital are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Goa Government, this ratio increased from 0.17 in 1998-99 to 0.52 in 2000-01 indicating reduced availability of borrowing for investment.

(vii) Debt Vs. Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Goa this ratio has moved in the very high range of 0.06 to 0.49 *per cent* from 1996-97 to 2000-01.

(viii) Revenue deficit/Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipt and represents the revenue expenditure financed by borrowings etc. Evidently the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings the revenue deficit as a *per centage* of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus the higher the ratio the worse off the state because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. During 2000-01, 55 *per cent* of the borrowings were applied to revenue expenditure. Though in 1996-97 the fiscal deficit was 21 *per cent*, it started decreasing and reached 11 *per cent* in 1997-98. However, the trend started increasing from 1998-99 (52 *per cent*) and reached 61 *per cent* in 1999-2000 and again decreased to 55 *per cent* in 2000-01. Thus most of the borrowed funds were spent on revenue expenditure.

(ix) Primary deficit vs. fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment. In the state of Goa though the ratio increased from 0.03 in 1996-97 to 0.49 in 2000-01 indicating an increase in the availability of borrowed funds after accounting for interest payments. This was not because of any significant reduction in the interest payment but because of a significant increase in the borrowings. This would result in increase in liability of interest payments in future years. Consequently less and less funds would be available for spending on programmes in future years.

(x) Guarantees vs. revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the Government to pay viz. its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipt of the Government would indicate the degree of vulnerability of the State Government. In the case of Goa, it increased to 0.11 in 2000-01 from 0.01 in 1996-97, indicating a very significant increase in the risk exposure of the revenues of the State Government.

(xi) Assets and liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator to solvency. The ratio declined from 1:10 in 1996-97 to 0.76 in 2000-01 which was indicative of the worsening financial position of the Government.

(xii) Budget

There was no delay in submission of the budget and their approval. The details are given in the following table.

TABLE 1.14

Preparation	Month of submission	Month of approval
Budget	July 2000	July 2000
Supplementary I	August 2000	September 2000
Supplementary II	March 2001	March 2001

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent resumption (surrenders) of significant amounts every year vis-à-vis the final modified grant. Significant variations (excess/saving) between the final modified grant and actual expenditure were also persistent.

Conclusion

The ratio of primary deficit to fiscal deficit shows that interest payments have been substantial going up to nearly 50 *per cent* of net capital borrowing and have also increased as proportion of revenue receipts as shown by rising trend of the interest ratio. All these have adverse implications for sustainability, as also falling BCR.

The application of an increasingly large share of borrowing for revenue expenditure (RD/FD has risen from 0.11 in 1997-98 to 0.55 in 2000-01) has made the State finance vulnerable to sources of funding outside its control. Mounting revenue deficit, including heavy interest payments has left little for investment.

APPENDIX A

(Reference: Paragraph 1.1)

Part A – Government Accounts

I. Structure:

The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund (iii) Public Account

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries, of loans go into the Consolidated Fund of the State, constituted under Article 266 (1) of the Constitution of India. All the expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely Revenue Accounts (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts and Capital Expenditure, Public Debt and Loans etc).

Part II : Contingency Fund

The Contingency Fund created under Article 267 (2) of the Constitution of India is in the nature of the imprest placed at the disposal of the Government of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of the Fund authorised by the Legislature during the year was Rs.10 crore.

Part III : Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc. which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-à-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants require regularization by the Legislature.

APPENDIX B

Part B List of Indices/ratio and basis for their calculation
(Referred to in paragraph 1.11)

Indices/Ratio		
Sustainability		
Balance from the Current Revenue	B C R	Revenue receipts minus all Plan grants (under Major Head 1601-02-03-04) and Non-Plan revenue expenditure
Primary Deficit		Fiscal Deficit minus Interest Payments
Interest Ratio		Interest payments-Interest receipts Total revenue receipts-Interest receipts
Capital Outlay Vs. Capital Receipts	Capital Outlay	Capital expenditure as per statement No. 13 of the Finance Accounts
	Capital Receipts	Internal loans(net of ways and means advances)+Loans and advances from Government of India+Net receipts from small savings, PF etc.+ repayment received of loans advanced by State Government – Loans advanced by the State Government.
Total tax receipts Vs. GSDP		Statement 1 of Finance Accounts
State Tax receipts Vs. GSDP		State Tax receipts plus State's share of Union Taxes
Flexibility		
Balance from current Revenue		As above
Capital repayment Vs. Capital borrowings	Capital Repayment	Disbursement under Major Heads 6003 and 6004 minus repayment on accounts of Ways and Means Advances/Overdraft under both the Major Heads
	Capital Borrowings	Addition under Major Heads 6003 and 6004 minus addition on account of Ways and Means Advances/Overdraft under both the major Heads
Total tax receipts Vs. GSDP	State Tax Receipts	Statement No. 9 of the Finance Accounts
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes

Debt Vs. GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of the Finance Accounts)
Vulnerability		
Revenue Deficit		Revenue expenditure minus Revenue Receipts (Paragraph 1.9.5 of Audit Report)
Fiscal Deficit		Total expenditure minus Revenue receipts and non-debt public receipts (Paragraph 1.9.6 of Audit Report)
Primary Deficit Vs. Fiscal Deficit	Primary Deficit	Fiscal deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs. Total revenue receipts of the Government	Outstanding guarantees	Table 1.4
	Revenue Receipts	Table 1.2
Assets Vs. Liabilities	Assets and Liabilities	Table 1.1

1.3

for the year 2000-01

Paragraph 1.4)

(Rupees in crore)

Disbursements					
1999-2000		Non-Plan	Plan	Total	2000-01
1436.76	I – Revenue Expenditure				1709.24
605.70	A-General Services	774.99	3.41	778.40	
415.05	B-Social Services	339.83	92.92	432.75	
236.79	Education, Sports, Arts and Culture	202.03	24.06	226.09	
76.60	Health and Family Welfare	64.95	17.41	82.36	
65.07	Water Supply and Sanitation	50.07	34.22	84.29	
10.96	Housing and Urban Development	6.98	5.75	12.73	
1.44	Information and Broadcasting	1.11	0.55	1.66	
0.82	Welfare of SC/ST and Other Backward classes	0.20	0.83	1.03	
8.81	Labour and Labour Welfare	6.06	3.62	9.68	
14.09	Social Welfare and Nutrition	8.00	6.48	14.48	
0.47	Others	0.43	-	0.43	
416.01	C-Economic Services	453.37	44.72	498.09	
33.80	Agriculture and allied activities	20.56	14.27	34.83	
11.55	Rural Development	7.80	2.84	10.64	
2.31	Special Areas Programme	-	2.32	2.32	
16.19	Irrigation and Flood Control	15.81	4.38	20.19	
301.60	Energy	364.91	7.93	372.84	
5.61	Industry and Minerals	1.58	5.79	7.37	
35.91	Transport	36.86	3.76	40.62	
0.79	Science, Technology & Environment	-	0.84	0.84	
8.25	General Economic Services	5.85	2.59	8.44	
1436.76					1709.24

Section

Receipts		
1999-2000		2000-01
82.75	III – Opening Cash Balance including Permanent Advance and Cash Balance Investment	41.24
-	IV – Miscellaneous Receipts	-
5.11	V – Recoveries of Loans and Advances	11.36
-	From Power Projects	-
3.50	From Government Servants	4.49
1.61	From Others	6.87
-	VI-Revenue Surplus Brought Down	-
300.77	VII-Public Debt Service	605.71
97.19	Internal Debt other than Ways and Means Advances	127.07
73.06	Ways and Means Advances	268.69
130.52	Loans and Advances from Central Government	209.95

B

(Rupees in crore)

Disbursements					
1999-2000		Non-Plan	Plan	Total	2000-01
-	III-Opening Overdraft from Reserve Bank of India				-
129.30	IV - Capital Outlay				182.79
12.64	A- General Services	-	5.13	5.13	
36.57	B- Social Services	-	72.58	72.58	
7.28	Education, Sports, Arts and culture	-	7.04	7.04	
5.34	Health & Family Welfare	-	3.99	3.99	
23.04	Water Supply, Sanitation, Housing & Urban Development	-	60.85	60.85	
0.05	Welfare of SC/ST and Other Backward classes	-	0.05	0.05	
0.21	Social Welfare & Nutrition	-	0.11	0.11	
0.65	Other Social Services	-	0.54	0.54	
80.09	C-Economic Services	(-)5.01	110.09	105.08	
1.95	Agriculture & Allied activities	(-)5.01	2.10	(-)2.91	
0.87	Special Areas Programme	-	0.93	0.93	
25.78	Irrigation & Flood Control	-	50.35	50.35	
27.00	Energy	-	20.25	20.25	
(-) 0.06	Industry & Minerals	-	0.09	0.09	
21.65	Transport	-	32.96	32.96	
-	Science, Technology & Environment	-	0.01	0.01	
2.90	General Economic Services	-	3.40	3.40	
7.91	V-Loans and Advances disbursed				15.43
-	For Power Projects	-	-	-	
7.70	To Government servants	-	9.13	9.13	
0.21	To others	-	6.30	6.30	
208.86	VI-Revenue Deficit brought down				226.01
113.37	VII-Repayment of Public Debt				313.84
4.26	Internal Debt other than ways and means advances & overdrafts	-	10.92	10.92	
73.06	Ways & Means advances & overdraft	-	259.34	259.34	
36.05	Repayment of loans & advances to Central Government	-	43.58	43.58	

Receipts		
1999-2000		2000-01
169.68	VIII-Appropriation to Contingency Fund	165.00
-	IX-Amount transferred to Contingency	25.04
1785.54	X-Public Accounts Receipts	2132.34
101.82	Small savings and Provident Fund	104.04
8.46	Reserve Funds	10.36
123.01	Deposits and Advances	130.83
656.01	Suspense and Miscellaneous	832.82
896.24	Remittances	1054.29
2343.85		2980.69

Disbursements					
1999-2000		Non-Plan	Plan	Total	2000-01
169.00	VIII-Appropriation to Contingency Fund				190.00
0.04	IX-Expenditure from Contingency Fund				0.14
1674.13	X-Public Accounts Disbursement				2035.99
49.47	Small Savings and Provident Fund	-	-	59.52	
0.55	Reserve Fund	-	-	6.95	
67.45	Deposits and Advances	-	-	80.10	
661.53	Suspense and Miscellaneous	-	-	847.45	
895.13	Remittances	-	-	1041.97	
41.24	XI Cash Balance at end				16.49
*	Cash in Treasuries	-	-	*	
3.53	Deposits with Reserve Bank of India	-	-	(-)3.86	
1.54	Departmental cash balance including permanent advance	-	-	1.54	
36.17	Cash Balance Investment	-	-	18.81	
2343.85					2980.69

*Rs.7,000 only.

Explanatory Note

(For Tables 1.1, 1.2 and 1.3)

1. The summarised financial statements are based on the Finance Accounts and the Appropriation Accounts of the State Government and are subject to the notes and the explanations contained therein.
2. Although a part of the revenue expenditure (grant) and loans are used for capital formation by the recipients, its classification in the Government accounts remains unaffected by the end use.
3. There was a net difference of Rs.11.77 lakh between the figure reflected in the accounts (Rs.386 lakh) and those intimated by the Reserve Bank of India at the end of the year (Rs.374.23 lakh). The difference is under reconciliation.

CHAPTER - II
APPROPRIATION AUDIT AND CONTROL OVER
EXPENDITURE

APPROPRIATION ACCOUNTS – 2000-2001 AT A GLANCE

Total No. of Grants : 80
Total No. of appropriations : 04

Total provision and actual expenditure

Provision	Amount (Rs. in crore)	Expenditure	Amount (Rs. in crore)
Original	2550.21		
Supplementary	354.49		
Total Gross Provision	2904.70	Total Gross expenditure	2454.88
Deduct – Estimated recoveries as reduc- tion of expenditure	122.96	Deduct – Actual recoveries as reduction of expenditure	43.58
Total net provision	2781.74	Total net expenditure	2411.30

Voted and Charged provision and expenditure

	Provision (Rs. in crore)		Expenditure (Rs. in crore)	
	Voted	Charged	Voted	Charged
Revenue	1778.92	234.01	1515.60	222.75
Capital	587.15	304.62	399.39	317.14
Total Gross	2366.07	538.63	1914.99	539.89
Deduct – Recoveries in reduction of expenditure	122.96	-	43.58	-
Total : Net	2243.11	538.63	1871.41	539.89

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

2.1.1 In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are approved by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

2.1.2 The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Article 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorized by the Appropriation Act.

2.1.3 The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2000-2001 against grants/appropriations was as follows:

TABLE 2.1

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual Expenditure	Saving (-) Excess (+)
(Rupees in crores)						
Voted	I. Revenue	1654.43	124.49	1778.92	1515.60	(-)263.32
	II. Capital	315.98	72.00	387.98	200.26	(-)187.71
	III. Loans and Advances	7.42	1.75	9.17	9.13	(-) 0.04
Total Voted		1977.83	198.24	2176.07	1724.99	(-) 451.08
Charged	IV Revenue	1.85	0.30	2.15	1.95	(-) 0.20
	V. Capital	0.10	3.36	3.46	3.30	(-) 0.16
	VI. Public Debt	380.43	152.59	533.02	534.64	(+) 1.62
Total charged		382.38	156.25	538.63	539.89	(+) 1.26
Appropriation to contingency funds		190.00	-	190.00	190.00	-
Grand Total		2550.21	354.49	2904.70	2454.88	(-) 449.82

Note:

- These were gross figures without taking into account the recoveries adjusted in account as reduction of expenditure under revenue heads Rs.29.10 crore and Capital heads Rs.14.48 crore.
- The total expenditure was understated to the extent of unrecouped amount of Rs.0.14 crore drawn from Goa Contingency Fund

2.3 Results of Appropriation Audit

Excess over provision relating to previous years requiring regularization

2.3.1 As per Article 205 of the Constitution of India it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However the excess expenditure amounting to Rs.71.42 crores for the year 1987-88 to 1999-2000 was yet to be regularized. Of these Rs.22.23 crore pertaining to the years 1987-88, 1988-89, 1990-91 to 1992-93 were overdue as these had been finally recommended for regularisation by the PAC.

TABLE 2.2

Year	No. of grants/ appropriation in the year	Grant/ Appropriation No.	Excess Amount (Rupees in crore)
1987-88	4	13,15,19 & 25	*
1988-89	1	22	**
1989-90	5	16,19,21,33&34	0.10
1990-91	3	1,12 & 30	***
1991-92	4	7,22,25 & 28	1.81
1992-93	6	21,26,31,34,41 & Public debt	20.41
1993-94	6	18,27,34,41,46 & Public debt	19.65
1994-95	7	20,24,27,29,37, 60,& 62	0.90
1995-96	9	1,8,18,23,28,36, 49,60, & 62	0.09
1996-97	6	1,37,42,57, Public Service Commission & Public Debt	14.75
1997-98	9	18,20,24,29,33, 37,49,61,& Public debt	11.96
1998-99	10	7,32,33,34, 35,36,37,46,53, & 59	1.35
1999-2000	6	9, 27, 40, 42, 46, 58	0.39
Total			71.42

2.4 Comments on Expenditure and Budgetary Control

2.4.1 The overall savings of Rs. 449.82 crore were the result of savings of Rs.464.61 crore in 75 grants and appropriations offset by excess of Rs.14.79 crore in 5 grants and appropriation.

* Rs..55,451.00

** Rs.11,766.00

*** Rs.2,075.00

- 2.4.2 Supplementary provisions made during the year constituted 13.90 per cent of the original provision as against 10.28 per cent in the previous year.
- 2.4.3 Supplementary provision of Rs.30.79 crore made in 29 cases during the year proved unnecessary in view of aggregate savings of Rs.324.44 crore detailed in Appendix-I.
- 2.4.4 In 18 cases against additional requirement of Rs.73.06 crore, supplementary grants and appropriation of Rs.126.33 crore were obtained resulting in savings in each case exceeding Rs.25 lakh aggregating Rs.53.28 crore. Details of these cases are given below:-

TABLE 2.3

Sr. No	Grant/Appropriation	Original	Supple- mentary	Total	Expen- diture	Savings
Rupees in lakh						
Revenue – Voted						
1.	2 – General Administration and Co-ordination Dept.	790.50	141.96	932.46	834.41	98.05
2.	15 – Collectorate North Goa	398.00	58.00	456.00	418.29	37.71
3.	17 – Police	3632.00	494.07	4126.07	4019.34	106.73
4.	18 – Jails	168.00	57.66	225.66	199.05	26.41
5.	21 – Public Works	10830.62	4472.23	15302.85	14393.84	909.01
6.	35 – Higher Education	2627.80	237.63	2865.43	2815.08	50.35
7.	40 – Goa College of Engineering	350.85	89.62	440.47	404.89	35.58
8.	42 – Sports and Youth Affairs	515.00	440.63	955.63	921.83	33.80
9.	48 – Health Services	3806.50	526.52	4333.02	4053.13	279.89
10.	58 – Women and Child Development	731.00	171.00	902.00	761.76	140.24
11.	68 – Forest	865.40	549.19	1414.59	1159.27	255.32
12.	69 – Parks and Gardens	34.00	55.00	89.00	41.51	47.49
13.	74 – Irrigation	1720.00	466.05	2186.05	2014.77	171.28
14.	75 – Planning, Statistics and Evaluation	201.02	76.49	277.51	224.42	53.09
15.	77 – River Navigation Department	840.00	142.79	982.79	913.95	68.84
16.	78 – Tourism	314.50	153.98	468.48	360.20	108.28
Capital – Voted						
17.	21 – Public Works	8056.38	4307.71	12364.09	9559.91	2804.18
18.	43 – Art & Culture	70.00	192.68	262.68	161.38	101.30
Total		35951.57	12633.21	48584.78	43257.23	5327.55

2.4.5 The excess expenditure of Rs.14.79 crore under 4 grants and 1 appropriation require regularisation under Article 205 of the Constitution of India. Details of these grants are given below:

TABLE 2.4

Sr. No	Number and name of grant/ appropriation	Total grant or appropriation (Rs)	Actual expenditure (Rs)	Excess Expenditure (Rs)
1.	Appropriation – Debt Services	3,01,15,84,000	3,13,83,60,070	12,67,76,070
2.	8 – Treasury & Accounts Administration (North Goa)	90,42,00,000	92,51,85,510	2,09,85,510
3.	37 – Government Polytechnic	20,00,000	20,84,109	84,109
4.	44 – Goa College of Art	-	7,249	7,249
5.	58 – Women and Child Development	10,35,000	10,71,539	36,539
Total		3,91,88,19,000	4,06,67,08,477	14,78,89,477

2.4.6 In 12 cases expenditure fell short by more than Rs.10 lakh in each case and also by more than 10 per cent of the total provision as indicated below:-

TABLE 2.5 (Rupees in lakh)

Sr. No	Grants/ Appropriation	Original	Supplementary	Total	Expenditure	Savings
Revenue – Voted						
1.	6 – Election Office	48.00	49.59	97.59	75.91	21.68
2.	46 – Museum	56.00	-	56.00	30.58	25.42
3.	72 – Science, Technology & Environment	148.00	-	148.00	121.76	26.24
4.	80 – Legal Metrology	57.00	14.70	71.70	59.20	12.50
Capital – Voted						
5.	13 – Transport	140.00	-	140.00	120.93	19.07
6.	17 – Police	45.00	13.36	58.36	45.44	12.92
7.	19 – Industries	115.51	-	115.51	3.07	112.44
8.	34 – School Education	72.00	43.00	115.00	100.14	14.86
9.	36 – Technical Education	20.00	-	20.00	7.86	12.14
10.	39 – Government Polytechnic, Curchorem	30.00	-	30.00	11.10	18.90
11.	48 – Health Services	50.00	-	50.00	33.36	16.64
12.	67 – Ports Administration	95.50	-	95.50	24.15	71.35
Total		877.01	120.65	997.66	633.50	364.16

2.5 Anticipated Savings not surrendered

According to rules framed by Government the spending departments are required to surrender the grants/appropriation or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2000-2001 there were 17 grants in which savings had not been surrendered by the department. The amount involved was Rs.0.53 crore. In 15 grants the amount of available savings of Rs.20 lakh and above amounting to Rs.264.93 crore were surrendered partially. Details are given in Appendix-II and II-A.

2.6 Surrender in excess of savings

In 15 cases the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against the total amount of actual savings of Rs.74.98 crore, the amount surrendered was Rs.75.68 crore resulting in excess surrender of Rs.0.70 crore. The details are given in Appendix-II-B.

2.7 Trend of recoveries and credits

2.7.1 Under the system of gross budgeting followed by Goa Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates.

2.7.2 In 8 grants the actual recoveries adjusted in reduction of expenditure of Rs.29.25 crore exceeded the estimated savings (Rs.22.91 crore) by Rs.6.34 crore and in 2 grants the actual recoveries (Rs.14.32 crore) were less than the estimated recoveries (Rs.100.05 crore) by Rs.85.73 crore. More details are given in Appendix of Appropriation Accounts 2000-2001.

2.8 Amounts held under objection for various reasons

2.8.1 Drawal of money by departments on abstract contingent bills, without adequate details and supporting documents, has been permitted by Government in order to enable the departments to make payments of an urgent nature. The facility is, however, subject to the condition that they shall submit to the Director of Accounts within one month detailed contingent bill with the supporting documents, duly countersigned by competent authorities.

2.8.2 According to the information furnished by the Director of Accounts, due to non-receipt of detailed contingent bills Rs.322.18 lakh drawn upto 31 March 2001 by various departments on abstract contingent bills were pending adjustment as on 30 September 2001. Of these Rs.11.39 lakh pertained to the period prior to 1 April 1996. Year-wise break up of this amount was as follows:

TABLE 2.6

Year	No. of Items	Amount (Rupees in lakh)
Up to 1996-97	15	11.40
1997-98	2	0.56
1998-99	10	3.88
1999-2000	23	61.35
2000-2001	67	244.99
Total	117	322.18

The departments against which substantial amounts were outstanding are detailed below:

TABLE 2.7

Sr. No	Department/Office	Number of AC bills	Amount (Rupees in lakh)	Earliest year to which A.C bill pertained
1.	Goa Medical College and Hospital	18	98.49	1981-82
2.	General Administration and Co-ordination	18	43.08	1990-91
3.	Director of Sports and Youth Affairs	14	38.91	1998-99
4.	Legislature Department	3	32.68	1999-2000
5.	Director General of Police	3	31.18	2000-2001
6.	Electricity Department	2	10.60	2000-2001
7.	Directorate of Archives and Archaeology	4	10.12	1999-2000

2.8.3 As regards the Bill for Rs.1.29 lakh outstanding since 1981-82, in Goa Medical College, the Department stated that the amount of Rs.1.29 lakh has been proposed for write off as the same is irrecoverable. As far as General Administration Department is concerned it was stated that the bills pertaining to Rs.27.35 lakh for the period from 1990-91 to 1994-95 were drawn on behalf of Science and Technology Department who were required to settle the bills on formation of separate department (July 1997). Information from Science and Technology Department was awaited.

2.8.4 Similarly Rs. 51.69 lakh representing advances to Government servants on account of Travelling allowances, Leave Travel Concessions etc. sanctioned upto 31.3.2001 were also pending final adjustment as of September 2001. The departments against which a large number of such advances were outstanding are detailed below:

TABLE 2.8

Sr. No	Department/Office	Number of advances	Amount (Rupees in lakh)	Earliest advances pending for settlement
1.	Director General of Police	54	2.88	1987-88
2.	Legislature Department	24	8.38	1982-83
3.	General Administration and Co-ordination Department	23	2.60	1987-88
4.	Public Works Department	21	3.70	1993-94
5.	Directorate of Education	11	7.73	1994-95
6.	Goa College of Engineering	15	0.63	1990-91
7.	Directorate of Agriculture	7	3.14	1993-94

2.8.5 As on 30 September 2001, grants-in-aid aggregating to Rs.99.71 lakh paid was found outstanding in the objection books due to non receipt of approved pattern of assistance from Government of India. Of these Rs.70.00 lakh paid to Captain of Ports was outstanding since 1990-91. No action has yet been taken to clear the objection.

2.8.6 As on 30 September 2001 an amount of Rs.705.23 lakh was outstanding for want of stamped receipts. Major departments against which huge amounts were outstanding were as follows:

TABLE 2.9

Sr. No.	Name of the Department/Office	No. of cases	Amount (Rupees in lakh)	Period to which earliest observation pertains
1.	Irrigation Department	47	293.04	1994-95
2.	Collectorate of South Goa	84	409.25	1992-93

2.8.7 Besides Rs.3471.00 lakh were outstanding in the objection book against Irrigation Department for want of regularization of expenditure by competent authorities.

FINANCE DEPARTMENT

2.9 Advances from Contingency Fund

2.9.1 The Contingency Fund of the State of Goa was established under the Contingency Fund Act 1988, in terms of provision of Article 267 of Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, the postponement of which till its authorisation by the Legislature would be undesirable.

2.9.2 The Corpus of the Fund which was Rs.3 Crore till 1998-99 was enhanced to Rs.10 crore in August 1999 which was quite steep compared to the size of the corpus of the Contingency Fund of India at Rs. 50 crore. Corpus of the Fund was further temporarily increased to Rs.200 crore with effect from 29th November 2000 under the Goa Contingency Fund (Amendment) ordinance No.9 of 2000. On reassembling the Legislature in March 2001, the ordinance ceased to operate after six weeks. The temporary enhancement was primarily to enable the State Government to make withdrawals amounting to Rs.78.44 crore through sanction of 192 advances. Audit review disclosed that advances were sanctioned even though provisions for the same could have been made in the regular budget as discussed below:-

- i) In 26 cases advances amounting to Rs.11.26 crore comprising 14.35 per cent of the total advances sanctioned were sanctioned by Finance Department between June 2000 to March 2001 for pay and allowances of the staff.
- ii) In respect of 96 sanctions advance of Rs56.00 crore comprising 71.39 percent of total advances were obtained for routine expenditure such as purchase of Vehicles, House Building Advances, implementation of ongoing projects loans to MLA's for purchase of Motor conveyance.
- iii) 29 sanctions amounting to Rs.9.39 crore comprising 11.97 percent were obtained for implementation of Centrally Sponsored Schemes.
- iv) 35 sanctions amounting to Rs.1.22 crore comprising 1.35 percent were obtained for setting decretal orders in arbitration awards and in Land Acquisition cases.
- v) Sanctions in respect of only 10 cases amounting to Rs.0.72 crore comprising 0.92 percent were obtained for natural calamities and for other purposes, the postponement of which till its authorisation by the Legislature was not possible.
- vi) One Sanction Order amounting to Rs.0.57 crore was subsequently reduced to Rs.0.30 crore Recoupment to the extent of Rs.78.07 crore only was done as on March 2001 leaving a balance of 0.37 crore.

2.9.3 Further scrutiny revealed that Rs.1.00 crore was advanced in May 2000 for the establishment of Fashion Technology and Private I.T. The approval of Planning Department and the Government file leading to the decision sanctioning the advance, though called for July 2000, was not furnished by the Director of Industries and Mines Department (August 2001).

2.9.4 The drawal of advances from Contingency Fund for pay and allowances of staff and other known expenditure was not in accordance with the rules and procedures relating to constitution of Contingency Fund and disbursement therefrom provided in the Constitution. This also showed that normal budgetary practices were dispensed with.

ALL DEPARTMENTS

2.10 Unreconciled expenditure

2.10.1 In order to ensure effective control over expenditure and to detect cases of possible fraudulent/irregular withdrawals etc., the department 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 Director of Accounts.

2.10.2 Apart from the standing instructions issued by Government in this regard, the Public Accounts Committee in its forty eighth report (1992) had also desired that punitive action be taken against erring Budget Controlling Officers. It was noticed that during 2000-2001 out of 82 Budget Controlling Officers, 10 Budget Controlling Officers had not carried out reconciliation in respect of 14 units out of 15 under their control for the full year. The expenditure involved in reconciliation was Rs.10.80 crore.

CHAPTER III

CIVIL DEPARTMENTS

SECTION-A : REVIEWS

HEALTH DEPARTMENT

National Programme for Prevention and Control of Diseases

3.1 National Tuberculosis Control Programme (NTCP)

National Tuberculosis Control Programme (NTCP) introduced in Goa since 1963 is implemented as a 100 percent centrally sponsored scheme. The State had not spent Rs.66.34 lakh received as grants during 1996-97 - 2000-01. The targets prescribed were unrealistic and not based on survey/prevalence of disease. On an average about 70 beds per month in TB Hospital, Margao were utilized against availability of 160 bed strength during 1996-2001. The percentage of TB defaulter patients was 55 during 1996-2001 and infructuous expenditure on partial treatment of defaulters was Rs.3.82 crore (approx.). Evaluation of the programme was not carried out to ensure effective implementation.

Highlights

- Revised NTCP was not implemented in the State of Goa.
(Paragraph 3.1.4)
- There was unspent grant of Rs. 66.34 lakh during 1996-97-2000-01.
(Paragraph 3.1.5 – 3.1.9)
- About 70 beds were utilized in the T B Hospital, Margao out of 160 bed strength during 1996-2001.
(Paragraph 3.1.10)
- Targets fixed were unrealistic and not based on survey/prevalence of disease.
(Paragraph 3.1.11 – 3.1.13)
- Evaluation of the programme was not carried out to ensure effective implementation.
(Paragraph 3.1.14, 3.1.15)

Introduction

3.1.1 The National Tuberculosis Control Programme (NTCP) was launched by Government of India in the year 1962. In 1992 it was reviewed by a committee of experts. Based on the findings of this review committee, a revised strategy for National Tuberculosis Control Programme was evolved with emphasis on cure of infectious cases through short course of chemotherapy to achieve a cure rate over 85 per cent. Emphasis was also laid on the augmentation of case finding activities to detect 75 per cent of estimated cases only after having a desired cure rate. The NTCP was introduced in the state of Goa in the year 1963 as a centrally sponsored scheme with 100 per cent finance from the Government of India.

Organizational set up

3.1.2 The Chief Medical Officer (CMO) is in charge of implementation for NTCP in the State of Goa under the overall supervision of the Director of Health Services, Panaji. The Chief Medical Officer is assisted by one Health Officer at State Headquarters, Panaji. The implementation of the programme is done in six hospitals, including two T B Hospitals located in North and South Goa, four Community Health Centres and twenty one Primary Health Centres in the State which are divided into ten x-ray centers and 21 microscopic centres. The technical monitoring of these centres is done by the Chief Medical Officer at the District Tuberculosis Centre, Panaji. Goa being a small state District Tuberculosis Officer (DTO) and Programme Officer (CMO) is one and the same.

Audit Coverage

3.1.3 A review of the implementation of the programme in the state was conducted during April to June 2001 with test check of records maintained at the Directorate of Health Services, Panaji, Chief Medical Officer, National Tuberculosis Control Programme, State Headquarters at Panaji, T B Hospital and Urban Health Centre, Margao, Community Health Centre, Ponda and six Primary Health Centres at Chinchinim, Cortalim, Betki, Corlim, Candolim and Bicholim with coverage of 33 per cent expenditure under the programme in the state.

Implementation of the programme

3.1.4 As per the National Tuberculosis Control Programme, each district should have one District Tuberculosis Centre (DTC) which acts as a referral centre and also as the headquarters. At the Sub-District level a T B unit (TU) should be created for about 5 lakh population. Each TU comprises of one Medical Officer, one Senior T B Laboratory Supervisor (STLS) and a Senior Treatment Supervisor (STS) both with formal training and orientation of the

revised NTCP. As Goa's population as per 1991 census is 11.69 lakh and the State has two districts, and as such at least two T B Units with above staff in each district were required. However there were no T B Units in Goa. It was stated that the proposal for another DTC in South Goa was submitted by the CMO, NTCP to the higher authorities in March 2001. As regards to non-establishment of T B Units it was further stated (March 2001) that the revised NTCP had been introduced by Government of India in the state of Goa only in August 2001.

Financial performance

3.1.5 The budget provision and expenditure incurred under Plan and Non-Plan schemes during 1996-97 to 2000-01 was as under*:

TABLE 3.1

Year	Plan			Non-Plan			Total		
	Budget provision	Expenditure	Excess(+) Savings (-)	Budget provision	Expenditure	Excess(+) Savings(-)	Budget provision	Expenditure	Excess(+) Savings(-)
(Rupees in lakh)									
1996-97	1.00	0.98	(-) 0.02	20.76	21.41	(+) 0.65	21.76	22.39	(+) 0.63
1997-98	7.19	6.87	(-) 0.32	24.70	22.55	(-) 2.15	31.89	29.42	(-) 2.47
1998-99	2.90	2.86	(-) 0.04	34.96	31.14	(-) 3.82	37.86	34.00	(-) 3.86
1999-00	3.12	3.07	(-) 0.05	32.80	24.06	(-) 8.74	35.92	27.12	(-) 8.79
2000-01	1.10	--	(-) 1.10	35.04	29.77	(-) 5.27	36.14	29.77	(-) 6.37
Total	15.31	13.78	(-) 1.53	148.26	128.93	(-) 19.33	163.57	142.71	(-)20.86

3.1.6 The plan provision was mainly for the implementation of the scheme and fully funded by Government of India and Non-Plan provision was for pay and allowances, contingencies etc. to be met from State finances.

3.1.7 Out of the total grants of Rs.1.64 crore provided by the Central and State Government from 1996-97 to 2000-01 the department had spent Rs.1.43 crore during the above period and leaving unutilized grant of Rs.20.86 lakh (Central Grant Rs. 1.53 lakh and State Grant Rs.19.33 lakh) till March 2001. It was stated (June 2001) that the unutilized grants were due to transfer of surplus B C G Technicians to Anti-Malaria Section of Directorate of Health Services, Panaji in April 1998. Further one post of Health Officer attached to this programme was shifted to Primary Health Centre, Sanquelim in the year 2001.

3.1.8 The state Government is having a T B Hospital at Margao under the control of the Director of Health Services, Panaji. The entire expenditure of

* The figures in the above table were taken from Detailed Appropriation Account of the Government of Goa

the hospital was met from the State funds. The budget provision and expenditure incurred by the above hospital during 1996-97 to 2000-01 was as under:

TABLE 3.2

Year	Plan Expenditure			Non-Plan expenditure			Total expenditure		
	Budget provision	Expenditure	Excess(+) Savings(-)	Budget provision	Expenditure	Excess(+) Savings(-)	Budget provision	Expenditure	Excess(+) Savings(-)
(Rupees in lakh)									
1996-97	9.87	9.20	(-) 0.67	82.12	82.86	(+) 0.74	91.99	92.06	(+) 0.07
1997-98	12.05	11.22	(-) 0.83	88.30	85.91	(-) 2.39	100.35	97.13	(-) 3.22
1998-99	15.80	14.11	(-) 1.69	116.11	115.13	(-) 0.98	131.91	129.24	(-) 2.67
1999-00	15.70	13.52	(-) 2.18	115.40	115.10	(-) 0.30	131.10	128.62	(-) 2.48
2000-01	17.15	11.54	(-) 5.61	125.49	93.92	(-) 31.57	142.64	105.46	(-) 37.18
Total	70.57	59.59	(-) 10.98	527.42	492.92	(-) 34.50	597.99	552.51	(-) 45.48

3.1.9 It was noticed that out of Rs.5.27 crore provided by the State Government during 1996-97 to 2000-01, the department had spent Rs.4.93 crore during the above period leaving unspent grant of Rs.34.50 lakh as on 31 March 2001. It was stated in June 2001 that savings were due to vacancies of various posts.

Under-utilization of bed strength of T B Hospital, Margao

3.1.10 T B Hospital, Margao is functioning since pre liberation days (i.e. 1961) with bed strength of 160 patients. Subsequently (May 2001) 30 beds were earmarked exclusively for Drug Detoxification Centre Ward (DDC). The actual occupancy of bed strength was 60 to 70 patients per month on an average. This had resulted in under-utilization of hospital infrastructure. It was stated by the Medical Superintendent of the T B Hospital (June 2001) that patients preferred to be treated under domiciliary treatment rather than hospitalization. Secondly due to short course chemotherapy there were fewer complicated cases of empyema, hydropneumo thorax etc. and 30 beds were given (May 2001) for Drug Detoxification Centre (DDC) ward. Despite transfer of 30 beds for DDC ward still there remained 130 beds and occupancies thereof ranged between 46 to 54 per cent only.

Targets and achievements of the programme

3.1.11 The tuberculosis patients (T B) are detected either originally or after reference from referral centers with the help of sputum examination and x-rays. Once the patient is identified as positive, treatment is given immediately.

The treatment renders the patients non-infectious within 3 months and the minimum period of treatment is one year.

3.1.12 The targets and achievements under case detection, case treatment and cases discharge during 1996-97 to 2000-01 were as under:

TABLE 3.3

Year	Case detection		Case treatment		Case discharged	
	Target	Achievement	Target	Achievement*	Target	Achievement*
(In numbers)						
1996-97	2000	2867	2000	3222	2000	1475
1997-98	1844	2866	1844	2321	1844	1199
1998-99	1874	2649	1874	2822	1874	1620
1999-00	1874	2306	1874	2498	1874	1448
2000-01	1874	2443	1874	2647	1874	1453

3.1.13 Audit scrutiny revealed that the average detection of T B cases during 1996-97 to 2000-01 was for 2626 cases per year, against which target prescribed was for 1893 T B cases. Accordingly the target prescribed is on lower side and has no relevance to actual detection of T B cases. The targets are required to be prescribed on the basis of survey and on realistic basis considering actual achievements and prevalence of disease. The prescription of lower targets for detection and treatment has resulted in exhibition of higher achievements viz. 123 per cent to 161 per cent. However the percentage of achievement of target under cases discharged is very less during 1996-97 to 2000-01 and is ranging from 65 per cent to 86 per cent.

Defaulters

3.1.14 The position of defaulter T B patients during 1996-97 to 2000-01 was as under:

TABLE 3.4

Year	No. of patients treated	No. of defaulters	Percentage of defaulters
(In numbers)			
1996-97	3222	1756	55
1997-98	2321	1409	61
1998-99	2822	1916	68
1999-00	2498	1165	47
2000-01	2447	1117	46
Total	13310	7363	

3.1.15 The audit scrutiny of Primary Health Centres and hospitals revealed that there were average 55 per cent defaulters as compared to number of patients treated who have not availed of continuous treatment. Further their

* Covers backlog of patients uncured.

addresses were not properly noted in the treatment cards. As a result defaulters could not be contacted for continuation of treatment. It was noticed that the percentage of patients discontinuing regular treatment was extremely high. This is a very serious matter because all the patients discontinuing T B treatment become potential carriers of the disease and it will only spread the disease further rather than controlling effectively the spread of disease. All the expenditure on the medicines supplied to the discontinuing patients and other laboratory expenditure on them has become infructuous. Roughly calculated, the expenditure on these patients is Rs.382.37 lakh. It is therefore recommended that the State Government should take extreme care while registering the patients in recording full details of the patients including the address, telephone number etc. so that they could be traced out and persuaded to complete the treatment without which the society will be further endangered.

Monitoring and evaluation

3.1.16 The programme is monitored by monthly and quarterly progress reports. The National Tuberculosis Institute, Bangalore had observed from the quarterly reports of the programme that improvement in sputum examination and establishment of District Tuberculosis Centre in South Goa District were required. Evaluation of the programme is yet to be carried out to assess its impact.

3.2 National Programme for the Control of Blindness

The National Programme for Control of Blindness (NPCB) was launched by the Government of India in 1976. NPCB is introduced in the State of Goa in 1981 as a 100 percent centrally sponsored scheme. The targets prescribed were not realistic and based on assessment/survey during 1996-2001. The unspent grant of Rs.6.16 lakh was not refunded or adjusted from the release of grants. Further evaluation of the programme was not carried out to ensure effective implementation.

Highlights

- Unspent grant of Rs.6.16 lakh was not refunded or adjusted from the release of grants.
(Paragraph 3.2.7)
- Targets prescribed were not realistic and based on assessment/survey.
(Paragraph 3.2.8, 3.2.9)
- NPCB programme did not cover population of 1.63 lakh out of 11.69 population of Goa State due to shortage of staff.
(Paragraph 3.2.10)
- Mobile unit was not functioning during 1996-97 to 2000-2001 depriving door treatment to the needy and poor.
(Paragraph 3.2.11)
- NPCB training was not given to the ophthalmic staff during 1996-97 to 2000-01.
(Paragraph 3.2.12)
- Evaluation of the programme was not carried out to ensure effective implementation.
(Paragraph 3.2.14)

Introduction

3.2.1 The National Programme for Control of Blindness (NPCB) was launched by the Government of India in the year 1976 as a 100 per cent Centrally Sponsored Programme with the aim to reduce blindness from 1.4 per

cent to 0.3 per cent population by 2000 AD by providing eye-care facilities at Primary Health Centres (Primary Level), District Hospitals (Secondary Level), mobile unit and teaching institutions like Goa Medical College. The programme was introduced in the State in 1981.

Organizational set up

3.2.2 The programme is implemented under the overall supervision of the Director of Health Services, Panaji. The Chief Medical Officer is the Programme Officer and is assisted by three ophthalmic surgeons at two District Hospitals and one Community Health Centre and one District Blindness Control Society (DBCS) and 16 ophthalmic Assistants attached to 14 Primary Health Centres. Further Goa Medical College (GMC) with operation theatre facilities carrying out all cataract and other eye surgeries.

Audit Coverage

3.2.3 A review of the implementation of the programme in the State was conducted during April to June 2001 with the test check of records maintained at the Directorate of Health Services, Panaji, Chief Medical Officer, Ophthalmic Cell (NPCB), Panaji, 2 District Hospitals at Margao and Mapusa, 1 Community Health Centre at Ponda and Six Primary Health Centres at Chinchinim, Cortalim, Betki, Corlim, Candolim and Bicholim, covering 33 per cent expenditure under the programme in the state.

Financial performance

3.2.4 The budget provision and expenditure incurred under Plan and Non-Plan schemes of NPCB during 1996-97 to 2000-01 was as under:

TABLE 3.5

Year	Plan			Non-Plan			Total		
	Budget Provision	Expenditure	Excess(+) Savings(-)	Budget Provision	Expenditure	Excess(+) Savings(-)	Budget Provision	Expenditure	Excess(+) Savings(-)
(Rupees in lakh)									
1996-97	6.11	5.76	(-) 0.35	16.24	16.00	(-) 0.24	22.35	21.76	(-) 0.59
1997-98	8.11	7.34	(-) 0.77	20.42	20.01	(-) 0.41	28.53	27.35	(-) 1.18
1998-99	7.45	7.02	(-) 0.43	21.10	18.82	(-) 2.28	28.55	25.84	(-) 2.71
1999-00	9.15	8.58	(-) 0.57	21.30	21.75	(+) 0.45	30.45	30.33	(-) 0.12
2000-01	8.07	4.61	(-) 3.46	26.13	19.54	(-) 6.59	34.20	24.15	(-) 10.05
Total	38.89	33.31	(-) 5.58	105.19	96.12	(-) 9.07	144.08	129.43	(-) 14.65

(Source: Appropriation Accounts of Government of Goa)

3.2.5 The expenditure against plan to be financed by Government of India was mainly for the implementation of the programme and non-plan was for pay and allowances, contingencies etc. to be met out of State's own resources.

3.2.6 It was noticed that during the year 1996-97 to 2000-01 the department received total grants of Rs.1.44 crore from the State Government, out of which it spent Rs.1.29 crore and balance of Rs.14.65 lakh were not utilized till 31 March 2001. It was stated in May 2001 that grants were not utilized due to retirement of 3 ophthalmic assistants and one statistical assistant.

3.2.7 There was budget grant of Rs.1.44 crore during 1996-97 to 2000-01. This amount included a central assistance of Rs.0.39 crore in cash against which an amount of Rs.0.33 crore was spent leaving adjusted balance of Rs.0.06 crore. The department stated that unspent balance would be adjusted in future grants.

Target and Achievement – Cataract Surgery

3.2.8 The main aim of the programme was to reduce the blindness from 1.4 per cent to 0.3 per cent population by 2000 AD. The number of cataract operations proposed and actually performed during 1996-97 to 2001-01 were as under:

TABLE 3.6

Year	No. of DBCS in the state	No. of cataract surgery proposed/targeted in the year	No. of cataract surgery actually performed in the year	Percentage of achievement
(In numbers)				
1996-97	1	5000	4093	82
1997-98	1	5600	4767	85
1998-99	1	5600	4472	80
1999-00	1	6500	4743	73
2000-01	1	6750	5000	74
Total		29450	23075	

3.2.9 It was noticed that as against 29450 cataract surgeries targeted during 1996-97 to 2000-01, 23075 surgeries were actually performed during the above period. The percentage of achievement ranged from 73 per cent in the year 1999-2000 to 85 per cent in 1997-98. The targets prescribed were not based on the assessment/survey. The same was required to be fixed on actual conditions. Further there was no follow up of cataract operations to ensure success of operations done. It was stated (June 2001) that there was no gross shortfall in achievement of the target during the above period. The departmental contention cannot be accepted in audit as targets were required to be fixed on prevailing health situations and follow up action was felt necessary to ensure satisfactory results of operations already done to assess whether the objectives of reduction in blindness from 1.4 per cent to 0.3 per

cent was achieved. The department stated that survey would be conducted to find out blindness cases in future.

Non-coverage of population for programme

3.2.10 It was noticed that the Primary Health Centre, Corlim was not sending progress reports of NPCB to the Chief Medical Office, NPCB, Panaji since November 1999 on the grounds of non-availability of required staff. This had resulted in not providing benefits of the programme to 0.73 lakh population of Corlim Primary Health Centre during November 1999 to June 2001. Further population of 0.90 lakh was also not covered due to shortage of 3 Ophthalmic Assistants at Pernem, Valpoi and Bicholim.

Non-functioning of Mobile Unit

3.2.11 The Ophthalmic Cell was having one mobile unit since 1981 under its control. This unit was entrusted with the work of conducting cataract surgery and treatment at camps in Goa. The mobile unit consisted of one Ophthalmic Surgeon, one Ophthalmic Assistant, one Nurse and one Driver. It was noticed in audit that this mobile unit was not functioning since 1996. The department stated that cost effectiveness in cataract surgery was better in base hospitals than in field hospital and people of Goa are fully aware of intra-ocular lens implantation for cataract surgery and prefer this to the previous techniques. It was further stated that services of mobile unit were utilized for mini camps held at various Primary Health Centres to cater to the needy public patients. The reply furnished was not tenable as only 25 mini camps were held during 1998-99 as verified from the log book of mobile van. Further two mega camps at Community Health Centre and District Hospitals and one at Goa Medical College were held during 1997-98 and 1998-99. Thus the mobile van and staff concerned were not fully utilized for purpose for which they were intended.

Training under National Programme for Control of Blindness

3.2.12 As per the National Programme for Control of Blindness, the training to eye surgeons in Intra-ocular lens surgery (IOL) was given by Director General of Health Services, Ministry of Health and Family Welfare. Similarly at District level training was to be given to health workers, ophthalmic assistants, operation theatre assistants etc. It was noticed that three surgeons attached to the District Hospitals, one Jr. Surgeon attached to Community Health Centre at Canacona and 19 Ophthalmic Assistants, Health workers, Nurses, Operation Theatre Assistants attached to Primary Health Centres were not trained.

Non-utilization of grants of District Blindness Control Society

3.2.13 The District Blindness Control Society (DBCS) had received central grants of Rs.12.53 lakh (including unspent balance of Rs.2.88 lakh brought over from earlier year) from Ministry of Health and Family Welfare, New Delhi during 1996-97 to 2000-01 for utilization in eye camps, purchase of medicines, intra-ocular lens transplantation, spectacles and for routine cataract surgery done at Goa Medical College for needy patients. The DBCS had spent an amount of Rs.8.47 lakh leaving a balance of Rs.4.06 lakh to be spent as on March 2001. It was stated in July 2001 that balance amount could not be utilized in 2001-02.

Evaluation

3.2.14 Monitoring of the programme was done by sending monthly, quarterly returns to the Director General of Health Services, New Delhi. However, it was noticed in audit that the monitoring of the programme was however restricted to the performance of cataract operations only. Further no evaluation was undertaken to ensure effective implementation of the programme and the results thereof for remedial action. The department stated that no evaluation was done at any time between the period 1996-97 to 2001 by the State Government or any agency appointed by State. The department however not furnished any reasons (June 2001) for not having done the evaluation.

3.2.15 The matter was reported to Government in July 2001 and their reply has not been received (January 2002).

SECTION-B : PARAGRAPHS

AGRICULTURE DEPARTMENT

3.3 Irregular release of payment for non-standard manure

The Director of Agriculture released payment of Rs. 21.06 lakh for 643 MT of Semi Organic Manure, though the manure supplied was declared as non-standard, resulting in unauthorized benefit to the supplier

3.3.1 In order to provide Semi Organic Manure (SOM) mixture to the cashew growers free of cost for maintenance of the new cashew plantation under the centrally sponsored scheme of Integrated Development Programme of Cashew, the Director of Agriculture (DA) invited tenders in July 1998, for supply of 850 Metric Tons (M T) of SOM. The Notice Inviting Tender (NIT) provided that 50 *per cent* payment for the supply would be made on receipt of the material and the balance payment would be settled after confirmation of the specified quality standard of the material from reputed analytical laboratory or Government Quality Testing Laboratory. In case the material did not meet the required specifications, the balance 50 *per cent* payment would not be admitted and the Earnest Money Deposit (EMD) of the tenderer would be forfeited.

3.3.2 The tender was awarded to firm 'B' at a negotiated rate of Rs. 6,550 per M T and orders were placed by the Directorate of Agriculture in August 1998 for supply of 643 M T of SOM. The SOM was received during August – September 1998 and 50 *per cent* payment amounting to Rs. 21.06 lakh was made between September 1998 and November 1998.

3.3.3 Meanwhile two samples of the SOM supplied were sent (September 1998) by the Director of Agriculture to the Central Fertilizer Quality Control and Training Institute (CFQCTI), Faridabad, a Government of India organization, for quality testing of the samples. The analysis report of the SOM samples received (October 1998) from the institute indicated that the samples were not according to specifications and were non-standard. As the balance payment was to be settled, the Director of Agriculture referred (March 1999) the matter to the Development Commissioner (DC) pointing out that the material supplied was non-standard as per the report. The DC directed (May 1999) to constitute a committee to examine the technical aspect of the SOM purchased.

3.3.4 Though the committee comprising Director ICAR, Deputy Director of Agriculture (Ext.) and Deputy Director of Animal Husbandry was constituted (May 1999), the committee did not function and no report was submitted. The DC did not pursue the matter further and in November 1999, the supplier approached the Government for releasing the balance payment.

3.3.5 It was noticed in audit (March 2001) that the Director of Agriculture released (December 1999 – January 2000) the balance payment of Rs. 21.06 lakh and EMD of Rs. 0.75 lakh to the firm on the ground that the SOM supplied was standard within the permissible tolerance limit.

3.3.6 In view of the fact that the report from Government Laboratory had specifically declared the SOM supplied as non-standard, and in the absence of any report from the technical committee, the payment of Rs. 21.06 lakh and release of EMD of Rs. 0.75 lakh to the firm was irregular and amounted to unauthorized benefit to the supplier.

3.3.7 The Government stated (August 2001) that the variation in the nutrient content of the manure supplied was within the tolerance limit specified under Fertilizer Control Order and therefore payment was made. The reply is not tenable as the payment was against the conditions specified in the NIT and inspite of the findings of the CFQCTI. Moreover the committee specifically constituted for this purpose had not furnished any report. In view of this the action of the Director of Agriculture was not in order.

HEALTH DEPARTMENT

3.4 Avoidable payment of escalation charges

Delay in placing adequate funds for the work and frequent revision of architectural drawings resulted in delay in completion and consequent avoidable expenditure of Rs.9.59 lakh on escalation charges.

3.4.1 On behalf of the Institute of Psychiatry and Human Behaviour (IPHB), Executive Engineer of the Public Works Division-XIX, Bambolim awarded (April 1997) the work of Construction of Out Patient Department of IPHB at Bambolim (estimated cost Rs.113.59 lakh) to a contractor for Rs.117.21 lakh to be completed by September 1998. The IPHB was to place the required funds with the PWD for execution of the work. The value of work done up to stipulated date of completion was to the extent of Rs.22.63 lakh only. The Director, IPHB did not arrange adequate funds resulting in non-payment of bills in time for the work done to the contractor. The Public Works Department extended the period of completion of work up to December 1999 without levy of compensation. Further at the instance of IPHB, the PWD revised the architectural drawings successively in October 1999, January 2000 and in March 2000 and granted further extension up to April 2000 also without levy of compensation. The work was completed in October 2000 and Rs.115.39 lakh was paid to the contractor up to October 2000 including Rs.14.11 lakh towards escalation charges.

3.4.2 Audit scrutiny (December 2000) revealed that the contractor had to be paid escalation charges amounting to Rs.9.59 lakh towards additional cost of labour and material incurred by him during the extended period of work from October 1998 to April 2000, which could have been avoided had the IPHB

anticipated full scope of work at the estimation stage itself, arranging adequate funds and timely completion of the necessary formalities instead of on *ad hoc* basis.

3.4.3 The matter was referred to Government in August 2001. Secretary (Health) did not give specific reply (January 2002).

3.5 Idle investment on residential quarters at PHC Casarvarne

Lack of proper co-ordination between the Health Department and Public Works Department had resulted in blocking Government funds of Rs.29.13 lakh for about two years

3.5.1 In order to provide residential accommodation to the staff of Primary Health Centre, Casarvarne in Pernem Taluka, the Government sanctioned, in July 1994, the construction of 4 'C' type and 1 'D' type quarters at an estimated cost of Rs.34.22 lakh. The construction work was taken up in January 1997 and completed in December 1998 at a cost of Rs.29.13 lakh. The completion certificate was issued by Public Works Department in November 1999 without water supply and electricity arrangements. As a result the quarters remained unoccupied (April 2001) resulting in idle investment of Rs.29.13 lakh for the period from January 1999 to April 2001.

3.5.2 The lack of proper co-ordination between the Health Department and Public Works Department for completion of quarters for occupation had resulted in idle investment of Rs.29.13 lakh besides recurring avoidable payment of Rs.0.94 lakh on House Rent Allowance and licence fee.

3.5.3 Government stated (July 2001) that the Public Works Department (PWD) issued completion certificate in November 1999 without completing the works in all respects. Defects noticed were rectified by PWD and quarters were completed in all respects only in February 2001 and the possession of the quarters was taken in March 2001. The fact however remains that there was lack of co-ordination between the Health and PWD Departments, which resulted in delay of two years in getting the works rectified.

INDUSTRIES AND MINES DEPARTMENT

3.6 Under utilisation of training facilities of Leather Production cum Training Centre

Training infrastructure created at a cost of Rs.15.92 lakh remained largely unutilised due to faulty estimation of need for such training.

3.6.1 The Government of Goa signed (July 1996) a Memorandum of Understanding (MOU) with the Central Leather Research Institute (CLRI),

Chennai to start a Leather Training cum Production Centre (LTPC) with the objective of training the unemployed youth of Goa and to equip them with self-employment or suitable employment. Accordingly the Centre was established in the premises of Director of Industries and Mines, Panaji in November 1997 with machinery and equipment worth Rs. 15.92 lakh.

3.6.2 The Institute had a capacity to train 2 batches each of 6 months duration with intake capacity of 40 trainees per batch. The institute started the training programme from June 1998 and trained only 8 candidates in 2 batches during the year 1998-99. An expenditure of Rs.1.01 lakh towards stipend, material and travelling allowances etc. was incurred under the programme. Audit scrutiny revealed (March 2001) that after working for a year the Centre remained non-functional for two years due to poor response for the course as well as demand for the leather goods thereby resulting in blocking of Government funds. The Centre had also not made any efforts for production of leather goods.

3.6.3 In June 2001 the department restarted the training programme in leather production with response from only 11 candidates for the course. Thus failure to assess the need for training and demand for leather goods in the market before establishment of centre had resulted in locking up of Government funds of Rs.15.92 lakh.

3.6.4 The matter was referred to Government in July 2001 and their reply has not been received (January 2002)

LEGISLATURE DEPARTMENT

3.7 Avoidable expenditure of Rs.7.80 lakh

Award of work of cleaning of Legislative Assembly Complex to a higher tenderer resulted in avoidable expenditure of Rs.7.80 lakh for a period of one year

3.7.1 The Legislature Department invited (February 2000) tender for cleaning of Legislative Assembly complex at Porvorim for a period of one year. Of the seven tenders received, the first three lowest offer of Rs.0.37 lakh, Rs.0.50 lakh and Rs.0.60 lakh per month were not accepted on the ground that the tenderers did not have sufficient experience in the line.

3.7.2 The fourth lowest negotiated offer of Firm 'D' for Rs.1.25 lakh per month was accepted and the work was awarded (March 2000) for a period of one year. The contract was further extended (April 2001) upto March 2002 at the same rates.

3.7.3 Audit scrutiny (December 2000) revealed that the third lowest tenderer who had quoted Rs.0.60 lakh per month also had sufficient experience in the field. Rejection of their offer and award of the work to the fourth lowest

tenderer at a higher rate of Rs.1.25 lakh per month resulted in an avoidable expenditure of Rs.7.80 lakh for the period from March 2000 to February 2001.

3.7.4 The department stated (December 2000) that the three lowest offers were only for supply of labour and for executing a job of such a large nature, experienced companies/ organisations using mechanised system would be suitable. The reply of the department is not tenable, as the third lowest tenderer, had sufficient equipment and experience in the field as was indicative from the experience certificates furnished by them. Further, they were also holding ISO 9002 certificates, which proves that the firm is well established and capable of doing such job. These factors were apparently not considered by the Department.

3.7.5 The matter was referred to Government in October 2001 and their reply has not been received (January 2002).

YOUTH AFFAIRS DEPARTMENT

3.8 Injudicious retention of Government money outside Government Account

Release of Rs.50 lakh from Contingency Fund of the State for paying to a private organisation for the purpose of acquiring land for construction of a cricket ground resulted in retention of Government money outside Government account and also interest cost of Rs.11 lakh to the Government.

3.8.1 The Secretary (Sports) communicated (January 2000) to the Director of Sports and Youth affairs the decision of the cabinet to grant Rs.50 lakh to Goa Cricket Association (GCA) for acquiring land for construction of a cricket stadium of international standard in Goa.

3.8.2 There was no provision for such a scheme in the budget proposal of Directorate of Sports and Youth Affairs (DSYA). The DSYA, therefore, obtained (February 2000) Rs. 50 lakh from Contingency Fund of the State and released (February 2000) it to Sports Authority of Goa (SAG) as a grant and the SAG in turn released (March 2000) the same to GCA.

3.8.3 It was noticed that the GCA had not utilised the funds as of January 2002.

3.8.4 Land Acquisition Act 1894 empowers only the State Government to acquire land for public purpose. Therefore, instead of acquiring land and handing it over to the association, drawal of Rs. 50 lakh from Contingency Fund without any urgency and releasing it to a private organisation was irregular. The GCA had also not returned the amount back to the department as it cannot acquire land being a private organisation. This had resulted in injudicious retention of Government money to the extent of Rs. 50 lakh for a

period of 22 months and also interest cost of Rs. 11 lakh on the said amount considering the average rate of interest at 12 per cent on the borrowings by the Government for meeting its requirements.

3.8.5 The Director of Sports and Youth Affairs stated (July 2001) that the Government has since decided to acquire the land for the purpose at the cost of GCA and the land acquisition process was in progress. The reply of Director of Sports and Youth Affairs is silent about the source of funds from which the cost of land will be met as neither the GCA had returned the money to the department nor any action has been initiated by the department to get back the same.

3.8.6 The matter was referred to Government in July 2001 and their reply has not been received (January 2002).

ALL DEPARTMENTS

3.9 Failure of senior officials to enforce accountability and protect the interest of Government.

3.9.1 The Principal Director of Audit (PDA) arranges to conduct regular inspection of the 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 when important irregularities etc. detected during the inspection are not settled on the spot. These Inspection Report reports are issued to the Head of Office inspected with a copy to the next higher authorities. The rules/orders of the Government provide for prompt response by the executive to the Inspection Reports issued by the PDA to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapse etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the Inspection Reports and rectify the defects and omissions promptly and report their compliance to the PDA. Serious irregularities are also brought to the notice of Head of office and the Department by the office of the Principal Director of Audit. A half yearly report of pending Inspection Reports is sent to the Secretary of the Department in respect of pending Inspection Reports to facilitate monitoring of the audit observations in the pending Inspection Reports.

3.9.2 Inspection Reports issued upto December 2000 pertaining to 32 departments disclosed that 573 paragraphs relating to 304 Inspection Reports remained outstanding at the end of 30th June 2001. There are however 2 Inspection Reports and 2 paragraphs pending for more than 10 years. Year-wise position of the outstanding Inspection Reports and paragraphs are given below:

TABLE 3.7

Year	Inspection Reports	Number of paragraphs
Upto 1996-97	78	111
1997-98	52	76
1998-99	54	96
1999-2000	87	203
2000-01	33	87
Total	304	573

3.9.3 Even the initial replies, which are required to be received from the Head of the offices within six weeks from the date of issue of Inspection Reports were not received in respect of 3 offices issued during 2000. As a result, the following serious irregularities commented upon these Inspection Reports were not looked into as on June 2001.

TABLE 3.8

Sr. No	Nature of irregularities	No. of paragraphs	Amount (Rs. In lakh)
1	Blocking of funds due to delay in completion of work either due to paucity of funds, non supply of material, delay on the part of the contractor etc.	4	2904.70
2	Avoidable expenditure due to change in designs, or acceptance of single tenders above market rate, despite recommendation of WAB for retendering.	4	86.64
3	Non recovery of amount spent by Government on behalf of consumers, farmers etc.	3	76.72
4	Theft cases, missing articles etc.	4	4.30
5	Unserviceable articles	3	12.61
6	Extra expenditure due to re-tendering or termination of contracts.	4	36.55

3.9.4 A review of the Inspection Reports which were pending due to non receipt of replies, revealed that most of the Heads of offices, whose records were inspected by the Pr. Director of Audit had failed to discharge due responsibility as they did not send any reply to a large number of Inspection Reports/paragraphs indicating their failure to initiate action in regard to defects, omissions and irregularities pointed out in the Inspection Reports by Pr. Director of Audit. The secretaries of the Department who were informed of the position through half yearly reports also failed to ensure that the concerned officers of the department take prompt and timely action.

3.9.5 The above also indicate in action against the defaulting officer and thereby facilitating the continuation of serious financial irregularities and loss to the Government though these were pointed out in audit.

3.9.6 It is recommended that Government should re-look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to Inspection Reports/Paragraphs as per the prescribed time schedule; (b) action to recover loss/outstanding advances over payments in a

time bound manner and (c) revamping the system of proper response to the audit observations in the department.

3.10 Misappropriation, Losses etc.

3.10.1 Cases of misappropriation, losses etc. of Government money reported to audit up to the end of March 2001 and on which final action was pending at the end of June 2001, were as follows:

TABLE 3.9

		Number of cases	Amount (Rs. in lakh)
1	Cases Reported upto the end of March 2000 but outstanding at the end of June 2000.	19	31.41
2	Cases reported during April 2000 to March 2001	4	12.21*
3	Cases disposed of till June 2001.	7	21.03
4	Cases reported upto March 2001 but outstanding at the end of June 2001	16	22.59*

3.10.2 Department wise analysis of the outstanding cases is given in the Appendix – III. The period for which these were pending are given below:

TABLE 3.10

		Number of cases	Amount (Rupees in lakh)
1	Over five years up to (1995-96)	10	9.85
2	Exceeding three years but within five years (1996-97 to 1997-98)	2	0.53
3	Up to three years (1998-99 to 2000-01)	4	12.21*
	Total	16	22.59*

3.10.3 The reasons for which the cases were outstanding are as follows:

TABLE 3.11

		Number of cases	Amount (Rs. in lakh)
1	Awaiting departmental and criminal investigation	2	0.24
2	Departmental action initiated but not finalised.	4	1.14
3	Criminal proceedings finalised but execution of certificate cases for the recovery of amount pending.	3	12.62
4	Awaiting orders for recovery or write off	3	0.97
5	Pending in the courts of law.	4	7.62
	Total	16	22.59*

* In respect of two cases for the year 2000-01 amount is yet to be assessed

3.11 Incomplete Projects

As on 31st March 2001, there were 24 Incomplete Projects in which Rs.15.20 crore were blocked. This showed that the Government was spreading its resources thinly without any returns. The major projects involved were (i) Construction of Institute of Psychiatry and Human Behaviour, Bambolim (Rs.3.98 crore), (ii) Rajiv Gandhi Kala Mandir, Ponda (Rs.3.15 crore), (iii) Government Higher Secondary School, Altinho (Rs.1.14 crore), (iv) Goa Science Centre (Rs.1.64 crore), (v) Special Repairs Programme in K.M. 18 to 28 in Panvel – Panaji Sector of NH 17 (Rs.1.23 crore), (vi) Additions to ITI Farmagudi (Rs.84.57 lakh), (vii) Computerisation of land records and survey maps (Rs.96.40 lakh).

3.12 Write off of losses

3.12.1 During the year 2000-01, losses amounting to Rs.13.48 lakh in 1078 cases were written off by competent authority. The number of write off of cases is more as compared to last financial year, which were 193. The write off instances are maximum in the department of Industries & Mines amounting to Rs.6.89 lakhs. The losses had arisen due to death of animals, normal wear and tear of furniture, library books, laboratory equipment, stationery items, non-postal judicial and non-judicial stamp papers, irrecoverable loans to Scheduled Caste loanees under special component plan loan scheme, time barred medicines, planting materials, unviable paddy seeds etc.

3.12.2 The department-wise details of write off are given in Appendix – IV.

CHAPTER IV

WORKS EXPENDITURE

SECTION-A : REVIEWS

PUBLIC WORKS DEPARTMENT

4.1 Rural Water Supply and Accelerated Urban Water Supply Programmes

Highlights

The Accelerated Rural Water Supply programme (ARWSP) and Accelerated Urban Water Supply Programme (AUWSP) envisaged providing safe drinking water supply to the rural population and the urban population in small towns respectively. Out of 95 villages which had remained to be provided with safe drinking water as of April 1997, 52 villages were yet (April 2001) to be covered. The AUWSP was implemented only in 2 towns and central allocation of Rs.97.93 lakh was not availed.

- The Department incurred excess expenditure of Rs 8.35 crore over the budget provision under State Sector Minimum Needs Programme (MNP) during the year 2000-01 even while central grants amounting Rs.104.64 lakh remained unutilised.

(Paragraph 4.1.7)

- Slow progress in utilization of grants released by Central Government resulted in non-release of allocated grants to the extent of Rs.11.73 crore under ARWSP.

(Paragraph 4.1.9 – 4.1.13)

- Non-implementation of the centrally sponsored scheme of "Accelerated Urban Water Supply Programme" in eligible towns resulted in lapsing of Central grants of Rs.97.93 lakh.

(Paragraph 4.1.14 – 4.1.17)

- Out of 95 villages remained to be provided with water supply as of April 1997, 52 villages were yet to be covered.

(Paragraph 4.1.18 – 4.1.24)

- Inordinate delay in making payment to the contractor resulted in rescinding and retendering of a contract and consequent avoidable expenditure of Rs.18.56 lakh.

(Paragraph 4.1.25 – 4.1.30)

Introduction

4.1.1 In order to provide safe drinking water to rural population, Government of India launched (1972-73) an Accelerated Rural Water Supply Programme (ARWSP) with 100 percent central assistance. The scheme was discontinued following the introduction in 1974-75 of Minimum Needs Programme (MNP) to be financed by State Government, but was re-introduced in 1977-78 to supplement the efforts made by the state government under MNP. In order to accelerate the pace of coverage of no-source problem villages and to improve the quality and availability of drinking water, a National Drinking Water Mission was launched in 1986. To effectively co-ordinate the functions under MNP and ARWSP, the Technology Mission for drinking Water (TM) was set up in the year 1989. In 1991, Government renamed the National Drinking Water Mission as Rajiv Gandhi National Drinking Water Mission, with the main objective of providing sustainable safe drinking water supply, to the entire non-covered/no-safe source villages by the end of the decade. The centrally sponsored Accelerated Urban Water Supply Programme (AUWSP) was launched from the year 1993-94, with a view to provide safe and adequate water supply to small towns with population less than 20000 as per 1991 census.

Organizational set up

4.1.2 Public Health (Rural Water Supply) branch of the Public Works Department is entrusted with the execution of Rural Water Supply Schemes. At the field level, the schemes are implemented through a network of four Public Works Divisions under the supervision of the Superintending Engineer. The PWD is under overall charge of a Chief Engineer.

4.1.3 Besides, there is a monitoring and evaluation cell headed by a Superintending Engineer who monitors the implementation and progress of the schemes.

Audit coverage

4.1.4 Comment was made in Para 4.1 of the Audit Report for the period ending 31 March 1997 on the implementation of the schemes under "Rajiv Gandhi National Drinking Water Mission" during the period from 1991-92 to 1996-97.

4.1.5 A further review of implementation of Rural Water Supply Scheme during the years 1997-98 to 2000-01 and Accelerated Urban Water Supply Scheme during the period from 1993-94 to 2000-01, was conducted between April 2001 to June 2001 based on the test check of records of all the four divisions* involved in the implementation of the programme supplemented by a review of Superintending Engineer (Monitoring and Evaluation), Public Works Department. Total expenditure of Rs.16.47 crore incurred by the four

* Division III – Panaji, IX – Margao, XVII – Porvorim, XX – Margao.

divisions was covered. The results of the review are enumerated in succeeding paragraphs.

Financial Management

4.1.6 The allocation of Central Assistance under the Accelerated Rural Water Supply Programme (ARWSP) was subject to the matching provision/expenditure by the States under the State sector Minimum Needs Programme (MNP). Releases under the ARWSP would not exceed the provisions for Rural Water Supply made by the State Governments under the MNP.

Financial position and expenditure

4.1.7 The financial provisions and expenditure under MNP and ARWSP during the period 1997-98 to 2000-01 as furnished by the department were as under:

TABLE 4.1

Year	Minimum Needs Programme			Accelerated Rural Water Supply Programme	
	Budget Provision	Expenditure	Excess (+) Shortfall(-)	Assistance received from Government of India	Expenditure
	(Rupees in lakhs)				
1997-98	1124.22	1124.22	Nil	*862.77	357.81
1998-99	1870.84	1870.84	Nil	--	37.18
1999-00	758.84	758.84	Nil	--	510.96
2000-01	1308.75	2143.71	(+)834.76	888.59	740.77
Total	5062.65	5897.61	(+)834.76	1751.36	1646.72
Unspent balance: 104.64					

* Including unspent balance of Rs.656.27 lakh brought forward.

4.1.8 While there was an unspent balance of Rs.1.05 crore as on 31 March 2001, under the ARWSP due to slow progress in utilisation of grants released, the Department incurred an excess expenditure of Rs.8.35 crore over the budget provision of Rs.50.63 crore under MNP during the period from 1997-98 to 2000-01.

Lapse of Central Allocation under ARWSP

4.1.9 As per the guidelines for implementation of Rural Water Supply Programme issued by Government of India, Ministry of Rural Development, the States shall prepare Annual Action Plans six months before the commencement of the financial year on the basis of the Shelf of Schemes, the likely size of the allocation under the State sector MNP, ARWSP as well as

likely carry over of funds, if any, and submit them to the Rajiv Gandhi National Drinking Water Mission (RGNDWM) by the beginning of October of the year for use at the Annual Plan discussion.

4.1.10 It was noticed that in spite of having a monitoring cell headed by a Superintending Engineer, there was no proper system in place for the preparation and forwarding of such Annual Action Plans promptly. Instead of preparing and forwarding of Annual Action plans prepared on the basis of shelf of schemes alongwith necessary details such as estimated expenditure, habitations/ population expected to be benefited etc., the State has merely forwarded the number of Non-covered (NC) and Partially covered (PC) villages/habitations remaining to be covered and targetted to be covered during the plan period. Besides, instead of sending the Action Plans six months before the commencement of each financial year, the State has forwarded the same only on two occasions (June 1997 and February 2000) during the period from 1997-98 to 2000-01

4.1.11 Based on the action plan submitted by the State Government, the Government of India had allocated an amount of Rs.22.68 crore to the Government of Goa under ARWSP during the period from 1997-98 to 2000-01, out of which Rs.10.95 crore only was released, as detailed below:

TABLE 4.2

Year	Central allocation during the year (Rupees in lakhs)	Releases during the year (Rupees in lakhs)
1997-98	227.00	206.50
1998-99	283.80	Nil
1999-00	352.90	Nil
2000-01	1404.00	888.59
TOTAL	2267.70	1095.09

Source:- Information furnished by the Department.

4.1.12 It was noticed that there was a shortfall in release of allocated fund to the extent of Rs.11.73 crore, which was on account of slow progress made by the State in utilization of the grants already released.

4.1.13 The slow progress in utilization of grants released due to lack of proper planning by the State authorities, in spite of incurring huge expenditure under State sector MNP (Rs.58.98 crore), resulted in non-release of allocated grants to the extent of Rs.11.73 crore, i.e. 51.71 percent of the total allocation of Rs.22.68 crore.

Lapse of Central allocation – Accelerated Urban Water Supply Programme.

4.1.14 The Centrally sponsored scheme of “Accelerated Urban Water Supply Programme” was launched through Ministry of Urban Development (MOUD) from the financial year 1993-94. The scheme envisaged providing safe and adequate water supply in smaller towns with population of less than 20,000 as

per 1991 census by the end of VIIIth Five Year Plan (1997). The programme was to be funded by Central Government and State Governments on 50:50 basis.

4.1.15 Selection of towns/Urban Agglomerations 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 Detailed Project Reports (DPRs) prepared in respect of the individual towns.

4.1.16 In Goa State, 22 towns were found to be eligible for implementation of the scheme, which was expected to benefit a total population of 1.99 lakh. The Central Government allotted a total amount of Rs.1.24 crore during 1993-94 to 1999-2000 for implementation of the scheme. It was noticed that detailed project reports were sent only in respect of two towns and the scheme was implemented in these towns viz. Resmagos and Calangute, benefiting a total population of 0.19 lakh, at a total cost of Rs.51.13 lakh out of which Government of India grant amounted to Rs.25.58 lakh. Both the schemes were commissioned in September 1997.

4.1.17 As the state Government did not implement the scheme in other eligible towns, the central allocations amounting Rs.97.93 lakh lapsed.

Physical performance

4.1.18 The source of drinking water supply in Rural North Goa was through open wells/tubewells while in Rural South Goa minor/medium Irrigation projects (dams) were the main source of water.

4.1.19 Government of India prescribed the following criteria for identifying the problem villages for safe drinking water supply.

- i) Villages with no assured source of drinking water within a reasonable distance of 1.6 KMs or within a depth of 50 feet from ground level.
- ii) Villages where the available water had excessive salinity, iron fluorides or toxic elements, hazardous to health;
- iii) Villages where diseases like cholera, guinea worms were endemic.

4.1.20 In addition to villages, coverage was also to be given to habitations, which were not covered or had been partially covered (less than 40 litres per capita per day (lpcd) or where the drinking water was contaminated.

4.1.21 Of the total 396 inhabited villages in the state as per 1991 census, the survey conducted by State Government in April 1992 identified 67 villages as non-covered, 136 villages as partially covered and 193 villages as fully covered. All the non-covered and partially covered villages were targeted for providing drinking water facilities by the end of the year 2000.

4.1.22 As on 1-4-1997, there were 95 problem villages of which 38 were non-covered and 57 were partially covered. The details of villages targeted, covered and population benefited under ARWSP and MNP during the period from 1997-98 to 2000-01 were as below:

TABLE 4.3

Year	Target					Achievement				
	No. of problem villages to be covered*	Population in thousands				No. of problem villages covered	Population in thousands			
		SC	ST	Others	Total		SC	ST	Others	Total
1997-98	36	250	--	30,200	30,450	18	651	--	29,474	30,125
1998-99	36	--	--	30,200	30,200	20	586	--	22,693	23,279
1999-00	26	201	16	9,498	9,715	26	217	--	9,566	9,783
2000-01	16	162	15	5,817	5,994	8	27	--	993	1,020
TOTAL : 72										

Source: Information furnished by the Department.

4.1.23 Though 72 villages have been covered out of total 95 problem villages during the period 1997-98 to 2000-01, only 43 villages have been fully covered and 29 have been partially covered. Thus, the total number of problem villages as on 31.3.01 was 52, out of which 16 were non-covered and 36 were partially covered.

4.1.24 The reasons for the shortfall in achievements against targets though called for were not furnished by the Department.

Avoidable expenditure due to rescinding of a contract

4.1.25 The work of "Extension of Water Supply distribution pipeline to left out wadas of Surla Village in Bicholim Taluka", comprising supply, laying, testing and commissioning of PVC pipes of various dimensions, estimated to cost Rs.35.40 lakh was awarded to a contractor in March 1998 for Rs.27.28 lakh to be completed by November 1998.

4.1.26 As per terms of the agreement the contractor was to be paid 75 percent of the cost of pipes upon supply of the same. As per the tendered rates, 90.77 percent of the contract value, i.e. Rs.24.75 lakh was for supply of PVC pipes. The contractor supplied the pipes immediately after commencement of the work in April 1998. However his bill amounting to Rs.18.47 lakh being 75 percent of the cost of pipes was paid only in December 1998, after a delay of about 8 months, and after the stipulated date of completion of the work.

4.1.27 As the department defaulted in payment, the contractor insisted (January 1999) for revision of rates for the remaining items of work to be carried out after the stipulated date of completion of the work. The cost of

* This includes some of the problem villages partially covered during the previous year.

remaining work was assessed at Rs.1.94 lakh as per tendered cost and Rs.10.56 lakh as per GSR 1996 rates.

4.1.28 The Department did not agree to revision of rates and rescinded (June 1999) the contract without any claim for compensation on either side. The contractor was paid a total amount of Rs.26.23 lakh for the work done by him (August 1999).

4.1.29 The balance work estimated to cost Rs.11.44 lakh was tendered and awarded in March 2000 to another contractor for Rs.19.90 lakh to be completed by September 2000. The work was completed at a total cost of Rs.20.50 lakh and was commissioned only in February 2001.

4.1.30 Thus the delay in making the payment to the contractor resulted in rescinding the contract and retendering the balance work and consequent avoidable expenditure of Rs.19.45 lakh taking into account the total cost (Rs.46.93 lakh) at which the work was completed and the tendered cost (Rs.27.28 lakh) by the original contractor besides denial of benefit of water supply to the intended beneficiaries for more than 2 years.

Monitoring and Evaluation

4.1.31 The Monitoring and Evaluation wing is headed by a Superintending Engineer assisted by a Monitoring Officer, an Assistant Engineer, two Technical Assistants and two Junior Engineers.

4.1.32 A scrutiny of the overall activities of the wing with respect to Monitoring and Evaluation of the schemes revealed the following deficiencies.

- (i) There was no record to show that field visits were conducted by officials of the Monitoring cell to monitor the implementation and progress of schemes.
- (ii) The Divisional Officers (Executive Engineers) are not reporting the progress of works etc. on regular basis. One of the divisions has not submitted the monthly progress reports for 3 months in 1997-98, 9 months in 1998-99, 9 months in 1999-00, and 11 months in 2000-01.
- (iii) No studies have been conducted for evaluation of the impact of the programmes with a view to judge its success or failure and taking remedial action wherever necessary.

The matter was referred to Government in August 2001 and their reply has not been received (January 2002).

IRRIGATION DEPARTMENT

4.2 Review of Irrigation Department (Department of Water Resources)

The Irrigation Department (Water Resources Department) is responsible for optimum integrated development and utilization of the water resources of the State in a scientific and a perspective manner. As against the expected irrigation potential of 89660 ha to be created under major, medium and minor irrigation projects, the irrigation potential created was 29423 ha and the potential actually utilized was 22140 ha only, as on 31 March 2001.

Introduction

4.2.1 The Goa State is having 139142 ha of cultivable land and 21871 ha of uncultivable land. The total irrigable land out of cultivable land is 89660 ha and non-irrigable land is 49482 ha. The State is endowed with a rainfall of over 3000 mm. The major source of water is storage dams for irrigation as well as water supply. The total water resources of the State were assessed at 8570 million Cubic Meter (M.m³) out of which the level of utilization of resources for irrigation was expected to be only 1465 M m³, 1125 M m³ from surface and 340 M m³ from ground water. The Irrigation Department (renamed as Department of Water Resources from December 2000) was set up in June 1981 with the main objective of optimum integrated development and utilization of the water resources of the State in a scientific and a perspective manner. In order to achieve the above objectives, the department is implementing various major, medium and minor irrigation schemes and allied sectors of Command Area Development programme.

Organizational set up

4.2.2 The Department under the overall charge of Secretary (Water Resources Development) is headed by a Chief Engineer and is assisted by six Superintending Engineers and 15 Executive Engineers and two Special Land Acquisition Officers. The Department also has a Command Area Development Authority (CADA) under overall supervision of the Chief Engineer. The sanctioned strength and men-in-position in the Department as on 1 April 2001 was 1092 and 977 respectively.

Audit Coverage

4.2.3 A review of irrigation projects and schemes implemented by the Department for the period from 1996-97 to 2000-2001 was conducted during April – July 2001, through test check of records of the Office of the Chief Engineer, 2 Superintending Engineers and 10 Executive Engineers covering

50 per cent of the expenditure incurred by the department during the above period.

Financial outlay and expenditure

4.2.4 Details of budget provision and actual expenditure incurred by the Department during 1996-97 to 2000-01 were as under:

TABLE 4.4

Year	Revenue			Capital		
	Budget provision	Expenditure	Savings	Budget provision	Expenditure	Savings
(Rupees in Crore)						
1996-1997	12.29	11.73	0.56	32.79	32.09	0.70
1997-1998	13.41	12.58	0.83	41.78	28.89	12.89
1998-1999	16.10	14.83	1.27	38.19	27.79	10.40
1999-2000	17.35	17.09	0.26	63.55	26.73	36.82
2000-2001	21.86	20.15	1.71	120.07	57.32	62.75
Total	81.01	76.38	4.63	296.38	172.82	123.56

(Source: Appropriation Accounts)

4.2.5 The huge savings during the period from 1996-97 to 2000-2001 were mainly due to non-filling up of vacant posts and less scope of work than anticipated.

Programme Implementation

Major and Medium Irrigation Projects.

4.2.6 The level of utilization of water resources under Major and Medium Irrigation Projects was expected to be 56,760 ha in the State. Up to March 2001, irrigation potential created was to the extent of 6814 ha (12 per cent only) while potential actually utilized against this was 4115 ha (60 per cent). Construction and working results of some of the important projects implemented by the department is discussed in the succeeding paragraphs.

Salauli Irrigation Project.

4.2.7 A mention was made in Paragraph 5.1 of the Audit Report for the year ended March 1985 regarding progress made in implementation of Salauli Irrigation Project. A review of further progress revealed the following:

4.2.8 The Salauli Irrigation Project (SIP) located near Salauli village in Sanguem Taluka provided for construction of an earthen dam, integrated Central masonry duckbill spillway and a left bank main canal 25.73 Km long with a network of distributories and minors. The cultivable command area targeted to be created was 14366 ha. The project was sanctioned by Government in March 1972 for Rs.9.61 crore. The estimates of the project were revised thrice and as per the latest revision (May 1999) the estimated cost of the project was Rs.159.76 crore. Though the project was originally proposed to be completed by 1980, the main dam and the main canals, have been completed while the branch canals distributories and minors were yet to be completed (July 01). An expenditure of Rs.139.34 crore had been incurred on the project as of 31 March 2001. Although 87 per cent of the final estimated cost of the project has been utilised on the construction of the project but the physical progress of the project is 90 per cent only. The project is scheduled to be completed by March 2003.

4.2.9 The delay in completion of the project was attributed to the foundation problems on the earthen dam, replanning and designing required for the spillways, rehabilitation of the affected people, resource crunch, litigation on land acquisition, occurrence of hard rock in canal distributories.

4.2.10 It was noticed that against the total cultivable command area (CCA) of 14336 ha targeted to be irrigated, irrigation potential was created upto March 2001 for 4,714 ha. only indicating achievement of 33 per cent only. Against this actual utilisation (2700 ha.) was nearly 57 per cent of the potential created and 19 per cent of the potential targeted. While reasons for non-utilisation of the irrigation potential already created by 43 per cent were not intimated by the department, non-achievement of the target of creating irrigation potential for 67 per cent CCA (9622 ha.) was attributed to non-completion of D2-D3 combined distributory canal.

Anjunem Irrigation Project

4.2.11 A mention was made in Paragraph 5.1 of the Audit Report for the year ended March 1989 regarding implementation of Anjunem Irrigation Project (AIP). The Public Accounts Committee in its fifty second report (September 1995) had observed that the utilization of potential created was low and the Government did not get full return of the expenditure incurred on creating potential as there was delay in utilization of potential created. A further scrutiny of the project revealed the following:

4.2.12 The AIP located across Guleli Nallah in Sattari Taluka envisaged construction of a masonry dam, canals on right and left banks to provide irrigation facilities of a CCA of 2100 hectares in Sattari Taluka.

4.2.13 The project sanctioned by Government in February 1977 for estimated cost of Rs.3.68 crore and was completed in 1989 at a cost of Rs.22.33 crore. Water was being released from 1987-88 onwards.

4.2.14 It was noticed that out of irrigation potential of 2100 ha created, the potential utilized was 1415 ha (67 per cent) only as on 31 March 2001. Non-utilization of full potential created was attributed to non-cultivation of land belonging to temple, comunidade land and Government land.

Tillari Irrigation Project

4.2.15 The Tillari Irrigation Project, a joint venture of Government of Goa and Government of Maharashtra across river Tillari was proposed to irrigate an area of 23654 ha (6676 ha in Maharashtra and 16978 ha in Goa. In addition, provision for water supply for industrial and domestic purposes in Goa State to the extent of 57.433 M.m³ was also included in the project. An interstate agreement between the two States for execution and management of the project was entered into in April 1990. The agreement provided for sharing of cost of common head works by the Government of Goa and Government of Maharashtra in the ratio 73.30 : 26.70. The cost of construction of canals and distribution system falling in each State were to be borne by the respective State.

4.2.16 The project was estimated to cost Rs.45.20 crore based on 1978-79 schedule of rates (of respective states), which was revised to Rs.217.22 crore (of which Goa Government share was Rs.161.18 crore) based on 1988 rates and was approved by the Planning Commission in December 1989. The estimate was further revised in 1996 to Rs.525.59 crore, based on 1994 rates, The estimated cost of the project was again revised (in 2000-01) to Rs.776.70 crore out of which liability of Government of Goa worked out to Rs.543.27 crore. The head works in Maharashtra were started in March 1986 and canal works in Goa in 1988.

4.2.17 The project was expected to be completed by 1995-96. As of March 2001, the head works and canals works in Maharashtra were completed to the extent of 76 percent and 93 percent respectively and main canal and branches in Goa to the extent of 84 percent only.

4.2.18 In order to complete the project by 1995-96 as envisaged, the Technical Advisory Committee (TAC) of the Planning Commission had suggested that funding level between Rs.23.00 crore to Rs.33.00 crore per year should be maintained by Goa Government. However, funds advanced by Government of Goa to Government of Maharashtra during 89-90 to 95-96 ranged between Rs.5.57 crore to Rs.16.39 crore only resulting in delay in completion of the works.

4.2.19 As of 31 March 2001, the Government of Goa has spent an amount of Rs.255.52 crore on the project, (Rs.101.59 crore on canal works and Rs.153.93 crore advanced to Government of Maharashtra towards its share for common works. An amount of Rs.65.16 crore was yet to be paid to Government of Maharashtra towards the share of common works, and the project was yet to be completed (July 01). Non-completion of the project was attributed mainly to non-proportional budgetary provisions.

4.2.20 In order to make a special provision for mobilization of resources for speedy completion of the project in a time bound manner, the Government of Goa established (May 2000) the Goa Tillari Irrigation Development Corporation (GTIDC) which had power to raise resources from open market borrowing and to avail of Central Loan Assistance (CLA) under Accelerated Irrigation Benefit Programme (AIBP). The GTIDC raised Rs.50.00 crore by way of bonds in January 2001 and availed CLA of Rs.58.30 crore under AIBP during 2000-01 and the project is proposed to be completed by 2005.

4.2.21 The inadequate provisions of funds for the project by the Government of Goa has already resulted in time overrun of 5 years in completion of the project and cost overrun of Rs.94.34 crores taking into account Goa share (Rs.161.18 crore in the estimated cost of Rs.217.22 crore and the expenditure of Rs.255.52 crore incurred by Goa Government as of March 2001. Besides, the intended benefits of irrigation in an area of 16978 ha in Goa as envisaged, were also not achieved.

Minor Irrigation

4.2.22 The total potential CCA under Minor Irrigation schemes was 32,900 ha. (Surface water 7400 ha. and Ground water 25,500 ha.) In order to bring this area under irrigation, various minor irrigation schemes such as construction of irrigation wells, tanks, bandharas and lift irrigation schemes were being implemented and irrigation potential of 22619 ha was created up to 31 March 2001. However, it was noticed that an area of 18025 ha only was brought under irrigation. Reasons for short fall in utilization of potential created were not furnished.

Additional liability due to delay in completion of Chapoli dam.

4.2.23 The work of construction of a minor irrigation tank at Chapoli estimated to cost Rs.3.92 crore was awarded (March 89) to a contractor 'A' for Rs.2.35 crore to be completed by August 1992. The tank was proposed to irrigate an area of 550 ha and was also to provide water supply of 5 million litre per day for domestic and industrial purposes. Even though the stipulated period of completion was extended up to May 1998, the work was not completed by the contractor due to delay in handing over part of the site, (falling in forest area) by the department. The contract was terminated at the risk and cost of the contractor in June 1999. The contractor was paid an amount of Rs. 5.11 crore for the work done up to June 1999. The balance work estimated to cost Rs.40.67 lakh was tendered in August 1999 and was awarded to another contractor 'B' for Rs.69.88 lakh in October 1999 to be completed by March 2000. The balance work was completed in May 2000 and Rs.61.21 lakh was paid to the contractor (August 2000).

4.2.24 It was noticed that the original contractor 'A' submitted (September 1994 – November 1995) various claims such as revised rates for work done during the extended period, idle men and machinery etc. As the department did not agree to the claims, a sole arbitrator was appointed in May 1996 to

settle the claims. The arbitrator awarded (April 1997) an amount of Rs.10.21 crore along with interest @ 18 percent from November 1995. The department challenged (July 1997) the award in the Court of Civil Judge Sr. Division Margao and deposited an amount of Rs.13.35 crore (including Rs.3.14 crore towards interest) in the Court in November 1997, and the case is pending in the court (July 01)

4.2.25 A scrutiny of the award revealed that the delay in completion of the work was attributed to the department on account of delay in handing over the site free from obstruction, shifting the existing power line and electrical pole, obstruction from private land owners and non-availability of approach road to the site etc.

4.2.26 Thus the failure of the department in making available the site free from obstruction and the consequent delay in completion of the work has resulted in litigation and depositing Rs.13.35 crore in the Court. Further as against the total area of 550 ha to be irrigated only 50 ha of command area was brought under irrigation as on 31 March 2001, after incurring expenditure of Rs.5.72 crore.

Irrigation tank at Amthane

4.2.27 The construction of an irrigation tank at Amthane sanctioned in March 1981 for Rs.56.68 lakh envisaged irrigating 160 ha, of land, was completed in April 1988 at a cost of Rs.298.27 lakh. It was noticed that the area brought under irrigation was only 70 ha as against the target of 160 ha. The short utilization of irrigation potential created was attributed to inability of the small land holding farmers, in availing the irrigation facilities in view of expensive crop protection works.

Irrigation wells remaining unutilized

4.2.28 Under the minor irrigation scheme, construction of open wells for creation of additional irrigation potential by tapping water from the ground and lifting the same to surface by providing pumps, were taken up. These irrigation wells have to benefit small and marginal farmers in the remote areas. Audit scrutiny revealed that 12 Irrigation wells constructed between 1998-2000 at Sattari at a cost of 19.10 lakh were remaining unutilized, for over a period ranging from 2 to 3 years, due to non-availability of power connection, depriving irrigation facility in command area of 18 ha.

4.2.29 The above points were reported to the Government in October 2001; their replies are awaited (January 2002).

SECTION-B : PARAGRAPHS

IRRIGATION DEPARTMENT

4.3 Avoidable expenditure on Chicklim bund work in Colvale Panchayat

Execution of a bund work at Government cost instead of cost sharing basis between Government and beneficiaries resulted in additional liability of Rs. 10.51 lakh

4.3.1 Mention was made in paragraph 4.4 of the Comptroller and Auditor General of India's Audit Report 1998-99 regarding additional liability of Rs.10.96 lakh due to execution of a bund work through Irrigation department at Government cost instead of taking it up through Agriculture Department on 50 per cent cost sharing basis between Government and beneficiaries, as required under the provisions of the Tenancy Act, 1964 and Rules made thereunder.

4.3.2 In spite of this, the Irrigation Department took up (May 1999) a similar work of improvement of Chicklim bund in Colvale Panchayat intended to benefit 45 cultivators with command area of 31.825 ha. at Government cost without sharing the expenditure with the beneficiaries. The work was completed in May 2000 at a cost of Rs.21.02 lakh

4.3.3 Thus taking up the work at Government cost resulted in additional liability of Rs. 10.51 lakh being the share of beneficiaries on the total expenditure of Rs. 21.02 lakh incurred on the work.

4.3.4 Irrigation Department justified the expenditure on the ground that necessary administrative approval and expenditure sanction was obtained from Government. The contention is however, not acceptable as 50 per cent of the expenditure incurred on such work is recoverable from the beneficiaries under the Tenancy Act.

4.3.5 The matter was referred to Government (May 2001); their reply has not been received (January 2002).

POWER DEPARTMENT

4.4 Infructuous expenditure on privatisation of power sector

The decision of the Government to stop the process of privatisation of transmission and distribution system in the power sector, resulted in an infructuous expenditure of Rs.107.01 lakh.

4.4.1 In order to improve the power position in the State, the Government adopted in December 1996, the common Minimum National Action Plan for power reforms, which envisaged unbundling of generation, transmission, distribution and regulation aspects. Privatisation of transmission and distribution was a key area of the reforms.

4.4.2 Based on the discussions held in January 1998 with the International Finance Corporation (IFC) and on their advice, the Government engaged in February 1998, a Chicago based consultants M/s. Sargeant and Lundy for carrying out a study and report on various aspects on privatisation of power sector. The Government also obtained during the period between March 1998 and November 1998 a loan of Rs.60.00 lakh, at 11 per cent interest from the Power Finance Corporation (PFC), to meet part of the expenses for preparing the Business Plan for undertaking privatisation of the power sector.

4.4.3 The report of the consultants received in May 1998 indicated the need to involve private sector in transmission and distribution of power. As the overhauling of transmission and distribution system in Goa required investment of Rs.65.00 crore annually, which was not available with the Government, and considering the technical study done by the consultant, the Government decided in July 1998 to privatise the transmission and distribution system.

4.4.4 Audit scrutiny revealed that the Government subsequently decided in November 1999 to stop the process of privatisation on the ground that the privatisation would burden the domestic and small consumers in Goa. Meanwhile, the Department had already incurred an expenditure of Rs.95.85 lakh (between January 1998 to March 1999) towards consultancy charges etc. for study on privatisation of power sector. Further Rs.11.16 lakh was paid upto July 2000 towards interest on loan obtained from PFC. The decision of the Government to stop the process of privatisation of transmission and distribution system had led to infructuous expenditure of Rs.107.01 lakh on consultancy etc.

4.4.5 The Department contended that the entire expenditure is not infructuous as the consultants report contained valuable suggestions and recommendations, and were utilised by the Department for proposing power tariff. The reply is not tenable, as tariff formulation was not included in the terms of reference to the consultants and being a normal function of the Department, the expenditure incurred on the consultancy did not achieve the objective of privatisation of transmission and distribution of power sector.

The matter was referred to Government in November 2001; their reply has not been received (January 2002).

PUBLIC WORKS DEPARTMENT

4.5 Loss of revenue due to faulty agreement and non-billing of minimum water charges

Failure of the department to specify the monthly minimum quantity of water to be billed in the water supply agreement with an industrial concern and non-execution of a water supply contract with a hotel resulted in loss of revenue of Rs.4.31 crore to the Government.

4.5.1 As per Water Supply bye-laws, prior to release of water connection to a consumer an agreement has to be entered into between the consumer and the department and the monthly minimum quantity of water for which billing will be done should be clearly mentioned in the agreement. Further the consumers shall pay for the monthly minimum consumption of water irrespective of actual consumption. The minimum consumption of water in respect of industrial concerns is to be fixed as per demand in each case.

4.5.2 The Public Works Department had entered into an agreement in September 1998 with M/s Reliance Salgaoncar Power Company Limited (RSPCL) for supply of 4000 Cu.m water per day to their power plant at Sancole for a period of 15 years. It was noticed from the agreement that the department had not indicated the monthly minimum consumption of water in respect of this industrial unit, as required under the provisions of Water supply bye-laws. Further, the agreement provided that the Government shall invoice the company on monthly basis from the date of supply for the water actually supplied at the tariff rate as applicable from time to time. The agreement also provided for furnishing security deposit in the form of Bank Guarantee for a sum equivalent to three months water charges at 4000 cu.m. per day. Accordingly the company had furnished in July 1999, a Bank Guarantee for Rs. 72 lakh.

4.5.3 The department commenced water supply to the company from August 1999 and charged Rs.2.17 crore towards the actual quantity of 8.90 lakh Cu.m. water consumed by the company during the period from August 1999 to March 2001.

4.5.4 As the department had agreed to provide 4000 cu.m. water per day to the company, and they had furnished security based on water charges calculated for the supply of 4000 cu.m. per day, the minimum monthly consumption for billing purpose should have been 1,20,000 cu.m. per month. Accordingly, the minimum water charges that should have been levied for the actual billing period from August 1999 to March 2001 amounted to Rs.6.28 crore on the minimum quantity of 24.20 lakh Cu. m. against which the actual water charges levied and collected was Rs. 2.17 crore.

4.5.5 Thus the failure of the department to specify in the agreement the minimum quantity of water to be billed has resulted in a loss of revenue of

Rs.4.11 crore for the period from August 1999 to March 2001, besides unauthorized benefit to the industrial concern to that extent.

4.5.6 The matter was referred to the Government (April 2001). The Government admitted (November 2001) that in the absence of stipulation of minimum quantity to be billed, in the agreement, the department could not raise the bills accordingly. The Government also stated that the issue of levying some minimum charges on RSPCL was under consideration of the department by amending the relevant clause of the agreement.

4.5.7 In another case audit scrutiny (September 2000) revealed that a consumer, M/s. Palm Hotels (India) Limited, applied (January 1996) for supply of 750 M³ of water per day to their hotel at Miramar. The abstract of work of water connection and installation bill issued on 26 February 1996 indicated the minimum consumption of water at 1500 M³ per month. However, the Executive Engineer, PWD (PHE) Division-III, without entering into a signed agreement with the consumer, indicating *inter-alia* the minimum quantity of water to be billed, started supplying water to the consumer from May 1996 and billed Rs.6.37 lakh on the actual quantity of 29,174 M³ during the period from May 1996 to March 2001, instead of billing Rs.19.35 lakh on the minimum chargeable quantity of 88,500 M³ (based on minimum quantity of 1500 M³ per month indicated in the installation bill), resulting in short levy of water charges amounting to Rs. 12.98 lakh. Consequently, sewerage charges at prevailing rates, based on water consumption charges, amounting to Rs. 6.60 lakh were also short levied.

4.5.8 Thus the failure of the department in entering into water supply agreement indicating the minimum quantity to be billed as required under the water supply bye-laws resulted in loss of revenue of Rs.19.58 lakh for the period from May 1996 to March 2001 and also in undue benefit to the consumer to that extent.

4.5.9 The matter was referred to the Government (May 2001); and their reply has not been received (January 2002).

4.6 Extra expenditure due to non-adherence to the agreement

Failure of the department in making available hindrance free site, delay in supplying drawings and excessive variation in quantities resulted in avoidable expenditure of Rs.2.39 crore towards compensation and escalation payment to the contractor.

4.6.1 The Public Works Division-XIX awarded in January 1988, the work of “Construction of operation theatre and radio diagnostic department for 750 bedded hospital complex at Bambolim” estimated to cost Rs.2.12 crore to a contractor for Rs.2.68 crore with the stipulation to complete it by January 1990. The work was, however, completed only in April 1994 and the total payment made to the contractor amounted to Rs.3.04 crore.

4.6.2 While accepting the final bill in January 1995 under protest the contractor claimed Rs.2.72 crore towards compensation for losses suffered on account of delay in completion of work due to breach of contract conditions by the department and settlement of final accounts as the department delayed in handing over hindrance free site, supplying working drawings and decision over extra work and variation in quantities.

4.6.3 The Executive Engineer rejected (February 1995) the contractor's claims and at their request appointed an arbitrator in April 1995. The arbitrator awarded (June 1996) relief of Rs.1.50 crore (Rs.1.16 crore towards compensation for loss suffered, Rs.2.32 lakh for settlement of final bills, Rs.0.50 lakh towards cost of proceedings and Rs.31.45 lakh towards interest etc.) to the contractor.

4.6.4 Though the department went in appeal (August 1996) against the award in the Court of Civil Judge Sr. Division, Panaji, the Court rejected the appeal and passed a decree (February 1997) in favour of the contractor allowing further interest @ 18 per cent from the date of decree to the date of payment. The department deposited Rs.1.70 crore (including interest of Rs.19.76 lakh) in the Court in May 1997. Over and above the amounts awarded by the arbitrator, the contractor was paid (October 1990 to March 1994) Rs.69.85 lakh towards escalation charges on additional cost of labour and material incurred by him during the extended period of work from February 1990 to April 1994. Thus as against the approved cost Rs.3.04 crore, the department had to incur an expenditure of Rs.5.44 crore for completion of the work.

4.6.5 A scrutiny of the award revealed that the delay in completion of the work was attributed to the delay by the department in making available hindrance free site, delay in supplying drawing and giving timely decision etc. These lapses on the part of the department resulted in an avoidable expenditure of Rs.2.40 crore towards compensation (Rs.1.16 crore) on account of loss of profit etc., interest (Rs.54 lakh) and payment of escalation (Rs.69.85 lakh) to the contractor.

4.6.6 The matter was referred to the Government in June 2001. The Government stated (January 2002) that the department had taken all timely action in making available the site, supply of drawings and conveying deviations and these facts were brought to the notice of the Arbitrator. However, the very fact that the arbitrator has upheld the claims of the contractor and the Court also rejected the objection filed by the department and decree was passed in favour of the contractor indicated that there were lapses on the part of the department. Responsibility on the part of the concerned officials in not strictly following the contractual conditions should be fixed and appropriate action taken against the officials.

4.7 Avoidable payment of compensation and interest due to faulty planning

The revision of drawings after partial execution of work had resulted in avoidable payment of Rs.116.82 lakh

4.7.1 The Public Works Department undertook the work of extension of Government Polytechnic at Mayem. The Chief Architect, Public works Department, Goa prepared the drawings without considering actual site conditions. The division awarded the work for Rs.282.66 lakh in July 1996 to be completed by June 1997.

4.7.2 Audit scrutiny revealed that the Chief Architect revised drawings after partial execution of work as per actual site conditions. As a result work was delayed and completed in January 1999 at a cost of Rs.341.86 lakh. Due to delays on the part of the department the contractor sought arbitration in January 2000. The arbitrator awarded (May 2000) a compensation of Rs.88.32 lakh and interest on compensation amounting to Rs.28.50 lakh on the grounds of delay in furnishing drawings, compensation for loss of profit, overheads and interest etc. The contractor was paid award amount of Rs.116.82 lakh in September 2000.

4.7.3 Thus preparation of drawings without considering site conditions had resulted in avoidable payment of Rs.116.82 lakh. In reply to audit observation the department accepted the fact and stated that in future actual site conditions would be considered before preparing the drawings.

4.7.4 The matter was referred to Government in June 2001 and their reply has not been received (January 2002).

4.8 Avoidable expenditure due to delay in acceptance of tender

Failure of the department in accepting the lowest offer within the validity period of the tender resulted in retendering and avoidable expenditure of Rs.85 lakh on laying of a pipeline.

4.8.1 The Public Works Division-XII (PHE), Sanguem invited tenders in June 1999 for “Manufacture and supply of 1422 mm M S pipes for laying 4.35 K.M pipeline in vulnerable stretches and linking to 1400 mm diameter pipeline from Xelpem to Sirvoi” estimated to cost Rs.481.62 lakh. Of the five tenders received (July 1999), the lowest offer was of Firm ‘A’ for Rs.413.30 lakh, valid up to 28 September 1999. The Executive Engineer and the Superintending Engineer recommended (7-9 July 1999) the offer of Firm ‘A’ and submitted to the Goa State Works Board (GSWB*). The GSWB recommended (24 August 1999) acceptance of the lowest offer of Firm ‘A’. Thereafter, at the instance of the Honourable Minister for PWD, the

* Comprising Chief Secretary, Finance Secretary, Secretary (PWD) and Chief Engineer, PWD

Superintending Engineer called (20 September 1999) the lowest tenderer for negotiations.

4.8.2 During negotiation (30 September 1999) the firm did not offer any discount on their quoted rates but agreed to extend the validity of the tender up to 29 October 1999, with a request to reimburse the increase in steel and diesel prices, if any, on submission of documentary evidence. The Chief Engineer accepted (14 October 1999) the tender with the condition that no increase in rates will be payable. The Executive Engineer issued the work order to the firm on 15 October 1999 for the original quoted amount of Rs.413.30 lakh.

4.8.3 The firm refused (November 1999) to take up the work as the department did not agree for reimbursement of the increase in prices of steel and diesel amounting to Rs. 44.03 lakh.

4.8.4 In December 1999 the GSWB recommended retendering of the work. Accordingly fresh tenders were invited in January 2000 and six offers were received. The lowest offer was once again that of the Firm 'A' for Rs.498.57 lakh and this offer was accepted by the Chief Engineer and the work was awarded to Firm 'A' in March 2000 and got completed in August 2000. Rs.498.30 lakh was paid to the firm up to February 2001. The final bill was yet to be paid (March 2001).

4.8.5 Thus, while the department failed to accept the lowest offer of Firm A for Rs.413.30 lakh as recommended by the GSWB within the original validity period (28 September 1999) the department went ahead with the award of work, without considering the request of the firm for increase in price of steel and diesel on submission of evidences. This resulted in the firm's refusal to commence the work. Consequently tenders had to be reinvited, resulting in avoidable expenditure of Rs.85 lakh taking into account the actual payment till February 2001.

4.8.6 The matter was referred to Government (May 2001). The Government stated (December 2001) that the delay in acceptance of the tender was due to some procedural formalities. The reply is not tenable, as the procedural formalities should have been completed within the validity period of the original tender instead of inviting fresh tenders.

4.9 Avoidable payment due to breach of contract

Delay in supply of drawings, shifting water pipeline etc. had resulted in avoidable payment of Rs. 26.15 lakh

4.9.1 The work of construction of Sub-Jail cum Judicial Lock up at Vasco estimated to cost Rs. 55.39 lakh was awarded to a contractor in January 1991 at a tendered cost of Rs.52.29 lakh to be completed by April 1992. The contractor could not complete the work during the stipulated period because of delay on the part of the Executive Engineer, Division-VIII, Margao and Chief Architect, PWD in supplying the drawings, delay in shifting water pipeline

etc. The contractor had completed the work valued at Rs. 56.57 lakh upto April 2002.

4.9.2 Due to breach of contract the contractor requested the department in April 1995 for appointment of arbitrator to adjudicate the dispute. The arbitrator had upheld the grounds of the contractor such as delay in shifting the pipeline, delay in supply of drawings, delay in fixing plinth height etc. and awarded an amount of Rs. 18.72 lakh with interest ranging from 11 to 21 percent vide his award dated 2nd March 2000. The said amount was paid to the contractor in September 2000. Thus the breach of contract by the Executive Engineer, Division-VIII, Margao had resulted in avoidable payment of Rs.26.15 lakh. However no action has been taken by the department to fix responsibility for the lapses leading to avoidable expenditure of Rs.26.15 lakh.

4.9.3 The matter was referred to Government in June 2001 and their reply has not been received (January 2002).

4.10 Idle investment on purchase of pipes for water supply scheme

Failure to supply pipes to the contractor resulted in idle expenditure of Rs.23.95 lakh for more than three years and denial of intended benefits to villagers due to non-completion of work.

4.10.1 The work of improvement of water supply to “Monte-de-Guirim and suburbs in Guirim Village Panchayat” estimated to cost Rs.28.60 lakh was sanctioned by the Government in September 1994. The work involved laying and jointing of 150 mm dia Cast Iron pipes (C.I. Pipes) for a length of 3000 meters and laying of 8767 meters of PVC distributory pipes. The C.I. Pipes were to be made available by the Department. The Executive Engineer, PWD Division XVII tendered the work of laying and jointing the C.I. Pipes and supplying, laying and jointing of 8767 meters PVC pipes, estimated to cost Rs.13.63 lakh in October 1995, and awarded (March 1996) the work to a contractor for Rs.14.00 lakh. The work was stipulated to be completed by November 1996.

4.10.2 Audit scrutiny (January 2000) revealed that the department did not supply the C.I. Pipes to the contractor till the stipulated period of completion of the work. Instead, the Executive Engineer with the approval of Superintending Engineer procured 3000 meters of Ductile Iron Pipes (D.I. Pipes) at a cost of Rs.23.95 lakh and offered it to the contractor in January 1998, i.e. after a lapse of 14 months after stipulated period. Meanwhile the contractor had claimed in November 1997 market rates for all the items connected with laying/jointing of D.I. Pipes as the department failed to supply the C.I. Pipes. The agency completed only the work of PVC distributory pipeline by May 1999, at a cost of Rs.11.16 lakh.

4.10.3 As the contractor refused to use the D.I. Pipes and execute the work of laying of D.I. Pipeline at the quoted rates due to delay in supply of the pipes,

the Executive Engineer rescinded the contract in June 2000, without any claim for compensation on either side.

4.10.4 The balance work of laying D.I. Pipeline in a length of 3000 Mtrs. was yet (March 2001) to be taken up by the Department. Meanwhile the D.I. Pipes procured in January 1998 at a cost of Rs.23.95 lakh were lying unutilised in the stackyard at Mapusa.

4.10.5 Thus, the failure of the Department in supplying C.I. Pipes to the contractor, in time, as specified in the agreement and procurement of DI pipes, resulted in an idle stores valued at Rs.23.95 lakh besides, unproductive expenditure on the work already executed. Also there was denial of intended benefits of the scheme to the villagers.

4.10.6 The matter was referred to the Government (April 2001); their reply has not been received (January 2002).

4.11 Avoidable extra expenditure due to non-procurement and supply of pipes departmentally

Non-procurement and supply of C.I. Pipes departmentally resulted in an avoidable expenditure of Rs.9.70 lakhs.

4.11.1 The Executive Engineer, Works Division XX, Margao tendered (March 1997) the work of replacement of AC pipeline Rising Main of Rural Water Supply Scheme of Vaddem Colony in Sanguem Taluka, estimated to cost Rs.18.51 lakh. The lowest tender received was for Rs.32.25 lakh. On negotiation by the Superintending Engineer in July 1997, the tenderer reduced the offer to Rs.31.93 lakh which was 18.36 percent above the reasonable amount of Rs.26.98 lakh.

4.11.2 The main item of the tender was supply of 2535 Mtrs. Cast Iron Pipes (C.I. Pipes) for which the tendered cost was Rs.27.61 lakh against the estimate of Rs.13.64 lakh. Noticing that the rate for supply of C.I. Pipes quoted by the contractor was more than double the estimated rate and the item was borne on Director General of Supplies & Disposals (DGS & D) rate contract, the Superintending Surveyor of Works (SSW) recommended (July 1997) departmental procurement and supply of the item to the contractor rather than accepting the tender which was 18 percent above the reasonable amount of Rs.19.82 lakh worked out on the basis of market rate of C.I. Pipes.

4.11.3 Further, it was noticed that as per the rate analysis done by the Superintending Engineer (SE), Circle-VIII subsequent to SSW's recommendation, the cost of procurement and supply of C.I. Pipes at DGS & D rate contract would have amounted to Rs.17.91 lakh only as against Rs.27.61 lakh quoted by the contractor. Thus, procurement and supply of C.I. Pipes departmentally would have resulted in saving of Rs.9.70 lakh to the Government.

4.11.4 However, on the ground that the work was to be executed urgently and departmental procurement of pipes would delay the execution of the work, the S.E. accepted (October 1997) the negotiated offer of Rs.31.93 lakh, after obtaining approval of Goa State Works Board. The work order was issued in October 1997 with stipulation to complete the work by April 1998.

4.11.5 Audit scrutiny (December 2000) revealed that the work was completed and commissioned only in January 1999 i.e. after a delay of about nine months from the stipulated date of completion. This showed that the urgency of work as cited by the department for avoiding departmental procurement and supply of pipes was not realistic.

4.11.6 Thus non-procurement and supply of C.I. Pipes departmentally resulted in an avoidable extra expenditure of Rs.9.70 lakh on the work, being the difference in price of CI Pipes quoted (Rs.27.61 lakh) by the contractor and the cost (Rs.17.91 lakh) at which the pipes could have been procured and supplied by the department.

4.11.7 The Government stated (November 2001) that the purchase of pipes through DGS & D was not resorted to due to urgency of work. The reply is not tenable as the work was delayed by 9 months.

4.12 Drawal of funds to avoid lapse of budget grant

Irregular on account payment of Rs.9.48 lakh was made on defective execution of work.

4.12.1 The Executive Engineer, Division-VII (NH), PWD, Panaji awarded the work of special repairs and protection work to retaining wall between Km 148/900 to 150/00 on NH-4A to M/s E O Thomas & Co. in December 1999 for Rs.27.55 lakh against the estimated cost of Rs.36.73 lakh put to tender. The stipulated dates of commencement and completion were 7 January 2000 and 5 May 2000 respectively. The actual date of commencement of work was not on record. It was however noticed (February 2000) that the work was under the investigation of Vigilance Department as the execution of RCC pile work in foundation was below specification. However based on the request of the contractor and on the directives of the Superintending Engineer, the Assistant Engineer submitted (31 March 2000) a report for release of on account payment. The Executive Engineer made on account payment of Rs.9.48 lakh to the contractor on the same day of the report and also on the last day of the financial year for work done but not yet measured to avoid lapse of budget grant. Even though the on account payment was to be adjusted fully within 3 months' time as per rules, the department could adjust only Rs.6.76 lakh by August 2000 leaving Rs.2.72 lakh to be adjusted (January 2002).

4.12.2 The release of on account payment of Rs.9.48 lakh on the last day of the financial year to avoid lapse of budget grant was in violation of financial rules.

4.12.3 The matter was referred to Government in May 2001; their reply has not been received (January 2002).

CHAPTER – V

STORES AND STOCK

POWER DEPARTMENT

5.1 Review on Stores and Stock

Highlights

- Annual Reserve Stock limit was not fixed.
(Paragraph 5.1.7)
- Rs. 44.46 crore were pending recovery from various divisions of the department for supply of materials for execution of work.
(Paragraph 5.1.12)
- Cash Settlement Suspense Account was not reconciled.
(Paragraph 5.1.14)
- Physical verification of stores was not conducted annually as required under General Financial Rules.
(Paragraph 5.1.23)

Introduction

5.1.1 Goa State depends upon National Thermal Power Corporation (NTPC) for its entire demand of power supply, as it does not generate any power of its own. The power supply from NTPC is wheeled through neighbouring Maharashtra and Karnataka State Electricity Board systems. The Electricity Department is the agency for transmission and distribution of electrical energy. The procurement, custody and issue of materials required for transmission and distribution of power is vested with the Stores Division.

Organisational set up

5.1.2 The Chief Electrical Engineer, Panaji is in overall charge of Power Department assisted by two Superintending Engineers and twelve Executive

Engineers. The Executive Engineer, Stores Division is in charge of purchase, custody and issue of materials for execution of various electrical works of the Government. He is assisted by four Asst. Engineers and 11 Junior Engineers.

Audit coverage

5.1.3 A review relating to the procurement, custody and utilization of stores and stock for the period from 1996-97 to 2000-01 was conducted between April 2001 and June 2001 through test check of records of Chief Electrical Engineer, Panaji, Stores Division, Margao and four divisions at Bicholim, Mapusa, Tivim and Margao covering 50 per cent of the expenditure on procurement of stores.

Budget provision and expenditure

5.1.4 Yearwise budget provision and expenditure incurred on procurement of stores during the five years from 1996-97 to 2000-01 was as follows:

TABLE 5.1

Year	Budget Provision	Expenditure	Savings (-) Excess (+)
(Rupees in lakh)			
1996-97	1199.99	1199.99	-
1997-98	1199.99	1199.99	-
1998-99	1199.99	1199.99	-
1999-2000	999.99	1059.99	(+) 60.00
2000-2001	999.99	999.99	-

Source:- Appropriation Accounts of Government of Goa.

5.1.5 There was excess expenditure of Rs.60 lakh during the year 1999-2000 reasons for which were not furnished by the department.

Position of Stock

5.1.6 The value-wise position of procurement, issue and balance of stock for the period from 1996-97 to 2000-01 was as follows:

TABLE 5.2

Year	Opening Balance	Receipts during the year	Issues during the year	Closing Balance
Rupees in lakh				
1996-97	680.85	1199.99	948.90	931.94
1997-98	931.94	1199.99	1444.95	686.98
1998-99	686.98	1199.99	1246.66	640.31
1999-2000	640.31	1059.99	1103.65	596.65
2000-01	596.65	999.99	1166.57	430.07

Annual Reserve Stock Limit not fixed

5.1.7 As per the provisions of CPWD manual the Reserve Stock Limit (RSL) of materials is to be fixed at the beginning of the financial year in order to exercise proper control over purchase, issue and balance of stores. It was noticed that the monetary limit of Rs. 1.80 crore for the Reserve Stock Limit fixed in 1985 was revised to Rs.5.11 crore in 1992, which was further revised to Rs.11.98 crore in August 1997. No action was taken to review the limit after August 1997.

Excess Reserve Stock Limit fixed

5.1.8 The division purchases bulk of materials under Suspense Stock and later issues them to works. The procurement action is classified in 3 categories viz (i) Purchase made through DGS & D by placing indents to DGS & D, (ii) Local procurement by call of tenders and (iii) Purchases by placing supply orders directly on DGS & D Rate Contract holders.

5.1.9 Maximum, Minimum and Reserve Stock Limits are fixed considering the number of months requiring lead times for procuring stores which is as follows:

- i) Maximum stock limit was worked out at 15 months average consumption. Items were not to be purchased beyond this limit.
- ii) Minimum stock limit was worked out on 6 months average consumption. Procurement action was to be initiated when the stock of an item reaches this limit.
- iii) Reserve stock limit was worked out at 3 months average consumption along with monetary value. The average stock in Central Stores is not supposed to exceed this monetary limit.

5.1.10 The position of assessed monthly consumption as per Reserve Stock Limit fixed and average monthly consumption based on actual consumption for five years as revealed from the bin cards in respect of certain items are indicated below:

TABLE 5.3

Sr. No	Name of the item	Assessed monthly consumption as per RSL	Actual consumption for five years from 1996-97 to 2000-01	Average monthly consumption arrived at based on actual consumption	RSL fixed	RSL to be fixed based on 3 months consumption
1.	Single phase energy meters – 2.5 Amps	1010	32005	533	3030	1599
2.	Single phase energy meters – 5-10 Amps	2008	30044	508	6024	1524

3.	3 Phase 4 wire energy meter – 3 x 5 Amps	205	9045	160	615	480
4.	3 Phase 4 wire energy meter – 3 x 10 Amps	208	3783	63	624	189
5.	Flat armour aluminum pipe – Size 0.05	285	50	1	855	3
6.	Flat Armour aluminum tape size 0.03 x 0.25	285	72	2	855	6
7.	AA conductor WASP 7/4.59	75	61	1	225	3
8.	Single phase meter box	2500	44	1	7500	3

5.1.11 It would be seen from the above table that the RSL fixed was far in excess of requirement. It is therefore required to be reviewed and fixed annually.

Non-settlement of Cash Settlement Suspense Account

5.1.12 The transactions relating to services rendered or supplies made by the Stores Division to other division are classified under Cash Settlement Suspense Account. As per the departmental instructions the responding divisions are required to clear the debit in their accounts representing stores and supplies received by them within 10 days. However huge balances were outstanding under this head representing non-response by Executive Engineers of divisions receiving the services/supplies. The position of outstanding balances under Cash Settlement Suspense Account from 1996-97 to 2000-01 was as follows:

TABLE 5.4

Year	Opening balance	Debits	Credits	Closing balance
(Rupees in lakh)				
1996-97	1567.55	948.90	301.80	2214.65
1997-98	2214.65	1444.95	186.17	3473.43
1998-99	3473.43	1246.67	181.60	4538.50
1999-2000	4538.50	1103.65	1524.96	4117.19
2000-01	4117.19	1166.57	837.60	4446.16

5.1.13 Audit scrutiny revealed that the responding divisions were clearing the oldest debit notes, only if any savings were available under the particular major/minor head, at the end of the financial year. As such the balance went on increasing.

Cash settlement Suspense Account not reconciled

5.1.14 As per the Stores Division Account Rs.44.46 crore were outstanding for settlement by 13 Electricity and 8 Public Works Divisions as on 31 March 2001. A scrutiny of records of four divisions* revealed that the balances outstanding as shown by the Stores Division did not tally with divisional records as indicated below:

TABLE 5.5

Division	Debit notes outstanding as per Stores Division Records	Debit notes outstanding as per divisional records	Difference	Reason
(Rupees in lakh)				
IV	1015.29	906.05	(-)109.24	Rs. 66 lakh were accounted by Stores Division in March 2001 whereas in the divisional records the same was accounted in April 2001. As regards Rs.43.24 lakh, recon-ciliation has not been done
V	706.12	684.95	(-)21.17	Reconciliation not done
VI	900.71	910.04	9.33	Reconciliation not done
IX	81.04	0.13	(-)80.91	Under reconciliation

Unserviceable stores due to excessive stocking

5.1.15 There were 140 items of stores lying unserviceable for more than five years the value of which was not furnished by the department. It was however noticed that the value of 16 such items lying unutilised since 1996-97 was Rs.98.49 lakh. The stores becoming unserviceable was due to non-review of the movement of items annually.

Outstanding debits of DGS & D

5.1.16 The position of outstanding debit notes of Directorate General of Supplies and Disposal (DGS & D) towards supply of material to the Department for the period from 1996-97 to 2000-2001 was as shown below:

* Electricity O & M Divisions IV-Margao,V-Bicholim,VI-Mapusa,IX-Tivim.

TABLE 5.6

Year	Debit		
	Raised	Settled	Outstanding
(Rupees in lakh)			
1996-97	414.67	62.54	352.13
1997-98	255.90	1.46	254.44
1999-2000	0.37	-	0.37
2000-2001	0.12	-	0.12
Total	671.06	64.00	607.06

5.1.17 Debit notes worth Rs.1.01 crore were outstanding for various reasons such as quantity less received, material received in damaged condition not replaced, one bill of Rs.2.94 lakh recorded twice etc. Reasons for non-settlement of remaining debit notes were not furnished.

Irregularities in acceptance of tenders for supply of five numbers of 6.3 MVA Power Transformers

5.1.18 The Stores Division invited tenders in March 2000, for supply of five 6.3 MVA Power Transformers at an estimated cost of Rs. 94.25 lakh. As per the Notice Inviting Tender (NIT), all the routine test reports like impulse test, short circuit test reports were to be supplied by the bidders at the time of offer and the delivery of the transformers was to be given by the supplier at any destination in Goa as per departmental requirements.

5.1.19 In response four offers were received and the lowest offer was that of M/s Andrew Yule & Co. (Firm A), A Government of India Undertaking, for Rs. 81.85 lakh and the second lowest was that of M/s Alstom, Mumbai for Rs. 82.12 lakh (Firm B). Firm A had produced the required certificates at the time of submitting bid. Whereas Firm B had not furnished impulse voltage test certificate.

5.1.20 Though the Executive Engineer recommended (March 2000) acceptance of the lowest offer of Firm A, the Technical Advisory Committee rejected the offer on the grounds that they had not furnished Sales Tax clearance certificate at the time of obtaining tender form, the condition which was relaxed by Government in May 1999. Negotiations were carried out with the second lowest tenderer (Firm B) and negotiated offer of Rs.81.75 lakh was accepted and supply order was placed in July 2000 overlooking the fact that Firm B had not furnished the required impulse voltage test reports and certificates and that they had stated that unloading of transformers was not within their quoted amount.

5.1.21 It was further noticed that division invited (November 2000) quotations for unloading the transformers and the lowest quotation of M/s

Electro Engineering Enterprises (Firm C) for Rs.1.25 lakh was accepted. The supplies were completed at a total cost of Rs.82.20 lakh.

5.1.22 Thus the rejection of lowest tender on the ground that they had not furnished sales tax certificate, which was already relaxed by Government and accepting the negotiated offer of second lowest was irregular and has resulted in additional liability of Rs.1.25 lakh, which could have been avoided.

Physical verification not being conducted regularly

5.1.23 General Financial Rules of Government provides for physical verification of stores once in a year. It was noticed that no such physical verification was conducted as required under the Financial Rules during 1996-97 to 2000-01 except in November 1999.

Stores not stacked scientifically

5.1.24 As per the report on physical verification carried out in November 1999, though the materials in Central Stores have been stacked neatly, the space in store yards was not sufficient to stores the materials scientifically.

- a) The stacking yard was not safe as the barbed wire fencing was completely rusted.
- b) Several spare items were not labelled properly, no code numbers were given so that the items could be identified.
- c) Due to scarcity of space many materials such as switches, cables, conductors, nuts and bolts, chokes/ballets etc. were stored at different places in mixed condition.
- d) Some materials were lying unused in Central Stores for more than 20 years and no action was taken to declare these items as obsolete or issue write off of orders.
- e) Service connection cables of various sizes were stacked very close to each other.
- f) The transformer oil drums were found leaking heavily.
- g) Rejected materials were also dumped in the same yard. As such the possibility of getting these materials mixed up with the accepted ones could not be ruled out.
- h) Many cement bags were found in hardened condition.

Action taken on the above findings was not furnished by the department.

Monitoring and evaluation

5.1.25 Even though there were no major irregularities in maintaining price stores ledger, purchases made are not based on requirements indented by various divisions etc. The material is procured as per RSL fixed and there was no system of annual review of movement of stores resulting in excessive stocking of some items and its becoming unserviceable.

CHAPTER – VI**REVENUE RECEIPTS****ALL DEPARTMENTS****6.1 Trend of Revenue receipts**

6.1.1 The tax and non-tax revenue raised by the Government of Goa during the year 2000-01, State's share of divisible union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding two years are given below:

TABLE 6.1

	1998-99	1999-2000	2000-01
(Rupees in crore)			
I Revenue raised by the State Government			
(a) Tax Revenue	357.21	458.48	514.80
(b) Non Tax Revenue	650.58	633.48	796.14
TOTAL	1007.79	1091.86	1310.94
II Receipts from the Government of India			
(a) State's share of divisible Union Tax	97.12	95.52	105.34
(b) Grants-in-aid	42.34	40.12	66.95
TOTAL	139.46	136.04	172.29
III Total receipts of the State Government (I and II)	1147.25	1227.90	1483.23
IV Percentage of I to III	88	88	88

6.1.2 The details of the tax revenue raised under major heads of revenue during the year 2000-01 alongwith corresponding figures for the preceding two years are given below:

TABLE 6.2

Sr. No.	Head of Revenue	1998-99	1999-2000	2000-01	Percentage of increase (+)/ decrease (-) in 2000-01 over 1999-2000
(Rupees in crore)					
1.	Sales Tax	254.22	348.18	387.82	(+) 11
2.	State Excise	35.17	36.06	38.98	(+) 8

3.	Taxes on Vehicles	24.45	28.32	29.92	(+) 6
4.	Taxes on goods and passengers	3.83	3.95	13.07	(+) 231
5.	Other taxes and duties on commodities and services	18.93	18.61	20.10	(+) 8
6.	Stamp duty and Registration fees	16.57	18.13	21.91	(+) 21
7.	Land Revenue	4.04	5.23	3.00	(-) 43
TOTAL		357.21	458.48	514.80	

- (a) The increase in taxes on goods and passengers was mainly due to imposition of new tax under "Tax on entry of goods into local areas".
- (b) The increase in "Stamp Duty and Registration Fee" was due to sale of more stamps.
- (c) The decrease in Land Revenue was due to less receipts under "receipts on account of survey and settlement operations"

6.1.3 The details of non-tax revenue raised under major heads of revenue during 2000-2001 along with the corresponding figures for the preceding years are given below:

TABLE 6.3

Sr. No.	Head of Revenue	1998-99	1999-2000	2000-01	Percentage of increase (+)/ decrease (-) in 2000-01 over 1999-2000
(Rupees in crore)					
1.	Miscellaneous General Services	311.14	257.49	380.58	(+) 48
2.	Power	259.22	291.23	330.66	(+) 14
3.	Water Supply and Sanitation	41.19	40.20	43.59	(+) 8
4.	Non-Ferrous mining and Metallurgical industries	12.02	12.59	15.97	(+) 27
5.	Roads and bridges	2.06	4.89	3.81	(-) 22
6.	Medical and Public Health	4.45	3.74	4.77	(+) 28
7.	Ports and lighthouses	2.36	2.43	3.35	(+) 38
8.	Inland water transport	3.93	1.69	3.17	(+) 88
9.	Others	14.21	19.12	10.24	(-) 46
TOTAL		650.58	633.38	796.14	

6.1.4 The reasons for variation in receipts during 2000-01 as compared to those in 1999-2000 are given below:

Miscellaneous General Services

Increase was due to more receipts under “State Lotteries”; whereas the decrease during 1999-2000 was due to discontinuation of sale of lottery tickets with effect from November 1999.

Power

Increase in power was due to revision of electricity tariff

Non-ferrous mining and metallurgical industries

Increase was due to revision of water tariff

Water Supply and sanitation

Increase was mainly due to more receipts from Urban Water Supply Scheme.

6.2 Variations between budget estimates and actual

6.2.1 The variations between budget estimates of revenue and actual receipts under some of the principals heads are given below:

TABLE 6.4

Sr. No.	Head of Revenue	Budget estimate	Actual	Variation Increase(+) Shortfall(-)	Percentage of variation
(Rupees in crore)					
Tax Revenue					
1.	Taxes on Goods and passengers	6.00	13.07	(+) 7.07	(+) 118
Non-Tax Revenue					
2.	Interest receipts	4.00	2.84	(-) 1.16	(+) 29
3.	Dividend and profit	0.81	0.24	(-) 0.57	(-) 70
4.	Public Works	0.75	1.13	(+) 0.38	(+) 51
5.	Miscellaneous General services	569.91	380.58	(-)189.33	(-) 33
6.	Water supply and sanitation	51.00	43.59	(-) 7.41	(-) 14

7.	Power	373.00	330.66	(-) 42.34	(-) 11
8.	Non ferrous mining and metallurgical industries	12.04	15.97	(+) 3.93	(+) 33

6.2.2 Taxes on goods and passengers, the increase was due to imposition of new tax "Tax on entry of goods in Local areas".

The reasons for variations in the other head of accounts are awaited.

6.3 Cost of collection

6.3.1 The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 1998-99, 1999-2000 and 2000-01 along with the relevant All India Average percentage of expenditure for 1999-2000 are given below:

TABLE 6.5

Sr. No.	Head of Revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India Average Percentage for the year 1999-2000
			(Rupees in crore)			
1.	Sales Tax	1998-99	254.22	1.98	0.80	1.56
		1999-00	348.18	2.18	0.70	
		2000-01	387.82	2.22	0.57	
2.	State Excise	1998-99	35.17	1.82	5.10	3.31
		1999-00	36.06	1.86	5.15	
		2000-01	38.98	2.13	5.46	
3.	Taxes on vehicles	1998-99	24.45	0.66	2.70	3.56
		1999-00	28.32	0.71	2.50	
		2000-01	29.92	0.76	2.54	
4.	Stamp duty and Registration Fees	1998-99	16.57	1.14	7.00	4.62
		1999-00	18.13	1.22	7.00	
		2000-01	21.91	1.27	5.80	

6.3.2 The reasons for increase in percentage of expenditure to gross collection of State Excise, Stamp Duty and Registration Fees are awaited.

6.4 Arrears of Revenue

As on 31 March 2001 arrears of revenue as reported by the heads of departments were as follows:

TABLE 6.6

Head of Revenue	Amount of arrears as on 31 st March 2001	Arrears more than three years old	Remarks
(Rupees in lakh)			
Finance Department			
Sales Tax	6042.75	1381.36	Out of Rs. 6042.75 lakh demands of Rs.2254.38 lakh were covered under recovery certificates in 2751 cases. No other action was taken in respect of balance cases.
Excise	16.32	--	Out of 16.32 lakh an amount of Rs.0.33 lakh was covered under recovery certificate in 2 cases. In respect of balance cases, notices have been issued.
Transport			
Taxes on vehicles	518.93	179.33	Recovery is proposed to be effected by issuing show cause notice.
Power Department			
Energy charges	12199.34	Details not furnished by the department	Out of Rs.12199.33 lakh an amount of Rs.6817.96 lakh was covered under recovery certificate in 2954 cases. In respect of balance cases the department has proposed the following steps: i) To declare one month of each financial year as arrears clearing month. ii) The street light arrears to be adjusted against the matching grants released to the concerned Municipalities and Panchayats every year. iii) Govt. departments have been strictly instructed to clear the arrears. iv) To disconnect the installation if payments are not made within the stipulated date/ reasonable period.

Industries and Mines			
Royalty, surface rent	122.42	51.81	Out of Rs.122.42 lakh an amount of Rs.29.94 lakh was covered under recovery certificate in 279 cases. In respect of balance cases renewal of mining leases will be rejected if arrears are not paid.
Water Resource Department			
Water tax	1590.64	984.03	Out of Rs.1590.64 lakh an amount of Rs.3.49 lakh was covered under recovery certificate in 184 cases.
Revenue Department			
Land Tax	36.41	29.15	Mamlatdars have been directed to initiate action on priority basis.
TOTAL	20526.81	2625.68	

6.5 Outstanding inspection reports and audit observations

6.5.1 Audit observations on incorrect assessment, short levy of taxes, fees etc. as also defects in initial records noticed in audit and not settled on the spot are communicated to the head of offices and to the departmental authorities through inspection reports. Important and serious irregularities are reported to the heads of departments and Government also. In addition, statement indicating number of observations outstanding over six months are sent to Government for expediting their settlement. Government had prescribed a time limit of one month for furnishing replies to audit observations.

6.5.2 86 Inspection reports issued upto the end of December 2000 containing 151 audit observations involving Rs. 2.51 lakh were to be settled at the end of June 2001 as indicated below along with the corresponding figures for the two preceding years.

TABLE 6.7

	As at end of		
	June 1999	June 2000	June 2001
Number of outstanding inspection report	93	84	86
Number of outstanding audit observations	213	166	151

6.5.3 Out of 86 outstanding reports pending settlement even first replies have not been received (June 2001) for 31 inspection reports containing 49 audit observations. The receipt-wise details of inspection reports and audit

observations outstanding as on 30th June 2001 and the amount involved is are indicated below:

TABLE 6.8

Department	Receipt	Number of outstanding inspection reports	Number of outstanding audit observations	Amount (Rupees in crore)
Finance	Sales Tax, Luxury Tax, Excise and Entertainment Tax	48	84	0.95
Revenue	Stamp and Registration Fee	33	60	1.52
Transport	Transport	5	7	0.04
TOTAL		86	151	2.51

The matter was also brought to the notice of Government (August 2001). Information regarding steps taken by the Government to clear the outstanding inspection reports and audit observations has not been received.

SECTION-B : PARAGRAPHS

FINANCE DEPARTMENT

6.6 Non-recovery of establishment expenses

6.6.1 Under provisions of the Goa Excise Duty Rules 1964, the Commissioner of Excise shall assign the excise staff for supervision and to assist the working of distillery, brewery or winery and in lieu of service rendered by Excise Staff, a fee corresponding to the pay and allowances, contribution towards pension and leave salary or any such benefit of the excise staff shall be payable by the distillery, brewery or winery by depositing the said amount into Government accounts at the end of every month or within such time as directed by the Commissioner.

6.6.2 It was noticed in audit (March 2001) that an amount of Rs.7.04 lakh towards pay and allowances and contribution towards pension and leave salary of the excise staff posted at 14 distilleries/breweries/wineries for the period from January 1995 to February 2001 were yet to be deposited by these units.

6.6.3 The department stated (March 2001) that these units have been directed (March 2001) to pay the dues.

6.6.4 The matter was referred to Government (June 2001). The Government stated (July 2001) that action was being taken to refer these cases to Revenue Recovery Court.

6.7 Loss of Luxury Tax

6.7.1 As per Section 2(p) of the Goa Taxes on Luxuries (Hotel and Lodging Houses) Act, 1988 "turnover of receipts" means the aggregate amount of monetary considerations received or receivable by a hotelier in respect of the luxuries provided in a hotel during a given period.

6.7.2 The assessment of a hotelier (Cidade De Goa) at Dona Paula for the year 1996-97 was completed in November 1998 and the total taxable turnover of receipts was assessed at Rs.9.52 crore. The total tax, penalty and interest levied were Rs.154.78 lakh and after adjusting the tax already paid (Rs.152.56 lakh), the net due was assessed at Rs.2.22 lakh and the dues were payable by 24 December 1999. The hotelier did not pay the assessed tax and submitted an application on 15 March 2000, for settlement of arrears under Goa Sales Tax, Luxury Tax and Entertainment Tax (Settlement of Arrears) Ordinance 2000. The department assessed the dues payable under the settlement scheme at Rs.0.67 lakh and this amount was paid by the hotelier on 30th March 2000.

6.7.3 Audit scrutiny (May 2001) revealed that while finalizing (November 1998) assessment of the hotelier, an amount of Rs.17.46 lakh being “retention charges of cancellation of rooms” was not included in the turnover of receipts for assessment of luxury tax. This resulted in a loss of luxury tax amounting to Rs.2.62 lakh as the case decided under settlement scheme shall not be reopened. The department did not furnish reply to the point.

6.7.4 The matter was referred to the Government in August 2001; their reply has not been received (September 2001).

TRANSPORT DEPARTMENT

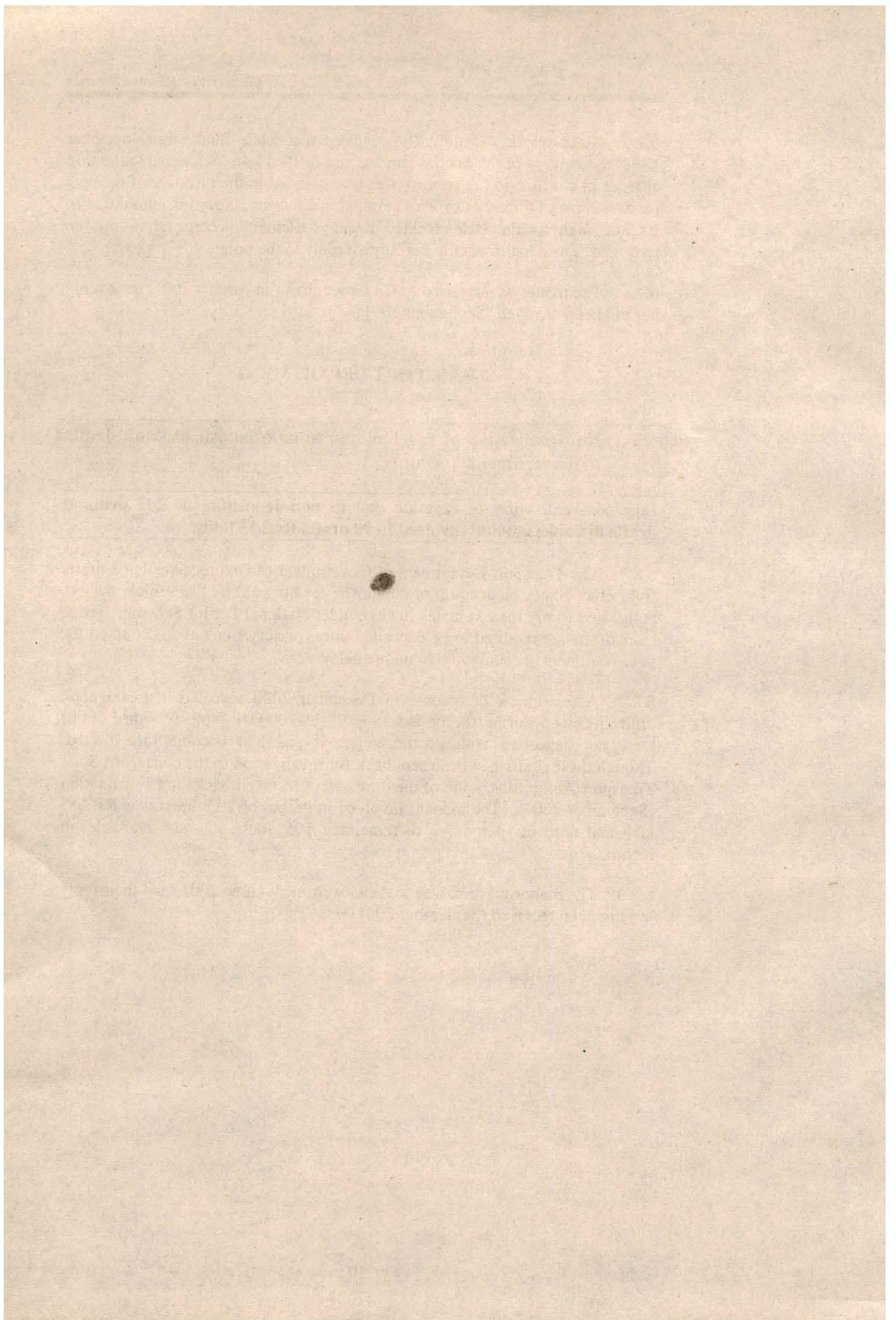
6.8 Non-realisation of revenue due to non-deposit of bank drafts to Government Accounts.

Loss/non-realisation of revenue due to non-depositing of 203 demand drafts in bank; amount involved in 98 drafts Rs.2.15 lakh.

6.8.1 The Transport Department of Government of Goa receives bank drafts from other States on account of composite fee/tax paid by the vehicle owners authorised to ply their vehicles in Goa under National Permit Scheme. These bank drafts are required to be deposited into Treasury/Bank and accounted for in Government account without undue delay.

6.8.2 A test check of records in December 2000 revealed that 203 bank drafts received during the period 1997-98 to 2000-01 (upto 6th April 2000) were not deposited within validity period and had become time barred. Though these drafts had been sent back for revalidation to the concerned State Transport Authorities, none of the drafts were received back after revalidation (September 2001). The amount involved in 98 out of 203 drafts was Rs.2.15 lakh and amounts pertaining to remaining 105 drafts was not available on record.

6.8.3 The matter was referred to the Government (June 2001) and their reply has not been received (September 2001).



CHAPTER VII
FINANCIAL ASSISTANCE TO LOCAL BODIES AND
AUTHORITIES

7.1 General

7.1.1 Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/ authorities by and large receive substantial financial assistance from Government. 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 certain programmes of the State Government.

7.1.2 The grants were intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

7.1.3 During 2000-2001, financial assistance of Rs.162.52 crore was given to various autonomous bodies and others broadly grouped as under:

TABLE 7.1

Sr. No.	Name of Institution	Amount of assistance paid	
		Grants	Loans
(Rupees in crore)			
1.	Universities and Educational Institutions	129.90	0.01
2.	Municipal Councils	7.25	--
3.	Zilla Parishads and Panchayat Raj Institutions	3.84	0.03
4.	Sports and Youth Affairs	5.74	--
5.	Development Agencies	5.66	--
6.	Scientific Research	0.41	--
7.	Art and Culture	2.45	--
8.	Others	1.21	0.02
9.	Tillari Irrigation Development Corporation	--	6.00
Total		156.46	6.06

7.2 Delay in submission of accounts

7.2.1 In order to identify the institutions which attract audit under Section 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 Government is required to furnish to audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and total expenditure of the institutions. Information for the year 1999-2000 was called for in June 2000. Out of 33 bodies/authorities whose accounts were received by audit, 13 bodies/authorities attracted audit under the provisions of Section 14 of the Act. Of these 8 bodies/authorities were audited during 2000-2001.

7.2.2 The audit of the accounts of the following bodies has been entrusted to the Comptroller and Auditor General of India under section 19(3) and 20(1) of Comptroller and Auditor General (Duties, Power, Conditions & Services) Act 1971 for a period of 5 years as follows:

TABLE 7.2

Sr. No.	Name of the body	Period of entrustment	Date of entrustment
1.	Goa Housing Board, Porvorim	1997-98 to 2001-2002	7.4.1997
2.	Goa University, Taleigao	2000-2001 to 2004-2005	10.04.2001
3.	Goa Daman and Diu Khadi & Village Industries Board, Panaji	1998-99 to 2002-2003	27.5.1999
4.	Goa State Commission for Backward Classes, Panaji	1999-2000 to 2003-2004	11.10.1999
5.	Goa Board of Secondary & Higher Secondary Education, Porvorim	2000-2001 to 2004-2005	March 2001

There are no arrears in audit in respect of the above bodies and authorities.

7.3 Delay in furnishing Utilisation Certificate.

7.3.1 Financial rules of the Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and after verification these should be forwarded to Director of Accounts within eighteen months from the date of sanction, unless specified otherwise.

7.3.2 Of the 1845 Utilisation Certificate due in respect of grants aggregating to Rs.2882.60 lakh paid upto the end of March 2000, only 175 utilisation certificates for Rs.661.07 lakh had been furnished by the departments as on

30th September 2001 leaving 1670 utilisation certificates for an aggregate amount of Rs.1621.53 lakh outstanding. Department wise break up of outstanding utilisation certificates is given in Appendix-V.

7.4 Audit arrangement

7.4.1 Primary audit of local bodies (Panchayati Raj Institutions, Municipal Councils) is conducted by Director of Accounts, Panaji – Goa.

SECTION-B : PARAGRAPHS

EDUCATION DEPARTMENT

7.5 Irregular leasing of University land

The Goa University leased 10000 Sq. m land to a Registered Society and two Government of India Departments for a period of 99 years at a nominal lease rent of one rupee per annum without the approval of the Government

7.5.1 The Goa University was established (June 1985) under the Goa University Act, 1984 with the objectives to disseminate and advance knowledge by providing institutional, research and extension facilities in such branches of learning as it may deem fit, and the University was empowered to establish such campuses, special centres, specialised laboratories for research and instruction necessary for the furtherance of its objectives. The Goa Government had acquired (December 1986) land admeasuring 163.02 hectares at Taleigao Plateau at a cost of Rs. 1.81 crore through the Public Works Department and this land was formally handed over to the Goa University in May 1992, free of cost, for the use of the University. No terms and conditions were specified while handing over the land to the University.

7.5.2 The University leased part of that land admeasuring 10000 Sq. m (between February 1999 and April 2000) – 4000 Sq. m to Tata Energy Research Institute (TERI), a registered society, for constructing a research centre, 2500 Sq.m to Department of Telecom, Government of India for construction of telephone exchange and staff quarters and 3500 Sq. m to Electronic Test and Development Centre (ETDC), Department of Electronics, Government of India for construction of laboratory, office building and staff quarters - with due approval of its Executive Council on the ground that this would enable better interaction between the organisation and the University departments. The lease was for a period of 99 years at a nominal lease rent of one rupee per annum.

7.5.3 It was noticed in audit (October 2000) that the lease deed executed did not indicate the extent and manner in which the lessee would interact with the University Departments. As per General Financial Rules the assets acquired out of Government grants shall not be disposed of without the prior approval of the authority sanctioning the grant. Since the land leased by the University was a part of the land acquired by the Government and handed over to the University free of cost for developing the University campus, prior approval of the Government should have been obtained for leasing the land at a nominal rent. Such approval was not obtained by the University while leasing the land.

7.5.4 The leasing of the University land for a long period of 99 years at a nominal lease rent of one rupee per annum to a private organisation and to the Government of India Departments for construction of office building and staff

quarters, without the approval of the State Government, was irregular and was not in furtherance of the objectives of the University.

7.5.5 The University stated (November 2000) that Government approval was not obtained as the University is an autonomous body and the Executive Council had powers to decide such issues. The reply is not acceptable, as Government approval was necessary for leasing the land in view of the fact that the land was acquired by the Government and handed over to the University free of cost, for the use of the University, and the University is fully financed by the Government. Further in the absence of any written stipulation in the agreement with TERI, Department of Telecom and Department of Electronics as to the benefit that would accrue to the University, going for a long lease at a nominal rent of rupee one per annum was without justification.

7.5.6 The matter was referred to Government in July 2001 and their reply is awaited (January 2002).

DEPARTMENT OF HOUSING INCLUDING HOUSING BOARD

7.6 Idle investment on construction of 6 duplex bungalows at Davorlim, Margao

Lack of proper assessment of requirement of duplex bungalows had resulted in idle investment of Rs. 33.37 lakh for over two years

7.6.1 The Goa Housing Board had taken up the construction of 12 duplex bungalows at Davorlim, Margao at an estimated cost of Rs. 53.92 lakh for allotment to public/intended purchasers. The work was awarded by the Board to a contractor at a tendered cost of Rs.56.58 lakh in March 1997 to be completed in all respects by June 1998. The work was, however, completed in February 1999 at a cost of Rs.66.75 lakh.

7.6.2 The selling price of the duplex bungalows (floor area 125 Sq.m.) was fixed @ Rs.9.80 lakh per bungalow. Out of these 12 bungalows only 4 bungalows were booked till January 2001 and another two bungalows were to be allotted to a Gujarathi Samaj for running school for deaf and dumb after obtaining approval of Government, which was awaited (March 2001). Audit scrutiny revealed that market survey was not done for assessing the demand from prospective buyers for such type of bungalows. It was also noticed that there was no progress in sale of remaining six bungalows so far (April 2001) leading to idle investment of Rs.33.37 lakh on 6 units.

7.6.3 The lack of proper assessment of demand and marketing resulted in idle investment of Rs.33.37 lakh for more than two years, which was avoidable.

7.6.4 The matter was reported to the Government in September 2001 and their reply is awaited (January 2002).

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CHAPTER – VIII
GOVERNMENT COMMERCIAL AND TRADING
ACTIVITIES

8.1 General view of Government companies and Statutory corporations

Introduction

As on 31 March 2001, there were 13 Government companies (all working companies) and one working Statutory corporation as against 14 Government companies (13 working companies and one non working company) and one working Statutory corporation as on 31 March 2000 under the control of the State Government. During the year, one non-working company viz. Kadamba Suburban Transport Corporation Limited was closed. The accounts of Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General Of India (CAG) as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangement of Statutory corporation is shown as below :

TABLE 8.1

Name of the corporation	Authority for audit by the CAG	Audit arrangement
Goa Industrial Development Corporation	Section 25(2) of the Goa Industrial Development Corporation Act, 1965 and section 19(3) of CAG's (Duties, Powers and Conditions of Service) Act, 1971	Sole audit entrusted to the CAG up to 31 March 2002

8.2 Working Public Sector Undertakings (PSUs)

8.2.1 Investment in working PSUs

As on 31 March 2001, the total investment in 14 working PSUs (13 Government companies and one Statutory corporation) was Rs.467.79 crore (equity: Rs.104.40 crore; long-term loans: Rs.363.39 crore) as against total investment of Rs.429.66 crore (equity: Rs.102.50 crore; long-term loans: Rs.327.11 crore; and share application money: Rs.0.05 crore) as on 31 March 2000 in same number of working PSUs.

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

Working Government Companies

8.2.3 Total investment in 13 working Government companies as on 31 March 2001 was Rs.443.32 crore (equity : Rs.79.93 crore; long-term loans: Rs.363.39 crore) as against total investment of Rs.406.69 crore (equity: Rs.79.53 crore; long-term loans: Rs.327.11 crore, share application money: Rs.0.05 crore) as on 31 March 2000 in 13 working Government companies.

8.2.4 The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in Appendix-VI.

Sector wise investment in working Government Companies

8.2.5 As on 31 March 2001, the total investment in working Government companies, comprised 18.03 per cent of equity capital and 81.97 per cent, of loans as compared to 19.57 per cent and 80.43 per cent, respectively, as on 31 March 2000.

8.2.6 The investment (equity and long term loans) in various sectors and percentages thereof at the end of 31 March 2001 and 31 March 2000 are indicated below in the pie charts.

CHART 8.1
Sector-wise investment in working Government companies as on 31 March 2001

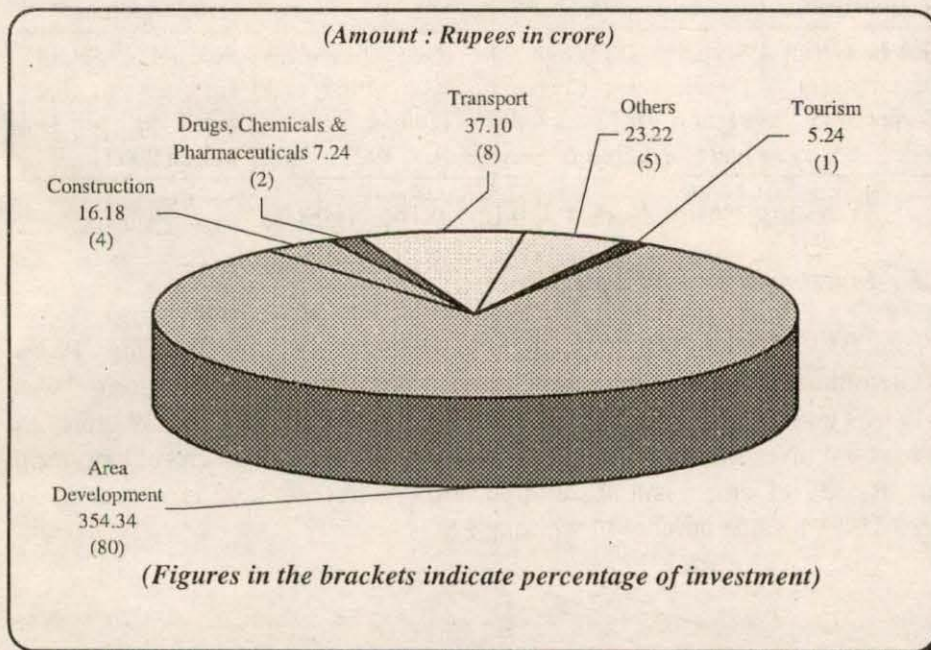
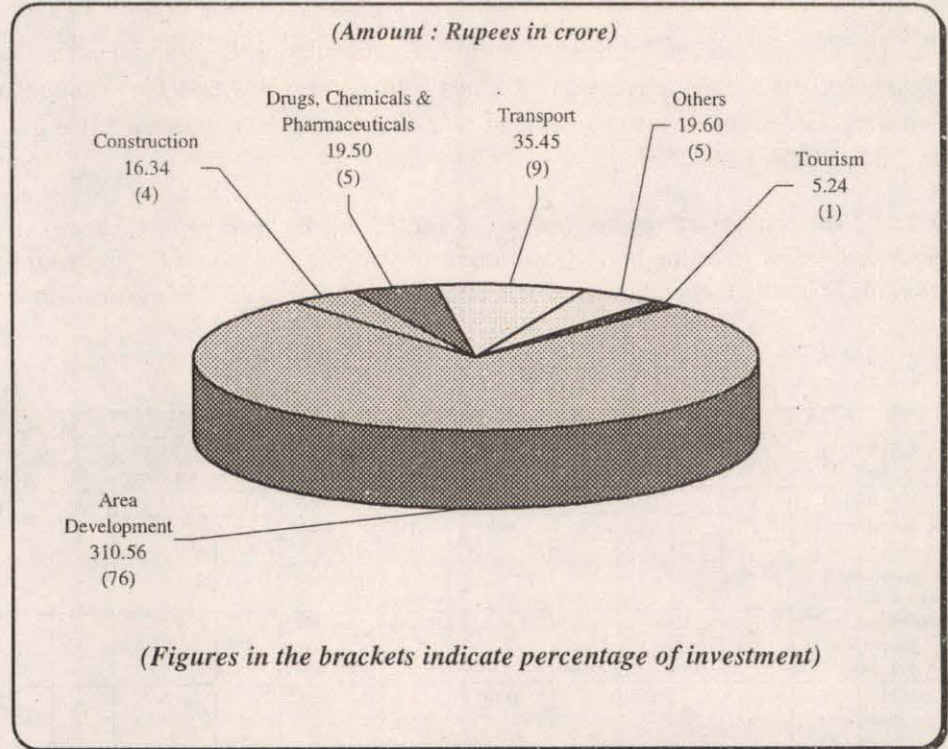


CHART 8.2

Sector-wise investment in working Government companies as on 31 March 2000



8.2.7 Due to significant increase in long-term loans of Industries, Electronics, Area Development and Economically Weaker section Sectors, the debt equity ratio increased from 4.11:1 in 2000 to 4.55:1 in 2001.

Working Statutory Corporation

8.2.8 The total investment in one working statutory corporation at the end of March 2001 and March 2000 was as follows:

TABLE 8.2

(Rupees in crore)

Sr. No.	Name of the corporation	1999-2000		2000-2001	
		Capital	Loan	Capital	Loan
1	Goa Industrial Development Corporation	22.97	---	24.47	---

8.2.9 The summarised statement of Government investment in the working statutory corporation in the form of equity and loans is detailed in Appendix-VI.

Budgetary outgo, grants/subsidies, guarantees and waiver of dues

8.2.10 The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to working Government companies and working Statutory corporation are given in Appendix-VI and VIII.

8.2.11 The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to working Government companies and working Statutory corporation for the three years up to March 2001 are given below:

TABLE 8.3

(Rupees in crore)

Particulars	1998-1999				1999-2000				2000-2001			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital	1	2.00	-	-	1	0.10	-	-	3	0.35	1	1.50
Loans given from budget	1	0.52	-	-	1	0.47	-	-	1	1.18	-	-
Grants/subsidy towards	-	-	-	-	-	-	-	-	-	-	-	-
(i) Project/ Programme Schemes	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Other grants/ subsidy	4	2.16	1	0.18	3	3.55	-	-	4	5.09	-	-
(iii) Total grants/ subsidy	4	2.16	1	0.18	3	3.55	-	-	4	5.09	-	-
Total Outgo	6[@]	4.68	1	0.18	4[@]	4.12	-	-	6[@]	6.62	1	1.50

8.2.12 During the year 2000-2001, the Government had guaranteed loans aggregating to Rs.62.04 crore obtained by three working Government companies. At the end of the year, guarantees amounting to Rs.77.36 crore obtained by three Government companies were outstanding as against the outstanding guarantees of Rs.33.02 crore obtained by four working Government companies as on 31 March 2000. There was no case of default in repayment of guaranteed loan during the year. The Government had waived interest of Rs.0.39 lakh in respect of one company.

Finalisation of accounts by PSUs

8.2.13 The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with

[@] Indicates total number of companies/corporations which have received Budgetary support from the State Government in the form of Equity, Loans, Grants & Subsidy.

Section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971. They are also to be laid before the legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the State legislature as per the provisions of their respective Acts.

8.2.14 However, as could be noticed from Appendix-VII, out of 13 working Government companies, only six working companies and one Statutory corporation have finalised their accounts for the year 2000-01 within stipulated period. During the period from October 2000 to September 2001, six working Government companies finalised seven accounts for previous years.

8.2.15 The accounts of other seven working Government companies were in arrears for periods ranging from one year to two years as on 30 September 2001 as detailed below:

TABLE 8.4

Sl. No.	Year from which accounts are in arrears	Number of years for which Accounts were in arrears	Number of companies/ corporations		Reference to Sl. No. of Appendix-VI & VII	
			Government companies	Statutory corporation	Government companies	Statutory corporation
1.	2000-01	1	5	-	A-1, 7, 8, 11, 12	-
2.	1999-2000 and 2000-01	2	2	-	A-5, 9	-
Total			7	-	-	-

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

Financial position and working results of working PSUs

8.2.17 The summarised financial results of working PSUs (Government companies and Statutory corporations) as per latest finalised accounts are given in Appendix-VII. Besides, statement showing financial position and working results of individual working Statutory corporation for the three years for which accounts are finalised are given in Appendix-IX and X respectively.

8.2.18 According to latest finalised accounts of 13 working Government companies and lone working Statutory corporation, nine companies and one corporation had incurred an aggregate loss of Rs.14.27 crore and Rs.1.44 crore respectively, whereas four companies earned an aggregate profit of Rs.1.67 crore.

8.3 Working Government companies :

Profit earning working companies and dividend

8.3.1 Two profit earning working companies which finalised their accounts for the year 2000-2001 by September 2001, earned an aggregate profit of Rs.0.57 crore but did not declare any dividend. The State Government has not formulated dividend policy for payment of minimum dividend.

8.3.2 Two profit earning working companies which finalised their accounts for previous years by September 2001, earned an aggregate profit of Rs.1.10 crore and only one company earned profit for two or more successive years.

Loss incurring Government companies

8.3.3 Of the nine loss incurring working Government companies, six companies had accumulated losses aggregating Rs.61.53 crore which exceeded their aggregate paid-up capital of Rs.30.18 crore by more than two times.

8.3.4 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 contribution towards equity, further grant of loans, conversion of loans into equity, subsidy, etc. According to available information total financial support so provided by the State Government was Rs.4 crore by way of subsidy to one company during 2000-01.

8.4 Working Statutory corporation

Loss incurring Statutory corporation

8.4.1 The lone Statutory Corporation, which finalised its accounts for the year 2000-01 incurred a loss of Rs.1.44 crore during the year and had an accumulated profit of Rs.8.32 crore.

Operational performance of working statutory corporation

8.4.2 The operational performance of the working statutory corporation is given in Appendix-XI.

8.5 Return on Capital employed

As per the latest finalised accounts (up to September 2001) the capital employed* worked out to Rs.401.39 crore in 13 working companies and total return* thereon amounted to Rs.27.43 crore which is 6.83 percent as compared to total return on Rs.25.06 crore (7.14 per cent) in the previous year. Similarly, the capital employed and total return thereon in case of working statutory corporation as per the latest finalised accounts (up to September 2001) worked out to Rs.30.12 crore and Rs.(-)1.04 crore (negative return), respectively, against the total return of Rs.2.66 crore (6.6 per cent) in previous year. The details of capital employed and total return on capital employed in case of working Government companies and statutory corporation are given in Appendix-VII.

8.6 Status of placement of Separate Audit Report of Statutory Corporation in Legislature

The following table indicate the status of placement of Separate Audit Report (SARs) on the accounts of Statutory corporation issued by the CAG of India in the Legislature by the Government.

TABLE 8.5

Sl. No	Name of Statutory corporation	Years up to which SARs placed in Legislature	Years for which SAR not placed in Legislature		
			Year of SAR	Date of issued to the Government	Reasons for delay in placement in the Legislature
1.	Goa Industrial Development Corporation	1998-99	1999-2000	23-05-2001	Information awaited.

8.7 Dis-investment, privatisation and Restructuring of Public Sector Undertakings

There was no case of dis-investment in the PSUs and no Government company or Statutory corporation of the State was privatised, restructured or merged during 2000-01. One non-working Government company, viz. Kadamba Suburban Transport Corporation Limited was closed in March 2001 as per the directives of the State Government.

* Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in finance companies and corporations where it represents a 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.

8.8 Results of the Audit by the Comptroller and Auditor General of India

8.8.1 During the period from October 2000 to September 2001, the audit of accounts of 11 working Government companies and one working statutory corporation were selected for review. The net impact of the important audit observations as a result of review of the PSUs were as follows:

TABLE 8.6

Sl. No.	Details	Number of accounts				(Rupees in lakh)			
		Government companies		Statutory corporations		Government companies		Statutory corporations	
		Working	Non-working	Working	Non-working	Working	Non-working	Working	Non-working
i)	Decrease in profit	-	-	1	-	-	-	15.3	-
ii)	Increase in profit	-	-	-	-	-	-	-	-
iii)	Increase in losses	1	-	-	-	4.54	-	-	-
iv)	Decrease in losses	3	-	-	-	13.78	-	-	-
v)	Non-disclosure of material facts	1	-	1	-	11.61	-	29.32	-
vi)	Errors of classification	3	-	1	-	253.98	-	226.35	-

8.8.2 Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above companies and corporation are mentioned below:

Errors and omissions noticed in case of Government companies

1. Goa Meat Complex Limited (1999-2000)

(i) Income Tax Department had disallowed (March 2000) 100 per cent depreciation on incinerator and raised demand of Rs.3.84 lakh. Non-provision thereof had resulted in under statement of loss to that extent.

(ii) Company had paid premium of Rs.3.32 lakh towards Group gratuity for the year 1999-2000 to Life Insurance Corporation during August 1999. Besides, the Company had also made a provision of Rs.2.94 lakh towards gratuity liability during the year in which it was not required, as the premium had already been paid. The excess provision had resulted in overstatement of expenditure and loss for the year and also provision for gratuity by Rs.2.94 lakh.

2. Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited (1999-2000)

Other income did not include interest of Rs.1.00 lakh accrued for 1999-2000 on the House Building Advance granted to employees. This had resulted in understatement of other income and profit to that extent.

3. Goa Construction, Housing and Finance Corporation Limited (1999-2000)

Loans and Advances included an advance of Rs.27.52 lakh given to Choudhary & Choudhary India Limited, against which principal amount of Rs.3.44 lakh was recovered and credited to "Interest Received Account" instead of adjusting it against "Advances". This had resulted in overstatement of Loans and Advances and understatement of loss to the extent of Rs.3.44 lakh.

4. Kadamba Transport Corporation Limited (1999-2000)

Operating expenses included Rs.6.94 lakh being value of high-speed diesel issued to the Karnataka State Road Transport Corporation buses during March 2000. This had resulted in understatement of Loans and Advances and overstatement of loss to the extent of Rs.6.94 lakh.

8.8.3 Errors and omissions noticed in case of Statutory Corporation

Goa Industrial Development Corporation (1999-2000)

(i) Water supply and electricity charges and profit for the year were overstated by Rs.22.22 lakh due to (a) inclusion of expenditure (Rs.41.59 lakh) relating to the year 1998-99, (b) non-inclusion of water charges (Rs.13.31 lakh) for the period January 2000 to March 2000 and (c) inclusion of refund (Rs.6.06 lakh) received from PWD relating to year 1997-98.

(ii) Interest on EDC loan had been arrived after adjusting debit of Rs.10.00 lakh being interest of EDC loan relating to the year 1998-99 instead of adjusting it through 'Prior Period adjustment account'. This had resulted in understatement of net surplus and prior period expenses by Rs.10.00 lakh.

8.9 Recommendation for Closure of PSUs

Even after completion of five years of their existence, the turnover of five (Sl. No. A-1, 2, 7, 9, 12 of Appendix-VI) working Government companies have been less than Rs.5 crore in each of the preceding five years of latest finalised accounts. Similarly, one working Government company (Sl. No.A-11 of Appendix-VI) had been incurring losses for five consecutive years leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve performance of above six Government Companies or consider their closure. On being pointed out by Audit, the Government stated (June 2001) that it would review the status and position of each of the above six SLPSUs and take a decision on the course to be followed for which guidelines for dis-investments would be laid down. The Government further stated that action regarding Goa State Schedule Caste and Other Backward Classes Development Corporation Limited would be taken only in consultation with the Ministry of Social Justice and Empowerment, Government of India. Further progress was awaited October 2001).

8.10 Response to Inspection Reports, Draft Paras and Reviews

8.10.1 Audit observations noticed during audit and not settled on the spot are communicated to the head of PSUs and concerned departments of State

Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. Inspection Reports issued upto March 2001 pertaining to 10 PSUs disclosed that 71 paragraphs relating to 14 Inspection Reports remained outstanding at the end of September 2001. Of these, 2 Inspection Reports containing 19 paragraphs had not been replied for more than 1 year. Department-wise break-up of Inspection Reports and Audit Observations outstanding as on 30 September 2001 is given in Appendix-XII.

8.10.2 It is recommended that (a) the Government should ensure that procedure exists for action against the officials who failed to send replies to Inspection Reports as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment in a time bound scheme and (c) revamping the system of responding to the audit observations.

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

8.11.1 Reviews and paragraphs of the Chapter on Commercial and Trading Activities included in Audit Reports (Civil) - Government of Goa pending for discussion by COPU as at the end of March 2001 were as below:

TABLE 8.7

Period of Audit Report	Number of reviews and Paragraphs appeared in the Audit Report		Number of reviews/paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1992-93	1	-	1	-
1993-94	1	-	1	-
1994-95	-	-	-	-
1995-96	1	-	1	-
1998-99	1	2	1	2
Total	4	2	4	2

8.11.2 The COPU held their last meeting on 27-10-1995 and completed discussion on commercial chapter of Audit Reports (Civil) Government of Goa for the years 1988-89 to 1991-92. The Committee have made recommendations vide their 9th and 11th report, however action taken thereon was awaited from the three companies and one Statutory corporation (September 2001).

8.11.3 The Audit Report (Civil) for the year 1999-2000 was placed before the State legislature on 17 July 2001.

8.12 619-B Companies

There was only one working company coming under Section 619-B of the Companies Act, 1956. Appendix-XIII indicates 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.

8.13. Departmentally managed Government Commercial/Quasi Commercial Undertakings

8.13.1 There were two Departmentally managed Government Commercial/Quasi Commercial Undertakings viz. Electricity Department and River Navigation Department in the State as on 31 March 2001.

8.13.2 The proforma accounts of Electricity Department for the year 2000-01 and of River Navigation Department for the years 1997-98 to 2000-2001 were in arrears (October 2001).

8.13.3 The summarised financial results of the Electricity Department for the years 1997-98 to 1999-2000 and that of River Navigation Department for the years 1994-95 to 1996-97 are given in Appendix-XIV.

SECTION - B - OTHER TOPICS OF INTEREST

GOA HANDICRAFTS, RURAL AND SMALL SCALE
INDUSTRIES DEVELOPMENT CORPORATION
LIMITED

8.14 Loss on disposal of steel

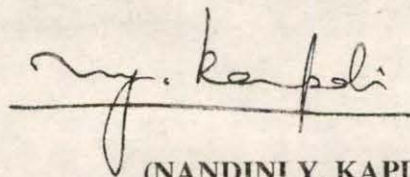
Company suffered loss of Rs.0.15 crore due to purchase of steel without assessing the demand and subsequent sale of the same on discount.

8.14.1 Government of Goa (GOG) directed (April 1997) the State Public Works Department (PWD) to procure 50 *per cent* of steel required by PWD contractors from the Company. On the basis of the above directive, the Company purchased (June to September 1997) 637.8 MT of steel of various dimensions from SAIL valued at Rs.1.03 crore without assessing the demand for steel from State PWD. In spite of the specific directive from GOG, PWD contractors did not purchase steel from the Company in the absence of stipulation to this effect in the PWD's contract with the contractors. The Company could sell only 212.76 MT (Rs.0.35 crore) of steel in open market due to sluggish market conditions, heavy recession and lower rates prevalent in the market. The Company did not pursue the GOG to enforce the above order and decided (November 1997/April 1998) to sell the remaining quantity of balance steel (425.04 MT) at discounted rate in order to avoid loss due to deterioration. Accordingly, the remaining quantity of 425.04 MT procured at a cost of Rs.0.69 crore was sold (January 1998 to June 1998) in the open market for Rs.0.54 crore incurring loss of Rs.0.15 crore.

8.14.2 The Government while admitting the loss stated (July 2001) that with no prospects of PWD lifting the material, the Company had no other option but to dispose of the material as early as possible by allowing discount.

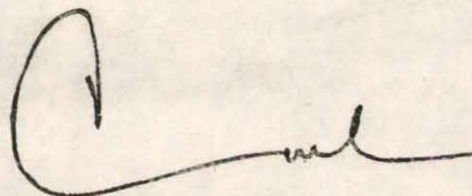
Mumbai,
The

- 8 JUL 2002



(NANDINI Y. KAPDI)
Principal Director of Audit (Central)

Countersigned



(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

New Delhi
The

79 JUL 2002

APPENDICES

APPENDICES

APPENDIX - I

Statement showing cases where supplementary grants proved unnecessary

(Reference paragraph 2.4.3)

(Rupees in lakh)

Sr. No	Grant/ Appropriation	Original	Amount of grant/appropriation		
			Supple-mentary	Actual Ex-penditure	Savings
Revenue Charged					
1.	Appropriation - Debt Services	22987.00	198.98	21215.55	1970.43
2.	Appropriation - Goa Public Service Comm.	45.00	2.00	41.07	5.93
3.	19 - Industries & Mines	-	0.10	-	0.10
4.	34 - School Education	-	1.00	-	1.00
Capital - Voted					
5.	2 - General Administration and Co-ordination	-	100.00	-	100.00
6.	47 - Goa Medical College and Hospital	442.00	171.17	320.84	292.33
7.	53 - Food and Drugs Administration	10.00	13.19	3.52	19.67
8.	64 - Agriculture	46.10	19.90	45.41	20.59
9.	66 - Fisheries	99.00	22.90	58.90	63.00
10.	74 - Irrigation	10048.00	1811.12	5596.94	6262.18
Revenue - Voted					
11.	4 - District & Session Court	274.00	2.36	267.12	9.24
12.	12 - Sales & Entertainment Tax	228.00	12.08	225.62	14.46
13.	22 - Vigilance	20.00	0.50	13.83	6.67
14.	24 - Goa Public Men's Corruption	33.00	0.27	26.56	6.71
15.	30 - Lotteries	56788.00	12.00	36223.84	20576.16
16.	33 - Revenue	141.00	71.11	123.00	89.11
17.	34 - School Education	17406.92	111.48	17088.86	429.54
18.	47 - Goa Medical College and Hospital	3187.00	62.93	2951.59	298.34

Audit Report (Civil) for the year ended 31 March 2001

19.	49 – Institute of Psychiatry and Human Behaviour	394.00	24.17	378.28	39.89
20.	52 – Labour	534.00	57.88	503.93	87.95
21.	54 – Town and Country Planning	228.00	4.32	219.84	12.48
22.	57 – Social Welfare	275.95	83.28	268.02	91.21
23.	59 – Factories and Boilers	89.00	2.10	84.89	6.21
24.	64 – Agriculture	1172.53	50.97	1155.30	68.20
25.	65 – Animal Husbandry and Veterinary Services	775.00	51.52	765.44	61.08
26.	66 – Fisheries	308.19	23.75	293.16	38.78
27.	70 – Civil Supplies & Price Control	136.59	12.21	132.79	16.01
28.	71 – Co-operation	282.40	4.30	246.56	40.14
29.	76 – Electricity	40079.00	151.00	38413.40	1816.60
Total		156029.68	3078.59	126664.26	32444.01

APPENDIX – II

Unutilised provisions – Savings not surrendered
(Reference Paragraph 2.5)

(Rupees in lakh)

Sr. No	Number and Name of the grant/ appropriation	Total amount of grant/ Appropriation	Total Expenditure	Savings available
Revenue – Charged				
1.	1 – Legislature Secretariat	24.70	24.14	0.56
2.	48 – Health Services	2.13	2.12	0.01
Capital - Charged				
3.	36 – Technical Education	117.26	116.82	0.44
4.	78 – Tourism	12.08	11.68	0.40
Revenue – Voted				
5.	1 – Legislature Secretariat	320.79	317.23	3.56
6.	11 – State Excise	213.42	212.98	0.44
7.	73 – State Election Commission	60.00	51.50	8.50
Capital - Voted				
8.	1 – Legislature Secretariat	42.00	38.98	3.02
9.	8 – Treasury & Accounts Administration (North Goa)	875.00	874.20	0.80
10.	31 – Panchayats	38.11	37.71	0.40
11.	33 – Revenue	0.10	-	0.10
12.	38 – Government Polytechnic, Bicholim	2.00	1.14	0.86
13.	42 – Sports & Youth Affairs	150.55	149.27	1.28
14.	48 – Health Services	50.00	33.36	16.64
15.	61 – Craftsmen Training	15.00	13.10	1.90
16.	76 – Electricity	2020.00	2019.34	0.66
17.	78 – Tourism	341.36	* 328.17	13.19
Total		4284.50	4231.74	52.76

APPENDIX –II-A
Savings Partially Surrendered
(Reference Paragraph 2.5)

(Rupees in lakh)

Sr. No	Number and name of the appropriation	Total amount of grant/appropriation	Total expenditure	Savings available	Amount surrendered
Revenue – Charged					
1.	Debt Service	23185.98	21215.55	1970.43	1663.94
Revenue – Voted					
2.	18 – Jails	225.66	199.25	26.41	18.00
3.	21 – Public Works	15302.85	14393.84	909.01	902.22
4.	30 – Lotteries	56800.00	36223.84	20576.16	19635.29
5.	33 – Revenue	212.11	123.00	89.11	15.83
6.	34 – School Education	17518.40	17088.86	429.54	415.92
7.	47 – Goa Medical College and Hospital	3249.93	2951.59	298.34	269.17
8.	48 – Health Services	4333.02	4053.13	279.89	259.98
9.	52 – Labour	591.88	503.93	87.95	12.87
10.	57 – Social Services	359.23	268.02	91.21	75.82
11.	65 – Animal Husbandry and Veterinary Services	826.52	765.44	61.08	45.08
12.	68 – Forests	1414.59	1159.27	255.32	245.40
13.	78 – Tourism	468.48	360.19	108.29	61.00
Capital – Voted					
14.	19 – Industries	115.51	3.07	112.44	106.51
15.	21 – Public Works	12364.09	9559.91	2804.18	2765.91
Total		136968.25	108868.89	28099.36	26492.94

APPENDIX – II-B
Statement showing surrender in excess of savings
(Reference Paragraph 2.6))

(Rupees in lakh)

Sr. No	Number and name of the grant	Total Amount of grant	Total expenditure	Excess(+) Saving(-)	Amount surrendered	Amount surrendered in excess
Capital - Charged						
1.	Debt Services	30115.84	31383.60	(+) 1267.76	62.28	62.28
Revenue - Voted						
2.	8 – Treasury and Accounts Administration (North Goa)	9042.00	9251.85	(+) 209.85	3.12	3.12
3.	14 – Goa Sadan	89.20	87.71	(-) 1.49	1.50	0.01
4.	16 – Collectorate South Goa	361.95	337.92	(-) 24.03	24.05	0.02
5.	23 – Home	28.27	25.30	(-) 2.97	3.46	0.49
6.	36 – Technical Education	379.00	373.10	(-) 5.90	6.83	0.93
7.	54 – Town & Country Planning	232.32	219.84	(-) 12.48	12.69	0.21
8.	69 – Parks & Gardens	89.00	41.51	(-) 47.49	47.50	0.01
Capital – Voted						
10.	36 – Technical Education	20.00	7.86	(-) 12.14	13.27	1.13
11.	40 – Goa College of Engineering	83.15	76.41	(-) 6.74	6.86	0.12
12.	43 – Art & Culture	262.68	161.38	(-) 101.30	102.68	1.38
13.	45 – Archives & Archaeology	9.59	8.50	(-) 1.09	1.48	0.39
14.	70 – Food, Storage & Warehousing	9691.00	931.86	(-) 8759.14	8759.24	0.10
15.	72 – Science, Technology & Environment	7.00	5.83	(-) 1.17	1.25	0.08
Total		50411.00	42912.67	7498.33	7568.60*	70.27

* Excluding excess of Rs.1477.61 lakh occurred under Grant No. 8 – Revenue Voted and Debt Services – Capital Charged.

APPENDIX - III

Statement showing misappropriation, losses etc. reported upto 31st March 2001 pending finalisation at the end of June 2001
(Reference : Paragraph 3.10.2)

Sr.No.	Name of the department	Awaiting Dept. Criminal investigation.		Departmental action started but not finalised		Criminal proceedings finalised 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 in lakh													
1	Civil supplies department	-	-	-	-	-	-	-	-	1	0.52	1	0.52
2	Education Department												
	Govt. Polytechnic Director of Education	2	0.24	-	-	-	-	-	-	-	-	2	0.24
		-	-	-	-	-	-	-	-	1	0.77	1	0.77
3	Forest Department Conservator of Forest	-	-	-	-	1	0.67	-	-	-	-	1	0.67

4	Home Department Dy.Commandant General Home Guards Director General of Police	-	-	-	-	-	-	-	-	1	4.95	1	4.95
		-	-	-	-	-	-	-	-	1	1.38	1	1.38
5	Panchayati Raj Dy. Director of Panchayat (North)	-	-	-	-	-	-	2	0.79	-	-	2	0.79
6	Power Department Chief Electrical Officer	-	-	-	-	2	11.95	-	-	-	-	2	11.95
7	Revenue Director of Settlement & land records	-	-	-	-	-	-	-	-	-	-	-	-
8	Health Department Director of Health Services.	-	-	3	0.88	-	-	-	-	-	-	3	0.88
9	Technical Education Goa College of Engineering	-	-	-	-	-	-	1	0.18	-	-	1	0.18
10	District & Session Court Panaji.	-	-	1	0.26	-	-	-	-	-	-	1	0.26
	Total	2	0.24	4	1.14	3	12.62	3	0.97	4	7.62	16	22.59

APPENDIX - IV

Department-wise details of write off and waiver of recovery
(Reference : Paragraph 3.12.2)

Sr. No.	Name of Department	Write off	
		No. of cases	Amount (In Rupees)
1.	ANIMAL HUSBANDRY AND VETERINARY SERVICES		
	Director of Animal Husbandry and Veterinary Services	186	27,385.93
2.	EDUCATION		
	Director of Education	30	82,010.00
3.	POLICE		
	Director General of Police	2	12,668.00
4.	PRINTING AND STATIONERY		
	Director of Printing and Stationery	17	68,433.45
5.	FINANCE		
	Directorate of Accounts	2	2,438.65
6.	INDUSTRIES AND MINES		
	Director of Industries and Mines	829	6,89,187.00
7.	HEALTH		
	Goa Medical College	5	12,691.02
8.	AGRICULTURE		
	Director of Agriculture	6	4,52,692.00
9.	PUBLIC WORKS DEPARTMENT		
	Chief Engineer	1	400.00
	Total	1078	13,47,906.05

APPENDIX - V

**Department wise break up of outstanding utilisation certificates
(Reference : Paragraph No.7.3)**

Sr. No.	Name of the Department	No. of Utilisation Certificates	Amount (Rs. In lakh)
1	Education Directorate of Education	57	330.01
2	Sports & Youth Affairs Director of Sports & Youth Affairs	58	60.96
3	Urban Development Director of Municipal Administration	111	687.87
4	Social welfare i) Director of Women & Child Welfare, Panaji ii) Directorate of Social Welfare	108 2	109.84 3.66
5	Town & Country Planning Department Town & Country Planning Department	1	1.22
6	Panchayati Raj i) Directorate of Panchayats (South), Margao ii) Directorate of Panchayats (North), Panaji	915 396	67.17 278.12
7	Science Technology & Environment Directorate of Science Technology & Environment	9	45.96
8	Home Director General of Police	2	1.00
9	Health Directorate of Health Services	7	14.82
10	Secretariat, Panaji	4	20.90
	Grand Total	1670	1621.53

APPENDIX – VI

Statement showing particulars of up to date capital, budgetary outgo and loans outstanding as on 31 March 2001 in respect of Government companies and Statutory corporation

(Referred to in paragraph 8.2.4, 8.2.9, 8.2.10, 8.9)

(Figures in Column 3(a) to 4(f) are Rupees in lakh)

Sl. No.	Sector and name of the company	Paid-up capital as at the end of the current year 2000-2001					Equity/loans received out of Budget during the year		Other loans received during the year [@]	*Loans outstanding at the close of the year 2000-2001			Debt equity ratio for 2000-2001 (previous year) 3(e)/4(f)
		State Government	Central Government	Holding company	Others	Total	Equity	Loans		Government	Others	Total	
(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)
A	Government companies												
	AGRICULTURE AND ALLIED												
1.	Goa State Horticultural Corporation Limited	74.40	---	---	---	74.40	20.00	---	---	---	---	---	---
2.	Goa Meat Complex Limited	25.00	23.96	---	12.86	61.82	---	---	---	---	---	---	---
	TOTAL	99.40	23.96	---	12.86	136.22	20.00	---	---	---	---	---	---
	INDUSTRIES												
3.	Goa Auto Accessories Limited	---	---	67.00	---	67.00	---	---	---	---	165.00	165.00	2.46:1 (1.72:1)
4.	Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited	233.01	12.00	---	---	245.01	10.00	---	---	---	---	---	---
	TOTAL	233.01	12.00	67.00	---	312.01	10.00	---	---	---	165.00	165.00	

[@] Includes bonds, debentures, inter corporate deposits, etc.

[#] Loans outstanding at the close of 2000-01 represents long term only.

(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)
	ELECTRONICS												
5.	Goa Electronics Limited	---	---	180.00	---	180.00	---	---	---	---	826.42	826.42	4.59:1 (3.28:1)
	TOTAL	---	---	180.00	---	180.00	---	---	---	---	826.42	826.42	
	FOREST												
6.	Goa Forest Development Corporation Limited	50.00	---	---	---	50.00	---	---	---	---	---	---	---
	TOTAL	50.00	---	---	---	50.00	---	---	---	---	---	---	---
	CONSTRUCTION												
7.	Goa Construction, Housing and Finance Corporation Limited	200.00	---	---	---	200.00	---	---	---	---	1418.00	1418.00	7.09:1 (7.71:1)
	TOTAL	200.00	---	---	---	200.00	---	---	---	---	1418.00	1418.00	
	AREA DEVELOPMENT												
8.	EDC Limited	2320.26	---	---	1472.22	3792.48	---	---	---	---	31641.25	31641.25	8.34:1 (7.91:1)
	TOTAL	2320.26	---	---	1472.22	3792.48	---	---	---	---	31641.25	31641.25	
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION												
9.	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	123.00	103.76	---	---	226.76	5.00	118.10	---	---	190.40	190.40	0.48:1 (0.37:1)
	TOTAL	123.00	103.76	---	---	226.76	5.00	118.10	---	---	190.40	190.40	
	TOURISM												
10.	Goa Tourism Development Corporation Limited	524.29	---	---	---	524.29	---	---	---	---	---	---	---
	TOTAL	524.29	---	---	---	524.29	---	---	---	---	---	---	---

Audit Report (Civil) for the year ended 31 March 2001

(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)
	DRUGS, CHEMICALS & PHARMACEUTICALS												
11.	Goa Antibiotics and Pharmaceuticals Limited	---	---	155.00	---	155.00	---	---	---	---	569.32	569.32	3.67:1 (11.58:1)
	TOTAL	---	---	155.00	---	155.00	---	---	---	---	569.32	569.32	
	FINANCIAL												
12.	Goa Financial and Leasing Services Limited	---	---	125.00	---	125.00	---	---	---	---	110.00	110.00	0.88:1 (1.41:1)
	TOTAL	---	---	125.00	---	125.00	---	---	---	---	110.00	110.00	
	TRANSPORT												
13.	Kadamba Transport Corporation Limited	2290.96	---	---	---	2290.96	---	---	---	---	1418.89	1418.89	0.62:1 (0.55:1)
	TOTAL	2290.96	---	---	---	2290.96	---	---	---	---	1418.89	1418.89	
	Total - A	5840.92	139.72	527.00	1485.08	7992.72	35.00	118.10	---	---	36339.28	36339.28	
B.	STATUTORY CORPORATIONS												
1.	Goa Industrial Development Corporation	1773.18	674.00	---	---	2447.18	150.00	---	---	---	---	---	---
	TOTAL B	1773.18	674.00	---	---	2447.18	150.00	---	---	---	---	---	---
	GRAND TOTAL (A+B)	7614.10	813.72	527.00	1485.08	10439.90	185.00	118.00	---	---	36339.28	36339.28	

Figures in bracket represent figures for the previous years.

APPENDIX - VII

Summarised financial results of Government companies and Statutory corporation for the latest year for which accounts were finalised
(Referred to in paragraph 8.2.14, 8.2.17, 8.5)

(Figures in Column 7 to 12 are in Rupees in lakh)

Sl. No.	Sector and name of Company	Name of Department	Year of Incorporation	Period of Accounts	Year in which finalised	Net Profit (+) /Loss (-)	Net impact of Audit Comments	Paid-up capital	Accumulated Profit(+)/ Loss(-)	Capital employed A	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
A	WORKING GOVERNMENT COMPANIES												
	AGRICULTURE AND ALLIED												
1.	Goa State Horticultural Corporation Limited	Agriculture	1993	1999-2000	2001-2002	(-) 17.48	-	54.40	(-) 37.86	42.18	(-) 17.48	-	1
2.	Goa Meat Complex Limited	Animal Husbandry	1971	2000-2001	2001-2002	8.34	-	61.82	103.04	256.62	10.76	4.19	-
	TOTAL					(-) 9.14	-	116.22	65.18	298.80	(-) 6.72	-	-
	INDUSTRIES												
3.	Goa Auto Accessories Limited	Industries & Labour	1976	2000-2001	2001-2002	(-) 104.41	-	67.00	(-) 172.08	185.41	(-) 75.79	-	-
4.	Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited	Industries & Labour	1980	2000-2001	2001-2002	(-) 4.19	-	245.01	14.70	467.59	13.65	2.92	-
	TOTAL					(-) 108.60	-	312.01	(-) 157.38	653.00	(-) 62.14		
	ELECTRONICS												
5.	Goa Electronics Limited	Industries & Labour	1976	1998-99	1999-2000	(-)213.49	-	180.00	(-)767.63	364.46	(-)24.61	-	2
	TOTAL					(-)213.49	-	180.00	(-)767.63	364.46	(-)24.61		
	FOREST												
6.	Goa Forest Development Corporation Limited	Forest	1997	2000-2001	2001-2002	48.97	-	50.00	259.15	317.82	51.30	16.14	-
	TOTAL					48.97	-	50.00	259.15	317.82	51.30	16.14	

Audit Report (Civil) for the year ended 31 March 2001

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	CONSTRUCTION												
7.	Goa Construction, Housing and Finance Corporation Limited	Housing	1993	1999-2000	2000-2001	(-) 201.93	(-) 4.54	200.00	(-) 459.01	1158.47	(-) 34.45	-	1
	TOTAL					(-) 201.93	(-) 4.54	200.00	(-) 459.01	1158.47	(-) 34.45		
	AREA DEVELOPMENT												
8.	EDC, Limited	Industries	1975	1999-2000	2000-2001	109.69	-	3792.48	25.67	34018.92 (B)	3255.61	9.57	1
	TOTAL					109.69	-	3792.48	25.67	34018.92	3255.61	9.57	
	DEVELOPMENT ECONOMICALLY WEAKER SECTION												
9	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	Social Welfare	1990	1998-99	2001-2002	0.03	-	211.76	(-) 12.50	286.78	5.21	1.82	2
	TOTAL					0.03	-	211.76	(-) 12.50	286.78	5.21	1.82	
	TOURISM												
10.	Goa Tourism Development Corporation Limited	Tourism	1982	2000-2001	2001-2002	(-) 50.12	-	524.29	37.49	561.77	(-) 49.47	-	-
	TOTAL					(-) 50.12	-	524.29	37.49	561.77	(-) 49.47	-	-
	DRUGS, CHEMICALS & PHARMAEUTICALS												
11.	Goa Antibiotics and Pharmaceuticals Limited	Industries & Labour Finance	1980	1999-2000	2001-2002	(-) 427.40	-	155.00	(-) 1409.70	660.31	(-) 252.86	-	1
	TOTAL					(-) 427.40	-	155.00	(-) 1409.70	660.31	(-) 252.86	-	
	FINANCIAL												
12.	Goa Financial and Leasing Services Limited	Industries	1989	1999-2000	2000-2001	(-) 25.49	-	125.00	(-) 195.14	246.50 (B)	2.68	1.09	1
	TOTAL					(-) 25.49	-	125.00	(-) 195.14	246.50	2.68	1.09	
	TRANSPORT												
13.	Kadamba Transport Corporation Limited	Transport	1980	2000-2001	2001-2002	(-) 382.12	-	2290.96	(-)3149.03	1571.89	(-) 141.45	-	-
	TOTAL					(-) 382.12	-	2290.96	(-)3149.03	1571.89	(-) 141.45	-	-
	TOTAL - A					(-) 1259.60		7957.72	(-) 5762.90	40138.72	2743.10	-	-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	B. STATUTORY CORPORATION												
1.	Goa Industrial Development Corporation	Industries & Labour	1966	2000-2001	2001-2002	(-) 144.34	-	2447.19	832.11	3012.10	(-) 104.36	-	-
	TOTAL - B					(-) 144.34	-	2447.19	832.11	3012.10	(-) 104.36	-	-
	GRAND TOTAL (A + B)					(-) 1403.94	-	10404.91	(-) 4930.79	41150.82	(-) 2638.74	-	-

A) Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

B) Capital employed represents mean of the aggregate of the opening and closing balance of (i) paid-up capital, (ii) bonds and debentures, (iii) reserves and surplus, (iv) borrowings (including refinance) and deposits.

APPENDIX- VIII

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2001

(Referred to in paragraph 8.2.10)

(Figures in columns 3(a) to 7 are in Rupees in lakh)

Sl. No.	Name of the Public Sector Undertaking	Subsidy received during the year								Guarantees received during the year and outstanding at the end of the year*					Waiver of dues during the year				Loans on Which moratorium allowed	Loans converted into equity during the year
		Central Govt.		State Govt.		Others		Total		Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
1	2	3(a)		3(b)		3(c)		3(d)		4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
		G	S	G	S	G	S	G	S											
A	Government companies																			
1	Goa State Horticultural Corporation Limited	-	-	2.00	-	-	-	2.00	-	-	-	-	-	-	-	-	-	-	-	-
2	Goa Forest Development Corporation Limited	4.00	-	67.62	-	-	-	71.62	-	-	-	-	-	-	-	-	-	-	-	-
3	EDC, Limited	-	-	-	39.15	-	-	-	39.15	-	5703.00 (7233.00)	-	-	5703.00 (7233.00)	-	-	-	-	-	-
4	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	4.14	-	-	-	2.50	-	6.64	-	-	1.00 (3.00)	-	-	1.00 (3.00)	-	0.39	-	0.39	-	-
5	Goa Tourism Development Corporation Limited	21.10	-	-	-	-	-	21.10	-	-	-	-	-	-	-	-	-	-	-	-
6	Kadamba Transport Corporation Limited	-	-	-	400.00	-	-	-	400.00	-	500.00 (500.00)	-	-	500.00 (500.00)	-	-	-	-	-	-
	Total	29.24	-	69.62	439.15	2.50	-	101.36	439.15	-	6204.00 (7736.00)	-	-	6204.00 (7736.00)	-	0.39	-	0.39	-	-

G Grants
S Subsidy

Figures in brackets indicate guarantees outstanding at the end of the year.

APPENDIX - IX
Statement showing financial position of Statutory corporation
(Referred to in paragraph 8.2.17)

(Rupees in crore)

Goa Industrial Development Corporation				
	Particulars	1998-99	1999-2000	2000-01
A.	LIABILITIES			
	a) Amount payable to Government	22.97	22.97	24.47
	b) Reserves & surplus	6.74	9.40	8.32
	c) Deposits	4.65	4.75	5.32
	d) Loans (from Bank)	0.23	10.00	-
	e) Current liabilities, provisions and refunds	71.52	80.57	88.97
	TOTAL -A	106.11	127.69	127.08
B.	ASSETS			
	a) Net fixed assets	00.99	1.06	1.01
	b) Work-in-progress	3.96	4.89	4.30
	c) Other assets (Development of Industrial areas and estates)	35.99	40.52	50.78
	d) Investments	1.67	1.95	2.67
	e) Cash balance	35.41	44.77	46.60
	f) Current assets, loans and advances	28.09	34.50	21.72
	TOTAL - B	106.11	127.69	127.08
	Capital employed @	28.27	40.42	30.12

@ Capital employed represents net fixed assets (including work-in-progress) *plus* working capital. Net fixed assets also includes item SI.No.B(c) and Current liabilities also includes item at SI.No. A (c)

APPENDIX - X

Statement showing working results of Statutory corporation
(Referred to in paragraph 8.2.17)

(Rupees in crore)

Goa Industrial Development Corporation				
	Particulars	1998-99	1999-2000	2000-2001
A)	INCOME			
	a) Rent	0.89	1.26	1.33
	b) Interest	7.75	5.93	5.44
	c) Other income	0.25	1.13	0.91
	TOTAL – A	8.89	8.32	7.68
B)	EXPENDITURE			
	a) Executive/Administrative	3.20	3.86	3.51
	b) Depreciation	1.71	2.26	2.99
	c) Maintenance & Repairs	0.55	1.90	2.62
	TOTAL – B	5.46	8.02	9.12
C)	Excess of income over expenditure before tax	3.43	0.30	(-) 1.44
D)	Provision for income tax	---	---	---
E)	Prior period adjustments	---	2.36	0.36
F)	Net surplus (+)/deficit (-)	3.43	2.66	(-) 1.08
G)	Total interest charged to profit & loss account	---	---	0.04
H)	Return on capital employed (F+G)	3.43	2.66	(-) 1.04
I)	Rate of return on capital employed	12.13	6.58	---

APPENDIX - XI

Statement showing operational performance of Statutory corporation
(Referred to in paragraph 8.4.2)

(Sheds in numbers)

Goa Industrial Development Corporation				
	Particulars	1998-99	1999-2000	2000-01
	Construction of sheds			
a)	Target for construction of sheds	8	---	--
b)	Achievement in construction	---	---	--
c)	Shortfall (a-b)	8	---	--
d)	Percentage of Shortfall (c/a x 100) in construction	100	---	--
	Allotment of sheds			
a)	Opening balance	5	---	--
b)	Constructed during the year	---	---	--
c)	Sheds available on expiry of agreement for sheds allotted on rental basis	---	---	--
d)	Shed converted from rental basis to hire purchase	17	2	1
e)	TOTAL	22	2	1
	Sheds allotted			
f)	i) on hire purchase	22	2	1
g)	ii) on rental basis	---	---	--
h)	TOTAL	22	2	1
	Percentage of sheds allotted to sheds available for allotment (h/e x 100)	100	100	100

APPENDIX - XII

Statement showing the department wise outstanding Inspection Reports (IRs)
(Referred to in paragraph 8.10.1)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding I.R.	No. of outstanding paragraphs	Years from which paragraphs outstanding
1	Agriculture	1	1	7	2000-01
2	Animal Husbandry	1	2	3	1997-98 and 1998-99
3	Industries and Labour	6	8	46	1995-96 1996-97 2000-01
4	Tourism	1	1	6	2000-01
5	Transport	1	2	9	1999-2000 and 2000-01
	Total	10	14	71	

APPENDIX - XIII

Statement showing paid-up capital, investment and summarised working results of 619-B companies as per their latest finalised Accounts
(Referred to in paragraph 8.12)

(Figures in Column 5 to 19 are in Rupees in lakh)

Sl. No.	Name of company	Status (Working / non-working)	Year of account	Paid-up capital	Equity by			Loans by			Grants by			Total investment by way of equity, loans and grants			Profit(+)/ Loss (-)	Accumulated Profit(+)/ Accumulated Loss (-)
					State Govt*	State Govt. companies *	Central Govt. and their companies *	State Govt*	State Govt. companies	Central Govt. and their companies	State Govt*	State Govt. companies	Central Govt. and their companies	State Govt *	State Govt. companies	Central Govt. and their companies		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1.	Electronic Corporation of Goa Limited	Working	1994-95	(Rs.70 only)	--	(Rs.70 only) 314.93*	--	--	--	--	--	--	--	--	--	--	--	--

* As on 31 March 2001 entire share capital of the company was held by two Government companies and a Statutory corporation (Sl.No.A-4, 8 and B-1)

APPENDIX-XIV
Summarized financial results of Departmentally Commercial
Undertakings as per their latest Proforma Accounts
(Referred to in Paragraph 8.13.3)

I. Electricity Department	Year of commencement: 1962-63		
	Period of Accounts		
	1997-98	1998-99	1999-2000
	<i>(Rupees in lakh)</i>		
1. Government capital	15905.62	17693.06	20391.91
2. Block assets at depreciated cost	10007.98	10390.53	12690.13
3. Cumulative depreciation	2753.21	3218.81	3731.42
4. Net loss (-)/Net profit (+)	(-) 1503.90	(+) 1861.21	(-) 3393.60
5. Interest on capital	1791.02	1781.88	1893.69
6. Total returns (5 + 4)	287.12	3643.09	(-) 1499.91
7. Percentage of return on mean capital	0.55	4.68	NIL

II. River Navigation Department	Year of commencement: 1965-66		
	Period of Accounts		
	1994-95	1995-96	1996-97
	<i>(Rupees in lakh)</i>		
1. Government capital	2655.63	2963.64	3728.01
2. Block assets at depreciated cost	235.60	203.57	261.43
3. Cumulative depreciation	271.13	289.87	309.09
4. Net loss (-)/Net profit (+)	(-) 438.26	(-) 334.77	(-) 710.90
5. Interest on capital	13.49	14.11	18.24
6. Total returns (5 + 4)	(-) 424.77	(-) 320.66	(-) 692.66
7. Percentage of return on mean capital	--	--	--

