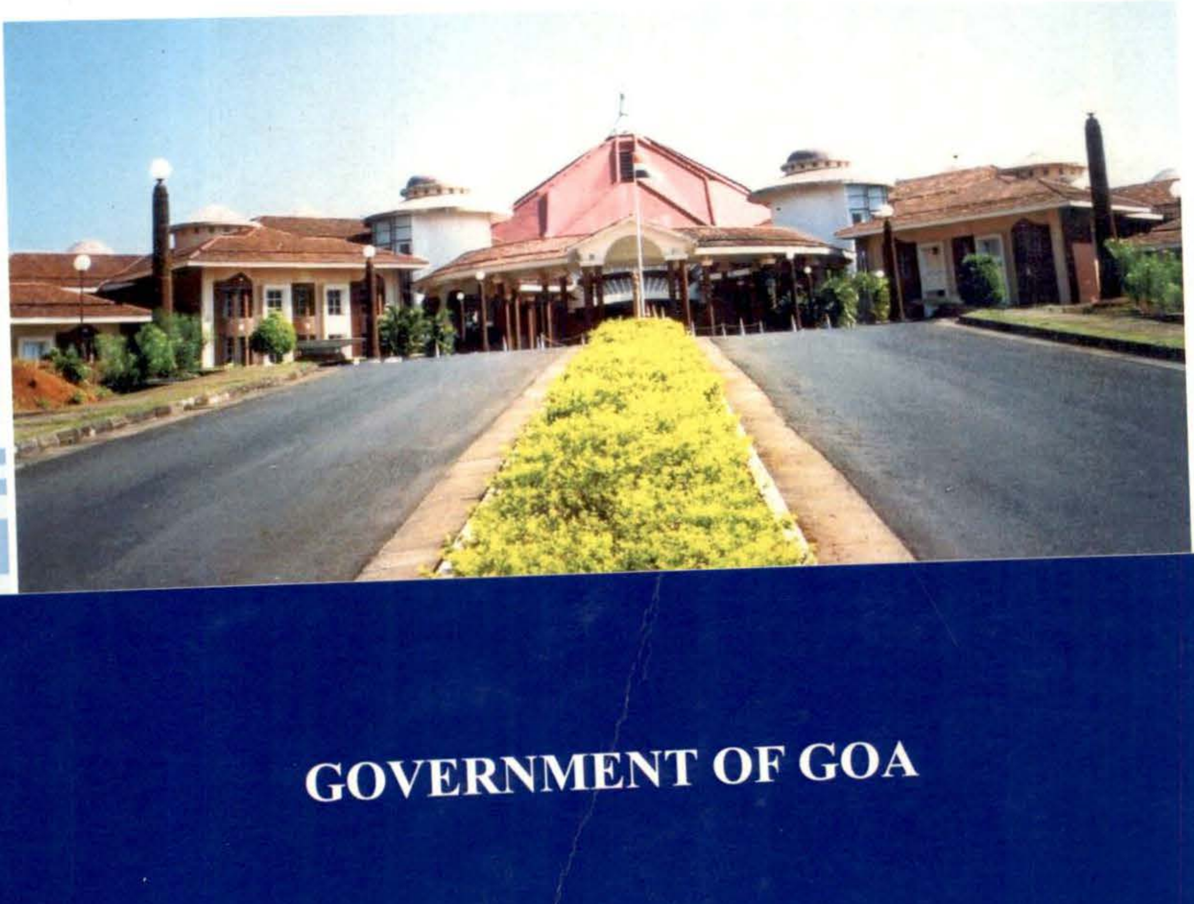
Report of the Comptroller and Auditor General of India

For the Year ended 31 March 2011
(Report No. 2)



GOVERNMENT OF GOA

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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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GOVERNMENT OF GOA

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PREFACE

1. This Report has been prepared for submission to the Governor of Goa under Article 151 of the Constitution.

2. Chapter I of this Report provides a synopsis of the significant deficiencies and achievements in the implementation of selected schemes, important audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter II contains findings of the performance audit of the Forest Department and the Corporation of the city of Panaji. Chapter III deals with the findings of transaction audits in the Public Health, Water Resources, Forest and Finance departments. Chapter IV brings out the results of a district-centric Audit of the North Goa district.

3. The observations arising out of audit of revenue receipts of the State in the various tax departments are included in Chapter V of this Report.

4. The observations arising out of audit of commercial and trading activities of the Government are included in Chapter VI of this Report.

5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2010-11 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2010-11 have also been included, wherever necessary.

CHAPTER – I

Introduction

CHAPTER-I

Introduction

1.1 About this report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programmes and activities and compliance audit of Government departments, companies, corporations and autonomous bodies.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. The Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The specific audit methodology adopted for audit of programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and the recommendations made taking into consideration the views of the Government, wherever received.

1.1.1 Significant audit observations

A summary of the significant audit observations is given below:

Protection, Conservation and Development of forests in Goa

1.1.1.1 Poor enforcement of the Goa, Daman and Diu Preservation of Trees Act, 1984

The Goa, Daman and Diu Preservation of Trees Act, 1984 provided that every person granted permission under the Act was bound to plant such number and kind of tree/trees in the area from which the tree/trees was/were felled or disposed of under such permission as may be directed by the Tree Officer. Audit observed that as against 2.03 lakh trees to be replanted in lieu of 0.59 lakh trees permitted to be cut during the period 2005-11 in North and South Divisions, only 0.09 lakh trees were replanted. Thus the provisions of the Act pertaining to replanting of trees were poorly enforced.

(Paragraph 2.1.10.1)

1.1.1.2 Shortfall in Compensatory Afforestation

The Forest Conservation Act, 1980 stipulated that wherever non-forest land was not available or the area of the non-forest land was less than the forest area being diverted, compensatory afforestation (CA) was to be carried out in degraded forests in twice the area being diverted or in an area equal to the difference between the forest land being diverted and the available non-forest land, as the case may be. Scrutiny in audit revealed that as against CA of 1,440.97 hectares to be done since 1983, only 509.59 hectares (35 *per cent*) had been brought under afforestation in the North division. Similar shortfall in CA also occurred in the South division (18 *per cent*).

(Paragraph 2.1.10.2(d))

1.1.1.3 Performance Audit on the assessment, collection and accountal of revenue and utilisation of State Government developmental grants by the Corporation of the City of Panaji

The new shopping complex built at a cost of ₹ 15.33 crore by the Corporation of the City of Panaji was encroached by vendors without any formal agreements and allotment. Inaction against intruders resulted in loss of revenue of ₹ 98.97 lakh during the period from 2003-04 to 2009-10.

(Paragraph 2.2.8.2)

The Corporation of the City of Panaji failed to refund the unspent balances of the grants-in-aid of ₹ 2.80 crore sanctioned by the State government during the years 2002-03 to 2008-09.

(Paragraph 2.2.9.1)

District-centric Audit of North Goa district

1.1.1.4 Non-functioning District Planning Committee

The District Planning Committee (DPC), constituted for preparation of overall planning for the district, remained non-functional. The 74th amendment of the constitution mandated the constitution of such a Committee for consolidating the plans prepared by the village panchayats and municipal councils in the district into an integrated plan. The DPC of North Goa district met only twice during the last five years. No development plans had been prepared so far (June 2011) due to non-preparation of development plans by the zilla panchayat/village panchayats and municipal councils.

(Paragraph 4.6)

1.1.1.5 Unsatisfactory implementation of Indira Awas Yojana

The objective of the Indira Awas Yojana (IAY) was to provide funds for construction of dwelling units for Below Poverty Line (BPL) families. Audit scrutiny revealed that the village Panchayats had recommended IAY houses for only 13 *per cent* of Below Poverty Line families. A total of 386 BPL families in the waitlist were deprived of houses for the last four years.

Under the IAY, 862 new constructions and 302 repair works of houses sanctioned up to 2008-09, had not been completed.

(Paragraph 4.10.3.1)

1.1.2 Compliance audit of transactions

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the Government departments/ organisations. These are broadly categorised and grouped as:

- ✓ Audit against propriety/Expenditure without justification.
- ✓ Non-compliance with rules.

1.1.2.1 Audit against propriety/Expenditure without justification

- **Non-utilization of a district hospital - Infructuous expenditure**

A district hospital constructed at a cost of ₹ 49.91 crore, to expand and replace an existing hospital, though completed in March 2009, was not commissioned even in August 2011, in spite of the dilapidated condition of the old hospital and consequent inconvenience to the patients. This resulted in non-utilisation of facilities created, infructuous expenditure on staff recruited for the hospital and unfruitful expenditure of ₹ 1.64 crore on the upkeep of the hospital.

(Paragraph 3.1.1)

- **Avoidable expenditure**

The Institute of Psychiatry and Human Behaviour, Goa maintained its full complement of sweepers, and an additional 14 attendants/sweepers on contract basis. However, the Government awarded a contract for mechanised sweeping and swabbing at the Institute on day to day basis, to a private agency for a period of three years at a cost of ₹ 3.22 lakh per month. Continuance of contract staff and outsourcing of cleaning works despite the availability of regular staff resulted in avoidable expenditure of ₹ 1.06 crore during the period September 2008 to March 2011.

(Paragraph 3.3.2)

- **Irregular procurement of equipment**

Goa Medical College procured Central Sterile and Supply Development equipment for ₹ 4.35 crore without observing the prescribed procedures of tendering. The entire process of tendering and selection of the agency appeared pre-determined as the tender specifications were tailor-made for the equipment manufactured by a party who had originally approached the Health Minister with a proposal to supply the equipment. The Goa Medical College ignored the tendering requirements and failed to ensure the reasonableness of the single offer of ₹ 4.35 crore by eliminating the competitive offers in predetermined and non-transparent manner.

(Paragraph 3.4.2)

1.1.2.2. Non-compliance with rules

- **Irregular release of bank guarantee and hypothecated machinery to a contractor, resulting in non-adjustment of mobilisation/machinery advances**

On termination of a work awarded to a contractor by the Goa Tillari Irrigation Development Corporation, the Executive Engineer released all the five BGs for ₹ 2.57 crore submitted as security for mobilisation advance. Further, machinery having a value of ₹ 3.40 crore, on the security of which secured advance of ₹ 2.57 crore was paid, was permitted to be taken away even though an amount of ₹ 3.84 crore out of the advances paid was still recoverable.

The irregular release of the BG and permission to the contractor to take away the hypothecated machinery resulted in the corporation being left with no security for the amount due to it. The total amount of advance and interest thereon recoverable as on 31 March 2011 was ₹ 4.66 crore.

(Paragraph 3.2.1)

- **Avoidable payment of interest**

Failure of the Goa Tillari Irrigation Development Corporation to pay income tax on interest income from fixed deposits as per the provisions of the Income Tax Act resulted in avoidable payment of interest of ₹ 53.83 lakh.

(Paragraph 3.3.1)

- **Loss of interest due to non-recovery of net present value of forest land**

The delay of 22 months in the Forest Department in taking decisions and issuing a demand notice for payment of net present value following a Supreme Court order of October 2002 and further delay in resolving the dispute raised by the party, resulted in delay in recovering the net present value of the forest land amounting to ₹ 2.24 crore for extension of a mining lease granted to a user agency. The delay also resulted in loss of interest of ₹ 65.71 lakh.

(Paragraph 3.4.1)

- **Non-recovery of Labour Welfare Cess**

The Goa Building and other Construction Workers' (Regulation of Employment and Conditions of Service) Rules, 2008 required that all Government departments, local bodies, public undertakings and other Government bodies, while executing construction works through contractors, should deduct a mandatory one *per cent* of the contractor's bill towards welfare cess and remit the same to the Goa Building and other Construction Workers' Welfare Board. In respect of private constructions, the local bodies were required to collect upfront an amount of one *per cent* of the estimated cost furnished along with the building plans submitted for approval and remit the same to the Secretary of the Board.

The Government departments and Local Bodies in Goa failed to comply with the requirements of the above Act/Rules and were not collecting the cess as required. Non-compliance of the Government orders, therefore, resulted in non-recovery of mandatory cess amounting to ₹ 9.21 crore during the period January 2009 to March 2011 and consequent non-availability of funds for labour welfare.

(Paragraph 3.4.3)

1.1.3 Audit of Revenue

1.1.3.1 Review of Utilisation of declaration forms in inter-state trade and commerce

- Acceptance of invalid/defective declarations in form 'C', furnished by the dealers for inter-state sales, by the Commercial tax department, resulted in short recovery of tax of ₹ 1.69 crore.

(Paragraph 5.2.7.3)

- Failure of the Commercial tax department to restrict stock transfer transaction of one calendar month in a single declaration form 'F' resulted in short levy of tax of ₹ 2.20 crore on the transactions beyond one month.

(Paragraph 5.2.7.4)

1.1.3.2 Irregular allowance of Input Tax Credit - ₹25.24 lakh

The Commercial Taxes Department irregularly allowed Input tax credit of ₹ 25.24 lakh to a dealer for purchases made from an unregistered dealer.

(Paragraph 5.3)

1.1.4 Audit of Government Commercial and Trading Activities

- **Infrastructure Development for the IT Park at Dona Paula - irregular payment of compensation to contractor and avoidable expenditure on project management consultancy**

InfoTech Corporation of Goa Limited paid ₹ 56.95 lakh as compensation to a contractor in a work which was foreclosed, in addition to its contractual obligations. It also delayed termination of the Project Management consultancy contract for this work resulting in undue benefit of ₹ 14.96 lakh to the consultant.

(Paragraph 6.2)

- **Loss of revenue due to non-levying of compounding charges in electricity theft cases and non collection of electricity duty**

The Electricity Department failed to recover compounding charges amounting to ₹ 2.78 crore as required under Section 152 of the Electricity Act, 2003, from 453 consumers involved in theft of power. It also failed to collect electricity duty on sale of power resulting on loss of revenue of ₹ 55.20 lakh.

(Paragraphs 6.6 and 6.7)

1.2 Lack of responsiveness of Government to Audit

1.2.1 Inspection reports outstanding

Inspection Reports (IRs) issued by the Accountant General (AG) based on periodical inspections of Government departments are issued to the heads of offices and next higher authorities to comply with the observations contained therein for rectifying the defects and omissions promptly and report their compliance to the AG who forwards a half-yearly report of pending IRs to the Secretary of the Department to facilitate monitoring of the audit observations.

During the year 2010-11, three Audit Committee meetings were held in respect of two departments, in which 19 outstanding paragraphs were settled. As of 30 June 2011, 369 IRs (1,384 paragraphs) were outstanding for want of compliance. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix-3.2.**

1.2.2 Response of departments to the draft paragraphs

The draft paragraphs/reviews were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned departments between May and June 2011 with the request to send their responses within six weeks. The reply of the Government for the three Reviews and seven transaction audit paragraphs featured in this Report have not been received.

1.2.3 Follow-up on Audit Reports

As per the provisions contained in the internal working Rules of the Public accounts Committee of the Goa Legislative Assembly, administrative departments were required to furnish Explanatory Memoranda (EM) duly vetted by the Accountant General within three months from the date of tabling of the Audit reports to the State legislature in respect of the paragraphs included in the Audit reports. The administrative departments had not furnished EMs for 22 paras as of September 2011 as detailed in **Appendix-3.3.**

CHAPTER – II

Performance Audit

CHAPTER-II

FOREST DEPARTMENT

2.1 Protection, Conservation and Development of Forests in Goa

Goa has a forest coverage of 1,424.46 sq km, which represents 38 per cent of the geographical area (3,702 sq km) of the State. There are six Wildlife Sanctuaries, one National Park and one Zoo in the State, covering an area of 754.91 sq km. The State Forest Policy for the sustainable management of the forests of the State was still to be finalized. While the Management Plan for one Wildlife Sanctuary was prepared, the same for the other Wildlife Sanctuaries and one National Park were still to be prepared. There were delays in utilisation of funds under the Centrally sponsored schemes meant for protection of forests, their conservation and development resulting in the department losing funds from the Centre. Mutation in land records was not completed despite High Level Committee directions of May 2007. Conservation of forests suffered due to poor implementation of the Preservation of Trees Act, 1984 and the Forest Conservation Act, 1980.

Highlights

The final notification on the State Forest Policy was pending though recommended by the National Forest Commission in March 2006.

(Paragraph 2.1.7.1)

The working plans of the North and South territorial divisions were pending approval of Government. The department did not prepare Management Plans for the five Wildlife Sanctuaries and one National Park.

(Paragraphs 2.1.7.2 and 2.1.7.3)

Incorrect levy of security deposit on trees permitted to be cut instead of on trees to be replanted resulted in short recovery of ₹ 2.88 crore as security deposit during the period 2005-11.

(Paragraph 2.1.10.1(c))

Compensatory afforestation charges recoverable from user agencies on diversion of forest land for non-forest purposes were not revised from 2002, despite increase in daily wage rates.

(Paragraph 2.1.10.2 (a))

Independent monitoring and evaluation of works under the Compensatory Afforestation Fund Management and Planning Authority was not carried out by the department.

(Paragraph 2.1.10.3)

In 70.12 *per cent* cases of works of raising and maintenance of plantations, the estimates were sanctioned after commencement of the works while in 12.80 *per cent*, the estimates for the works were sanctioned after completion of the works during 2008-11. None of the divisions prepared work completion reports.

(Paragraph 2.1.11.5)

Survival reports in respect of plantations carried out were not available in 143 out of 162 cases during 2006-11 and the shortfall in conducting inspection of plantations was 77.31 *per cent.*

(Paragraph 2.1.12.2)

2.1.1 Introduction

The State of Goa has forest coverage of 1,224.46 sq km under three categories (Reserve Forest°- 251.44 sq km, Protected Forest*- 711.44 sq km and Unclassed Forest◊- 261.58 sq km) apart from private forests of 200 sq km, which together represent 38 *per cent* of the geographical area (3,702 sq km) of the State. There is one National Park[1], six[2] Wildlife Sanctuaries and one Zoo in the State, covering an area of 754.91 sq km. The management of forests in the State is regulated by the Indian Forests Act, 1927, the Wildlife (Protection) Act, 1972, the Goa, Daman and Diu Preservation of Trees Act, 1984 and the Forest (Conservation) Act, 1980. The major functions of the department involve protection, conservation and development of forests; conservation of wildlife and management of protected areas; undertaking soil conservation and water harvesting measures to ensure sustained supply of natural resources; rescue and rehabilitation of wild animals etc. These functions are discharged by carrying out activities like rehabilitation of degraded forests; afforestation of denuded lands; supply of timber and fuelwood; urban forestry, protection of wildlife and development of habitats, etc.

2.1.2 Organizational Set-up

The Chief Secretary holds the overall charge of the Forest Department. The department is headed by an Additional Principal Chief Conservator of Forests (APCCF) assisted by a Chief Conservator of Forests (CCF) and two Conservators of Forests. At the field level, there are divisions for Research and Utilisation, Working Plan, Soil Conservation, Social Forestry, two territorial

° An area notified under Section 20 of the Indian Forest Act,1927 as Reserve Forest by the State Government.

* An area notified under Section 20 of the Indian Forest Act,1927 as Protected Forest by the State Government.

◊ Forest which has neither been constituted or proposed to be constituted as a Reserve, Protected or Village Forest under the provision of the Indian Forest Act,1927 nor constituted as a Wildlife Sanctuary or National Park under the provisions of the Wildlife Protection Act,1972 or which has not even been identified and demarcated as a private forest.

1 Bhagwan Mahavir National Park.

2 Bhagwan Mahavir Wildlife Sanctuary, Bondla Wildlife Sanctuary, Cotigao Wildlife Sanctuary, Dr. Salim Ali Bird Sanctuary, Madei Wildlife Sanctuary and Netravali Wildlife Sanctuary.

divisions (North and South) and one division[¥] looking after the aspects of Wildlife and Eco-Tourism. All the divisions are headed by a Deputy Conservator of Forests (DCF).

2.1.3 Scope and coverage of audit

Records for the period 2006-07 to 2010-11 maintained by the Forest Department at the Secretariat, the office of the APCCF, all the seven divisions and 28 Range Offices were test-checked during the period April to June 2011.

2.1.4 Audit methodology

The performance audit was carried out by preparing audit guidelines, collecting data and holding discussions with the officers of the implementing and monitoring department. An entry conference and an exit conference were held in April 2011 and August 2011 respectively with the APCCF.

2.1.5 Audit objectives

The objectives of the performance audit were to assess:

- whether a forest policy was in place to protect and restore forests
- whether planning and execution of the programmes were adequate
- whether financial control and fund management were adequate
- whether schemes were implemented economically, efficiently and effectively as per the prescribed conditions
- whether human resource management was adequate
- whether an effective monitoring mechanism and internal control system was in place.

2.1.6 Audit criteria

The performance of the department was assessed on the basis of the following criteria keeping in view the audit objectives.

- National Forest Policy, 1988; Indian Forest Act, 1927;
- Goa, Daman and Diu Forest Code and Goa, Daman and Diu Forest Rules, 1964;
- Forest (Conservation) Act, 1980 and Rules;
- Goa, Daman and Diu Preservation of Trees Act, 1984;
- Government of Goa (Receipt and Payments) Rules, 1997;

[¥] Wildlife and Eco-Tourism division, hitherto covering the entire State, was bifurcated into two separate divisions and started functioning from February 2011.

- Manual of guidelines and accounting procedure for State Compensatory Afforestation Fund Management and Planning Authority.

Audit Findings

The important points noticed during the course of audit are discussed in the succeeding paragraphs.

2.1.7 Planning

2.1.7.1 Delay in notifying the State Forest Policy

The National Forest Commission recommended (March 2006) that each State should have its own forest policy within the broad parameters of the National Forest Policy, 1988 for sustainable management of the forests of the States. The policy, inter alia, was to address issues pertaining to conserving natural forests, increasing sustainability of forest/tree cover through massive afforestation and social forestry programmes.

State Forest Policy not notified despite lapse of five years

In pursuance of the National Forest Commission's recommendations (March 2006), the department prepared the draft State Forest Policy belatedly in May 2009. The objective of the State Forest Policy was to protect Government forest areas; conservation and management of forests on sustainable forest management principles; conserving the natural heritage of the State by preserving natural forests; maintaining of environmental stability through preservation and restoration of the ecological balance; increasing the tree cover, improving the canopy density of forests through massive afforestation and social forestry programmes etc. The State Government constituted (August 2009) a committee consisting of members of various line departments[3] to study the draft Forest Policy and to give its recommendations. Based on the suggestions/comments received from the members, the draft Forest Policy was finalized and forwarded (March 2010) to the Cabinet for approval. Following a directive from the Cabinet, the draft notification was published (April 2011) in the Official Gazette of the Government of Goa, inviting suggestions, which were to be submitted within 60 days. Final notification of the Forest Policy after considering the suggestions from the public was pending as on date (October 2011). Thus, despite a lapse of five years from the date of recommendation of the National Forest Commission for the formulation of the State Forest Policy, the same was yet to be notified. During the exit conference, the APCCF stated (August 2011) that the Government was planning to constitute a committee to go through the suggestions received from the public.

3 Agriculture, Fire Services, Horticulture, Mines, Science, Technology and Environment, Social Welfare and Tribals, Tourism, Water Resource, Women & Child Development.

2.1.7.2 Non-finalisation of Working Plan

The Working Plan of the department is prepared for the scientific management of natural forest areas. It is prepared for a period of 10 years, after which it is revised. Without such plans, there is a danger that the forests may be worked below their capabilities and income lost. The Working Plan also envisages replacement of old uneconomical plantation species with commercially viable fast-growing indigenous species and tending of older plantations i.e. thinning etc. to promote optimum growth. No harvesting of forest produce like timber and other materials is permitted without a Working Plan duly approved by Government of India (GOI). The Working Plan Division of the department is responsible for the preparation of Working Plans for both the North and South Divisions.

The Working Plan of the North Division was prepared by the department only for the period 1979-80 to 1988-89. Thereafter, no Working Plan was prepared by the department for any of the divisions. The Government constituted (January 2007) a High-Powered Committee to oversee the exercise of preparation and finalization of Working Plans. The draft Working Plans of the North and South Divisions were submitted to the CCF in December 2006 and November 2007 respectively. The Government also constituted (July 2008) a committee• to examine the draft Working Plans, which recommended (June 2009) that the Plans should be approved by the Government. The draft Working Plans were submitted (April 2010) to the Government by the Forest Department. However, from the records produced to Audit, it was seen that no further action had been initiated on the matter till date (April 2011). Thus, despite preparation of the Working Plans in December 2006 and November 2007 and the recommendation by the committee in June 2009, the same had not been approved by the State Government. As per the draft Working Plans of the North and South Divisions, harvesting of teak, eucalyptus and acacia plantations in 490.62 hectares was to be done during the year 2010-11. Thus, the delay in approval of Working Plans resulted in delayed realization of revenue due to non-harvesting of timber, eucalyptus and acacia plantations. The delay also resulted in non-attainment of the objective of replacement of old uneconomical plantation species with commercially viable fast-growing indigenous species and tending of older plantations to promote optimum growth. During the exit conference, the APCCF stated (August 2011) that the Government had directed the Working Plan Division to resubmit the file.

2.1.7.3 Non-preparation of Management Plan

Management Plan for five Wildlife Sanctuaries and one National Park still to be prepared

The Management Plan of the department is a comprehensive document related to forest areas included in Wildlife Sanctuaries (WLSs) and the National Park (NP), detailing every aspect of the WLS and NP, including its history, flora, fauna, current status etc. as also ways to maintain and improve the existing diversity of flora and fauna. The Wildlife and Eco Tourism Division of the department had to prepare Management Plans for its six WLSs and one NP.

• The committee comprised of Secretary (Revenue), Secretary (Law), Secretary (Mines), Director of Survey and Land Records, Director of Agriculture, CCF and DCF (Working Plan).

A committee to examine and give suitable recommendations for the draft Management Plans was constituted in August 2009. The Management Plan for Cotigao WLS was approved (December 2010) by the APCCF after examination by the committee and the draft Management Plan for Bhagwan Mahavir WLS was prepared in 2009-10 and put up to the committee. Though the committee had conveyed (January 2010) its comments on the Management Plan for the Bhagwan Mahavir WLS, the Management Plan was still to be finalized (June 2011), after incorporating the comments of the committee. The draft Management Plans for Bhagwan Mahavir NP and Dr. Salim Ali Bird Sanctuary were also prepared (May 2011) but had not been put up before the committee (July 2011). The draft Management Plan for the other three sanctuaries, viz. Madei WLS, Netravali WLS and Bondla WLS had not been prepared (June 2011). The non-preparation and delays in the preparation of Management Plans deprived the WLSs/NPs of systematic development. During the exit conference, the APCCF stated (August 2011) that the department would finalize the three Management Plans already prepared and prepare the Management Plans for the remaining three WLSs.

2.1.8 Financial Management

2.1.8.1 Budget provision and expenditure

The position of budget estimates and actual expenditure on protection, conservation and development of forests during the period 2006-11 is tabulated below:

Table 1: Budget provisions and expenditure

(₹in crore)

Year	Budget estimate	Actual expenditure	Savings	Percentage of savings
2006-07	12.96	11.60	1.36	10
2007-08	14.74	14.59	0.15	1
2008-09	19.46	19.36	0.10	1
2009-10	24.91	24.40	0.51	2
2010-11	24.67	22.71	1.96	8
Total	**96.74**	**92.66**	**4.08**	

(Source: Figures for 2006-10 from excess/savings statement and for 2010-11 from details for demands for grants and expenditure register)

2.1.8.2 Physical targets and achievements

The Forest Department is implementing a number of State schemes such as forest conservation and development, social and urban forestry, rehabilitation of degraded forests/older plantations, etc. Targets were fixed for components of raising of nurseries, afforestation, boundary clearance, cultural operations, avenue plantations etc. under the above schemes. The targets fixed and achievements there against are given in **Appendix 2.1.**

Scrutiny of the achievements revealed that targets under the components of 'afforestation' and 'avenue plantation' under the social and urban forestry scheme and 'afforestation/plantation' and 'soil conservation' under the Western Ghat Development Programme were achieved. However, there were shortfalls in the achievement of targets under the component, 'raising of nursery' under the social and urban forestry scheme, rehabilitation of degraded forests/older plantations scheme and the Western Ghat Development Programme during 2006-11. The achievements in raising of nursery were 21.36 lakh seedlings (92 *per cent*), under social and urban forestry, four lakh seedlings (54 *per cent*) under rehabilitation of degraded forests/older plantations and 15.39 lakh seedlings (91 *per cent*) under Western Ghat Development Programme against the targets of 23.25 lakh, 7.35 lakh and 17 lakh respectively. The achievements under the component, 'cultural operations under the forest conservation and development scheme' was only 613 hectares (70 *per cent*) against the target of 880 hectares for the period 2008-11. The DCF, Planning and Statistics (P&S) without giving detailed reasons, attributed (June 2011) the shortfalls in achievements to technical and administrative reasons.

2.1.9 Protection of forests

Protection of forests is one of the primary responsibilities of the Forest Department. The function of the department relating to protection of forests includes notification of unclassed forests under Section 4 and Section 20 of the Indian Forest Act; mutation in revenue records in respect of notified reserve forests; protection of forests against fires, cattle grazing, illegal cutting of trees including trees outside forest areas etc. The audit findings in this regard are discussed below:

2.1.9.1 Integrated Forest Protection Scheme

Protection of forests resources requires a strong infrastructure at the disposal of the State Forest Department. The existing infrastructure is grossly inadequate due to paucity of funds to deal with the task of forest protection. To meet the emergent requirement of State Forests Departments, the Integrated Forest Protection scheme (IFPS)[4] was made operational by the Ministry of Environment and Forests (MoEF), Government of India (GOI) during the X Five Year Plan with three components namely (a) forest fire control and maintenance (b) strengthening of infrastructure for forest protection and (c) preparation of working plan/survey and demarcation.

(a) Delay in utilization of funds under the scheme

The IFPS was funded both by the Central and State Government on 75:25 basis. Funds were to be released in two instalments in a financial year. The second instalment was to be released only after receipt of the utilisation certificate for the funds released during the previous year. The utilization certificate was required to show utilisation of funds for more than 50 *per cent*

[4] Renamed as 'Intensification of Forest Management' with effect from October 2008

of the first instalment of the year and a certificate to the effect that at least 70 *per cent* of the first instalment released had since been committed.

Scrutiny revealed that proposals for the scheme were invited by MoEF from all State Forest Departments between March-April for 2006-10 and November 2009 for 2010-11 with tentative allocation and were to be submitted latest by April-May and December respectively. Details of the dates of calling for the proposals by MoEF, dates of submission of proposals, amount sanctioned etc. were as given in **Table 2** below:-

Table 2: Statement showing the due dates for sending proposals, actual dates of submission, amounts proposed and sanctioned

Year	Date of letter of MoEF calling for proposals	Date by which the proposal was to be sent to MoEF	Date of sending of the proposal to MoEF	Delay (Number of days)	Amount for which proposal sent to MoEF	Amount sanctioned by MoEF
					(₹ in lakh)	
2006-07	31.03.2006	26.04.2006	17.06.2006	51	50.00	47.70
2007-08	19.03.2007	10.04.2007	23.07.2007	103	50.00	40.30
2008-09	25.04.2008	25.05.2008	03.10.2008	129	85.31	44.04
2009-10	04.03.2009	04.04.2009	10.08.2009	126	124.08	33.22
2010-11	27.11.2009	10.12.2009	15.06.2010	185	104.29	31.25

(Source: GOI letters requesting for proposals and proposals sent by department)

Though the Central share of tentative allocation had gone up from ₹ 50 lakh to ₹ 1.04 crore, the amount sanctioned by MoEF had gone down from ₹ 47.70 lakh to ₹ 31.25 lakh during 2006-11. The proposals for funds were submitted between June to October after delays of 51 (2006-07) to 185 (2010-11) days, which resulted in delay in sanctions and receipt of funds from MoEF and their utilisation. The details of amounts lying unspent at the beginning of the year, amounts sanctioned, amounts released and spent during the period 2006-11 were as given in **Table 3** below:-

Table 3: Statement showing amount sanctioned, released and spent

(₹in lakh)

Year	Opening balance	Amount sanctioned	Amount released	Amount available	Amount spent	Closing balance
2006-07	29.01	47.70	Nil	29.01	15.30	13.71
2007-08	13.71	40.30	18.53	32.24	24.37	7.87
2008-09	7.87	44.04	27.37	35.24	33.23	2.01
2009-10	2.01	33.22	24.57	26.58	26.58	Nil
2010-11	Nil	31.25	25.00	25.00	20.22	4.78
Total		**196.51**	**95.47**		**119.70**	

(Source: GOI sanction/release orders and utilization/expenditure statement)

Eight watch-towers for keeping a watch on forest fires were proposed for construction at Mollem, Satpal (two number each) Chandel, Pernem. Bondla, Cotigao (one number each) during 2006-10 costing ₹ 16 lakh. However, only two were constructed at Chandel and Bondla (one each) during 2006-10 at a cost of ₹ 3.62 lakh. Further, against a provision of ₹ eight lakh during 2006-10 for purchase of fire fighting equipment, only ₹ 1.58 lakh was spent. Construction of anti-poaching-cum-patrolling stations (one each) was proposed in 2006-07 and 2007-08 costing ₹ 8.71 lakh. Further, construction of one building for 'B' type quarters at Usgao Tisk Timber Depot costing ₹ six lakh during 2007-08 and two fire protection offices (each costing ₹ 3.50 lakh) in 2008-09 and 2009-10 were approved by MoEF. None of these were taken up, depriving the State of infrastructure built out of Central assistance. A Review and Monitoring Committee under the Chairmanship of the Principal Chief Conservator of Forests was to be constituted for review of the scheme, whose meetings were required to be held at least every six months. It was seen that the committee was constituted only in March 2010, though the scheme was in operation since 2002-03.

(b) Delay in submission of Utilisation Certificates

Non-submission of UCs on time resulted in the department being deprived of assistance amounting to ₹1.01 crore during 2006-11

An amount of ₹ 95.47 lakh (49 *per cent*) was released during the period 2006-11 against the sanctioned amount of ₹ 1.97 crore as the department failed to submit the utilization certificates required under the scheme and was, therefore, deprived of assistance of ₹ 1.01 crore. This was due to failure of the department.

The DCF, (Planning and Statistics) replied (June 2011) that the preparation of proposals was time-consuming and hence, there was delay in preparing and sending the proposals to MoEF. The delay in utilization of funds was attributed to late receipt of sanctions and considerable time spent on observing codal formalities. The reason for delay in preparation of proposals is not acceptable as this process should have been started well in advance as it was an ongoing scheme. The delay in utilization of funds could also have been avoided if the proposals had been sent on time.

2.1.9.2 Pending cases with Forest Settlement Officers

163 cases involving 68,677.03 hectares pending with Forest Settlement Officers from 1974 to 2011

Unclassed forests are notified under Section 4 of the Indian Forest Act, 1927 (IFA) and claims of the persons claiming title to the land are settled by Forest Settlement Officers (FSO) who are quasi-judicial officers from the Revenue Department. Thereafter, the forest areas are demarcated and notified as Reserved Forests under Section 20 of the IFA by the department. As on April 2011, 163 cases involving 68,677.03 hectares of forest land were pending with FSOs from the period 1974 to 2011 out of which 669.45 hectares of forest land were notified under Section 4 of the IFA during the period 2006-11. During the period 2006-11, 600.11 hectares of forest land were notified under Section 20 of IFA. Test check of 21 cases revealed delays in taking action for settlement both by FSOs and the department as shown in **Appendix 2.2**. North and South Divisions did not have any control register for noting therein the instructions given to Range Forest Officers (RFOs), watching compliance, sending reminders to RFOs and FSOs, etc. for ensuring effective watch on each case. The delay in notifying the forest areas under Section 20 of the IFA hampered the protection, conservation and development of such forest areas.

A High Level Committee°, constituted (March 2007) by the State Government to oversee various anomalies that had crept into the making of the 1979 Working Plan of North Division, attributed the delays in finalizing the cases to delays by the department and also to additional work-load of FSOs owing to the additional charge of other departments. Based on the points raised in the High Level Committee, the CCF decided (May 2007) to move a proposal for posting of an independent FSO so as to expedite settlement proceedings. However, no action was taken by the department to move the proposal for posting of independent FSO. During the exit conference, the APCCF stated (August 2011) that the department intends to submit a proposal to the Government for posting of independent FSO.

2.1.9.3 Non-completion of mutation in land records

The High Level Committee, mentioned in para 2.1.9.2, directed (April 2007) the department that mutation in revenue records was to be done in respect of notified reserve forests under Section 20 of the IFA to avoid disputes on the ownership of the land due to non-updating of records. The area of reserve forest land in Goa as on March 2011 was 25,144 hectares.

The DCF, North Division directed (May 2010) all the RFOs to file mutation applications in respect of reserved forests in a time-bound manner and submit monthly progress reports. No time limit was fixed for filing the mutation applications nor was the progress watched by the division office. Except for Valpoi Range, monthly progress reports were not submitted by any of the Range Offices. Similar directions issued by the DCF, South Division to its Range Offices were not available on record. No records of the mutation applications filed by the Range Offices were available at the divisions. The DCF, North Division stated (July 2011) that all RFOs had been directed to carry out the mutation and submit the reports regularly but the reply was silent regarding the delay in instructing the RFOs to file mutation applications. The DCF, South Division stated (June 2011) that instructions had been issued to Range Offices to take necessary action. Thus, the process of mutation which was required to prevent disputes on the title to land remained unfinished despite the direction of the High Level Committee in April 2007. During the exit conference, the APCCF agreed (August 2011) to the importance of mutation and directed the divisions to take up the matter with the Collectors for completing the mutation process expeditiously.

2.1.9.4 Pending offence cases

As on June 2011, 94 offence♦ cases registered during 2003-11 under the Preservation of Trees Act, 1984 (PTA) and the Indian Forest Act, 1927 (IFA) were pending with the department. As per the above two Acts, offence cases

° The committee comprised of Secretary (Forest), Secretary (Law), Chief Conservator of Forests, Conservator of Forests, Chief Town Planner, Collector of North and South district, Director of Land Survey, Settlements and Records, Director of Mines, DCF(Working Plan)

♦ Offence cases related to illegal cutting of trees in private and forest areas, unauthorized entry in forest etc.

were to be enquired into expeditiously and sent for compounding* within six months. However, it was found that 58 out of 70 cases registered during 2003-10 remained pending for want of enquiry reports from the Range Offices. Offence cases reported by the RFOs to the divisions are recorded in offence case registers which show the nature of the offences, amounts to be paid by the offenders on compounding of the offences etc. The dates of payment by the offenders are also noted in the registers based on the compliance reports submitted by the RFOs. Scrutiny of the offence case registered in the office of the DCF, South Division revealed that out of 109 cases compounded during 2006-11, in 74 cases, recovery of ₹ 10.95 lakh was not recorded in the register as compliance reports from the RFOs had not been received. The matter had also not been pursued by the DCF, South Division with the RFOs. The DCF, South Division stated (June 2011) that a special drive had been initiated to dispose off pending cases and accordingly, 253 cases had been disposed off during 2010-11. It was further stated that directions had been issued to Range Offices to furnish compliance with the compounding orders and details of recoveries would be intimated to Audit. During the exit conference, the APCCF stated (August 2011) that a committee had been formed for monitoring the offence cases.

2.1.9.5 Non-functioning of the Fire Monitoring Cell

Forest fires are one of the major causes for destruction of forest areas. MoEF had instructed (February 2006) all the State Forest Departments to create 'Fire Monitoring Cells' and to appoint nodal offices for forest fires. Accordingly, the State Government notified (March 2008) the constitution of a 'Forest Fire Monitoring Cell' with the DCF, Working Plan (DCF, WP) Division as the nodal officer. The DCF, WP was required to monitor the forest fire incidence in the State by conducting a preliminary survey of the forest areas and prepare an index map of fire-prone areas, which would enable the department to design the location of fire lines. At the end of the fire season every year, the nodal officer was to prepare a map indicating fire occurrences and ascertain the damages caused, for submission to the APCCF. Despite the lapse of three years since the constitution of the cell, there was no feedback available in respect of forest fires or conducting of any survey of fire-prone areas. During the exit conference, the APCCF stated (August 2011) that no reports had been submitted by the Cell and that the matter would be pursued.

2.1.10 Conservation of forests

The conservation functions of the department include compensatory afforestation on diversion of forest land for non-forest purposes; removal of weeds; soil conservation measures; preservation of trees outside the forests etc. The Preservation of Trees Act, 1984 and the Forest Conservation Act, 1980 are the two major enactments enforced in the conservation of forests. The audit findings in this regard are discussed below:

* Admission of ones guilt and agreeing to pay the penalty

2.1.10.1 Preservation of Trees Act, 1984

The Goa, Daman and Diu Preservation of Trees Act, 1984 (GDDPTA) is an important legislation of the State for preservation of trees outside the forest. As per the GDDPTA, no person can fell or dispose of any tree in any land, whether in his ownership or occupancy or otherwise, except with the previous permission of the Tree Officer[*]. Every person granted permission under the Act is bound to plant such number and kind of tree/trees in the area from which the tree/trees is/are felled or disposed of under such permission as may be directed by the Tree Officer. Further, as per the Goa, Daman and Diu Preservation of Trees Rules, 1983 (GDDPTR), a security deposit has to be collected for ensuring the replanting of the tree/trees, which is refunded on re-plantation of the trees stipulated by the Tree Officer. The rules also stipulate that on failure of a permit holder to replant the tree/trees as specified in the permit, the Tree Officer, after issue of notice to the permit holder, would arrange to replant the trees. The GDDPTA further provided that the cost of replanting the trees by the Tree Officer would be recovered from the permit holder by way of adjustment against the security deposit or failing that, by recovery as arrears of land revenue.

(a) Poor enforcement of the Act

For preservation of trees in the State, it was important that the department not only ensured that the permit holders replanted trees as stipulated by the Tree Officer but also ensured the growth of replanted trees. The divisions issued notices to permit holders on their failure to replant the trees. However, there was no data regarding the number of cases to be inspected, the number of actual inspections conducted, the notices issued, cases where trees had been re-planted and its inspection to monitor its growth. Further, no details were available on the action taken in cases of failure to replant trees to ensure proper monitoring in the implementation of the Act. The rules did not provide for any inspections to be conducted to ensure that the trees replanted were growing well nor was the same prescribed by the department. Audit scrutiny of 744 out of 1,253 cases of tree-cutting permitted during 2009-10 in the office of the DCF, South Division revealed that in none of the cases was any notice issued or action taken to replant the trees. Compilation of data by Audit revealed that as against 2.03 lakh trees to be replanted in lieu of 0.59 lakh trees permitted to be cut during the period 2005-11 in North and South Divisions, only nine thousand trees were replanted. Thus the provisions of the Act pertaining to replanting of trees were poorly enforced. During the exit conference, the APCCF stated (August 2011) that notices were being issued and further action would be taken for enforcement of the Act.

[*] The Deputy Conservator of Forest was the designated Tree Officer

(b) Non-constitution of Tree Authority

Section 3 of the GDDPTA stipulates the constitution of a Tree Authority[◆] by the Government for each revenue district, who would be responsible for carrying out census of the existing trees, specifying the standards regarding the number and kind of trees to be planted, the type of land and premises for each locality; the type of species and number of trees to be planted etc. Further, as per Section 11 of the Act, every owner of land should plant trees in "blank areas"[≠] so as to conform to the standards specified by the Tree Authority. The DCF, South Division stated (June 2011) that the Tree Authority had not been constituted nor the census conducted and that the matter regarding constituting the Tree Authority would be initiated. The DCFs, North and South Divisions stated (June 2011) that the details of 'blank areas' were not available with them. During the exit conference, the APCCF stated (August 2011) that the matter was discussed and the Government had directed the department to send a proposal for constituting the Tree Authority. Despite a passage of 27 years from the date the GDDPTA was enacted, the Government had not constituted a Tree Authority, in the absence of which, the work of conducting a census of the trees and specifying standards regarding the number and kind of trees to be planted in each locality, could not be started. A planned approach to preservation of trees thus was absent.

(c) Short recovery of security deposits

As per the GDDPTR, a security deposit has to be collected for ensuring the replanting of tree/trees. As per the relevant Government notification (July 2003), the fee for each tree permitted to be cut was ₹ 100 while the security deposit for ensuring re-plantation of the tree/trees mentioned in the permit in lieu of tree/trees permitted to be cut was ₹ 200 per tree to be replanted. Scrutiny in Audit revealed that security deposits at the rate of ₹ 200 per tree were collected for the number of tree/trees permitted to be cut instead of the number of trees required to be replanted. As against ₹ 4.06 crore to be collected for 2.03 lakh trees to be replanted, the security deposit collected was ₹ 1.18 crore only, resulting in short recovery of ₹ 2.88 crore during the period 2005-11 in the offices of the DCFs, North and South Divisions. The DCF, North Division stated (June 2011) that the Government notification had been interpreted to mean that security deposit should be collected for each tree to be felled while the DCF, South Division stated (June 2011) that the Government notification was not clear as to whether the security deposit was to be collected on the trees permitted to be cut or the number of trees to be replanted. The replies are not acceptable since there was no ambiguity in the notification and the security deposit was to be collected for the trees to be replanted. During the exit conference, the APCCF stated (August 2011) that the matter would be re-examined.

Shortfall in recovery of security deposits under Preservation of Trees Act amounted to ₹ 2.88 crore during 2005-11

◆ Comprising of Development Commissioner or any other officer not below the rank of Secretary to Government, Collector of the concerned revenue district, two members of the Legislative Assembly and two members of the local bodies nominated by the Government and Conservator of Forests or his nominee.

≠ Any piece of land (not being under cultivation) measuring one-half of a hectare or more, which has five or less number of trees growing on it per half hectare.

(d) Absence of physical verification of security deposits

Security deposits of ₹ 200 per tree were collected by way of Fixed Deposit Receipts (FDRs)/Deposit at Call Receipts (DCRs) and Demand Drafts (DDs). Physical verification of the FDRs/DCRs/DDs held as security deposits was not done during the period 2005-11. Though the security deposits received were noted in a register by the divisions, the date of expiry of DDs were not noted in the register to ensure that the DDs were either renewed or encashed before expiry of the validity of the drafts. Test check of 744 tree-cutting permissions granted during 2009-10 in the office of the DCF, South Division revealed that in 572 cases, DDs valuing ₹ 3.13 lakh had expired. In view of the above, a review of the system being followed in the collection and holding of the security deposits in the form of FDRs/DCRs/DDs without depositing the same into the treasury was required. The DCFs, North and South Divisions stated (June 2011) that the matter regarding the review of the system would be taken up with the higher authorities. During the exit conference, the APCCF stated (August 2011) that necessary action would be taken and the system would be reviewed.

2.1.10.2 Compliance of the Forest Conservation Act, 1980

The objective of the Forest Conservation Act (FCA), 1980, a Central Act is to regulate the indiscriminate diversion of forest land for non-forest uses and to maintain a logical balance between the developmental needs of the country and the conservation of the natural environment. Under the provisions of this Act, prior approval of the Government of India (GOI) is essential for diversion of forest land for non-forest purposes. To reduce environmental damage on account of forest loss, GOI, while approving a proposal, stipulated conditions which, inter alia included carrying out compensatory afforestation, creation of safety zones etc. The cost of conservation measures was to be borne by the user agencies. Further, user agencies had to pay the net present value (NPV) of the diverted forest land. While processing proposals involving diversion of forest land, it was the responsibility of the department to ensure compliance of the conditions laid down by GOI and the State Government. Audit scrutiny revealed the following:

(a) Non-revision of Compensatory Afforestation charges

Non-revision of Compensatory Afforestation charges despite increase in wage rates

Compensatory Afforestation (CA) charges were being levied on user agencies for diversion of forest land for non-forest purposes. Charges of ₹ 44,430 per hectare[•] were revised (October 2005) by the State Government retrospectively from August 2004 to ₹ 92,368 per hectare due to increase in daily wages. The daily wage rate increased from ₹ 98 per worker per day in 2002 to ₹ 147 and ₹ 221 per worker per day in June 2007 and 2010 respectively. Considering the increase in wages, the cost of afforestation worked out to ₹ 1,28,927 and ₹ 1,84,138 per hectare with effect from June 2007 and June 2010 respectively. However, the rate of CA charges remained unrevised despite 125.51 *per cent* increase in the daily wage rate from 2002.

[•] Effective from October 1997.

The CA charges necessitated revision due to increase in wage rate as wages comprised the major cost component of afforestation. During the exit conference, the APCCF agreed (August 2011) to increase the CA charges immediately on revision of the wage rates.

(b) Non-recovery and short recovery of Compensatory Afforestation charges

The FCA stipulated that wherever non-forest land was not available or the area of the non-forest land was less than the forest area being diverted, CA was to be carried out in degraded forests in twice the area being diverted or in an area equal to the difference between the forest land being diverted and the available non-forest land, as the case may be. Scrutiny in audit revealed that the DCF, North Division did not recover CA charges amounting to ₹ 15.59 lakh in a case[5] involving diversion of 8.44 hectares of forest land for mining. In another case[6], the DCF, North Division did not recover CA charges for twice the area of 44.07 hectares diverted for mining, resulting in short recovery of ₹ 40.71 lakh.

The DCF, North Division intimated (November 2010) the Conservator of Forests (CF) that GOI, while granting in-principle approval for diversion of forest land for mining, had not stipulated recovery of CA and requested the CF to intimate GOI to impose the condition at the time of grant of final approval. However, this fact was not brought to the notice of GOI by the CF. Thus, though the FCA stipulated recovery of CA charges, the same was not done. During the exit conference, the APCCF directed (August 2011) the division to verify the matter and take action.

(c) Non-verification of safety zone area and non-recovery of cost of fencing and afforestation

GOI, while granting in-principle approval for diversion of forest areas for mining purposes, inter alia, stipulated (May 2006) that fencing, protection and regeneration of safety zone areas (7.5 metre strips all along the boundary of mining lease areas) wherever feasible, should be done at the cost of the mine owners.

Further, GOI also stipulated (May 2006) that afforestation on degraded forest land should be done in other areas measuring one and a half times the areas under safety zones. This is also to be done at the cost of the mine owners. For carrying out the work of fencing and afforestation, the department recovers the cost from the mine owners. On test check of 10 out of 16 cases approved by GOI during 2006-11, it was observed in audit that the area of the safety zone computed by mine owners was not independently verified by the DCF, North Division. The DCF, North Division stated (June 2011) that the verification of safety zone areas would be considered in future but the reply was silent on the reasons for not verifying the area in the past.

5 Title of concession no 62 B/52.

6 Title of concession no 62 A/52.

It was further observed that DCF, North Division in one[7] case, had not recovered the cost of fencing and afforestation. The DCF, South Division had not recovered the cost in three[♦] cases. The DCF, North Division stated (June 2011) that the mine was surrounded by other working mines on all sides and that the responsibility of fencing was the user agency's and not of the department. The reply is not acceptable as in other cases[*], afforestation charges and cost of fencing have been recovered by the division. The DCF, South Division stated (June 2011) that the details in respect of the three mines were being verified and would be intimated to Audit. During the exit conference, the APCCF directed (August 2011) the divisions to take suitable action and also to verify the recovery cases pointed out by Audit.

(d) Shortfall in Compensatory Afforestation (CA)

In order to mitigate the adverse effects of diversion of green forest land, GOI, while granting approval under the Act, stipulates that CA should be done over an equivalent area of non-forest land or double the degraded forest land in case of non-availability of non-forest land. Quarterly progress reports on CA, in lieu of forest areas diverted under FCA were to be submitted by the DCFs, North and South Divisions to the APCCF's office.

Scrutiny revealed that the reports had not been prepared after March 2010 and June 2009 by the DCFs, North and South Divisions respectively. As per the last quarterly progress report submitted by the DCF, North Division, as against CA of 1,440.97 hectares to be done since 1983, only 509.59 hectares (35 *per cent*) had been brought under afforestation. As per the information furnished by the DCF, South Division, CA of 816.86 hectares (82 *per cent*) was done as against 998.92 hectares to be done since 1987. The DCFs, North and South Divisions stated (June 2011) that the shortfalls were due to non-availability of degraded forest land. The reply is not acceptable as even during 2010-11, the department had carried out enrichment plantations in 150 hectares in degraded forests. During the exit conference, the APCCF while agreeing (August 2011) that enrichment plantation in degraded forests was done during 2010-11, also agreed to update data on CA and obtain monthly reports from the divisions.

(e) Non-recovery of penal CA charges from mines

As per a Supreme Court judgement dated 4 January 2008 in the case of Godavarman Thirumulpad vs Union of India (Writ Petition No. 202/1995), penal CA was to be recovered from mine owners for carrying out mining between 1987 and the date on which the approval under FCA was accorded. Accordingly, the DCF, South Division demanded (January 2008) payment of penal CA charges amounting to ₹ 3.70 crore from M/s V.S. Dempo and Company Private Limited in respect of three[•] mines. However, the company did not pay the penal CA on the ground that it did not carry out any mining

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[7] Title of concession no 29/54

[♦] Title of concession no 35/52, 3/51, 40/54.

[*] Title of concession no 50/53, 62A/53,19/58

[•] Title concession no 3/51, 35/52 and 40/54.

activity during the period 1987 till the date of obtaining GOI approval. The division office, however, did not verify the claim of non-working of the mines. On this being pointed out by Audit, the DCF, South Division stated (June 2011) that the matter had since been referred (June 2011) to the Director of Mines and further progress would be intimated to Audit. The fact remains that the division office did not verify the claim of non-working of mines based on the inspections carried out by the staff and officers of the department. During the exit conference, the APCCF agreed (August 2011) to take action.

(f) Non-monitoring of compliance of conditions stipulated by GOI

While granting permission for diversion of forest land for mining, the GOI conditions include fencing, mitigative measures to minimize soil erosion, etc. Test check of 24 out of 26 cases approved during 2006-11 by Audit in the DCFs, North and South Divisions revealed that periodical inspections of mines were not done to ensure compliance to GOI conditions. Control registers were not maintained showing the position of compliance by mine owners and follow up action by the divisions in cases of default. The department also did not prescribe any periodical reports from Range Offices on the status of compliance of GOI conditions. The division offices had also not prescribed the number of non-working mines to be inspected each month/quarter by the Range Offices and the reports to be submitted therein. In reply, the DCFs, North and South Divisions stated (June 2011) that regular inspections were carried out by the staff and officers of the department in forest areas including mining areas. The reply is not acceptable in the absence of periodical reports on compliance and corrective action taken in the event of mine owners not adhering to the statutory conditions. During the exit conference, the APCCF directed (August 2011) the divisions to maintain control registers and obtain reports from Range Offices to monitor compliance.

2.1.10.3 State Compensatory Afforestation Fund Management and Planning Authority

The MoEF, GOI issued (July 2009) guidelines for establishment of a Compensatory Afforestation Fund Management and Planning Authority (CAMPA) in the State. The functions of the State CAMPA, inter alia, included funding, overseeing and promoting CAs in lieu of diversion of forest land for non-forestry use, overseeing forest and wildlife conservation and protection work within forest areas and maintaining a separate account in respect of the funds received for conservation and protection of protected areas. The amounts towards CA, NPV etc. received from user agencies for diversion of forest land for non-forest purposes were transferred to CAMPA under MoEF, New Delhi. The State CAMPA (constituted in July 2006) received amounts of ₹ 12.12 crore and ₹ 10.24 crore in August 2009 and October 2010 respectively from the CAMPA. Based on the guidelines issued by GOI, the State Government constituted (January 2010) three committees for the functioning of the State CAMPA viz. the Governing Body, the Steering Committee and the Executive Committee. Audit noticed the following deficiencies:

The Steering Committee approved (March 2010) the Annual Plan of Operations for the year 2010-11 for an amount of ₹ 11.92 crore, as against which the expenditure incurred was ₹ 4.20 crore only. The shortfall was mainly on account of non-utilisation of funds provided for office accommodation, construction of barbed wire, rubble wall etc. The reasons for shortfall were awaited from the department.

The Governing Body prescribed maintenance of records relating to CAMPA along with vouchers and ledgers in the divisional offices. Audit scrutiny revealed that neither were ledgers maintained nor were accounts prepared as per the commercial accounting procedure. Monthly progress reports were not submitted as required. No action was also taken by the APCCF's office on non-receipt of reports. Consequently, no monthly CAMPA account could be prepared by the APCCF's office.

As per the Manual of Guidelines and Accounting Procedure, approved (September 2010) by the Governing Body, the accounts at the division level were to be audited by approved Chartered Accountants on the panel of the Comptroller and Auditor General of India at the end of the financial year, who were to issue certificates before the end of May of the next financial year. Further, as per the Manual, the CCF was responsible for conducting internal audit of accounts of the divisions and preparation of Annual Scheme Completion Reports. Audit observed that the department had neither conducted any internal audit nor prepared any Annual Scheme Completion Report till date (July 2011). During the exit conference, the APCCF stated (August 2011) that the matter regarding audit of accounts would be put up to the Steering Committee.

As per the Manual, the estimates of works approved in the Annual Plan of Operations were to be prepared following the approved Forest Schedule of Rates or the PWD Schedule of Rates. However, Audit observed that in violation of the approved guidelines, the estimates for afforestation under the State CAMPA were prepared as per the cost estimates for recovery of CA charges from user agencies. During the exit conference, the APCCF stated (August 2011) that the matter pointed out in audit would be examined and action taken accordingly.

As per the guidelines of State CAMPA issued (July 2009) by GOI, an independent system for concurrent monitoring and evaluation of the works implemented in the States should be evolved and implemented to ensure effective and proper utilization of funds. It was noticed that the department had not conducted monitoring and evaluation of the works implemented under CAMPA.

2.1.10.4 Under-utilisation of funds of 'Management Action Plan on Mangroves'

MoEF launched the scheme of 'Management Action Plan on Mangroves' in 1987. The mangroves of Goa were identified for intensive conservation and management. Mangroves are one of the fragile and highly productive ecosystems found along the coast. They perform a vital role in nutrient recycling, coastal protection and fish breeding. Hundred *per cent* Central assistance was given for undertaking activities such as raising of mangrove plantations, protection, siltation control of coastal areas, etc. Funds were to be released in two instalments. The second instalment pertaining to the balance grant was to be released to the extent admissible after receipt of an utilization certificate and a report on the physical progress of work done against the released amount. In April every year, MoEF called for a proposal from the State Government for assistance under the scheme. The details of amounts sanctioned, released by MoEF, spent and the closing balances during the period 2006-07 to 2010-11 were as given in **Table 4** below:-

Table 4

Statement showing grants released, utilized and closing balance in respect of the scheme of 'Management Action Plan on Mangroves'

(₹in lakh)

Year	Opening balance	Proposal amount	Amount sanctioned	Amount released	Total	Amount spent	Closing balance
1	2	3	4	5	6 (2+5)	7	8 (6-7)
2006-07	8.50	18.14	12.16	3.66	12.16	8.24	3.92
2007-08	3.92	13.16	9.12	5.20	9.12	7.47	1.65
2008-09	1.65	17.60	16.60	14.95	16.60	6.20	10.40
2009-10	10.40	12.37	10.40	Nil	10.40	7.85	2.55
2010-11	2.55	16.82	Nil	Nil	2.55	Nil	2.55
Total		**78.09**	**48.28**	**23.81**		**29.76**	

(Source: GOI sanction/release orders and utilization/expenditure statement)

Financial assistance of only ₹23.81 lakh released against ₹48.28 lakh sanctioned

As seen from the above table, proposals for assistance amounting to ₹ 78.09 lakh were submitted to the MoEF during 2006-11. Against this, ₹ 48.28 lakh (62 *per cent*) was sanctioned but only ₹ 23.81 lakh, being the first instalment, was released (49 *per cent*). However, a total expenditure of ₹ 29.76 lakh was incurred during the period, leaving an unspent balance of ₹ 2.55 lakh. No amount was released during 2009-10 and 2010-11 as the department had an unspent balance of ₹ 10.40 lakh as on April 2009 and ₹ 2.55 lakh as on April 2010. Due to non-submision of utilisation certificates and reports on physical progress of work, the department lost ₹ 24.47 lakh during 2006-10 for taking up works to protect the mangroves responsible for the protection of the eco-system.

Against the physical targets of 210.50 hectares and 155.00 hectares for mangrove plantations and enrichment respectively for the years 2006-07 to 2009-10, the achievement were only 168.50 hectares and 102 hectares (270.50 hectares) respectively, indicating a shortfall of 21 *percent.* Similarly, as against ₹ 10 lakh provided for a Mangrove Park at Panaji during 2006-07 to 2009-10, there was no progress even in acquiring land for the purpose. Further, for protection of mangroves and creating awareness, expenditure of only ₹ 44 thousand and ₹ 57 thousand was incurred during 2006-10 against ₹ 1.94 lakh and ₹ 2.90 lakh respectively, provided under the scheme. The sanction order of the MoEF required that an impartial outside technical agency be selected for evaluation of the progress of the work. The selection of the outside technical agency was not done by the department.

The DCF, Research & Utilisation (R&U) replied (June 2011) that late receipt of funds was responsible for non-achievement of targets. Further, it was stated that the PWD was still to hand over one hectare of land for the Mangrove Park. The reply is not acceptable, as the department had unutilized funds from the previous years for carrying out the works and did not have to wait for fresh funds from MoEF.

2.1.11 Development of Forests

The Forest Department, as a custodian of Government forest land, performs a number of developmental functions. Raising/maintenance of plantations, urban/social forestry, construction and maintenance of buildings and roads in forest areas, supply of timber and development of habitats are some of the important developmental functions of the department. The Government constituted three Forest Development Agencies for development of the forests through people's participatory approach.

2.1.11.1 National Afforestation Programme

The National Afforestation Programme (NAP), introduced in the Xth Five Year Plan, was a 100 *per cent* Centrally Sponsored Scheme operated by the National Afforestation and Eco Development Board (NAEB) under MoEF. The objectives of the scheme included (i) protection and conservation of natural resources through active involvement of the people (ii) checking of land degradation, deforestation and loss of bio-diversity (iii) ecological restoration, environmental conservation and eco-development and (iv) evolving of village level people's organizations which could manage the natural resources in and around the villages in a sustainable manner. Forest Development Agencies (FDAs) and Joint Forest Management Committees (JFMCs) were the nodal agencies for implementation of the scheme. Audit findings with regard to the implementation of this scheme were as follows:-

(a) Delay in utilization of funds provided

Three FDAs were constituted (July 2003), namely for Wildlife, North and South while the JFMCs were notified in March 2003. Proposals from the three FDAs covering an area of 1,250 hectares were sent (October 2003) involving an amount of ₹ 4.07 crore for the period 2003-04 to 2006-07. However, the MoEF sanctioned only ₹ 2.39 crore for the period 2003-04 to 2006-07, out of which an amount of ₹ 64 lakh was released (March 2004) for the year 2003-04. The details of the areas, amounts proposed, amounts sanctioned for the period 2003-04 to 2006-07, amounts released for 2003-04 and expenditure incurred as of March 2011 by each of the three FDAs were as given in Table 5 below:-

Table 5
Statement showing grants released, utilized and closing balance

(₹in lakh)

FDA	Proposed area for 2003-07 (in hectares)	Proposed amount for 2003-07	Number of JFMCs	Amount sanctioned by MoEF for 2003-07	Amount released by MoEF for 2003-04	Expenditure incurred during 2003-11	Unspent balance
North	450	146.35	11	86.19	23.00	5.26	17.74
South	375	121.96	7	71.87	19.00	11.53	7.47
Wildlife	425	138.22	8	81.15	22.00	Nil	22.00
Total	**1250**	**406.53**	**26**	**239.21**	**64.00**	**16.79**	**47.21**

(Source: GOI sanction/release orders and utilization/expenditure statement)

Department could utilize only ₹16.79 lakh during seven years out of ₹64 lakh released in 2003-04

An amount of only ₹ 16.79 lakh could be spent during the period 2003-04 to 2010-11, out of the ₹ 64 lakh released for 2003-04. Scrutiny revealed that microplans for each JFMC were required to be prepared by the FDAs in consultation with members of these committees, and thereafter the consolidated project proposal for the FDA should have been finalized, approved and submitted to GOI for release of funds. This was not done. The plans/maps of areas identified for plantations were not available in the North and South FDAs, as the proposals were finalized without actually identifying the areas in the field and without preparing maps for the identified areas. Further, as the project was mainly plantation based, the same could not be implemented in FDA (Wildlife) due to lack of adequate land for afforestation. Moreover, the benefit of the plantation could not be shared with the locals as no forest produce was permitted to be harvested from wildlife protected areas. MoEF had directed the department in May 2006, October 2009 and October 2010 to return the unspent amount of ₹ 47.21 lakh along with interest. The State Government also conveyed (May 2011) its approval for returning the unspent amount. Non-utilisation of ₹ 47.21 lakh out of ₹ 64 lakh released further resulted in depriving the State of the balance amount of ₹ 1.75 crore sanctioned.

(b) Non-release of funds to JFMCs

As per the sanction order of the MoEF, the FDAs were to release the amount to the JFMCs within 15 days of receipt of funds from the MoEF based on their fund requirements. Further, the accounts of FDAs were to be audited through reputed Chartered Accountants on the panel of the Comptroller and Auditor General of India. Though 26 JFMCs were constituted, no amounts were released to these JFMCs. Further, no audit of the accounts of the FDAs had been conducted as required in the sanction orders.

As per the guidelines of MoEF, a State Level Steering Committee was to be constituted for monitoring the implementation of the scheme. Though the committee was constituted (March 2008) after a delay of about five years, no meetings of the committee had been held. Reasons for the delay in constituting the committee and holding of meetings were not furnished (August 2011).

The DCF, South Division replied (June 2011) that the scheme did not provide sufficient flexibility for implementing in Goa. The reply is not acceptable as proposals under the scheme were prepared by the concerned FDAs without any planning and without consulting the members of the JFMCs. Further details about whether land was available for plantation were not ascertained at the time of preparation of plans as no maps were available.

2.1.11.2 Delay in utilization of funds under Integrated Development of Wildlife Habitats

The MoEF (Wildlife Division) was implementing since 2005-06, a Centrally Sponsored Scheme 'Assistance for Development of Wildlife Sanctuaries and National Parks', which was renamed (January 2009) 'Integrated Development of Wildlife Habitats'. The scheme was to provide assistance for development of sanctuaries and national parks and also aimed at protection of wildlife outside protected areas and conducting recovery programmes for critically endangered species and habitats. The scheme was to be funded both by the Central and State Government on 75:25 basis. Funds were to be released in two instalments in a financial year. The second instalment was to be released only after receipt of progress of expenditure along with an utilization certificate for more than 50 *per cent* of the first instalment of the year.

While proposals for the scheme were invited by MoEF (Wildlife Division) in April every year with tentative allocations and were to be submitted latest by April-May of the year, the proposals for funds were actually submitted between July and October, after delays of 71 to 139 days. This led to subsequent delays in sanction and receipt of funds from MoEF and their utilization. The details of amounts lying unspent at the beginning of the year, amount sanctioned, released and spent during the period 2006-07 to 2010-11 was as given in **Table 6** :-

Table 6

Statement showing grants released, utilized and closing balances

(₹in lakh)

Year	Opening balance	Amount sanctioned	Amount released	Total amount available	Amount spent	Closing balance
1	2	3	4	5 (2+4)	6	7 (5-6)
2006-07	47.14	47.88	5.00	52.14	17.76	34.38
2007-08	34.38	57.96	31.59	65.97	45.88	20.09
2008-09	20.09	77.52	41.94	62.03	59.01	3.02
2009-10	3.02	92.56	71.03	74.05	41.49	32.56
2010-11	32.56	59.70	32.87	65.43	32.42	33.01
Total		**335.62**	**182.43**		**196.56**	

(Source: GOI sanction/release orders and utilization/expenditure statement)

An amount of ₹ 47.14 lakh was lying unspent as on 1 April 2006. During 2006-11, an amount of ₹ 3.36 crore was sanctioned, out of which only ₹ 1.82 crore (54 *per cent*), being the first instalment for the year was released. The department could, however, spend only ₹ 1.97 crore during 2006-07 to 2010-11, leaving an unspent balance of ₹ 33.01 lakh as on 31 March 2011. The State was deprived of the second instalment of ₹ 1.54 crore as the department failed to submit utilization certificates for utilization of 50 *per cent* of the first instalment.

The DCF, (P&S) replied (June 2011) that the process of preparation of proposals was time-consuming and attributed the delay in utilization of funds to considerable time spent in observing the codal formalities. The reasons for delay in preparation of proposals are not acceptable as this process could have been started well in advance as it was an ongoing scheme.

2.1.11.3 Unoperational Tissue Culture Laboratory

A Tissue Culture Laboratory (TCL) for the State of Goa was set up (2002) with the objectives of overcoming the problems of traditional methods of propagation as also production of large number of quality seedlings after selecting the desirable traits. The laboratory was well equipped with equipment costing ₹ 4.04 lakh purchased during 2000-01, 2003-04 and 2009-10. Three officials of the department were trained between September 2008 and December 2009 at the Institute of Wood Sciences and Technology, (IWST) Bangalore. Despite the training provided and equipment purchased, the TCL was not operational (March 2011). The DCF, (P&S) replied (June 2011) that qualified researchers were required to run the laboratory and that the trained officials could only assist the researchers and handle the TCL for a short period. The reply is not acceptable as the department never approached the Government for creation of posts of researchers in the department. The benefit which would accrue to the plantations as a result of the research thus failed to materialize due to the laboratory remaining unoperational even after eight years. During the exit conference, the APCCF stated (August 2011) that the trained people would be put on the job to look after the TCL.

2.1.11.4 Failure of plantations carried out in Communidade land

The Social Forestry Division carries out various activities such as plantation/afforestation in Communidade[8] land, avenue plantation, raising of nurseries, creation and maintenance of gardens etc. The division had executed 40 lease agreements with different Communidades all over Goa between 1986 and 2007, involving 2,907.21 hectares of land for taking up plantations therein. Audit scrutiny revealed that the register maintained by the division showed that the number of agreements entered into were 59 involving 3,106.98 hectares while the actual number of agreements was only 40 involving 2,907.21 hectares as seen from reply of the division. Further, details

[8] Portuguese word which means community

of plantations carried out in these lands were not entered in the register or were not readily available with the division. Details of renewal of seven agreements with the Communidades which expired between 1991 and 2011 were not available.

Test check of files of the six Communidade lands taken up for plantations revealed that plantations were either not taken up fully or were not successful as detailed below:-

(a) Against 22.22 hectares of Assagao Communidade land taken on lease in July 2007, plantations in only 4.46 hectares and 5.54 hectares were taken up in 2006-07 and 2007-08 respectively. Plantation in the balance 12.22 hectares was not taken up due to dense vegetation cover and objections to carry out plantation by tenants.

Plantation in communidade land suffered from heavy casualities

(b) An area of 56.07 hectares of land of the Rivona communidade was taken on lease in July 1999. Plantation of 89,600 seedlings in 25 hectares was done in 1999-2000 at a cost of ₹ 2.73 lakh. Maintenance of the plantation was carried out at a cost of ₹ 4.46 lakh during the period 2000-01 to 2002-03. However, only 1,787 trees were available as on August 2009, denoting heavy casualties. Further, replantation in 10 hectares was carried out in 2010-11 i.e. after a gap of 10 years as the Communidade requested (August 2008) the department to return the land since no activities were seen there. Plantation in the balance 31.07 hectares was still to be taken up. Scrutiny in audit revealed that the failure of the plantations was due to the presence of a lot of laterite stone quarries and the absence of good surface soil.

(c) Two pieces of land measuring 74 and 61 hectares were taken from the Curtorim Communidade vide agreements in June 1991 and December 1991 respectively. Plantations were carried out in 37.14 hectares of land in 1991-92 with 97,995 seedlings at a cost of ₹ 1.26 lakh. Despite maintenance for four years at a cost of ₹ 0.97 lakh, the plantation was a total failure. The failure of the plantation was attributed to existence of laterite stone quarries. The balance area of 97.86 hectares was not taken up for plantation despite the lapse of over nine years.

Taking up Communidade land without proper surveys in respect of soil, quarries, tenant problems, etc. resulted in the Social Forestry Division either not being able to carry out plantations or poor survival rates in the plantations carried out resulting in wasteful expenditure of ₹ 9.42 lakh in respect of the above three plantations.

2.1.11.5 Sanction of estimates after commencement or completion of work and non-preparation of work completion reports

Para 13.4.5 of the Goa, Daman and Diu Forest Code (GDDFC) stipulates that normally no work should be executed or started for which there is neither a sanction nor provision of funds. Para 13.3.1 of GDDFC stipulates that estimates for different works should be obtained by the sanctioning authority during April every year and sanctioned as early as practicable on receipt of sanctioned appropriation. Para 13.10 of the GDDFC stipulates that on completion of a work, a detailed completion report in the prescribed form should be prepared. The completion report should give complete details of the quantity, rate and amount of each item actually executed, as entered in the sanctioned estimate.

Test check of the 656 estimates sanctioned for an amount of ₹ 6.07 crore during 2008-11 in seven* divisions for various works like raising of plantations, maintenance of plantations etc. revealed that 460 estimates (70.12 *per cent*) amounting to ₹ 4.65 crore were sanctioned after commencement of work. Analysis by Audit revealed that out of 656 estimates, 84 estimates (12.80 *per cent*) amounting to ₹ 82.39 lakh were prepared after completion of the works, indicating lack of planning in the execution of works apart from failure to observe the codal provisions. Further, work completion reports were not prepared in respect of any of the 656 estimates. During the exit conference, the APCCF stated (August 2011) that action was being taken to get the estimates sanctioned prior to the commencement of work and preparation of work completion reports.

2.1.11.6 Forest Training School

The Forest Training School at Valpoi with a capacity of training 25 students had been functioning since 1982. The training school had operated below the sanctioned staff strength between 2006 and 2011. As against a sanctioned strength of six (one Principal, two Instructors, two Assistant Instructors and one Games/PT Instructor) only two were in position during 2006-07 and 2007-08, three in 2008-09, four in 2009-10 and five in 2010-11. Further, the syllabus covered was introduced in 1982. As the forestry sector was facing a number of new challenges and the efficiency and effectiveness of the Forest Department depended much on the performance level of these officials, the MoEF furnished (September 2009) guidelines for the revision of the syllabus. The revised syllabus covered topics such as joint forest management and people participatory activities related subjects covering stake-holders, micro planning, participatory skills, community based organization etc. which were not covered in the earlier syllabus. Despite the passing out of one batch in January 2011 and the next batch having commenced training from February 2011, the required changes in the syllabus had not been carried out.

The DCF, (R&U) replied (June 2011) that the available staff and some personnel from the Goa Forest Development Corporation were deployed to carry out the duties of instructor and that the process of revision of the syllabus was under scrutiny. During the exit conference, the APCCF stated (August 2011) that action was being taken for revision of the syllabus.

* North Division, South Division, Soil Conservation Division, Working Plan Division, Social Forestry Division, Wildlife Division and Research and Utilisation Division.

2.1.12 Monitoring and Evaluation

2.1.12.1 Decrease in forest cover

The National Forest Policy, 1988 set a goal of bringing one-third of the country's area under forest cover or tree cover. As per the India State of Forest Report 2009, issued by the Forest Survey of India, the total forest and tree cover of Goa was 65.83 *per cent* of the total geographical area of the State as against the national forest and tree coverage of 23.84 *per cent.* Further, the above Report also indicated the decrease in the State's forest cover in the State by five sq km based on the satellite data of January 2007 as compared to satellite data of December 2004. The decrease was two and three sq km in moderately dense forests and open forests respectively. The main reason given in the report for the decrease was the loss in Tree Outside Forest (TOF). The loss in the TOF was attributed (June 2011) by DCF, (Planning and Statistics) to pressure for land for housing, road networks and other developmental purposes besides mining, which was one of the major economic activities of the State. It was further stated that to keep a check on tree felling on private land, the Preservation of Trees Act was enacted in 1984 to regulate the felling of trees outside forest areas. Audit observed that the provisions under the Preservation of Trees Act were not being stringently enforced as discussed earlier in para 1.1.10.1. During the exit conference, the APCCF stated (August 2011) that the provisions of the Act would be stringently enforced.

2.1.12.2 Inspections of Plantation and Survival Reports

As per para 9.3.5 of the Goa, Daman and Diu Forest Code 1979, (GDDFC), whenever plantations are raised, plantation journals should be maintained to record the various operations. Further, as per para 8.1.3 of GDDFC, the Divisional Forest Officer is required to inspect regeneration areas[♦], frequently during pre-planting, planting and post-planting operations. Conducting regular inspections of regeneration areas and preparation of survival reports facilitate prompt action to be taken to ensure the growth and development of plantations. Scrutiny of the 162 plantation journals maintained in 14 Range[®] offices in three Divisions (DCF North, DCF South and DCF (R & U)) for the period 2006-11, involving plantation of 17.96 lakh[#] plants with an expenditure of ₹ 4.83 crore revealed that plant survival reports were not available in 143 cases (88 *per cent*) involving plantation of 15.78 lakh[#] plants and expenditure of ₹ 4.18 crore. Plantation journals were not maintained in respect of 15 plantations carried out during 2008-11 by the DCF, Wildlife and Eco-Tourism Division, involving an expenditure of ₹ 14.83 lakh.

Inspections were not carried out in respect of 89 cases (55 *per cent*) involving plantations of 8.29 lakh[€] plants and expenditure of ₹ 2.12 crore. As against

♦ areas where plantation is done to develop the degraded forests or enrich the existing forests.

® North Division-Collem, Ponda, Pernem, Valpoi, Panaji and Keri; South Division-Pissonem, Cancona, Quepem, Kurdi and Sanguem; Research and Utilisation-Usgao, Quepem and Valpoi.

Number of plantations were not recorded in 22 plantation journals maintained by DCF,Research and Utilisation.

€ Number of plantations were not recorded in 17 plantation journals maintained by DCF,Research and Utilisation.

379 inspections to be conducted (one during plantation and one each during the two-year maintenance period) in respect of 162 plantations, only 86 inspections were conducted, resulting in a shortfall of 77.31 *per cent.* In 18 plantations, involving expenditure of ₹ 31.95 lakh, maintenance was not done in 10 plantations while in eight plantations, maintenance was done only for one year. Plantation maps showing the location of plantations, were not available in 10 plantation journals of DCF, South Division.

In the absence of survival reports and shortfalls in inspections, remedial measures that were required could not be taken up for preventing further degradation of forests. During the exit conference, the APCCF stated (August 2011) that survival reports would be prepared and inspections improved and recorded in the plantation journals.

2.1.13 Internal Control

Every department is required to institute appropriate internal controls for its efficient and effective functioning by ensuring the enforcement of rules and departmental instructions. Internal control helps in creation of reliable financial and management information systems for prompt and efficient services and adequate safeguards against deviations from organizational goals and objectives.

2.1.13.1 Non-conducting of internal audit and inspections

Internal audit is a vital component of the internal control mechanism which enables an organisation to assure itself that the prescribed systems are functioning reasonably well. As per para 3.3.4 of GDDFC, the Assistant Accounts Officer should conduct internal audit of the accounts of the head office and inspection of the accounts of subordinate offices. Scrutiny by Audit in the office of the Additional Principal Chief Conservator of Forests revealed that no records were available regarding the period up to which internal audit and inspections of the subordinate offices were conducted. It was further observed in Audit that the department did not have any internal audit manual, prescribing the extent of checks to be exercised and periodicity of audit. During the exit conference, the APCCF stated (August 2011) that internal audit of the divisions had been completed and that an internal audit manual and check lists would be prepared.

2.1.13.2 Non-maintenance of records

As per para 12 of GDDFC, the divisions and Range Offices are to maintain registers of buildings, lands, roads, leases, rent and ground rent to keep watch of its properties and timely recovery of rents. It was observed that the registers of rent and the registers of lease and ground rent were not maintained in the offices of the DCFs, North and South Divisions while the register of roads was not maintained in the office of the DCF, South Division. The DCFs, North and South Divisions were not maintaining compartment[◆] history showing the areas, boundaries, soil conditions, composition of species, age class quality of stocks, stocking densities etc. Consequently, the plantations done from time to time in each compartment were also not recorded. As per para 9 of the GDDFC, the divisional offices had to maintain Divisional Forest Journals while Range Offices were to maintain Forest Range Manuals. It was noticed in audit that these journals were not maintained by DCF, South Division and all the Range Offices under it. Further, range forest reference maps, plantation key maps and maps of each beat were also not maintained by DCF, South Division and all the Range Offices under it. The DCF, South Division stated (June 2011) that a thorough review of record maintenance would be done to update the system. During the exit conference, the APCCF stated (August 2011) that necessary instructions would be given to field offices to maintain records.

2.1.13.3 Non-verification of charges recoverable by the Accounts Section

Audit observed that recovery of various charges viz. compensatory afforestation, net present value etc. from user agencies was not being routed through the Accounts Sections of the DCF, North and South Divisions for verification, to prevent mistakes in computation of charges. Implementation of such a process was essential as a part of internal control. During the exit conference, the APCCF stated (August 2011) that necessary instructions would be given to the field offices.

2.1.13.4 Deficiencies in maintenance of cash book

(a) Scrutiny of cash books for the period 2006-11 maintained in seven divisions, 28 Range Offices and the APCCF's office revealed the following deficiencies, the details of which are given in **Appendix 2.3**.

- daily totals of cash books were not made and transactions recorded in the cash books were not attested by the Heads of offices in token of check,
- cash book pages were not numbered,
- surprise verification of cash balances was not carried out,
- certificate regarding number of pages in the cash book was not recorded on the first page of cash book and
- entries in cash books were made on passing of vouchers and not on the basis of actual disbursement of cash.

The APCCF's office, DCF, North Division, DCF, South Division and DCF, R&U Division stated (May/June/July 2011) that necessary action had been taken/was being taken to rectify the omissions pointed by Audit.

◆ Division of blocks into smaller division or small areas for effective handling.

2.1.14 Conclusion

Despite a lapse of five years from the time the National Forest Commission recommended formulation of the State Forest Policy, the State had not notified its Forest Policy. The Working Plans in respect of the two territorial divisions were also pending approval of the Government. Management Plans of five Wildlife Sanctuaries and the National Park were not prepared. There was delay in notifying the forest areas thereby hampering the protection of these areas, and its consequent conservation and development. Offence cases registered during 2003-10 under various Acts were pending for want of compliance reports from the Range Forest Offices. The provisions of the Preservation of Trees Act, 1984 pertaining to replanting of trees for conservation of forest were poorly enforced. Further, compliance of the Forest Conservation Act, 1980 was not ensured during diversion of forest land to non forest purposes. Shortfall in compensatory afforestation further hampered the conservation of forest cover in Goa.

2.1.15 Recommendations

- Finalisation of the State Forest Policy, Working Plans and Management Plans should be done in a time-bound manner for effective management of forests.
- A system should be in place to ensure that Compensatory Afforestation charges are revised immediately on increase in wage rate.
- Government should post independent Forest Settlement Officers to expedite forest land settlement proceedings for issue of notifications under Section 20 of the Indian Forest Act, 1927.
- A system should be in place to monitor the offence cases for prompt disposal as also watch the recovery in compounding cases.
- Audit of the accounts of Forest Development Agencies and accounts under CAMPA should be got completed on top priority.
- Effective steps should be taken to utilize the funds sanctioned by the Government of India under the various schemes.
- Independent monitoring and evaluation of works under Compensatory Afforestation and Management Action Plan on Mangroves should be conducted.

PERFORMANCE AUDIT

CORPORATION OF THE CITY OF PANAJI

2.2 Performance Audit on the assessment, collection and accountal of revenue and utilisation of State Government developmental grants by the Corporation of the City of Panaji

Executive summary

The Corporation of the City of Panaji (CCP) was formed in April 2003 by upgrading the erstwhile Panaji Municipal Council. The total area of 55.60 Sq.km under the Corporation is divided into 30 wards. A performance audit covering the period 2005-10 was conducted between November 2010 and March 2011 to verify the effectiveness of the system of levy, collection and accountal of tax and non-tax revenue, adequacy and effectiveness of the monitoring system adopted for realization of revenue dues, the arrangement for safeguarding the municipal lands, buildings and open spaces and utilization of grants-in-aid from the State Government.

The performance audit showed the following deficiencies:

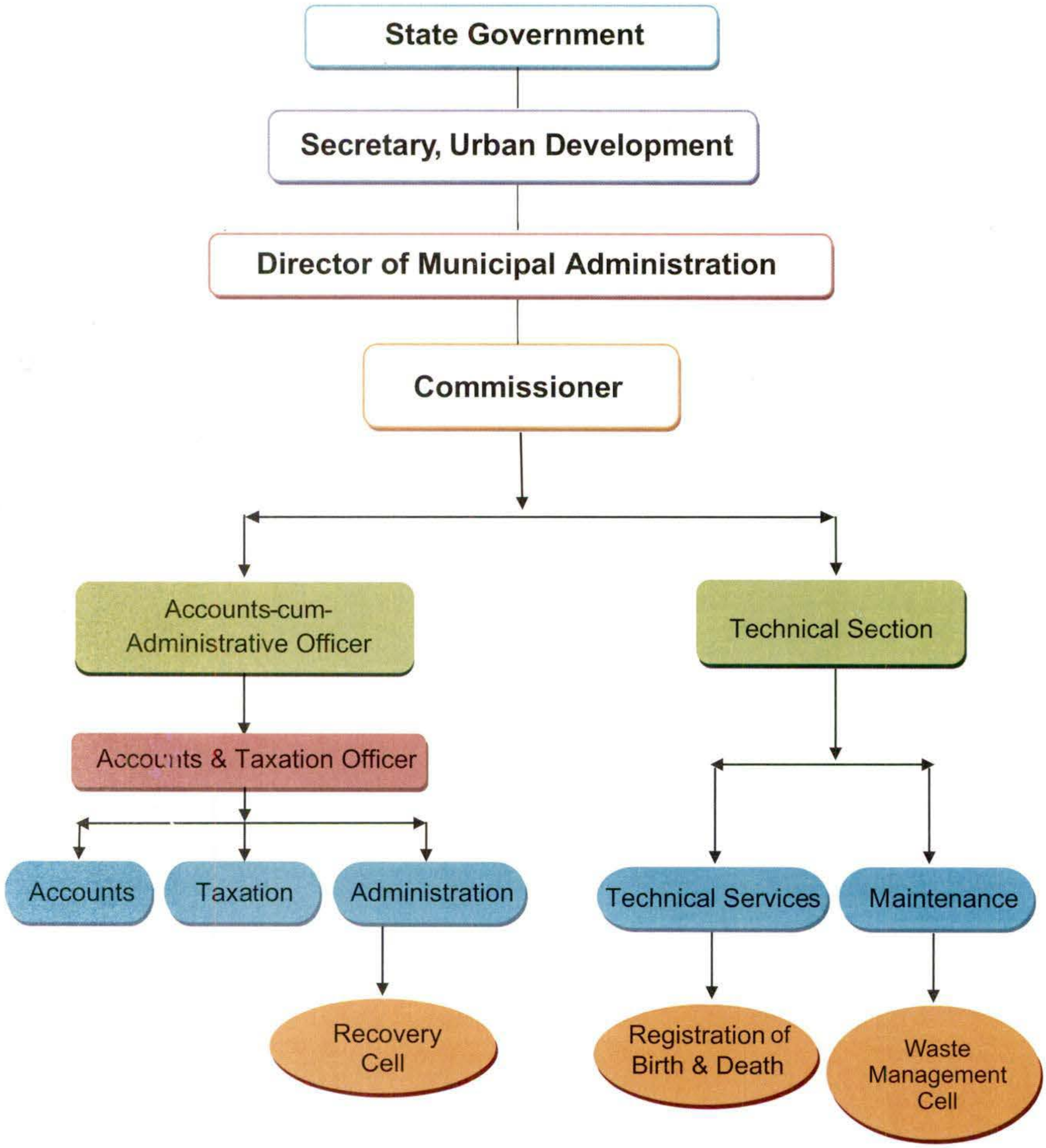
- Bye-laws and Rules as required under the City of Panaji Corporation Act, 2002 were not framed.
- The CCP did not levy property tax on Government land and buildings. It did not conduct any survey to ascertain the occupancy of Government buildings by private agencies for commercial activities.
- CCP failed to initiate action against house tax defaulters leading to accumulation of arrears of ₹ 5.47 crore as of March 2010.
- CCP failed to refund the unspent balances of the grants-in-aid of ₹ 2.80 crore sanctioned during the years 2002-03 to 2008-09.
- CCP failed to safeguard its properties by timely renewal of lease agreements with the tenants.
- The new shopping complex built at a cost of ₹ 15.33 crore was encroached by vendors without any formal agreements and allotment. Inaction against intruders resulted in loss of revenue of ₹ 98.97 lakh during the period from 2003-04 to 2009-10.
- Non-revision of lease rent for land allotted to Petroleum Companies resulted in loss of revenue of ₹ 46.77 lakh.

2.2.1 Introduction

The Corporation of the City of Panaji (CCP) was formed in April 2003 by upgrading the erstwhile Panaji Municipal Council. The CCP discharges its obligatory and discretionary functions of providing civic services and infrastructure facilities to its citizens under the City of Panaji Corporation Act, 2002 (CPC Act). The CCP is the only Municipal Corporation in Goa. The total area (55.60 Sq.km) under the Corporation is divided into 30 wards. This performance audit attempts to examine the functioning of the CCP with regard to levy, collection and accountal of revenue, safeguarding Municipal properties and utilization of grants-in-aid.

2.2.2 Organizational set up

The CCP is headed by the Commissioner who is appointed by the State Government (GOG) under the City of Panaji Corporation Act, 2002. The Director of Municipal Administration (DMA), Department of Urban Development is responsible for the overall supervision of the activities of the CCP. An organogram reflecting the organisational structure of CCP is given below:-



The roles and responsibilities of the CCP staff for revenue collection and safeguarding of municipal properties are given in the following table:

Designation	No. of men in position	Roles and responsibilities
Accounts and Taxation Officer	1	Head of the wing who supervises all the matters connected with Accounts and Taxation
Head Clerk	1	Taxation Matters
Recovery Officer (UDC)	1	Recovery of arrears under various heads of revenue
Data Entry Operators/ Collection Clerks	5	Taxation matters, Collection of House tax, Rent, etc.
Municipal Inspectors (there are eight Municipal Inspectors assigned with different responsibilities)	8	i) Inspection of Municipal Markets (two officials) ii) Maintenance of Grants-in-aid Registers and connected work iii) Matters relating to Trade & Occupation license fees of shops (two officials) iv) Inspection of illegal constructions v) Matters relating to Waste Management vi) Inspection of Road Services

Source: Information furnished by the CCP

2.2.3 Audit objectives

The objectives of the Performance Audit were to assess and evaluate:

- the effectiveness of the system of levy, collection and accountal of tax revenue;
- the arrangement for levy, collection and accountal of non-tax revenue like Market Fees, Lease Rent;
- adequacy and effectiveness of the monitoring system adopted for realization of revenue dues;
- the procedure for receipt and utilization of grants-in-aid from the GOG;
- the arrangement for safeguarding the municipal lands, buildings and open spaces.

2.2.4 Audit criteria

The audit findings were benchmarked against the following criteria:

- The City of Panaji Corporation Act, 2002;
- The Goa Municipalities Act, 1968;
- The Goa Public Premises (Eviction of Unauthorised Occupants) Act, 1988;

- The Goa Municipalities (Tax on advertisements other than advertisements published in newspapers) (Fourth Amendment) Rules, 2000;
- Bye-laws issued by the GOG for Trade and Occupation License, Construction License;
- Orders and guidelines issued by the GOG and Director of Municipal Administration.

2.2.5 Scope and Methodology of Audit

The Performance Audit covered five years period from 2005-06 to 2009-10. However, matters relating to the period subsequent to 2009-10 have also been included, wherever necessary. Before taking up the review, an entry conference was held in November 2010 with the Secretary (Urban Development Department) along with the Commissioner of the CCP, wherein the audit objectives, scope and methodology were discussed. The audit findings were discussed with the Principal Secretary (Urban Development Department) in an exit conference held on 16 May 2011. The Draft Performance Audit Report was sent to the GOG for its remarks in June 2011 and reply is awaited (October 2011).

2.2.6 Financial Position

The details of the receipts and expenditure of the CCP during the five years upto 2009-10 were as under:

(₹ in crore)

Year	Receipts		Expenditure		Surplus/ (-)deficit
	Budget	Actual	Budget	Actual	
2005-06	17.23	15.32	25.56	13.13	2.19
2006-07	14.69	13.79	20.16	14.12	(-)0.33
2007-08	16.68	11.75	24.47	15.99	(-)4.24
2008-09	102.97	16.61	102.61	17.18	(-)0.57
2009-10	45.57	17.42	52.71	16.17	1.25

Source: Information furnished by the CCP and Director of Municipal Administration

The above receipts include grants-in-aid from the Central and State Governments.

2.2.7 Assessment and collection of tax revenue

The CPC Act requires the CCP to impose property tax on land and buildings and cess on animals or goods brought to the City. The Act also empowers the CCP to levy market fee on persons exposing goods for sale in any market or in a place belonging to or under the control of the GOG or of the CCP, toll on vehicles, Trade tax, etc. In addition to this, the CCP also levied Sign Board fees.

Property tax

The CCP maintained details of assessable properties under its jurisdiction in a computerized Demand and Collection Register. However, it did not have an effective system of monitoring the recovery of the taxes due. Consequently there was delay in assessment, substantial arrears of revenue, delay in application of revised rates, etc. as discussed in the following paragraphs.

2.2.7.1 Non-levy of Property tax on land

The CPC Act stipulates that tax shall be imposed upon all lands within the City which are not specifically exempted from tax. Despite provisions in the Act, the CCP has not levied any property tax on lands till date (February 2011).

The CCP stated (December 2010) that it had not shown inclination to levy tax on land so far. In the absence of a specific exemption for land in the CPC Act, the inaction on the part of the CCP in levying tax on land was irregular.

2.2.7.2 Non-levy of Property tax on Government land and buildings

The CPC Act also provides that the GOG should pay to the CCP annually, in lieu of the Property tax, a sum ascertained in the manner provided in the Act. Though a large number of the GOG buildings are located within the jurisdiction of the CCP, compensation, in lieu of property tax, was not claimed from the GOG. Further, the CCP has not conducted detailed survey on occupancy of GOG buildings by private agencies for commercial activities so as to levy normal tax on such properties so far (February 2011). There is no database in CCP on land owned by the GOG.

On being pointed out in audit, the CCP stated (February 2011) that there was a proposal to take up this matter in the next budget session of the CCP. It was also stated that though the CCP levied tax on GOG building used for commercial purposes, the GOG did not agree to pay the same.

2.2.7.3 Accumulation of arrears of House tax

The CCP maintained a computerised Demand and Collection Register of House tax. The position of opening balance, demand for the year, collection and closing balance of House tax (HT) for five years upto 2009-10 is as under:

(₹ in lakh)

Year	Opening balance excluding interest	Demand for the year		Total demand	Collection	Remission	Total collection	Closing balance including interest	Percentage of collection
		Interest	HT						
2005-06	297.90	112.42	383.03	793.35	336.97	3.84	340.81	452.54	43
2006-07	351.59	141.01	391.45	884.05	450.33	2.17	452.50	431.55	51
2007-08	316.92	152.65	429.53	899.10	390.98	3.03	394.01	505.09	44
2008-09	370.74	183.12	470.80	1024.66	508.93	1.11	510.04	514.62	50
2009-10	362.35	194.78	532.00	1089.13	514.87	27.72	542.59	546.54	50

Source: Information furnished by CCP

Note: The CCP was taking only the principal amount as opening balance and the interest on the outstanding dues upto the end of the previous year was shown as interest demand for the current year.

House tax amounting to ₹5.47 crore was in arrears as on 31 March 2010

HT was payable annually by the owners of the buildings. However the annual collection was only about 50 *per cent* of the demand including interest and opening balance. The arrears of HT including interest as of 31 March 2010 was ₹ 5.47 crore. It was also noticed that out of ₹ 5.47 crore pending realization as of March 2010, ₹ 1.13 crore was in arrears ranging from five to 21 years in respect of 60 chronic defaulters. The defaulters include two GOG organizations (Goa State Infrastructure Development Corporation Limited and Kala Academy) from whom an amount of ₹ 62.38 lakh was due as of 31 March 2010. The CCP had brought to the notice of the GOG (May 2010) that Kala Academy was not paying HT since its inception and an amount of ₹ 38 lakh was due from them. However, there was no response from the GOG.

Despite the ample provisions in the Act, the Recovery Officer failed to initiate action against the chronic defaulters.

The CCP stated (September 2011) that efforts were being made to recover the arrears by serving Bills and Demand Notices. It was also stated that recovery of dues was a collective responsibility though it was put under the Recovery Officer and for multiple reasons it could not go beyond a certain level.

The reply was not tenable as the CCP never initiated action against the defaulters as contemplated in the Act as evident from the huge accumulation of arrears.

2.2.7.4 Assessment of House tax

The procedure for assessment of HT is laid down in the CPC Act and the HT of a building is calculated on the rateable value of the building. The annual value of any building shall be deemed to be the gross annual rent at which such building might reasonably at the time of assessment be expected to be let from year to year, less an allowance of 10 *per cent* for the cost of repairs and other expenses necessary to maintain the building in a state to command such gross annual rent. As per the policy adopted by the CCP, Rateable value is being arrived at as a percentage on cost of construction based on the plinth area rates (PAR) approved by the Chief Engineer, Public Works Department (PWD). An average rate of ₹ 4,200/- per sq. metre was being reckoned for arriving at the cost of construction of both Commercial and Residential units and ₹ 4,620/- for Bungalow based on PWD's PAR fixed in August 1997. Though the Act requires reassessment of HT to be done in every five years, the same has not been complied with.

Delay in adoption of revised PAR resulted in loss of ₹5.99 lakh

It was seen in Audit that the PWD revised the plinth area rate with effect from 5 May 2009. Accordingly, the rate for RCC framed structure upto six storeys with horizontal slab of residential buildings was increased from ₹ 4,200 to ₹ 9,000/- per square metre for Types I to III and from ₹ 4,500 to ₹ 9,500/- per square metre for Types IV to V. The revised rate for arriving at the rateable value of the building was not adopted by the CCP for assessing the HT. The CCP issued 45 Occupancy Certificates during the period from June 2009 to March 2010 and assessed the tax based on the pre-revised rate of August 1997. Audit test-checked 25 of the 45 cases which revealed short assessment of ₹ 5.99 lakh.

The CCP stated (February 2011) that the officials posted during the intervening period were not aware of the revised rate. It was further stated (September 2011) that the revised PAR was to be adopted by an administrative decision and the same was adopted from November 2010.

The reply was not tenable as the CCP had reckoned the revised plinth area rate of PWD for calculating the Construction license fees since May 2009. The delay on the part of the Accounts and Taxation Officer (ATO) to obtain administrative decision for implementation of revised PAR for assessing HT resulted in short assessment of HT to the extent of ₹ 5.99 lakh which was also a recurring loss.

There was undue delay in assessment of house tax

It was also noticed in audit that there was undue delay in assessment of HT and the CCP allowed the owners to occupy the units without remitting the first HT. Scrutiny of HT assessment file of M/s Sitapri Properties Pvt. Ltd. a commercial complex measuring 8,096.52 sq. mtrs. with 93 units, revealed that the CCP assessed HT of ₹ 9.85 lakh only in February 2010 to which Occupancy Certificate was issued in November 2008. Further scrutiny of HT Demand and Collection Register for the year 2009-10 and 2010-11 revealed that out of the 93 units, only one unit paid HT (₹ 0.52 lakh) during the year 2009-10, HT of 73 units were paid between May and December 2010 and 19 units have not paid HT dues of ₹ 3.38 lakh so far (February 2011).

The CCP stated (February 2011) that the delay in assessment of HT in the case of M/s Sitapri Pvt. Ltd. was due to non-submission of the required information in time and interest was levied on the belated payment of HT.

The reply of the CCP was incorrect as interest for the delayed payment was leviable only after issue of demand notice and interest was not collected from all units of Sitapri Pvt. Ltd. who remitted HT belatedly. The ATO should have assessed the HT immediately on receipt of Completion Certificate and issued Occupancy Certificate only after remittance of first HT by the concerned parties.

2.2.7.5 *Lack of data integrity on House tax*

Data integrity refers to the completeness, accuracy and relevance of the data in the system. Existence of adequate controls is necessary to ensure data integrity. A control is a system that prevents and detects unlawful acts. The CCP maintained a computerised House Tax Demand and Collection Register showing arrears, current demand (interest and HT separately), collection (arrears, interest and current HT) and balance as of March of respective year. Audit scrutiny of the system in existence and adequacy of management controls revealed wide variations in demand, collection and balance as per the printouts of the Demand and Collection Register taken on different days for the same year (2009-10), defeating the very purpose of maintaining a computerized register, as shown below:-

(Amount in rupees)

Print out as on	Total demand	Total collection	Balance
27.04.2010	108913269	54258731	54654538
07.12.2010	108940401	57051242	51889159
Difference	(-) 27132	(-)2792511	2765379

As collections were posted by the system while issuing the receipt to the payee, logically there should not be any difference in the figures. Since the computer generated demands and collection register of HT is the only record to ascertain the dues of each house owner, the CCP should have ensured data security. However, the CCP failed to identify such types of discrepancies.

On being pointed out (December 2010) in audit, the CCP forwarded the audit observations to National Informatics Centre (NIC) who developed the software and was also a Consultant for administration of various modules. The CCP also stated (September 2011) that NIC was examining the details of the software and amendments would be made to avoid discrepancies pointed out by the audit.

Trade and Sign Board fees

2.2.7.6 Assessment and collection of Trade and Sign Board Fees

There were huge arrears in collection of Trade fees and sign board fees

The CCP imposes Trade Licence fees and Sign board Fees. In the absence of its own Bye-laws, the CCP followed the Trade and Occupation Licencing Bye-Laws, 1989 issued under the Goa Municipalities Act for issuing trade licence and assessing the licence fees. The validity period of Trade and Sign Board licences are from April to March irrespective of date of issue which have to be renewed every year by May. A detailed verification of computerised Demand and Collection Registers for the periods from 2005-06 to 2009-10 revealed that majority of the traders operated their trade/occupation without renewal of licences for years together as evident from the arrears position for the five years upto 2009-10 shown below:

A. Trade Fees

(₹in lakh)

Year	Opening balance (excluding interest)	Demand for the year		Total Demand	Total Collection	Closing balance (including interest)	Percentage of Collection to Demand
		Interest	Tax due				
2005-06	39.13	51.94	33.57	124.64	25.66	98.98	21
2006-07	24.55	13.55	17.46	55.56	13.18	42.38	24
2007-08	61.96	34.14	36.43	132.52	26.47	106.05	20
2008-09	76.33	41.40	42.75	160.48	31.78	128.70	20
2009-10	46.61	28.71	23.74	99.06	24.67	74.39	25

B. Sign Board Fees

(₹in lakh)

Year	Opening balance (excluding interest)	Demand for the year		Total Demand	Total Collection	Closing balance (including interest)	Percentage of Collection to Demand
		Interest	Fees				
2005-06	38.58	23.44	41.08	103.10	33.49	69.61	32
2006-07	49.29	13.23	43.27	105.79	33.03	72.76	31
2007-08	61.64	16.61	44.73	122.98	35.36	87.62	29
2008-09	73.62	19.56	46.53	139.71	34.51	105.20	25
2009-10	45.90	12.98	26.05	84.93	29.22	55.71	34

Source: Demand & Collection Registers of Trade fee and Sign Board fee of respective years.

Note: As per programme, only principal is brought forward as opening balance of the year and interest calculated by the system for the arrears including for previous year during the current year.

The arrears of Trade and Sign Board fees as of March 2010 stood at ₹ 74.39 lakh and ₹ 55.71 lakh respectively despite the availability of eight Municipal Inspectors who should have inspected the premises of traders operating without valid licences.

Audit scrutiny revealed the following system deficiencies:

(i) The demand for trade fees decreased from ₹ 42.75 lakh in 2008-09 to ₹ 23.74 lakh in the year 2009-10. Similarly, the demand against Sign Board fee also decreased from ₹ 46.53 lakh in 2008-09 to ₹ 26.05 lakh in 2009-10. The arrears of Sign Board fee, excluding interest as on 1 April 2008 was ₹ 73.62 lakh while the demand for the year 2008-09 was ₹ 46.53 lakh, the total demand including arrears was ₹ 120.15 lakh. After deducting the collections for Signboard fees of ₹ 34.51 lakh, the closing balance should have been ₹ 85.64 lakh. However, the system indicated a different opening balance for the year as ₹ 45.90 lakh.

The CCP stated (March 2011) that some accounting packages were modified and the reason for increase or decrease in demand, arrears and collection could be found out only after a detailed verification.

(ii) As per Clause 5 of the Trade and Occupation Licencing Bye-Laws, 1989 the licence has to be renewed within April/May of the subsequent year and the defaulter has to pay 25 *per cent* of the prescribed fee as fine if renewed between June and September and 50 *per cent* if renewed within two years after which it is issued. The licence has to be cancelled after two years and the concerned trader has to apply for fresh licence within a reasonable time by paying a fine of ₹ 1,000/- which should have been issued only under justifiable reasons. However, there was no provision in the system to raise demand of 25/50 *per cent* for delayed renewal and to cancel the Trade licence in case of non-renewal within the prescribed period of two years. Thus, the system generated Demand and Collection Register of Trade licence, continued to carryover arrears for 19 years. The discrepancies in the data being unreconciled, the database which also included the interest on arrears could not be relied upon for accuracy.

Business units engaged in operation of cruise vessels without valid licence was not identified

(iii) As per details collected (January 2011) by audit from the Captain of Ports, Panjim, the Licensing authority for operation of vessels, there were two business units running one Casino each and five business units running ten Passenger Cruises having their registered office in Panjim City. However, only two Casinos were having valid trade licence from the CCP. Thus, the CCP failed to identify the business units engaged in operation of passenger cruise without valid licence.

Advertisement Tax

In the absence of its own bye-laws, CCP was following the Goa Municipalities (Tax on Advertisements other than advertisements published in the newspapers) Rules, 2000[9] (Advertisement Rules). A review of the system followed by the CCP for collection of Advertisement tax on hoardings, signage, bill boards, etc., revealed following deficiencies:-

2.2.7.7 Award of contract for erection of Signage without inviting tender

Contract for erection of signage was awarded without inviting open tender

The CCP executed (November 2007 and July 2008) two agreements with M/s Bright Signs & System for erection of 350 sign boards under Public Private Participation (PPP) for three years without inviting tenders. Although the contractors were getting income from the sign boards, the CCP did not insert any revenue sharing clause in the agreement. The agreements were subsequently terminated (September 2008) on the grounds of unsatisfactory performance of the contract.

M/s Primeslots Events Private Limited (PEPL) intimated (July 2008) its willingness to erect Road Signages and Information Signages within the jurisdiction of CCP and offered a rate of ₹ 300/- per annum for Road signage and ₹ 500/- per annum for Information signage. The Standing Committee in its meeting held in September 2008 granted permission to PEPL for erecting Sign Boards at their offered rate without inviting tenders and conducting a cost benefit analysis. An agreement for three years was executed (November 2008) between the CCP and PEPL under PPP.

While confirming the facts and figures, the CCP stated (February 2011) that the administration executed the decision of the Standing Committee which was an elected body and assured that the matter would be placed before the new Standing Committee constituted after the forthcoming election. Thus, the CCP failed to protect its interest by agreeing to the offer of PEPL without inviting bids for erecting signage which could have proved to be more competitive.

2.2.7.8 Absence of Integrated Database

As per the Advertisement Rules, prior permission is to be accorded by the CCP for erection of hoardings, unipoles and other advertisements and the Advertisement Tax depends upon the size and duration of the contract period.

Audit scrutiny revealed the following deficiencies:

- The CCP had given consent to erect signage, bill boards in bus shelters, hoardings, etc., within its jurisdiction mainly to four agencies[10] during the five years ended 2009-10. M/s PEPL had

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[9] Issued by the GOG in March 2000 in pursuance of Section 306 (2) of the Goa Municipalities Act, 1968.

[10] M/s Bright Signs and Systems, M/s Primeslotes Events Pvt. Ltd., M/s Shiv Samarth Marketing (I) Pvt. Ltd and M/s Naguesh Fabricators.

erected about 41 bill boards inside the bus shelters from Panjim to Dona Paula. The CCP accepted the fees based on self declaration of the agencies regarding the number and location of advertisement hoardings without ensuring the correctness of the fees paid by PEPL.

- No comprehensive monitoring system exist for detecting unauthorized hoardings, ensuring timely renewals, cancellations, collection of penal charges etc.
- An integrated database showing the name of the agency, period for which permission given, date of sanction order along with brief location of area was not created by the CCP.

The CCP accepted the facts (February 2011).

2.2.8 Assessment and collection of non-tax revenue

Leasing of properties

2.2.8.1 Loss due to non-renewal of lease agreements, non-fixation of minimum rent and annual increase of quarters and shops leased out

Rent for quarters allotted to private parties were not renewed since 1997

The CCP is receiving lease rent from the residential quarters and shops leased out by the erstwhile Municipal Council. As per the Goa Municipalities Act, 1968[11], a Council can lease its immovable property for a period of three years with appropriate annual rate of increase. The renewal of the lease beyond three years can be done only with the permission of the DMA who should decide the reasonability of the annual increase before issuing permission for extension. The minimum rent to be collected from the lessees with effect from 5 May 1997 was ₹ 12 per sq. m per month for the commercial premises and rupees five per sq.m per month for the residential premises. In order to have uniformity in the annual rate of increase, the DMA directed (September 2004) all Municipal Councils to adopt a uniform rate of 10 *per cent*.

The said Act further stipulates that if any person refuses or fails to vacate the Municipal premises after expiry of the lease period or for any other reasons, he should be evicted after due notice by the Director or any other Officer authorised by him under the provisions of the Goa Public Premises (Eviction of Unauthorised Occupants) Act, 1988.

[11] The CCP follows the Goa Municipalities Act,1968 pending framing of rules by the GOG as required under Section 75 of the CPC Act.

Audit scrutiny revealed the following:

- Twelve out of the 108 quarters owned by CCP were allotted to its staff. The remaining 96 were leased to outsiders. Rent for the above quarters has not been revised since 5 May 1997. The CCP continued to levy and collect rent at the old rates without any annual increase. The loss of revenue in respect of 41 quarters test checked worked out to ₹ 5.08 lakh for the five years upto 2009-10 with recurring effect on the future revenue.
- Further, 36 quarters were found to be sub-let for which no action was initiated against the original allottees.
- Twenty six shops owned by CCP at Praca de Commercio Building in Panjim were leased out since 1983. Rent fixed in 1983 was not revised thereafter. 25 out of 26 occupants were occupying the shops without any lease agreements at the rate that prevailed in 1983. The non-reckoning of minimum rent resulted in loss of revenue of ₹ 6.25 lakh during the period from 2005-06 to 2009-10 in 16 out of the 26 units test checked with recurring effect on future revenue.
- The arrears of rent as of March 2010 stood at ₹ 96.34 lakh. Out of this, ₹ 33.16 lakh was from 13 chronic defaulters alone and arrears ranged from 16 to 147 months. Despite having a Recovery officer and ample powers conferred in the Act for effective recovery, the percentage of recovery was very poor ranging from one *per cent* (2008-09) to 16 *per cent* (2009-10) during the five years covered in audit upto 2009-10. Further, the CCP failed to take action against the defaulters under the Goa Public Premises (Eviction of Unauthorised Occupants) Act, 1988.

The CCP stated (February 2011) that the quarters and shops were leased out by erstwhile Municipal Council by auction initially for a period of three years and same were renewed with 10 *per cent* increase per annum from September 2004. The reply was not factual as CCP continued to collect the rent at old rate from the occupants of shops and quarters for years together.

2.2.8.2 Encroachment of Corporation property and resultant loss due to inaction on intruders – ₹98.97 lakh

Newly constructed shops in the market complex were unauthorisedly occupied by vendors resulting in revenue loss of ₹98.97 lakh

The Goa State Infrastructure Development Corporation Limited (GSIDC), a public sector undertaking, constructed a New Market Complex at the instance of the erstwhile Panaji Municipal Council (PMC) by demolishing the old Municipal market. The new market was constructed in the land admeasuring 13,778 sq. mtrs which consisted of 6,935 sq. mtrs owned by PMC and 5,178 sq. mtrs owned by the GOG. The fund required for the project was provided by

GOG. The total built up area measured 16,098 sq. mtrs. The first phase of the market was completed in August 2003 at a cost of ₹ 5.62 crore. The ground floor and first floor of second phase were completed in January 2007 and January 2008 respectively at a total cost of ₹ 9.71 crore. The total cost of the New Market complex was ₹ 15.33 crore.

Audit scrutiny revealed the following:

- The shops in the new market complex were encroached by vendors without any formal allotment and valid agreements. The lapses on the part of the CCP to allot and collect rent by following the procedures and executing lease agreements resulted in revenue loss to the extent of ₹ 98.97 lakh for the period from commissioning of respective floors to March 2010.

Failure to award Sopo contract for the period January 2007 to November 2009 resulted in loss of revenue of ₹32.56 lakh

- The CCP failed to award the Sopo[12] contract for the period from January 2007 to November 2009. The Sopo contract for the period from December 2009 to November 2011was awarded for ₹ 32.56 lakh. Thus the failure of the CCP to award the Sopo contract for the period from January 2007 to November 2009 resulted in substantial loss of revenue.

₹1.13 crore spent on upkeep of the new market complex when it lay unallotted

- The CCP incurred an expenditure of ₹ 1.13 crore towards water, electricity and cleaning charges for the period from August 2003 to March 2010 without generating any revenue.
- The Commissioner, in his report to the Secretary (Urban Development) intimated (July 2010) that Shops/spaces in the new market complex were encroached by vendors (phase I between July and August 2003 and Phase II in January 2007) without CCP's approval. Further, the GOG was requested to take a pragmatic view to assist the CCP to safeguard its financial interest. However, no directives from the GOG have been received so far (February 2011).
- Further, all the 509 business units were running the business without obtaining valid trade license from the CCP. The loss sustained by the CCP on account of trade license and sign board fees could not be quantified for want of details and necessary database.
- Audit observed that the CCP accepted (May to November 2010) ₹ 9.55 lakh towards 'Transfer Fee' ranging from ₹ 5,000/- to ₹ 50,000/- from 88 unauthorized occupiers for transferring the lease in their name. They also furnished copies of agreements certified by the Notary with their forerunners to establish their tenancy, stated to be obtained by paying consideration ranging from ₹ 0.25 lakh to ₹ 10 lakh for

[12] Sitting fee for occupying the platform spaces in the ground floor of the market building.

permitting them to occupy the space/shop/stall in the market. A test check of those details revealed that 25 unauthorized occupiers profiteered ₹ 67.15 lakh by illegal transfer of the right of occupation of municipal property. The present occupiers approached the CCP with draft lease agreement to transfer respective shops/stalls in their names.

The CCP stated (February 2011) that issues relating to the new market were raised in the Legislative Assembly in January/February 2011 and a House Committee was constituted to look into the market allotment which also conducted hearing in February 2011. It was also stated (September 2011) that any finding of the House Committee was not made known to it.

The CCP had not taken any legal action against unauthorised occupation of its property, sale and transfer of shops for a consideration, the proceeds of which have enriched the illegal occupants. Thus, the new Panjim market complex constructed at a cost of ₹ 15.33 crore has been a source of profit for private traders with no benefits accruing to the CCP.

2.2.8.3 Loss due to non-renewal lease agreement and non-revision of rent of land lease to Petroleum companies – ₹46.77 lakh

Non-renewal of lease agreement and non revision of rent on land allotted to Petroleum Companies resulted in loss of ₹46.77 lakh

The erstwhile Panaji Municipal Council leased out 1,656 sq. mtrs of land in the Panaji City to five agencies [13] for installation of petrol pumps at a nominal rate of rent of ₹ 168/- per sq.mtr. per annum about 30 years ago. The lease agreements executed on behalf of Petroleum companies were last renewed in 2001 for three years and expired in October/November 2004.

Audit scrutiny revealed the following:

- A valid lease agreement is a pre-requisite for leasing of municipal properties. However, the CCP did not renew the agreements even after a lapse of more than six years for want of approval from the Director of Municipal Administration (DMA).
- The CCP had requested (September 2004/April 2006) the DMA for approval for renewal of the agreements and to fix the GOG rate of ₹ 600/- per sq. mtr per annum. However, the DMA has not accorded sanction so far (February 2011).
- The loss of revenue to the CCP due to collection of lease rent at the rate of ₹ 168/- per sq. mtr per annum on 1,656 sq. mtrs of land instead of ₹ 600/- per sq. mtr per annum with 10 *per cent* annual increase worked out to ₹ 46.77 lakh during the period from 2005-06 to 2009-10.

[13] Sinari Auto Service-842 sq. mtrs, GMS Contoco & Bros-320 sq. mtrs, Agencia E.Sequeira-123 sq. mtrs, Umesh Keni-70 sq. mtrs, Manguirish Service Centre-301 sq. mtrs.

The CCP stated (December 2010) that it could not take any action for increase of rent and renewal of lease agreement for want of approval from the DMA.

Thus, inaction on the part of the DMA hindered the CCP from renewal of the lease agreements with the revised rate of rent which resulted in loss of revenue to the extent of ₹ 46.77 lakh.

2.2.9 Grants-in-aid from the Government of Goa

2.2.9.1 Grants-in-aid for developmental works

Unspent balance of ₹2.80 crore from grants-in-aid was not refunded

The CCP generates revenue by collecting HT, Rent, Trade fee and Sign Board fee, etc. In addition to this, it also gets financial assistance from the GOG by way of grants-in-aid (GIA) for various developmental works. The principles and procedures for award of GIA to any Institution or Organization are laid in Rule 209 of General Financial Rules, 2005 (GFR).

As per Rule 209 (1) of the GFR any Organization or Institution seeking GIA from the Government was required to submit an application which should clearly spell out the need for seeking the grants. Further, Rule 209 (3) requires that the grants sought by any Institution or Organization should be considered only on the basis of viable and specific schemes drawn up in sufficient details by such Institution or Organization. The amount of developmental GIA received from the GOG as against budgeted during the five years upto 2009-10 is given in ***Appendix 2.4.1***.

It was observed in audit that demands for grants were prepared based on proposals received from Ward Councillors and Resolutions passed in the Council Meetings. Estimates were prepared by the Technical Wing and Technical Sanction accorded by competent authorities based on the monetary value of each estimate. The DMA releases the GIA depending on the availability of funds.

As per the terms and conditions of the GIA, the entire amount of grant should be utilized and Utilisation Certificates (UC) to be submitted within a period of one year from the date of sanction. The unspent portion of the grant which was not required for the purpose for which it was sanctioned had to be refunded to the GOG.

Audit scrutiny revealed the following:

- Out of ₹ 10.98 crore sanctioned during the years 2002-03 to 2008-09, the CCP utilised only ₹ 8.18 crore and an amount of ₹ 2.80 crore remained unspent with the CCP as of March 2010 as shown in *Appendix 2.4*.

- Further, the CCP had submitted required UCs only for ₹ 4.86 crore against utilisation of ₹ 8.18 crore and submission of UCs for ₹ 3.32 crore pertaining to the period 2002-03 to 2008-09 was pending as of March 2010 as indicated in *Appendix 2.4*.
- The DMA sanctioned ₹ 16.03 lakh[14] to the CCP during 2007-08 and 2008-09 towards the payment of wages to the fire brigade and for procuring street light and electrical fixtures that the same were not requested by the CCP and these grants remained unutilised (February 2011).
- As per Rule 210 of the GFR and the grant sanctioning order, Grantee Institutions receiving grants shall maintain the statement of accounts of the GIA and furnish to the DMA a set of audited statement of accounts by the Chartered Accountants or Government Auditor immediately after the end of the financial year. However, the CCP failed to comply with the above requirements.
- The CCP kept the amount of grants received in fixed deposits and current accounts clubbed with its own funds and no separate accounts for the GIA were maintained. In the absence of separate accounts, audit could not ascertain the extent of diversion of GIA funds.

The CCP stated (February 2011) that a separate bank account for Government fund would be maintained and efforts are being made to spend the sanctioned grants within the time limit. However, the CCP could not furnish the reasons for non-utilization as well as non-refund of the unspent balance of the GIA.

2.2.9.2 *Grants-in-aid for implementation of the Solid Waste Management*

Land acquisition for solid waste management not yet done even though ₹4.56 crore was deposited with EDC for this purpose

The Municipal Solid Wastes (Management and Handling) Rules, 2000 (MSW Rules) is applicable to every Municipal Authority which is responsible for collection, segregation, storage, transportation, processing and disposal of Municipal Solid Wastes (MSW).

The GOG sanctioned GIA to the tune of ₹ 6.01 crore to the CCP during the period from 2005-06 to 2009-10 (including Twelfth Finance Commission grants of ₹ 22.50 lakh in 2006-07) for the implementation of the Solid Waste

[14] ₹10.03 lakh towards wages and ₹ six lakh towards street light and fixtures.

Management System. The CCP had utilized only ₹ 5.63 crore so far, leaving a balance of ₹ 37.64 lakh (February 2011) as detailed below:-

(₹ in lakh)

Sl No	Purpose	Amount sanctioned	Amount utilised	Balance
1	Land acquisition	457.86	457.86	0
2	Construction of composting stations	16.92	16.92	0
3	Machineries	39.58	39.58	0
4	Construction of Waste Disposal Plant at Patto, Panaji	65.00	48.96	16.04
5	Collection, Transportation and disposal of waste from hotel	21.60	0	21.60
Total		**600.96**	**563.32**	**37.64**

Source: Grant Register maintained by the CCP

As per the MSW Rules the landfill[15] site was to be identified for development, operation and maintenance by the Municipal authorities by December 2002. Even though the GOG had sanctioned GIA of ₹ 4.58 crore during 2005-10 for land acquisition, the entire amount was deposited with EDC as per the direction of the GOG and CCP has not acquired land (February 2011). In the absence of scientific landfill facility, the non-biodegradable wastes were being dumped at the adjacent Taleigao Village.

2.2.10 Internal Control System

The internal control system in the CCP was found to be deplorably weak and ineffective with regard to revenue assessment and collection as well as utilization of grants. A few cases of lapses in the internal control noticed during the course of audit are given below:

2.2.10.1 Bye-laws and Rules

Though the CPC Act provides that the CCP may, and if so required by the GOG, shall make bye-laws for carrying out the provisions and intentions of the CPC Act, bye-laws are not framed till date. Similarly, the GOG has not framed Rules as required under the CPC Act except for the Corporation of the City of Panaji (Election) Rules, 2004.

[15] Land filling means disposal of residual solid wastes on land in a facility designed with protective measure against pollution of ground water, surface water and air fugitive dust, wind-blown litter, bad odour, fire hazard, bird menace, pests or rodents, greenhouse gas emission, slope instability and erosion.

2.2.10.2 Non-safeguarding of assets

The CCP did not maintain a Register of Leased Properties indicating the details of properties, name of lessee, period of lease, etc. It was seen that all the lease agreements of the immovable properties of the CCP had expired and no action was initiated to renew the agreements and revise the rent for years together. A market complex constructed by the GOG at a cost of ₹ 15.33 crore and handed over to the CCP were encroached by some vendors without any formal allotment and agreements. No action was taken to evict the defaulters of rent as well as illegal occupants as evident from the accumulation of arrears of rent in spite of the ample powers conferred on the CCP by the Legislation. This reflected the total absence of any monitoring system in the CCP.

2.2.10.3 Non-reconciliation of misclassified receipts

The CCP maintained computerised Demand and Collection Registers (DC Register) showing demand, collection and balance in respect of four heads of income viz. HT, Rent, Trade fee and Sign Board fee which served the purpose of a Personal ledger. When a party effects remittance, a system generated receipt is issued by the concerned collection Clerk. Simultaneously entries in the concerned DC Register are updated by the system. A daily scroll is also generated showing cash and cheque receipts separately. The collection Clerk hands over the remittances to the Cashier along with the daily scroll. The Cashier enters the amount manually on the receipt side of the computerised Cash Book under the respective heads of account. A daily classified summary of Receipts under each head of account is generated by the system. A monthly classified summary of Receipts is also compiled and generated by the system. It was noticed in Audit that there were wide variations in the amount of collection shown as per DC Registers and consolidated Classified Summary of Receipts as indicated in ***Appendix 2.5.***

The CCP stated (February 2011) that discrepancies in the case of House tax might have occurred due to remission, new assessment and refunds. It was also stated that in the case of Trade and Sign Board tax, discrepancies might be due to issuance of new licences or cancellation of licences and collection against temporary fairs, exhibition and display of banners. The reply is not tenable as discrepancies due to remission and refund of tax would not affect the collections accounted in the DC Register and handed over to the cashier by concerned collection clerks.

The CCP further stated that receipts are compared with daily collection scroll and entries in Cash Book regularly. The reply is not factual as a paragraph on misappropriation due to absence of basic check in revenue collection and accounting was featured in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2010, Government of Goa.

2.2.11 Conclusion

The CCP did not levy property tax on land and buildings owned by the GOG. The failure to invoke penal provisions against defaulting parties resulted in huge accumulation of arrears in tax and non-tax revenue. The database available for HT, Trade and Sign Board fees were unreliable and in the case of Trade and Sign Board fees, the same was inadequate as the provisions contemplated in the Bye-laws were not incorporated. There was no monitoring system for renewal of the Trade and occupation licences. The contracts for display of Signage were awarded without inviting tenders. Municipal lands and buildings are valuable assets in view of the prevailing market prices but CCP failed to safeguard these assets effectively. Though a valid lease agreement is a pre-requisite for leasing of Municipal properties, the CCP failed to execute agreements in respect of lands and buildings leased out and did not initiate action to evict the unauthorised occupants. The CCP had not revised the rent for past two decades and Government directions in this regard were also not adhered to. The CCP did not initiate any action on the illegal occupants of the New Market Complex who profiteered at the cost of public money by selling/leasing of shops. The CCP failed to refund the unspent balances of grants-in-aid resulting in blocking up of Government funds.

2.2.12 Recommendations

- The required bye-laws and Rules under the Corporation of the City of Panaji Act to be framed with top priority for effective implementation of the Act.
- Proper mechanism should be put in place to facilitate detection of defaulters and speedy recovery of arrears of revenue.
- Action to rectify deficiencies in maintenance of Demand and Collection Registers of House tax, Trade fees and Sign Board Fees need to be taken.
- Proper mechanism should be evolved to conduct routine inspection by the Municipal Inspectors to ensure timely renewal of trade and sign board licences.
- Lease agreements should be executed with the occupants of all the residential quarters and shops with appropriate revision of rent with annual increase as prescribed by the Government to safeguard Municipal properties.

- The CCP should initiate action against the illegal occupants of the New Market Complex who occupy the premises without any formal allotment.
- Separate account of grants-in-aid should be maintained and unspent balances refunded.

CHAPTER – III

Audit of Transactions

CHAPTER-III

AUDIT OF TRANSACTIONS

This chapter contains audit paragraphs on idle investment, undue favour to contractor, avoidable expenditure and regularity issues that came to notice during the audit of transactions of Government departments.

3.1 *Idle investment*

HEALTH DEPARTMENT

3.1.1 Non-utilization of a district hospital - Infructuous expenditure

Non-commissioning of a newly built district hospital resulted in non-utilisation of facilities created at a cost of ₹ 49.91 crore and unfruitful expenditure of ₹ 1.64 crore on the upkeep of the hospital.

The Government-run 190-bedded Asilo Hospital at Mapusa in North Goa district was established during the Portuguese rule in Goa (Pre-liberation). The hospital was in a dilapidated state with inadequate facilities causing great inconvenience to the public accessing it for medical treatment. The Government of Goa, therefore, decided (February 2002) to construct a 230-bedded district hospital with modern amenities to expand and replace the existing hospital by a district hospital. The Goa State Infrastructure Development Corporation Ltd. was entrusted (February 2002) the work of construction of the hospital as well as procurement and installation of the required equipments.

The work for the hospital commenced in November 2004. While construction of the building and supply and installation of major equipment were completed by November 2008, the remaining equipment such as CT scan machine, Ultrasonography machine, Colour Doppler etc. were installed by March 2009. The total project cost on completion was ₹ 49.91 crore as detailed in the **Appendix 3.1**. The Government also sanctioned (January 2009) the recruitment of 200 personnel in addition to the sanctioned strength of 312 personnel of the existing Asilo hospital to man the new district hospital.

Newly built district hospital

Audit observed (June 2011) that though the hospital was completed and fully equipped by March 2009, the new premises were not occupied. In September 2010, a few outpatient wings began functioning for half a day. Despite the demands of the doctors and staff for shifting to the new premises and the deteriorating condition of the Asilo hospital, the new district hospital remains non-functional (August 2011).

External and internal view of old Asilo Hospital

The non-commissioning of the hospital resulted in non-utilization of the machinery and equipment costing ₹ 12.56* crore installed in the new hospital during their defect liability period, most of which have already expired (**Appendix 3.1**).

Audit further noticed that the department proposed recruitment of 315 personnel for the new district hospital in addition to the existing number of staff (312) functioning at Asilo Hospital. As the proposal was made without conducting any detailed study, the Administrative Reforms Department (ARD) was entrusted with the responsibility to study and make recommendations. The ARD, after a detailed study, recommended creation of 145 additional posts. A Committee was constituted, headed by the Finance Secretary to scrutinize the recommendations of the ARD. The Scrutiny Committee reassessed (May 2008) the additional requirement for the new hospital and recommended creation of 113 additional posts. However, on the insistence of the Health Minister the same was subsequently enhanced to 200. The proposal contained no justification for the increase, which was subsequently approved by the Chief Minister. This included 10 posts of drivers, 40 posts of patient attendants, four posts of peons and 12 posts of data entry operators, earlier disapproved by the Scrutiny committee. The manpower requirements were thus far in excess of the numbers worked out by the Administrative Reforms Department and the Scrutiny Committee. The Health Minister further instructed (January 2009) that recruitment to the sanctioned posts should be completed by March 2009. Accordingly, 156 personnel were recruited during February 2009 to May 2011. As the new hospital has not been commissioned, the newly recruited staff were attached to the Asilo hospital. Consequently, the persons-in-position at Asilo Hospital as of January 2011 became 407 as against its sanctioned strength of 312. The

*Sl. No. 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 22, 23, 24 of Appendix 3.1.

delay in commissioning of the hospital resulted in infructuous expenditure on salaries of the staff recruited for the project. The extra expenditure on pay and allowances of the surplus staff could not be quantified for want of details.

Meanwhile, the Government incurred a total expenditure of ₹ 1.64 crore during the period 2008-11 towards upkeep of the hospital, including ₹ 97.41 lakh paid to a private party under a contract for sweeping and swabbing the premises.

Thus the delay in shifting the Asilo hospital to the new premises resulted in the hospital project, completed at a cost of ₹ 49.91 crore, remaining unutilized for the purpose for which it was constructed, besides incurring unfruitful expenditure of ₹ 1.64 crore on the upkeep of the hospital and infructuous expenditure on salary of the excess staff recruited for the project.

The department attributed the delay in commissioning the hospital to shortage of water and the decision of the Government to operate the hospital as a public-private partnership project.

The reply is not tenable as water was to be supplied by the Public Works Department of the same Government.. The Advocate General had stated in the High Court on 2 March, 2010 that 80 *per cent* of the work for supply of water was complete and the remaining work would be completed within 15 to 20 days. Besides, even after water was made available in September 2010, the district hospital had not yet (August 2011) been commissioned, which indicated that this reason stated for the delay was not factual.

The matter was referred to the Government (June 2011) and their reply is awaited (October 2011).

3.2 *Undue favour to contractor*

WATER RESOURCES DEPARTMENT

3.2.1 Irregular release of bank guarantee and hypothecated machinery to the contractor, resulting in non-adjustment of mobilisation/ machinery advances.

Irregular release of security against mobilisation and machinery advance led to non-realisation of ₹ 4.66 crore and undue favour to the contractor.

The Works Division VIII (Division) of the Goa Tillari Irrigation Development Corporation (GTIDC), awarded (January 2007) the work of construction of 8.455 km length RCC Conduit from Ch.28.970 km to 37.425 km on the Left Bank Main Canal of the Tillari Irrigation Project to M/s Ketan Construction Pvt. Ltd. (KCL), Gujarat at a cost of ₹ 51.44 crore, which was 39.90 *per cent* above the estimated cost of work put to tender. GTIDC executed an agreement in January 2007 with KCL. The stipulated dates of commencement and completion of work were 18 January 2007 and 12 April 2008 respectively. However, the time limit was extended (December 2008) upto 31 May 2009.

As per Clause 10 B (ii) of the General Conditions of Contract, KCL was eligible for mobilisation advance, not exceeding five *per cent* of the tendered value, at 10 *per cent* simple interest per annum, subject to execution of a bank guarantee (BG) for the full amount from a scheduled/nationalised bank. Further, as per Clause 10 B (iii) of the General Conditions, up to five *per cent* of the tender value could also be advanced to KCL for plant, machinery and shuttering material required for the work and brought to site by the contractor, which in the opinion of the engineer in charge, would add to the expeditious execution of work and improve its quality.

The Division released an amount of ₹ 2.57 crore in January 2007, being five *per cent* of the tendered value as mobilisation advance against the security of five BGs totalling ₹ 2.57 crore valid upto 6 June 2008. The Division also released (January 2007) an amount of ₹ 2.57 crore as secured advance for plant and machinery on the security of one 200 TPH 3 stage Crushing Plant Machinery 2007 Model, to be hypothecated in favour of the Executive Engineer, with an insured value of ₹ 3.40 crore. The machine was insured for the period 18 May 2007 to 17 May 2008. However, no hypothecation deed specifying the machinery hypothecated was executed. As KCL had abandoned the work, GTIDC terminated the contract in February 2009 by invoking Clause 3 of the agreement and encashed the BGs for ₹ 2.57 crore submitted by them as performance guarantee.

Audit scrutiny revealed that at the time of termination (February 2009) of the contract, an amount of ₹ 3.84 crore out of ₹ 5.14 crore paid as mobilization and secured advance was due from KCL towards the principal alone. However, GTIDC was left with no security as the then Executive Engineer released all the five BGs for ₹ 2.57 crore submitted as security for mobilisation advance, on 8 April 2008. The machinery having value of ₹ 3.40 crore on the security, of which secured advance of ₹ 2.57 crore was paid was also released.

Clause 10 B (vi) of the General Conditions stipulated that the BG against advances should be valid for the contract period and should be renewed from time to time to cover the balance amount and likely period of complete recovery, together with interest. Though the scheduled date of completion of work was extended upto May 2009, and the amounts paid as advances were outstanding, the then Executive Engineer released the BGs in April 2008 itself, instead of extending the validity period upto May 2009.

Thus, the irregular release of the BG and permission to KCL to take away the hypothecated machinery resulted in GTIDC being left with no security for the amount due to it. The total amount of advance and interest thereon recoverable from KCL as on 31 March 2011 was ₹ 4.66 crore.

When these irregularities were pointed out (October 2010) in audit, GTIDC stated (March 2011) that the Superintending Engineer, Circle Office II of

GTIDC had been appointed to inquire into the irregular release of bank guarantee and hypothecated machinery to the contractor. The Superintending Engineer submitted his report on 26 April 2011. The Report confirmed the audit observation and termed it as a 'major irregularity'.

The matter was referred (June 2011) to the Government. Their reply is awaited (October 2011).

3.3 *Avoidable expenditure*

WATER RESOURCES DEPARTMENT

3.3.1 Avoidable payment of interest

Failure of GTIDC to pay income tax on interest income from fixed deposits as per the provisions of the Income Tax Act resulted in avoidable payment of interest of ₹ 53.83 lakh.

As per Section 139 of the Income Tax Act, 1961, every person, including a Company whose total income in the previous year exceeded the maximum amount which is not chargeable to income tax, shall on or before the due date, furnish a return of his income. Interest earned on deposits made out of the surplus funds before commencement of business, is taxable as 'Income from Other Sources' under Section 56(1) ibid. Further Section 207 of the Income Tax Act provides that tax shall be payable in advance during any financial year, in respect of the total income of the assessee which would be chargeable to tax for the assessment year immediately following that financial year. On failure to comply with the above provisions of the Act, the interest is levied under Section 234 A of the Act for defaults in furnishing return of income, under Section 234 B for defaults in payments of advance tax and Section 234 C for deferment of advance tax.

Audit observed (July 2009) that Goa Tillari Irrigation Development Corporation (GTIDC), set up in June 2000, had not yet commenced commercial activities (March 2011). Funds with GTIDC allotted for construction work, were kept as fixed deposits in banks. The Corporation had earned an amount of ₹ 2.68 crore by way of interest on fixed deposits in different banks during the period from 2004-05 to 2007-08. However, the banks did not deduct income tax at source while releasing the interest. GTIDC neither paid tax on the income received nor filed any return for the respective years.

When the non-payment of income tax on acquired interest income was pointed out (July 2009) in audit the Corporation remitted (August 2010) an amount of ₹ 1.44 crore towards income tax, including interest amounting to ₹ 53.83 lakh for delayed payment.

Failure of the Corporation to furnish income tax returns and pay tax in time resulted in avoidable payment of interest amounting to ₹ 53.83 lakh.

The Managing Director, GTIDC stated (March 2011) that there was no malafide intention on the part of GTIDC as it presumed that it was the duty of the banks to deduct income tax for the interest paid to the Corporation and issue a TDS certificate.

The reply is not tenable as the primary duty to pay tax on income remained with the receiver. As the banks did not deduct tax, the GTIDC ought to have paid the tax due during the respective years. Failure to do so resulted in avoidable expenditure of ₹ 53.83 lakh.

The matter was referred to the Government (May 2011). Their reply is awaited (October 2011).

PUBLIC HEALTH DEPARTMENT

3.3.2 Avoidable expenditure

Continuance of contract staff and outsourcing of cleaning works despite the availability of regular staff resulted in an avoidable expenditure of ₹ 1.34 crore.

The Institute of Psychiatry and Human Behaviour (IPHB), Goa is a 190-bedded hospital which provides preventive, curative and rehabilitative mental health services to the people of Goa and to neighbouring districts of Maharashtra and Karnataka.

The sanctioned strength (February 2002) of the attendants and sweepers in IPHB was 93 and 30 respectively. As against this, the persons-in-position were 73 attendants and 28 sweepers. Due to the ban on recruitment of staff on regular basis, IPHB filled up the vacancies from time to time with contract staff supplied by the Goa Labour Recruitment and Employment Society (GLRES).

In October 2008, IPHB filled 34 posts on regular basis and issued (November 2008) termination notices to the GLRES contract staff. However, Audit observed that the Health Minister directed (November 2008) IPHB to continue their services till further orders. Subsequently (April 2010) the department transferred the services of 11 of the contract staff to Goa Dental College, while 14 staff continued at IPHB as on February 2011. The department thus incurred avoidable expenditure of ₹ 28.44 lakh on these staff between December 2008 and March 2011.

Audit further observed that while IPHB maintained its full complement of sweepers, the Government awarded (August 2008) a contract for mechanised sweeping and swabbing at IPHB, including cleaning of the entire building and surrounding area on day to day basis, to a private agency* for a period of three years at a cost of ₹ 3.22 lakh per month. It could be seen that there was no proposal for this from IPHB. Audit also observed that while the Government

* M/s Ecoclean System and Solutions.

executed an agreement with the private party for this work on 1 August 2008, the proposal to award the work was approved on 14 August 2008 only. Extra expenditure incurred on this by IPHB between September 2008 and March 2011 was ₹ 105.53 lakh.

Thus retention of surplus staff and outsourcing of work forming part of the duty of the regular staff to a private contractor resulted in extra/avoidable expenditure of ₹ 1.34 crore.

IPHB attributed retention of surplus staff to the orders of the Minister and stated (December 2010) that the contract for sweeping and swabbing was awarded by the Government at their level.

The matter was referred to the Government (June 2011) and their reply is awaited (October 2011).

3.4 *Regularity issue*

FOREST DEPARTMENT

3.4.1 Loss of interest due to non-recovery of net present value of forest land

Non-recovery of net present value of forest land amounting to ₹ 2.24 crore for extension of a mining lease granted to a user agency resulted in loss of interest of ₹ 65.71 lakh.

The Supreme Court, vide its order dated 30 October 2002, directed the Government of India (Ministry of Environment and Forests) to recover the net present value (NPV) of forest land diverted for non-forest purposes from user agencies at the rate of ₹ 5.80 lakh per hectare to ₹ 9.20 lakh per hectare, depending upon the quantity and density of the forest land diverted.

Any specific competencies they need?

In compliance with the Supreme Court order, the GOI notified (April 2004) the Compensatory Afforestation Fund Management and Planning Authority (CAMPA). Accordingly, a CAMPA Fund was constituted. Receipt of all money from user agencies towards NPV, were to be credited to this fund.

The NPV was to be charged in all cases where final approval was given after the date of the Supreme Court order. GOI further clarified (November 2005) that NPV was also to be charged in all such cases which were originally approved by the Ministry prior to the Supreme Court order but which subsequently got their lease period extended by the Ministry after the date of the Supreme Court order.

Audit scrutiny (December 2010) revealed that the department delayed the issue of a demand notice by 22 months (October 2007) to a user agency whose mining lease was extended upto November 2007. The department adopted the rate of NPV at ₹ seven lakh per hectare of land considering the type of forest as moist mixed deciduous with density above 0.4. The party disputed (October 2007) the demand and agreed to pay at the rate ₹ 5.80 lakh per hectare instead of ₹ seven lakh per hectare. The Deputy Conservator of Forests (DCF) referred (January 2008) the matter to the Chief Conservator of Forests (CCF) and the CCF instructed (March 2009) the DCF after one year to initiate action as per the Apex Court's order. Accordingly, the DCF issued (August 2009) a demand notice to the agency for recovery of the NPV for 32 hectares of land at the rate of ₹ seven lakh per hectare (₹ 2.24 crore) plus interest at the rate of 5.5 *per cent* per annum from November 2005. The amount was still to be recovered (March 2011).

The delay in issue of the demand notice at the initial stage was further compounded by the delay at the CCF level. Further inaction by departmental authorities resulted in loss of interest of ₹ 65.71 lakh to CAMPA fund calculated at the rate of 5.50 *per cent*, besides the non-recovery of NPV of ₹ 2.24 crore.

The matter was referred to the Government (May 2011) and their reply is awaited (October 2011).

HEALTH DEPARTMENT

3.4.2 Irregular procurement of equipment

Goa Medical College procured Central Sterile and Supply Development equipment without observing the prescribed procedure of publicity.

The Central Vigilance Commission (CVC) Guidelines prescribe practices to be adopted for improvement in the procurement system. The guidelines call for issue of advertised/global tender inquiries and publication of the tender notices in International Trade Journals (ITJ) and selected national newspapers. The copies of the tender notices should be sent to all the registered/past/likely suppliers by registered post and also to the Indian missions/embassies of major trading countries in case of imported stores. Further, the guidelines also entail that technical specifications should be made generic in nature to provide equitable opportunities to the prospective bidders.

The Goa Medical College (GMC) decided (November 2008) to procure a new Central Sterile and Supply Development (CSSD) equipment under a buyback condition of the existing old equipment. A tender notice for supply and installation of the equipment was advertised (February 2009) and five offers were received. On opening of the technical bids, the purchase committee rejected the offers of three companies as they had submitted part offers. The full technical offers of M/s Maquet, Mumbai and M/s Entrack Corporation, New Delhi were considered. The technical offer of M/s Maquet, Mumbai was also rejected on the grounds of deviation from specifications for some items mentioned in the tender documents. Thus, the single financial offer of M/s Entrack Corporation was opened on 31 March 2009. The total financial offer was for CHF[1] 8,79,157 equivalent to ₹ 3.80 crore (at the then exchange rate) which was accepted without negotiation. An order was placed in October 2009 for supply of the equipment. The equipment was supplied in April 2010 at a total cost of ₹ 4.35 crore. (inclusive of all taxes, duties applicable, handling charges and cost of essential accessories).

Audit scrutiny (December 2010) revealed that M/s Entrack Corporation had initially approached (July 2008) the Health Minister with an offer to supply CSSD equipment manufactured by their Principal, M/s Belimed AG, Switzerland. The Minister forwarded the offer (July 2008) to the Secretary, Health, with instructions to put up the same to the Purchase Committee for early decision. The Purchase Committee decided (October 2008) to float tenders for the procurement. The Medical Superintendent, GMC prepared the tender documents, adopting the specifications of the equipment manufactured by M/s Belimed AG (as drawn from the catalogues and literature supplied by the Company). The tender specifications specifically indicated 'Belimed' make for some items. The department published the tender in two local dailies and one national daily only. Thus the department ignored the guidelines of the CVC for publishing in ITJs, as the equipment was an imported one.

The CSSD equipment offered by M/s Maquet was manufactured by their Principal M/s Getinge AG, Sweden, and their technical offer was as per the specifications of M/s Getinge. The purchase committee rejected the offer of M/s Maquet, without analyzing it, for not conforming to the specifications called for in the tender, even though the equipment currently in use at GMC had been supplied by M/s Getinge. M/s Maquet had also objected (February 2009) to the insertion of proprietary specifications, which were specific only to M/s Belimed, in the tender.

Audit observed that the process of procurement was clearly marked by a lack of transparency. The entire process of tendering and selection of the agency was pre-determined as the tender specifications were tailor-made for the equipment manufactured by M/s Belimed AG. Along with non-analysis of the specifications of M/s Getinge AG, the tendering process culminated in the consideration and acceptance of the single offer of M/s Entrack. Further, there was no specific demand for replacement of the existing equipment from GMC. The procurement was initiated at the instance of the Health Minister's directions on M/s Entrack's proposal.

Audit also observed that though the equipment was delivered in April 2010, it was installed and commissioned only in May 2011 as the site preparation and civil work was not completed by the Public Works Department. Consequently, the equipment procured at a cost of ₹ 4.35 crore remained idle for a year and major portion of the warranty period was exhausted without the equipment being put to use.

[1] Swiss Franc.

Thus, the Goa Medical College ignored the tendering requirements and failed to ensure the reasonableness of the single offer of ₹ 4.35 crore by eliminating the competitive offers in predetermined and non-transparent manner.

The matter was referred to the Government (May 2011) and their reply is awaited (October 2011).

FINANCE DEPARTMENT

3.4.3 Non-recovery of Labour Welfare Cess

Non-compliance of Government orders resulted in non-recovery of mandatory cess amounting to ₹ 9.21 crore.

The Government of India had enacted the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Construction workers' Welfare Cess Act, 1996. The Act aimed to regulate the employment and conditions of service of such workers and to provide for their safety, health and welfare.

The Government of Goa decided to collect cess under the above Acts from 1 January 2009. For this purpose, the Goa Building and other Construction Workers' (Regulation of Employment and Conditions of Service) Rules, 2008 was framed and notified in April 2008. The Goa Building and other Construction Workers' Welfare Board (Board) was constituted in July 2008 for providing and monitoring social security schemes and welfare measures for the benefit of the building and other construction workers in the state. Order for implementation of the Rules was issued in December 2008.

Under the provisions of these Rules, all Government departments, local bodies, public undertakings and other Government bodies, while executing construction works through contractors, were required to deduct a mandatory one *per cent* of the contractor's bill towards welfare cess. The cess so collected was to be remitted to the Board within 30 days, after appropriating one *per cent* of the amount so collected, towards cost of collection. In respect of private constructions, the local bodies were required to collect upfront an amount of one *per cent* of the estimated cost furnished along with the building plans submitted for approval and remit the same to the Secretary of the Board.

Test check (August 2010/March 2011) in audit revealed that the Government departments and Local Bodies in Goa failed to comply with the requirements of the above Act/Rules and were not collecting the cess as required. The observations made on inspection of various agencies were:

- Twenty five Public Works Divisions had together incurred expenditure of ₹ 736.23 crore on construction works during the period April 2009 to March 2011. However, labour welfare cess amounting to ₹ 7.36 crore was not recovered from the contractors.

- The Margao and Mormugao Municipal Councils had issued 511 construction licences during the period January 2009 to December 2010. Test check of 178 of these licences revealed non-recovery of the labour welfare cess amounting to ₹ 1.32 crore. Further, ₹ 7.84 lakh was also not collected from contractors bills paid during the same period.
- The Ponda Municipal council had issued 198 construction licences/ renewals during the period February 2009 to January 2011. Test check of 42 cases revealed non recovery of the cess amounting to ₹ 24.71 lakh.
- The North and South Goa Zilla Panchayats had paid ₹ 20.17 crore to the contractors in respect of 687 works executed during January 2009 to December 2010. However, cess amounting to ₹ 20.17 lakh was not collected.

Non-compliance of the Government orders therefore resulted in non-recovery of mandatory cess amounting to ₹ 9.21 crore (January 2011 to March 2011) and consequent non-availability of funds for labour welfare.

The matter was referred to the Government (June 2011). Their reply is awaited (October 2011).

3.5 General Paragraphs

3.5.1 Lack of response to audit findings

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

A review of the IRs issued upto December 2010 pertaining to 37 departments showed that 1,384 paragraphs relating to 369 IRs were outstanding at the end of June 2011. Failure to comply with the issues raised by Audit facilitated the continuation of financial irregularities and losses to the Government.

Year-wise position of the outstanding IRs and paragraphs is given in **Appendix 3.2**. Even the initial replies which were required to be received from the heads of offices within six weeks from the date of issue of the IRs, were not received upto June 2011 in respect of 358 paragraphs of 48 IRs.

It is recommended that Government should take appropriate steps to revamp the system of proper response to audit observations in the departments and ensure that a procedure exists for (a) action against the officials who fail to send replies to IRs/paragraphs as per the prescribed time schedule, and (b) action to recover loss/outstanding advances/ overpayments pointed out in audit, in a time-bound manner.

3.5.2 Follow-up on Audit Reports

As per the provisions contained in the Internal Working Rules of the Public Accounts Committee of the Goa Legislative Assembly, Administrative Departments were required to furnish Explanatory Memoranda (EM) duly vetted by the Office of the Accountant General, Goa within three months from the date of tabling of Audit Reports to the State Legislature in respect of the paragraphs included in the Audit Reports. In spite of this, there were 22 paragraphs/reviews in respect of which the EMs were not received as of August 2011 from the Administrative Departments, as shown below.

Audit Report	Date of tabling the Report	Number of Paragraphs & Reviews	Number of Ems received	Balance
2006-07	19 August 2008	14	10	4
2007-08	24 March 2009	10	8	2
2008-09	25 March 2010	12	4	8
2009-10	17 March 2011	8	--	8
	Total	**44**	**22**	**22**

Department-wise details are given in **Appendix 3.3**.

CHAPTER – IV

District-centric Audit of North Goa District

CHAPTER-IV

4.1 District-centric Audit of North Goa District

Highlights

Recognising the importance accorded by the Planning Commission, Government of India for a district-centric approach to devolution of finances for integrated local area development, a district-centric audit of North Goa district was carried out to assess the status and impact of implementation of various socio-economic developmental activities in the district during 2006-11 and to evaluate whether the quality of life of the people had improved as a result of the same.

The review covered key social sector programmes relating to education, health, water supply, social welfare and security as well as economic sector programmes relating to creation of roads and other infrastructure, employment generation and poverty alleviation, tourism, provision of basic amenities to the public etc.

While Audit brought out many positive findings in the social sector programmes relating to health and education, it was noticed that in the areas of employment generation, housing, waste management etc, more focussed attention was needed to achieve the objectives of the programmes in these sectors.

The District Planning Committee constituted for preparation of overall planning for the district remained non-functional. The Village Panchayats also did not prepare any development plans for their respective areas. This contributed to the failure to address grass-root requirements.

(Paragraph 4.6)

There was no authority to monitor the flow of funds and expenditure incurred in the district. The departments did not keep separate statistics for district-wise expenditure on the schemes implemented.

(Paragraph 4.7)

All the functions prescribed under the Panchayati Raj Act 1994 and the State Finance Commission, had not been devolved to the Panchayati Raj institutions. The sanctioning authorities failed to watch the utilisation of the grants sanctioned to the Zilla Panchayat and Village Panchayats.

(Paragraph 4.8)

Deficiencies were found in infrastructure and basic amenities in the test-checked schools across the three selected blocks in the district.

(Paragraph 4.9.1.1)

The Mid-Day Meal programme ran the risk of sub-standard food being served to the children as no sample analysis of the food was conducted.

(Paragraph 4.9.1.2)

The targets for infant mortality, maternal mortality and total fertility had been achieved. The achievements against targets fixed for vaccination, interventions for maternal health and birth control methods during the period of audit ranged from 15 to 136 *per cent*.

(Paragraph 4.9.2.1)

Thirteen *per cent* of the habitations in North Goa district remained uncovered under schemes for supply of drinking water.

(Paragraph 4.9.3)

While the improvement in road length was negligible, there was a 48 *per cent* increase in traffic density in the roads over the last four years. The funds provided by the Government of India under the Prime Minister's Gram Sadak Yojana had not been utilised for the last five years, with the task of implementation shifting between the District Rural Development Agency and the Public Works Department.

(Paragraph 4.10.1.1)

The execution of the Mahatma Gandhi National Rural Employment Guarantee Act in the district was hampered due to delay in approval and commencement of works and inadequate planning. The scheme was operated more as a supply-driven one than a demand-driven one in the district. Despite the availability of funds, no jobs were provided in the year 2008-09. Only three *per cent* households were provided with 100 days' employment. A total of 1,043 households received wages after delays ranging up to 80 days in three test-checked blocks. A total of 828 job-card holders were above 60 years of age in the test-checked blocks. The priority of taking up the works was not observed in the district.

(Paragraph 4.10.2.1)

The coverage of Below Poverty Line families was only 16 *per cent* against 30 *per cent* to be covered in five years under Swarnajayanti Gram Swarozgar Yojana. Only 39 *per cent* of Self Help Groups had started economic activities in the district.

(Paragraph 4.10.2.2)

Under the Indira Awas Yojana (IAY), 862 new constructions and 302 repair works of houses sanctioned up to 2008-09 had not been completed. The Village Panchayats had recommended IAY houses for 13 *per cent* of BPL families only. A total of 386 BPL families in the waitlist had been deprived of houses for the last four years.

(Paragraph 4.10.3.1)

Under the Rajiv Awas Yojana, 42 *per cent* of new houses and 31 *per cent* of repair cases had not been completed.

(Paragraph 4.10.3.2)

Waste processing and disposal facilities in three test-checked Municipal Councils had not been commissioned due to delays in land acquisition.

(Paragraph 4.11.1.1)

The crime rate in the district increased by 59 *per cent* from the year 2006 to 2011.

(Paragraph 4.11.2)

District-centric Audit of North Goa District

Introduction

4.1 General Profile of the District

The North Goa district covers an area of 1,736 sq km and is headquartered at Panaji. The district accounts for 56 *per cent* (8.18 lakh) of the population of the State (14.58 lakh[1]) with 55 *per cent* of them residing in rural areas. The decadal population growth rate of the district was 7.80 *per cent* as compared to the State average of 8.17 *per cent* and the national average of 17.64 *per cent*. The district has been divided into six development blocks covering 120 Village Panchayats (VPs) with 209 inhabited and four uninhabited villages. The literacy rate is 88.85 *per cent* (women: 83.74 *per cent* and men: 93.77 *per cent*) which is above the national average of 74.04 *per cent* (women: 65.46 and men: 82.14 *per cent*). The number of Below Poverty Line (BPL) families in the district stood at 14,824 as on March 2011, which was only 1.81 *per cent* of the total population.

4.2 Administrative Structure

The District Collector is the revenue head of the district. The State Planning Department prepares the development plans of the State as a whole. The Director of Panchayats is the sanctioning authority for the Panchayati Raj Institutions (PRIs). He is assisted by seven Block Development Officers (BDOs) to exercise control over 120 Village Panchayats (VPs) in the district. The State has two-tier PRIs (Zilla Panchayats headed by Chief Executive Officers and VPs headed by Panchayat Secretaries). The Director of Municipal Administration is the sanctioning authority for seven Municipal Councils/Corporation (MCs) in the district. The Project Director, District Rural Development Agency (DRDA) is the sanctioning authority for the rural development schemes of the Central and State Governments and executes these schemes through BDOs, ZP and VPs in the district.

The developmental schemes are implemented by VPs, BDOs, MCs, Deputy Directors of Education, Public Works Divisions, etc; and the progress of the schemes is reported to the respective departmental heads. Apart from these, the DRDAs, the Directors of Social Welfare and Municipal Administration, etc. also execute some schemes directly and supervise the schemes under their jurisdiction.

[1] Census 2011.

4.3 Audit objectives

The objectives of audit were to assess whether:

- the annual planning process for the district was adequate;
- funds allocated to the district in the State budget and those released by the Government of India directly to the implementing agencies were properly utilised and accounted for;
- various schemes were implemented effectively; and
- proper monitoring systems for the implementation of schemes was in place.

4.4 Audit criteria

The audit findings were bench-marked against the following criteria;

- State Annual Plans and Five Year Plan 2007-12;
- Scheme guidelines and Government orders;
- General Financial Rules 2005 and Receipt and Payment Rules 1983;
- The prescribed monitoring mechanism of the State.

4.5 Scope of Audit and Methodology

Discussions were held with the stakeholders, inter alia, the Finance Secretary; the Directors of Panchayats, Municipal Administration, Education, Social Welfare and Animal Husbandry; the Commissioner of Labour and the Chief Engineer, PWD in an entry conference on 6 May 2011.

Three out of six blocks were selected for detailed scrutiny on the basis of being semi-urban (Bardez block) and remoteness from the district headquarters (Pernem and Sattari blocks). Further, 26 (20 *per cent*) out of 120 VPs were also selected for extensive audit based on simple random sampling without replacement method. The audit was conducted during March 2011 to July 2011 by reviewing the records of the selected units of three blocks, the DRDA, the Zilla Panchayat, the Sarva Shiksha Abhiyan Society, the Public Works Department, the Directors of Planning, Panchayats, Social Welfare, Education, Tourism, Municipal Administration and Transport departments. The period of scrutiny of the records of these departments was for five years (2006-11).

The exit conference was held on 10 August 2011 with the Secretaries of Finance, Education and Rural Development departments and the Directors of Health Services, Panchayats, Municipal Administration, DRDA, Social Welfare and Principal Chief Engineer, PWD. Their views on the audit findings are incorporated in the respective paragraphs.

4.6 Planning

The Government of India (GOI) envisages an inclusive and participative planning process for the development of districts. The 74th amendment of the Constitution mandated the establishment of District Planning Committees (DPC) for consolidating the plans prepared by the Village Panchayats and Municipal Councils in each district into an integrated district plan. The North Goa DPC[2] was constituted in October 2003 and reconstituted periodically according to the changes in the constitution of the local administration from time to time after elections. At the beginning of every Five-Year Plan, the local bodies at the grass-root level were to prepare a five-year plan. An annual plan had to be prepared by the beginning of January every year, for submission to the DPCs. The DPCs were to consolidate the plans prepared by the ZP/VPs and MCs in the district and prepare draft development plans for the districts as a whole.

DPC had not prepared any district plans and VPs had not prepared any Village Plans

Audit observed that the DPC of North Goa had met only twice during the last five years. No development plans had been prepared (June 2011) due to non-preparation of development plans by the ZP/VPs/MCs. In order to mobilise the VPs for preparation of development plans with the help of Village Ward Committees, the Director of Panchayats (DOP) convened a meeting in September 2009 and held (February 2010) a workshop of the DPC members, Sarpanchas, Deputy Sarpanchas and Secretaries of VPs to guide them in the preparation of village development plans. The work of preparation of model annual plans and imparting training was given (October 2009) to the Goa Institute of Rural Development and Administration (GIRDA). GIRDA imparted training to the Ward Development Committees and Secretaries of three selected (Majorda, Anjuna and Ambauilim) VPs for preparation of village plans. GIRDA was to prepare model annual plans for VPs based on the development plans of these three VPs. As no development plans were prepared by the VPs, no model plans could be prepared by GIRDA.

In the absence of holistic perspective plans for the district involving the local bodies, implementing departments and beneficiaries of the programmes, a proper well-defined development strategy for North Goa district could not be prepared. This resulted in developmental schemes being implemented in an adhoc manner without community participation.

Since records of district level allocation of plan outlays and expenditure were not maintained, the utilisation of the plan allocation for North Goa district could not be ascertained.

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2 Chairman-Zilla Panchayat Adhyaksha, Members-Member of Parliament (LS), Mayor of City Corporation of Panaji, Nine ZP members and one councilor each of 6 Municipal Councils, 23 MLAs of North Goa district are the permanent invitees. The Chief Executive Officer of ZP is the Secretary to the DPC.

4.7 Financial Management and Accounting Framework

Funds are allocated to each department through the State budget for implementation of various developmental activities. In addition, funds are released directly to DRDA and implementing agencies for various socio-economic programmes by the State and Central Governments. The DRDA and DOP, release funds to the ZPs, VPs and other executing agencies, based on the approved allocations for individual schemes.

Details of the district-wise flow of funds during the period 2006-11 and the expenditure incurred during the period were not available with the district authorities or with the department heads. The DRDA, ZP, VPs and MCs in the district, however, provided statistics in respect of the limited number of rural and infrastructural development schemes implemented by them in the district. In respect of major State and Central schemes, no separate allocation for the district was provided. The expenditure for North Goa district was also not ascertainable from the accounts of the State as compiled and maintained by the Director of Accounts.

During the exit conference, the Finance Secretary admitted (August 2011) the position and stated that the Government would consider maintaining district-wise expenditure figures in the individual administrative departments. The compilation of these figures will be carried out by the Planning Department.

4.8 Functioning of Panchayati Raj Institutions in the District

The Village Panchayats (VPs) came into existence in Goa under the provisions of the Goa, Daman & Diu Village Panchayat Regulation 1962. As per the 73rd amendment of the Constitution, a two-tier structure of PRIs was prescribed and the North Goa Zilla Panchayat (ZP) came into existence under the provisions of the Panchayati Raj Act 1994. The Secretaries of the VPs and the Chief Executive Officer of the ZP were the administrative heads of these institutions. The DOP exercised administrative control over the ZPs and VPs at the State level.

Devolution of functions to PRIs was incomplete

The Panchayati Raj Act 1994 provides for entrustment of 26 and 29 functions listed in Schedule XI of the Constitution (**Appendix-4.1**) to ZPs and VPs respectively. Though the Second State Finance Commission had recommended devolution of all these functions, only 12 functions each had been devolved partly to the ZPs and VPs respectively (**Appendix-4.2**). While the VPs generated their own revenue by collection of taxes etc. the ZPs were fully dependent on grants from the Government. The total grants received and spent during the last five years by the North Goa ZP were as shown in **Table 1**.

Table-1

Statement showing grants received and utilised by Zilla Panchayat

(₹ in crore)

Year	Opening balance	Grant received	Bank interest and other receipts	Total available funds	Expenditure incurred	Balance
2006-07	6.87	4.32	0.73	11.92	6.40	5.52
2007-08	5.52	3.79	1.79	11.10	6.87	4.23
2008-09	4.23	5.58	1.59	11.40	7.17	4.23
2009-10	4.23	6.70	0.26	11.19	9.56	1.63
2010-11*	1.63	7.15	0.23	9.01	6.58	2.43
Total		**27.54**	**4.60**		**36.58**	

**Unreconciled figures*
(Source: Furnished by ZP)

The functioning of the ZP was fully dependent on the grants sanctioned by the Government. Budgets, five-year and annual plans had not been prepared so far. A scrutiny of the various works executed by the ZP during the period 2008-11 revealed that it undertook 593 works during the period 2008-11 which included 105 works executed for construction, renovation and development of temples and churches as shown in **Table 2.**

Table-2

Statement showing details of works executed by Zilla Panchayat

Year	Total number of works executed	Cost (*₹ in crore*)	Number of works executed for temples and churches	Cost of these works executed (*₹ in crore*)	Percentage
2008-09	121	3.49	20	0.55	16
2009-10	232	8.04	43	1.31	16
2010-11	240	7.82	42	0.96	12
Total	**593**	**19.35**	**105**	**2.82**	**15**

(Source: Compiled by audit)

It was observed that the ZP spent ₹ 2.82 crore (15 *per cent*) out of ₹ 19.35 crore for the construction and development of places of worship, which was not included under the 12 entrusted functions.

The details of grants given to the VPs in the district by the State Government are shown in **Table 3**.

Table-3

Statement showing grants released to Village Panchayats

(₹ in crore)

Year	Grants released by Director of Panchayats to VPs				Total
	Grant in lieu of octroi	Grant for infrastructure development	Finance Commission grants	Salary and other administrative grants	
2006-07	1.71	6.27	2.17	0.88	11.03
2007-08	1.67	4.67	0.79	0.88	8.01
2008-09	6.12	7.22	2.18	1.41	16.93
2009-10	6.66	5.83	0.72	1.97	15.18
2010-11	6.26	6.30	1.63	2.03	16.22
Total	22.42	30.29	7.49	7.17	67.57

(Source: Furnished by DoP)

As per Rule 212 of the GFR 2005, Utilisation Certificates (UCs) should be insisted upon from institutions receiving grants for ensuring actual utilisation of the grants for the purposes for which they were sanctioned. No UCs were furnished to the Director of Panchayats in respect of the grants in lieu of octroi and salary and other administrative grants sanctioned to VPs. Grants for infrastructure development were provided to financially weaker panchayats by the State Government against sanctioned infrastructure development works. It was seen that UCs in respect of ₹ 10.56 crore sanctioned during the period from 2006-07 onwards for this purpose were pending as on March 2011.

The XII Finance Commission had sanctioned ₹ 18 crore during 2005-10 for the PRIs of the State. Due to delay in utilisation of the grants by the PRIs, GOI released grants totalling only ₹ 12.60 crore during the period 2005-10. The balance funds totalling ₹ 5.40 crore were allowed to lapse. As of March 2011, UCs relating to ₹ 1.47 crore in respect of Finance Commission grants to GOI were pending.

4.9 Social Services Sector

4.9.1 Education

Education is one of the most important indicators of social progress of a nation. Both the State and Central Governments have been spending enormous amounts on increasing the enrolment and retention of children in schools, especially in the primary and elementary segments. Focus is also on inclusive progress, with special attention to girls, SC/ST communities, other vulnerable sections of the society and remote and backward areas.

During the period 2006-11, the State had incurred a total of ₹ 2,179.37 crore on elementary and school education; ₹ 437.21 crore on higher education and ₹ 35.18 crore on technical education. As the figures relating to district-wise allocation and expenditure had not been maintained, the funds allocated and spent for education in North Goa district was not ascertainable. The numbers of educational institutions that catered to the education needs of the population of North Goa district as on March 2011 is shown in **Table 4**.

Table-4

Statement showing numbers of educational institutions in North Goa

Type of institution	**Government**	**Non-Government (Aided and Unaided)**	**Total**
Primary school	462	180	642
Middle school	34	15	49
High school	46[3]	177	223
Higher Secondary school	5	41	46
Professional colleges	12	11	23
Non professional colleges	3	9	12

(Source: Education Report 2010-11)

Two main schemes, viz., the Sarva Shiksha Abhiyan and the Mid-Day Meal Scheme were reviewed to assess the impact of the implementation of the schemes in the district.

4.9.1.1 Sarva Shiksha Abhiyan

The Sarva Shiksha Abhiyan (SSA) is one of the flagship programmes of GOI for universalisation of primary education. SSA was launched in 2000-01 with the following objectives (a) schooling for all children (b) primary schooling for all children completing five years, by 2007 (c) elementary schooling for all children completing eight years, by 2010 (d) elementary education of satisfactory quality with emphasis on education for life (e) bridging all gender and social category gaps at the primary and upper primary stages by 2007 and (f) universal retention by 2010. The scheme was being implemented in the State by the SSA Society since October 2005. The details of grants received and expenditure incurred under the scheme in the State[4] during the period 2006-11 are shown in **Table 5.**

Table-5

Statement showing grants received and expenditure incurred

(₹in crore)

Year	**Opening balance**	**Amount released**				**Expen-diture**	**Balance**
		Central	**State**	**Miscellaneous receipts[5]**	**Total**		
2006-07	5.45	7.24	3.44	0.25	16.38	13.39	2.99
2007-08	2.99	9.00	4.85	0.23	17.07	11.36	5.71
2008-09	5.71	8.04	5.83	0.58	20.16	12.87	7.29
2009-10	7.29	5.51	4.56	0.21	17.57	13.77	3.80
2010-11	3.80	6.71	5.94	0.57	17.02	14.25	2.77
Total	**25.24**	**36.50**	**24.63**	**1.83**	**88.20**	**65.65**	

(Source: Furnished by the Director SSA)

[3] Include four Kendriya Vidyalayas

[4] The Director, SSA did not maintain district-wise figures separately.

[5] Interest on saving bank/interest on deposit on girls education/tender fees/receipt from NCERT/refund by VEC/refund from IGNOU.

- **Enrolment in Government and Government-aided schools**

A review of the enrolment of children in the district for primary and upper primary schools (up to Standard VIII), especially in the context of implementation of SSA in Government and Government-aided schools, revealed a decreasing trend in the number of Government schools and increase in Government-aided schools. Over the last five years, while the enrolment of children in Government schools decreased by 11.40 *per cent* it increased by 13.77 *per cent* in Government-aided schools as shown in **Table 6** below:

Table-6

Statement showing enrolment of children in Government and Government-aided schools in North Goa district

Year	Number of schools		Number of children	
	Government	Government-aided	Government school	Government-aided school
March 2007	651	263	31,675	57,070
March 2008	649	267	32,376	50,307
March 2009	649	261	31,150	50,314
March 2010	647	263	30,169	62,296
March 2011	644	275	28,061	64,932

(Source: Furnished by DoE)

The decrease in enrolment in Government schools was due to the people's inclination towards English medium schools, insufficient infrastructure and basic amenities etc. as discussed in the subsequent paragraphs.

Audit test-checked the enrolment of students in schools in 20 selected Cluster Resource Centres[6] (CRCs) of three blocks (Bardez, Pernem and Sattari). It was observed that though there was an increase in enrolment in the upper primary section in all the three blocks, the enrolment in the primary section in Pernem and Sattari blocks showed a decreasing trend over the last five years (Pernem decreased from 1,773 to 1,766 and Sattari decreased from 1,609 to 1,381 as on March 2006 and March 2011 respectively).The State Project Director replied (August 2011) that the decrease could be on account of parents' preference to enrol their wards in city schools, migration of labourers to other areas etc.

- **Intervention for Out-of-School children**

The scheme provides for intervention for out-of-school children[7] by way of non-residential bridge courses, mobile schools, remedial teaching, alternative and innovative education centres, residential bridge courses, etc.

[6] Cluster resource centres were formed (2005-06) in the district to complement and supplement every two school complexes comprising of six to 14 primary/middle/high (Government and Government-aided) schools .

[7] Working children, street children, deprived children in urban slums, children of sex workers, etc.

The details of out-of-school children during the last five years were as shown in **Table 7.**

Table-7

Statement showing out-of-school children

(Physical in numbers and financial in lakh of rupees)

Year	Target for North Goa		Achievement		Percentage achievement	
	Physical	Financial	Physical	Financial	Physical	Financial
2006-07	65	22.40	13	14.03	20	63
2007-08	1385	27.58	100	2.39	7	9
2008-09	1057	34.50	281	23.14	27	67
2009-10	931	26.27	712	11.25	76	43
2010-11	659	17.32	404	9.59	61	55

(Source: Furnished by Project Director, SSA)

255 children were out of school as on March 2011

The department failed to achieve the targets fixed by GOI as 255 children remained out of school in the district at the end of March 2011. The State Project Director replied (May 2011) that many children had migrated to other States. However, maximum efforts were being made for achievement of the targets.

- **Drop-out level in the elementary schools**

The status of drop-out level of children after enrolment in respect of North Goa was as shown in **Table 8.**

Table-8

Statement showing number of children dropping out from schools

Year	Number of children who dropped out during the year	
	Primary school	Upper primary school
2006-07	210	697
2007-08	0	0
2008-09	0	0
2009-10	66	172
2010-11	0	0

(Source: Furnished by SSA)

The reporting on drop out children was incorrect

The State Project Director stated (April 2011) that the number of children who dropped out in the years 2007-08, 2008-09 and 2010-11 was not available. Test check by audit in the selected 20 CRCs of three blocks found that 39 children had left schools midway between 2007-09 and 2010-11, due to migration.

Further, the household survey for identification of out-of-school children in Goa conducted between March to June 2009 through the Centre for Development Planning and Research, Pune showed that 55 school children in the above three blocks and 238 in the district had dropped out mainly because of no interest in further education, migration and poor economic condition of families.

- **Intervention for disabled school children under SSA**

Block and cluster resource persons collect data for disabled children by visiting the schools. The status of intervention for disabled school-children during the years from 2006-11, by way of inclusive education in the district is shown in **Table-9**.

Coverage of disabled children was only 49 to 88 per cent during the five years

Table-9

Statement showing intervention for disabled school children

(Physical in numbers and financial in lakh of rupees)

Year	Target		Achievement		Percentage achievement	
	Physical	Financial	Physical	Financial	Physical	Financial
2006-07	1245	14.94	759	10.64	60.96	71.22
2007-08	1519	18.23	794	2.99	52.27	16.40
2008-09	899	7.19	794	3.01	88.32	41.92
2009-10	915	7.78	453	5.72	49.51	73.52
2010-11	559	12.86	472	14.77	84.44	100.00

(Source: Furnished by SSA)

The targets fixed were never achieved during the last five years. The State Project Director attributed (May 2011) the non-coverage to lack of interest of parents, unwillingness of children etc. It was further stated (August 2011) that the actual estimate for the year 2007-08 was 900 but the target fixed by GOI was 1,519.

- **Community training/mobilisation**

As the community members/leaders are familiar with the problems of the target group, their training/mobilization helps the planning team to propose intervention accordingly. The SSA envisaged three days' block level residential training and three days' cluster level non-residential training to the community leaders, such as members of village education committees, parent teacher associations and local representatives. The targeted number of community members to be trained in the district was never achieved during the last four years 2007-11 as shown in **Table 10**.

Table-10

Statement showing community training/mobilisation

(Physical in numbers and financial in lakh of rupees)

Year	Target		Achievement		Percentage achievement	
	Physical	Financial	Physical	Financial	Physical	Financial
2007-08	5136	3.08	1500	0.90	29.21	29.22
2008-09	2760	1.66	0	0.67	0	40.36
2009-10	2658	1.59	1777	1.07	66.85	67.30
2010-11	5570	9.41	2953	3.96	53.01	42.08

(Source: Furnished by SSA)

The State Project Director replied (June 2011) that community training programmes were conducted on working days and hence, the participation of the village education committee members and community members including parents was not to the expected level.

- **Teachers' training**

The SSA envisaged 10 days' in-service training for all teachers each year and 30 days' induction training for newly recruited teachers. The training helped to improve the quality of the education imparted. The targets fixed in the district for the teachers' training module and achievements are shown in **Table 11**.

Table-11

Statement showing targets and achievements of teachers' training

(Physical in numbers and financial in lakh of rupees)

Year	Target		Achievement		Percentage achievement	
	Physical	Financial	Physical	Financial	Physical	Financial
2006-07	3450	184.06	2961	97.35	85.82	52.89
2007-08	3432	48.06	1500	20.35	43.70	42.34
2008-09	3329	41.40	1458	21.48	43.81	51.88
2009-10	3573	53.60	1433	8.60	40.10	16.04
2010-11	3600	45.00	1938	9.33	53.83	20.73

(Source: Furnished by SSA)

The targets fixed were never achieved during the last five years. The State Project Director, SSA attributed (July 2011) the shortfall to delays in releasing the amounts to the block level; deputing teachers for election duty; census duty etc. The reply is not tenable as the elections were held in 2007 and 2009 and the census was conducted in 2011, for which limited number of days were utilised. Lack of training would adversely affect the quality of education.

- **Infrastructure**

The SSA norms prescribe a minimum of two classrooms with verandahs for each primary school and separate rooms for every section (three classrooms with a verandah) of upper primary schools. During the period 2006-08, total funds of ₹ 1.58 crore were given by SSA to PWD for construction of 84 additional classrooms in 70 schools. The PWD constructed 71 classrooms in 57 schools and the balance 13 additional classrooms were incomplete (June 2011). In the selected CRCs of the three blocks, the position of infrastructure in the primary and upper primary schools as of March 2006 and 2011 was as shown in **Tables 12 and 13.**

Table-12

Statement showing infrastructure in primary schools

(Figures in numbers)

Year	Primary schools	Children enrolled	Schools without accommodation	Schools having one room only	Schools having two rooms	Schools having two rooms & verandah	Schools having three rooms & verandah	Schools having more than three rooms & verandah
2006-07	130	5746	1	19	8	57	38	7
2010-11	131	6144	1	13	7	61	42	7

(Source: Furnished by concerned CRCs)

Table-13

Statement showing infrastructure in upper primary schools

(Figures in numbers)

Year	Upper primary schools	Enrolled children	Schools having two rooms & verandahs	Schools having three rooms & verandahs	Schools having more than three rooms
2006-07	48	6389	1	15	32
2010-11	48	7527	0	13	35

(Source: Furnished by concerned CRCs)

Though there were seven *per cent* and 18 *per cent* increases in the enrolment in the primary and upper primary schools respectively, the increase in construction of additional rooms and verandahs was negligible. One primary school[8] was functioning without accommodation. As the State Project Director had not proposed construction of any additional classrooms during the period 2008-11 no funds were allocated by the GOI for additional classrooms during 2008-11.

- **Basic amenities**

As per SSA norms, every primary and upper primary school should have a separate toilet for girls, access ramp, drinking water, etc. During 2006-11, a total of 89 common toilets, 55 toilets for girls and 44 drinking water facilities in 44 schools were constructed in Government schools. The status of basic amenities in the schools of selected CRCs as on March 2011 was as shown in **Table 14.**

[8] GPS, Trop, Sodiem in Bardez block is functioning in a temple.

Table-14

Statement showing basic amenities in the schools

(In numbers)

Primary/upper primary	Total schools	Schools having girls toilet	Drinking water available	Access ramp available	Boundary wall available	Play ground available
Primary school	131	88	121	65	80	32
Upper primary School	48	48	43	11	32	29

(Source: Furnished by Director of Education)

Facilities like girls' toilets, drinking water and access ramps were not provided in all primary and upper primary schools.

The basic amenities are not provided in all schools

During test check (April 2011) of 21 schools by Audit[9], the team found unhygienic toilets in eight schools; non-availability of water in toilet in one school; non-availability of toilet in one school; no access ramp in three schools; improper access ramp and improper floor level of class-rooms in one school; non-availability of child-friendly equipment[10] in six schools; dumping of obsolete materials in the class-rooms in eight schools and non-covering of verandahs with iron grills in seven schools. The headmasters of the schools stated (May and June 2011) that, the village education committee had failed to complete the access ramp and verandah grills. Besides, toilets were not being repaired by PWD promptly. SSA society did not sanction child-friendly equipment, the floor was not executed properly by the contractor, no space was available for dumping of obsolete material etc.

- **Availability of teachers in schools**

As per the norms, the minimum number of teachers in a primary school should be two and there should be one teacher for every class in the upper primary. It was observed that 247 out of 658 primary schools in the district had only one teacher. Test check in 20 Cluster Resource Centres (CRCs) of three blocks revealed that the number of schools without the required number of teachers had increased during 2006-11 as shown in the **Table 15**.

Table-15

Statement showing number of primary schools with one teacher

(Figures in numbers)

Year	Bardez		Pernem		Sattari	
	Primary schools	Primary schools having one teacher only	Primary schools	Primary schools having one teacher only	Primary schools	Primary schools having one teacher only
2006-07	39	13	40	14	51	26
2007-08	39	13	40	14	51	27
2008-09	39	13	40	14	52	29
2009-10	40	16	40	17	51	30
2010-11	40	17	40	17	51	28

(Source: Furnished by the BRCs)

9 Test-check conducted along with Block resource co-ordinators and Block resource persons.
10 Equipment like swing and slide.

Forty-eight per cent (62 schools) schools in the selected CRCs (124 schools) had one teacher only

It was observed that out of 131 primary schools selected, 62 schools had one teacher only. Inadequate teaching staff in the schools was bound to affect the quality of education in the district. Proper co-ordination between implementing agencies would have ensured that these minimum facilities were provided to children.

4.9.1.2 Mid-Day Meal scheme

The Mid-Day Meal (MDM) scheme was launched (1995) by GOI with the objective of giving a boost to universal primary education by increasing the numbers of enrolment, attendance and retention and simultaneously improving the nutritional status of students in primary classes. Under the scheme, cooked meals comprising 100 and 150 grams of food grains with calorific value of 450 and 700 and protein content of 12 and 20 grams was being supplied to students of Government and Government-aided primary and upper primary schools respectively. In Goa, the MDM scheme was being implemented from June 2005. The scheme guidelines provide for meals to be prepared within the school premises. In the absence of space for providing separate kitchens and cook-cum-helpers in schools, the Director of Education allocated the work of providing cooked meals to Self Help Groups (SHGs) having valid licences from the Food and Drugs Administration and registered under the Societies Registration Act 1860.

The details of grants sanctioned and that utilized under the scheme during the period 2006-11 are shown in the **Table 16.**

Table-16
Statement showing grants received and their utilization

(₹ in crore)

Year	Grant received			Grant utilised	Unspent balance
	GOI	State	Total grant		
2006-07	2.07	4.27	6.34	5.71	0.63
2007-08	2.59	3.19	5.78	5.70	0.08
2008-09	5.66	1.90	7.56	4.58	2.98
2009-10	7.94	4.53	12.47	10.32	2.15
2010-11	13.47	5.35	18.82	15.48	3.34
Total	**31.73**	**19.24**	**50.97**	**41.79**	

(Source: Furnished by DoE)

The details of the number of primary and upper primary schools and students covered in North Goa district under the scheme are shown in **Table 17.**

Table-17
Statement showing number of schools and children covered

Year	Number of schools		Number of students		Attendance of students	
	Primary	Upper Primary	Primary	Upper Primary	Primary	Upper Primary
2006-07	659	NA	42100	NA	41956	NA
2007-08	661	NA	42765	NA	42698	NA
2008-09	664	NA	42561	NA	42514	NA
2009-10	674	259	41968	49888	41875	49770
2010-11	676	256	54834*	37991*	52467	36467

**The Primary school section has been changed to Class I to V from 2010-11 onwards*
(Source: Furnished by DoE), NA=Not applicable

The scheme was being implemented in the State since 2005. The attendance of students over the last five years had decreased from 99 *per cent* in 2006-07 to 95 *per cent* in 2010-11.

- **Short-serving of mid-day meal**

As per the norms, the number of school working days was 200 and 220 days for primary and upper primary schools respectively. Further, as per the norms of MDM, the children of primary schools and upper primary schools were to be served each school day, meals having 100 and 150 grams of foodgrains of rice/wheat respectively, excluding other ingredients (pulses, vegetables, oil, fat, salt and condiments) prepared by Self Help Groups (SHGs).

Non-utilisation of 653.72 metric tonnes of foodgrains

Audit observed that, during 2009-10, the MDM was served for 180 days and 169 days covering 41,968 and 49,888 children of primary and upper primary schools respectively. The reduction in the number of days of MDM resulted in non-utilization of the allocated 653.72[11] metric tonnes of foodgrains in the year 2009-10 for primary and upper primary schools.

The year-wise position of foodgrains required and that consumed for the MDM during the period 2006-11 are shown in **Appendix-4.3**.

It may be seen from the Appendix that the actual quantities of foodgrains utilised were less than the required quantities. Supply of foodgrains for the meals served to children ranged from 79 to 95 grams in primary schools and 140 to 143 grams in upper primary schools, as against the prescribed quantity of 100 and 150 grams of foodgrains respectively in the district, indicating that the prescribed nutrition was not provided to the children of the district.

The Director attributed (August 2011) less consumption during 2006-09 to short-release of foodgrains by GOI. During 2009-10, the implementation of the scheme was delayed by one and a half months due to delay in approval of the State Government and during 2010-11, the full foodgrain quota was not

[11] Quantity allocated = 2520.36 MT (936.96 MT for primary school and 2583.40 MT for upper primary school *minus* Quantity lifted = 1866.64 MT (662.44 MT for primary school and 1204.20 MT for upper primary school).

released by the Food Corporation of India (FCI) for the fourth quarter due to labour problems.

The reply is not acceptable as there was no short supply of foodgrains by GOI during 2006-09. Further, the administrative delay in implementation during 2009-10 and non-release of full quota by FCI during 2010-11 impacted the implementation of the scheme in the State.

- **Monitoring**

The State Government constituted (June 2005) monitoring committees at the State, district, block and school levels under the scheme. The monitoring committees were to guide implementing agencies as well as monitor and assess the impact of the programmes and action taken on the reports of independent monitoring/evaluation agencies.

Monitoring committees at State, district, block and school level were non-functional

The State level committee was expected to meet at least once every six months, district and block level committees were to meet at least once a quarter and school level committees, every month. It was however, observed that these committees never met during the period 2006-11.

The work of external monitoring and evaluation had been entrusted to the Directorate of Planning, Statistics and Evaluation in 2008-09 and its report was awaited (October 2011).

- **Sample selection for quality**

Assistant District Education Inspectors (ADEIs) were required to pay surprise visits to primary schools and to collect 100 grams of food samples supplied by each SHG in each month. These were to be submitted for chemical analyses to the Goa College of Home Sciences, Panaji. The position of sample collection in the district is given in **Table 18**.

Table-18

Position of sample collection in the district

Year	Number of SHGs	Number of samples to be taken[12]	Number of samples actually taken	Number of samples found to be of poor quality	Percentage of poor quality samples	Percentage shortfall in collection of samples
2006-07	17	170	15	2	13	91
2007-08	16	160	40	2	5	75
2008-09	16	160	54	0	0	66
2009-10	20	520	67	7	10	87
2010-11	52	520	0	0	0	100

(Source: Furnished by DoE)

[12] Every month one sample to be taken for 10 months (June to March of the academic year) from every SHG.

There were huge shortfalls in sample collection and analysis in food supplied by SHGs

Test check by Audit in the three selected blocks revealed that as against the prescribed minimum number of 630 samples to be collected, the actual collection was 71 (11 *per cent*) (Bardez: seven *per cent*, Pernem: 18 *per cent* and Sattari: 19 *per cent*). It was also noticed that due to shortage of faculty staff, the College of Home Sciences had refused (August 2010) to accept the food samples for analyses during the academic year 2010-11. Hence, there were no samples collected for check during the year 2010-11.

Non-collection and non-testing of food samples were serious lapses as there were no checks on the quality of food being supplied to students across the district. Absence of quality control checks would result in supply of substandard/adulterated food to school children.

4.9.2 Health Services

Health care services for the people of North Goa district are provided by the Health Department through a network of a district hospital, three Community Health Centres, two Urban Health Centres, seven Primary Health Centres, 95 Sub-Centres and 20 Rural Medical Dispensaries. The Goa Medical College, Goa Dental College and the Institute of Psychiatry and Human Behaviour are also situated in the North Goa district and cater to the entire State. To achieve health care objectives, a flagship scheme 'The National Rural Health Mission' (NRHM) was launched (April 2005) by GOI for all States.

4.9.2.1 National Rural Health Mission

The key strategy of NRHM was to bridge gaps in health care facilities, facilitate decentralised planning in the health sector and provide an overarching umbrella to the existing programmes of Health and Family Welfare.

As against ₹ 36.96 crore received from the Central and State Governments, the State Health Society had incurred a total expenditure of ₹ 32.79 crore during the period 2006-11. NRHM envisaged the constitution of a District Health Society and preparation of perspective and annual health plans at the village, block and district levels, based on inputs from the baseline facility and household surveys conducted each year. No District Health Society had been constituted in the district. District, block and village level health action plans had also not been prepared till 2010-11.

The targets of Infant Mortality Rate (IMR), Maternal Mortality Ratio (MMR) and Total Fertility Rate (TFR) and achievements thereagainst in the State are shown in **Table 19.**

Table-19

Statement showing achievements in IMR, MMR and TFR

Indicators	Target as per NRHM	Achievement	
		As on March 2006	As on March 2011
IMR	30 per 1,000 live births by the year 2012	15	11
MMR	100 per 1,00,000 live births by the year 2012	N A	40 per lakh
TFR	2.1 by the year 2012	N A	1.8

(Source: Furnished by State Health Society)

The above health indicators show that the State had not only achieved but substantially exceeded the targets prescribed under NRHM.

- ***Maternal and Child Health***

The important services for ensuring maternal health care, *inter-alia,* include ante-natal care (ANC), institutional deliveries, post-natal care, referral services etc. The relative targets fixed and achievements therein reported in the year 2010-11 against those reported five year ago on various Reproductive Child Health (RCH) programmes in North Goa district are shown in **Table 20.**

Table-20

Statement showing achievements reported on various RCH programmes in North Goa district over the last five years

Sl No	RCH programmes	2006-07			2010-11		
		Target *(in numbers)*	Achievement *(in numbers)*	Percentage Achievement	Target *(in numbers)*	Achievement *(in numbers)*	Percentage Achievement
Vaccination							
1	BCG[13]	16035	17491	109	13090	14340	110
2	Measles	12435	13350	107	13090	12392	95
3	DPT[14]	12235	13796	91	13090	9752	74
4	OPV[15]	12235	13795	113	13090	12672	97
5	Hepatitis B	12235	12946	106	13090	9376	72
6	Quadravalent	NA	NA	NA	3645	1398	38
7	Rubella	NA	NA	NA	6810	5928	87
8	MMR[16]	NA	NA	NA	13090	11144	85
9	TT[17]	16439	15022	91	14400	11420	78

[13] Bacillus Calmette-Guerin
[14] Diphtheria Pertusis Tetanus
[15] Oral Polio Vaccine
[16] Measles, Mumps and Rubella
[17] Tetanus Toxoid

Maternal Health							
10	ANC checkups	NA	NA	NA	17358	15159	87
11	IFA[18] tablets	15746	13090	83	14400	13581	94
12	JSY[19]	NA	349	-	838	684	82
Birth Control							
13	Vasectomy	24	17	71	32	5	15
14	Tubectomy	3320	3185	96	2140	2047	95
15	Oral pill users	2051	2113	103	1738	2153	124
16	IUD[20] insertions	1896	1507	79	1460	1198	82
17	Condom users	6145	6820	111	5195	7059	136

(Source: Monthly performance bulletin of State Family Welfare Bureau)

While the targets in respect of six out of 12 programmes under implementation during 2006-07 were achieved fully, the targets in respect of only three out of 17 programmes implemented during 2010-11 were achieved fully.

4.9.2.2 Mediclaim

The State Government introduced (August 1999) the Goa Mediclaim Scheme for the residents of Goa to provide them special medical facilities[21] in recognised hospitals within and outside Goa, in super-specialities, for which facilities were not available in the Government hospitals of the State. The scheme extended to permanent residents of the State figuring in the voter's list or holding permanent ration cards including minor dependants, whose family income did not exceed ₹ 1.50 lakh *per annum*. Retired Government servants were exempted from any income ceiling. The scheme was not applicable to Government employees or employees of Banks, State and Central Government Undertakings or other institutions owned by the State/Central Government.

On recommendations from the Superintendent of the Goa Medical College or the Senior Consultants of the hospitals attached to the Director of Health Services (DHS), the DHS issued reference letters to the respective private recognised hospitals that reimbursement would be provided to them under the scheme. If patients underwent treatment in recognised hospitals without obtaining the required medical certificates of non-availability of treatment in Government hospitals, they could apply directly to the DHS for relaxation of the prescribed procedures. The hospitals preferred their claims to DHS for settlement of bills.

The expenditure incurred and the numbers of beneficiaries under the scheme for the last five years was as given in **Table 21**.

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[18] Iron Folic Acid

[19] Janani Suraksha Yojana

[20] Inter Uterine Device

[21] (i) Neurological disorders (ii) Cardio-Thoracic surgery (iii) Kidney transplantation (iv) Plastic surgery (v) Radio therapy (vi) Replacement of joints (vii) Any other major illness/diseases for which treatment facilities as certified by the GMC are not available in Govt. Hospitals in the State.

Table-21

Expenditure incurred and number of beneficiaries

Year	Number of beneficiaries in the State	Expenditure (₹ in crore)	Number of beneficiaries in North Goa
2006-07	1634	15.63	816
2007-08	2034	11.64	990
2008-09	1638	16.61	763
2009-10	1527	16.40	999
2010-11	1461	16.30	664
Total	**8294**	**76.58**	**4232**

(Source: Figures supplied by the DHS. Expenditure for North Goa district was not available separately)

The Government relaxed several conditions of the scheme

There were no provisions in the scheme for maintenance of registers/ledgers by the DHS to record the cases referred to hospitals, patient-wise records to show claims sanctioned to each patient etc. Fourteen private hospitals in Goa and 24 private hospitals outside Goa were recognised under the scheme. As no registers/ledgers were maintained by the DHS, the hospital-wise and patient-wise payments made, if any, over and above the limits prescribed for each patient and for each disease were not ascertainable. However, year-wise details of claims sanctioned by relaxation of the prescribed procedure and the total amounts paid each year in respect of these cases in the State were available and shown in Table 22.

Table-22

Statement showing relaxation cases under the scheme

Year	Number of relaxation cases in the State	Amount paid (*₹ in lakh*)	Number of relaxation cases in North Goa district	Amount paid (*₹ in lakh*)
2006-07	160	151.40	88	80.50
2007-08	143	149.39	84	86.86
2008-09	239	250.05	110	97.55
2009-10	122	120.02	53	61.54
2010-11	153	168.00	64	63.22
Total	**817**	**838.86**	**399**	**389.67**

(Source: Supplied by the DHS)

Although there was no provision in the original scheme of year 1999 for payments in excess of the maximum ceiling limits[22] to patients, the DHS made payments in excess of the limits to 33 patients to the extent of ₹ 38.64 lakh during the period 2005-10. It was also seen that the DHS made payments to unrecognised hospitals to the extent of ₹ 98.50 lakh in 96 cases during the period 2005-10 by relaxation of the prescribed procedure.

[22] ₹ 1.50 lakh in all cases, ₹ 3 lakh in cases of kidney transplantation, open heart surgery, neuro-surgery, ₹ five lakh for cancer patients and ₹ eight lakh for bone marrow cancer/disease.

The DHS stated at the exit conference (August 2011) that the matter of streamlining the scheme guidelines was under consideration of the Government.

4.9.3 Water Supply

Provision of adequate and safe drinking water to all citizens, especially those living in rural areas, has been a priority area for both the Central and State Governments. In North Goa district, seven major water supply schemes were implemented for providing drinking water through the Public Works Department (PWD). These schemes together catered to a total population of 8.46 lakh as shown in **Table 23.**

Table-23

Statement showing water supply schemes in North Goa district

Sl No.	Name of the scheme	Talukas	Water supply in MLD[23]		Number of users	
			As on March 2006	As on March 2011	As on March 2006	As on March 2011
1	15 MLD WTP[24] at Chandel	Pernem	15	15	73737	82709
2	30 & 12 MLD WTP at Assonora	Bardez and part of Bicholim				
3	New 50 MLD WTP at Assonora	Bardez	45	80	227695	255400
4	40 MLD WTP at Podocem	Bicholim and part of Bardez	40	40		
5	5 and 7 MLD WTP at Sanquelim	Bicholim and parts of Tiswadi and Sattari	12	12	90734	101774
6	5 MLD WTP at Dabose	Sattari	5	5	58613	65745
7	Opa Water Supply Scheme	Ponda and Tiswadi	115	115	309535	340488
	Total		**232**	**267**	**760314**	**846116**

(Source: Furnished by PWD)

A total of ₹ 142.06 crore was spent by the PWD on its various water supply schemes during the years 2006-11. Apart from the budgetary provision of the State Government, the PWD received a total amount of ₹ 3.74 crore from the Central Government during the same period.

Out of 255 habitations in the district 223, i.e. 87 *per cent* were fully covered with drinking water facilities as on March 2011 against the coverage of 195, i.e.76 *per cent* in March 2006.

[23] Million litres per day
[24] Water Treatment Plant

4.10 Economic Services

4.10.1 Infrastructure

Proper infrastructure goes a long way in enhancing the growth potential of a district and bridging the gap between urban and rural areas. A review of rural connectivity by roads revealed that all the villages in the district were connected with good all-weather roads and though in limited frequency, all the villages were connected with public transportation facilities. The audit findings in this regard are discussed below:

4.10.1.1 Pradhan Mantri Gram Sadak Yojana

The Pradhan Mantri Gram Sadak Yojana (PMGSY) is a 100 *per cent* Centrally sponsored scheme implemented from funds earmarked out of 50 *per cent* of the cess collected on high speed diesel. The scheme aims to provide connectivity by way of all-weather roads to eligible unconnected habitations in rural areas. The State Government received funds to the tune of ₹ 10.04 crore from GOI, Ministry of Rural Development for implementation of the scheme.

Initially, the PWD was identified as the implementing agency for the works but in May 2003 the scheme was transferred to the DRDAs for implementation. GOI sanctioned 17 new roads in the district covering 18.18 km, under the scheme. Out of the seven works tendered (₹ 1.50 crore) in the year 2004 for the Sattari block, only two roads were completed. The remaining five roads were not completed by the agency due to non-availability of road-width and roads falling within a wild life sanctuary. The other road works had not been tendered so far (June 2011) due to non-availability of land as per the scheme guidelines. As such, only 1.87 km of road could be executed by the DRDA against 18.18 km sanctioned by the GOI. The reasons for getting these works sanctioned from GOI in anticipation of availability of land were not furnished by the PWD.

The DRDA proposed upgradation of 245.64 km[25] of village roads in five blocks of the district during 2005-08. Considering the lack of infrastructure with DRDAs, the Government transferred the scheme back to the PWD in December 2007. Accordingly, the DRDA transferred the scheme along with the project proposals for upgradation of 245.64 km of roads to the PWD for execution. GOI relaxed (May 2008) the minimum width requirements for new connectivity and upgradation. Subsequently, in May 2010, the National Rural Roads Development Agency (NRRDA), the nodal agency of the scheme at the Central level, forwarded an advisory withholding upgradation proposal under PMGSY pending finalisation of new targets under the second phase of the scheme. As such, the PWD could not execute any works under the scheme and, the scheme was again retransferred to DRDA in January 2011. The DRDA, in turn, requested (February 2011) the Sewerage and Infrastructural Development Corporation of Goa Ltd. to explore the possibilities of

[25] Tiswadi – 8 km (7 roads), Ponda – 29.51 km (14 roads), Bicholim – 117.16 km (76 roads), Sattari – 43.63 km (16 roads) and Pernem – 47.35 km (28 roads).

undertaking the PMGSY scheme by that office and their reply was awaited (August 2011). Due to frequent changes in the implementing authority and lack of a coordinated approach to implement the scheme, the fund remained unutilised for the last five years and grew to ₹ 8.08 crore with accumulated interest as of March 2011. At present, due to the advisory of NRRDA, the upgradation of the roads under PMGSY is at a standstill (October 2011).

4.10.2 Employment Generation

The most important schemes sponsored by GOI for providing employment in rural areas as a means of poverty alleviation are Sampoorna Gramin Rozgar Yojana (SGRY) and Swarna Jayanthi Gram Swarozgar Yojana (SGSY). On implementation of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the SGRY was subsumed in the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in 2008.

4.10.2.1 Mahatma Gandhi National Rural Employment Guarantee Scheme

The Mahatma Gandhi National Rural Employment Guarantee Act-2005 (MGNREGA) is being implemented in the district since April 2008. The basic objective of the Act is to enhance security of livelihood in rural areas by providing at least 100 days of guaranteed wage employment to every household, whose adult members volunteer to do unskilled and manual work. Under MGNREGA, the wages of unskilled workers are to be provided by GOI. In the case of skilled and semi-skilled workers, the wages and cost of material were to be shared in the ratio of 75:25 by GOI and the State Governments. In addition, the State Government was to bear the unemployment allowance and the administrative expenses of the State Employment Guarantee Council. The year-wise position of funds received by DRDA, North Goa and utilised during 2006-11 is shown in **Table 24.**

Table-24

Statement showing funds received and utilised by DRDA

(₹in crore)

Year	Opening balance	Funds received		Bank interest and Misc receipts	Total	Funds utilised	Unspent balance (percentage)
		GOI	State				
2007-08	Nil	0.68	Nil	0.002	0.68	0.07	0.61 (90)
2008-09	0.61	4.70	0.41	0.26	5.98	1.09	4.89 (91)
2009-10	4.89	Nil	3.40	0.24	8.53	4.72	3.81 (105)
2010-11	3.81	4.10	1.49	0.12	9.52	5.56	3.96 (95)
Total		9.48	5.30	0.62		11.44	3.96 (35)

(Source: Furnished by DRDA)

Out of the amount shown as utilised during 2008-09, ₹ 75.86 lakh was spent on salaries and the rest towards printing, stationery, travelling allowances, refreshment, bank charges, office expenses, advertisements etc. During

2008-09, the DRDA transferred ₹ 1.62 crore to VPs for implementing the scheme. As the works under the scheme proposed by the VPs were not approved by the BDOs/DRDA in time, the VPs could not incur any expenditure from the funds during the year. The unspent balances included the amount lying with VPs (₹ 1.80 crore) and with DRDA (₹ 2.16 crore) as on March 2011. The reasons for non-utilisation were delay in according approvals to works, non-availability of job seekers etc. as discussed in the succeeding paragraphs.

- **Planning**

Planning is critical to the successful implementation of MGNREGA. A key indicator of success is the timely generation of employment within 15 days while ensuring that the design and selection of works are such that good quality assets are developed. The need to act within a time limit necessitates advance planning. The basic aim of the planning process is to ensure that the district is well prepared in advance to offer productive employment on demand. Each VP has to prepare an annual work plan (development plan) which comprises a shelf of projects with administrative and technical approvals so that work can be started as soon as there is a demand for the same.

At the block level, the Programme Officer (PO) is responsible for ensuring that Gram Sabhas are held on 2 October of each year for identification and recommendation of works. All the VP development plans have to reach the PO by October 15th. Once all the VP Plans have been received, the PO has to scrutinize the development plan for its technical feasibility. This entire process of scrutiny, re-reference to VP, if necessary, consolidation and submission to the DRDA has to be completed by the PO by 15 November.

VPs had not prepared development plans

Scrutiny revealed that the VPs had not prepared any development plans. The works identified by the VPs were sent to the PO on a staggered basis. No shelf of works to be executed in a year was prepared. The PO had to work out the estimate and prepare the labour budget[26] and submit individual estimates to the DRDA for sanction. As the process of identification, submission of proposals to the PO, submission of estimates and approval of works was delayed by the VPs, the VPs could not execute the works in time and failed to provide employment to job-card holders according to their demand. It was also seen that the VPs had not maintained job demand registers as required under the guidelines of the scheme. Instead, the Gram Rozgar Sevaks (GRS) of VPs approached the job-card holders as and when the works were sanctioned and amounts were transferred to their accounts by the DRDA. Most of the job-card holders were generally not available for the work due to their pre-occupation with some other seasonal jobs when the works were offered by the VPs. Hence, the scheme was operated in the district more as a supply-driven than a demand driven one, violating the scheme guidelines.

The scheme was operated as supply-driven than demand driven in the district

[26] Anticipated demand for unskilled manual work for the next financial year.

Inadequate planning and delays in approval of the works resulted in non-fulfilment of the objective of providing jobs to the households as and when demanded by them. The Sampoorna Gramin Rojgar Yojana (SGRY) scheme was closed from April 2008 and subsumed under MGNREGA which commenced operations in 2009. The gap of a year resulted in households being deprived of employment for a full year.

- **Employment generation under MGNREGA**

During 2008-11, 3.57 lakh mandays were generated by providing employment to 10,190 job-card holders. Of these, the mandays provided to women workers constituted 2.36 lakh (66 *per cent)*, indicating a positive response to the scheme from the female population in rural areas.

Despite availability of funds, no jobs were provided in the year 2008-09

During the years 2007-08 and 2008-09, though funds of ₹ 5.80 crore were received by the DRDA from GOI and the State Government, no works were executed due to the delay in processing and issue of job-cards and delays in preparation of estimates by BDOs. The details of job-card holders registered, those who demanded employment and those who were provided employment in the district during the period 2008-11 are shown in **Table 25.**

Table-25

Statement showing employment demanded by the job-card holders

Year	Total number of job-card holders registered	Job-card holders who demanded and were provided employment	Job-card holders provided with 100 days employment	Percentage of job-card holders who were provided with jobs	Percentage of shortfall with respect to job-card holders who demanded but were not provided 100 days employment
2008-09	0	0	0	0	0
2009-10	6941	3931	108	56.63	97.25
2010-11	10319	6259	252	60.65	95.97
Total	**17260**	**10190**	**360**		

(Source: Compiled by Audit)

Only four per cent households were provided with 100 days job

The shortfall in providing the guaranteed 100 days' wage employment was approximately 96 *per cent*. The percentage of shortfall with regard to providing 100 days' employment is an indication of the key objective of the scheme having been defeated in the district.

- **Delay in payment of wages**

The operational guidelines of MGNREGA prescribe that the payment of wages should be made on a weekly basis. In the event of any delay in wage payments, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1936. The compensation cost has to be borne by the State Government. Scrutiny of selected blocks revealed that there were delays in payment of wages ranging up to 80 days as shown in **Table 26.**

Table-26

Statement showing delays in payment of wages

1,043 households received wages after delays ranging up to 80 days in the three selected blocks

Block	Number of job-card holders received delayed wages	Number of days delayed
Bardez	388	2 to 80 days
Pernem	410	2 to 34 days
Sattari	245	2 to 28 days
Total	**1043**	

(Source: Compiled from records of BDOs/VPs)

It was, however, seen that no compensation under the Payment of Wages Act was paid to any worker under the scheme.

A review of the register of applications for job-cards maintained by the sampled VPs revealed that there were 828 job-card holders above the age limit of 60 years (up to 96 years of age).

- **Implementation of projects**

During the period 2008-11, out of 1,205 works sanctioned under MGNREGS costing ₹ 10.54 crore, only 509 works costing ₹ 4.83 crore were completed (42 *per cent*). It was observed that 120 works sanctioned in the year 2008-09 and 108 works sanctioned in the year 2009-10 were not started at all (March 2011). In respect of 64 works sanctioned, the implementing agencies refunded ₹ 50.65 lakh after keeping the funds for periods ranging up to one year. The reasons for the refund were (i) households not being ready to work (nine works), (ii) excess funds sanctioned (44 works), (iii) opposition by villagers (three works) and non-feasible works (eight works). Thus, creation of durable assets for strengthening livelihood of rural poor was not ensured to the desired level.

Test check by Audit revealed that though the VPs proposed 997 works under the scheme, only 23 *per cent* of these proposals were approved by DRDA. Out of those approved, 80 *per cent* had been taken up for execution by the VPs till March 2011. The test check also revealed that there were considerable delays in approval of works by the DRDA and commencement of works by VPs as shown in **Appendix-4.4**.

The delays in submitting proposals by VPs after approval by Gram Sabhas and delays in processing of proposals by BDOs resulted in delay in sanction of works by the DRDA/BDOs. The reasons for the delays in commencement of the works after the allotment of funds to the VPs were i) works sanctioned during farming season, ii) approvals given in rainy season, iii) job-card holders not ready to work at the low rate of wage provided under the scheme etc.

The priority of taking up the works was not observed in the District

The operational guidelines prescribe that the works were to be taken up in order of priority. Scrutiny revealed that only 3.25 *per cent* and 0.45 *per cent* of the total expenditure for the years 2009-10 and 2010-11 respectively were reported against the first four priority items as shown in **Table 27.**

Table-27

Statement showing expenditure incurred on priority items of work

Order of priority	Name of work	Cost of the work (₹ in lakh)	
		2009-10	2010-11
1	Water conservation and water harvesting	10.49	2.19
2	Drought proofing including afforestation and tree plantation	0	0
3	Irrigation canals including micro and minor irrigation works	0	0.14
4	Provision of irrigation facilities to Schedule Castes/Schedule Tribes, Land reforms and Indira Awas Yojana beneficiaries	0	0
5	Renovation of traditional water bodies including desilting of tanks	23.71	31.20
6	Land development	77.14	154.90
7	Flood control and protection works including drainage in water logged areas	96.19	140.07
8	Rural connectivity	114.57	155.73
9	Other works	0	0
	Total	322.10	484.23

(Source: Furnished by DRDA)

MGNREGA indicates the kinds of works that may be taken up for providing basic employment guarantee in rural areas. It was observed that VP, Parcem had executed development works not included in the list of permissible works such as construction of sitting platforms, laying of chequered tiles, compound wall for temples etc.

- **Inspection and monitoring**

The scheme guidelines prescribe the number of quarterly inspections to be conducted by the district level (10 *per cent*) and block level (100 *per cent*) officers in respect of the works executed under the scheme. It was stated that 139 and 580 inspections were conducted by the district and block level officers respectively of the 523 works executed in the three test-checked blocks. The VPs had not maintained any records to show that district and block level officers, namely engineers, project officers and the village monitoring committees inspected the works. In the absence of any inspection reports, inspection notes or registers with the VPs and BDOs, Audit could not test check the figures furnished by the BDOs and analyse the follow-up action taken on the observations of the inspecting and monitoring committees.

4.10.2.2 Swarnjayanti Gram Swarozgar Yojana

The Swarnjayanti Gram Swarozgar Yojana (SGSY), a self-employment programme, was launched by GOI on 1st April, 1999. The programme aimed at development of micro-enterprises in rural areas. SGSY envisaged a target of covering at least 30 *per cent* of Below Poverty Line (BPL) rural families.

The funds under SGSY were to be contributed by GOI and the States in the *ratio* of 75:25. The subsidy under the scheme was 30 *per cent* of the project cost, subject to a maximum of ₹ 7,500 for individuals and up to 50 *per cent* of the project cost subject to a maximum of ₹ 10,000 for SC/ST and disabled individuals. In the cases of Self Help Groups (SHGs), the subsidy was to be 50 *per cent* of the cost of the project, subject to a maximum of ₹ 10,000 per capita or ₹ 1.25 lakh, whichever was less. The details of funds allocated, released and expenditure incurred are shown in **Table 28.**

Table-28

Statement showing funds received and expenditure incurred under SGSY

(₹ in lakh)

Year	Opening balance	Funds received			Total available fund	Expenditure	Balance
		GOI	State	Other receipts			
2006-07	1.74	35.30	11.76	2.37	51.17	44.25	6.92
2007-08	6.92	45.99	8.82	2.31	64.04	50.15	13.89
2008-09	13.89	63.60	21.20	2.26	100.95	59.66	41.29
2009-10	41.29	69.83	29.76	5.95	146.83	68.96	77.87
2010-11	77.87	70.60	34.12	8.80	191.39	63.44	127.95
Total		**285.32**	**105.66**	**21.69**		**286.46**	

(Source: Furnished by DRDA)

- **Under-utilisation of funds**

The available SGSY funds were to be utilised for providing subsidy on economic activities (60 *per cent*), expenditure on infrastructure (20 *per cent*), revolving funds (10 *per cent*) and training (10 *per cent*). The component-wise expenditure under the scheme is shown in **Appendix-4.5**.

As against ₹ 414.41 lakh[27] (including opening balance of ₹ 1.74 lakh) received during the period 2006-11, the utilisation for subsidy on economic activities, infrastructure, revolving funds and training was only 43 *per cent*, 7.7 *per cent*, 10 *per cent* and four *per cent* respectively. The department stated (March 2011) that the under-utilisation of funds was mainly due to non-availability of required space for providing market support for which the response from VPs and MCs had not been received. The reply of the department indicated poor co-ordination with implementing agencies. Further, a major portion of the funds was to be utilised for providing subsidy on economic activities, training etc. The shortfall in utilisation of funds for infrastructure and training would have an adverse impact on the achievements under the scheme.

- **Coverage of BPL families**

SGSY envisaged a target of covering 30 *per cent* of BPL families in five years of its operation. The number of '*swarojgaris*'[28] assisted during the last five years 2006-11was as shown in **Table 29.**

[27] Opening balance ₹ 1.74 lakh+Fund received from GOI ₹ 285.32 lakh + State ₹ 105.66 lakh + Other receipts ₹ 21.69 lakh = ₹ 414.41 lakh.

[28] Self-employed persons

Table-29

Statement showing 'Swarozgaris' assisted and coverage of BPL families during 2006-11

Year	BPL families	Swarozgaris assisted				
		Self Help Groups (SHGs)			Individual BPL swarozgaris	Total BPL swarozgaris (col. No. 4+6)
		Number of SHGs	BPL members	APL* members		
1	2	3	4	5	6	7
2006-07	4035	40	235	72	187	422
2007-08	NA	47	294	110	72	366
2008-09	NA	66	410	122	67	477
2009-10	NA	80	524	174	49	573
2010-11	14824	59	407	133	114	521
Total		292	1870	611	489	2359

*(Source: Furnished by DRDA), *APL: Above poverty line*

The coverage of BPL families was only 16 per cent against 30 per cent to be covered in five years

As of March 2011, the total number of BPL families in the district was 14,824. The DRDA could cover only 2,359 (16 *per cent*) of the BPL families in the district as against the required 4,447 (30 *per cent*).

Only 39 per cent of SHGs started economic activities in the district

The SHGs, which were in existence for about six months and which demonstrated the potential of being viable groups, were eligible for getting revolving funds of ₹ 10,000 each in the first stage. At the end of six months from the date of receipt of the revolving funds, the SHGs, if they functioned effectively, were eligible for getting loan-cum-subsidy of ₹ 1.25 lakh to start economic activities (Stage II). Hence, the SHGs were expected to start economic activities within one year of their formation. It was observed that out of 807 SHGs formed during 1999 to 2011, only 311 SHGs had started economic activities, which represented only 39 *per cent* of the total SHGs in the district. The DRDA had not conducted any survey to ascertain the present position of the remaining 496 SHGs.

- **Monitoring and evaluation**

As against the 12 meetings required for monitoring the scheme implementation every year, at the district level and block level, the district committee met two to four times only and block committees met only one to nine times during 2006-11, which demonstrated poor monitoring of the scheme. Further, the DRDA had not made any impact evaluation studies of the scheme to ascertain the number of families brought above the poverty line.

4.10.3 Shelter

4.10.3.1 Indira Awas Yojana

The Indira Awas Yojana (IAY) was launched in 1985-86 as a sub-scheme of the National Landless Employment Guarantee Programme (NLEGP). The objective of the scheme was to help construction/upgradation of dwelling units of members of SC/ST, freed bonded labourers and BPL non SC/ST rural households by providing them lump sum financial assistance. GOI and the State Government financed the scheme in the ratio of 75:25.

The details of funds received and expenditure under IAY in respect of North Goa district during the years 2006-11 are shown in **Table 30.**

Table-30

Statement showing funds received and expenditure incurred under IAY

(₹ in lakh)

Year	Opening balance	Funds received		Other receipts	Total funds available	Expend-iture	Closing balance
		GOI	State				
2006-07	2.74	111.12	57.04	0.94	171.84	162.12	9.72
2007-08	9.72	154.33	25.72	1.32	191.09	81.95	109.14
2008-09	109.14	201.16	62.23	3.47	376.00	324.38	51.62
2009-10	51.62	326.95	252.70	3.13	634.40	442.25	192.16
2010-11	192.16	273.30	179.77	8.34	653.57	486.36	167.21
Total		**1066.86**	**577.46**	**17.20**	**2026.90**	**1497.06**	

(Source: Annual accounts of DRDA)

The year-wise targets fixed and achievements made (excluding credit-cum-subsidy scheme) in the district are given in **Table 31.**

Table-31

Targets and achievements of completion of houses under IAY in the district

Year	New houses				Upgradation			
	Physical		Financial *(₹in lakh)*		Physical		Financial *(₹ in lakh)*	
	Target	Achie-vement	Target	Achie-vement	Target	Achie-vement	Target	Achie-vement
2006-07	471	457	118.53	117.68	118	318	37.22	37.21
2007-08	548	260	144.00	56.16	110	198	27.01	15.66
2008-09	648	407	210.71	270.02	120	247	39.51	47.37
2009-10	1275	1429	371.27	393.31	239	277	69.61	39.24
2010-11	880	499	274.56	456.83[29]	165	83	51.48	12.57

(Source: Furnished by DRDA)

862 new houses and 302 repair of houses sanctioned two years ago were not completed

As per the scheme guidelines, the houses sanctioned under the scheme were to be completed within two years. It was, however, observed that 862 new IAY houses and 302 upgradation cases sanctioned up to 2008-09 were still to be completed till March 2011. This included 298 new construction cases and 101 upgradation cases sanctioned prior to 2006-07. The year-wise details of IAY houses sanctioned and pending completion are given in **Table 32.**

[29] Financial performance is higher due to release of second instalment of old sanctioned cases during the year.

Table-32

Statement showing houses sanctioned and pending completion as of March 2011

(Figures in numbers)

Year	Construction		Upgradation	
	Sanctioned	To be completed	Sanctioned	To be completed
2006-07	597	208	292	67
2007-08	247	117	126	20
2008-09	1272	239	357	114
2009-10	994	374	252	89
2010-11	1045	706	197	169
Total	**4155**	**1644**	**1224**	**459**

(Source: furnished by DRDA)

It was observed that almost 35 *per cent* of the houses (208) to be constructed in the year 2006-07 remained incomplete up to March 2011. In respect of the subsequent years, i.e. 2007-08, 2008-09, 2009-10 and 2010-11, the percentages of incomplete houses as of July 2011 were 47, 19, 38 and 68 respectively. Similarly, in respect of financial assistance given for upgradation of houses, it was observed that out of 1,224 beneficiaries, 459 beneficiaries had not completed their upgradation work.

The audit team along with VP functionaries visited 58 IAY houses in the test-checked VPs. It was observed that in respect of nine cases, the houses had been completed but the second instalments had not been given by DRDA; in two cases, the houses had been constructed as extensions of existing houses and were being used as garages etc. in five cases, the houses were incomplete for want of the second instalment, in six cases, construction of houses had not been started even after completion of more than a year of sanction of one first instalment. Some of the cases test-checked are depicted in the photographs below:

Photograph 1

Photograph 2

1. *IAY house in Morlem VP. Second instalment not received. The work remained incomplete till May 2011.*
2. *IAY House in Poriem VP. Second instalment not received till May 2011.*

As per the IAY guidelines, the DRDA, on the basis of allocations made and targets fixed, was to decide the number of houses to be constructed/ upgraded panchayat-wise under IAY during a particular year. The same was to be intimated to the VPs. The selection of beneficiaries was, however, done by Gram Sabhas and no further approval was necessary. The panchayat-wise details of beneficiaries selected by the Gram Sabhas during the last five years (2006-11) in respect of the test-checked VPs are shown in **Appendix-4.6.**

The VPs had recommended IAY houses for 13 per cent of BPL families only

It was observed that out of 4,076 BPL families in these VPs, the VPs proposed 532 cases which constituted only 13 *per cent* of BPL families. GOI had instructed the State to prepare a permanent IAY wait-list based on the BPL Census of 2002. Accordingly, the DRDA had prepared a wait-list comprising 3,683 BPL families in the district in the month of February 2007. The verification of the 519 cases sanctioned during the years 2007-08 to 2010-11 in the test-checked VPs revealed that out of 466 cases in the permanent wait-list, only 80 families were sanctioned IAY houses. The remaining 439[30] IAY houses sanctioned during this period were from the new additions made to the BPL list during 2008-11. Hence, 386[31] families existing in the wait-list prepared by the DRDA in February 2007, remained deprived of IAY houses for the last four years.

386 BPL families in the waitlist were deprived of houses for the last four years

The scheme guidelines called for conducting of evaluation studies regarding the implementation and impact of the IAY in the State. No impact evaluation studies had, however, been conducted in the State so far (July 2011).

4.10.3.2 Rajiv Awaas Yojana

The Rajiv Awaas Yojana (RAY) for Construction and Repair of Houses scheme, 2005 was notified by the State Government in June 2006. The objective of the scheme was to provide financial assistance of ₹ 25,000 for construction of new houses and ₹ 12,500 for repair of old houses to economically weaker sections of the society who were just above poverty line but whose total family income did not exceed ₹ 1.20 lakh per annum.

The scheme was superceded by the new amendments in the year 2008. The major amendments included the following:

(i) The income limit was reduced to ₹ one lakh,

(ii) The scheme was to be implemented by the Directorate of Panchayats (DOP) with regard to beneficiaries from rural areas and the Directorate of Social Welfare (DSW) for beneficiaries from urban localities.

The year-wise budget allocation and actual expenditure under the scheme shown in Table 33.

30 Total cases sanctioned 519 minus cases sanctioned from IAY waitlist 80 = 439.
31 466-80 = 386.

Table-33

Statement showing budget allocation and actual expenditure

(₹ in crore)

Year	Budget estimates			Expenditure			Saving/ Excess
	DSW	DOP	Total	DSW	DOP	Total	
2006-07	0.69	0	0.69	0.69	0	0.69	0
2007-08	3.69	0	3.69	0.89	0	0.89	2.80
2008-09	3.27	0.25	3.52	2.72	0	2.72	0.80
2009-10	2.00	3.20	5.20	0.98	3.16	4.14	1.06
2010-11	1.05	2.28	3.33	1.04	1.74	2.78	0.55
Total	10.70	5.73	16.43	6.32	4.90	11.22	

(Source: Furnished by DoP and DSW)

44 per cent of new RAY houses and 37 per cent of repairs cases were not completed

During the period 2006-11, the DOP and DSW had sanctioned 990 construction cases and 8,261 repair cases under RAY. In 436 new construction cases (44 *per cent)* and 3,067 repair cases (37 *per cent*) for which the first instalments were released, the work had not been completed up to March 2011. The block-wise details of total cases sanctioned and cases where completion was pending as on March 2011 in the district are given in Table 34.

Table-34

Statement showing RAY houses sanctioned and pending completion

(Figures in numbers)

Name of block	Sanctioned		Not completed	
	Construction	Repairs	Construction	Repairs
Bardez	26	757	24	375
Bicholim	15	980	9	380
Pernem	458	3789	99	581
Ponda	206	1599	135	1228
Sattari	285	894	169	329
Tiswadi	0	242	0	174
Total	990	8261	436	3067

(Source: Furnished by DoP and DSW)

As per para 16 of the notification (June 2006) the officers dealing with RAY at the State level were to visit the districts regularly. Further, the district and block level officers were also to visit the sites. However it was observed that no schedule of inspections was formulated. The BDOs stated that no schedule of inspection had been prescribed by the DSW/DOP and there were no regular staff members to deal with the cases of RAY. The DSW and DOP had not furnished the details of inspections conducted by the State level officers. In the absence of regular inspections and supervision, the efficient and effective implementation of the scheme was hampered.

The scheme implementation was tardy due to poor monitoring at the Directorate level and BDO levels. Achievement of the objectives of the scheme for providing financial assistance to the economically weaker sections of the society could not be ensured due to non-utilisation of the major portion of the first instalment of assistance and non-completion of the houses.

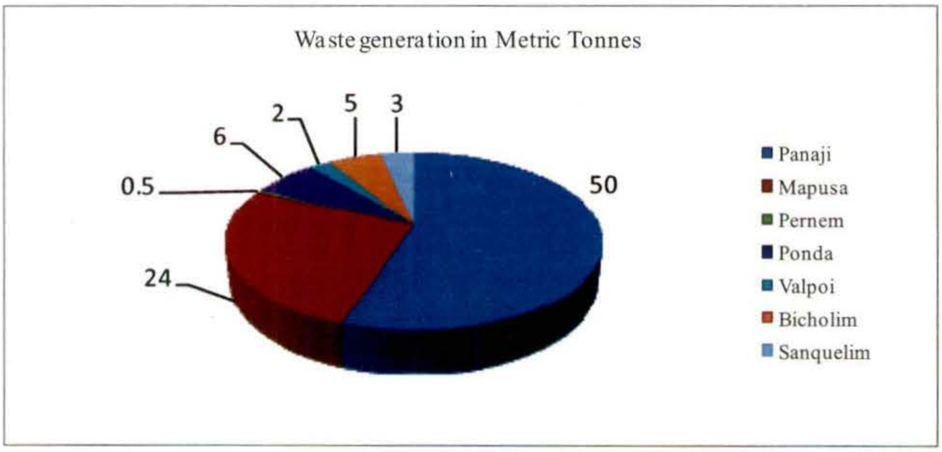
4.11 General Services

4.11.1 Civic Amenities and Municipal Administration

4.11.1.1 Solid waste management in municipal towns

Municipal Councils (MCs) are responsible for collection, storage, segregation, transportation, processing and disposal of municipal solid waste within the municipal limits. Households and establishments including hospitals, private nursing homes, restaurants etc., deposit their wastes in communal waste storage bins, for subsequent collection (manual) and transporting to dumping sites. North Goa district has six MCs and one Corporation with a total urban population of 1.67 lakh (2008). The estimated daily solid waste generated in the city of Panaji and the six towns of the district is shown in **Chart 1** below:

Chart 1



(Source: Assessment Report 2010 of Goa State Pollution Control Board)

The Municipal Solid Waste Management and Handling Rules, 2000 envisaged the setting up and commissioning of waste processing and disposal facilities by December 2003. However, the same were not completed (June 2011). The bio-degradable waste was treated at composting units constructed by the Councils and non-biodegradable waste was disposed off at the authorised sites in the possession of the MCs. During the period 2006-11, expenditure of ₹ 26.16 crore was incurred under this scheme.

All three test-checked MCs had not commissioned waste processing and disposal facilities due to reasons such as delay in land acquisition, delay in construction of processing plant, delay in approval of proposal by State Government etc. The details are as shown in **Appendix-4.7**.

4.11.2 Law and order

Law and order of the district is controlled by the District Superintendent of Police who is assisted by five Deputy Superintendents. There are 12 police stations and 27 out-posts in the district, with a total staff strength of 1,058 as on July 2011 against 1064 in March 2006. Details of crime statistics in North Goa district during the period 2006-11 are given in **Table 35**.

Table-35

Statement showing crime statistics in North Goa district

Year	No. of cases reported	No. cases charge sheeted	No. of cases convicted	No. of cases acquitted	No. of cases compounded/ withdrawn	No. of cases pending investi-gation	No. of cases closed
2006-07	1169	628	121	306	16	04	537
2007-08	1363	776	150	312	18	13	574
2008-09	1446	868	111	282	29	31	547
2009-10	1866	925	89	195	22	124	817
2010-11	1863	781	43	52	04	592	490
Total	7707	3978	514	1147	89	764	2965

(Source: Furnished by Superintendent of Police (crime))

The crime rates in the district increased by 59 per cent over the last five years

It may be seen from the above table that the crime rate in the district increased by 59 *per cent* over the last five years. The number of cases pending investigation in 2010-11 registered a sharp jump of over 377 *per cent* over the figures of 2009-10. The types of crimes reported in the district over the last five years and their rates of increase are shown in **Table 36**.

Table-36

Statement showing increase in different crimes reported in North Goa district

Types of crimes	2006-07 *(in numbers)*	2010-11 *(in numbers)*	Percentage increase
Rioting	28	40	43
Murder/Attempt to murder/Culpable homicide	35	45	29
Decoity, robbery and house breaking	159	213	34
Thefts	282	553	96
Cheating and criminal breach of trust	36	96	166
Kidnapping/Abducting	8	13	62
Rape	6	13	116
Other crimes	615	890	44
Total	1169	1863	

(Source: Furnished by SP, North)

The District Superintendent of Police replied (September 2011) that the increase observed in criminal cases was due to hassle free registration of crime, increase in migrant population, unemployment etc. The steep increase in crimes, compounded with fewer convictions in 2010-11 required more effective policing.

4.12 Inspection and supervision

No single authority existed in the district to perform overall supervision and monitoring of the various developmental programmes in the district and ensuring that these were executed within the specified time frame and approved budget. While most of the Central and State Plan schemes specified monitoring requirements, the monitoring committees constituted for the purpose were either non-functional or not performing to the desired level. The District Planning Committee, required to perform the role of the planning and monitoring was also non-functional. Due to inadequate devolution of functions, the Zilla Panchayat also had no role in the inspection and monitoring of any of the programmes implemented in the district.

4.13 Conclusion

To ensure efficiency and effectiveness in delivery of key services like education, health, employment, shelter etc., GOI has increasingly been entrusting the responsibility at the local level, especially the PRIs. This is also intended to ensure that the local Government at the district, block and VP level are empowered to discharge the functions that are constitutionally assigned to them. Absence of adequate participation from these levels in the planning process is hindering the planned progress of the district. While the PRIs are empowered to prepare specific plans for an integrated development of their area, lack of structured annual action plans from these levels and absence of capacity building have resulted in their inability to spend the funds provided to them for implementation of various programmes.

4.14 Recommendations

- Holistic perspective and integrated annual plans should be prepared for the district based on a structured process of obtaining inputs from village panchayats and other stakeholders.
- A uniform accounting system should be put in place for showing utilisation of funds as distinct from mere release of funds to implementing agencies. The sanctioning authorities should keep records of district-wise allocation and utilisation of funds.
- Infrastructure and basic amenities need to be provided in all schools after conducting proper surveys and calling for need based proposals from heads of schools.
- Efforts should be made to reduce drop-out rate of school children in coordination with the other departments such as, Social Welfare and DRDA by extending benefits of poverty alleviation schemes to the families of drop-out children.
- More efforts should be made to mobilise more members for community training under the Sarva Shiksha Abhiyan.

- The mechanism for proper sample collection, testing of food supplied by SHGs and inspection of the cooking infrastructure needs to be strengthened by exploring the possibility of involving more institutions such as FDA.
- In view of the large number of relaxations given to patients under the Mediclaim Scheme, there is a need to streamline the scheme guidelines to help needy citizens.
- Employment generation and poverty alleviation schemes need to be prioritised for the benefit of poor. Priority needs to be extended to families of the BPL list for providing housing. Surveys to determine the poorest among the poor should be carried out to ensure access to the benefits under the scheme.
- Setting up of waste management facilities in municipal areas needs to be expedited.
- To counter the increase in crimes, the police force needs to be strengthened by induction of more personnel and modernisation of the existing force.

CHAPTER – V

Revenue Receipts

CHAPTER-V

REVENUE RECEIPTS

5.1 Trend of revenue receipts

5.1.1 The tax and non-tax revenue raised by the Government of Goa during the year 2010-11, the State's share of net proceeds of divisible Union taxes and duties assigned to States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(₹ in crore)

Sl No	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1	**Revenue raised by the State Government**					
	• Tax revenue	1291.54	1358.91	1693.55	1762.34	2139.57
	• Non-tax revenue	917.62	1042.82	1236.16	1731.20	2268.60
	Total	**2209.16**	**2401.73**	**2929.71**	**3493.54**	**4408.17**
2	**Receipts from the Government of India**					
	• Share of net proceeds of divisible Union taxes and duties	312.11	393.72	415.44	427.42	584.21
	• Grants-in-aid	88.49	148.45	183.12	179.31	449.56
	Total	**400.60**	**542.17**	**598.56**	**606.73**	**1033.77**
3	**Total revenue receipts of the State Government (1 and 2)**	**2609.76**	**2943.90**	**3528.27**	**4100.27**	**5441.94**
4	**Percentage of 1 to 3**	**85**	**82**	**83**	**85**	**81**

The above table indicates that during the year 2010-11 the revenue raised by the State Government (₹ 4408 crore) was 81 *per cent* of the total revenue receipts against 85 *per cent* in the preceding year. The balance 19 *per cent* of receipts during 2010-11 was from the Government of India.

5.1.2 The following table presents the details of tax revenue raised during the period from 2006-07 to 2010-11:

(₹in crore)

Sl No	Head of revenue	2006-07	2007-08	2008-09	2009-10	2010-11	Percentage of increase (+) or decrease (-) in 2010-11 over 2009-10
1	Sales tax/VAT /Central sales tax	844.82	879.28	1131.64	1142.13	1380.05	(+) 20.83
2	State excise	57.23	75.94	88.70	104.46	139.16	(+) 33.22
3	Stamp duty and registration fees						
	Stamps - Judicial	1.08	1.29	1.18	1.28	1.60	(+) 25.10
	Stamps - Non-Judicial	66.50	65.90	67.11	67.66	89.13	(+) 31.73
	Registration fees	48.34	50.40	47.08	42.31	61.07	(+) 44.32
	Total	115.92	117.59	115.37	111.25	151.80	(+) 36.44
4	Luxury tax	42.73	66.94	66.32	65.33	88.30	(+) 35.15
5	Taxes on vehicles	74.56	81.96	90.15	105.12	130.40	(+) 24.05
6	Entertainment tax	5.09	11.17	19.65	33.56	43.70	(+) 30.21
7	Land revenue	6.23	7.19	9.39	10.61	8.32	(-) 21.58
8	Taxes on goods and passengers	8.66	8.50	9.80	10.37	10.94	(+) 5.50
9	Entry Tax	129.36	104.22	147.65	150.36	161.03	(+) 7.10
10	Other taxes and duties on commodities and services	6.94	6.12	14.88	29.15	25.87	(-) 11.25
	Total	1291.54	1358.91	1693.55	1762.34	2139.57	

The following reasons for variation were reported by the concerned departments:

- Sales tax/Central Sales Tax/VAT increased by 20.83 *per cent* due to increase in receipts under Central Sales Tax and Value Added Tax.
- State excise increased by 33.32 *per cent* mainly due to more receipts under Malt liquor, Indian Made Foreign liquor, spirits and licenses.
- Registration fees increased by 44.32 *per cent* due to growth in collection of stamps duty and registration fees.
- Land revenue decreased by 21.58 *per cent* due to less receipts from survey and settlement operations.

5.1.3 The following table presents the details of the major non-tax revenue raised during the period 2006-07 to 2010-11:

(₹ in crore)

Sl No	Head of revenue	2006-07	2007-08	2008-09	2009-10	2010-11	Percentage of increase (+) or decrease (-) in 2010-11 over 2009-10
1	Power	681.67	796.26	986.70	941.30	969.06	(+) 2.95
2	Non-ferrous mining and metallurgical industries	34.30	36.40	36.35	292.25	983.73	(+) 236.61
3	Water supply and Sanitation	58.09	61.23	65.76	70.38	69.60	(-) 1.12
4	Interest receipts	15.60	16.70	20.45	13.64	17.88	(+)31.10
5	Major and Medium Irrigation	2.93	3.56	8.51	10.57	23.67	(+)123.89
6	Minor Irrigation	0.78	0.58	7.54	6.69	9.95	(+) 48.81
7	Medical and public health	9.06	8.33	8.30	5.98	8.31	(+) 38.79
8	Ports and Lighthouses	16.85	14.39	16.04	20.13	33.17	(+) 64.77
9	Misc. General Services	0.06	40.38	--	259.88	19.45	(-) 92.52
10	Other Administrative services	62.68	22.16	37.46	40.50	40.63	(+) 0.32
11	Education, sports, art and culture	10.57	9.40	9.24	10.96	12.75	(+) 16.26
12	Others	25.03	33.43	39.81	58.92	80.40	(+) 36.46
	Total	**917.62**	**1042.82**	**1236.16**	**1731.20**	**2268.80**	

The following reasons for variation were reported by the concerned departments:

- Receipts under non-ferrous mining and metallurgical industries increased by 236.61 *per cent* mainly due to increase in collection from mineral concession fees and royalties.
- Receipts from Major and Medium Irrigation increased by 123.89 *per cent* due to more receipt from Salaulim and Anjunem projects.
- Receipts from Miscellaneous and General services decreased by 92.52 *per cent* mainly due to less receipt under "Other Receipts".

5.1.4 Variation between budget estimates and actual receipts

The variation between the budget estimates of revenue receipts and the actual receipts under the principal heads of tax and non-tax revenue for the year 2010-11 is given in the following table:

(₹ in crore)

Sl No	Revenue head	Budget estimates	Actual receipts	Variations increase (+) shortfall (-)	Percentage
•	**Tax revenue**				
1	Sales tax/VAT	1495.00	1380.05	(-) 114.95	(-) 7.69
2	State excise	119.67	139.16	(+) 19.49	(+) 16.29
3	Stamp duty and registration fees	127.18	151.80	(+) 24.62	(+) 19.36
4	Taxes on vehicles	99.00	130.40	(+) 31.40	(+) 31.72
5	Entertainment tax	45.00	43.70	(-) 1.30	(-) 2.89
6	Land revenue	10.63	8.32	(-) 2.31	(-) 21.73
7	Luxury tax	125.00	88.30	(-) 36.70	(-) 29.36
8	Taxes on goods and passengers	12.01	10.94	(-) 10.70	(-) 8.91
9	Entry tax	135.00	161.03	(+) 26.03	(+) 19.28
•	**Non-tax revenue**				
1	Non-ferrous mining and metallurgical industries	276.86	983.73	(+) 706.87	(+) 255.32
2	Power	1072.27	969.06	(-) 103.21	(-) 9.63
3	Water supply and sanitation	71.35	69.60	(-) 1.75	(-) 2.45

The following reasons for variation were observed:

The receipt from luxury tax during 2010-11 was 29.36 *per cent* less than the budget estimates. However, the actual collection during the year was 35.15 *per cent* more than that of the preceding year. The estimates under this head increased from ₹ 75 crore in 2009-10 to ₹ 125 crore in 2010-11 indicating that the estimates framed by the Department were not realistic.

The increase in receipts under non-ferrous mining and metallurgical industries by 257.32 *per cent* compared to the budget estimates was due to substantial increase in collection of royalty and mineral concession fees during the year.

5.1.5 Cost of collection

The gross collection of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2008-09 to 2010-11 along with the relevant All-India average percentage of expenditure on collection to gross collections are given in the following table:

(₹ in crore)

Sl No	Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year
1	Sales tax/ VAT	2008-09	1131.64	5.82	0.51	0.83
		2009-10	1142.13	7.15	0.63	0.88
		2010-11	1380.05	7.99	0.58	0.96
2	State excise	2008-09	88.70	5.85	6.60	3.27
		2009-10	104.46	8.17	7.82	3.66
		2010-11	139.16	7.75	5.57	3.64
3	Stamp duty and registration fees	2008-09	115.37	3.51	3.04	2.09
		2009-10	111.25	4.45	4.00	2.77
		2010-11	151.79	5.17	3.41	2.47
4	Taxes on vehicles	2008-09	90.15	1.75	1.94	2.58
		2009-10	105.12	2.21	2.10	2.93
		2010-11	130.40	2.48	1.90	3.07

During the last three years, the percentage of cost of collection to gross collection was below the All India average in respect of Sales Tax/VAT and Taxes on vehicles. However the percentage of cost of collection in respect of State excise and Stamp duty was higher than the All India average.

The Government may explore possibilities for reduction in the collection charges particularly in respect of State excise.

5.1.6 Failure of senior officials to enforce accountability and protect the interest of the State Government

The Accountant General, Goa (AG) conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the Departments and the Government.

A review of IRs issued upto December 2010 disclosed that 163 paragraphs involving ₹ 5.82 crore relating to 66 IRs remained outstanding at the end of June 2011 as mentioned below along with the corresponding figures for the preceding two years.

	June 2009	June 2010	June 2011
Number of outstanding IRs	90	73	66
Number of outstanding audit observations	274	154	163
Amount involved (₹ in crore)	30.20	13.98	5.82

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2011 and the amounts involved are mentioned below.

(₹ in crore)

Sl No	Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	Finance	Sales tax/VAT	8	22	2.86
		Entry tax	8	19	0.30
		Luxury tax	3	5	0.06
		Entertainment tax	7	9	0.02
2	Excise	State excise	14	24	0.70
3	Revenue	Land revenue	7	19	0.90
4	Transport	Taxes on motor vehicles	4	23	0.13
5	Stamps and registration	Stamp duty & registration fee	15	42	0.85
Total			66	163	5.82

Even the first replies required to be received from the heads of offices within one month from the date of issue of the IRs were not received for 24 IRs issued upto December 2010. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and heads of the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

It is recommended that the Government takes suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as taking action against officials/officers who did not send replies to the IRs/paragraphs as per the prescribed time schedules and also did not take action to recover loss/outstanding demand in a time-bound manner.

5.1.7 Departmental audit committee meetings

No Audit committee meetings were held during the year 2010-11.

5.1.8 Response of the departments to the draft audit paragraphs

The draft paragraphs/reviews proposed for inclusion in the Audit Report are forwarded by the AG to Secretaries of the concerned Departments through demi-official letters. All Departments are required to furnish their remarks on the draft paragraphs/reviews within six weeks of their receipt. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Four paragraphs and one review proposed for inclusion in the Report of the Comptroller and Auditor General of India (Revenue Receipts Chapter) for the year ended 31 March 2011 were forwarded to the concerned Secretaries during April-October 2011.

In respect of two draft paragraphs - Short levy of output tax and Short recovery of entertainment tax - the Department accepted the audit observations and recovered ₹ 9.05 lakh and ₹ 5.40 lakh respectively. The remaining two cases have been included in this Report without receiving the reply of the Government.

5.1.9 Follow up on Audit Reports – summarised position

According to the instruction issued by the Goa Legislature Secretariat in July 2004, administrative departments are required to furnish explanatory memoranda (EMs), vetted by the Office of the Accountant General, Goa, within three months from the date of tabling of the Audit Report in the State Legislature in respect of the paragraphs included in the Audit Reports. EMs were not received as of August 2011 in respect of 17 paragraphs from the administrative departments, as shown below:

Department	Year of Audit Report	Date of presentation to the Legislature	Last date by which EMs were due	Number of paragraphs for which EMs were due	Delay (months)
Public Works Department	2006-07	August 2008	November 2008	1	34
Finance	2007-08	March 2009	June 2009	4	25
Transport	2007-08	March 2009	June 2009	1	25
Revenue	2007-08	March 2009	June 2009	1	25
Finance	2008-09	March 2010	June 2010	3	13
Transport	2008-09	March 2010	June 2010	1	13
Revenue	2008-09	March 2010	June 2010	1	13
Finance	2009-10	March 2011	June 2011	3	1
Revenue	2009-10	March 2011	June 2011	2	1

5.1.10 Compliance with the earlier Audit Reports

In the Audit Reports 2005-06 to 2009-10, 1,305 cases of non-assessments, non/short levy of taxes etc., were included involving an amount of ₹ 157.58 crore. Of these, as of June 2011, the Departments concerned have accepted

249 cases involving ₹ 23.11 crore and recovered ₹ 65.27 lakh in 243 cases. Audit Report-wise details of cases accepted and amounts recovered are as under:

(₹ in lakh)

Audit Report	Included in the Audit Report		Accepted by the Department		Recovered	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2005-06	5	469.30	3	55.16	3	55.16
2006-07	8	3391.63	3	37.69	-	-
2007-08	184	2509.11	1	2134.00	-	-
2008-09	1098	9291.83	236	7.42	236	7.42
2009-10	10	96.58	6	76.77	4	2.69
Total	1305	15758.45	249	2311.04	243	65.27

Action to recover the amounts involved in the remaining cases accepted by the Departments needs to be expedited.

5.1.11 Analysis of the mechanism for dealing with the issues raised by Audit

In order to analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Department/Government, the action taken on the paragraphs and reviews included in the Audit Reports of the last five years in respect of one Department is evaluated and included in each Audit Report.

The succeeding paragraphs 5.1.12 to 5.1.13 discuss the performance of the Commercial Tax Department to deal with the cases detected in the course of local audit conducted during the last five years and also the cases included in the Audit Reports for the years 2000-01 to 2009-10.

5.1.12 Position of Inspection Reports

The summarised position of inspection reports issued during the last five years, paragraphs included in these reports and their status as on 31 March 2011 are tabulated below:

(₹ in lakh)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Paragraphs	Money value	IRs	Paragraphs	Money value	IRs	Paragraphs	Money value	IRs	Paragraphs	Money value
2006-07	19	50	146.17	8	39	208.10	3	26	75.62	24	63	278.65
2007-08	24	63	278.65	9	61	3156.76	6	25	188.11	27	99	3247.30
2008-09	27	99	3247.30	20	127	1039.53	13	67	2457.32	34	159	1829.51
2009-10	34	159	1829.51	19	43	298.61	14	109	1594.82	39	93	533.30
2010-11	39	93	533.30	20	54	458.33	28	80	431.31	31	67	560.32

5.1.13 Assurances given by the Department/Government on the issues highlighted in the Audit Report

5.1.13.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in the following table:

(₹ *in lakh*)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted including money value	Money value of accepted paragraphs	Amount recovered	Cumulative position of recovery of accepted cases
2000-01	1	2.62	-	-	-	-
2001-02	2	44.86	-	-	-	-
2002-03	1	6.67	1	6.67	-	-
2003-04	1	1.12	1	1.12	1.12	1.12
2004-05	1	111.96	-	-	-	1.12
2005-06	1	47.94	1	47.94	47.94	49.06
2006-07	3	68.72	-	-	-	49.06
2007-08	2	281.31	-	-	-	49.06
2008-09	3	73.07	-	-	-	49.06
2009-10	2	62.56	1	54.50	-	49.06
Total	17	700.83	4	110.23	49.06	247.54

Periodical reminders were issued to the Secretary (Legislature/Finance) for the compliance of paragraphs featured in the Audit Reports and for Action Taken Reports wherein there are Public Accounts Committee recommendations.

5.1.13.2 Action taken on the recommendations accepted by the Department/Government

The draft performance reviews conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These reviews are also discussed in an exit conference and the Department's/Government's views are included while finalising the reviews for the Audit Reports.

The following table depicts the issues highlighted in the reviews on the Commercial tax department featured in the Audit Reports including the number of recommendations made and the recommendations accepted by the Department as well as the Government.

Year of Audit Report	Name of the review	Number of recommendations made	Details of the recommendations accepted
2004-05	Internal Controls in Sales Tax Department of State of Goa	Three	Replies awaited
2007-08	Receipts under Luxury Tax	Eight	Replies awaited
2009-10	Transition from Sales Tax to Value Added Tax	Five	Replies awaited

5.1.14 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual plan is prepared on the basis of risk analysis which *inter alia* include critical issues in government revenues and tax administration i.e. Budget speech, White Paper on state finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years etc.

During the year 2010-11, the audit universe comprised of 138 auditable units, of which 45 units were planned and audited during the year 2010-11 which is 33 *per cent* of the total auditable units.

Besides the compliance audit mentioned above, one review on "Utilisation of declaration forms in Interstate Trade and Commerce" was taken up to examine the efficacy of the system in the Commercial Tax Department for proper utilisation of declaration forms and exemptions/concession allowed thereagainst.

5.1.15 Arrears in assessments

There were no arrears in VAT assessments at the end of 2010-11 as informed by the Commercial Taxes Department.

5.1.16 Arrears in appeals

According to the information furnished by the Commercial Taxes Department, the number of pending appeals at the beginning of the year 2010-11, number of appeals filed and disposed of and number of cases pending with appellate authorities as on 31 March 2011 are as follows:

Opening balance	No. of appeals filed during 2010-11	Total	No. of appeals disposed of during the year	Balance as on 31 March 2011	Percentage of cases disposed of to total number of cases
1022	366	1388	182	1206	13

The Department needs to take proactive steps to reduce the pendency in appeals.

5.1.17 Frauds and evasion

The Commissionerate of Commercial Taxes and Director of Transport reported that there were no cases of frauds and evasion detected during the year.

The number of cases booked for the year 2010-11, cases finalised and additional tax raised during the year as reported by the Commissionerate of Excise are as follows:

(₹ in lakh)

	Number of cases	Additional demand raised
A. (i) Cases pending as on 1 April 2010	26	-
(ii) Cases detected during the year 2010-11	219	-
B. Cases in which investigations/assessments were completed during the year	183	-
C. Cases pending as on 31 March 2011	62	-

5.1.18 Internal audit

Internal audit is an effective tool in the hands of the management of an organisation to assure itself that the organisation is functioning in an efficient manner and in terms of its stated objectives and the financial and administrative systems and control procedures are functioning effectively.

Internal audit of all the departments and offices in the State is the responsibility of the internal inspection cell (IIC) under the administrative control of the Director of Accounts. The Government, in August 1996, decided that major departments, having a post of Senior Accounts Officer/Accounts Officer would be responsible for internal inspection of their subordinate offices.

The details of the number of offices due for audit and number of offices audited during the year 2010-11 are as follows:

Department	No. of offices due for audit	No. of offices audited	Shortfall	Reasons for shortfall
Transport	7 Offices and 4 Check posts	5 Offices and 4 Check posts	2	Inadequate staff
Registration	-	-	-	Accountant post vacant
Excise	2	2	-	-

The Commissionerate of Commercial Taxes stated that no internal audits were conducted by the Department.

Forty three observations pertaining to the Registration department were pending settlement at the end of 2010-11. No observations were pending in Excise and Transport Department.

5.1.19 Results of local audit conducted during the year

Test-check of records of Sales Tax/VAT, Land Revenue, State Excise, Motor Vehicles Tax and Stamp Duty and Registration Fees conducted during

2010-11 revealed under assessment/short levy/loss of revenue amounting to ₹ 180.36 crore in 130 cases. The Department accepted under assessment of ₹ 17.50 lakh in 23 cases pointed out in earlier years and short assessment of ₹ 16 lakh in 13 cases pointed out during the year and recovered ₹ 33.50 lakh as of June 2011 in 36 cases. No replies have been received in respect of the remaining cases.

5.1.20 This chapter

This chapter contains two paragraphs (selected from the audit detections made during the local audit referred to above) and one performance review on "Utilisation of declaration forms in Interstate Trade and Commerce".

FINANCE DEPARTMENT

5.2 Utilisation of declaration forms in inter-state trade and commerce

Highlights

- Details of utilisation of declaration forms were only partially uploaded on TINXSYS website with the result that the system could not be put to effective use by other States.

(Paragraph 5.2.7.1)

- Acceptance of invalid/defective declaration in form C interstate sales furnished by the dealers resulted in short recovery of tax of ₹ 1.69 crore.

(Paragraph 5.2.7.3)

- Failure to restrict stock transfer transaction of one calendar month in a single declaration form F resulted in short levy of tax of ₹ 2.20 crore on the transactions beyond one month.

(Paragraph 5.2.7.4)

- Failure to cross verify the declaration forms before allowing concessions/exemptions in inter-state transactions resulted in short levy of tax to the tune of ₹ 99.21 lakh.

(Paragraph 5.2.7.5)

- Receipt of invalid declaration forms was not monitored and there was no cross verification of declaration forms indicating weak internal control system.

(Paragraph 5.2.8)

5.2.1 Introduction

The Central Sales Tax (CST) Act, 1956 and the Rules framed thereunder regulate the assessment, levy and collection of tax on inter-state transactions. Under the provisions of the Act and the Rules made thereunder, inter-State purchases or sale of goods are made at a concessional rate on the production of declaration in form C. Up to March 2007, where a dealer fails to obtain and produce such declaration, tax is levied in respect of declared goods at twice the rate applicable to the sale or purchase of such goods inside the State and in case of other goods, at the rate of 10 *per cent* or at the rate applicable to the sale or purchase of such goods within the State, whichever is higher. With effect from April 2007 rates applicable to the sale or purchase of declared goods were the same as those applicable to goods within the State under the Goa Value Added Tax (GVAT) Act.

The CST Act also provides that goods transferred by a dealer outside the State to any place of his business or to his agent or principal are not taxable provided such transfer is supported by a declaration in form F which is obtained from the transferee along with evidence of dispatch of such goods to substantiate the claim of transfer. If the dealer fails to furnish such declaration then the movement of such goods shall be deemed to have been occasioned as a result of sale under the CST Act and tax charged accordingly.

In case of misutilisation of declaration forms, penal action in accordance with Section 10 or 10A in the form of prosecution or fine are to be imposed on the buyer or seller whereby if a person furnishes a declaration which he knows or has reason to believe to be false, he may be punishable with simple imprisonment which may be extended to six months or with a fine or with both.

Tax Information Exchange System (TINXSYS) is an exchange authored by the Empowered Committee of State Finance Ministers as a repository of inter-state transactions taking place among various States and Union Territories. The website was designed to help the Commercial Tax departments of the various States and Union Territories to effectively monitor inter-state trade. The Commercial Tax Department is required to upload the issue and utilisation details of 'C' and 'F' forms on the system. TINXSYS can be used by any dealer to verify the counter party Inter-state dealer in any other State. Apart from dealer verification, it can also be used for verification of Central Statutory Forms issued by other State Commercial Tax Departments and submitted by the dealers in support of claim for concessions.

The review of the utilisation of declaration forms in inter-state trade and commerce revealed some system and compliance deficiencies, which have been mentioned in the succeeding paragraphs.

5.2.2 Trend of revenue under CST

The Budget Estimates of revenue receipts and the actual receipts under CST and variations during the years 2007-08 to 2010-11 is mentioned below:

(₹in lakh)

Year	Budget estimates	Actual receipts	Variations increase (+) shortfall (-)	*Percentage*
2007-08	8900.00	5962.37	(-) 2937.63	(-) 49.26
2008-09	5500.00	5948.94	(+) 448.94	(+) 7.54
2009-10	7800.00	7805.30	(+) 5.30	(+) 0.06
2010-11	9200.00	9735.55	(+) 535.55	(-) 5.50

The Department attributed the shortfall in the actual receipts for the year 2007-08 to the decrease in the rate of CST from 4 *per cent* to 3 *per cent*. The increase in the actual receipts during 2008-09 and 2009-10 was mainly due to normal growth and some of the dealers went out of the purview of the NPV[1] scheme and became liable to pay full tax.

[1] The Goa Value Added Tax Deferment-cum-Net Present Value Compulsory Payment Scheme, 2005.

5.2.3 Organisational set-up

At the apex level, the Commissioner of Commercial Taxes administers the levy and collection of tax revenues under the Goa Value Added Tax, 2005, the Central Sales Tax Act, 1956 along with other taxes such as Luxury tax, Entry tax and Entertainment tax. The Finance Department is the administrative department for taxation. The Commissioner is assisted by one Additional Commissioner and six Assistant Commissioners, 24 Commercial Tax Officers and 39 Assistant Commercial Tax Officers. There are seven Ward Offices headed by Commercial Tax Officers located at different talukas of Goa for registration of dealers and the levy, assessment and collection of tax. The Government of Goa introduced electronic issue of declaration forms to the dealers in August 2010 through the website of the Department. Accordingly, the registered dealers will be issued statutory forms for inter-state trade on submission of transaction details including details of the counterpart dealer in the other state.

5.2.4 Audit objectives

The review attempted to ascertain whether:

- The system for custody and issue of declaration forms was reliable;
- Exemption/concession of tax was granted by the assessing authorities on the basis of original declaration forms;
- There is a system of uploading the issue and utilisation of declaration forms in the TINXSYS website and the database available in TINXSYS is used for cross verification of the claims made by the dealers in the declaration forms; and
- An adequate and effective internal control mechanism was in place for ensuring proper use of declaration forms so as to prevent leakage of revenue.

5.2.5 Scope and methodology of audit

The review was conducted in three phases between November 2010 and March 2011 covering the assessments done during 2007-08 to 2009-10.

- In the first phase information regarding the selling dealers involved in inter-state trade was picked up from the records of the selected wards. For this, five♠ out of seven wards were selected on the basis of volume of tax collection i. e. high, medium and low to ensure a representative coverage. Every tenth assessment record from the Day Book Register maintained at the selected Ward offices was picked up. In all, 336 assessment records of 114 dealers were scrutinized.

- In the second phase the details of 1710 'C' forms and 713 'F' forms were sent to Audit Offices located in other states for cross verification with the records of the purchasing dealers registered in that state.

♠ Curchorem, Mapusa, Margao, Panaji, Vasco.

- In the third and final phase, the verification reports received from audit offices in other states were scrutinised and audit comments were brought to the notice of the Department.

5.2.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Commercial Tax Department in providing necessary information and records to Audit. An entry conference was held on 18 November 2010 which was attended by the Commissioner of Commercial Taxes (CCT), Additional Commissioner (ACCT) and Commercial Tax Officers (CTOs) from the Department wherein the audit objectives and scope of audit were discussed. The exit conference was held on 4 October 2011 which was attended by the CCT and ACCT. The audit findings were discussed and the response of the Commissioner on the audit findings has been incorporated in this review.

Audit findings

5.2.7 System deficiencies

5.2.7.1 Cross verification of statutory forms using TINXSYS

The Government of India had initiated a website named TINXSYS - the Tax Information and Exchange System which is a centralised exchange of all Inter-state dealers spread across the various states and Union Territories of India. Every State is required to send the information on the issue and utilisation of declaration forms to the Finance Ministry for uploading onto the website as the system of verification of forms will work efficiently only if the entire database regarding issue and utilisation of forms are uploaded on the TINXSYS by all the States regularly.

Scrutiny of records at five Ward offices revealed that during the period covered by the review, the Department had not adopted a system of checking the veracity of the declaration forms issued by other states from the TINXSYS database before allowing concessions/exemptions of tax. Further, as regards purchasing dealers of its own state, while the Department had uploaded issue details of 8,08,075 C and F forms to these dealers as of May 2011, utilisation details of only 78,887 C and F forms by these dealers were uploaded. The forms uploaded on TINXSYS website did not include bill-wise transactions with the result that the use of TINXSYS in other States would be limited to assuring the genuineness of the forms but not the correctness of the transactions effected through individual forms.

The Department agreed that cross verification of declaration forms by using TINXSYS was not being done by the Assessing Authorities since complete data is not available from other states and relying on incomplete data would mean harassment to dealers. It was also stated that action was initiated to upload bill-wise data of utilised forms on TINXSYS which was eventually not done since the backlog would take considerable time and no purpose would be served since the assessments of VAT were almost completed up to 2007-08.

The reply of the Department is not tenable since the data uploaded could be useful for upto a period of five years in re-assessed cases and the effectiveness of cross verification using TINXSYS would require bill-wise information in order to ensure the validity of the transactions effected through the declaration forms.

In the absence of a proper system installed for prompt uploading of issue and utilisation of statutory forms, it would not be of use to other states for ensuring the correctness of the concession/exemption given to the dealers or preventing the use of defective/invalid forms.

5.2.7.2 Absence of enforcement measures

Audit observed that no Intelligence Wing or Inter State Investigation Wing was created for the purpose of verification of declaration forms. The Department had also not issued any instructions to the Assessing Authorities to cross verify at least a certain percentage of the forms at the time of assessment and no training was imparted in the use of the TINXSYS facility with the result that there was no check on the correctness of the allowance of concessions/exemptions on the basis of these forms. Hence there was every possibility of leakage of Government revenue.

In reply to the audit observation, the Department stated that no fraudulent forms were produced before any Assessing Authority and no serious observations were reported. No dealers were blacklisted who were involved in misutilisation of declaration forms. The reply is not tenable as cross verification would enable detection of fraudulent declaration forms and prevent cases of tax evasion. Audit had come across cases of misutilisation of forms as reported in Para 5.2.7.5.

Compliance deficiencies

5.2.7.3 Irregular grant of concession on invalid 'C' statutory forms

As per the provision of the CST Act and the Rules made thereunder, the dealer who claims concessional rate of tax is required to obtain the declaration in form C marked as 'Original' from the purchasing dealer. The declaration is to be duly filled in and signed by the purchasing registered dealer to whom the goods are sold. With effect from October 2005 a single declaration in form C can cover transactions of sale which take place in a quarter of a financial year.

Test check of assessment records in five[2] wards revealed that in 27 cases involving 20 dealers for the years 2005-06 and 2006-07, concessional rates of tax were allowed on a total turnover of ₹ 22.72 crore on the strength of declaration forms which were not signed by the purchaser, transactions covered in a declaration form were for more than a quarter, there was absence

[2] Curchorem, Mapusa, Margao, Panaji, Vasco.

of bill-wise details, duplicate declaration forms were used instead of original or the figures of value of goods were written in pencil. The tax involved in such invalid/defective declaration forms was to the tune of ₹ 1.69 crore. The details are given in **Appendix 5.1.**

In reply to the audit observation, the Assessing Authorities in the five Ward offices stated that some of the forms where transactions of more than a quarter were covered in a single form were since replaced, that the omissions were merely technical since the transactions have actually taken place, wrong forms were submitted by oversight and the details of bills have since been furnished. The replies of the Assessing Authorities are not tenable as non compliance to the provision under Rule 12 of the CST (Registration and Turnover) Rules, 1957 cannot be written off by merely considering it to be a technical mistake and it was the primary responsibility of the Assessing Authorities to check and verify the accuracy and sufficiency of the information in the declaration forms before allowing concessional rate of tax which was not done in these cases pointed out by audit. However during the exit conference, the Commissioner of Commercial Taxes stated that the cases observed by audit would be examined and the defects would be allowed to be rectified by the dealers failing which the transaction would be taxed and demand raised.

5.2.7.4 Irregular grant of exemption on invalid 'F' forms

Under the CST Act read with the provisions of the Goa Value Added Tax (GVAT) Act/Rules, where any dealer claims that he is not liable to pay tax under the Act in respect of any goods on the ground that the movement of such goods from one state to another was occasioned by reason of transfer of title by him to any other place of his business and not by reason of sale, such claim is admissible subject to the submission of the original portion of the declaration in form F to the Assessing Authority within three months after the end of the period to which the declaration relates. If the dealer fails to furnish the declaration, then the movement of such goods shall be deemed to have been occasioned as a result of sale. The CST Rules also provide that a single declaration in form F may cover transactions effected during one calendar month only.

Audit scrutiny revealed that in the five Ward offices, 26 dealers were test checked for claiming exemption on F forms and nine cases of irregular exemption on invalid F forms were noticed in three wards by eight dealers involving tax of ₹ 2.20 crore covering transactions beyond one calendar month.

In reply to the audit observation the Assessing CTO stated that in one case notice for reassessment order was issued, in another case the additional forms were obtained and kept on record and in the remaining cases the omissions were merely technical as the transactions had actually taken place. The reply is not tenable as there is no provision in the CST Rules for replacement of form and non-compliance to provision in the CST Rules cannot be termed as a technical mistake.

The Commissioner of Commercial Taxes in the exit conference stated that the cases would be examined and the dealers would be reassessed. The details are in **Appendix 5.2.**

5.2.7.5 Results of cross verification of 'C' and 'F' forms

In order to detect evasion of tax and ensure the correctness of concessions/exemptions allowed to the dealers in assessments done by the Commercial Tax Department of the State, 1710 C forms and 713 F forms were cross verified from the records of the purchasing dealers of the issuing States. Details of audit findings as a result of cross verification are as follows:

- Two dealers, namely M/s. Esteem Industries and M/s. VIC Industries, which were stated to be sister concerns, had submitted 17 C forms, which covered sales of taxable goods during 2006-07, to claim concessional rates of tax under the Act. Cross verification of these forms with the utilisation statements furnished by the purchasing dealers revealed that the transaction figures were manipulated by selling dealers by adding one numeral before the actual figure of sales resulting in overstatement of the value of goods by ₹ 1.41 crore and tax evasion of ₹ 17.63 lakh.
- M/s. Esteem Industries was also among the seven dealers who had manipulated the transaction figures in 14 'C' forms. Cross verification of these forms revealed that the value of goods was overstated as compared to the value mentioned in the 'returns of utilisation details of declaration forms' submitted by the purchasing dealers to their respective commercial tax departments. The overstatement of the value of goods by ₹ 3.17 crore resulted in undue allowance of concessions in levy of tax of ₹ 32.28 lakh.
- M/s. Seahath Canning, registered in Margao, submitted 16 'F' forms which covered transfer of goods during the years 2005-06, 2006-07 and 2007-08. Cross verification of these forms revealed that the dealers to whom the goods were transferred against 12 'F' forms, were actually unregistered dealers. Hence the genuineness of these forms could not be verified. Transfer of goods to unregistered dealers and claim of exemption of tax against 'F' forms resulted in tax evasion to the tune of ₹ 42.89 lakh.
- Out of the 16 'F' forms submitted by M/s. Seahath Canning, two 'F' forms were declared as obsolete and invalid by the Mizoram Commercial Tax Department in May 2002 but exemptions for the years 2006-07 and 2007-08 were claimed and allowed resulting in tax evasion to the tune of ₹ 4.52 lakh. In case of the remaining two 'F' forms, it was observed that value of goods transferred was overstated in order to claim wrongful exemption from tax resulting in tax evasion to the tune of ₹ 1.90 lakh. Details are given in **Appendix 5.3.**

The provision under section 10 of CST Act 1956 states that if a person furnishes a declaration form which he knows or has reasons to believe to be false, he is punishable with simple imprisonment which may extend upto six months or with fine or with both. As in the cases observed by audit, the dealers have furnished misleading information with an intent to evade tax, action u/s 10 or 10 A of the CST Act, 1956 was called for. The Assessing Authorities in their reply (June 2011) accepted the manipulation in 31 'C' forms however no penalty was levied and no additional demand raised. In case of 16 'F' forms where stocks were transferred to unregistered dealers, obsolete/invalid forms were submitted and transaction figures were manipulated, the Assessing Authorities stated that the cases would be examined. However, during the exit conference, the Commissioner of Commercial Taxes stated that all the cases would be re-examined and the dealers will be reassessed and penalised.

Thus, cross verification of forms revealed that the selling dealers had submitted false and misleading information and claimed wrongful concessions/exemptions in the levy of tax. The Assessing Authorities failed to scrutinise the claims and cross verify the transactions thereby resulting in irregular exemptions and concessions to the dealers and loss of revenue to the tune of ₹ 99.21 lakh.

5.2.8 Internal Audit and Internal Control

Internal audit is a vital component of the internal control mechanism which enables a department to assure itself that the prescribed internal controls are intended to provide reasonable assurance of proper enforcement of law, rules and departmental instructions. Internal control also helps in creation of reliable financial and management information system for prompt and effective services and for adequate safeguards against evasion of tax and other irregularities.

The Commissioner of Commercial Taxes, Goa has no Internal Audit Wing (IAW) functioning in the Department. Hence no periodical sampling and checking of the assessments done by the Assessing Authorities in the seven Ward offices is being done to detect cases of under assessments.

Audit scrutiny of five Ward Offices revealed that:

- exemptions/concessions were allowed against unsigned, invalid, incomplete and duplicate declaration forms without proper scrutiny.

- instructions were not given to the Assessing Authorities to maintain a Register and send periodical statements to higher authority showing the position of declarations forms pending for receipt, receipt of invalid/fake forms, or duplicate forms.

- the Assessing Authorities at the time of assessment of dealers do not cross verify the declaration forms with the records of the Commercial Tax Department of the purchasing dealers' State or carry out a physical sampling of forms by sending these to the concerned States for cross verification to ensure the genuineness of the forms and the correctness of the claims made by the dealers for concessions/exemptions in the levy of tax in inter-state sales and branch transfers.

- Although proper caution was taken for the printing and receiving of forms in the Commissionerate and their issue to the Ward offices, the physical verification of declaration forms, as provided under Rule 192 (2) of General Financial Rules 2005, at the Central stores of the department was not done for the period from 1 April 2007 to 31 March 2010.

In reply to the audit observation, during the exit conference, the Commissioner of Commercial Taxes agreed that there was no Internal Audit Wing in the department and that cross verification of statutory forms was not done by the Assessing Authorities at the Ward level. It was further stated that the department had not noticed any fraudulent forms produced by the dealers and hence did not feel the need for cross verification. However, internal audit would be done regularly.

Thus the Department failed to institute a control mechanism for monitoring the assessments done which could ensure timely detection and correction of errors in assessment, levy and collection of tax under the CST Act.

5.2.9 Conclusion

The review revealed deficiencies in the management of assessment and collection of the Central Sales Tax. Deductions from turnover on inter-state sale and consignment sale were allowed without cross verification of prescribed declaration forms to ascertain whether the dealers who had submitted the forms were genuine or the value of goods shown therein was correct. Concessions/exemptions were allowed against unsigned, invalid, duplicate and incomplete forms without proper scrutiny and cross verification. Internal control in the Department was not adequate to safeguard government revenue.

5.2.10 Recommendations

The Government may consider taking the following steps to enhance the effectiveness of the mechanism for allowing concessions and exemptions on inter-state sales and branch transfers.

- Installing a system for scrutiny and cross verification of declaration forms by the Assessing Authorities before allowing exemptions and concessional rates of tax.
- Setting up an Internal Audit Wing in the Department to ensure timely detection and correction of errors in the assessment, levy and collection of revenue.

FINANCE DEPARTMENT

5.3 Irregular allowance of Input Tax Credit

Input tax credit of ₹ 25.24 lakh was allowed for purchases from unregistered dealer.

Input Tax Credit (ITC) is allowed to a dealer for purchases made locally from another registered dealer as per provisions of Section 9 of the Goa Value Added Tax Act, 2005 (Act) and the Goa Value Added Tax Rules, 2005 (Rules). Section 29(9) provides that where, the Commissioner has reason to believe that a dealer is liable to pay tax in respect of any period, but has failed to apply for registration, the Commissioner shall proceed to assess, to the best of his judgment, wherever necessary, the amount of tax due from the dealer in respect of such period and direct the dealer to pay by way of penalty, in addition, a sum not exceeding the amount of tax assessed.

Audit scrutiny of the assessments for the year 2005-06 and 2006-07 pertaining to a dealer, M/s S.R. Khandelwal & Sons Pvt. Ltd., Panaji (SRK), assessed in March 2008 and February 2010 respectively by Commercial Tax Officer (CTO), Panaji ward, revealed that the dealer was allowed ITC of ₹ 83.63 lakh for 2005-06 and ₹ 37.72 lakh for 2006-07. This included ₹ 9.11 lakh and ₹ 16.13 lakh respectively for purchases stated to be made from M/s Shree Communication System Pvt. Ltd., Panaji (SCS), a sister concern of SRK.

As per the assessment records of SRK, SCS had made sales of ₹ 2.28 crore and ₹ 4.03 crore to SRK in 2005-06 and 2006-07 respectively. Audit cross-checked the information with the assessment records of SCS, which was also assessed in the same ward, and found that SCS was not assessed for the year 2005-06 and for 2006-07 SCS had declared its turnover for the year 2006-07 as ₹ 2.59 crore which was accepted by the Assessing Authority. On being pointed out by audit (June 2010), the Department took up (January 2011) assessment of SCS for the year 2005-06 and re-assessment for the year 2006-07. It was observed that SCS did not possess a valid registration and therefore assessed it as an unregistered dealer for both the years. In addition to tax of ₹ 9.11 lakh and ₹ 16.13 lakh respectively for 2005-06 and 2006-07, ₹ 14.74 lakh was levied as penalty.

The Department should have verified whether SCS was a registered dealer before allowing SRK ITC on purchases made from SCS. Since at the time of transactions, SCS was neither a registered dealer nor assessed under Section 29(9) of the Act, the input tax credit allowed to SRK needs to be reversed and an amount of ₹ 25.24 lakh recovered.

The matter was referred to the Government (June 2011) and their reply is awaited.

REVENUE DEPARTMENT

5.4 Short levy of stamp duty and registration fees

Under valuation of land resulted in short levy of stamp duty and registration fee of ₹ 17.81 lakh.

In exercise of the powers conferred under Rule 4(4)(b) of the Goa Stamp (Determination of true market value of property) Rules 2003, the Revenue Department notified (January 2009) taluka-wise minimum land rates (base value) depending upon the settlement zone and area involved. The State Registrar had issued instructions (January 2009) to Civil Registrar-cum-Sub-Registrars (CRSR) to ensure that the value for registration of documents should not be less than the rates prescribed by the Government.

Audit scrutiny (May 2010) of records at CRSR, Salcete, Margao revealed that in four sale deeds registered between May 2009 and October 2009, the land was undervalued as the minimum value of land as notified by the Government in January 2009 was not considered. This resulted in short levy of stamp duty (₹ 10.61 lakh) and registration fee (₹ 7.20 lakh).

On this being pointed out in audit, the CRSR Salcete forwarded (May 2010) the documents under Section 47(1) of the Indian Stamp Act, 1899 to the Collector, South District for determination of the market value and collection of deficit Stamp Duty. The CRSR stated (March 2011) that the documents were returned by the Collector in June 2010 without taking any action. The CRSR further stated that there was no short levy of registration fee as it was charged on consideration and not on market value. The reply of CRSR is not tenable as the instructions of the State Registrar (January 2009) were not complied with.

The Collector again called (April 2011) for the four documents for examining the correctness of the market value and the stamp duty payable. The decision of the Collector is awaited.

The matter was referred to the Government (May 2011) and their reply is awaited.

CHAPTER – VI

Government Commercial and Trading Activities

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Government Commercial and Trading Activities

6.1 Overview of State Public Sector Undertakings

Introduction

6.1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Goa, the State PSUs occupy a moderate place in the state economy. The State PSUs registered a turnover of ₹ 413.72 crore for 2010-11 as per their latest finalised accounts as of September 2011. This turnover was equal to 1.88 *per cent* of State Gross Domestic Product (GDP) for 2010-11. Major activities of Goa State PSUs are concentrated in Infrastructure development sector. The State PSUs earned a profit of ₹ 10.31 crore in the aggregate for 2010-11 as per their latest finalized accounts. They had employed 3,251 employees[♣] as of 31 March 2011. The State PSUs do not include two prominent Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government Departments. Audit findings on these DUs have also been incorporated in this chapter.

6.1.2 As on 31 March 2011, there were 17 PSUs as per the details given below. None of the companies included in these PSUs was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs[Ψ]	Total
Government Companies	15	NIL	15
Statutory Corporations	2	NIL	2
Total	**17**	**NIL**	**17**

6.1.3 During the year 2010-11, no PSU was established or closed down.

Audit Mandate

6.1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a

♣ As per the details provided by 17 PSUs.

Ψ Non-working PSUs are those which have ceased to carry on their operations.

Government company (deemed Government company) as per Section 619-B of the Companies Act. However, the state had no 619-B company.

6.1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

6.1.6 Audit of statutory corporations is governed by their respective legislations. CAG is the sole auditor for both the statutory corporations viz. Goa Industrial Development Corporation and Goa Information Technology Development Corporation.

Investment in State PSUs

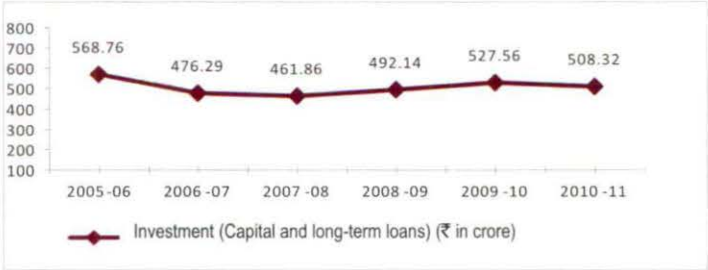
6.1.7 As on 31 March 2011, the investment (capital and long-term loans) in 17 PSUs was ₹ 508.32 crore as per details given below.

(Amount ₹ in crore)

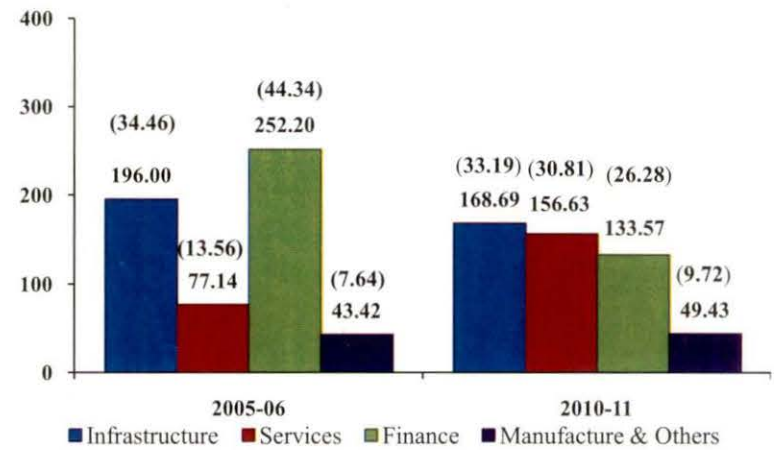
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	264.18	212.48	476.66	31.66	-	31.66	508.32

A summarised position of Government investment in State PSUs is detailed in ***Appendix 6.1***.

6.1.8 As on 31 March 2011, investment in State PSUs consisted of 58.20 *per cent* towards capital and 41.80 *per cent* in long-term loans. The investment has dropped by 10.63 *per cent* from ₹ 568.76 crore in 2005-06 to ₹ 508.32 crore in 2010-11 as shown in the graph below.



6.1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2006 and 31 March 2011 are indicated below in the bar chart. The investment in Finance sector was reduced by 47.04 *per cent* in 2010-11 compared to 2005-06, whereas investment in Service sector and Manufacturing & Others increased by 103.05 *per cent* and 13.84 *per cent* respectively.



(Figures in brackets show the percentage of total investment and figures without bracket show the amount of investments ₹ in crore)

Budgetary outgo, grants/subsidies, guarantees and loans

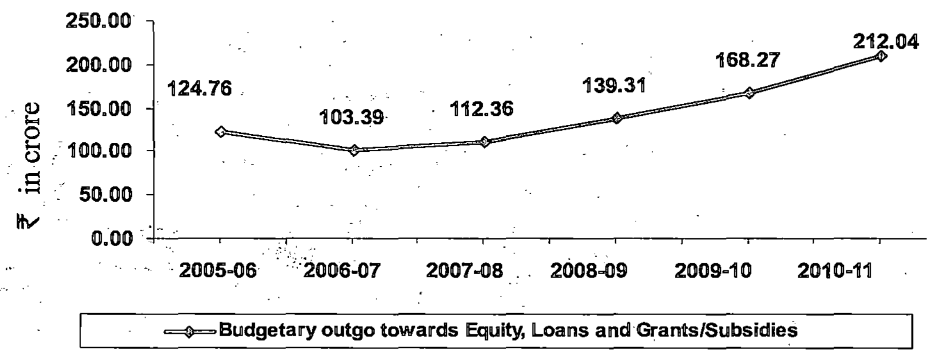
6.1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Appendix 6.3***. The summarised details are given below for three years ended 2010-11.

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs*	Amount	No. of PSUs*	Amount	No. of PSUs*	Amount
1	Equity Capital outgo from budget 5.3(a)	3	4.45	6	11.70	3	12.47
2	Loans given from budget	2	6.55	-	NIL	-	NIL
3	Grants/Subsidy received	6	128.31	7	156.57	10	199.57
4	Total Outgo (1+2+3)*	9	139.31	10	168.27	10	212.04
5	Guarantee Commitment	4	86.60	3	86.00	3	83.71

* Number of PSUs represents actual number of PSUs which have received budgetary support from the State Government in the form of equity, loans and grants/subsidy etc.

6.1.11 The details regarding budgetary outgo towards equity, loans and grants/subsidies for past six years are given in a graph below.



The budgetary outgo of the State Government towards Equity contribution, Loans, Grants and Subsidies decreased from ₹ 124.76 crore in 2005-06 to ₹103.39 crore in 2006-07 and thereafter it showed increasing trend and stood at ₹ 212.04 crore during 2010-11.

6.1.12 The guarantee commitment by the State Government against the borrowings of State PSUs was showing a declining trend. Guarantees for ₹ 86.60 crore were outstanding as at the end of 2008-09 which came down to ₹ 83.71 crore at the end of 2010-11. The State Government is usually levying a one time guarantee fee of 0.5 *per cent* of the amount guaranteed. This, however, was not levied in some cases.

Reconciliation with Finance Accounts

6.1.13 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2011 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	226.52	235.95	9.43
Loans	*	8.28	-
Guarantees	79.00	83.71	4.71

6.1.14 Audit observed that the differences occurred in respect of 10 PSUs and some of the differences were pending reconciliation since 1998-99. Though

* State Government's loan to State PSUs are extended through the Government Departments. These Government Departments re-allocated the loan funds to different PSUs. Hence, PSU wise figures of State Government loans are not available in Finance Accounts.

the Director of Accounts, Government of Goa as well as the PSUs concerned were appraised by Audit about the need for reconciliation, considerable progress has not been achieved. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

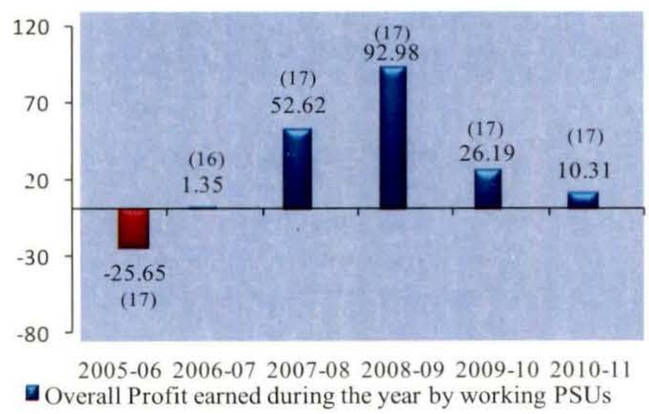
6.1.15 The financial results of PSUs, financial position and working results of working statutory corporations are detailed in ***Appendix 6.2, 6.5*** and ***6.6*** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2005-06 to 2010-11.

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover	303.74	221.11	350.86	459.33	440.04	413.72
State GDP	13354	15023	16901	19014	22512	22062
Percentage of Turnover to State GDP	2.27	1.47	2.08	2.42	1.95	1.88

It can be seen from the above that the extent of PSU activities in the State economy showed marginal decline since 2009-10.

6.1.16 Profit/(loss) earned/(incurred) by State working PSUs during 2005-06 to 2010-11 are given below in a bar chart.



(Figures in brackets show the number of working PSUs in respective years and figures without bracket show the amount of profit/loss ₹ in crore)

During the year 2010-11, out of 17 PSUs, five PSUs earned a profit of ₹ 31.55 crore and 10 PSUs incurred loss of ₹ 21.24 crore. One working PSU did not prepare the Profit and Loss Account while the other working PSU had not finalized its first account. The major contributors to profit were EDC Ltd. (₹ 21.35 crore) and Goa Industrial Development Corporation (₹ 6.03 crore). Heavy losses were incurred by Kadamba Transport Corporation Limited (₹ 14.07 crore), Goa Handicrafts and Small Scale Industries Development

Corporation Limited (₹ 2.60 crore), Goa Auto Accessories Limited (₹ 1.61 crore) and Goa Electronics Limited (₹ 1.01 crore).

6.1.17 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 47.79 crore which were controllable with better management. Year-wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	Total
Net Profit	92.98	26.19	10.31	129.48
Controllable losses as per CAG's Audit Report	40.25	1.90	5.64	47.79

6.1.18 The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the overall profits of the PSUs can be enhanced substantially. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

6.1.19 Some other key parameters pertaining to State PSUs are given below.

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Return on Capital Employed (*Per cent*)	3.74	8.49	15.23	21.64	10.01	7.25
Debt	374.30	256.01	216.54	224.73	242.69	212.48
Turnover	307.74	221.11	350.86	459.33	440.04	413.72
Debt/Turnover Ratio	1.22:1	1.16:1	0.62:1	0.49:1	0.55:1	0.51:1
Interest Payments	40.96	34.15	27.63	27.67	29.20	31.30
Accumulated Profits (losses)	(222.65)	(222.53)	(171.70)	(82.46)	(34.56)	(36.00)

6.1.20 The percentage of return on Capital Employed showed a rising trend improving from 3.74 *per cent* in 2005-06 to 21.64 *per cent* in 2008-09 and declined to 7.25 *per cent* in 2010-11. The total debt position also showed improvement as total debts declined from ₹ 374.30 crore in 2005-06 to ₹ 212.48 crore in 2010-11. The outgo of PSUs towards payment of interest had shown a declining trend up to 2007-08 and stood at ₹ 31.30 crore as on 31 March 2011 showing an increase of ₹ 3.67 crore when compared to 2007-08. The turnover position showed improving trend up to 2008-09 except for 2006-07 (₹ 221.11 crore) but declined thereafter and stood at ₹ 413.72 crore in 2010-11. The debt turnover ratio improved from 1.22:1 in 2005-06 to 0.51:1 in 2010-11. The position of accumulated losses has improved gradually during 2005-06 to 2009-10 but increased to ₹ 36.00 crore in 2010-11.

6.1.21 The State Government has not formulated any dividend policy for payment of any minimum return by PSUs on the paid up share capital contributed by the State Government. As per their latest finalised accounts, five PSUs earned an aggregate profit of ₹ 31.55 crore and two PSUs declared a dividend of ₹ 1.38 crore.

Arrears in finalisation of accounts

6.1.22 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2011.

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1	Number of Working PSUs	17	17	17	17	17
2	Number of accounts finalized during the year	12	15	16	16	11
3	Number of accounts in arrears	26	28	29	30	36
4	Average arrears per PSU (3/1)	1.53	1.65	1.71	1.76	2.12
5	Number of Working PSUs with arrears in accounts	14	14	13	12	13
6	Extent of arrears	1 to 6 years	1 to 7 years	1 to 7 years	1 to 8 years	1 to 9 years

6.1.23 It can be seen from the above that the quantum of arrears in accounts was high and the average stood at more than one account per PSU in the last five years.

6.1.24 The State Government had invested ₹ 217.61 crore (Equity: ₹ 16.90 crore, Loans: NIL and grants/subsidies ₹ 200.71 crore) in ten PSUs during the years for which accounts have not been finalized, as detailed in ***Appendix 6.4***. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalization of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

6.1.25 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by the Audit, about the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up (June 2011) with the Chief Secretary/Finance Secretary to expedite the backlog of arrears in accounts in a time bound manner.

6.1.26 In view of above state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.**
- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

Accounts Comments and Internal Audit

6.1.27 Nine working companies forwarded their ten audited accounts to AG during the year 2010-11, of which nine were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	2	0.32	2	0.46	2	15.71
2	Increase in loss	5	5.10	3	2.13	2	0.21
3	Non-disclosure of material facts	6	61.85	7	11.03	2	98.91
4	Errors of classification	3	24.79	3	0.03	5	17.93

6.1.28 During the year 2010-11, the statutory auditors had given unqualified certificates for five accounts and qualified certificates for five accounts. None of the PSUs were given adverse comments or disclaimer certificates for their accounts by the CAG or statutory auditors. The compliance of companies with the Accounting Standards remained poor as there were four instances of non-compliance in three accounts during the year.

6.1.29 Some of the important comments in respect of accounts of companies are stated below.

Goa Tourism Development Corporation Limited (2009-10)

- Sundry debtors were overstated by ₹ 1.07 crore as no provision for bad and doubtful debts was made against old outstanding.

EDC Limited (2009-10)

- Loan account has been overstated by ₹ 10.75 crore as no provision for non-performing assets was made against loan to GAPL. Consequently profit for the year 2009-10 was also overstated to the same extent.

- Current Liabilities and provisions were overstated by ₹ 3.90 crore as sale proceeds received from Vishwas Steels Ltd., was not adjusted against loan account. This has also resulted in understatement of profit to the same extent.
- The company has credited interest of ₹ 1.23 crore earned on Fixed Deposits in Income instead to amount payable to L.K Trust. This has resulted in understatement of current liabilities by ₹ 1.23 crore and consequent overstatement of profit for the year to the same extent.
- The company in violation of NBFC norms wrongly classified a loanee (Penguin) as 'doubtful'(under category-F) instead of 'loss assets' (category-G). This has resulted in short provision of ₹ 1.92 crore for NPA with consequent overstatement of profit.
- Provision for taxation included ₹ 10.75 crore being provision for taxation for the assessment years 2006-07 and 2007-08. Though Income Tax assessment of the Company was completed upto assessment year 2008-09, provision was not set off against advance tax/TDS, resulting in overstatement of "Provisions" by ₹ 10.75 crore with corresponding overstatement of "Loans and Advances".

Goa Antibiotics and Pharmaceuticals Limited (2009-10)

- Sundry Debtors include ₹ 43.96 lakh due from HSCC Ltd., related to the supply of medicines in the year 1999-2000. As the amount is more than 10 years old, provision for doubtful debts should have been made in accounts. Non provision for the doubtful debts has resulted in understatement of provision for doubtful debts to the extent of ₹ 43.96 lakh and consequent overstatement of profit for the year to the same extent.

6.1.30 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of 13 companies[£] for the year 2009-10 and three companies[µ] for the year 2010-11 are given below:

[£] Sr. No. 1 to 15 (except Sr. No. 6 & 7) of Appendix-6.2.
[µ] Sr. No. 4, 11 & 13 of Appendix-6.2.

Sl. No.	Nature of comments made by Statutory Auditors	2009-10		2010-11	
		Number of companies where recommen-dations were made	Reference to serial number of the companies as *per Appendix 6.2*	Number of companies where recommen-dations were made	Reference to serial number of the companies as *per Appendix 6.2*
1	Auditors Report & Comments /Draft paras/Mini Reviews not discussed in Audit Committee	4	A–5,9, 12,13	-	-
2	No system of making a business plan/short/long term plan	6	A–1,3,12, 13,14,15	1	A-13
3	No clear credit policy	6	A-3,5,12, 13,14,15	1	A-13
4	No delineated fraud policy	11	A-1,4,3,5,9, 10,11,12, 13,14,15	1	A-4, 11 & 13
5	No separate vigilance department	10	A-1,3,4,5,8,9, 10,12,13,14	1	A-13
6	Non prescribing of Maximum/ Minimum level of stock	1	A-13	1	A-13
7	No ABC analysis adopted to control the inventory.	Nil	Nil	-	Nil
8	Inadequate scope of Internal Audit	3	A-2,9,10	-	-
9	Absence of proper mainten-ance of Fixed Asset Register	2	A-2,10	-	-

6.1.31 Similarly, one working statutory corporation (GIDC) forwarded one account (2009-10) to AG during the year 2010-11. This was subjected to sole audit by CAG. The Audit Reports of CAG on this account is under process (October 2011).

Status of placement of Separate Audit Reports

6.1.32 All the Separate Audit Reports issued by the CAG on the accounts of statutory corporations till 30 September 2011 were placed in the Legislature by the Government.

Departmentally managed Government commercial/quasi commercial undertakings

6.1.33 There were two departmentally managed Government commercial/ quasi commercial undertakings viz., the Electricity Department and River Navigation Department in the state as on 31 March 2011. The Proforma accounts of the River Navigation Department were in arrears for the years from 2005-06 to 2010-11 and that of the Electricity Department for the years from 2006-07 to 2010-11 (September 2011).

The summarized financial results of the Electricity Department and River Navigation Department for the last three years for which their proforma accounts were finalized are shown in ***Appendix 6.7.***

Recoveries at the instance of audit

6.1.34 During the course of propriety audit in 2010-11, recoveries of ₹ 58 lakh were pointed out to the Divisional Officers of Goa Electricity Department, which were admitted by the Department and recoveries effected during the year was ₹ 1.97 lakh. In respect of two companies, recoveries of ₹ 12.26 lakh were pointed out by audit.

Disinvestment, Privatisation and Restructuring of PSUs

6.1.35 During the year 2010-11, no exercise was undertaken by the Government of Goa for the Disinvestment, Privatisation and Restructuring of PSUs.

Reforms in Power Sector

6.1.36 The Power Sector in the State is managed by the Electricity Department of Goa. The Union Government had set up (May 2008) a "Joint Electricity Regulatory Commission for the State of Goa and for Union Territories", under the Electricity Act, 2003. Presently, the Commission is in the process of framing various regulations as mandated in the Electricity Act 2003, to facilitate its functioning.

6.1.37 A Memorandum of Understanding (MOU) was signed in October 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below:-

Sl. No.	Milestone	Achievement
1	Government of Goa will Corporatise its electricity Department by 31 March 2002.	Studies were carried out and final report obtained. Decision awaited from Government.
2	Government of Goa will set up SERC by 31 December 2001 and file tariff petitions.	Has joined Joint Electricity Regulatory Commission (JERC) set up.
3	The State Government would provide full support to the SERC to enable it to discharge its statutory responsibilities. The tariff orders issued by SERC will be implemented fully unless stayed or set aside by a court order.	Full support being provided.
4	Government of Goa will ensure timely payment of subsidies required in pursuance of State Government's orders on the tariff determined by the SERC.	Not applicable as yet.
5	Government of Goa will undertake Energy audit and Energy Accounting at all levels to promote accountability and reduce transmission and distribution losses and bring them to the level of 18 *per cent* and achieve break even in current distribution	Losses reduced below 18 *per cent*. The Department is achieving substantial operating surplus.

	operations in two years and positive returns thereafter. This will be achieved by taking following measures:	
	- Install meters on all 11 KV feeders by 31 December 2001.	Achieved (March 2003)
	- 100 *per cent* metering of all consumers by 31 December 2001.	Achieved (March 2004)
	- Computerised billing at towns by December, 2002.	In process in some towns and balance under implementation.
	- Development of distribution Management Information System.	Will be implemented under Re-structured APDRP during XI Plan.
6	Goa would achieve 100 *per cent* electrification of villages by 2002.	Achieved (December 1988)
7	Government of Goa will securitise outstanding dues of CPSUs as per scheme approved by Government of India. After the securitization Government of Goa will ensure that CPSU outstanding does not cross the limit of two moths billings.	Achieved
8	Goa will maintain grid discipline, comply with grid code and carry out the directions of Regional Load Despatch Centre	Maintains Grid discipline.
9	Goa will constitute district level committees to undertake resource planning monitoring of distribution reforms and rural electrification.	DRC was constituted.
10	Government of Goa will follow the guidelines on captive power policy as issued by Government of India on 11 July 2001.	Following Ministry guidelines.

SECTION B – TRANSACTION AUDIT OBSERVATIONS

GOVERNMENT COMPANIES

InfoTech Corporation of Goa Limited

6.2 *Infrastructure development for the IT Park at Dona Paula- Irregular payment of compensation to contractor and avoidable expenditure on Project Management Consultancy*

Payment of compensation to the contractor over and above the contractual obligations and the delay in terminating the Project Management consultancy contract resulted in undue benefit of ₹ 71.91 lakh to the Contractor and Consultant at the cost of the Company.

a) The Company awarded (May 2006) the work of infrastructure development for the proposed IT Park at Dona Paula to MVR-PCL-JV, Goa at an amount of ₹ 21.32 crore. As per the work order/agreement, the work was to be completed within nine months from the fifteenth day of the work order by February 2007. Accordingly the contractor started the work on 2 June 2006 and interest free mobilization advance of ₹ 4.26 crore was paid to him. The contractor was paid ₹ 18.68 crore against RA bills, for the value of work done up to December 2007. The payment till December 2007 worked out to 88 *per cent* of the contract amount.

As the local people started creating obstruction, the execution of work was delayed. Violent activities were also reported in December 2007, which brought the work to a halt. Since the situation at the site was not conducive to resume the work, the Company decided (January 2008) to fore-close the work invoking force majeure clause in the contract, and this was agreed to by the contractor also.

After one year from the stoppage of work, the Contractor claimed (January 2009) ₹ 7.05 crore towards bonus on early completion of contract, non-utilization of equipments, compensation for labour settlement etc., which was referred to Project Management Consultants (PMC) for their recommendation. The PMC recommended (August 2009) payment of ₹ 56.95 lakh towards idling of equipments for months upto April 2008 (₹ 36.12 lakh) and loss of profit against unexecuted work (₹ 20.83 lakh). Accordingly the Company paid (September 2009) ₹ 56.95 lakh, after obtaining an undertaking from the contractor that they will not make any further claim.

Audit scrutiny revealed that, as per the provisions of the contract (GCC 63.5), if the work suffers loss or damage consequent to force majeure, the contractor shall be entitled only to the cost of work executed in accordance with the contract. Thus, the contractor was not entitled for the compensation for idle equipments at site or for loss of profit on unexecuted portion of work etc. especially when the contract was fore closed by January 2008 and the contractor had no business to keep the equipments at site till April 2008. The claim of ₹ 7.05 crore was unreasonable when 88 *per cent* of the contracted amount was already paid by December 2007. Hence, payment of ₹ 56.95 lakh as compensation for a fore-closed work without any enabling clause in the contract, was irregular and unauthorized.

Management stated (May 2011) that compensation was paid to the contractor for avoiding litigation that may come up in future. This reply is not tenable as the contractor was not legally eligible for any compensation and as such no grounds existed for any anticipated litigation.

b) To monitor the above work the Board of Directors of the Company approved (May 2006) appointment of Madhav Kamat & Associates as Project Management Consultants (PMC). The consultancy contract was effective from the date of work order (May 2006) to the date of completion of services by PMC. Thus the expiry period of consultancy was vague and indefinite. As per the agreement executed (July 2006) between the Company and the PMC, the consultancy fees would be 2.85 *per cent* of the total project cost which works out to ₹ 0.61 lakh. Further, for the extended period of work, consultancy fee was to be paid at a higher rate.

The Company paid ₹ 1.14 crore (including service tax) as consultancy fees, of which ₹ 69.82 lakh was for the extended period of 14 months from March 2007 to April 2008. Thus the percentage of total fee paid to PMC had gone upto 5.6 *per cent.* Audit scrutiny revealed that though the contract for the infrastructure development was fore-closed in January 2008 by invoking force-majeure clause, the consultancy contract was not fore-closed and their fee was paid till April 2008. Moreover, the Company had not issued any orders at any time for the extension of service of PMC. Though there was provision for the force-majeure closure of consultancy contract also, the Company did not terminate the same in time which resulted in avoidable expenditure of ₹ 14.96 lakh* by way of consultancy fee for three months from February 2008 to April 2008.

Management stated (May 2011) that the services of the PMC were availed subsequent to the fore-closure of the work for settlement of contractor's compensation claim and final bill. The reply is not tenable in view of the fact that PMC should have been terminated by January 2008 when contract was terminated. Further, the contractor was also paid ₹ 18.68 crore by December 2007 which covered the work done upto December 2007 and hence there was no possibility of any bill being received thereafter for which the services of PMC was required.

Thus due to recommendations of PMC for payment to contractor for three months upto April 2008 not only resulted in irregular payment to contractor but PMC was also benefited at the cost of the Company.

* Prorata for the 3 months from February 2008 to April 2008 of ₹ 69.82 lakh paid for the extended period of 14 months.

The matter was referred to the Government in April 2011; their reply has not been received (September 2011).

Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited

6.3 *Loss due to short lifting of allocated quantity of coal*

Execution of Fuel Supply Agreement for purchase of coal by fixing higher contracted quantity resulted in payment of penalty of ₹ 46.25 lakh.

The new coal policy notified (October 2007) by the Ministry of Coal, Government of India required State Governments to work out the genuine quantity of coal required for Small and Medium Industrial units (SMI) whose annual requirement would be below 4,200 Metric Tonnes (MTs). Government of Goa (GoG) appointed (April 2008) the Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited as the state agency for procurement and distribution of coal to various SMI units in Goa. The Company was entitled for five *per cent* margin over the basic price of coal.

The Company intimated (February 2009) CIL the expected annual requirement for 2009-10 as one lakh MTs, although the quantity estimate based on applications received from SMIs was 40,000 MTs only. CIL again requested (April 2009) the GoG to intimate the annual requirement of coal for 2009-10 and whether the Government proposes to continue with the same agency. The Company did not respond to the requirement of CIL and did not reassess and reduce the requirement to 40,000 MTs against 1,00,000 MTs intimated earlier. CIL allocated (May 2009) one lakh MTs of coal to the Company for the year 2009-10 and FSA to this effect was executed (June 2009) by the Company with SECL, Bilaspur[♣].

As per clause 4.8 of the FSA, if the quantity of coal lifted falls below 60 *per cent* of the annual allocated/contracted quantity, compensation at the rate of five *per cent* of basic price of the short lifted quantity was payable to SECL. Further, as per clause 17(1), the FSA can be terminated either in the event of lifted quantity falling below 30 *per cent* of the annual allocated/contracted quantity or in the event of cancellation of nomination of the purchaser by the State Government.

For the year (2009-10) as against the allocated quantity of one lakh MTs of coal, the Company could lift only 28,910 MTs. Since the response from the SMIs was very poor, at the instance of the Company, GoG de-nominated (April 2010) it as the state agency. In view of the short lifting of allocated quantity/de-nomination of Agency ship, SECL terminated

[♣] South Eastern Coal Fields Ltd., a subsidiary of C I L.

(July 2010) the agreement and forfeited the security deposits by invoking Bank guarantee to the tune of ₹ 46.25 lakh.

Audit observed that:-

- The Company did not restrict its requirement to 40,000 MTs which was based on the assessment made by the Company. The Company should have restricted its requirement to 40,000 MTs in FSA so that its lifting corresponds more or less to the quantity mentioned in the FSA. This could have restricted the amount of penalty to the minimum in case of shortlifting. Instead of acting prudently on the above lines, it carelessly entered into the FSA for 1,00,000 MTs against which the actual lifting of coal was only 28,910 MTs. Had the quantity been restricted to 40,000 MTs there would not have been any instance of paying the penalty even in the case of lifting of 28,910 MTs. As this was not done it ended up paying the penalty of ₹ 46.25 lakh.
- Though SECL recovered penalty of ₹ 46.25 lakh for the year 2009-10, the actual amount payable as worked out in audit was ₹ 23.88 lakh* only, resulting in excess recovery of ₹ 22.37 lakh by SECL. The Company, however, has not noticed this so far and taken up the matter with SECL (June 2011).

The Government, while endorsing the reply of the Management stated (August 2011) that action is underway for getting refund of the penalty. It was further clarified that CIL allotted one lakh MT unilaterally though the Company intimated (March 2009) CIL its requirement as 41,297 MT. This reply is not tenable as the FSA for one lakh MT was executed with mutual consent. The Management further stated that the possibility of recovering the loss from SMIs will be examined. This, however, is not feasible as there was no such agreement executed with SMIs.

Goa Industrial Development Corporation

6.4 *Idle investment on Utility service centre building*

Inordinate delay in completion of Utility Service Centre building rendered the construction expenditure of ₹ 33.54 lakh, unfruitful.

With the intention to encourage the unemployed youths for self employment, the Corporation decided (July 2001) to construct a 'Utility Service Centre Complex' at Bogda, near Vasco-da-Gama with built up area of 1,606.94 square meter, consisting of 17 gallas (small shop rooms) of 30 square meter each, with canteen and other common facilities.

The required land (2,530 square meter) was taken possession in January 2002 from Goa Electricity Department and foundation stone laid in March 2002.

* ₹ 1,536 x (60% of 1,00,000 MTs – 28,910) x 5 *per cent*.

Tenders were invited (September, 2001) and work order issued (March 2002) to the lowest offer of Satej Engineering Pvt. Ltd. for ₹ 60.84 lakh.

Audit scrutiny revealed that though the Contractors were required to complete the work within 360 days from the date of work order, the work remained incomplete even after nine years (April 2011). Despite the slow progress of work, no action was taken to terminate the contract and execute the same at the risk and cost of the Contractor. The incompleted building complex remained open without proper fencing and security and was being used by outsiders. Thus, the expenditure incurred for the work (₹ 33.54 lakh) remained unfruitful as the intended purpose for which the project was undertaken was not served.

The matter was referred to the Government in April 2011; their reply has not been received (September 2011).

GENERAL

6.5 Corporate Governance in State Government Companies

Introduction

6.5.1 Corporate governance is the system by which companies are directed and controlled by the management in the best interest of the shareholders and others ensuring greater transparency and better and timely financial reporting. The Board of Directors is responsible for governance in State Government Companies.

6.5.2 The Companies Act, 1956 was amended in December 2000 by providing *inter alia*, for a Directors' Responsibility Statement (Section 217) to be attached to the Director's Report to the shareholders. According to Section 217 (2AA) of the Act, the Board of Directors has to report to the shareholders that they have taken proper and sufficient care for the maintenance of the accounting records for safeguarding the assets of the company and for detecting and preventing fraud and other irregularities.

Further, in terms of Section 292A of the Companies Act, 1956 notified in December 2000, every public limited company having paid up capital of not less than ₹ five crore shall constitute an Audit Committee, at the Board level. The Act also provides that the Statutory Auditors, Internal Auditors, if any, and the Director in charge of Finance should attend and participate in the meetings of the Audit Committee.

6.5.3 The main components of Corporate Governance are:

- Matters relating to the Board of Directors;
- Director's Report;
- Constitution of the Audit Committee.

6.5.4 Out of the 15 working State Government Companies in Goa, Audit reviewed all 15 Companies (all unlisted) as detailed in the ***Appendix-6.1***. Audit findings are discussed in the succeeding paragraphs.

Board of Directors

6.5.5 The responsibility for good governance rests with the Corporate Board which has the primary duty of ensuring that principles of Corporate Governance both as imbibed in law and those expected by the stakeholders are scrupulously and voluntarily complied with and the stakeholders' interests are kept at the highest level. For this purpose, every company should hold meetings of the Board of Directors at regular intervals. Every Director should attend these meetings to share the expertise and knowledge and to guide the affairs of the company.

Meeting of the Board of Directors

6.5.6 Section 285 of the Companies Act, 1956 requires that in the case of a company, a meeting of the Board of Directors should be held every three months and at least four such meetings should be held every year. Audit scrutiny revealed that during 2007-08 only one meeting of Board of Directors was conducted by GMCL* and two meetings by KTCL and three meetings by GTDC. Board of Director's meetings was conducted after a wide interval of 13 months by GMCL, nine months by GFDCL, six months by KTCL and GHRSSIDC. Thus, the Managements of these companies failed to comply with the legal provisions.

During 2008-09 only one meeting was conducted by GSSCOBCFDCL and three meetings by ITCGL. Besides, Board meetings were conducted after a wide interval of seven months by ITCGL, five months by GSSCOBCFDCL and GSSTFDCL.

During 2009-10 only two Board of Directors' meeting were conducted by GSSCOBCFDCL and GSSTFDCL.

Attendance of Directors in the Board meetings

6.5.7 Audit noticed that nine Directors of five companies (GMCL, GSIDC, GSSCOBCFDCL, GSSTFDCL, GAAL) did not attend any of the meetings conducted during the year 2007-08, while 9 Directors of seven companies (GMCL, GSIDC, GSSCOBCFDCL, KTCL, GSSTFDCL, GTDC, GAAL) failed to attend any meeting during 2008-09. Similarly, 20 Directors of nine companies (ITCGL, GMCL, EDC, GSIDC, GSSCOBCFDCL, KTCL GAPL, GSSTFDCL, GAAL, GFDCL) absented themselves from all the meetings conducted during the year 2009-10. This indicated that the Directors did not actively participate in the management of the affairs of the Companies and in the decision making process to safeguard the interest of the Companies/ stakeholders.

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* Full name of all companies are given in *Appendix-6.1*

Vacancies of the Directors

6.5.8 Out of total 12 Directors of the Board of GSHCL, 10 functional director seats remained vacant since June 2010, which reflects the failure on the part of Government in taking active initiatives in the management of such PSUs.

Preparation of the Minutes of the meetings of the Board of Directors

6.5.9 Section 193 of the Companies Act, 1956, stipulates that every company shall prepare the minutes of proceedings of all General Meetings and the meetings of the Board of Directors within thirty days of such meeting. The record of proceedings of a meeting is required to be recorded in the minutes book. Instance were noticed in four companies (GEL, SIDCL, GHRSSIDC and GSSTFDCL) where the minutes of the meeting of Board of Directors were not prepared within thirty days of the meetings and the delay ranged from five (in the case of SIDCL) to 81 days (GSSTFDCL).

Directors' Report to shareholders

6.5.10 The Companies Act, 1956 {(Section 217 (2AA)} requires that a report of the Board of Directors including a Director's Responsibility Statement (DRS) is to be attached to every balance sheet laid before the shareholders at the Annual General Meeting. Audit scrutiny revealed that the Director's Report of GSSCOBCFDCL did not include the DRS from 2000-01 onwards.

Audit committee

Role and functions

6.5.11 The main functions of the Audit Committee are to assess and review the financial reporting system, to ensure that the financial statements are correct, sufficient and credible. It follows up on all issues and interacts with the Statutory Auditors before finalization of the annual accounts. The committee also reviews the adequacy of the Internal Control System and holds discussions with Internal Auditors on any significant findings and follow up action thereon. It also reviews the financial and risk management policies and evaluates the findings of internal investigation where there are any suspected frauds or irregularities or failure of the Internal Control System of a material nature and reports to the Board.

6.5.12 Audit review of all Public Limited Companies revealed that in six companies (GSIDCL, GEL, GMCL, GSSCOBCFDCL, GFDCL and GSHCL), the paid up capital was less than Rupees five crore and hence they were not required to constitute the Audit Committees. In respect of the remaining companies, the position is given in the succeeding paragraphs.

Terms of Reference

6.5.13 The terms of reference of the Audit Committee of KTCL have not been specified by the Board in writing.

Meetings of Audit Committees

6.5.14 The following irregularities were noticed:

- Audit Committee has not been constituted yet by ITCGL and SIDCL.
- Though Audit Committee has been constituted by GSSTFDCL in November 2009, no meeting was held during 2009-10 and 2010-11.
- KTCL failed to hold any Audit Committee meeting during 2007-08.
- Audit Committee was constituted only during 2009-10 by GHRSSIDC and GAPL. The Audit Committee of GAPL met only two times during 2009-10.

Discussion by the Audit Committees

6.5.15 Section 292A(6) of the Companies Act, 1956 requires that the Audit Committee should have discussions with the auditors periodically about the internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of the internal control systems. Further, section 292A(5) of the Act requires that the auditors and internal auditors shall attend and participate at meetings of the audit committee.

6.5.16 Audit scrutiny revealed the following:-

- Findings and recommendations of internal audit were not prudently looked into by the audit committee of KTCL, like payment through cheque in place of cash payment, and manual maintenance and recording of fixed assets.
- Statutory Auditor was absent in the first meeting of the audit committee of EDCL during 2009-10 and internal auditor as well as Statutory Auditors remained absent during two out of three audit committee meeting.
- No discussion was held with external auditor by the Audit Committee of GHRSSIDC before commencement as well as on completion of audit during 2010-11 which rendered the discussion held by audit committee fruitless and ineffective.
- Audit Committee of GHRSSIDC did not review company's financial risk management policies.

Attendance of Chairman of Audit Committee at the Annual General Meeting (AGM)

6.5.17 Sub section 10 of section 292 A of the Companies Act, 1956 requires the Chairman of the Audit Committee to attend the AGM of the Company and provide any clarification on matters relating to audit.

- The Chairman of the Audit committee of KTCL had never attended any AGM during the period under review.
- Similarly Chairman of EDCL also did not attend any Annual General Meetings.

DEPARTMENTAL COMMERCIAL UNDERTAKINGS

Goa Electricity Department

6.6 *Loss of revenue due to non-levying of compounding charges in electricity theft cases*

Failure to implement the provisions of Electricity Act 2003 regarding cases of theft of energy caused loss of revenue of ₹ 2.78 crore.

As per section 135 of the Electricity Act 2003, consumers involved in theft of electricity shall be punishable with imprisonment for a term which may extend up to three years or with fine or with both. Section 152 of the Act further provides that the Department may accept from Consumers involved in theft cases, compounding charges at the prescribed rates[◊]. By levying compounding charges, such consumers are deemed to be acquitted from the penalties under the Criminal Procedure Code.

During the period from April 2006 to March 2011, the Meter, Relay and Testing (MRT) Division of the Department had detected 453 cases of theft of energy against which in 141 cases Department recovered energy charges of ₹ 67.37 lakh on the basis of assessment made. However, the prescribed fine as per Section 135 (i) and (ii) was not imposed, in these cases. Further, these cases were neither reported to Police for further action nor any compounding charges collected, thereby absolving the persons involved in theft cases from criminal liability. Thus the Department failed to comply with the Codal Provisions which led to loss of revenue of ₹ 2.78 crore by way of compounding charges.

Department stated (September 2011) that, in all the cases pointed out by Audit, assessments were made and energy charges were recovered or were yet to be recovered. It was also replied that booking a consumer under section 135 of the Act is not necessary if the theft or by-passed load is not done intentionally by the consumer. The reply is not convincing since the Department had not established the fact that the theft was not intentionally done in any of the cases. Further, out of the 453 cases, details of energy charges recovered/demanded were available with the Department for 141 cases only. Department further stated that, no orders have been issued by Government appointing the authorized person for booking the case under section 135. This reply itself indicates that the Department has not complied with the provisions of the Electricity Act 2003.

The matter was referred to the Government in July 2011; their reply has not been received (September 2011).

◊ Industrial service @ ₹ 20,000, Commercial service @ ₹ 10,000, Agricultural service @ ₹ 2,000 and other services @ ₹ 4,000 (rates are per KW/HP for LT service and per KVA of contact demand for HT service).

6.7 *Loss of revenue due to non-collection of electricity duty on sale of power*

Failure to include electricity duty while fixing the price for sale of power to a private firm resulted in loss of revenue of ₹ 55.20 lakh.

The Department entered into (August 2007) an agreement with Goa Sponge & Power Limited (GSPL) for a period of 15 years for purchase of surplus power generated by the latter's Captive Power Plant, at a price of ₹ 2.40 per unit. GSPL was also permitted to draw power from the Department's source in case of their additional requirement, at the rate of ₹ 2.76 per unit during normal hours and at the rate of one and a half times more than the normal rate during peak hours. The rate for sale of power to GSPL was fixed on the basis of parameters such as (i) the then tariff applicable to High Tension Industries (Ferro metallurgical/steel melting/power intensive); (ii) contract demand of 4500 KW; (iii) power factor of 0.99 and (iv) loading factor as 0.8. The power purchase rate by the Department (₹ 2.40 per unit) was fixed constant for the entire period of agreement, whereas the rate for power sold to GSPL was subject to revision based on changes made by Government in the tariff applicable to HT Industrial category.

As per Section 3(1) of the Goa, Daman and Diu Electricity Duty Act, 1956 duty at the specified rate should be levied on the units of energy consumed. The rate of electricity duty for HT Industrial category was revised (May 2008) by Government from ₹ 0.05 to ₹ 0.58 per unit. The Department, however, while fixing the rate for sale of power to GSPL, failed to include the electricity duty factor. This resulted in loss of revenue of ₹ 55.20 lakh[*] on the 112.85 lakh units sold to GSPL during the period from August 2007 to March 2011, and the loss is still recurring.

The Department stated (September 2011) that as back-up/start-up power only is supplied to GSPL, they are not a regular consumer and hence no duty is chargeable as per the Electricity Duty Act. The reply is not tenable in view of the facts that:- (a) according to the Electricity Duty Act, the word 'energy' includes energy generated, transmitted, supplied or used for any purpose and (b) as per the Power Purchase Agreement, GSPL was required to be considered at par with HT Industrial (ferro metallurgical/steel melting/power intensive) consumer.

The matter was referred to the Government in May 2011; their reply has not been received (September 2011).

[*] ₹ 0.05 per unit for 19.31 lakh units sold from August 2007 to May 2008 and at the rate of ₹ 0.58 per unit for 93.50 lakh units sold from June 2008 to March 2011.

6.8 Extra expenditure in the purchase of single phase electronic meters

Purchase of electronic meters without assessing the exact re-ordering quantity with reference to the available stock, resulted in extra expenditure of ₹ 90 lakh.

In order to reduce the loss of revenue on account of faulty meters, Department had fixed a target of replacement of mechanical energy meters with electronic meters in a phased manner. Considering this, the Stores & Workshop Division of the Department invited (August 2007) tenders for supply of 20,000 numbers of single phase electronic meters (5-20 Amps). On evaluation of tenders, the offer of ₹ 1,650 per meter, of LASER EQUIPMENTS was found as the lowest. LASER EQUIPMENTS expressed (March 2008) their willingness to reduce the rate to ₹ 1,250 if the order quantity is increased to 60,000 numbers. However, the Goa State Works Board approved (March 2008) the offer of LASER EQUIPMENTS for a quantity of 20,000 meters only at the rate of ₹ 1,650. The reduced offer of ₹ 1,250 per unit was ignored though sufficient funds were available. Accordingly, purchase order was placed (April 2008) for 20,000 numbers of single phase electronic meters at a rate of ₹ 1,650 per meter and the firm supplied the entire ordered quantity by May 2008.

Tenders were again invited (January 2009) for supply of 40,000 meters of same type and there again, of the two offers received, the lower one was of LASER EQUIPMENTS who quoted ₹ 1,250 per meter which was the rate offered by them in March 2008. Accordingly, purchase order was placed (May 2009) on LASER EQUIPMENTS for supplying 40,000 meters.

Audit scrutiny revealed that:-

The Department had fixed 20,000 as the minimum and 40,000 as the maximum level of stock for single phase electronic energy meters. Within the period of 10 months (April 2008 to January 2009), the Department had decided to procure a total quantity of 60,000 single phase electronic meters. But during the said period and in subsequent periods, the quantity in stock had never exceeded the maximum stock level at any time, whereas the minimum stock level had dipped to the level of 16 numbers. Further, had the quantity of 20,000 ordered in April 2008 been increased to 40,000, the maximum stock level would not have been crossed. As such, there was no accumulation of inventory and hence the Department could have procured the entire quantity of 60,000 meters at the rate of ₹ 1,250 itself through a staggered delivery schedule. Failure of the Department in this regard resulted in procurement of meters at higher rate and consequent extra expenditure of ₹ 90 lakh[1]. The Department also did not conduct any negotiations with LASER EQUIPMENTS to reduce their first offer to supply 20,000 meters at the rate of ₹ 1,650. Further, the reason for not accepting the earlier offer for supply of 60,000 meters at ₹ 1,250 per meter, though sufficient funds were available, was not on record.

[1] [(₹ 1650-1250) x 20,000 plus VAT @ 12.5 *per cent* thereon].

The Department stated (September 2011) that loss, if any, incurred in the transaction has been fully compensated by the supplier by supplying 6,400 meters free of cost. The reply is not tenable as the reduced offer price in March 2008 by LASER EQUIPMENTS was not taken up by the Department against all principles of financial prudence. The subsequent free offer of LASER EQUIPMENTS was not against any specific order and it was supplied as a good will gesture in March 2010 much after the completion of supply against first order and placement of subsequent order.

The matter was referred to the Government in May 2011; their reply has not been received (September 2011).

6.9 *Loss due to non-recovery of cost of strenghtening of supply line*

Failure to recover the cost of strengthening supply line from the consumer compiled with non-completion of the work resulted in loss of ₹ 22.79 lakh.

As per clause 4(i) of the "Conditions of Supply of Electrical Energy", if an existing consumer requires an additional load and if for the supply of additional power, the service line require to be strengthened, the entire cost of such strengthening shall be borne by the consumer on the basis of the actual estimated cost plus 15 *per cent* supervision charges.

Electrical Division IV (Margao) of the Department received (October 2005) an application from Penguin Alcohols Pvt. Ltd. (PAPL), Canacona for enhancement of connected load of their HT installation from 1,000 KVA to 1,250 KVA. For this, the 33 KV feeder already erected upto Rajbag was to be tapped and extended by five kilometers. Accordingly an estimate for ₹ 43.53 lakh was proposed, tenders invited (December 2005) and work awarded (February 2006) to a contractor for ₹ 44.21 lakh, with a stipulation to complete the work by July 2006. Meanwhile, as the consumer for whom the work was proposed, was not prompt in paying the monthly charges, the service was disconnected temporarily in July 2006 and permanently in January 2007.

The Department had incurred ₹ 22.79 lakh[◆] for the work. As the work could not be completed due to objection from local people and the consumer had already closed his industry, the Division proposed (June 2009) for pre-closure of the work.

Audit observed that:-

- Though the line extension work was initiated at the instance of the consumer (PAPL), the Department decided not to recover the cost from the consumer and instead, executed the work at its own cost by obtaining minimum guarantee for seven years from the consumer which resulted in loss of ₹ 22.79 lakh to the Department. Revenue Recovery action was initiated in April 2007 for recovering only the electricity charges

[◆] Excluding ₹ 13.48 lakh being the cost of materials returned by the contractor.

(₹ 1.32 lakh) up to the date of disconnection and the same is still pending (August 2011).

- The Contractor had not started the work till July 2006 when the supply to the consumer was disconnected. At the same time (July 2006) though the contractor had not started the work, the Department granted extension instead of cancelling the same.
- Further, the scope of completing the work in future and recovering the cost already incurred is remote, as the Consumer has already closed his business and power supply disconnected permanently.
- Further, if the department insisted that the customer made payment in advance of the all expenses to be incurred for laying the separate line and the feeder alonghwith reasonably expected charges on account of consumption of electricity, the department would have avoided incurring the loss of ₹ 24.11 lakh.

Failure to invoke the power vested with the department under Section 47 of the Electricity Act, 2003 to demand security from the customers has resulted in a loss of ₹ 24.11 lakh.

The Department stated (September 2011) that the cost of strengthening the service line alone was collected as done in a similar case previously. This, however, is against the codal provisions. Further, the reply that the Department could not anticipate closure of the consumer's industry is also not tenable as the work was actually started at the time when disconnection was effected.

The matter was referred to the Government in April 2011; their reply has not been received (September 2011).

Panaji **(DEVIKA)**
The 13 FEB 2012 **Accountant General, Goa**

Countersigned

New Delhi **(VINOD RAI)**
The 17 FEB 2012 **Comptroller and Auditor General of India**

APPENDICES

APPENDIX – 2.1

(Referred to in paragraph 2.1.8.2)

Statement showing targets and achievements under various schemes for the period 2006-11

Name of the Scheme		Forest Conservation and Development			Social and Urban Forestry			Rehabilitation of degraded forest/older plantations		Special Area Development Programme-Hill Area-Western Ghat Programme(A) Forest Protection and Development		
		Boundary clearance of five metres width	Raising of Nursery	Cultural operations	Affore-station	Raising of Nursery	Avenue plantation	Affores-tation	Raising of Nursery	Afforestation/ Plantation	Soil conservation with engineering works	Raising of Nursery
Year	Unit	R/Kms	Lakh	Ha	Ha	Lakh	R/Kms	Ha	Lakh	Ha	Ha	Lakh
2006-07	Target	80	-	-	50	-	4.5	56	-	85	100	-
	Achievement	95	-	-	56	-	5.2	142	-	150.75	228	-
2007-08	Target	20	0.25	-	50	9	15	90	1.5	270	80	5
	Achievement	22.86	0.25	-	74.74	8.86	18.5	107	1	271.5	90	4.91
2008-09	Target	20	-	480	40	5.5	10	100	3.85	203	80	4.95
	Achievement	19.8	-	213	44	4.75	9.5	105	1	185.75	77	3.35
2009-10	Target	20	-	200	25	4.75	15.	50	1	150	80	3.3
	Achievement	20	-	200	28	4.75	15	50	1	150	80	3.38
2010-11	Target	20	-	200	30	4	20	40	1	135	80	3.75
	Achievement	-	-	200	23	3	20	40	1	135	59	3.75
Total	Target	160	0.25	880	195	23.25	64.5	336	7.35	843	420	17
2006-11	Achievement	157.66	0.25	613	225.74	21.36	68.2	444	4	893	534	15.39

Name of the scheme	Unit	2006-07		2007-08		2008-09		2009-10		2010-11		Total 2006-11	
		Target	Achieve-ment	Target	Achieve-ment	Target	Achieve-ment	Target	Achieve-ment	Target	Achieve-ment	Target	Achieve-ment
Forest Conservation and Development													
Boundary Clear-ance of five metres width	R/kms	80	95	20	22.86	20	19.8	20	20	20	-	160	157.66
Raising of Nursery	Lakh	-	-	0.25	0.25	-	-	-	-	-	-	0.25	0.25
Cultural Operations	Ha	-	-	-	-	480	213	200	200	200	200	880	613
Social and Urban Forestry													
Afforestation	Ha	50	56	50	74.74	40	44	25	28	30	23	195	225.74
Raising of Nursery	Lakh	-	-	9	8.86	5.5	4.75	4.75	4.75	4	3	23.25	21.36
Avenue Plantation	R/Kms	4.5	5.2	15	18.5	10	9.5	15	15	20	20	64.5	68.2
Rehabilitation of degraded forests/older plantations													
Afforestation	Ha	56	142	90	107	100	105	50	50	40	40	336	444
Raising of Nursery	Lakh	-	-	1.5	1	3.85	1	1	1	1	1	7.35	4.00
Special Area Development Programme – Hill Area – Western Ghat Programme (A) Forest Protection and Development													
Afforestation/ Plantation	Ha	85	150.75	270	271.5	203	185.75	150	150	135	135	843	893
Soil Conservation with Engineering works	Ha	100	228	80	90	80	77	80	80	80	59	420	534
Raising of Nursery	Lakh	-	-	5	4.91	4.95	3.35	3.3	3.38	3.75	3.75	17.00	15.39

APPENDIX – 2.2

(Referred to in paragraph 2.1.9.2)

Statement showing the status of 21 test-checked cases pending with Forest Settlement Officer

Sl No	Range	Notification date	Name of forest	Village	Area in hectares	Remarks
DCF North Division						
1	Pernem	17-10-1974	Chandel	Chandel	194.62	The Forest Settlement Officer (FSO) requested the Division in March 2000 to rectify the incorrect demarcation done for notification under section 20 of IFA, 1972. No action taken by the Division so far.
2	Keri	17-10-1974	Morlem	Morlem	295.16	The Working Plan (WP) Division intimated FSO in February 2001 that boundary clearance completed. Matter not pursued further.
3	Ponda	31-03-1977	Khandepar-I	Khandepar	126.20	The FSO directed the Executive Engineer for hearing in October 2005. Further progress not available.
4	Keri	30-10-1980	Shiroli Dongar	Shiroli	178.62	The FSO in August 1990 dismissed the claim of 40 encroachers. Eviction cases in respect of 5 cases (area 1.25 Ha) were filed belatedly with Deputy Collector in October 1998. No action taken in respect of the remaining 35 encroachers.
5	Collem	15-10-1981	Sancordem-II	Sancordem	240.65	The Division directed (October 1996) Range Forest Officer (RFO) to take action against encroacher in survey no 10/3. Reminder sent in September 1994 and October 1996. Further progress/status in the matter not available on record
6	Collem	29-10-1981	Dharbondra-II	Dharbondra	1105.50	The claims of encroachers (survey no 20, 28) were rejected by FSO in June 1990. The Division directed the RFO to take action for eviction in October 1990 followed by reminder in August 1992 and October 1996. Further progress/status in the matter not available on record.
7	Collem	02-09-1982	Mollem-I	Mollem	139.00	The FSO requested for information on the case in June 1999 followed by reminders. The Division requested (December 2007) the FSO to furnish copies of the letters on the ground that the same was not received. Copies were furnished by the FSO in December 2007. However, no action taken thereafter.

8	Collem	03-02-1983	Mollem-III	Mollem	5.90	The Division requested (August 1994) the Collector to cancel the land granted to 17 persons and houses constructed under the 20 point programme in survey no 67/1 under the proposed reserve forest. No further progress available on record. The RFO intimated (February 2011) the Division that the Director of Health Services constructed Primary Health Centre building in survey no 67(Part) under proposed forest area. No action taken in the matter.
9	Collem	19-11-1992	Surla	Surla	5418.78	The Division directed (March 2005) RFO to clarify points raised by Law Department and furnish copies of the documents. Further progress not available on record.
10	Ponda	26-11-1992	Chandri, curdou, Godgada	Nirancal	217.64	The WP Division requested (November 2001) North Division to furnish documents as proposal was submitted to Government for notification under section 20 of the Indian Forest Act, 1927. The North Division furnished the documents in July 2002. Notification however still not issued despite lapse of nine years.
11	Valpoi	31-12-1998	Ansolem-I	Ansolem	11.38	The FSO requested (February 1997) the RFO to furnish information related to the case. The said information was furnished in May 2000. Further correspondence not available in the file.
12	Valpoi	14-01-1999	Sanvordem	Sanvordem	40.66	The WP Division directed (March 2002) the RFO to carry final demarcation. Further, status not available in the file.
DCF South Division						
13	Pissonem	04-02-1976	Quedem	Barcem	191.79	The FSO requested (August 2002) the RFO to obtain land index from Mamlatdar. Further records not available in the file.
14	Pissonem	07-01-1993	Quisconda	Quisconda	965.2125	Administrative Tribunal dismissed (2001) the appeal of the Department against the order of court of Collector. Action was to be taken to file appeal as per letter dated 25 August 2008. Further records not available in the file.
15	Pissonem	27-11-2002	Cola-II	Cola	94	The DCF requested (April 2003) the FSO to send copy of the letter received from Mamlatdar which was not received along with the letter sent by FSO. No reminders were issued thereafter. FSO responded only in January 2008 and enclosed the letter of Mamlatdar. FSO also requested DCF to give comments on the letter. Further records not available in the file.
16	Sanguem	09-07-2002	Ugem	Ugem	84.25	FSO vide order dated 24 February 2003 submitted order for declaration of forest under section 20 of IFA, 1927. The DCF requested the RFO to take action for evicting five/six permanent houses in the survey. The DCF again in July 2004 and December 2006 directed the RFO to report the action taken in the matter. No report of the RFO was available in the file.

17	Quepem	04-05-2001	Paroda	Paroda	6.38	The FSO intimated (January 2008) that the land was acquired by the Irrigation Department for afforestation as per the notification. The DCF directed the RFO in January and February 2008 to take action. No further report available in the file.
18	Quepem	17-12-1993	Bendodeco Dongor	Bendordem	242.26	The RFO reported (September 1997) encroachments on 24.2 hectares. DCF directed (November 1997) to file eviction cases and submit compliance report. Reminder was issued in July 2002 stating that reply-pending for last five years. No further records available in the file.
19	Pissonem	25-09-1980	Padi-III	Padi	282.68	The DCF, intimated (November 1995) the Collector that allotment of 60 hectares of land to 30 persons in 1983 was in violation of Forest Conservation Act, 1980. Assistant Conservator of Forests requested (November 1995) the Under Secretary (Forest) to cancel the allotment. Collector office stated (October 1996) that case referred to Special Cell, Director of settlement and Land Records for examination. The DCF, directed (June 2011) the RFO to report the status of the case i.e. after 14 years. Further records not available in the file.
20	Curdi	09-07-2002	Undorna	Ungorna	70	Final demarcation done but section 20 notification not done. File did not contain any further records.
21	Pissonem	08-11-2000	Cordem	Cordem	176.79	Under Secretary, Forest department was requested (March 89) by the Administrative officer to cancel the allotment of 44 hectares of land done to 22 persons in forest area. The DCF requested (July 1998) the Collector to intimate the status of the case referred to Special Cell, Director of settlement and Land Records. Further, belatedly in October 2003 the DCF intimated Deputy Collector that the allotment done has to be submitted to GOI for regularization. Further records in the matter not available.

APPENDIX – 2.3

(Referred to in paragraph 2.1.13.4)

Deficiencies in the cash book

Nature of deficiency	Name of the office	Period
Daily totals of cash books were not done and transactions recorded in the cash book were not attested by Head of Office in token of check	APCCF office, Panaji	2008-09, April 2009 to August 2009
	DCF, North Division, Ponda	2006-2011
	DCF, South Division, Margao	2006-2011
	DCF, Working Plan, Ponda	2006-2011
	DCF, Wild Life and Eco Tourism, Panaji	2006-2011
	DCF, Research & Utilisation, Margao	2006-2011
	21 ranges under the above 5 divisions	2006-2011
Cash book pages were not numbered	DCF North, Ponda range	2008-2011
	DCF South, Canacona range	November 2008 to June 2009
	DCF South, Sanguem range	April 2006 to July 2010
	DCF South, Margao range	April 2006 to April 2007
	DCF Wild Life & Eco Tourism, Campal range	April 2006 to January 2008
	DCF Wild Life & Eco Tourism, Bondla range	March 2008 to August 2008
	DCF Wild Life & Eco Tourism, Mollem range	October 2007 to March 2011
	DCF Research & Utilisation Usgao range	July 2007 to February 2009
	DCF Research & Utilisation, Quepem range	March 2009 to March 2010
	DCF Research & Utilisation Panaji range	March 2010 to March 2011
Surprise verification of cash balance was not carried out	All the five divisions namely DCF North, DCF South, DCF Working Plan, DCF Wild Life and Eco Tourism, DCF Research and Utilisation and all the 21 range offices under these five divisions	2006-07 to 2010-11
Certificate regarding number of pages in the cash book was not recorded on the first page	DCF North, Ponda	September 2008 to October 2010
	DCF North six ranges	2006-07 to 2010-11
	DCF South Division, Sanguem, Kurdi and Quepem range	2006-07 to 2010-11
	DCF South Division, Pissonem range	March 2010 to March 2011
	DCF South Division, Canacona range	November 2008 to March 2011
	DCF Working Plan division and Panaji range	2006-07 to 2010-11
	DCF Wild Life & Eco Tourism, Panaji	January 2008 to September 2010
	DCF Wild Life & Eco Tourism, Campal range	April 2006 to January 2008
	DCF Wild Life & Eco Tourism, Bondla range	March 2008 to August 2008
	DCF Wild Life & Eco Tourism, Mollem range	2006-07 to 2010-11
	DCF, Research & Utilisation, Usgao range	August 2007 to June 2010
	DCF, Research & Utilisation, Quepem range	April 2006 to March 2010
	DCF, Research & Utilisation, Panaji range	March 2010 to March 2011
Entries in the cash book were made on passing of voucher and not on the basis of actual disbursement of cash	DCF North Division, Timber Depot at Usgao	2006-07 to 2010-11
	DCF, Research & Utilisation, Forest Training school, Valpoi	June 2009 to September 2009

APPENDIX – 2.4

(Referred to in paragraph 2.2.9.1)

(a) Statement showing budgeted and actual receipt of GIA from the Government of Goa

(₹in lakh)

Year	Grants-in-Aid	
	Budgeted	Actual
2005-06	515.00	277.49
2006-07	370.00	664.81
2007-08	570.00	869.14
2008-09	821.00	653.94
2009-10	280.00	107.93

(Referred to in paragraph 2.2.9.1)

(b) Statement showing unspent balance of grants-in-aid and UCs pending

(₹in lakh)

Year of Sanction	Total sanctioned amount of which balance available as on 01.04.2009	Utilised during 2009-10	Unspent balance as on 31.3.2010	Percentage of utilisation	Amount for which UC submitted upto 31.3.2010	Amount for which UC pending as on 31.3.2010
2002-03	38.72	32. 67	6.05	84	30.55	2.12
2003-04	144.69	86.16	58.53	60	83.81	2.35
2004-05	229.49	214.06	15.43	93	202.16	11.90
2005-06	128.23	92.00	36.23	72	79.64	12.36
2006-07	320.42	237.53	82.89	74	84.93	152.60
2007-08	113.03	76.59	36.44	68	0	76.59
2008-09	123.77	78.87	44.90	64	4.55	74.32
Total	**1098.35**	**817.88**	**280.47**		**485.64**	**332.24**

Source: Information furnished by the CCP
Note: *The grants for the year 2009-10 excluded as it has to be utilized within March 2011 only.*

APPENDIX – 2.5

(Referred to in paragraph 2.2.10.3)

Statement showing discrepancies between collection as per classified summary of receipts and collection as per Demand & Collection Registers

(₹in lakh)

Sl No	Head of income	Year	Collection as per Classified summary of receipts	Collection as per Demand & Collection Register	Difference between Classified Summary and D&C Register
1	House tax	2005-06	344.06	336.97	7.09
		2006-07	453.04	450.33	2.71
		2007-08	392.96	390.98	1.98
		2008-09	511.43	508.93	2.50
		2009-10	546.71	514.87	31.84
2	Rent on buildings and SOPO	2005-06	28.81	28.28	0.53
		2006-07	34.29	32.54	1.75
		2007-08	27.08	23.78	3.30
		2008-09	32.37	27.89	4.48
		2009-10	59.33	70.06	-10.73
3	Trade & Occupation Tax	2005-06	12.90	25.66	-12.76
		2006-07	13.22	13.18	0.04
		2007-08	13.16	26.48	-13.32
		2008-09	15.84	31.78	-15.94
		2009-10	25.56	24.67	0.89
4	Sign Board & Hoarding tax	2005-06	30.27	33.49	-3.22
		2006-07	17.89	33.03	-15.14
		2007-08	22.88	35.36	-12.48
		2008-09	17.79	34.51	-16.72
		2009-10	33.97	29.22	4.75

Source: Compiled by audit from the records of CCP.

APPENDIX - 3.1

(Referred to in paragraph 3.1.1)

List of machinery and equipment installed in New Hospital

Sl No	Name of work/Supply	Stip. Date of commencement	Stip. Date of completion	Actual date of completion	Cost (₹ in lakh)	Date of expiry of Warranty period
1	Civil, Plumbing & Internal Electrical Works	16.11.2004	15.08.2006	30.11.2008	2609.56	29.11.2010
2	Interior works	29.06.2007	29.09.2007	30.11.2008	194.00	29.11.2010
3	Elevators	02.10.2006	01.07.2007	30.09.2008	140.12	29.09.2010
4	Electrical works (External)	15.10.2006	13.07.2007	30.09.2008	152.68	29.09.2010
5	Supplying and laying of underground cable	31.08.2007	15.11.2007	20.09.2008	182.76	19.09.2010
6	Air conditioning and ventilation system	25.01.2007	24.10.2007	15.12.2008	293.87	14.12.2010
7	Fire fighting works	17.09.2006	16.06.2007	30.09.2008	75.65	29.09.2010
8	Bio-medical equipments – Steel Operation Theatre	27.03.2007	25.06.2007	30.09.2008	185.14	29.09.2011
9	Bio-medical equipments – Mortuary cabinet	27.03.2007	27.06.2007	05.10.2008	13.01	04.10.2011
10	Bio-medical equipments – Medical gases and vacuum plant	27.03.2007	25.06.2007	20.03.2009	103.32	19.03.2012
11	Bio-medical equipments – Central Sterile supply department	27.03.2007	26.06.2007	24.06.2008	104.21	23.06.2011
12	Fire detection and alarm systems	05.10.2007	04.01.2008	30.09.2008	59.42	29.09.2010
13	33 KV VCB Isolation	21.06.2008	04.08.2008	20.09.2008	22.07	19.09.2010
14	Shadowless lamps, electro/Mech. Hydraulic tables	26.04.2008	24.06.2008	30.10.2008	286.79	29.10.2011
15	Supply and installation of Hospital furniture	26.04.2008	25.07.2008	28.01.2009	103.95	27.01.2012
16	Supply and installation of CT Scan	06.11.2008	05.01.2009	05.01.2009	260.57	04.01.2012
17	Supply and installation of Ultrasonography and Colour Doppler	06.11.2008	05.01.2009	17.02.2009	36.85	16.02.2012
18	Supply and installation of Medical Diagnostic	19.12.2008	18.02.2009	19.03.2009	12.93	18.03.2012
19	Supply and installation of Geysers and Water purifiers	19.12.2008	01.02.2009	01.02.2009	4.53	30.01.2012
20	Supply and installation of incinerators	15.01.2009	14.03.2009	14.03.2009	9.44	13.03.2012
21	Construction of soak pits	13.01.2009	28.02.2009	19.03.2009	4.17	18.03.2011
22	Water Cooler	-	-	21.11.2008	2.19	20.11.2009
23	Computer network	05.10.2007	04.01.2008	30.06.2009	81.66	29.06.2012
24	Mobile X-Ray, C-Arm, CR System	18.08.2009	17.10.2009	19.01.2010	51.66	18.01.2011
				Total	4990.55	

APPENDIX – 3.2

(Referred to in paragraph 1.2.1 and 3.5.1)

Statement showing year-wise position of inspection reports and paragraphs pending settlement

Sl No	Name of the Department	Up to 2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1	Agriculture	2	6	1	1	1	1	6	9	-	-	3	15	13	32
2	Animal Husbandry & Veterinary Services	-	-	-	-	-	-	-	-	1	1	-	-	1	1
3	Archives, Archaeology & Museum	-	-	-	-	-	-	1	1	-	-	1	8	2	9
4	Art & Culture	1	1	1	2	2	3	3	10	-	-	2	10	9	26
5	Civil Supplies	1	1	-	-	-	-	1	1	1	1	-	-	3	3
6	Co-operation	-	-	-	-	-	-	3	10	1	6	-	-	4	16
7	Education	-	-	1	4	1	1	6	11	6	14	1	2	15	32
8	Finance	2	5	-	-	-	-	3	3	-	-	1	4	6	12
9	Forests	-	-	1	1	3	3	1	1	4	7	2	11	11	23
10	General Administration	2	3	1	2	-	-	1	1	-	-	1	3	5	9
11	Goa Public Service Commission	-	-	-	-	-	-	-	-	1	4	-	-	1	4
12	Housing	1	1	1	1	-	-	-	-	1	9	-	-	3	11
13	Health	1	2	3	7	3	5	11	32	5	15	1	3	24	64
14	Higher Education	1	1	-	-	1	1	2	2	2	2	1	13	7	19
15	Home	2	3	-	-	4	4	2	7	3	6	-	-	11	20
16	Industries	-	-	-	-	-	-	-	-	1	1	-	-	1	1
17	Information & Publicity	-	-	1	1	2	2	1	1	2	7	-	-	6	11
18	Inland Water Transport	-	-	1	2	1	1	-	-	-	-	-	-	2	3
19	Irrigation	1	1	2	2	1	2	1	1	7	31	4	20	16	57
20	Labour	-	-	-	-	3	5	2	2	1	3	1	5	7	15
21	Law	1	2	3	5	2	2	4	5	2	2	1	2	13	18
22	Legislature	-	-	-	-	-	-	1	1	-	-	1	6	2	7
23	Mines	-	-	-	-	1	4	-	-	-	-	-	-	1	4
24	Panchayati Raj	6	17	6	35	1	2	3	12	5	20	-	-	21	86

25	Provedoria	-	-	-	-	1	4	-	-	-	-	-	-	1	4
26	Public Works	4	4	3	3	5	6	4	7	20	103	14	68	50	191
27	Revenue	5	15	2	6	2	2	8	21	10	53	21	138	48	235
28	Rural Development	2	3	1	2	1	3	1	4	2	13	-	-	7	25
29	Social Welfare	-	-	-	-	2	5	-	-	1	1	1	2	4	8
30	Sports & Youth Affairs	-	-	1	1	1	3	-	-	1	2	-	-	3	6
31	Technical Education	1	1	-	-	-	-	2	4	4	12	-	-	7	17
32	Town & Country Planning	1	1	1	6	1	1	1	6	1	4	-	-	5	18
33	Transport	-	-	1	1	1	2	-	-	1	2	-	-	3	5
34	Tourism	-	-	-	-	-	-	1	2	-	-	-	-	1	2
35	Urban Development	3	5	4	9	12	34	8	46	14	169	7	109	48	372
36	Vigilance	-	-	-	-	-	-	1	3	-	-	1	3	2	6
37	Women & Child Development	-	-	-	-	2	3	2	2	1	2	1	5	6	12
	Total	**37**	**72**	**35**	**91**	**54**	**99**	**80**	**205**	**98**	**490**	**65**	**427**	**369**	**1384**

APPENDIX – 3.3

(Referred to in paragraph 1.2.3 and 3.5.2)

Statement showing number of paragraphs/reviews in respect of which Government explanatory memoranda had not been received for vetting

Sl No	Name of Department	2006-07	2007-08	2008-09	2009-10	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Revenue	1	-	-	-	1
2	Social Welfare	1	1	-	-	2
3	Education	1	-	-	-	1
4	Public Works	1	-	-	2	3
5	Labour and Employment	-	1	-	-	1
6	Home	-	-	1	-	1
7	Urban Development	-	-	3	3	6
8	Civil Supplies and Consumer Affair	-	-	-	1	1
9	Art and Culture	-	-	2	-	2
10	Forest	-	-	1	-	1
11	Fisheries	-	-	1	-	1
12	Health	-	-	-	1	1
13	Rural Development	-	-	-	1	1
	Total	4	2	8	8	22

APPENDIX - 4.1

(Referred to in paragraph 4.8)

Statement showing functions and responsibilities of Zilla Panchayats and Village Panchayats

1. Zilla Panchayats

Sl No	Main Functions	Sub functions
I	General functions	Overall supervision, co-ordination and integration of development schemes at district levels and preparing the plan for the development of the district.
II	Agriculture (including agricultural extension) and horticulture	(1) Establishment and maintenance of godown. (2) Management of agricultural and horticultural extensions and training centres. (3) Training of farmers.
III	Land improvement and soil conservation	Planning and implementation of land improvement and soil conservation programmes entrusted by the Government.
IV	Minor irrigation, water management and watershed development	(1) Providing for the timely and equitable distribution and full use of water under irrigation schemes under the control of the Zilla Panchayat. (2) Development of ground water resources. (3) Supervision over the minor irrigation works undertaken by Taluka Panchayat.
V	Animal husbandry, dairying and poultry	(1) Supervision over the village veterinary hospitals, first-aid centres and mobile veterinary dispensaries. (2) Training for farmers of dairy farming, poultry and piggery.
VI	Fisheries	(1) Development of fisheries in irrigation works vested in the Zilla Panchayat. (2) Promotion of inland, brackish water and marine fish culture.
VII	Khadi, village and cottage industries	(1) Establishment and management of training cum production centres. (2) Organisation of marketing facilities for products of cottage and village industries.
VIII	Small-scale industries including food processing industries	Educating youth for establishment of small-scale industries.
IX	Rural housing	Guidance to the TPs for promotion of rural housing programme.
X	Drinking water	Guidance for promotion of drinking water and rural sanitation to TPs and VPs.
XI	Minor forest produce and fuel and fodder	Guidance for the management of minor forest produce of the forest raised community lands.

XII	Roads, buildings, bridges, ferries, waterways and other means of communication	(1) Construction and maintenance of district roads and culverts, causeways and bridges (excluding States highways and Village roads). (2) Construction of administrative and other buildings connected with the requirements of the ZP. (3) Supervision over the works undertaken by VPs and TPs as regards the construction of roads.
XIII	Non-conventional, energy sources	Promotion and development of non-conventional energy sources.
XIV	Poverty alleviation programmes	Supervision over the implementation of poverty alleviation programmes in the VPs.
XV	Education including primary schools	(1) Promotion of educational activities in the district including the establishment and maintenance of higher secondary schools. (2) Establishment and maintenance of Ashram school and orphanages. (3) Survey and evaluation of education activities. (4) Construction and maintenance of higher secondary schools.
XVI	Technical training and vocational education	Encouraging and assisting rural vocational training.
XVII	Adult and non-formal education	Supervision over the implementation of programmes of adult literacy and non-formal education programme.
XVIII	Health and family welfare	(1) Management of hospitals and dispensaries excluding those under the management of Government or any local authority. (2) Supervision over the implementation of maternity and child health programme. (3) Supervision over the implementation of family welfare programme. (4) Supervision over the implementation of immunization and vaccination programme.
XIX	Woman and child development	(1) Supervision over the promotion of programme relating to development of women and children. (2) Supervision over the promotion of school health and nutrition programme. (3) Supervision over the promotion of participation of voluntary organisation in women and child development programmes.
XX	Welfare of the weaker sections and in particular of handicapped and mentally retarded	Promotion of social welfare programme including welfare of handicapped, mentally retarded and destitutes.
XXI	Welfare of the weaker sections and in particular of the scheduled castes and scheduled tribes	Supervision and management of hostels in the district, distribution of grants, loans and subsidies to individuals and other schemes for the welfare of SCs, STs and BCs.
XXII	Maintenance of community assets	Supervision and guidance over the community assets maintained by TP and VPs
XXIII	Cultural activities	Promotion of social and cultural activities.
XXIV	Rural electrification	Supervision over electrification by TP and VPs.
XXV	Libraries	Supervision over the construction of libraries by TP and VPs.
XXVI	Such other functions as may be entrusted	--

2. Village panchayats

Sl No	Main functions	Sub functions
I	General functions	(1) Preparation of annual plans for the development of the panchayat area. (2) Preparation of annual budget. (3) Providing relief in natural calamities. (4) Removal of encroachments on public properties. (5) Organizing voluntary labour and contribution for community works. (6) Maintenance of essential statistics of the village. (7) Demolition of unauthorized construction.
II	Agriculture, including agricultural extension	(1) Development of waste lands. (2) Development and maintenance of grazing lands and preventing their unauthorized alienation and use.
III	Animal husbandry, dairying and poultry	(1) Promotion of dairy farming, poultry and piggery. (2) Grass land development.
IV	Fisheries	Development of fisheries in the villages.
V	Social and farm forestry, minor forest produce fuel and fodder	(1) Planting and preservation of trees on the sides of roads and other public lands under its control. (2) Fuel plantation and fodder development. (3) Promotion of farm forestry. (4) Development of social forestry.
VI	Khadi, village and cottage industries	(1) Promotion of rural and cottage industries. (2) Organization of conferences, seminars and training programmes, agricultural and industrial exhibitions for the benefit of the rural areas.
VII	Rural housing	(1) Distribution of house sites within village panchayat limits. (2) Maintenance of records relating to the house, sites and other private and public properties.
VIII	Drinking water	(1) Construction, repairs and maintenance of drinking water well, tanks and ponds. (2) Prevention and control of water pollution. (3) Maintenance of rural water supply schemes.
IX	Roads, buildings, culverts, bridges, ferries, waterways and other means of communication	(1) Construction and maintenance of village roads, drain and culverts. (2) Maintenance of buildings under its control or transferred to it by the Government or any public authority.
X	Rural electrification	Providing for and maintenance of lighting of public streets and other places.
XI	Non-conventional energy source	(1) Promotion and development of non-conventional energy schemes. (2) Maintenance of community non-conventional energy devices, including bio-gas plants. (3) Promotion of approved chulhas and other efficient energy devices.

XII	Poverty alleviation programmes	(1) Promotion of public awareness and participation in poverty alleviation programmes for fuller employment and creation of productive assets, etc. (2) Selection of beneficiaries under various programmes. (3) Participation in effective implementation and monitoring.
XIII	Education including primary schools	(1) Promotion of public awareness and participation in primary education. (2) Ensuring full enrolment and attendance in primary schools.
XIV	Adult and non-formal education	Promotion of adult literacy.
XV	Libraries	Village libraries and reading rooms.
XVI	Cultural activities	Promotion of social and cultural activities.
XVII	Markets and fairs	Regulation of fairs (including cattle fairs) and festivals.
XVIII	Rural sanitation	(1) Maintenance of general sanitation. (2) Cleaning of public roads, drains, tanks wells and public places. (3) Maintenance and regulation of burning and burial grounds. (4) Construction and maintenance of public latrines. (5) Disposal of unclaimed corpses and carcasses. (6) Management and control of washing and bathing gaits.
XIX	Public health and family welfare	(1) Implementation of family welfare programmes. (2) Prevention and remedial measures against epidemics. (3) Regulation of sale of meat, fish and other perishable food articles. (4) Participation in programmes of human and animal vaccination. (5) Licensing of eating and entertainment establishments. (6) Destruction of stray dogs. (7) Regulation of offensive and dangerous trades. (8) Regulation of curing, tanning and dyeing of skins & hides.
XX	Women and child development	(1) Participation in the implementation of women and child welfare programme. (2) Promotion of schools, health and nutrition programmes.
XXI	Social welfare, including welfare of the handicapped and mentally retarded	(1) Participation in the implementation of the social welfare programmes, including welfare of the handicapped, mentally retarded and destitute. (2) Monitoring of old age and widows pension schemes.
XXII	Welfare of the weaker section and in particular the scheduled castes and scheduled tribes	(1) Promotion of public awareness with regard to welfare of scheduled castes, scheduled tribes and other weaker sections. (2) Participation in the implementation of the specific programmes for the welfare of the weaker sections.
XXIII	Maintenance of community assets	(1) Maintenance of community assets. (2) Preservation and maintenance of other community assets.
XXIV	Construction and maintenance of cattle sheds, ponds and cart stands	--

XXV	Construction and maintenance of slaughter houses	--
XXVI	Maintenance of public parks, playgrounds etc.	--
XXVII	Regulation of manure pits in public places	--
XXVIII	Establishment and control of Shandies	--
XXIX	Such other functions as may be entrusted	--

APPENDIX - 4.2

(Referred to in paragraph 4.8)

Statement showing functions devolved to Zilla Panchayats and Village Panchayats

Functions devolved to VPs		Functions devolved to ZPs	
Sl No of Sch XI of Constitution	Name of function/scheme	Sl No of Sch XI of Constitution	Name of function/ scheme
1	Agriculture including agricultural extension	1	Agriculture including agricultural extension
4	Animal husbandry, dairying & poultry	3	Minor irrigation, water management and watershed management
5	Fisheries	4	Animal husbandry, dairying and poultry
11	Drinking water	5	Fisheries
16	Poverty alleviation programmes	8	Small-scale industries including food processing industries
17	Education, including primary and secondary school	11	Drinking water
21	Cultural activities	16	Poverty alleviation programmes
23	Health and sanitation including hospitals, primary health centres and dispensaries	17	Education including primary and secondary school
25	Women and child development	21	Cultural activities
26	Social welfare including welfare of the handicapped and mentally retarded.	23	Health and sanitation including hospitals, primary health centers and dispensaries
29	Maintenance of community assets	25	Women and child development
	General functions, preparation of annual plans, preparation of annual budget, providing relief to natural calamities, removal of encroachment, organizing voluntary labour and contribution for community works and maintenance of essential statistics	26	Welfare of the weaker sections, in particular of handicapped & mentally retarded

APPENDIX - 4.3

(Referred to in paragraph 4.9.1.2)

Statement showing year-wise requirement and utilisation of foodgrains in primary and upper primary schools

Year	Primary school				Upper primary school			
	Total quantity allocated by GOI *(in Metric Tonnes)*	Quantity of food-grains required *(in Metric Tonnes)*	Actual quantity utilised *(in Metric Tonnes)*	Quantity served to each child[1] for each day *(in grams)*	Total quantity allocated by GOI *(in Metric Tonnes)*	Quantity of food-grains required *(in Metric Tonnes)*	Actual quantity utilised *(in Metric Tonnes)*	Quantity served to each child for each day *(in grams)*
2006-07	NA	923.03	731.72	79.27	NA	NA	NA	NA
2007-08	923.32	939.36	754.64	80.34	NA	NA	NA	NA
2008-09	897.00	892.79	733.16	82.12	NA	NA	NA	NA
2009-10	936.96	753.74	662.44	87.89	1583.14	1261.68	1204.20	143.17
2010-11	1137.58	1143.78	1095.72	95.80	1181.22	1203.42	1123.76	140.07

(Source: Furnished by DoE)

[1] Quantity of actual foodgrains consumed during the year was divided by actual attendance of children and number of school working days.
School working days for primary schools in the year 2006-08 (220 days), 2008-09 (210 days), 2009-10 (180 days) and in 2010-11 (218 days).
School working days for upper primary schools in the year 2009-10 (169 days) and 2010-11 (220 days).

APPENDIX - 4.4

(Referred to in paragraph 4.10.2.1)

Statement showing the works sanctioned by DRDA

Name of VPs test checked	Number of works			Number of job-card holders		Delay in months up to March 2011	
	Proposed	Sanctioned	Executed	Total	Provided with 100 days work	Delay in sanction of works	Delay in start of works
Sangolda	0	0	0	0	0	0	0
Gurim	0	0	0	0	0	0	0
Assagao	19	1	1	40	0	12	0
Socorro	26	1	1	82	0	9	7
Penha-de-France	31	1	1	71	0	14	6
Pomburpa-Olaulim	9	1	0	13	0	25	3
Ucassim-Paliem	7	1	0	24	0	15	3
Nerul	0	0	0	0	0	0	0
Aldona	4	1	1	49	0	6	3
Nadora	23	5	2	53	0	17	0
Nachinola	15	0	0	112	0	31	0
Siolim-Sodiem	4	0	0	12	0	36	0
Bastora	5	2	2	82	0	17	3
Paliem	27	5	2	101	0	5	4
Parcem	103	33	26	442	15	11	2
Ibrampur	43	8	6	77	0	8	6
Casarvarnem	37	10	10	126	12	7	2
Chandel-Hasapur	43	7	5	254	1	11	1
Casane-Amre-Porascodem	77	27	18	362	6	8	1
Ozarim	72	12	12	112	24	10	3
Allorna	60	9	6	196	2	9	3
Guleli	32	9	9	174	0	14	2
Pissurlim	15	6	5	93	0	5	1
Poriem	161	34	34	299	0	14	4
Nagargao	78	24	17	317	2	16	4
Morlem	106	29	23	189	2	13	6
Total	997	226	181	3280	64		

(Source: Compiled from the records of VPs)

APPENDIX - 4.5

(Referred to in paragraph 4.10.2.2)

Statement showing component wise expenditure under the SGSY scheme

(₹ in lakh)

Year	Total fund received	Subsidy	Infrastructure development fund	Revolving fund	Basic orientation	Training	NGO/ Facilitators	Total Expenditure
2006-07	49.43	26.77	3.86	5.70	-	4.57	3.39	44.29
2007-08	57.12	24.73	8.12	10.25	1.67	2.80	2.19	49.76
2008-09	87.06	35.69	8.93	8.38	2.50	2.10	2.73	60.33
2009-10	105.54	43.33	6.89	10.26	-	5.11	2.97	68.56
2010-11	113.52	47.54	5.57	6.32	-	0.94	2.34	62.71
Total	**412.67**	**178.06**	**33.37**	**40.91**	**4.17**	**15.52**	**13.62**	**285.65**

(Source: Furnished by DRDA)

Note: There is a difference of ₹ 0.81 lakh (₹ 286.46 lakh - ₹ 285.65 lakh) in total expenditure as shown in Table-28 which relate to salaries on DRDA administration and other expenses, which is not reflected in above components.

APPENDIX - 4.6

(Referred to in paragraph 4.10.3.1)

Statement showing beneficiaries selected by VPs

Sl No	Name of village panchayat	Block	Number of BPL families	Number of proposals received from VP	Number of beneficiaries to whom financial assistance given	Amount released (*₹ in lakh*)
1	Sangolda	Bardez	95	0	0	0
2	Guirim	Bardez	201	0	0	0
3	Assagao	Bardez	24	0	0	0
4	Socorro	Bardez	118	1	1	0.10
5	Penha-de-Franca	Bardez	107	0	0	0
6	Pomburpa-Olaulim	Bardez	486	16	10	3.15
7	Ucassaim-Paliem-Punola	Bardez	115	1	1	0.35
8	Nerul	Bardez	184	6	6	1.35
9	Aldona	Bardez	525	26	22	2.95
10	Nadora	Bardez	34	2	2	0.45
11	Nachinola	Bardez	283	12	9	1.40
12	Siolim-Sodiem	Bardez	36	0	0	0
13	Bastora	Bardez	125	5	5	1.15
14	Ozarim	Pernem	118	95	95	31.50
15	Casne Amrem Poroscodem	Pernem	51	101	101	23.35
16	Chandel-Hasapur	Pernem	20	9	9	2.38
17	Allorna	Pernem	49	45	45	14.53
18	Ibrampur	Pernem	10	9	9	2.43
19	Parcem	Pernem	88	47	47	13.00
20	Paliem	Pernem	87	65	65	12.75
21	Cansrvarnem	Pernem	4	1	1	0.35
22	Guleli	Sattari	288	45	45	17.17
23	Pissurlim	Sattari	89	3	3	0.72
24	Poriem	Sattari	349	12	12	5.00
25	Nagargao	Sattari	302	20	20	6.90
26	Morlem	Sattari	288	11	11	3.75
	Total		**4076**	**532**	**519**	**144.73**

(Source: Compiled by audit)

APPENDIX - 4.7

(Referred to in paragraph 4.11.1.1)

Statement showing the position of Municipal Waste Processing and Disposal Facilities

Name of MC	Month and Year of authorisation by GSPCB and landfill site	Amount deposited for land acquisiton (*₹ in lakh*)	Date of depositing the fund	Date of possession of land	Remark
Mapusa	March 2007, 32,050 sqm at Cunchelim village	233.28	February 2008	Not taken	Award of land declared in December 2008 but no possession was taken. CEO, MC Mapusa replied (August 2011) that the High Court set aside (January 2009) the land award because the proper procedure to acquire the land was not followed. Hence the Government issued fresh notification in September 2010 to acquire the land.
Pernem	June 2005, 30,271 sqm at survey No. 261 and 278 behind ITI, Pernem.	42.50 0.25	December 2008 and February 2009	March 2009	Construction of the processing plant and other component in progress
Valpoi	April 2007, 20,000 sqm at survey No. 44-1, 42-1 of Massordem village	18.65	July 2007	Not taken	Proposals of site turned down by Government without specifying the reason.
	March 2010, 43,225 sqm at survey No 54-6 of Massordem village	86.45	January 2011	February 2011	Technical sanction for setting up of plant was awaited and process of calling of tender under progress.

(Source: Compiled by audit from the records of MCs)

APPENDIX – 5.1

(Referred to in paragraph 5.2.7.3)

Statement showing concessional rates allowed through invalid declarations in form C

(₹ in lakh)

Sl No	Name of the assesses, name of the ward and CST No.	"C" Forms	Year assessed and date of assessment	Amount under objection	Tax short levied	Nature of objection
1	Zenith computer (Vasco) 2151	MH 06/0292832, MH 07/0263952	2006-07, 16/12/2008	4.25	0.42	Declarations were not signed by the purchaser
2	Simem India Pvt. Ltd,(Panaji) 4405	MH 06/0107659	2005-06, May 2008	48.99	1.04	
3	Simen India Pvt. Ltd,(Panaji) 4405	CE/AP 5343020, CE/AP 5343022	2006-07, 19/01/2010	115.64	2.46	
4	M/S Magnanimous System Pvt. Ltd (Panaji) 4899	TCK-R 3245141, TCK-R 3050027	2005-06, 31/03/2009	0.34	0.03	
5	A.W. Faber Castell Stationary (Panaji) 5451	TCK-R 3356356, TN/B 375593	2005-06, 31/03/2009	4.99	0.30	Transactions covered in one form C were for the period beyond one quarter.
6	Veronic Micronutrients (Mapusa) 2935	MAH/01/ 9631275, TCR-R 3187585	2005-06, 31/03/2010	32.65	1.96	
7	Aarkay Industries, Goa, (Mapusa) 2280	CE/AP 1092326	2005-06, 31/03/2009	1.12	0.09	
8	Telco Construction Equipment, (Margao) 6471	R/C/2006 0896605, F-1 0784049	2005-06, 31/03/2009	0.14	0.01	

9	Parshuram Metaux, (Margao) 8303	3493405, CE/AP 1622266, CE/AP 0659884	2005-06, 16/09/2008	4.21	0.25	
10	Parshuram Metaux, (Margao) 8303	CB/AP- 0816952	2006-07, 26/12/2009	1.77	0.11	
11	Styroform cups and containers, (Vasco) 4521	MAH/01 8461894, F-1 0367723, DD/5 205037, CTVE 470431, A-1 085589, Z 0194194	2005-06, 31/03/2009	8.20	0.12	
12	Cotyar Beveries (Curchorem) 208	MAH/01/ 7123683, MAH/01 7123682, TCK 2360585	2005-06, 05/06/2008	3.53	0.30	
13	Retreat 'n' Style India, (Panaji) 3262	MH/06 0194033, MH/06 0194034, MH/06 0594239	2005-06, 28/03/2008	7.47	0.45	In form C, bill number, date and amount of each bill were not available.
14	Acer India (P) Ltd., (Panaji) 7861	MH/07 0058800, MH/07 0695226, MH/07 0339014, MH/07 0695225,	2006-07, 30/03/2010	455.74	43.29	
15	West Coasts Ignots pvt. Ltd., (Panaji) 5284	MAH/01/8793678, MAH/01 8793683, TCK 2894868, TCK 2894869, MAH/01/8936011, MAH/01/9975534	2005-06, 17/07/2008	165.68	6.63	

16	Veronic Micronutrients,(Mapusa) 2935	MAH/01/ 9631275, TCR-R 3187585	2005-06, 31/03/2010	19.37	1.16	
17	Powerex Laboratory, (Mapusa) 3738	MH/07/ 0642092, MH/06 0574106	2005-06, 01/03/2009	1.88	0.23	
18	Merit Pharmaceuticals, (Mapusa) 705	MAH/01 7284995	2005-06, 31/03/2009	5.65	0.34	
19	Merit Pharmaceuticals, (Mapusa) 705	MH/07 0332743, MH/07 0332740, MH/07 0332741, MH/07 0332742	2006-07, 31/03/2010	23.06	1.38	
20	Zenith Computers, (Vasco) 2151	52 forms[1]	2006-07, 16/12/2008	462.22	46.22	
21	Model Buckets and attachments, (Panaji) 7082	TCK-R 4906525, TCK-R 4906526, TCK-R 4906527	2005-06, 31/03/2009	510.52	30.63	
22	Model Buckets and attachments, (Panaji) 7082	MH 07/ 0803460	2006-07, 31/03/2010	9.89	0.59	

[1] C form series no.MH 07/ C form nos. 0358913, 0422866, 9472398, 0212043, 0114972, 0263951, 9999219, 1266141, 0229872, 9976117, 6594363, 026000, 0503802, 8272233, 0098598, 0646378, 0444947, 0096565, 0285035, 0422868, 0212045, 1266143, 0172512, 0396264, 0953436, 0620469, 0422869, 0443111, 0263954, 0668014, 0643647, 0212046, 0230965, 0358916, 0624451, 0422867, 0114973, 1266142, 0212044, 0285036, 0443109.
C form series no.MH 06/ C form nos. 0182382, 0433348, 018330, 0433350, 049681, 0085967, 0229873, 0503803, 0182383.
C form series no.MAH/ 01/ C form nos. 9283446.
C form nos. 11541146.

23	Zenith Computers, (Vasco), 2151	04 V 023756 CTVD 392944 AS/06 0641435 CTVA 31229 04 V 023755	2006-07, 16/12/2008	244.44	24.44	Form C submitted were duplicate instead of original.
24	Nazareth Alloys, Vasco), 4886	2407 5607629	2007-08, 29/12/2010	21.63	0.86	
25	Nazareth Alloys, (Vasco),4886	22 Forms[2]	2005-06 03/03/2009	106.38	4.54	
26	Gosalika Rubber Industries, (Curchorem) 1912	TCK-R 3912078	2006-07, 17/08/2009	0.27	0.02	
27	Railton Computers, (Mapusa) 5065	TCK-R 3376595, 3376593	2005-06, 19/05/2008	11.64	1.05	
			Grand Total (27 cases)	**2271.62**	**168.92**	

[2] 4642867, 3523464, 3434196, 3523466, 4325578, 4325577, 4325576, 11550533.
C form series no.MH 07/ C form nos. 0043716, 0128464.
TN 2005 C-AA 0283334, 01444124.
CT 254493.
TCK 1826507, 0486986.
G/23 304063.
F-1 0423552.
C form series no.MH 01/ C form nos. 6019344, 9874755, 987754, 8728603.
TCK-R 3191397.

APPENDIX - 5.2

(Referred to in paragraph 5.2.7.4)

Statement showing exemptions allowed through invalid F forms

(₹in lakh)

Sl No	Name of the assesses, name of the ward and CST No.	"F" Forms	Year assessed and date of assessment	Amount under objection	tax short levied	Nature of objection
1	M/S Pandyan (Panaji), 2018	CTVAF 184430	2006-07, 31/03/2010	6.64	0.66	Transactions covered in one F form were for more than one calendar month
2	Telco Construction Equipment (Margao), 6471	CTVAF 193951, 193953, 193955	2005-06, 31/03/2009	0.11	0.01	
3	Micro Labs Ltd. (Margao),7908	0179542 0179543 0179544 0179545 0179546	2006-07, 31/12/2009	45.11	4.51	
4	Zenith Computers (Vasco), 2151	KAF 0154864, 0154863 H-1 3J6699	2006-07, 16/12/2008	372.02	37.20	
5	Zenith Computers (Vasco), 2151	H-1 3J6696 3J6697 3J6698	2005-06, 10/10/2008	232.94	23.29	
6	Computers Graphics (Vasco), 1485	083835, 083836, 083837 K-1 505896 UPTT/F 2006 BB 0077203, 0077204, 0077205, 0077206	2006-07, 18/05/2009	406.16	50.77	
7	Lawrence & Mayo (India) Pvt. Ltd. (Panaji), 3388	KA F 01 0154468, 0154469, 0154470 K-1 J97765, J97764	2005-06, 31/03/2009	14.74	1.47	

8	M/S Magnamious System Pvt. Ltd. (Panaji), 4899	MAH/F/01 0548835	2005-06, 31/03/2009	0.55	0.05	
9	Modules Buckets & Attachments (Panaji), 7082	H 290243, 290244, 290245, 290246	2006-07, 31/03/2010	1020.85	102.08	
			Total (9 cases)	**2099.12**	**220.04**	

APPENDIX – 5.3

(Referred to in paragraph 5.2.7.5)

Statement showing results of cross verifications of 'C' & 'F' forms

'C' forms

Sl No	Ward	Name of the dealer/R.C No.	Year	'C' Form No.	Value as per selling dealer (₹)	Value as per purchasing dealer (₹)	Short levy of tax (₹)
Cases where one numeral was added before the actual figure of the C form							
1	Bicholim	VIC Industries B/CST/626	2006-07	6626031	149436	49436	12500
2	Bicholim	VIC Industries B/CST/626	2006-07	4029384	142748	42748	12500
3	Bicholim	VIC Industries B/CST/626	2006-07	4029385	680842	80842	75000
4	Bicholim	VIC Industries B/CST/626	2006-07	5620093	118611	18611	12500
5	Bicholim	Esteem Industries B/CST/627	2006-07	5500897	1374074	374074	125000
6	Bicholim	Esteem Industries B/CST/627	2006-07	4368043	296313	96313	25000
7	Bicholim	Esteem Industries B/CST/627	2006-07	4164397	1801611	801611	125000
8	Bicholim	Esteem Industries B/CST/627	2006-07	4029388	1386913	386913	125000
9	Bicholim	Esteem Industries B/CST/627	2006-07	4029389	1225601	225601	125000

10	Bicholim	Esteem Industries B/CST/627	2006-07	4029391	1522630	522630	125000
11	Bicholim	Esteem Industries B/CST/627	2006-07	5620094	1389507	389507	125000
12	Bicholim	Esteem Industries B/CST/627	2006-07	5620095	1470514	470514	125000
13	Bicholim	Esteem Industries B/CST/627	2006-07	5620096	1322147	322147	125000
14	Bicholim	Esteem Industries B/CST/627	2006-07	5757420	1298941	298941	125000
15	Bicholim	Esteem Industries B/CST/627	2006-07	6463104	1271491	271491	125000
16	Bicholim	Esteem Industries B/CST/627	2006-07	5736952	2799287	799287	250000
17	Bicholim	Esteem Industries B/CST/627	2006-07	0391634	1813412	813412	125000
Cases where figures were manipulated							
1	Bicholim	Esteem Industries B/CST/627	2006-07	4411070	2037808	637808	175000
2	Bicholim	Esteem Industries B/CST/627	2006-07	1282337	330279	130279	25000
3	Bicholim	Esteem Industries B/CST/627	2006-07	5500894	412448	112448	37500
4	Bicholim	Esteem Industries B/CST/627	2006-07	5053994	413993	298941	14381
5	Bicholim	Esteem Industries B/CST/627	2006-07	5761607	440165	14165	53250
6	Bicholim	Esteem Industries B/CST/627	2006-07	0579872	480726	180726	37500

7	Bicholim	Esteem Industries B/CST/627	2006-07	0356701	1554260	754260	100000
8	Bicholim	Goa Auto Accessories Ltd P/CST/1149	2006-07	0143892	19137971	322500	1599315
9	Vasco	Meta Copper & Alloys Ltd P/CST/5479	2006-07	0927313	3493460	991823	250164
10	Vasco	Meta Copper & Alloys Ltd P/CST/5479	2006-07	0927314	4036605	228399	380821
11	Vasco	Gemini Distilleries Pvt Ltd V/CST/1801	2006-07	8530705	2988999	937128	451412
12	Mapusa	Powerex Laboratory Pvt Ltd 30070302791	2006-07	5962361	115211	8000	13401
13	Mapusa	Ultramar Agencies 30680300564	2005-06	0696067	270300	170300	10000
14	Ponda	Teracom Ltd 30530201852	2007-08	3888850	821924	21924	80000
						Total	**4990244**

'F' Forms

Sr. No.	Ward	Name of the dealer/R.C No.	Year	'F' Form No.	Value as per transferring dealer (₹)	Value as per transferee dealer (₹)	Short levy of tax (₹)
1	Margao	Seahath Canning 30331101637	2007-08	DD 01 4748	1723248	Obsolete Form	68930
2	Margao	Seahath Canning 30331101637	2006-07	DD 01 4747	3829584	Obsolete Form	382958
3	Margao	Seahath Canning 30331101637	2007-08	18664	1686480	1450200	9451
4	Margao	Seahath Canning 30331101637	2005-06	18666	2804510	997400	180711

5	Margao	Seahath Canning 30331101637	2007-08	V 024713	1494672	Unregistered dealer	59787
6	Margao	Seahath Canning 30331101637	2007-08	V 017670	3973920	Unregistered dealer	158957
7	Margao	Seahath Canning 30331101637	2007-08	V 011287	4949688	Unregistered dealer	197988
8	Margao	Seahath Canning 30331101637	2006-07	V 011331	2016000	Unregistered dealer	201600
9	Margao	Seahath Canning 30331101637	2006-07	V 011285	5094000	Unregistered dealer	509400
10	Margao	Seahath Canning 30331101637	2006-07	V 011332	1280256	Unregistered dealer	128026
11	Margao	Seahath Canning 30331101637	2006-07	V 011286	4638432	Unregistered dealer	463843
12	Margao	Seahath Canning 30331101637	2005-06	V 017671	15479011	Unregistered dealer	1547901
13	Margao	Seahath Canning 30331101637	2008-09	V 017122	6926550	Unregistered dealer	277062
14	Margao	Seahath Canning 30331101637	2008-09	V 017125	2503380	Unregistered dealer	100135
15	Margao	Seahath Canning 30331101637	2008-09	V 024711	3807205	Unregistered dealer	152288
16	Margao	Seahath Canning 30331101637	2008-09	V 024712	12293780	Unregistered dealer	491751
						Total	**4930788**

APPENDIX - 6.1

(Referred to in paragraph 6.1.7)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2011 in respect of Government Companies and Statutory Corporations

(Figures in column 5(a) to 6(d) are ₹ in lakh)

Sl No	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital*				Loans outstanding at the close of 2010-11#				Debt Equity Ratio for 2010-11 (Previous Year)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A.	**Working Government Companies**												
	AGRICULTURE & ALLIED												
1	Goa Forest Development Corporation Limited (GFDCL)	Forest	April 1997	268.91	-	-	268.91	-	-	-	-	-	87
2	Goa Meat Complex Limited (GMCL)	Animal Husbandry	March 1971	25.00	23.96	12.86	61.82	-	-	-	-	-	66
3	Goa State Horticultural Corporation Limited (GSHCL)	Agriculture	August 1993	499.50	-	-	499.50	124.00	-	-	124.00	0.25:1 (0.25:1)	32
	Sector wise total			**793.41**	**23.96**	**12.86**	**830.23**	**124.00**	-	-	**124.00**	**0.15:1**	**185**
	FINANCE												
4	EDC Limited (EDCL)	Finance	March 1975	8620.26	-	1472.22	10092.48	-	-	-	-	-	91
5	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	Industries, Trade & Commerce	November 1980	783.00	17.00	-	800.00	-	-	-	-	-	64
6	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	Social Welfare	April 1990	196.33	158.21	-	354.54	-	397.02	-	397.02	1.12:1 (0.94:1)	15
7	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	Tribal Welfare	March 2004	1560.00	-	-	1560.00	25.00	-	128.19	153.19	0.1:1 (0.24:1)	11
	Sector wise total			**11159.59**	**175.21**	**1472.22**	**12807.02**	**25.00**	**397.02**	**128.19**	**550.21**	**0.04:1**	**181**

Sl No	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital*				Loans outstanding at the close of 2010-11#				Debt Equity Ratio for 2010-11 (Previous Year)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
	INFRASTRUCTURE												
8	Goa State Infrastructure Development Corporation Limited (GSIDCL)	Finance	February 2001	366.00	-	6.00	372.00	-	-	11092.33	11092.33	29.82:1 (47.4:1)	72
9	Info Tech Corporation of Goa Limited (ITCGL)	Information Technology	April 1990	1314.56	-	318.90	1633.46	-	-	-	-	-	40
10	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	Public Works	February 2001	605.00	-	-	605.00	-	-	-	-	-	13
	Sector wise total			**2285.56**	**-**	**324.90**	**2610.46**	**-**	**-**	**11092.33**	**11092.33**	**4.25:1**	**125**
	MANUFACTURING												
11	Goa Auto Accessories Limited (GAAL)	Finance	September 1976	-	-	559.00	559.00	-	-	159.50	159.50	0.29:1 (0.06:1)	82
12	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	Finance	December 1980	-	-	1902.00	1902.00	-	-	1368.15	1368.15	0.72:1 (0.72:1)	210
	Sector wise total			**-**	**-**	**2461.00**	**2461.00**	**-**	**-**	**1527.65**	**1527.65**	**0.62:1**	**292**
	SERVICES												
13	Goa Electronic Limited (GEL)	Finance	March 1976	-	-	180.00	180.00	-	-	2022.69	2022.69	11.24:1 (11.69:1)	9
14	Goa Tourism Development Corporation Limited (GTDCL)	Tourism	March 1982	2264.69	-	-	2264.69	679.17	-	-	679.17	0.30:1 (0.33:1)	351
15	Kadamba Transport Corporation Limited (KTCL)	Transport	January 1980	5264.33	-	-	5264.33	-	-	5252.02	5252.02	0.99:1 (0.98:1)	1873
	Sector wise total			**7529.02**	**-**	**180.00**	**7709.02**	679.17	-	**7274.71**	**7953.88**	**1.03:1**	**2233**
	Total A (All sector wise working Government companies)			**21767.58**	**199.17**	**4450.98**	**26417.73**	**828.17**	**397.02**	**20022.88**	**21248.07**	**0.80:1**	**3016**

Sl No	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital *				Loans outstanding at the close of 2010-11#				Debt Equity Ratio for 2009-10 (Previous Year)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
B.	**Working Statutory Corporations**												
	INFRASTRUCTURE												
1	Goa Industrial Development Corporation (GIDC)	Industries, Trade & Commerce	1966	1802.18	1339.21	-	3141.39	-	-	-	-	-	235
2	Goa Information Technology Development Corporation (GITDC)	Information Technology	November 2006	25.00	-	-	25.00	-	-	-	-	-	Nil
	Sector wise total			**1827.18**	**1339.21**	-	**3166.39**	-	-	-	-	-	**235**
	Total B (All sector wise working Statutory corporations)			**1827.18**	**1339.21**	-	**3166.39**	-	-	-	-	-	**235**
C.	**Non Working Government Companies**			NIL									
D.	**Non Working Statutory Corporations**			NIL									
	Grand Total (A + B + C + D)			**23594.76**	**1538.38**	**4450.98**	**29584.12**	**828.17**	**397.02**	**20022.88**	**21248.07**	**0.72:1**	**3251**

* Paid up capital includes share application money.

\# Loans outstanding at the close of 2010-11 represent long term loans only.

APPENDIX – 6.2

(Referred to in paragraphs 6.1.15 and 6.1.30)

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalized

(Figures in column 5(a) to (11) are ₹ in lakh)

Sl No	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-): Net Profit/ Loss before Interest & Depreciation	Net Profit (+)/ Loss (-): Interest	Net Profit (+)/ Loss (-): Depre-ciation	Net Profit (+)/ Loss (-): Net Profit/Loss ϕ	Turnover	Impact of Accounts Comments #	Paid up Capital @@	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A.	**Working Government Companies**													
	AGRICULTURE & ALLIED													
1	Goa Forest Development Corporation Limited (GFDCL)	2009-10	2010-11	(-)77.04	-	4.95	(-)81.99	357.66	-	268.91	169.19	528.14	(-)81.99	-
2	Goa Meat Complex Limited (GMCL)	2008-09	2010-11	(-)42.21	-	21.48	(-)63.69	168.69	21.22	61.82	119.01	441.13	(-)63.69	-
3	Goa State Horticultural Corporation Limited (GSHCL)	2006-07	2010-11	1.10	-	2.67	(-)1.57	345.63	(-)20.58	499.50	(-)134.53	488.97	(-)1.57	-
	Sector wise total			**(-)118.15**	**-**	**29.10**	**(-)147.25**	**871.98**	**(+)0.64**	**830.23**	**153.67**	**1458.24**	**(-)147.25**	**-**
	FINANCE													
4	EDC Limited (EDCL)	2010-11	2011-12	2634.40	455.83	43.81	2134.76	4062.22	Under finalisation	10092.48	7049.13	21319.40	2590.59	12.15
5	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2010-11	2011-12	(-)251.40	0.43	7.82	(-)259.65	2914.31	Under finalisation	800.00	(-)311.10	775.00	(-)259.22	-
6	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2001-02	2008-09	6.97	10.52	3.93	(-)7.48	25.04	-	231.76	(-)23.09	435.13	3.04	0.70
7	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	2008-09	2009-10	(-)0.11	1.26	1.42	(-)2.79	20.01	3.31	455.00	(-)62.21	456.33	(-)1.53	-
	Sector wise total			**2389.86**	**468.04**	**56.98**	**1864.84**	**7021.58**	**3.31**	**11579.24**	**6652.73**	**22985.86**	**2332.88**	**10.15**

Sl No	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments #	Paid up Capital @@	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/Loss ϕ/							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	INFRASTRUCTURE													
8	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2009-10	2010-11	2224.38	2028.23	17.70	178.45	16720.50	(-)77.30	372.00	525.28	19461.87	2206.68	11.34
9	Info Tech Corporation of Goa Limited (ITCGL)	2005-06	2007-08	(-)30.71	0.11	7.55	(-)38.37	946.99	(-)2.69	1633.46	(-)195.56	1449.19	(-)38.26	-
10	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2007-08	2010-11	Profit & Loss account not prepared since there was no regular business						485.00	-			
	Sector wise total			**2193.67**	**2028.34**	**25.25**	**140.08**	**17667.49**	**(-)79.99**	**2490.46**	**329.72**	**20911.06**	**2168.42**	**10.37**
	MANUFACTURING													
11	Goa Auto Accessories Limited (GAAL)	2010-11	2011-12	(-)126.84	19.78	14.41	(-)161.03	896.76	-	559.00	(-)852.38	89.42	(-)141.25	-
12	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	2010-11	2011-12	292.86	66.80	37.62	188.44	2333.50	-	1902.00	(-)2173.87	1159.36	255.24	22.02
	Sector wise total			**166.02**	**86.58**	**52.03**	**27.41**	**3230.26**	**-**	**2461.00**	**(-)3026.25**	**1248.78**	**113.99**	**9.13**
	SERVICES													
13	Goa Electronic Limited (GEL)	2009-10	2010-11	(-) 89.28	8.00	3.64	(-)100.92	491.65	-	180.00	(-)2059.99	(-)892.52	(-) 92.92	-
14	Goa Tourism Development Corporation Limited (GTDCL)	2009-10	2010-11	264.47	-	213.41	51.06	1845.14	(-)0.55	2264.69	(-)178.81	2881.00	51.06	1.77
15	Kadamba Transport Corporation Limited (KTCL)	2009-10	2010-11	(-)496.45	539.01	371.45	(-)1406.91	7352.96	-	4889.33	(-)11359.10	297.35	(-)867.90	-
	Sector wise total			**(-)321.26**	**547.01**	**588.50**	**(-)1456.77**	**9689.75**	**(-)0.55**	**7334.02**	**(-)13597.90**	**2285.83**	**(-)909.76**	**-**
	Total A (All sector wise working Government Companies)			**4310.14**	**3129.97**	**751.86**	**428.31**	**38481.06**	**(-)76.59**	**24694.95**	**(-)9488.03**	**48889.77**	**3558.28**	**7.28**

Sl No	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments #	Paid up Capital @@	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/Loss ϕ							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B.	**Working Statutory Corporations**													
	INFRASTRUCTURE													
1	Goa Industrial Development Corporation (GIDC)	2009-10	2010-11	1493.49	-	890.49	603.00	2891.21	Under finalisation	3141.39	5887.94	8544.03	603.00	7.06
2	Goa Information Technology Development Corporation (GITDC)	First Accounts awaited	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total			**1493.49**	**-**	**890.49**	**603.00**	**2891.21**	**-**	**3141.39**	**5887.94**	**8544.03**	**603.00**	**7.06**
	Total B (All sector wise working Statutory corporations)													
C.	**Non Working Government Companies**													
D.	**Non Working Statutory Corporations**													
	Grand Total (A + B + C + D)			**5803.63**	**3129.97**	**1642.35**	**1031.31**	**41372.27**	**(-)76.59**	**27836.34**	**(-)3600.09**	**57433.80**	**4161.28**	**7.25**

ϕ Net profit/loss is net profit/loss before tax.

\# Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) for 'increase in profit/decrease in losses' and by (-) for 'decrease in profit/increase in losses'.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (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.

@@ Paid up capital including Share application money.

APPENDIX – 6.3

(Referred to in paragraph 6.1.10)

Statement showing Equity, Loans, Grants and Subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted in to equity during the year and guarantee commitment at the end of March 2011

(Figures in column 3(a) to 6(d) are ₹ in lakh)

Sl No	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year ϕ				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Govern-ment	State Govern-ment	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A.	**Working Government Companies**												
	AGRICULTURE & ALLIED												
1	Goa Forest Development Corporation Limited (GFDCL)	-	-	-	130.00	-	130.00	-	-	-	-	-	-
2	Goa Meat Complex Limited (GMCL)	-	-	-	172.00	-	172.00	-	-	-	-	-	-
3	Goa State Horticulture Corporation Limited (GSHCL)	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**302.00**	**-**	**302.00**	**-**	**-**	**-**	**-**	**-**	**-**
	FINANCE												
4	EDC Limited (EDCL)	-	-	-	-	-	-	-	400.00	-	-	-	-
5	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	-	-	-	260.00	-	260.00	-	-	-	-	-	-
6	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	5.00	-	-	25.00	-	25.00	-	-	-	-	-	-
7	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	817.00	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	**822.00**	**-**	**-**	**285.00**	**-**	**285.00**	**-**	**400.00**	**-**	**-**	**-**	**-**

Sl No	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year ϕ				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Govern-ment	State Govern-ment	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
	INFRASTRUCTURE												
8	Goa State Infrastructure Development Corporation Limited (GSIDCL)	-	-	-	15000.00	-	15000.00	-	4971.00	-	-	-	-
9	Info Tech Corporation Limited (ITCGL)	-	-	-	-	-	-	-	-	-	-	-	-
10	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	50.00	-	-	21.00	-	21.00	-	-	-	-	-	-
	Sector wise total	**50.00**	-	-	**15021.00**	-	**15021.00**		4971.00	-	-	-	-
	MANUFACTURING												
11	Goa Auto Accessories Limited (GAAL)	-	-	-	(2.17)	-	(2.17)	-	-	-	-	-	-
12	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	-	-	-	**2.17**	-	**2.17**	-	-	-	-	-	-
	SERVICES												
13	Goa Electronics Limited (GEL)	-	-	-	-	-	-	-	-	-	-	-	-
14	Goa Tourism Development Corporation Limited (GTDCL)	-	-	-	350.00	-	350.00	-	-	-	-	-	-
15	Kadamba Transport Corporation Limited (KTCL)	375.00	-	-	2251.00 (1744.51)	-	2251.00 (1744.51)	-	3000.00	-	-	-	-
	Sector wise total	**375.00**	-	-	**4345.51**	-	**4345.51**	-	3000.00	-	-	-	-
	Total A (All sector wise working Government companies)	**1247.00**	-	-	**19955.68**	-	**19955.68**	-	**8371.00**	-	-	-	-

Sl No	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year ϕ				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
B.	**Working Statutory corporations**												
	INFRASTRUCTURE												
1	Goa Industrial Development Corporation (GIDC)	-	-	-	-	-	-	-	-	-	-	-	-
2	Goa Information Technology Development Corporation (GITDC)	-	-	-	1.10	-	1.10	-	-	-	-	-	-
	Sector wise total	-	-	-	-	-	-	-	-	-	-	-	-
	Total B (All sector wise working Statutory corporations)	-	-	-	**1.10**	-	**1.10**	-	-	-	-	-	-
C.	Non-Working Government Companies	-	-	-	-	-	-	-	-	-	-	-	-
D.	Non-working Statutory Corporations	-	-	-	-	-	-	-	-	-	-	-	-
	Grand Total (A + B + C + D)	**1247.00**	-	-	**19956.78**	-	**19956.78**	-	**8371.00**	-	-	-	-

ϕ Figures in bracket indicate subsidy.

@ Figures indicate total guarantees at the end of the year.

APPENDIX – 6.4

(Referred to in paragraph 6.1.24)

Statement showing investments made by State Government in PSUs whose accounts were in arrears as on 30 September 2011

(Amount: ₹ in lakh)

Sl No	Name of PSU	Year up to which Accounts finalised	Paid up capital as per latest finalized accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
A	**Working Companies**							
1	Goa State Scheduled Caste and Other Backward Classes Finance and	2001-02	231.76	02-03	31.67	-	-	-
	Development Corporation			03-04	5.00	-	-	-
	Limited (GSSCOBCFDCL)			04-05	5.00	-	-	0.29
				05-06	5.00	-	-	0.26
				06-07	5.00	-	-	-
				07-08	5.00	-	-	-
				08-09	1.66	-	25.00	-
				09-10	1.66		25.00	
				10-11	5.00	-	25.00	-
2	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2007-08	485.00	08-09	40.00	-	18.64	-
				09-10	30.00	-	20.80	-
				10-11	50.00		21.00	-
3	Goa Meat Complex Limited (GMCL)	2008-09	61.82	09-10	-	-	152.00	-
				10-11	-	-	172.00	-
4	Goa State Horticultural Corporation Limited (GSHCL)	2006-07	499.50	07-08	-	-	35.00	-
				08-09	-	-	99.45	
				09-10	-	-	-	-
				10-11	-	-	-	-

Sl No	Name of PSU	Year up to which Accounts finalised	Paid up capital as per latest finalized accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
5	Goa Forest Development Corporation Limited (GFDCL)	2009-10	268.91	10-11	-	-	130.00	-
6	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	2008-09	455.00	09-10	288	-	-	-
				10-11	817	-	-	-
7	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2009-10	372.00	10-11	-	-	15000.00	-
8	Goa Tourism Development Corporation Limited (GTDCL)	2009-10	2264.00	10-11	-	-	350.00	-
9	Kadamba Transport Corporation Limited (KTCL)	2009-10	4889.33	10-11	375.00	-	2251.00	1744.51
	Total A				1664.99	-	18324.89	1745.06
B. Working Statutory Corporations								
1	Goa Information Technology Development Corporation (GITDC)	First Accounts pending	25.00	From 2006-07 pending	25.00	-	1.10	-
	Total B				25.00	-	1.10	-
Grand Total (A+B)					1401.99	-	18325.99	1745.06

APPENDIX – 6.5

(Referred to in paragraph 6.1.15)

Statement showing financial position of Statutory Corporations

Goa Industrial Development Corporation

(₹ in crore)

Financial Position				
	Particulars	**2007-08**	**2008-09**	**2009-10**
LIABILITIES				
A	Amount payable to Government	28.02	32.91	31.41
B	Reserves and Surplus	37.90	52.85	58.88
C	Deposits	-	-	-
i	From Govt. for Schemes undertaken and/or on behalf of Govt. and others	0.01	0.01	0.01
ii	From private parties (for lease of plots etc.)	8.94	9.94	11.79
D	Current Liabilities, provisions and refunds	335.37	348.44	357.45
	TOTAL	**410.24**	**444.15**	**459.54**
ASSETS				
A	Fixed Assets	7.22	8.23	9.18
	Less : Depreciation (Cumulative)	4.76	5.28	5.73
	Net Fixed Assets	2.46	2.95	3.45
B	Work in progress	11.09	27.26	31.81
C	Development of Industrial areas/Estates	136.53	180.77	218.11
	Less : Depreciation	34.80	39.92	48.15
	Net development of Industrial areas/ Estates	101.73	140.85	169.96
D	Investments	6.55	4.66	4.86
E	Cash at Bank/in hand	196.63	196.71	179.63
F	Other current assets, loans and advances	91.78	71.72	69.83
	TOTAL	**410.24**	**444.15**	**459.54**
	Capital employed*	**59.37**	**81.11**	**85.44**

* Capital employed represents Net Fixed Assets plus capital work-in progress plus net development of industrial areas/estates plus working capital less deposits.

APPENDIX – 6.6

(Referred to in paragraph 6.1.15)

Statement showing working results of Statutory Corporations

Goa Industrial Development Corporation

(₹ in crore)

B.WORKING RESULTS				
		2007-08	**2008-09**	**2009-10**
A	**Income**			
	a. Rent	4.40	5.04	5.19
	b. Interest	29.74	24.57	20.72
	c. Other charges	2.31	4.08	3.00
	Total	**36.45**	**33.69**	**28.91**
B	**Expenditure**			
	a. Executive/Administrative	6.60	10.43	9.96
	b. Depreciation	4.54	5.82	8.90
	c. Maintenance and repairs	1.97	2.67	2.76
	Total	**13.11**	**18.92**	**21.62**
	Surplus (+) /Deficit (-)	(+)23.34	(+)14.77	(+)7.29
	Prior period Adjustments (Dr.)	(-) 0.10	0.18	1.26
	Net surplus (+)/Deficit (-) after prior period adjustment	23.24	(+)14.95	(+)6.03
	Total interest charged to Income and Expenditure account	-	-	-
	Accumulated surplus	37.90	52.85	58.88
	Return on capital employed@	23.24	14.95	6.03
	Percentage of return on capital employed	39.14	18.43	7.06

@ Return on capital employed represents net surplus after prior period adjustments plus total interest charges to Income and Expenditure Account.

APPENDIX – 6.7

(Referred to in Paragraph 6.1.33)

Summarised financial results of departmentally managed commercial undertakings as per their latest proforma accounts

I. Electricity Department

Sl No	Particulars	Year of commencement : 1962-63		
		Period of accounts		
		2003-04	2004-05	2005-06
		(₹ in Lakh)		
1	Government capital	34788.65	43569.24	53696.88
2	Block assets at depreciated cost	16397.92	16136.00	17263.90
3	Cummulative depreciation	5403.60	6323.11	7456.21
4	Net Profit	18706.55	15580.80	9442.55
5	Interest on capital	685.09	-	-
6	Total returns (5 + 4)	19391.64	15580.80	9442.55
7	Percentage of returns on mean capital	60.13	39.77	19.41

II. River Navigation Department

Sl No	Particulars	Year of commencement : 1965-66		
		Period of accounts		
		2002-03	2003-04	2004-05
		(₹ in Lakh)		
1	Government capital	8343.55	9257.46	9854.59
2	Block assets at depreciated cost	827.75	879.61	1061.28
3	Depreciation	92.84	98.36	102.99
4	Net Loss (-)	(-) 905.71	(-) 937.00	(-)832.70
5	Interest on capital	-	39.91	40.68
6	Total returns (5 + 4)	(-) 866.88	(-) 897.09	(-)792.02
7	Percentage of returns on mean capital	Nil	Nil	Nil

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