सत्यमेव जयते

# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

## FOR THE YEAR ENDED 31 MARCH 2019

## GOVERNMENT OF GOA

*Report No. 2 of the year 2020*

## TABLE OF CONTENTS

# PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2019 has been prepared for submission to the Governor of State of Goa. This Report contains three Chapters.  Chapter I and II are to be submitted to State Legislature under Article 151(2) of the Constitution of India. Chapter III is to be submitted to State Legislature under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

**Chapter-I** of this report relates to audit of expenditure of the Social, General and Economic Sectors (Non-PSUs) of the Government Departments. This Chapter contains significant result of the compliance audit of the Departments/ Autonomous Bodies of the Government of Goa.

**Chapter-II** of this Report contains significant findings of audit of Receipts and Expenditure of major Revenue earning Departments under Revenue Sector.

**Chapter-III** of this Report relates to the audit of State Public Sector Undertakings and Departmentally managed Government Commercial and Trading Activities. Audit of accounts of Government Companies is conducted by the C&AG under Section 619 of the Companies Act, 1956 and Sections 139 and 143 of the Companies Act, 2013.  The term Company includes Companies deemed to be Government Companies as per provisions of the Companies Act. The audit of Statutory Corporation is governed under their respective Legislation.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2018-19. The Report also include those instances which came to notice in earlier years, but could not be dealt with in previous Audit Reports. The instances relating to the period subsequent to 2018-19 but pertaining to the year 2018-19 have also been included, wherever necessary.

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

# Overview

# OVERVIEW

This Report comprises three chapters containing 11 paragraphs and one Follow-up Audit. Chapter I contain the audit findings pertaining to Social, General and Economic Sectors (Non-Public Sector Undertakings-Non-PSUs). Chapter II contain audit findings pertaining to Revenue Sector. Chapter III contain the audit findings pertaining to State Public Sector Undertakings and Government Commercial and Trading Activities and a Follow-up Audit of 'Performance Audit of Estate Management of Goa Industrial Development Corporation'.

The total expenditure of the State increased by 29 *per cent* from ₹ 10,976 crore in 2016-17 to ₹ 14,156 crore in 2018-19. The revenue expenditure of the State increased by 25 *per cent* from ₹ 8,866 crore in 2016-17 to ₹ 11,083 crore in 2018-19. The share of revenue expenditure to total expenditure was 81 *per cent* during 2016-17. However, it was reduced to 78 *per cent* during 2017-19. There was corresponding increase in capital expenditure to 22 *per cent* during 2017-19, when compared to 19 *per cent* during 2016-17.

## FOLLOW-UP AUDIT

## PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

### Follow-up Audit of 'Performance Audit of Estate Management of Goa Industrial Development Corporation'

The Follow-up Audit undertaken to assess the progress in implementation of recommendations of Performance Audit of Estate Management of Goa Industrial Development Corporation revealed failure in implementation of recommendations and lack of remedial action to address the underlying issues. A comprehensive database on type of industrial units operating at industrial estates, their functional status and employment generation did not exist. Allotment of plots at industrial estates was done arbitrarily and there was no transparency and fairness in evaluation of applications. While lack of adequate infrastructure delayed industrialisation and employment creation at some industrial estates, considerable revenue was lost due to unrealistic fixation of plot rate and non-recovery of applicable transfer fee and water charges from industrial units. Many allottees held plots without utilising it since allotment and indulged in land trading for private gains. The ineptness of the Corporation in acting against defaulters was evident from the fact that about 23 *per cent* of the land allotted to industrial units remained unutilised or vacant for three years to three decades. Management control over estate operations was ineffective due to inadequate MIS and internal audit and poor participation of State Government nominees in decision-making process.

***(Paragraph 3.2)***

## COMPLIANCE AUDIT

## SOCIAL, GENERAL AND ECONOMIC SECTORS (Non-PSUs)

### PUBLIC WORKS DEPARTMENT

Lack of monitoring and failure to follow the prescribed control procedures by Public Works Department led to misappropriation of Government receipts of ₹ 15.16 lakh by a Cashier.

***(Paragraph 1.5)***

### PUBLIC HEALTH DEPARTMENT

Non-deduction of Excise duty component from prices of purchased medicines after implementation of GST as per procedure prescribed by Government resulted in excess payment to the supply contractor.

***(Paragraph 1.6)***

Delay in finalisation of tenders by Goa Medical College and Hospital for the year 2016-17 resulted in avoidable extra expenditure of ₹ 10.75 crore on procurement of medicines through local purchase.

***(Paragraph 1.7)***

Weak internal controls in Goa Medical College and Hospital led to misappropriation of hospital receipts of ₹ 6.68 lakh by the hospital staff.

***(Paragraph 1.8)***

## REVENUE SECTOR

### COMMERCIAL TAXES DEPARTMENT

Assessing Authority did not levy or short levied interest of ₹ 2.14 crore in respect of 14 dealers for delayed payment of taxes.

***(Paragraph 2.2)***

Exemption of luxury tax of ₹ 1.45 crore was granted to seven hoteliers in two Luxury Tax Offices in violation of prescribed conditions.

***(Paragraph 2.3)***

Irregular allowance of Input Tax Credit against Entry Tax paid after the tax period resulted in excess refund by ₹ 1.10 crore.

***(Paragraph 2.4)***

Commercial Tax Offices of Margao and Panaji allowed NPV exemption of ₹ 3.78 crore to two dealers during the period not covered under NPV Scheme.

***(Paragraph 2.5)***

### REVENUE DEPARTMENT

Non-raising of demand against short paid conversion fee and fine as per provisions of the Government policy resulted in loss of revenue ₹ 31.09 crore.

***(Paragraph 2.6)***

## REGISTRATION DEPARTMENT

The Government of Goa did not fix minimum rates for built up area. The Department registered Deeds of Sale on a property without ascertaining the true market value of the property. Based on the sales registered in the same village during the period the minimum revenue forgone was estimated at ₹ 8.95 crore.

***(Paragraph 2.7)***

## PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

## ELECTRICITY DEPARTMENT

Liability of extra avoidable expenditure of ₹ 1.86 crore on State Government due to non-payment of Employees' Provident Fund contribution and depriving workers of benefits under EPF by two divisions of Electricity Department.

***(Paragraph 3.3)***

# CHAPTER – I

# Social, General and Economic Sectors (Non-PSUs)

# CHAPTER-I

# SOCIAL, GENERAL AND ECONOMIC SECTORS (Non-PSUs)

## 1.1 Trend of Expenditure

The comparative position of expenditure incurred by the Government during the year 2018-19 and in the preceding two years is given below in **Table 1.1**.

**Table 1.1: Comparative position of expenditure**

(₹ *in crore*)

| Disbursements | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|
| **Revenue expenditure** | | | |
| General services | **2872.43** | **3516.93** | **3792.81** |
| Social services | **2265.44** | **2732.11** | **2645.94** |
| Economic services | **2402.80** | **2658.63** | **2868.81** |
| Grants-in-aid and contributions | **1325.31** | **1635.23** | **1775.28** |
| **Total** | **8865.98** | **10542.90** | **11082.84** |
| **Percentage of increase of Revenue expenditure from year 2016-17** | | **18.91** | **25** |
| **Capital Expenditure** | | | |
| Capital outlay | **1638.73** | **2094.07** | **2149.14** |
| Loans and advances disbursed | **3.41** | **33.93** | **3.10** |
| Repayment of public debts | **467.75** | **790.09** | **920.46** |
| **Total** | **2109.89** | **2918.09** | **3072.70** |
| **Grand total** | **10975.87** | **13460.99** | **14155.56** |
| **Percentage of increase of total expenditure from year 2016-17** | | **22.64** | **28.97** |

*(Source: Finance Accounts of the State for the respective years)*

The total expenditure of the State increased by 29 *per cent* from ₹ 10,976 crore in 2016-17 to ₹ 14,156 crore in 2018-19. The revenue expenditure of the State increased by 25 *per cent* from ₹ 8,866 crore in 2016-17 to ₹ 11,083 crore in 2018-19.

The share of revenue expenditure to total expenditure was 81 *per cent* during 2016-17. However, it was reduced to 78 *per cent* during 2017-19. There was corresponding increase in capital expenditure to 22 *per cent* during 2017-19, when compared to 19 *per cent* during 2016-17.

## 1.2 Authority for Audit

The authority for audit by the Comptroller and Auditor General (CAG) is derived from Articles 149 and 151 of the Constitution of India. The Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's (DPC) Act) further reinforce its authority. The CAG conducts audit of expenditure of the Departments of Government of Goa under Section 13 of the CAG's (DPC) Act. The CAG is the sole auditor in respect of 13 Autonomous Bodies which are audited under the provisions of Sections 19 and 20 of the CAG's (DPC) Act. In addition the CAG also conducts audit of bodies/authorities which are substantially funded by the Government, under Section 14 of the CAG's (DPC) Act. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the CAG.

## 1.3 Planning and conduct of Audit

There are 59 departments in the State at the Secretariat level headed by Chief Secretary/Principal Secretaries/Secretaries. They are assisted by Directors/Commissioners and subordinate officers under them. In addition there are 13 autonomous bodies which are audited by the Accountant General, Goa.

Audit process starts with the assessment of risks faced by various departments of Government. The risks are assessed on the basis of expenditure incurred, criticality/complexity of activities, levels of delegated financial powers, internal controls, media reports and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to audit observations within four weeks of receipt of the IRs. Whenever replies are received, audit observations are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports. The Audit Reports are submitted to the Governor of the State under Article 151 of the Constitution of India.

During 2018-19, in the Social and General Sector Audit Wings, 701 party-days were used to carry out audit of 147 units. The Economic Sector-I Audit Wing conducted audit of 82 units utilising 827 party days and the Economic Sector-II Audit Wing audited 50 units utilising 298 party days. The audit plan covered those units/entities which were vulnerable to significant risk as per our assessment.

## 1.4 Lack of responsiveness of Government to Audit

### *1.4.1 Inspection reports outstanding*

The Accountant General (AG) arranges to conduct periodical inspections of Government departments to test-check their transactions. The AG also verifies the maintenance of important accounting and other records as per prescribed rules and procedures. These are followed up with inspection reports (IRs) which are issued to the heads of the offices inspected with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned departments. This will facilitate monitoring of the action taken on the audit observations included in these IRs.

As of June 2019, 570 IRs (2,245 paragraphs) were outstanding for want of compliance. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix 1.1**.

### *1.4.2 Response of departments to the draft paragraphs*

Four draft paragraphs were forwarded (July-August 2019) to the Secretaries of the concerned departments. The Government's replies to these draft paragraphs were required to be received within six weeks. But replies to all draft paragraphs have not been received (March 2020).

### *1.4.3 Follow up on Audit Reports*

Timeline for follow up of Audit Reports is prescribed in the Internal Working Rules of the Public Accounts Committee of the Goa Legislative Assembly. According to it, the Administrative Departments were required to furnish Explanatory Memoranda (EM) to the Accountant General for vetting. The EMs in respect of the paragraphs included in the Audit Reports were to be furnished to the State Legislature within three months from the date of tabling of Audit Report.

Eight departments as detailed in **Appendix 1.2** had not submitted EMs for nine paragraphs pertaining to Audit Reports for the years 2014-15 to 2017-18 (March 2020).

## PUBLIC WORKS DEPARTMENT

### 1.5 Misappropriation of Government receipts

***Lack of monitoring and failure to follow the prescribed control procedures by Public Works Department led to misappropriation of Government receipts of ₹15.16 lakh by a Cashier.***

The Government of Goa (Receipts and Payments) Rules, 1997 stipulates that all monetary transactions should be entered in the cash book as soon as they occur and should be attested by the head of the office as token of check. It is also stipulated that the cash book should be closed regularly and completely checked by the head of the office and verify the totalling of the cash book or have this done by some responsible subordinate other than the writer of cash book. These are the control mechanisms to prevent frauds or misuse of public money.

The Government of Goa has a Guest House at Altinho, Panaji (Circuit House) having 41 residential rooms, six VVIP suites and a restaurant. While the allotment of rooms is done by the General Administration Department of the State Government, the responsibility for up-keep and maintenance of Circuit House and collection of room rent rests with a private contractor. As per prescribed procedure, the rent collected by the outsourced contractor is handed over to the Assistant Engineer (AE), Sub-Division V of Division I of Public Works Department (PWD), who subsequently deposits it with PWD Division I with a remittance letter.

The Cashier of Division I acknowledges the cash receipts (in GAR 5), records it in the Division's cash book and remits the same into the Government Account. The counterfoil of receipts is retained by the Cashier while the AE, Sub-Division V attaches the original receipts with the records of the Sub-division.

Audit scrutiny of records of the AE, Sub-Division V revealed that between April 2012 and April 2018, the Sub-Division V collected ₹ 1.65 crore (through 1,155 receipts) towards rent for the Circuit House and handed over the same to the Cashier of Division I. However, against ₹ 25.59 lakh collected through 100 of these 1,155 receipts (issued between 18 March 2013 and 09 April 2018), the Cashier of Division I recorded only ₹ 10.43 lakh in the cash book, thereby misappropriating ₹ 15.16 lakh. The receipt-wise misappropriation ranged between ₹ 1,000 and ₹ 60,000[1].

Cross-examination of the remittance letters and the original cash receipts held by Sub-Division V with the cash book of Division I revealed that while the Cashier acknowledged the actual cash receipts (in GAR 5), he manipulated the transactions subsequently by posting/recording reduced amount in the counterfoils of GAR 5 as well as the cash book and misappropriated the difference.

Further, being the drawing and disbursing officer, the Executive Engineer (EE), PWD Division I was duty-bound to attest all the entries in the cash book. However, this was not done regularly, thus, violating the provisions of Government of Goa (Receipts and Payments) Rules, 1997. Besides, neither the EE nor any designated authority of Division I cross-checked/verified the cash book entries or the amounts recorded in the counterfoils with those mentioned in the remittance letters issued by Sub-Division V. Gross negligence on the part of the appropriate authorities allowed the misappropriation to go undetected over five years.

PWD Division I confirmed the audit findings in September 2018. The accused Cashier was placed (December 2018) under suspension by the PWD and the matter had been referred to the Anti-Corruption Branch (ACB), Directorate of Vigilance for further investigations. The ACB registered a First Information Report in February 2019 and investigations were in progress as of March 2020.

Thus, lack of monitoring and failure to follow the prescribed control procedures facilitated misappropriation of Government receipts of ₹ 15.16 lakh by the Cashier.

The matter was referred to the Government in July 2019; their reply was awaited (March 2020).

## PUBLIC HEALTH DEPARTMENT

### 1.6 Excess payment to the supply contractor on purchase of medicines

***Non-deduction of Excise duty component from prices of purchased medicines after implementation of GST as per procedure prescribed by Government resulted in excess payment to the supply contractor.***

Upon implementation of GST, several taxes including Central Excise Duty were subsumed in the GST. In order to regulate the payments for works or supplies where tenders had been finalised by Government departments on the basis of cost worked out prior to implementation of GST, but the actual supplies were to be made post implementation of GST, the Government of Goa issued detailed guidelines (November 2017). As per the guidelines with regard to procurement of any materials, the rate quoted by the contractor shall be reduced by the relevant duties and taxes including Excise Duty which was included in the cost worked out prior to GST regime, and thereafter appropriate incidence of GST shall be applied and payments made.

[1] Receipt No. 471/2 dated 30/05/2013 (for ₹ 1,000) and Receipt No. 720/36 dated 05/06/2017 (for ₹ 60,000)

Goa Medical College and Hospital (GMCH) finalised tenders for supply of medicines, surgical items and chemicals required by the Goa Medical College & Hospital (GMCH) on 16 May 2017. These tenders were received prior to implementation of GST and the medicine prices tendered included an excise duty component. The GMCH placed the supply orders with effect from October 2017. As Goods and Services Tax (GST) was implemented with effect from 01 July 2017, the supplies attracted GST. Therefore, payments against these supplies should have been made by adopting the above procedure prescribed by the Government. However, GMCH paid the suppliers at the prices fixed by contract after adding GST, but without reducing the Excise Duty component which was included in the tendered prices.

As per the Central Excise Act, Excise Duty on Medicines is assessed on the basis of Maximum Retail Price (MRP). After allowing an abatement of 35.5 *per cent* of MRP, the duty was calculated at the rate of six *per cent* on 64.5 *per cent* of the MRP.

Audit test checked the supplies made by three out of 17 vendors during the period April 2018 to February 2019 (up to 20 February 2019) and found that these vendors supplied medicines against 277 invoices amounting to ₹ 6.45 crore[2] at prices which included Excise Duty (ED) component. As the ED component was embedded in the tendered rates, GST was also paid on the ED component. While the amount of ED included in the tendered rate worked out to ₹ 89.38 lakh, GST incorrectly paid on ED component worked out to ₹ 10.61 lakh.

Thus, the non-deduction of ED component included in prices after introduction of GST on purchase of medicines, as per procedure prescribed by Government, resulted in excess payment to the supply contractors to the extent of ₹ 99.99 lakh in purchases worth ₹ 6.45 crore.

GMCH replied that the suppliers are not manufacturers and they have supplied medicines at institutional rates provided by the company. With the implementation of GST they received goods at the same quoted price with applicable GST. Their tender rates included basic rate with their margin amount + applicable local taxes. Hence, GMCH replaced GST extra in place of VAT extra in the supply orders. Hence no excess payment.

The tenders were finalised before introduction of GST when excise duty was levied as per law and so had to be included in quoted prices but the supply was made when excise duty had been abolished. To prevent extra payment due to this very reason the Government had issued guidelines to all departments. The GMCH was bound to follow the same, irrespective of what payment had been made by their vendor to the manufacturer. Any abolished duty charged by the manufacturer had to be settled by the vendor with the manufacturer. There was no occasion for GMCH to follow any procedure other than that prescribed by the Government. Therefore, the response by GMCH is not tenable.

The matter was referred to the Government in July 2019; their reply was awaited (March 2020).

---

2 Actual supplies of ₹ 6.45 crore delivered by three vendors during April 2018 to 20 February 2019 against the supply orders of ₹ 10.37 crore issued to them was commented

## 1.7 Avoidable expenditure on procurement of medicines

***Delay in finalisation of tenders by Goa Medical College and Hospital for the year 2016-17 resulted in avoidable extra expenditure of ₹ 10.75 crore on procurement of medicines through local purchase.***

Mention was made in Paragraph 1.5.7.5 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2015, Government of Goa regarding inordinate delay in finalisation of annual tenders for procurement of tablets, injectables, ointments, surgical items, chemicals *etc.* (hereinafter called medicines) by Goa Medical college and Hospital (GMCH) and the Public Health Department (Department) during 2010-15, leading to merely 25 *per cent* of total expenditure (₹ 131 crore) being spent on procurement of medicines through tendering process. Almost 54 *per cent* of the expenditure was made on purchase of medicines at old tendered rates, while, another 21 *per cent* was incurred on local purchases to meet the emergent requirements. Audit, therefore, emphasised the need for reviewing the annual tendering process, which appeared to be long-drawn, and for adopting a time-bound approach for procurement of medicines.

Despite being pointed out in audit, there was no palpable improvement in the situation. Audit observed that GMCH and the Department took17 months[3] to finalise the tendering process for the year 2016-17, and GMCH started issuing supply orders to the lowest bidders from October 2017 (*i.e.* after the end of the financial year 2016-17).

Pending finalisation of tender for the year 2016-17, GMCH procured medicines (April 2016 to October 2017) from the old suppliers through local purchase at rates significantly higher than that approved by the Department for the year 2016-17, leading to extra expenditure of ₹ 10.75 crore, which was largely avoidable.

GMCH stated (January 2020) that delay was not intentional, but, the tendering process was time consuming and performed with limited staff strength (many posts of Pharmaceutical Chemists and Pharmacists were vacant). Also, considering the numerous steps involved in the tendering process and involvement of multiple departments, finalisation of tender for the year 2016-17 was delayed. Further, GMCH being the tertiary care institution, cannot function without essential medicines and therefore, these were procured locally with Government approval till finalisation of annual tender for the year 2016-17.

The reply clearly shows that no follow-up action was taken by GMCH and the Department to minimise the tender processing time, despite recommendations of Audit made in previous Audit Report. Further, if GMCH had initiated the tendering process sufficiently in advance and completed the same before commencement of 2016-17, the extra expenditure of ₹ 10.75 crore could have been avoided. But, in the instant case, the tendering process for 2016-17 itself was initiated in April 2016. Even if a timeframe of six months is reckoned as being fair and reasonable for finalisation of tender (after constitution of Drug Purchase Committee in April 2016),GMCH could have issued supply orders

[3] Tendering process for the year 2016-17 commenced (April 2016) with constitution of Drug Purchase Committee and the Department issued (August 2017) Administrative Approval and Expenditure Sanction for ₹ 16.73 crore

from October 2016 at the approved tendered rates of 2016-17 and thus, capped the extra expenditure at ₹ 5.71 crore[4].

The matter was referred to the Government in July 2019; their reply was awaited (March 2020).

## 1.8 Misappropriation of Hospital Receipts

***Weak internal controls in Goa Medical College and Hospital led to misappropriation of hospital receipts of ₹ 6.68 lakh by the hospital staff.***

Goa Medical College and Hospital (GMCH) provides super specialty services in Cardiology, Urology, Nephrology *etc.* While treatment to inpatients, who are residents of Goa, is provided free of cost, GMCH recover treatment charges from non-Goan patients (who are not resident of Goa) for availing of treatment in the hospital, with effect from 01 January 2018. For this purpose, a separate procedure for registration of non-Goan patients was introduced and a separate casualty billing counter with seven staff[5] was established for billing and collection of treatment charges from non-Goan patients.

As per extant procedure, a non-Goan patient is billed online by the Casualty Billing Counter (CBC) staff, on the basis of demand raised by the concerned ward (where the patient was admitted) for treatment[6] availed of during the period of hospitalisation. On receipt of payment from the patient, CBC staff issues a receipt (in GAR 5) and simultaneously records the details of receipt in the Cash Collection Register maintained by them. The CBC staff then hand over the daily collection to the main Cashier of GMCH who acknowledges it in the Cash Collection Register and makes a suitable entry in the cash book and remit the cash into Government Account.

Scrutiny of records of Medical Records Department of GMCH (maintaining personal case papers of non-Goan inpatients), Accounts Section of GMCH (maintaining used GAR 5 Receipt Books) and CBC (maintaining Cash Collection Registers) for the period 01 January 2018 to 28 February 2019 revealed the following:

- In 12 cases of non-Goan inpatients treated in Cardiology ward of GMCH during the said period, though the CBC staff billed and collected ₹ 6.75 lakh from the patients, they recorded only ₹ 6,840[7] in the Cash Collection Register, which was subsequently remitted to Government Account by the main Cashier of GMCH. The balance amount (₹ 6.68 lakh) was neither recorded in the Cash Collection Register nor receipts (in GAR 5) for the corresponding amount were found to have been issued by the CBC staff to the patients at the time of their discharge from the hospital. This created a strong suspicion that the CBC staff had acted with the intent to misappropriate the hospital receipts.
- The system of discharge of patients from the hospital was not watertight. Apparently the Cardiology ward in-charge or the ward staff

[4] On purchases made during the period from November 2016 to October 2017

[5] One Upper Division Clerk in-charge and six Lower Division Clerks working in three shifts

[6] Includes charges for bed, doctors, diagnostic tests, investigations, medicines, consumables *etc.*

[7] An advance payment of ₹ 2,000 each was recorded in the Register in respect of three cases and a payment of ₹ 840 was recorded in one case

did not verify or insist on GAR 5 receipts before discharging the patients from the hospital.

- The system of internal controls in GMCH was also weak. During the 14-month period, the drawing and disbursing officer[8] did not carry out reconciliation of demands raised by different wards with payments actually realised from the patients and the amounts finally remitted to Government Account. Absence of checks and balances in the system encouraged the propensity to misappropriate Government money at lower level.

On being pointed out by Audit (18 April 2019), GMCH swiftly remitted (22 April 2019) ₹ 6.64 lakh (out of ₹ 6.68 lakh) into Government Account, thus, reinforcing the stand of Audit that Government money was indeed misappropriated. Incidentally, GMCH has not shared the information with Audit regarding (i) the source of funds (₹ 6.64 lakh) that was used to make up for losses, and (ii) pinpointing accountability for misappropriation of Government money, despite being called for in January 2020.

***Recommendations***

- Given the fact that cases of misappropriation in the Cardiology ward escaped detection, there is a dire need to review the system of receipt and accounting of hospital charges in other wards as well, offering super specialty services to non-Goan inpatients.
- It may be ensured that patients are discharged from the hospital only after cross-checking the payments due (verifiable from the online bills) with payments made (verifiable from receipts in GAR 5) by the ward staff.
- The case needs to be investigated by filing FIR for appropriate action against those who held Government money irregularly and whose actions facilitated misappropriation of Government money.

The matter was referred to the Government in August 2019; their reply was awaited (March 2020).

[8] Assistant Accounts Officer of Accounts Section of GMCH

# CHAPTER – II

# Revenue Sector

# CHAPTER-II

# REVENUE SECTOR

## 2.1 Revenue receipts

### 2.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Goa during the year 2018-19, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and grants-in-aid received from the Government of India during the year and corresponding figures for the preceding four years are mentioned in the **Table 2.1**.

**Table 2.1: Details of total revenue receipt of State Government**

*(₹in crore)*

| Sl. No. | Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|---|
| 1 | **Revenue raised by the State Government** | | | | | |
| | ▪ Tax revenue | 3895.92 | 3975.37 | 4261.16 | 4731.37 | 4871.36 |
| | ▪ Non-tax revenue | 2325.63 | 2431.93 | 2712.00 | 3033.27 | 2873.66 |
| | **Total** | **6221.55** | **6407.30** | **6973.16** | **7764.64** | **7745.02** |
| 2 | **Receipts from the Government of India** | | | | | |
| | ▪ Share of net proceeds of divisible Union taxes and duties | 900.58 | 1923.76 | 2299.20 | 2544.26 | 2878.36 |
| | ▪ Grants-in-aid | 566.56 | 221.18 | 292.61 | 744.62 | 814.60 |
| | **Total** | **1467.14** | **2144.94** | **2591.81** | **3288.88** | **3692.96** |
| 3 | **Total revenue receipts of the State Government (1 and 2)** | **7688.69** | **8552.24** | **9564.97** | **11053.52** | **11437.98**[1] |
| 4 | **Percentage of 1 to 3** | **81** | **75** | **73** | **70** | **68** |

*(Source: Finance Accounts of the State)*

The above table indicates that there was continuous increase in collection of revenue during the last four years. Revenue raised by the State Government during 2018-19 was less by ₹ 19.62 crore when compared to the previous year. The revenue raised by the State Government during the year 2018-19, constituted 68 *per cent* of the total revenue receipts. The balance 32 *per cent* of the receipts during 2018-19 was from the Government of India by way of share of net proceeds of divisible Union taxes and duties and grants-in-aid.

[1] For details, please see Statement No. 14 Detailed accounts of revenue receipt by minor heads in the Finance Accounts of the Government of Goa for the year 2018-19. Figures under the head 0005-Central GST, 0008-Integrated GST, 0020-Corporation tax, 0021-Taxes on income other than corporation tax, 0032-Taxes on wealth, 0037-Customs, 0038-Union excise duties, 0044-Service tax and 0045-Share of net proceeds assigned to State booked in the Finance Accounts-Tax revenue, have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement

### 2.1.2 Tax revenue

The tax revenue raised by the Government of Goa during 2018-19 was ₹ 4,871.36 crore. The details of the tax revenue along with details of preceding four years are given in **Table 2.2**.

**Table 2.2: Details of tax revenue receipt of the State Government**

*(₹ in crore)*

| Sl. No. | Head of revenue | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | Percentage increase (+) or decrease (-) in 2018-19 over 2017-18 |
|---|---|---|---|---|---|---|---|---|
| 1 | Taxes on sales, trade *etc*. | BE | 2303.85 | 2370.00 | 2624.35 | 2582.32 | 782.58 | |
| | | RE | 2303.85 | 2067.34 | 2245.50 | 1491.52 | 782.58 | |
| | | Actual | 1859.86 | 2115.69 | 2438.17 | 1621.69 | 1013.53 | -37.50 |
| 2 | SGST | BE | - | - | - | - | 3123.62 | |
| | | RE | - | - | - | 1710.66 | 3123.62 | |
| | | Actual | - | - | - | 1463.74 | 2529.09 | 72.78 |
| 3 | Entertainment Tax/Luxury Tax *etc*.[2] | BE | 501.34 | 617.86 | 848.01 | 905.62 | 28.81 | |
| | | RE | 501.34 | 689.64 | 792.78 | 332.93 | 28.81 | |
| | | Actual | 663.96 | 757.81 | 822.59 | 315.98 | 13.50 | -95.73 |
| Sub-total (Actual collection under 1,2 and 3 above) | | | 2523.82 | 2873.50 | 3260.76 | 3401.41 | 3556.12 | |
| 4 | Stamp Duty | BE | 544.39 | 549.35 | 678.49 | 600.59 | 612.53 | |
| | | RE | 544.39 | 584.46 | 625.16 | 600.59 | 612.53 | |
| | | Actual | 659.84 | 524.90 | 365.11 | 529.69 | 432.33 | -18.38 |
| 5 | State Excise | BE | 284.81 | 292.14 | 348.50 | 381.77 | 399.86 | |
| | | RE | 284.81 | 293.00 | 348.50 | 381.77 | 399.86 | |
| | | Actual | 259.91 | 315.70 | 316.03 | 408.44 | 477.95 | 17.02 |
| 6 | Taxes on Goods and Passengers | BE | 13.23 | 13.23 | 25.00 | 25.00 | 25.00 | |
| | | RE | 13.23 | 13.24 | 21.47 | 25.00 | 25.00 | |
| | | Actual | 22.06 | 22.81 | 23.65 | 26.08 | 25.39 | -2.65 |
| 7 | Land Revenue | BE | 253.19 | 213.37 | 156.01 | 61.64 | 39.59 | |
| | | RE | 253.19 | 155.53 | 182.91 | 61.64 | 39.59 | |
| | | Actual | 25.38 | 24.51 | 39.09 | 42.02 | 66.62 | 58.54 |
| 8 | Other taxes | BE | 175.04 | 230.52 | 236.00 | 243.46 | 260.26 | |
| | | RE | 175.04 | 230.54 | 229.41 | 243.46 | 260.26 | |
| | | Actual | 404.90 | 213.95 | 256.51 | 323.73 | 312.95 | -3.33 |
| | **Total** | **BE** | **4075.85** | **4286.47** | **4916.36** | **4800.40** | **5272.25** | |
| | | **RE** | **4075.85** | **4033.75** | **4445.73** | **4847.57** | **5272.25** | |
| | | **Actual** | **3895.91** | **3975.37** | **4261.16** | **4731.37** | **4871.36** | **2.96** |

*(Source: Compiled by Audit from Budget Estimates and Finance Accounts)*

'Taxes on Sales, Trade *etc.* (except that of petroleum products and liquor), Entertainment tax, Luxury tax, and taxes on entry of goods and medicinal and toilet preparations containing alcohol, opium *etc.,* are subsumed in the GST subsequent upon implementation of GST *w.e.f.* 01 July 2017. During 2018-19 the major share of tax revenue (52 *per cent*) was collected under 'SGST' which recorded an increase of (73 *per cent*) over previous year after its implementation from July 2017.

[2] Taxes on entry of goods and medicinal and toilet preparation containing alcohol, opium *etc.*

### 2.1.3 Non-tax revenue

The details of the non-tax revenue along with details of preceding four years are given in **Appendix 2.1**. The non-tax revenue raised during 2018-19 was ₹ 2,873.66 crore. Details of non-tax revenue raised by some principal departments of Government of Goa during the period 2014-15 to 2018-19 are indicated in **Table 2.3**.

**Table 2.3: Details of Non-tax revenue receipt of the State Government**

*(₹ in crore)*

| Sl. No. | Heads of revenue | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | Percentage increase (+) or decrease (-) in 2018-19 over 2017-18 |
|---|---|---|---|---|---|---|---|---|
| 1 | Power | BE | 1367.94 | 1497.17 | 1687.75 | 1819.15 | 1907.65 | |
| | | RE | 1367.94 | 1497.17 | 1687.75 | 1819.15 | 1907.65 | |
| | | Actual | 1321.66 | 1708.91 | 1765.80 | 2119.09 | 1919.80 | -9.40 |
| 2 | Non-Ferrous Mining and Metallurgical Industries[3] | BE | 400.24 | 742.57 | 439.28 | 377.60 | 327.59 | |
| | | RE | 400.24 | 205.11 | 259.34 | 377.60 | 327.59 | |
| | | Actual | 530.35 | 216.53 | 347.63 | 332.79 | 34.39 | -89.67 |
| 3 | Other Administrative Services | BE | 157.54 | 163.27 | 176.47 | 178.67 | 161.38 | |
| | | RE | 157.54 | 133.10 | 183.70 | 179.83 | 161.38 | |
| | | Actual | 123.45 | 108.98 | 152.52 | 139.66 | 450.94 | 222.88 |
| 4 | Water Supply and Sanitation | BE | 129.89 | 145.75 | 162.62 | 126.05 | 136.96 | |
| | | RE | 129.89 | 145.75 | 114.59 | 126.05 | 136.96 | |
| | | Actual | 101.89 | 115.40 | 119.69 | 129.80 | 145.96 | 12.45 |

*(Source: Finance Accounts of the State and Estimates of Receipts for the concerned years)*

### 2.1.4 Analysis of arrears of revenue

The arrears of revenue pending collections in respect of some principal departments of the State Government as on 31 March 2019 were ₹ 2,836.31 crore of which ₹ 861 crore had been pending for more than five years as detailed in **Table 2.4**.

[3] Includes major minerals such as iron ore, manganese and bauxite; minor minerals such as basalt (Granite), laterite stones, ordinary sand, river pebbles, murrum and laterite boulders

**Table 2.4: Arrears of revenue**

*(₹ in crore)*

| Sl. No. | Name of the Department | Amount outstanding as on 31 March 2019 | Amount outstanding for more than five years | Action taken by the Department |
|---|---|---|---|---|
| 1 | Commercial Taxes | 1745.92 | 704.71 | The Department intimated that 754 cases involving ₹ 22.16 crore were pending in Revenue Recovery Court (RRC). Further, visits were constantly made by the officers of the Department for recovery of the remaining arrears and the dealers were persuaded to pay the dues and reminders were also issued. |
| 2 | Chief Electrical Engineer, Electricity Department | 293.72 | 43.68 | The department had referred 8,944 cases involving ₹ 23.13 crore to RRCs.<br>Disconnection notices were issued to consumers against whom electricity charges were outstanding.<br>Notices were issued for payment of the arrears to the heads of various departments against whom arrears were outstanding. Request was also made to Director of Accounts to recover the arrears from the defaulting departments through book adjustments, if they fail to settle the dues.<br>A billing dispute redressal committee had been set up for settlement of disputed cases. |
| 3 | Chief Engineer, Public Works Department | 217.09 | 21.38 | Arrears of Rent ₹ 2.60 crore:- The Department stated that one case involving ₹ 16.65 lakh was pending in RRC as on 31 March 2019. In the remaining cases complaint had been filed against the absconding defaulters.<br>Arrears of Water Charges ₹ 214.49 crore:- The Department stated that arrears involving ₹ 14.78 crore were pending before RRC as on 31 March 2019. Show cause notices had been issued and disconnection under process. |
| 4 | Chief Engineer, Water Resources Department | 579.58 | 91.23 | Water tax ₹ 1.85 crore:- The Department stated that beneficiaries who have not paid water taxes have been requested to pay on priority.<br>Raw water charges ₹ 574.74 crore:- Department stated that farmers were contacted for collecting revenue.<br>Hire charges of machinery ₹ 0.33 crore:- Notices have been served on defaulters for effecting recovery.<br>Rent from shops and halls:- The Department stated that notices have been served on defaulters for effecting recovery. |
| **Total** | | **2836.31** | **861.00** | |

*(Source: Information furnished by concerned departments)*

The information relating to the cases pending in Courts and with Departmental Appellate Authorities was not furnished by the department. However, it would be seen from the above that 30.36 *per cent* of the arrears have been pending for more than five years. With the passage of time, the chances of their recovery become low. It is recommended that the Government may instruct the concerned departments to make extra efforts for settlement of the arrears.

### 2.1.5 Pendency of Refund Cases

The details of refund cases pending at the beginning of the year 2018-19, claims received and refunded during the year and the cases pending at the close of the year 2018-19 in respect of Commercial Taxes Department are given in **Table 2.5**.

**Table 2.5: Details of pending refund cases**

| Sl. No. | Particulars | Sales tax/VAT | | State Excise | |
|---|---|---|---|---|---|
| | | No. of cases | Amount (*₹ in crore*) | No. of cases | Amount (*₹ in crore*) |
| 1 | Claims outstanding at the beginning of the year | 598 | 147.86 | - | - |
| 2 | Claims received during the year | 628 | 93.95 | 7 | 0.03 |
| 3 | Claims rejected | 1 | 0.41 | - | - |
| 4 | Refunds made during the year | 529 | 98.59 | 7 | 0.03 |
| 5 | Balance outstanding at the end of the year | 696 | 142.80 | - | - |

*(Source: furnished by respective departments)*

Above table shows that 696 cases of refunds involving ₹ 142.80 crore were outstanding in Commercial Taxes Department as on 31 March 2019. Section 33 (2) of Goa Value Added Tax Act, 2005 provides for payment of interest, at the rate of eight *per cent per annum* for the delay in refunds. It would be prudent on the part of the Department to settle the refund cases expeditiously to save the Government from the interest liability. In the case of State Excise Department, no claims were pending for refund at the end of 31 March 2019.

### 2.1.6 Response of the Government/Departments towards Audit

The Accountant General, Goa (AG) conducts periodical inspection of the Government/Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed by Inspection Reports (IRs) which incorporate irregularities detected during the inspection and not settled on the spot. The IRs 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/the Government are required to promptly respond to the observations contained in the IRs and rectify the defects and omissions. They have to report compliance through initial reply to the Accountant General within four weeks from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Department and the Government.

Analysis of IRs issued up to December 2018 disclosed that 933 observations involving ₹ 717.56 crore relating to 218 IRs remained outstanding at the end of June 2019. The figures as on June 2019 along with the corresponding figures for the preceding two years are given in the **Table 2.6**.

**Table 2.6: Details of pending Inspection Reports**

| | June 2017 | June 2018 | June 2019 |
|---|---|---|---|
| Number of IRs pending for settlement | 151 | 212 | 218 |
| Number of outstanding audit observations | 578 | 906 | 933 |
| Amount of revenue involved (*₹ in crore*) | 401.62 | 557.62 | 717.56 |

*(Source: Compiled from Audit records)*

**2.1.6.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2019 are mentioned in the **Table 2.7**.

**Table 2.7: Department-wise details of pending Inspection Reports**

| Sl. No. | Name of the Department | Nature of receipts | Number of outstanding IRs | Number of outstanding audit observations | Money value involved *(₹in crore)* |
|---|---|---|---|---|---|
| 1 | Finance | Commercial Taxes | 104 | 490 | 461.24 |
| 2 | Excise | State excise | 15 | 50 | 5.25 |
| 3 | Revenue | Land revenue | 29 | 93 | 1.3 |
| 4 | Transport | Taxes on motor vehicles | 38 | 149 | 69.63 |
| 5 | Registration | Stamp duty and registration fee | 31 | 138 | 179.08 |
| 6 | Mines and Geology | Non-ferrous mining and metallurgical industries | 1 | 13 | 1.06 |
| **Total** | | | **218** | **933** | **717.56** |

*(Source: Compiled from Audit records)*

Audit did not receive the first replies from the heads of offices within four weeks from the date of issue of the IRs in respect of 22 IRs issued up to December 2018. This indicated that the heads of offices/departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

### 2.1.7 Response of the departments to the draft audit paragraphs

Six paragraphs were sent to the Secretaries of the respective departments in July 2019. Reply in respect of these paragraphs have not been received from the Government (March 2020).

### 2.1.8 Audit Planning

The unit offices under various departments are categorised into high, medium and low risk units. The risk analysis was done considering their revenue position, past trends of the audit observations and other parameters specified in Compliance Audit Guidelines. The annual plan is prepared on the basis of critical issues in Government revenues and tax administration. Audit also considers budget speech, revenue during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2018-19, 30 units were planned and audited for revenue sector.

### 2.1.9 Results of Audit and coverage of this chapter

During the year 2018-19 we test checked the records of 30 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers tax, Stamp Duty and Registration and other Departmental offices.

The test check showed under-assessment/short-levy/loss of revenue aggregating ₹ 73.80 crore in 86 cases. During the year, the departments concerned have recovered cases of under assessment and other deficiencies amounting to ₹ 26 lakh involved in 15 cases.

The details of assessments, registrations, licenses issued and other activities undertaken by five major revenue collection departments of the State and the extent of audit and coverage are as discussed below:

***Commercial Taxes Department***

There are eight auditable units in the Commercial Taxes Department; Audit selected four units for test check wherein 11,188 assessments were finalised during the year 2018-19. Audit test checked 809 assessments (7.23 *per cent*) during the year 2018-19 and noticed 47 cases (5.81 *per cent* of audited sample) of non/short levy of tax/interest, irregular allowance of Input Tax Credit, grant of incorrect tax exemption benefits, acceptance of defective declaration forms, application of incorrect rates by misclassifying goods and non-observance of provisions of Acts/Rules *etc.,* involving ₹ 55.90 crore.

***Revenue Department***

There are 22 auditable units in the Department, of which no units were selected for test check during the year 2018-19.

***Excise Department***

There are 12 auditable units in the Excise Department. Out of this one unit with 245 licensees was selected for test check during the year 2018-19. Audit test checked records of 30 licenses. During test check audit noticed two cases of delay in disposal of confiscated liquor goods and non-levy of excise duty on old stock lying idle in bonded warehouse, involving ₹ 19 lakh.

***Transport Department***

There are 12 auditable units in the Transport Department. Total 26,445 vehicles were registered during 2018-19. We audited entire cases of vehicles registered with 100 *per cent* test check. During test check we noticed nine cases of short levy of road tax, compounding of offences booked and short collection of revenue, short levy of Infrastructure Development Cess, loss of revenue due to registration of commercial vehicle in the name of Individuals, arrears of revenue *etc*., involving ₹ 3.95 crore.

***Registration Department***

There are 14 auditable units in the Registration Department. Total 23,668 instruments were registered during 2018-19. Total nine units were audited during 2018-19 out which 723 instruments were selected for test check. During the course of audit we noticed 28 cases of irregularity, short realisation of stamp duty and registration fees, splitting of transaction resulting in short levy of stamp duty, wasteful expenditure on account of rent paid, safeguard of public properties from unauthorised transfers, loss of revenue due to short deposit of amount into Government account, loss of revenue due to non-fixation of guidelines for minimum true market value *etc*. involving ₹ 13.76 crore.

## COMMERCIAL TAXES DEPARTMENT

### 2.2 Non/Short levy of interest

***Assessing Authority did not levy or short levied interest of ₹ 2.14 crore in respect of 14 dealers for delayed payment of taxes.***

As per Section 25 (4) (a) of Goa Valued Added Tax (GVAT) Act, 2005, whenever the tax is due and the return or revised return has been furnished without payment thereof shall be paid forthwith along with interest on defaulted amount @ 12 *per cent* per annum upto 31/05/2013. The rate was increased to 18 *per cent* per annum with effect from 01/06/2013. Further, as per Section 9(2B) of Central Sales Tax (CST) Act, 1956 read with Section 25(4) (a) of GVAT Act, 2005 interest as applicable to GVAT Act shall be levied on the defaulted amount under CST.

Scrutiny of records (October 2018 to January 2019) of three[4] Commercial Tax Offices (CTO) revealed that the CTOs did not levy interest/short levied interest under Section 25(4)(a) of the GVAT Act in respect of 14 dealers[5] assessed during the year 2017-18. Details of non/short levy of interest in respect of these 14 dealers for a total amount of ₹ 2.14 crore as applicable under the provisions of the Act are shown below:

| Name of CTO (1) | TIN No./RC No. (2) | A.Y. (3) | Net Tax Due (4) | Delay[6] (5) | Interest to be levied (6) {(4)*(5)*18 % p.a/12} | Interest levied (7) | Non/Short levy of interest (8) (6-7) |
|---|---|---|---|---|---|---|---|
| Panaji | P/CST/10657 | 14-15 | 17402502 | 36 months | 9397351 | NIL | 9397351 |
| | P/CST/5164 | 14-15 | 437688 | 35 months | 229786 | NIL | 229786 |
| | 30350102914 | 14-15 | 1108245 | 34 months | 565205 | 398968 | 166237 |
| | 30250102678 | 14-15 | 4683621 | 34 months | 2388646 | 1686104 | 702542 |
| | P/CST/5139 | 14-15 | 529432 | 34 months | 270010 | NIL | 270010 |
| | 30110100718 | 15-16 | 304518 | 21 months | 95923 | 42950 | 52973 |
| | 30590100648 | 13-14 | 863415 | 37 months | 479195 | 127751 | 351444 |
| | 30860102003 | 13-14 | 352391 | 38 months | 200863 | 2082 | 198781 |
| Margao | M/CST/6503 | 14-15 | 3087835 | 34 months | 1574795 | NIL | 1574795 |
| | M/CST/5484 | 13-14 | 2267953 | 38 months | 1292733 | NIL | 1292733 |
| Vasco | 30741202437 | 09-10 | 3765601 | 87 months | 4198644[7] | NIL | 4198644 |
| | B/CST/2151 | 14-15 | 4931654 | 36 months | 2663093 | NIL | 2663093 |
| | V/CST/2303 | 13-14 | 497719 | 37 months | 276234 | NIL | 276234 |
| | 30571204713 | 13-14 | 1096243 | (9 to 323) days[8] | 24108 | 14689 | 9419 |
| **Total** | | | | | **23656586** | **2272544** | **21384042** |

This resulted in non/short levy of interest of ₹ 2.14 crore.

4 Panaji, Margao and Vasco

5 Four cases of non-payment of tax along with returns, 10 cases of short payment of tax due to disallowance of ITC {(1), understatement of turnover (6) disallowance of concessional rate of tax (2) and delay in payment of tax (1)}

6 Delay has been calculated for the A.Y. 2009-10, 2013-14, 2014-15 and 2015-16 from 01/04/2010, 01/04/14, 01/04/15 and 01/04/16 respectively till date of assessment

7 Interest leviable = ₹ 37,65,601 X 12% X 38 months/12 and ₹ 37,65,601 X 18% X 49 months/12= ₹ 14,30,928 and ₹ 27,67,716 = ₹ 41,98,644

8 Delay has been calculated as per due date of payment of taxes from September 2013 to March 2014

On being reported (May 2019), Department stated (June 2019) that in respect of two[9] cases re-assessment was conducted and demand of interest had been raised. Re-assessment notices were issued in respect of six[10] cases and outcome of re-assessments would be intimated. Assessments in two[11] cases would be reviewed. Department stated (July 2019) that the short levied interest of ₹ 9,419 was paid (March 2019) in respect of one[12] case. In remaining two[13] cases, interest was not levied since the dealers had not collected any tax and dues had arisen due to non-submission of form C and Form F.

Reply in respect of three[14] cases is not tenable since charging of interest under Section 25(4) of GVAT Act and Section 9(2B) of CST Act is mandatory and Assessing Authority did not have any discretion in the matter. The matter was referred to the Government in July 2019; their reply was awaited (March 2020).

## 2.3 Irregular grant of exemption

***Exemption of luxury tax of ₹ 1.45 crore was granted to seven hoteliers in two Luxury Tax Offices in violation of prescribed conditions.***

Under the provisions of Section 21 of the Goa Tax on Luxuries Act (GTLA), 1988, Government of Goa issued notification (March 2013), exempting luxury tax in excess of 40 paise in a rupee for luxuries provided in a hotel during the months from June to September every year with effect from 01 April 2013, subject to conditions that (i) the hotelier holds a valid registration certificate, (ii) files the returns within the prescribed time, (iii) pays all taxes within the time prescribed under the Act and (iv) should not be in arrears of tax or other dues. As per notification (March 2016), luxury tax in excess of 75 paise in a rupee shall be exempt for luxuries provided in a hotel during the months from June to September every year with effect from 01 April 2016 subject to above mentioned prescribed conditions. Further as per Sub-section 2 of Section 21 of GTLA, 1988, where a hotelier has availed of exemption of luxury tax and any of the conditions subject to which such exemption was granted are not complied with, for any reason whatsoever, then such hotelier shall be liable to pay luxury tax on the luxury provided in a hotel at the normal rates.

Scrutiny of assessment records of two[15] luxury tax offices revealed (March 2018 to January 2019) that though the payment of tax was delayed by five[16] hoteliers and there were undisputed arrears in respect of two[17] hoteliers Luxury Tax Offices (LTO) allowed the luxury tax exemptions while finalising the assessments (between December 2017 and November 2018) for the years 2013-14, 2014-15 and 2016-17. This resulted in short levy of luxury tax of ₹ 1.45 crore by irregular grant of exemption as detailed below:

9 RC No. P/CST/10657 and P/CST/5164

10 TIN No. 30350102914, 30250102678, 30110100718, 30590100648 and 30860102003 and RC No. P/CST/5139

11 RC No M/CST/6503 and M/CST/5484

12 TIN No. 30571204713

13 RC No. B/CST/2151 and V/CST/2303

14 TIN No. 30741202437, B/CST/2151 and V/CST/2303

15 LTO Panaji, LTO Margao

16 RC No. MRG/GTL/6, PNJ/GTL/144, PNJ/GTL/43, PNJ/GTL/217 and PNJ/GTL/197

17 RC No. PNJ/GTL/31 and MRG/GTL/204

| R.C.No. (1) | A.Y. and month of finalistion of assessment (2) | Violations in the conditions of the notification (3) | Taxable Turnover (4) | Normal Rate of Tax in *per cent* (5) | Rate of Tax levied in *per cent* (6) | Rate of excess exemption allowed in *per cent* (7) | Amount of excess exemption allowed (*in ₹*) (8) |
|---|---|---|---|---|---|---|---|
| **Luxury Tax Office, Panaji** | | | | | | | |
| MRG/GTL/6 | 2013-14 finalised in December 2017 | (iii) Delay in remittance upto 250 days | 203033 | 5 | 2 | 3 | 6091 |
| | | | 25721252 | 8 | 3.2 | 4.8 | 1234620 |
| | | | 37413237 | 12 | 4.8 | 7.2 | 2693753 |
| PNJ/GTL/144 | 2014-15 finalised in September 2018 | (iii) Delay in remittance upto 28 days | 8038720 | 8 | 3.2 | 4.8 | 385859 |
| PNJ/GTL/43 | 2014-15 finalised in May 2018 | (iii) Delay in remittance of tax upto 14 days | 2870672 | 5 | 2 | 3 | 86120 |
| PNJ/GTL/217 | 2013-14 finalised in February 2018 | (iii) Delay in remittance of tax upto 43 days | 5101867 | 5 | 2 | 3 | 153056 |
| | | | 4121717 | 8 | 3.2 | 4.8 | 197842 |
| | | | 302283 | 12 | 4.8 | 7.2 | 21764 |
| PNJ/GTL/197 | 2013-14 finalised in February 2018 | (iii) Delay in remittance of tax upto 250 days | 78897246 | 12 | 4.8 | 7.2 | 5680602 |
| PNJ/GTL/31 | 2013-14 finalised in December 2017 | (iii) & (iv) Tax for 2011-13 was paid in December 2016 | 1348573 | 5 | 2 | 3 | 40457 |
| | | | 23078725 | 8 | 3.2 | 4.8 | 1107779 |
| | | | 3961215 | 12 | 4.8 | 7.2 | 285207 |
| **Luxury Tax Office, Margao** | | | | | | | |
| MRG/GTL/204 | 2016-17 finalised in November 2018 | (iv) There were outstanding assessed dues for the assessment year 2011-12 | 1711644 | 3 | 2.25 | 0.75 | 12837 |
| | | | 85899198 | 12 | 9 | 3 | 2576976 |
| **Total amount of excess exemption allowed** | | | | | | | **14482963** |

Further, we observed that Luxury Tax Office, Panaji while finalising the assessments of five[18] hoteliers levied interest for delays in payment of taxes. It indicated that the office, was aware of facts that the tax payment was delayed by these hoteliers despite that the exemption was allowed in violation of Sub-section 2 of Section 21 of GTLA.

[18] RC Nos MRG/GTL/6, PNJ/GTL/144, PNJ/GTL/43, PNJ/GTL/217 and PNJ/GTL/197

In respect of the hoteliers (MRG/GTL/6, PNJ/GTL/217,197, PNJ/GTL/144, PNJ/GTL/43 and PNJ/GTL/31), the Department have issued re-assessment/ review notice to the concerned hoteliers.

In respect of hotelier (MRG/GTL/204), the department stated (July 2019) that the outstanding dues of ₹ 29,250 for the period 2011-12 at the time of assessment on 02/11/2018 for the period 2016-17 was assessed dues and not outstanding dues and the hotelier has paid full tax amount for the year 2011-12.

As per the demand notice issued to the hotelier, the due date for payment of assessed dues of ₹ 29,250 for the period 2011-12 was on 11/05/2016. However, the hotelier paid the dues only on 29/11/2018 with a delay of 30 months. The assessment for the period 2016-17 was done on 02/11/2018 which was before the due date of payment of assessed dues for the year 2011-12. Hence, it is evident that the hotelier had the outstanding dues of ₹ 29,250 at the time of assessment for the year 2016-17 and was not eligible for claiming exemption.

## 2.4 Irregular allowance of Input Tax Credit of ₹ 1.10 crore

***Irregular allowance of Input Tax Credit against Entry Tax paid after the tax period resulted in excess refund by ₹ 1.10 crore.***

As per Section 9 of the Goa Value added Tax (GVAT) Act 2005, a registered dealer is eligible to claim Input Tax Credit (ITC) against Entry Tax paid under Goa Tax on Entry of Goods Act, 2000, subject to certain conditions. One of the conditions for allowing ITC was that the tax should have been paid during the tax period. In view of above mentioned provision, it is evident that the allowable extent of Input Tax Credit against VAT liability is restricted to the amount of tax paid during the tax period and the credit on account of tax paid after due time cannot be adjusted.

While assessing dealer 'A' for the year 2012-13, the Commercial Tax Department, Mapusa ward allowed ITC of ₹ 6.17 crore, in May 2016, as against the amount[19] of ₹ 6.65 crore (₹ 1.08 crore against purchases plus ₹ 5.57 crore against Entry Tax paid) claimed by the dealer. Of the amount ₹ 6.17 crore allowed, ₹ 97.77 lakh was against purchases and ₹ 5.19 crore was against Entry Tax paid. After adjusting the total output tax dues of ₹ 20.86 lakh (₹ 4.67 lakh towards VAT and ₹ 16.19 lakh towards CST), an amount of ₹ 5.96 crore was refundable as per the assessment order.

Audit found that out of the Entry Tax amount of ₹ 5.19 crore allowed as ITC, only ₹ 4.09 crore was paid into Government account during the tax period 2012-13 under the Goa Tax on Entry of Goods Act, 2000 and the balance ₹ 1.10 crore allowed was paid in January, 2014 *i.e.*, after the relevant tax period (2012-13). As the Assessing Authority should have considered only the Entry Tax amount ₹ 4.09 crore paid during the relevant tax period of 2012-13 for allowing ITC for VAT liability, the ITC ₹ 1.10 crore allowed, against Entry Tax paid after the relevant tax period, was irregular. As such, the refundable amount as per the assessment order was in excess by ₹ 1.10 crore.

[19] Excluding ITC of ₹ 9.97 crore carried over from previous year

The Department replied (July 2019) that the Assessing Authority considered the entry tax paid in cash for the assessment year which are paid before finalising the assessment. The dealer has paid entry tax of ₹ 1.10 crore for the year 2012-13 in the month of January 2014 and is correctly allowed as per the provision of the Act.

The reply is not tenable as only tax paid during tax period is allowable as ITC under Section 9(1) of ibid. The allowance of ITC for the tax paid during the subsequent tax period was not supported by any provision of GVAT Act.

## 2.5 Irregular grant of exemptions under NPV scheme

***Commercial Tax Offices at Margao and Panaji allowed NPV exemption of ₹ 3.78 crore to two dealers during the period not covered under NPV Scheme.***

The goods manufactured by newly established small/medium/large scale industrial units set up upto March 2002 in Goa were exempt from Goa Sales Tax under entry No. 68 and 85 of the Second Schedule to the Goa Sales Tax Act, 1964 and were also exempt from Central Sales Tax (CST) by notifications issued under Section 8(5) of the CST Act, 1957 for the allowed specified period from the date of the first sale.

To continue the benefit under Goa Value Added Tax (GVAT) Act 2005, GVAT Deferment cum Net Present Value Compulsory Payment Scheme, 2005 (NPV scheme) was introduced for the balance unexpired exemption period from 01 April 2005. The scheme provided that the dealer shall apply in Form I under the scheme within 30 days from the appointed day *i.e.,* 01 April 2005. Under the scheme, the eligible unit can charge from consumers applicable rate of tax on sale of manufactured goods under VAT and CST and deposit 25 *per cent* of its tax liability and retain 75 *per cent* or opt for NPV scheme under VAT and continue to claim exemption for CST subject to production of form 'C'. The eligible unit shall exercise fresh option either to continue with the exemption subject to production of form 'C' or to opt for the benefit under NPV scheme. Additional period of benefit for two years was granted to dealers whose benefit expired after 31/03/2010 vide notification dated 22/04/2010. Extensions were further granted vide notifications dated 05/12/2012 and 26/06/2014.

Test check (October 2018 to January 2019) of assessment records of two[20] Commercial Tax Offices (CTO), revealed irregularities in grant of NPV benefits of ₹ 3.78 crore to two dealers as mentioned below:

(i) A dealer registered in CTO, Margao was initially eligible for NPV benefit for the period from 09/05/2005 to 05/05/2010 vide order dated 22/08/2005. The benefit was again granted to the dealer for second time for three years from 06/12/2012 to 05/12/2015 under notification dated 05/12/2012 which was further extended for one year from 06/12/2015 to 05/12/2016 vide order dated 27/11/2015. The dealer neither applied for the extension of NPV benefits under notification dated 22/04/2010 for the intervening period from 06/05/2010 to 05/12/2012 nor the department granted the exemption. Hence, the dealer was not eligible for NPV benefits for the period from 06/05/2010 to 05/12/2012.

[20] Margao and Panaji

However, department allowed NPV benefit amounting to ₹ 13.46 lakh for the period from 2010-11 to 2012-13 to the dealer as detailed below:

***(Amount in ₹)***

| Return period | NPV eligibility period | NPV benefit granted/ availed | Eligible NPV benefits | Irregular NPV benefit granted/claimed |
|---|---|---|---|---|
| 2010-11 | 01/04/2010 to 05/05/2010 | 508861 | 84810 | 424051 |
| 2011-12 | Not eligible for NPV | 686824 | NIL | 686824 |
| 2012-13 | 06/12/2012 to 31/03/2013 | 353240 | 117747 | 235493 |
| | **Total** | **1548925** | **202557** | **1346368** |

Department failed to verify the eligibility of NPV to the dealer while scrutinising the returns for the year 2011-12 and did not calculate the NPV benefits correctly for the year 2010-11 and 2012-13. The allowance of NPV benefits to dealer during the period not covered under NPV resulted in short levy of VAT of ₹ 13 lakh.

(ii) A dealer registered in CTO, Panaji was authorised to avail the benefit of tax exemption under NPV Scheme till 25/06/2015 vide order No. P/NPV/ACCT/15-16/27736 dated 24/12/2015. Application filed by the dealer for further extension of NPV benefits for further period of one year *i.e.* from 26/06/2015 to 25/06/2016 was rejected by the Department vide order No. P/ACCT/NPV/30460102611/274 dated 28/03/2016 due to non-filing of application within the prescribed time limit. Hence, the dealer was not eligible for NPV benefits after 25/06/2015.

However, CTO, Panaji, allowed NPV benefit amounting to ₹ 3.65 crore to the dealer for the period beyond 25/06/2015 as detailed below:

***(Amount in ₹)***

| Return period | NPV eligibility period | NPV benefit granted/ availed | | Eligible NPV benefits | | Irregular NPV benefit granted/claimed | |
|---|---|---|---|---|---|---|---|
| | | VAT | CST | VAT | CST | VAT | CST |
| 2015-16 | 01/04/2015 to 25/06/2015 | 4776978 | 11974648 | 2080847 | 4962616 | 2696131 | 7012032 |
| 2016-17 | Not eligible for NPV | 11271803 | 15563973 | NIL | NIL | 11271803 | 15563973 |
| **Total** | | **16048781** | **27538621** | **2080847** | **4962616** | **13967934** | **22576005** |

Allowance of NPV benefit by Commercial Tax Office, Panaji despite rejection of extension of NPV benefit by the Department, shows negligence.

The two cases were reported (May 2019) to the department who replied (June 2019) that re-assessment would be conducted in these cases.

The matter was referred to the Government in July 2019; their reply was awaited (March 2020).

## REVENUE DEPARTMENT

### 2.6 Loss of revenue due to non-raising of demand for short paid conversion fee

***Non-raising of demand against short paid conversion fee and fine as per provisions of the Government policy resulted in loss of revenue ₹ 31.09 crore.***

The Government of Goa observed that large areas of land outside mining leases were unauthorisedly used for dumping the mining rejects or like material by the mine operators. As this was, in effect, unauthorised conversion of land use in violation of the provisions of the Land Revenue Code, 1968, the Government formulated (September 2013) a policy to grant temporary conversion for use of such lands by charging one-time conversion fee, publicised vide notification No.16/7/2008-RD(Part-III) dated 03/09/2013. The salient features of the policy, inter-alia, included:

- Levy of conversion fee at the rate of ₹ 100 per sq. mtr.
- Fine at the rate of ₹ 20 per sq. mtr. for unauthorised use of land for dumping.
- The charges so imposed shall be on the entire plot, and not for the specific area of the plot where the dump is stacked. For this purpose, the entire property surveyed under a particular survey number shall be considered as the plot area.
- The mine owners were required to apply for the land use conversion and pay the conversion fee and fine on self-assessment basis.
- Any discrepancy observed in the self-assessment for the total levy of charges was to be paid by the applicant within 30 days from the intimation received from the designated Officer/Collector, along with interest of 15 *per cent* over the total sum payable from the date of application till the final payment was made.

It was observed during audit (October 2018) that conversion fees paid vide 64 challans amounting to ₹ 240.04 crore was received on self-assessment basis between October 2013 to March 2014. Out of these 64 payments, we test checked seven[21] cases (11 *per cent*) relating to three mine owners to ascertain the correctness of conversion fee paid by the mine owners. The area for which conversion fee paid was cross checked with the area depicted in the land records (Form I and XIV) maintained by the Government. On cross-verification it was revealed that in six[22] out of seven cases test checked, area

[21] Five cases of 'B' and Co. Ltd, one case of 'A' and one case of 'C'
[22] Four cases of 'B' and Co. Ltd, one case of 'A' and one case of 'C'

mentioned in the self-assessment reports were only for the part of the plot area under respective survey numbers of the plots (79 plots) resulting in short payment of conversion fee and fine. While accepting the conversion fee based on the self-assessment basis, the office of the Collector, North Goa did not verify the actual plot area covered under the respective survey number utilised for dumping. This resulted in short levy of conversion fee including fine amounting to ₹ 31.09 crore as shown below:

*(₹ in lakh)*

| Name of mine owner | Number of plots in various survey numbers | Actual area as per the survey number in sq. mtr. | Area self-assessed by the mine owners in sq. mtr. | Conversion fee plus fine paid | Conversion fee leviable @ ₹ 100 per sq. mtr. | Fine @ 20 *per cent* of conversion fee | Total amount payable (Conversion fee plus fine 20 *per cent*) | Amount short paid |
|---|---|---|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** |
| 'A' | 42 | 1236975 | 370102 | 444.12 | 1236.98 | 247.39 | 1484.37 | 1040.25 |
| 'B' and Co. Ltd. | 22 | 676700 | 380100 | 380.10 | 676.70 | 135.34 | 812.04 | 431.94 |
| 'B' and Co. Ltd. | 12 | 2582441 | 1264616 | 1517.54 | 2582.44 | 516.49 | 3098.93 | 1581.39 |
| 'C' | 3 | 50800 | 4626 | 5.55 | 50.80 | 10.16 | 60.96 | 55.41 |
| **Total** | **79** | **4546916** | **2019444** | **2347.31** | **4546.92** | **909.38** | **5456.30** | **3108.99** |

It is recommended that the conversion fee levied/collected in the remaining 57 cases should be verified by the department in the interest of safeguarding Government revenue.

The matter was referred to the Government in July 2019; their reply was awaited (March 2020).

## DEPARTMENT OF REGISTRATION

### 2.7 Loss of revenue

***The Government of Goa did not fix minimum rates for built up area. The Department registered Deeds of Sale on a property without ascertaining the true market value of the property. Based on the sales registered in the same village during the period the minimum revenue forgone was to the tune of ₹ 8.95 crore.***

Government levies stamp duty and registration fees for registering documents relating to sale of land and buildings under the Indian Stamp Act, 1988 and Indian Registration Act, 1908 at prescribed rates on the market value of the land/buildings under sale.

In order to protect revenues/deter undervaluation of property, State Governments like Maharashtra and Karnataka have prescribed a minimum value for land and also for buildings (built up area) depending upon location. In case the sale value is below this prescribed minimum value, the stamp duty and registration fees have to be paid for the minimum value fixed by the State.

Rules[23] require that the properties in Goa to be divided into groups, sub-groups or classes taking into account the type of land, types of construction, location and situational advantages or disadvantages of property. The State of Goa has fixed the minimum value of land, the same has not yet been done for buildings (built up area). This lacuna along with lack of due diligence in following provisions of rules by registering authorities caused loss of revenue to the State as described below:

The Civil Registrar-cum-Sub Registrar Office at Margao (CRSR office) registered (14 December 2015) six sale deeds relating to sale of a five star luxury resort/hotel[24] situated at Cavelossim, Salcete. The property of the resort/hotel consist of a total area of 2,41,333 Sq. mtr. including built-up area of 40,245 Sq. mtr. and the value declared in the sale deeds was totaling ₹ 86.44 crore. The built up area included an area of 37,208 Sq. mtr. in a single sale deed (MGO-BK1-05505-2015 with declared value of ₹ 55.90 crore) and an area of 3,037 Sq. mtr. which was a part (total area 7,175 Sq. mtr.) of another sale deed (MGO-BK1-05509-2015 with declared value of ₹ 5.62 crore). The rate of built up area on first building was ₹ 15,024 per Sq. mtr. and on the second building works out to ₹ 16,070[25] per Sq. mtr.

Audit scrutiny (August 2018) revealed that:

- As per information available in the office of the CRSR, two properties relating to built-up area were registered in the same village during January 2014 to July 2015 at the rates ranged from ₹ 39,848 to ₹ 58,729 per Sq. mtr. The rates declared by the executants in case of the resort/hotel was lower by ₹ 23,778 to ₹ 24,824 per Sq. mtr. as compared to the lowest rate (₹ 39,848) at which above two properties were valued. However, CRSR office accepted (14/12/2015) the declared value (for levy of stamp duty and registration fee) mentioned in these two sale deeds and released the documents to the party after registration. Given the difference in the rates of built up areas the CRSR office could have referred[26] the documents to the Collector's office for determination of market value of the property before releasing the documents, but this was not done.
- On the instructions of Finance Department, the office of the State Registrar sought (23/02/2016) information of the sale of property of the resort/hotel from CRSR office, Margao. Upon this the CRSR office referred (01/03/2016) copies of the sale deeds to the office of the Collector, South Goa stating that the property in the instrument was

[23] As per Rule 4(2) of the Goa Stamp (Determination of True Market Value of Property) Rules, 2003

[24] The resort/hotel is having 160 double rooms and 46 suites. Gross turnover of the resort/hotel was ₹ 50.33 crore and luxury tax of ₹ 4.63 crore was paid during the year 2015-16

[25] Assuming the land was valued at the average rate of land as prescribed by the Government *i.e.*, Area of land = 6,163 Sq. mtr. (7,175 Sq. mtr. -1,012 Sq. mtr.), value of land as per average rates = ₹ 0.74 crore (6,163 Sq. mtr. X ₹1,200), Total valuation of property (land and built-up area) = ₹ 5.62 crore. Value of built-up area = ₹ 4.88 crore (₹ 5.62 crore - ₹ 0.74 crore), average rate of built-up area = ₹ 4.88 crore/3,037 Sq. mtr. = ₹ 16,070 per Sq. mtr.

[26] According to Section 47A of the Act 1968 if the registering authority has reason to believe that the market value of the property has not been truly set forth in the instrument, he may after registering the instrument, refer the same to the office of the Collector for determination of the market value of such property and duty payable thereon

undervalued as the area sold was in a settlement area and it was a five-star hotel. He accepted that the original Deed of Sale had been collected by the parties due to oversight of his office.

- After a period of 15 months from the receipt of reference from the CRSR the office of the Additional Collector II, South Goa returned (June 2017) the sale deeds to CRSR office stating that the CRSR office has not informed or demanded the parties to pay the differential stamp duty and registration fee as per Rule[27]. CRSR office re-submitted the sale deeds after four months (October 2017) to the office of the Additional Collector stating that the purchaser had not come to sign the deed of declaration for payment of differential amount. Additional Collector's office again returned (October 2017) the matter to CRSR office for obtaining deed of declaration. The CRSR office did not take any action for 10 months and on being pointed out by Audit in August 2018, he referred back the matter to Collector's office to ascertain the true market value of the property. The matter is pending with collector's office (November 2019).

The release of registered deed documents to the parties by the CRSR office resulted in department losing the opportunity of recovering the differential amount of stamp duty and registration fee. Further delay of 14 months in processing the case by the CRSR office and 31 months delay in fixing the true market value of property by the office of the Collector, resulted in non-recovery of Government revenue for over three and half years (till November 2019). Based on the minimum of the sale value of the properties registered by the CRSR office during the same period in the village short recovery of Stamp duty and Registration fee works out to ₹ 8.95 crore as detailed below:

***(₹in crore)***

| **Built up area as per the deeds (in Sq. mtr.)** | **Value considered by CRSR office** | **Stamp duty paid @5%** {(2) x 5%} | **Reg. fee paid @4%** {(2) x 4%} | **Value as per minimum value of the three sale deeds registered in the same village** {(1) x ₹ 39848} | **Stamp duty @5% on amount shown in Col.5** {(5) x5%} | **Reg. fee @4% on amount shown in Col.5** {(5) x 4%} | **Short levy of Stamp duty** {(6) – (3)} | **Short levy of Reg. fee** {(7) – (4)} |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 37208 | 55.90 | 2.80 | 2.24 | 148.27 | 7.41 | 5.93 | 4.61 | 3.69 |
| 3037 | 4.88[28] | 0.24 | 0.20 | 12.10 | 0.61 | 0.48 | 0.37 | 0.28 |
| **Total** | | | | | | | **4.98** | **3.97** |

The Department replied (September 2019) that the Government has not fixed true market value for constructed premises. The two deeds were referred to the office of the Collector in August 2018 and the matter is pending with Collector's office.

---

[27] As per provisos under Rule 4(6) of the Goa Stamp (Determination of True Market Value of Property) Rules, 2003, Registering Officer, may allow fixation of adhesive stamps only when the parties agree to pay the differential amount

[28] Area of land=6,163 Sq. mtr. (7,175 Sq. mtr. -1,012 Sq. mtr.), value of land as per average rates = ₹ 73,95,600 (6,163X ₹1,200), Total valuation of property (land and built-up area) = ₹ 5,62,00,000. Value of built-up area= ₹ 4,88,04,400 (₹ 5,62,00,000- ₹ 73,95,600)

Reply of the Department is not tenable as the CRSR office did not do the necessary due diligence to determine whether there was undervaluation and released the documents to the parties. From the records of that office (and also as accepted later by the CRSR office) there is a prima facie case of undervaluation. Further, the office of the Addl. Collector has also not initiated any concrete action on the case under powers available to him.

The matter was referred to the Government in July 2019; their reply was awaited (March 2020).

It is recommended that the Government may fix the minimum value for built-up area to avoid loss of revenue.

# CHAPTER – III

# Public Sector Undertakings and Government Commercial & Trading Activities

# CHAPTER-III

# PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

## 3.1 Functioning of State Public Sector Undertakings

### Introduction

**3.1.1** There were 16[1] State Public Sector Undertakings (PSUs) as on 31 March 2019 which were related to sectors other than Power Sector[2]. These State PSUs were incorporated during the period 1965 and 2016 and included 14 Government Companies and two Statutory Corporations *i.e.* Goa Industrial Development Corporation and Goa Information Technology Development Corporation. The Government Companies further included one active subsidiary company (*i.e.* Goa Electronics Limited). The State Government provides financial support to the State PSUs in the shape of equity, loans and grants/subsidy from time to time. Of the 16 State PSUs, the State Government invested funds in 15 State PSUs excluding the one subsidiary of EDC Limited (*i.e.* GEL).

***Contribution to Economy of the State***

**3.1.2** A ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) shows the extent of activities of the PSUs in the State economy. **Table 3.1** provides the details of turnover of State PSUs and GSDP of Goa for a period of five years ending March 2019.

**Table 3.1 : Details of turnover of State PSUs' *vis-à-vis* GSDP of Goa**

***(₹in crore)***

| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|
| Turnover[3] | 809.08 | 820.56 | 909.08 | 934.44 | 1103.42 |
| Percentage change in Turnover as compared to turnover of preceding year | 24.13 | 1.42 | 10.79 | 2.79 | 18.08 |
| GSDP of Goa (Base year 2011-12) | 47814.18 | 55053.85 | 63459.53 | 70492.52 | 77171.80[4] |
| Percentage change in GSDP of Goa as compared to GSDP of preceding year | 33.11 | 15.14 | 15.27 | 11.08 | 9.48 |
| Percentage of Turnover to GSDP of Goa | 1.69 | 1.49 | 1.43 | 1.33 | 1.43 |

*(Source: Turnover figures compiled from accounts of PSUs and GSDP figures provided by Directorate of Planning, Statistics & Evaluation, Government of Goa)*

The turnover of these PSUs has recorded continuous increase over previous years. The increase in turnover ranged between 1.42 *per cent* and 24.13 *per cent*

---

[1] Excluding Goa Auto Accessories Limited, which has been handed over to the Liquidator for conducting liquidation process as per Insolvency & Bankruptcy Board of India (Liquidation Process) Regulations, 2016, as per NCLT order delivered on 20/08/2019

[2] The State Government's Electricity Department executed the functions of power purchase, distribution and maintenance

[3] Turnover (Operating Income) of 15 PSUs as per the latest finalised accounts as on 30 September, 31 October or 31 March of respective years excluding one PSU *i.e.* Goa Information Technology Development Corporation which is yet to submit its first accounts since inception (2006-07)

[4] Provisional Estimate for 2017-18 and Quick Estimate for 2018-19 at current prices with base year 2011-12

during the period 2014-15 to 2018-19, whereas percentage of increase in GSDP of the State compared to GSDP of preceding year was at diminishing rates ranged between 33.11 *per cent* and 9.48 *per cent* during 2014-15 to 2018-19. The compounded annual growth[5] is a useful method to measure growth rate over multiple time periods. Against a compounded annual growth of 10.05 *per cent* of the GSDP, the turnover of public sector undertakings recorded a compounded annual growth of 6.40 *per cent* during the last five years. The share of turnover of these PSUs to the GSDP declined from 1.69 *per cent* in 2014-15 to 1.43 *per cent* in 2018-19.

## Investment in State PSUs

**3.1.3** There are some PSUs which function as instruments of the State Government to provide certain services which the private sector may not be willing to extend due to various reasons. Besides, the Government has also invested in certain business segments through PSUs which function in a competitive environment with private sector undertakings. Accordingly, nine PSUs in Goa fall in the 'Social' Sector, two PSUs in 'Competitive Environment' Sector and five PSUs in 'Other' Sector. The position of all the State PSUs have therefore been analysed under three major classifications *viz.* those functioning under 'Social' sector', 'Competitive Environment' sector and 'Other' sector. Details of investment made in these 16 State PSUs in shape of equity and long-term loans up to 31 March 2019 are detailed in **Appendix 3.3**.

**3.1.4** The sector-wise summary of investment in these State PSUs as on 31 March 2019 is given in **Table 3.2**.

**Table 3.2 : Sector-wise investment in State PSUs**

*(₹ in crore)*

| Sector | Number of PSUs | Investment | | |
|---|---|---|---|---|
| | | Equity[6] | Long Term Loans | Total |
| Social | 9 | 81.43 | 928.83 | 1010.26 |
| PSUs in Competitive Environment | 2 | 131.10 | 24.63 | 155.73 |
| Others | 5 | 159.76 | 21.91 | 181.67 |
| **Total** | **16** | **372.29** | **975.37** | **1347.66** |

*(Source: Compiled from finalised accounts for 2018-19 in case of five PSUs and based on information received from 11 PSUs who had not finalised their accounts for 2018-19)*

As on 31 March 2019, the total investment (equity and long term loans) in these 16 PSUs was ₹ 1,347.66 crore. The investment consisted of 27.62 *per cent* towards equity and 72.38 *per cent* in long-term loans. The long term loans advanced by the State Government constituted 0.34 *per cent* (₹ 3.30 crore) of the total long term loans whereas 99.66 *per cent* (₹ 972.07 crore) of the total long term loans were availed from other financial institutions.

The investment has grown by 99.44 *per cent* from ₹ 675.72 crore in 2014-15 to ₹ 1347.66 crore in 2018-19. The investment increased due to addition of ₹ 26.02 crore and ₹ 645.92 crore towards equity and long-term loans respectively during 2014-15 to 2018-19.

[5] Rate of compounded Annual Growth is calculated by using formulae = {(End Value/Start Value) ^ (1/No. of Years)-1} x 100

[6] These figures are as per information for 2018-19 provided by the PSUs whereas the figures in Appendix 3.2 represent figures as per latest accounts finalised

## Disinvestment, restructuring and privatisation of State PSUs

**3.1.5** During the year 2018-19, no disinvestment, restructuring or privatisation was done by the State Government in State PSUs except in respect of one inactive PSU (GAAL) where the NCLT appointed (20/08/2019) a Liquidator for conducting liquidation process as per Insolvency & Bankruptcy Board of India (Liquidation Process) Regulations, 2016. The powers of the Board of Directors of GAAL and its key managerial personnel, *etc.,* ceased to exist and all those powers now vested with the Liquidator.

## Budgetary Support to State PSUs

**3.1.6** The Government of Goa (GoG) provides financial support to State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of State PSUs for the last three years ending March 2019 are given in **Table 3.3**.

**Table 3.3 : Details regarding budgetary support to PSUs during the years**

*(₹ in crore)*

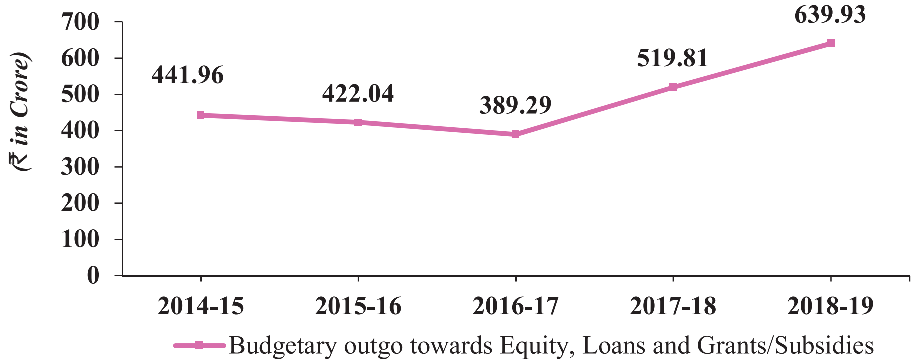
| Particulars | 2016-17 | | 2017-18 | | 2018-19 | |
|---|---|---|---|---|---|---|
| | Number of PSUs | Amount | Number of PSUs | Amount | Number of PSUs | Amount |
| Equity/Capital outgo (i) | 1 | 1.00 | - | - | 1 | 13.81 |
| Loans given (ii) | 1 | 1.36 | - | - | - | - |
| Grants/Subsidy provided (iii) | 10 | 386.93 | 9 | 519.81 | 11 | 626.12 |
| **Total Outgo (i+ii+iii)** | | **389.29** | | **519.81** | | **639.93** |
| Loan repayment written off | - | - | - | - | - | - |
| Loans converted in to equity | - | - | - | - | - | - |
| Guarantees issued | 3 | 219.50 | 1 | 25.00 | 1 | 30.00 |
| Guarantee Commitment outstanding at the end of the year | 3 | 534.42 | 3 | 416.63 | 3 | 549.46 |

*(Source: Compiled based on information received from PSUs)*

Out of total grant/subsidy of ₹ 626.12 crore provided from the budget, ₹ 490.00 crore was for capital purposes and remaining ₹ 136.12 crore was for revenue purposes such as salary, arrears, maintenance, subsidy for bus service schemes, vegetable subsidy, *etc.*

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last five years ending March 2019 are given in **Chart 3.1**.

**Chart 3.1 : Budgetary outgo towards Equity, Loans & Grants/Subsidies**



The budgetary outgo showing a declining trend till 2016-17 has increased by 64.38 *per cent* from ₹ 389.29 crore in 2016-17 to ₹ 639.93 crore in 2018-19.

In order to provide financial assistance to PSUs from banks and financial institutions, Government of Goa gives guarantee under Goa State Guarantees Act, 1993. Such guarantees are given subject to the limits fixed by State Legislature from time to time as per provisions of Article 293(1) of the Constitution of India. The Government of Goa has exempted its PSUs from payment of Guarantee Commission. The guarantee commitment outstanding increased to ₹ 549.46 crore during 2018-19 from ₹ 416.63 crore in 2017-18.

## Reconciliation with Finance Accounts of Government of Goa

**3.1.7** 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 Government of Goa. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 is stated below:

**Table 3.4 : Equity, loans, guarantees outstanding as per Finance Accounts[7] of Government of Goa vis-à-vis records of State PSUs**

*(₹in crore)*

| Outstanding in respect of | Amount as per Finance Accounts | Amount as per records of State PSUs | Difference |
|---|---|---|---|
| Equity | 401.98 | 312.08 | 89.90 |
| Guarantees | 463.14 | 549.46 | 86.32 |

*(Source: Compiled from Accounts of PSUs and Finance Accounts)*

Audit observed that the differences occurred in respect of Guarantees given to four PSUs and Equity investment in 11 PSUs. The differences between the figures were persisting since last many years. The issue was taken up with the PSU/Departments from time to time to reconcile the differences. It is, therefore, recommended that the State should reconcile the differences in a time-bound manner.

## Submission of accounts by State PSUs

**3.1.8** Of the total 16 State PSUs, there were 15 active (working) PSUs *i.e.* 14 Government Companies and one Statutory Corporation under the purview of CAG as of 31 March 2019. The status of timelines followed by the State PSUs in preparation of accounts is as detailed under:

### *Timeliness in preparation of accounts by the active State PSUs*

**3.1.9** Accounts for the year 2018-19 were required to be submitted by all the active PSUs by 30 September 2019. However, out of 14 active Government Companies, only two Government Companies submitted their accounts for the year 2018-19 for audit by CAG on or before 30 September 2019 and accounts of 12 Government Companies were in arrears as on 30 September 2019. The CAG is the sole auditor for the two Statutory Corporations (Goa Industrial Development Corporation (GIDC) and Goa Information Technology Development Corporation (GITDC) in Goa. Of these two Statutory

[7] Company wise loans were not separately provided in the Finance Accounts; hence loans were not worked out

Corporations, GIDC's accounts for the year 2018-19 was awaited as on 31 October 2019 and GITDC[8] had not finalised any account since inception *i.e.* 2006-07.

Details of arrears in submission of accounts of active PSUs as on 31 October 2019 are given in **Table 3.5**.

**Table 3.5 : Arrears in submission of accounts of active PSUs as on 31 October 2019**

| Sl. No. | Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|---|
| 1 | Total number of PSUs | 16 | 16 | 17 | 17 | 16 |
| 2 | Number of active PSUs | 14 | 14 | 15 | 16 | 15 |
| 3 | Number of accounts submitted during current year by active PSUs | 15 | 17 | 11 | 23 | 08 |
| 4 | Number of active PSUs which finalised accounts for the current year | 1 | 4 | 2 | 8 | 05 |
| 5 | Number of previous year accounts finalised during current year by active PSUs | 14 | 13 | 9 | 15 | 03 |
| 6 | Number of active PSUs with arrears in accounts | 13 | 10 | 13 | 8 | 10[9] |
| 7 | Number of accounts in arrears | 41 | 40 | 46 | 38 | 46@ |
| 8 | Extent of arrears (in Years) | 1 to 11 | 1 to 10 | 1 to 11 | 1 to 12 | 1 to 13 |

*(Source: @Compiled based on accounts of active PSUs received during the period 01 April 2019 to 31 October 2019)*

Of these 15 active State PSUs, five PSUs had finalised five annual accounts during the period 01 April 2019 to 30 September 2019 which included two annual accounts for the year 2018-19 and three annual accounts for previous years. Further, accounts of three[10] active State PSUs for the period 2018-19 were also finalised and submitted for audit up to 31 October 2019 whereas 33 accounts pertaining to ten[11] active State PSUs and 13 accounts of one inactive PSU were awaited till October 2019 as detailed in **Appendix 3.4**. 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 stipulated period. The concerned departments were informed half yearly regarding arrear in accounts.

The GoG had provided a total of ₹ 694.27 crore (by way of Equity: ₹ 2.64 crore, Loan: ₹ 11.56 crore, Grants: ₹ 566.55 crore and Subsidy: ₹ 113.52 crore) to the ten active State PSUs, accounts of which had not been finalised by 31 October 2019 as prescribed under the Companies Act 2013. PSU wise details of investment made by State Government during the years for which accounts are in arrears are shown in **Appendix 3.1**.

[8] Even though State Government issued notification (July 2017) to revive Goa Information Technology Development Corporation, no further action was taken and thus the PSU (Corporation) remained inactive

[9] As per **Appendix 3.4**

[10] Sl. No. 2, 11 and 14 of **Appendix 3.2**

[11] Sl. No. 1, 3, 4, 5, 7, 8, 9, 12, 13 and 15 of **Appendix 3.2**

In the absence of finalisation of accounts and their subsequent audit in remaining ten[12] PSUs, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount invested was achieved. The investment of GoG in these PSUs, therefore, remained outside the review of State Legislature.

***Timeliness in preparation of accounts by inactive State PSU***

**3.1.10** The GoG had provided a total of ₹ 0.26 crore (by way of Equity: ₹ 0.25 crore, and Grants : ₹ 0.01 crore) to the one inactive State PSU (Goa Information Technology Development Corporation), which had not finalised its accounts since inception *i.e.* 2006-07. Thus, GoG investment in this PSU also remained outside the review of State Legislature.

### Placement of Separate Audit Reports of Statutory Corporations

**3.1.11** Out of two Statutory Corporations, GIDC had not forwarded its accounts for 2018-19 by 31 October 2019 and GITDC had not submitted its accounts since inception *i.e.* 2006-07.

Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. **Table 3.6** shows the status of placement of SARs issued by the CAG (up to 31 October 2019) on the accounts of Statutory Corporation in the Legislature.

**Table 3.6 : Status of placement of SARs in Legislature**

<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Name of Statutory Corporation</th><th rowspan="2">Year up to which SARs placed in Legislature</th><th colspan="2">Year for which SARs not placed in Legislature</th></tr>
<tr><th>Year of SAR</th><th>Date of issue to the Government/Present Status</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Goa Industrial Development Corporation</td><td rowspan="2">2016-17</td><td>2017-18</td><td>Yet to be issued</td></tr>
<tr><td>2018-19</td><td>Accounts not received</td></tr>
<tr><td>2</td><td>Goa Information Technology Development Corporation</td><td colspan="3">First accounts awaited since 2006-07</td></tr>
</table>

*(Source: Compiled based on information received from Statutory Corporation)*

### Impact of non-finalisation of accounts of State PSUs

**3.1.12** As pointed in **Paragraph 3.1.8**, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of the State PSUs to State GDP for the year 2018-19 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Departments should strictly monitor and issue necessary directions to liquidate the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the PSUs and take necessary steps to liquidate the arrears in accounts.

[12] Sl. No. 1, 3, 4, 5, 7, 8, 9, 12, 13 and 15 of **Appendix 3.2**

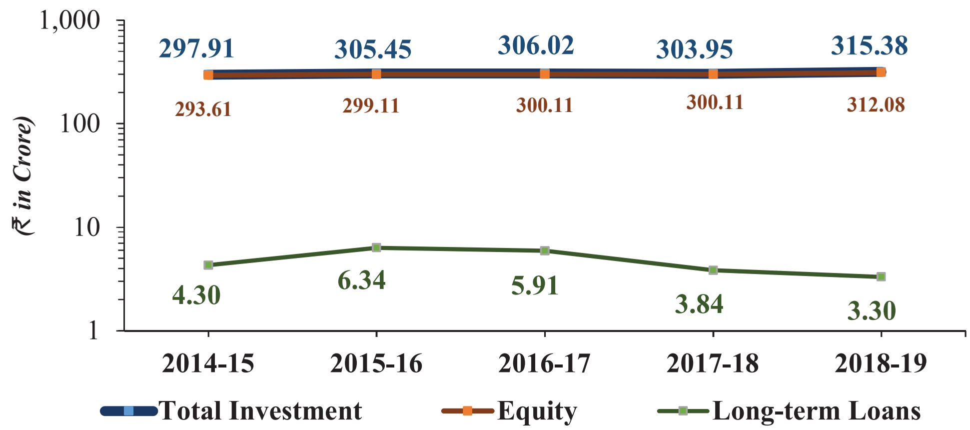
## Performance of State PSUs

**3.1.13** The financial position and working results of the 16 State PSUs are detailed in **Appendix 3.2** as per their latest finalised accounts as of 31 October 2019.

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in the undertakings. The amount of investment as on 31 March 2019 in the State PSUs was ₹ 1,347.66 crore consisting of ₹ 372.29 crore as equity and ₹ 975.37 crore as long term loans. Out of this the GoG has invested ₹ 315.38 crore consisting of ₹ 312.08 crore as equity and ₹ 3.30 crore as long term loans in 15 State PSUs, as detailed in **Appendix 3.3**.

The year wise statement of investment of GoG in the State PSUs during the period 2014-15 to 2018-19 is given in **Chart 3.2.**

**Chart 3.2 : Total investment of GoG in PSUs**



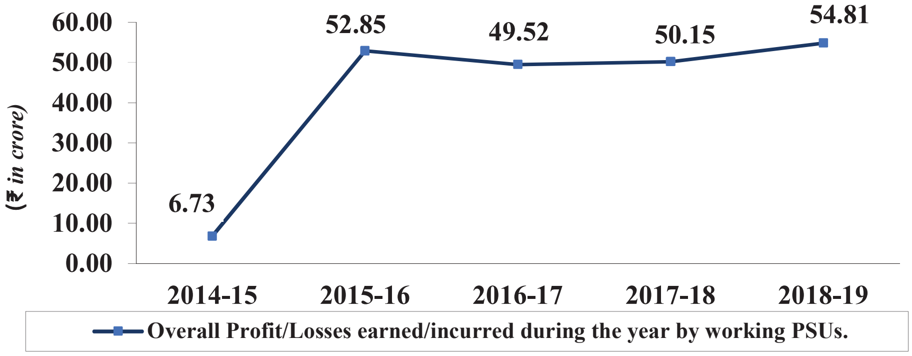

The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long-term loans and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

***Return on Investment***

**3.1.14** Return on investment is the percentage of profit or loss to the total investment. The overall position of profits/losses[13] earned/incurred by the 15 active State PSUs during 2014-15 to 2018-19 is depicted below in **Chart 3.3**.

[13] Figures are as per the latest finalised accounts of the respective years

**Chart 3.3 : Profits/Losses earned/incurred by active PSUs during the years**




The profit of ₹ 6.73 crore earned by the active PSUs in 2014-15 increased to ₹ 54.81 crore in 2018-19. According to latest finalised accounts of these 15 active State PSUs, 11 PSUs earned profit of ₹ 78.13 crore and four PSUs incurred losses of ₹ 23.32 crore as detailed in **Appendix 3.2**.

The top profit making companies were EDC Limited (₹ 56.36 crore), Goa Industrial Development Corporation (₹ 7.05 crore), Goa State Infrastructure Development Corporation Limited (₹ 5.61 crore) and Sewerage & Infrastructural Development Corporation of Goa Limited (₹ 3.59 crore) while Kadamba Transport Corporation Limited [(-) ₹ 22.88 crore] and Goa Forest Development Corporation Limited [(-) ₹ 0.26 crore] incurred heavy losses.

A further analysis of list of profit making PSUs indicated that four PSUs *i.e.* EDCL, GIDC, GSIDCL and SIDCGL had contributed 92.93 *per cent* of the total profit earned by 11 State PSUs (₹ 78.13 crore) during 2018-19 and that these PSUs could register profits because they were working in a monopolistic or near monopolistic environment like EDC, a premier financial institution lends primarily to the Government Companies, GIDC acquires land on behalf of State Government and provides it to industries on leases for developing industrial estates, the profit reported by it for the year is due to non accountal of liability relating to SEZ. SIDCL and GSIDCL execute works on behalf of the State Government for which it gets development fee, over and above the total cost incurred for the projects executed. The remaining seven PSUs earned marginal profits and were mostly engaged in social sector and other activities.

The position of active PSUs during 2014-15 to 2018-19 is given in **Table 3.7**.

**Table 3.7 : Details of active Public Sector Undertakings which earned/incurred profit/loss during 2014-15 to 2018-19**

| Financial year | Total number of active PSUs | Number of PSUs which earned profits during the year | Number of PSUs which incurred loss during the year |
|---|---|---|---|
| 2014-15 | 14 | 8 | 6 |
| 2015-16 | 14 | 10 | 4 |
| 2016-17 | 14 | 11 | 3 |
| 2017-18 | 15 | 9 | 6 |
| 2018-19 | 15 | 11 | 4 |

*(Source: Compiled from Accounts of PSUs)*

### *(a) Return on Investment on the basis of historical cost of investment*

**3.1.15** Out of 16 Public Sector Undertakings of the State, the State Government infused funds in the form of equity, long term loans and grants/subsidies in

15 PSUs only. The State Government has invested ₹ 315.38 crore in these 15 PSUs including equity of ₹ 312.08 crore and interest free long-term loans of ₹ 3.30 crore as per latest accounts finalised as on 31 October 2019 or information as on 31 March 2019 furnished by the PSUs. The State Government had also extended Grant/Subsidies of ₹ 893.88 crore[14] up to 31 March 2019.

The Return on Investment from the PSUs on historical cost basis has been calculated on the investment made by the Government of Goa in the PSUs in the form of equity and loans plus Grants/Subsidies extended. In the case of loans, only interest free loans are considered as investment since the Government does not receive any interest on such loans and are therefore of the nature of equity investment by Government except to the extent that the loans are liable to be repaid as per terms and conditions of repayment.

The sector-wise return on investment on the basis of historical cost of investment for the period 2014-15 to 2018-19 is as given in **Table 3.8.**

**Table 3.8 : Return on State Government Funds on the basis of historical cost of investment**

*(₹in crore)*

| Year wise Sector-wise break-up | Total Earnings for the year | "Funds invested by the GoG in form of Equity, Interest Free Loans and Grants/ Subsidies on historical cost " | Return on State Government investment on historical cost basis (*per cent*) |
|---|---|---|---|
| | | **2014-15** | |
| **Social Sector** | 4.78 | 141.20 | 3.39 |
| **Competitive Sector** | -23.19 | 446.87 | -5.19 |
| **Others** | 26.39 | 117.62 | 22.44 |
| **Total** | **7.98** | **705.69** | **1.13** |
| | | **2015-16** | |
| **Social Sector** | 7.61 | 162.22 | 4.69 |
| **Competitive Sector** | 6.29 | 554.66 | 1.13 |
| **Others** | 38.80 | 117.62 | 32.99 |
| **Total** | **52.70** | **834.50** | **6.32** |
| | | **2016-17** | |
| **Social Sector** | 7.78 | 179.64 | 4.33 |
| **Competitive Sector** | -1.73 | 649.25 | -0.27 |
| **Others** | 43.32 | 117.62 | 36.83 |
| **Total** | **49.37** | **946.51** | **5.22** |
| | | **2017-18** | |
| **Social Sector** | 8.33 | 196.50 | 4.24 |
| **Competitive Sector** | -9.69 | 745.64 | -1.3 |
| **Others** | 51.07 | 117.62 | 43.42 |
| **Total** | **49.71** | **1059.76** | **4.69** |
| | | **2018-19** | |
| **Social Sector** | 11.29 | 217.90 | 5.18 |
| **Competitive Sector** | -21.42 | 875.58 | -2.45 |
| **Others** | 63.77 | 115.78 | 55.08 |
| **Total** | **53.64** | **1209.26** | **4.44** |

*(Source: Compiled from Accounts of PSUs and information furnished by PSUs)*

The return on State Government investment is worked out by dividing the total earnings[15] of these PSUs by the cost of the State Government investments. The return earned on State Government investment ranged between 1.13 *per cent*

[14] As per information for Grants/Subsidies furnished by 14 PSUs out of total 16 PSUs up to 15 May 2020 of which Two PSUs (GMCL & GHRSSIDCL) have furnished part information. Two PSUs (GSHCL & GITDC) have not furnished any information

[15] This includes net profit/losses for the concerned year relating to those State PSUs where the investments have been made by the State Government. In case where annual accounts of any PSU was pending during any year then net earnings for that year has been taken as per latest audited accounts of the concerned year

and 6.32 *per cent* during the period 2014-15 to 2018-19. The negative return on State Government investments under competitive sector during 2014-15, 2016-17, 2017-18 and 2018-19 was mainly due to heavy losses incurred by Kadamba Transport Corporation Limited.

***(b) Real Return on Government Investment on the basis of Present Value of Investment***

**3.1.16** In view of the significant investment by Government in those 15 State PSUs where funds had been infused by the State Government, return on such investment is essential from the perspective of the State Government and therefore, an analysis of the earnings vis-à-vis investments was carried out to assess the profitability of these PSUs. Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. The present value of the Government investments has been computed to assess the rate of return on the present value of investments of GoG in the State PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of the year up to 31 March 2019, the past investments/ year-wise funds infused by the GoG in the State PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds to the government for the concerned year. Therefore, PV of the State Government investment was computed in respect of those 15 State PSUs where funds had been infused by the State Government in the shape of equity and interest free loan plus Grants/Subsidies since inception of these companies till 31 March 2019.

The present value (PV) of the State Government investment in the 15 undertakings was computed on the basis of following assumptions:

- Interest free loans have been considered as fund infusion by the State Government. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.
- The funds made available in the form of grant/subsidies have been reckoned as investment.
- The average rate of interest on government borrowings for the concerned financial year[16] was adopted as compounded rate for arriving at Present Value since they represent the cost incurred by the government towards investment of funds for the year and therefore considered as the minimum expected rate of return on the investment made by the Government.

As per latest finalised accounts of three working PSUs, a higher quantum of accumulated losses than the capital investment showed that the overall capital of three[17] State PSUs had entirely eroded resulting in negative net worth of ₹ 148.02 crore. In respect of these three PSUs which have accumulated losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth in respect of these PSUs is commented upon

[16] The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Goa) for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100

[17] Goa Handicrafts, Rural and Small Scale Industries Development Corporation, Kadamba Transport Corporation Ltd., Goa Electronics Ltd. (subsidiary of EDC Ltd.)

in **Paragraph 3.1.19**.

**3.1.17** PSU wise position of State Government investment in these 15 State PSUs in the form of equity, interest free loans and grant/subsidies on historical cost basis for the period from 2000-01 to 2018-19 is indicated in **Appendix 3.5**. Further, consolidated position of PV of the State Government investment and the total earnings relating to these PSUs for the same period is indicated in **Table 3.9** below.

**Table 3.9 : Year wise details of investment by the State Govt. and present value (PV) of Govt. investment (including Grants and Subsidies for Operation and maintenance) for the period from 2000-01 to 2018-19 for computation of Rate of Real Return on Govt. Investment (RORR)**

*(₹in crore)*

| Financial year | Present value of total investment at the beginning of the year | Equity infused by the state government during the year | Net Interest free loans given by the state government during the year[18] | Interest free loan converted into Equity during the year | Grant or Subsidy given by State Govt. for operation/ administrative Expenditure | Disinvestment by the State Govt. during the year at face value | Total Investment during the year | Total investment at the end of the year | Average rate of interest on government borrowings (in %) | Present value of total investment at the end of the year | Minimum expected return to recover cost of funds for the year | Total earnings for the year[19] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | B | C | D | E | F | G | H<br>H=C+D-E+F-G | I<br>I=B+H | J | K<br>K=I*(1+J/100) | L<br>L=I*J/100 | M |
| 2000-01 | | 74.13[20] | - | - | 11.13[21] | - | 85.26 | 85.26 | 9.07 | 92.99 | 7.73 | -6.79 |
| 2001-02 | 92.99 | 10.35 | | - | 6.12 | - | 16.47 | 109.46 | 9.47 | 119.83 | 10.37 | -15.73 |
| 2002-03 | 119.83 | 5.16 | | - | 7.95 | - | 13.11 | 132.94 | 9.25 | 145.24 | 12.30 | -32.15 |
| 2003-04 | 145.24 | 12.86 | | - | 9.72 | - | 22.58 | 167.82 | 8.95 | 182.84 | 15.02 | -39.63 |
| 2004-05 | 182.84 | 14.88 | 0.62 | - | 11.55 | - | 27.05 | 209.89 | 7.89 | 226.45 | 16.56 | -19.48 |
| 2005-06 | 226.45 | 15.16 | 0.62 | - | 8.98 | - | 24.76 | 251.21 | 8.54 | 272.66 | 21.45 | -1.50 |
| 2006-07 | 272.66 | 31.20 | 1.00 | - | 13.14 | - | 45.34 | 318.00 | 7.97 | 343.34 | 25.34 | 53.46 |
| 2007-08 | 343.34 | 26.04 | - | - | 10.07 | - | 36.11 | 379.45 | 7.46 | 407.76 | 28.31 | 97.40 |
| 2008-09 | 407.76 | 20.85 | 6.39 | - | 2.88 | - | 30.12 | 437.88 | 7.64 | 471.33 | 33.45 | 24.55 |
| 2009-10 | 471.33 | 12.85 | - | - | 4.38 | - | 17.23 | 488.56 | 7.79 | 526.62 | 38.06 | 24.33 |
| 2010-11 | 526.62 | 12.47 | -0.60 | - | 47.09 | - | 58.96 | 585.58 | 7.62 | 630.20 | 44.62 | 5.03 |
| 2011-12 | 630.20 | 19.40 | -1.33 | - | 50.56 | - | 68.63 | 698.83 | 7.59 | 751.87 | 53.04 | -1.32 |
| 2012-13 | 751.87 | 37.76 | - | - | 33.26 | - | 71.02 | 822.89 | 7.69 | 886.17 | 63.28 | 31.62 |
| 2013-14 | 886.17 | 0.50 | -0.53 | - | 97.99 | - | 97.96 | 984.13 | 7.44 | 1057.35 | 73.22 | 22.69 |
| 2014-15 | 1057.35 | - | -0.53 | - | 91.62 | - | 91.09 | 1148.44 | 7.59 | 1235.61 | 87.17 | 7.98 |
| 2015-16 | 1235.61 | 5.50 | -0.53 | - | 123.84 | - | 128.81 | 1364.42 | 7.30 | 1464.02 | 99.60 | 52.70 |
| 2016-17 | 1464.02 | 1.00 | -0.72 | - | 111.73 | - | 112.01 | 1576.03 | 7.09 | 1687.77 | 111.74 | 49.37 |
| 2017-18 | 1687.77 | - | -0.55 | - | 113.80 | - | 113.25 | 1801.02 | 7.03 | 1927.63 | 126.61 | 49.71 |
| 2018-19 | 1927.63 | 11.97 | -0.54 | - | 138.07 | - | 149.50 | 2077.13 | 6.95 | 2221.49 | 144.36 | 53.64 |
| | | **312.08** | **3.30** | | **893.88** | | | | | | | |

*(Source: compiled from Finance Accounts and information furnished by PSUs)*

[18] Negative figures of Interest free loans shown in this column represent repayments of loans by the PSUs to the State Government during the concerned year

[19] Total Earnings for the year from 2000-01 to 2018-19 depicted net earnings (profit/loss) for the years relating to 14 PSUs (excluding GITDC and one subsidiary company) which prepare their annual accounts on commercial accounting principles. In case where annual accounts of any PSU was pending during any year then net earnings for that year has been taken as per latest audited accounts of the concerned year

[20] It is the figure of State Government's investment as on 31.03.2001 as per Appendix 6 of CAG's Audit Report for the year ended 2000-01 and is cumulative up to 2000-01

[21] The figures are as furnished by the PSUs and is cumulative up to 2000-01. Out of total 16 PSUs, two PSUs (GSHCL & GITDC) have not furnished information and two PSUs (GMCL & GHRSSIDCL) have furnished partial information

The balance of investment by the State Government in these PSUs (including Grant/Subsidies for operational and management expenses) at the end of the year stood at ₹ 1,209.26 crore[22] in 2018-19 from ₹ 85.26[23] crore in 2000-01 as the State Government made further investments in shape of equity (₹ 237.95 crore), interest free loans (₹ 3.30 crore) and ₹ 882.75 crore as Grants/Subsidies during the period 2001-02 to 2018-19, as detailed in **Table 3.9**.

**3.1.18** The Rate of Real Return measures the profitability and efficiency with which equity and similar non-interest bearing capitals have been employed, after adjusting them for their time value, and assumes significance when compared with the conventional Rate of Return (ROR), which is calculated by dividing the Profit after Tax (PAT) by the sum of all such investments counted on historical cost basis.

The investments of Government in all the PSUs in the form of equity, interest free loans, interest free loans converted into equity and grants/subsidies given by the Government for operational and management expenses less the disinvestments are indexed to their Present Value (PV) and summated as indicated in **Table 3.9**. The Rate of Real Return is thereafter calculated by dividing the PAT by the sum of the PV of the investments as shown in **Table 3.10**.

**Table 3.10 : Real Rate of Return on State Government Funds**

***(₹ in crore)***

| Year | Total earnings for the year | At historical cost | | At Present Value[24] (PV) | |
|---|---|---|---|---|---|
| | | Investment by GoG in form of Equity, IFL and grants | Return on GoG investment (*per cent*) | PV of GoG investment at end of the year | Return on PV of GoG investment (*per cent*) |
| 2014-15 | 7.98 | 705.69 | 1.13 | 1235.61 | 0.65 |
| 2015-16 | 52.70 | 834.50 | 6.32 | 1464.02 | 3.60 |
| 2016-17 | 49.37 | 946.51 | 5.22 | 1687.77 | 2.93 |
| 2017-18 | 49.71 | 1059.76 | 4.69 | 1927.63 | 2.58 |
| 2018-19 | 53.64 | 1209.26 | 4.44 | 2221.49 | 2.41 |

*(Source: compiled from Finance Accounts and information furnished by PSUs)*

As can be seen from the table above, when historical cost of investment of State Government is considered the percentage of return on investment indicated is higher *i.e.* 1.13 *per cent* and 6.32 *per cent* whereas when the PV of funds infused by the State Government up to 31 March 2019 amounting to ₹ 2,221.49 crore is considered, the RORR for the period from 2014-15 to 2018-19 ranged from 0.65 *per cent* to 3.60 *per cent.*

**Erosion of Net worth**

**3.1.19** Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners.

[22] ₹ 1,209.26 crore = ₹ 312.08 crore + ₹ 3.30 crore + ₹ 893.88 crore

[23] ₹ 85.26 crore = ₹ 74.13 as Equity + ₹ 11.13 crore as Grant/Subsidy

[24] Present value is worked out based on extent of information pertaining to Grant/Subsidy furnished by the PSUs as on 15 May 2020. Two PSUs (GSHCL & GITDC) have not furnished any information and Two PSUs (GMCL & GHRSSIDCL) have furnished part information

The capital investment and accumulated losses of 15 State Government PSUs excluding GITDC as per their latest finalised accounts as on 31 March 2019 were ₹ 377.81 crore and ₹ 63.25 crore resulting in positive net worth of ₹ 441.06 crore as depicted in **Table 3.11**.

**Table 3.11 : Net worth of undertakings during 2014-15 to 2018-19**

*(₹in crore)*

| Year | Total PSUs | PSUs preparing Accounts | Total Paid up Capital at end of the year | Accumulated Profit (+)/Loss (-) at end of the year | Net Worth |
|---|---|---|---|---|---|
| 2014-15 | 16 | 15 | 346.27 | -37.99 | 308.28 |
| 2015-16 | 16 | 15 | 360.01 | -13.38 | 346.63 |
| 2016-17 | 17 | 15 | 360.56 | 26.86 | 387.42 |
| 2017-18 | 17 | 16 | 365.20 | 59.13 | 424.33 |
| 2018-19 | 16 | 15 | 377.81 | 63.25 | 441.06 |

*(Source: Compiled from Accounts of PSUs)*

As can be seen, the net worth of these companies increased during the period. It increased from ₹ 308.28 crore in 2014-15 to ₹ 441.06 crore in 2018-19. PSUs reporting net profit as per their financial statements during the period 2014-15 to 2018-19 ranged from 8 to 11. However, EDC Limited had contributed the most *i.e.* 66.56 *per cent* to 83.42 *per cent* of the total profit earned by such PSUs. While three to six PSUs had reported losses during the same period, the overall position was positive for the State Government.

A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The capital investment and accumulated losses in respect of three[25] active PSUs as per their latest finalised accounts were ₹ 118.25 crore and ₹ 266.27 crore respectively resulting in negative net worth of ₹ (-) 148.02 crore after deducting nil deferred revenue expenditure as can be seen from **Appendix 3.2**. Of these three PSUs, the maximum net worth erosion was in Kadamba Transport Corporation Limited (₹ 127.22 crore) and Goa Electronics Limited (₹ 17.89 crore). Of these three PSUs where net worth had been fully eroded, one of the PSU *i.e.* GEL as per its latest finalised accounts had recorded profit of ₹ 1.17 crore for 2018-19 although there were substantial accumulated losses.

Out of 15 PSUs where funds were infused by the GoG, 12 PSUs[26] showed positive net worth and net worth of three[27] PSUs was negative during 2014-15 to 2018-19. The net worth of two PSUs[28] decreased during 2014-15 to 2018-19 whereas it increased in respect of two[29] PSUs during the same period and it fluctuated in respect of balance 12 PSUs.

[25] Goa Handicrafts, Rural and Small Scale Industries Development Corporation, Kadamba Transport Corporation Ltd. and Goa Electronics Ltd.

[26] Goa Forest Development Corporation Ltd., Goa Meat Complex Ltd., Goa State Horticultural Corporation Ltd., Goa State Scheduled Castes and Other Backward Classes Finance Development Corporation Ltd., Goa State Scheduled Tribes Finance and Development Corporation Ltd., Goa State Infrastructure Development Corporation Ltd., Sewerage & Infrastructural Development Corporation of Goa Ltd., Imagine Panaji Smart City Development Ltd., Goa Tourism Development Corporation Ltd., EDC Ltd., Info Tech Corporation of Goa Ltd., and Goa Industrial Development Corporation

[27] Goa Handicrafts, Rural and Small Scale Industries Development Corporation Ltd., Kadamba Transport Corporation Ltd., and Goa Electronics Ltd.

[28] Goa Handicrafts, Rural and Small Scale Industries Development Corporation Ltd., Kadamba Transport Corporation Ltd.

[29] Goa State Scheduled Tribes Finance and Development Corporation Ltd. and Goa Tourism Development Corporation Ltd.

### *Dividend Payout*

**3.1.20** The State Government had not formulated any dividend policy. The detail of Dividend Payout relating to PSUs where equity was infused by GoG during the period is shown in **Table 3.12**.

**Table 3.12 : Dividend Payout of 15 PSUs during 2014-15 to 2018-19**

***(₹in crore)***

| Year | Total PSUs where equity infused by GoG | | PSUs which earned profit during the year | | PSUs which declared/ paid dividend during the year | | Dividend Payout Ratio (*per cent*) |
|---|---|---|---|---|---|---|---|
| | Number of PSUs | Equity infused by GoG | Number of PSUs | Equity infused by GoG | Number of PSUs | Dividend declared/ paid by PSUs | |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8=7/5*100** |
| 2014-15 | 14 | 293.61 | 8 | 186.83 | 2 | 1.38 | 0.74 |
| 2015-16 | 14 | 299.11 | 9 | 264.20 | 2 | 1.38 | 0.52 |
| 2016-17 | 15 | 300.11 | 8 | 170.31 | 2 | 1.38 | 0.81 |
| 2017-18 | 15 | 300.11 | 8 | 170.31 | 2 | 1.38 | 0.81 |
| 2018-19 | 15 | 312.08 | 10 | 192.61 | 2 | 1.38 | 0.72 |

*(Source: Compiled from Accounts of PSUs)*

During the period 2014-15 to 2018-19, the number of PSUs which earned profits ranged between eight and ten. However, only two PSUs paid dividend to GoG. The Dividend Payout Ratio during 2014-15 to 2018-19 ranged between 0.52 *per cent* and 0.81 *per cent*.

### *Return on Equity*

**3.1.21** Return on Equity (ROE) is a measure of financial performance to assess how effectively management is using shareholders' fund to create profits and is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

Return on Equity has been computed in respect of 14[30] State Government PSUs where funds had been infused by GoG. The details of Shareholders fund and ROE relating to these 14 PSUs during the period from 2014-15 to 2018-19 are given in **Table 3.13**.

**Table 3.13 : Return on Equity relating to PSUs where funds were infused by the GoG**

***(₹in crore)***

| Year | Net Income | Shareholders' Fund | ROE (*per cent*) |
|---|---|---|---|
| 2014-15 | 7.98 | 339.16 | 2.35 |
| 2015-16 | 52.70 | 377.93 | 13.94 |
| 2016-17 | 49.37 | 419.84 | 11.76 |
| 2017-18 | 49.71 | 457.58 | 10.86 |
| 2018-19 | 53.64 | 458.95 | 11.69 |

*(Source: Compiled from Accounts of PSUs)*

[30] Out of total 16 PSUs as on 31.03.2019 excluding 2 PSUs *i.e*. GITDC which has not finalised its accounts since inception, Goa Electronics Ltd. which is subsidiary of EDC Ltd.

During the last five years' period ended March 2019, the Net Income was positive and the ROE during these years ranged between 2.35 *per cent* and 13.94 *per cent*.

***Return on Capital Employed***

**3.1.22** Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed[31]. The details of total ROCE of all the 15 State PSUs together except GITDC during the period from 2014-15 to 2018-19 are given in **Table 3.14**.

**Table 3.14 : Return on Capital Employed**

***(₹in crore)***

| Year | No. of PSUs | EBIT | Capital Employed | ROCE (*per cent*) |
|---|---|---|---|---|
| 2014-15 | 15 | 69.89 | 702.77 | 9.94 |
| 2015-16 | 15 | 115.82 | 890.95 | 13.00 |
| 2016-17 | 16 | 122.91 | 1141.34 | 10.77 |
| 2017-18 | 16 | 180.17 | 1534.45 | 11.74 |
| 2018-19 | 15 | 203.92 | 1501.96 | 13.58 |

*(Source: Compiled from Accounts of PSUs)*

The ROCE of these State PSUs ranged between 9.94 *per cent* and 13.58 *per cent* during the period 2014-15 to 2018-19. The ROCE has been improving since 2014-15 to 2018-19 except during 2016-17.

***Analysis of Long Term Loans of the PSUs***

**3.1.23** Analysis of the Long Term Loans of the PSUs which had leverage during 2014-15 to 2018-19 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

***Interest Coverage Ratio***

**3.1.24** Interest coverage ratio is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a Company by interest expenses of the same period. The lower the ratio, the lesser the ability of the Company to pay interest on debt. An interest coverage ratio below one indicated that the Company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in respect of those companies which had interest burden during the period from 2014-15 to 2018-19 are given in **Table 3.15**.

[31] Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses – deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised

**Table 3.15 : Interest Coverage Ratio relating to State PSUs**

| Year | Number of PSUs having liability of loans from Government and Banks and other financial institutions | Earnings before interest and tax (EBIT) *(₹ in crore)* | Interest *(₹in crore)* | Number of PSUs having interest coverage ratio more than one | Number of PSUs having interest coverage ratio less than one |
|---|---|---|---|---|---|
| 2014-15 | 10 | 70.90 | 46.93 | 5 | 5 |
| 2015-16 | 10 | 114.51 | 55.56 | 7 | 3 |
| 2016-17 | 10 | 118.69 | 68.54 | 6 | 4 |
| 2017-18 | 9 | 184.16 | 96.64 | 5 | 4 |
| 2018-19 | 8 | 193.33 | 114.30 | 6 | 2 |

*(Source: Compiled from Accounts of PSUs)*

Of the eight State PSUs having liability of loans from Government as well as banks and other financial institutions during 2018-19, six PSUs[32] had interest coverage ratio of more than one whereas remaining two PSUs[33] had interest coverage ratio below one which indicates that these two PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

***Debt Turnover Ratio***

**3.1.25** During the last five years, the turnover of 15 PSUs except GITDC recorded compounded annual growth of 6.40 *per cent* whereas compounded annual growth of debt was 17.43 *per cent* due to which the debt turnover ratio increased from 0.54 in 2014-15 to 0.88 in 2018-19 as given in **Table 3.16**.

**Table 3.16 : Debt Turnover Ratio relating to the State PSUs**

***(₹in crore)***

| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|
| Debt from Government and others (Banks and Financial Institutions) | 436.80 | 649.20 | 885.73 | 1070.11 | 975.37 |
| Turnover | 809.08 | 820.56 | 909.08 | 934.44 | 1103.42 |
| Debt-Turnover Ratio | 0.54:1 | 0.79:1 | 0.97:1 | 1.15:1 | 0.88:1 |

*(Source: Compiled based on information contained in latest finalised accounts of PSUs for respective years or information for relevant year furnished by PSUs.)*

The debt-turnover ratio ranged between 0.54 and 1.15 during this period. The decrease in debt position was due to repayment of borrowings mainly by two PSUs namely Goa State Infrastructure Development Corporation Limited and EDC Limited.

## Winding up of inactive State PSUs

**3.1.26** There was only one inactive State PSU (one corporation viz. Goa Information Technology Development Corporation) having a total investment of ₹ 0.25 crore towards capital as on 31 March 2019. The number of inactive PSUs at the end of each year during last five years ended 31 March 2019 are given in **Table 3.17**.

[32] EDC Ltd., Info Tech Corporation of Goa Ltd., Sewerage & Infrastructural Development Corporation of Goa Ltd., Goa Electronics Ltd., Goa State Infrastructure Development Corporation Ltd. and Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Ltd.

[33] Goa Handicrafts, Rural and Small Scale Industries Development Corporation Ltd., and Kadamba Transport Corporation Ltd.

**Table 3.17 : Inactive State PSUs**

| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|
| No. of inactive[34] companies | 2 | 2 | 2 | 1 | 1 |

(Source: Compiled from the information included in Audit Report (PSU), GoG of respective years & ***Appendix 3.2****)*

In respect of another inactive PSU (GAAL) whose major portion of assets were sold in June 2017, the National Company Law Tribunal, (NCLT), Mumbai, had handed over the PSU to the Liquidator to carry out the liquidation process as per Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 as per NCLT's order dated 28.08.2019. The powers of the Board of Directors, key managerial personnel, etc., of Goa Auto Accessories Limited now cease to exist and all the powers now vest with the Liquidator.

## Comments on Accounts of active State PSUs

### Companies

**3.1.27** Seven PSUs forwarded seven audited accounts to the Principal Accountant General during the period from 01 April 2019 to 31 October 2019. Of these, five accounts of Companies were selected for supplementary audit. The comments in the Audit Reports of the Statutory Auditors appointed by CAG and the supplementary audit of CAG mention significant observations on the financial statements. These indicate the quality of financial statements and highlight the areas which need improvement. The details of aggregate money value of comments of Statutory Auditors and CAG are given in **Table 3.18**.

**Table 3.18 : Impact of audit comments on active Companies**

***(₹in crore)***

| Sl. No. | Particulars | 2016-17 | | 2017-18 | | 2018-19 | |
|---|---|---|---|---|---|---|---|
| | | No. of accounts | Amount | No. of accounts | Amount | No. of accounts | Amount |
| 1 | Decrease in profit | 5 | 66.93 | 5 | 17.71 | 2 | 17.57 |
| 2 | Increase in loss | 3 | 8.67 | 3 | 4.49 | 3 | 5.22 |
| 3 | Non-disclosure of material facts | 3 | 8.81 | 3 | 0.45 | 3 | - |
| 4 | Errors of classification | 2 | 79.49 | 4 | 389.75 | 0 | - |

*(Source: Compiled from details received from PSUs)*

During the year, the Statutory Auditors in their Independent Auditor's Report had given unqualified opinion on two accounts of two PSUs and qualified opinion on four accounts of four PSUs. In respect of one account[35] they gave adverse opinion which means that the accounts did not reflect a true and fair position.

### *Corporations*

**3.1.28** The State has two Statutory Corporations *i.e.* (i) Goa Industrial Development Corporation (GIDC) and (ii) Goa Information Technology Development Corporation (GITDC). The CAG is sole auditor in respect of both Corporations.

[34] From 2013-14 to 2017-18: Goa Auto Accessories Ltd.; From 2013-14 to 2016-17 & 2018-19: Goa Information Technology Development Corporation

[35] Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited. (2008-09)

One active Statutory Corporation (GIDC) forwarded its annual accounts for the financial year 2017-18 in April 2019.

The details of aggregate money value of the comments included in supplementary audit by the CAG in respect of Statutory Corporation are given in **Table 3.19**.

**Table 3.19 : Impact of audit comments on Statutory Corporation**

*(₹in crore)*

| Sl. No. | Particulars | 2015-16 | | 2017-18 | | 2018-19 | |
|---|---|---|---|---|---|---|---|
| | | Number of accounts | Amount | Number of accounts | Amount | Number of accounts | Amount |
| 1 | Decrease in profit | - | - | - | - | - | - |
| 2 | Increase in profit | 1 | 1.10 | - | - | - | - |
| 3 | Increase in loss | - | - | - | - | - | - |
| 4 | Decrease in loss | - | - | - | - | - | - |
| 5 | Non-disclosure of material facts | 1 | 10.86 | 1 | 90.01 | - | - |
| 6 | Errors of classification | 1 | 0.49 | 1 | 19.30 | - | - |

*(Source: Compiled from comments of the C&AG in respect of Statutory Corporation)*

## Coverage of this Report

**3.1.29** For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2019, one Follow up Audit on Performance Audit on Estate Management by GIDC (Audit Report 2014-15) and one compliance audit paragraph were issued to the Management and Secretaries of the respective Departments with request to furnish replies within six weeks. The replies were awaited from the State Government (March 2020). The total financial impact of these compliance audit paragraphs is ₹ 119.17 crore.

## Follow up action on Audit Reports

### *Replies outstanding*

**3.1.30** The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. All the Administrative Departments of PSUs need to submit the explanatory notes indicating the corrective/remedial action taken or proposed to be taken on paragraphs and performance audits included in the Audit Reports. The Finance Department, Government of Goa issued every year, instructions to all Administrative Departments to submit replies/explanatory notes within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

**Table 3.20 : Position of explanatory notes not received (as on 29 February 2020)**

| Year of the Audit Report (PSU) | Date of placement of Audit Report in the State Legislature | Total Performance Audits (PAs) and Paragraphs in the Audit Report | | Number of PAs/ Paragraphs for which explanatory notes were not received | |
|---|---|---|---|---|---|
| | | PAs | Paragraphs | PAs | Paragraphs |
| 2015-16 | 07/08/2017 | 1 | 1 | 0 | 1 |
| 2016-17 | 03/08/2018 | 0 | 4 | 0 | 3 |
| 2017-18 | 07/02/2020 | 1 | 1 | 1 | 1 |
| **Total** | | **2** | **6** | **1** | **5** |

*(Source: Compiled based on explanatory notes received from respective Departments)*

Explanatory notes on one Performance Audit of Information Technology Department, one compliance audit paragraph of Sewerage & Infrastructural Development Corporation of Goa Limited and three paragraphs of Goa Industrial Development Corporation are pending.

## Discussion of Audit Reports by COPU

**3.1.31** The status of discussion of Performance Audits and paragraphs that appeared in Audit Report (PSUs) by the Committee on Public Undertakings (COPU) as on 29 February 2020 is given in the **Table 3.21**.

**Table 3.21 : PAs and paragraphs appeared in Audit Reports *vis-a-vis* discussed as of 29 February 2020.**

| Year of the Audit Report (PSU) | Number of PAs / Paragraphs | | | |
|---|---|---|---|---|
| | Appeared in Audit Report | | Discussed by COPU | |
| | PAs | Paragraphs | PAs | Paragraphs |
| 2016-17 | 0 | 4 | 0 | 3 |
| 2017-18 | 1 | 1 | 0 | 0 |
| **Total** | **1** | **5** | **0** | **3** |

*(Source: Compiled based on the discussions of COPU on the Audit Reports)*

The discussion on Audit Reports (PSUs) up to 2015-16 has been completed.

## Compliance to Reports of COPU

**3.1.32** Action Taken Notes (ATNs) on two reports of the COPU presented to the State Legislature in February 2011 and December 2018 had not been received. One COPU report of 2017-18 and two COPU reports of 2018-19 were presented to the State Legislature on 31 January 2019 and ATNs on these COPU reports are also awaited (29 February 2020) as indicated in **Table 3.22**.

**Table 3.22 : Compliance to COPU Reports**

| Year of the COPU Report | Total number of COPU Reports | Total number of recommendations in COPU Reports | Number of recommendations where ATNs not received |
|---|---|---|---|
| 2009-11 | 1 | 4 | 4 |
| 2014-15 | 1 | 8 | 8 |
| 2017-18 | 1 | 6 | 6 |
| 2018-19 | 2 | 12 | 12 |

*(Source: Compiled based on recommendations of COPU)*

These Reports of COPU contained recommendations in respect of paragraphs which appeared in the Audit Report of the CAG of India for the year 2003-04, 2009-10, 2010-11, 2011-12 and 2012-13 respectively.

***The State Government may ensure that replies to Paragraphs/Performance Audits and ATNs on the recommendations of COPU are furnished as per the prescribed time schedule.***

## DEPARTMENT OF INDUSTRIES

## 3.2 Follow-up Audit of 'Performance Audit of Estate Management of Goa Industrial Development Corporation'


### Executive Summary

**The Follow-up Audit undertaken to assess the progress in implementation of recommendations of Performance Audit of Estate Management of Goa Industrial Development Corporation revealed failure in implementation of recommendations and lack of remedial action to address the underlying issues. A comprehensive database on type of industrial units operating at industrial estates, their functional status and employment generation did not exist. Allotment of plots at industrial estates was done arbitrarily and there was no transparency and fairness in evaluation of applications. While lack of adequate infrastructure delayed industrialisation and employment creation at some industrial estates, considerable revenue was lost due to unrealistic fixation of plot rate and non-recovery of applicable transfer fee and water charges from industrial units. Many allottees held plots without utilising it since allotment and indulged in land trading for private gains. The ineptness of the Corporation in acting against defaulters was evident from the fact that about 23 *per cent* of the land allotted to industrial units remained unutilised or vacant for three years to three decades. Management control over estate operations was ineffective due to inadequate MIS and internal audit and poor participation of State Government nominees in decision-making process.**


### 3.2.1 Introduction

Goa Industrial Development Corporation (Corporation) was established (February 1966) under the provisions of the Goa Industrial Development Act, 1965 for securing and assisting in rapid and orderly establishment and organization of industries in Goa. The Corporation establishes and manages industrial estates/areas and makes them available for setting up industrial units. It has powers to acquire and hold movable and immovable property, lease, sell, exchange or transfer property held by it, provide amenities such as roads, electricity and water, street lighting, drainage, sewerage, conservancy, *etc.*, in industrial estates/areas, construct and maintain works and buildings therefor, allot factory sheds or buildings in industrial estates, *etc.* The Corporation has acquired land admeasuring 1.77 crore square metre ($m^2$) for establishing industrial estates/areas, of which 3.27 lakh $m^2$ was acquired during 2015-19. As of March 2019, the Corporation had established 23 industrial estates[36] (IE) in

[36] Bethora, Bicholim, Canacona, Colvale, Corlim, Cuncolim, Honda, Kakoda, Kundaim, Latambarcem, Madkaim, Mapusa, Margao, Panchawadi, Pilerne, Pissurlem, Quitol, Sancoale, Sanguem, Shiroda, Tivim, Tuem and Verna

Goa and allotted 3,514 plots at 21 IEs[37]. Of this, 149 plots were allotted during 2015-19.

### 3.2.2 Organisational structure

The management of the Corporation is vested in the Board of Directors (BoD) consisting of 12 members[38]. The Managing Director is the Chief Executive and *ex-officio* Secretary to the Corporation. He is assisted by two General Managers (in charge of Administration and Engineering sections), two Deputy General Managers (for Administration and Law sections), a Deputy Town Planner, a Special Land Acquisition Officer, a Chief Accounts Officer, a Regional Manager, Area/Field Managers in charge of IEs and other staff.

### 3.2.3 Audit objectives

The Follow-up Audit was undertaken to:

i) Determine the progress of implementation of recommendations made in the 'Performance Audit of Estate Management of Goa Industrial Development Corporation';

ii) Review the adequacy of steps taken to address the issues identified in the Performance Audit; and

iii) Assess the effectiveness of estate management in the light of corrective action taken.

### 3.2.4 Audit scope and methodology

We conducted (June 2019 – August 2019) the Follow-up Audit to assess the action taken on findings and recommendations of the 'Performance Audit of Estate Management of Goa Industrial Development Corporation', which appeared in the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2015 and was tabled (August 2016) in the Goa Legislative Assembly. For this purpose, we issued a structured questionnaire to the management of the Corporation and scrutinised records at the offices of the Corporation including six[39] IEs.

An entry meeting was held (June 2019) with the Managing Director of the Corporation wherein the audit scope, methodology and objectives were discussed. Our findings were reported (June – September 2019) in the form of Audit Enquiries to the management of the Corporation; their replies, wherever received, have been incorporated in this report. The audit findings were also discussed in an exit meeting (September 2019) with the Managing Director. The

---

[37] Allotment at Latambarcem IE had not commenced due to non-completion of infrastructure development works while allotment at Quitol IE was not done as the acquired land could not be converted for industrial use

[38] Secretary (Industries); Secretary (Finance); Chief Electrical Engineer; Director of Industries, Trade and Commerce; President of Goa Chamber of Commerce and Industry; President of Small Scale Industries Association; a Government-nominated architect or environment expert; a Government-nominated person with demonstrated capacity in industry or commerce; three Government-nominated experts in the fields of food processing/agriculture, bio-technology and pharmaceuticals; and Managing Director of the Corporation. The State Government appointed one of the directors as the Chairman of BoD

[39] Honda, Pilerne and Pissurlem IEs in North Goa district, and Kundaim, Madkaim and Verna IEs in South Goa district were selected, based on the maximum area of plots allotted and transferred during 2015-19

draft report has been issued to the Government in December 2019 and their reply is awaited (May 2020).

### 3.2.5 Audit criteria

We relied on the following sources to evaluate/measure the activities of the Corporation:

- The Industrial Policy of Goa 2003;
- The Goa Industrial Development Act, 1965;
- The Goa, Daman and Diu Industrial Development Rules, 1965;
- The Goa IDC Allotment Regulations, 2014 (as amended);
- The Goa IDC Transfer and Sub-lease Regulations, 2014 (as amended);
- The Goa Land Development and Building Construction Regulations, 2010;
- Orders/circulars/instructions of the State Government for allotment/transfer of land/plots; and
- BoD resolutions and approved annual budgets and accounts.

## Audit findings

### 3.2.6 Status of implementation of recommendations of Performance Audit

The Performance Audit of Estate Management of Goa Industrial Development Corporation had made six broad recommendations, which are discussed in the succeeding paragraphs along with the status of action taken thereon. The issues that continue to persist since the last audit are also indicated.

#### 3.2.6.1 Non-maintenance of comprehensive up-to-date database of plots inventory to enable macro-analysis and proper planning

The Performance Audit had noted absence of annual plans for development and industrial activities detailing the physical and financial targets. Accepting the observation, the Corporation had stated (May 2017) that preparation of annual plan was under its active consideration and would be followed scrupulously for land development, creation and upgradation of utilities and maintenance activities. However, the Corporation did not prepare/maintain annual plan for development and allotment activities and operational/financial need forecast for land development and creation of infrastructure and maintenance activities.

Further, Audit recommended preparation of comprehensive database of plot inventory to enable macro-analysis and proper planning for an optimal estate management. However, we found that no action has been taken till date. The Corporation maintained a ‘Land Assets and Land Records Register’, which contained details of land acquired for development of IEs, its location and survey number, date of notification/award and the compensation paid for acquisition. However, the register was not verified and signed by a responsible officer, rendering it susceptible to changes/alterations. Database on type of industrial units operating at IEs, their functional status and employment created was lacking. Further, inventory database of plots allotted, utilisation status of allotted plots, *etc.* should also be in place/maintained to monitor adherence to stipulated time period and recovery of penalty/charges, *etc.* in case of default. Lack of such information limited the ability of the Corporation to effectively plan and monitor industrial activities at IEs.

Our recommendation and the Corporation's own assurance, thus, remained to be implemented. Accepting the findings, the Corporation assured (October 2019) to maintain and attest the Land Records Register in future.

### 3.2.6.2 Inconsistency in evaluation of applications for plot allotments

In the Performance Audit, we had reported inconsistencies in allotment of plots and recommended that the Corporation ensure consistency in evaluation of applications for plot allotment. The Corporation had assured that it would instruct the Scrutiny Committee[40] and the Screening Committee[41] to examine the audit findings in detail.

***Important documents such as Entrepreneurs' Memorandum, ID proof and birth/residence certificate were not available with the applications submitted by six applicants at Kundaim and Verna IEs.***

On follow-up four years thence, we observed that inconsistencies persisted in the evaluation of applications for allotment of plots. During 2015-19, the Corporation received 378 applications against advertisement for allotment of 178 plots at 11 IEs. Of this, we test-checked 211 applications received for allotment of 40 plots at the selected[42] IEs. We observed that the Scrutiny Committee considered 25 (out of 211) applications[43] as 'complete' though the applicants did not submit the requisite documents[44] with their applications. The committee did not enter into correspondence with such applicants for submission of wanting documents within the prescribed period of seven working days after scrutiny. The Screening Committee also considered the incomplete applications and recommended them for allotment at par with other (complete) applications.

The Screening Committee prepared merit list of applicants based on the marks awarded to them on seven[45] parameters for recommending names for allotment of plots. Three[46] out of the seven parameters were already prescribed in the Goa IDC Allotment Regulations, 2014 while the remaining four parameters were to be formulated by the Screening Committee. However, no guidelines were framed for assigning points for these four parameters, namely genuineness/credentials of applicants, viability of project, employment generation and investment potential, leading to arbitrary evaluation of applications. Consequently, in case of 53 (out of 211) applicants, the marks

[40] BoD-constituted committee of two Office Managers and an Accounts Manager

[41] BoD-constituted committee of one Director, Chief General Manager, General Manager (Engineering), Chief Accounts Officer, and a nominee each of Goa Chamber of Commerce and Industry and Goa State Industries Association

[42] 81 applications for 20 plots at Kundaim IE, 21 applications for six plots at Pissurlem IE and 109 applications for 14 plots at Verna IE

[43] 13 applications at Kundaim IE, two at Pissurlem IE and 10 applications at Verna IE

[44] Entrepreneurs' Memorandum, birth/residence certificate, ID proof, Memorandum and Articles of Association, *etc.*

[45] Applicants were given marks for: (i) being 'local person'; (ii) expansion/diversification of existing unit; (iii) being a person/relative whose land has been acquired by Government/Corporation; (iv) viability and category of product; (v) genuineness/credentials; (vi) employment generation; and (vii) investment potential

[46] Priority ranking/extra marks were prescribed for applicants who: (i) were 'local persons'; (ii) applied for expansion/diversification of an existing unit within the State/IE; (iii) had land in own/relative's name and acquired by State Government/Corporation

***Applicant 'A' and Applicant 'B' applied for plot size of 1,047 m$^2$ each at Verna IE. Both applicants were awarded 30 marks for employment generation though Applicant 'A' had indicated employment of 25 persons and Applicant 'B' had indicated employment of eight persons in the application form. At Pissurlem IE, an applicant was awarded 12 marks for projected investment of ₹ 59.10 lakh while Applicant 'X' (also referred to in Appendix 3.7), who committed an investment of ₹ five crore, was not awarded any mark.***

awarded for employment generation had no relation to the number of persons employed while in case of 60 applicants, the marks awarded for investment potential had no relation to the investment committed by them. Though such arbitrariness in awarding marks had been pointed out in the earlier Performance Audit, the Corporation took no remedial action.

In a transparent process of allotment, there should not be any alteration/insertion of entries in the application form/documents after submission of application. The plot size applied for by an applicant was discernible from the application form and other documents[47] submitted by him/her. The applicant paid security deposit[48] for the plot as per the plot size applied for. We observed instances where the plot size mentioned in the application form was overwritten/corrected or a new plot size was inserted beside the original entry without attestation. The plot size entry in the detailed project report (DPR) and other documents submitted by the applicant, therefore, varied with that entered in the application form. The security deposit paid by the applicant at the time of submission of application also varied with the new plot size entered in the application form. This implied that the modifications or insertions were carried out after receipt of applications, which compromised transparency in the evaluation process.

The newspaper advertisement inviting applications for allotment clearly mentioned the plot number and the plot size/area. The applicants were required to apply for the advertised plot number and size. Some applicants submitted a single application for a range of plot size(s). We observed that their applications were not considered for each of the advertised plot size(s) within the range applied for. Instead, the applicant was allotted plot of a different size after correcting/inserting another (allotted) plot size beside the original entry in the application form. The altered/new entry was considered for evaluation of applications, which vitiated fairness and transparency in evaluation/screening process.

The arbitrariness in evaluation of applications and allotment of plots was evident from the fact that six applicants[49] were considered for plot size they had not applied for but for a different plot size (by modifying/inserting entries in application form) while three applicants[50] were considered for the plot size they had applied for as well as for a different plot size. Those nine applicants were finally allotted plots of size other than that they had applied for. This had a

---

[47] The forwarding letter (where received), the application form, the draft project report and the receipt bill for security deposit amount paid

[48] The Goa IDC Allotment Regulations, 2014 prescribed payment of refundable and non-interest bearing security deposit of ₹ 20 per m$^2$ for the plot area applied for by the applicant

[49] Applicants 'C', 'D', 'E' and 'K' at Kundaim IE; and Applicants 'I' and 'J' at Verna IE (referred to in **Appendix 3.6**)

[50] Applicants 'F', 'G' and 'H' at Verna IE (referred to in **Appendix 3.6**)

cascading effect on allotment of plots to other applicants as their applications were also modified to accommodate a particular applicant.

There were also cases where applicants were allotted plots by awarding priority/extra marks without verifying facts and without requisite proof/ document for the same on record.

***Applicant 'O' was awarded 95 (out of 200) marks, which included 30 marks for being 'local person' (i.e., resident in the panchayat/municipality where the IE was located). However, the application form submitted by the applicant and other documents such as Aadhaar card and passport showed residential address as Goregaon (East), Mumbai and place of birth as Chapra, Bihar. On the basis of the submitted documents, the applicant was not entitled to priority ranking. Had the applicant not been awarded 30 extra marks, it would not have secured allotment of plot.***

**Appendix 3.6** shows 12 cases of improper allotment of plots detected in sample check. In these cases, plot size applied for had been altered later and extra marks assigned to applications without adequate grounds. We came across two cases[51] where the applicants complained/filed case against the Corporation for irregular allotment of plots and secured favourable orders from the court.

Thus, the Corporation has not taken action on audit recommendation and its own assurance to remove inconsistencies and arbitrariness in evaluation of applications for allotment of plots. As every activity in the process of evaluation/screening of applications was done manually, there was a risk of granting undue favour to an applicant at any stage. Further, while the names and addresses of applicants who applied for allotment were published on the Corporation's website, the results of the allotment process were not made public.

In reply, the Corporation evaded the issue stating (October 2019) that there was no person available in the Scrutiny/Screening Committee to verify the old cases pointed out by Audit and the matter would be referred to a new Screening Committee for verification and comments. The Corporation, however, assured to take necessary steps.

***We recommend that the Corporation may frame appropriate guidelines for evaluation of all parameters used for making allotments. They may insist on submission of separate application for each plot advertised, and introduce an electronic system for evaluation of applications.***

[51] Applicant 'P' filed a case before the Hon'ble High Court of Bombay at Goa, challenging the allotment of plots at Kundaim IE to Applicant 'Q' and Applicant 'O'. The Corporation had arbitrarily awarded 30 extra marks to the two other applicants considering them as 'local person' and 50 marks for expansion or diversification of existing unit though they were not entitled for the same, which displaced the position of the complainant in the merit list for allotment. The plot was later allotted to the complainant on directions of the court. In another case, Applicant 'R' filed a case against Applicant 'J' before the Hon'ble High Court of Bombay at Goa, stating that the complainant was not allotted the plot that lay contiguous to its existing factory plot though the Allotment Regulations granted priority ranking to application for such a plot. The allotment to Applicant 'J' was subsequently stayed on orders of the court

### 3.2.6.3 Non-recovery of operation and maintenance expenses of IEs through fixation of lease rent and other charges

The Performance Audit had observed on low revenue generation and non-recovery of costs incurred by the Corporation on behalf of industrial units and recommended fixation of lease and other charges to ensure full recovery of operation and maintenance expenses of IEs. The findings of follow up audit indicate that the problem still persists, as discussed in the paragraphs below.

#### *3.2.6.3(i) Inadequate revision of plot rate at Kundaim and Verna IEs*

The Performance Audit had observed that the plot rate at Kundaim IE was fixed/revised without reckoning the enhanced liability of ₹ 2.23 crore for annual lease rent[52] payable to State Government. While fixing (November 2012) the plot rate for each IE on the basis of its category, the Corporation arrived at a rate of ₹ 1,500 per $m^2$ at Kundaim IE, which was subsequently revised to ₹ 1,650 per $m^2$ (July 2015), ₹ 1,740 per $m^2$ (April 2017) and ₹ 1,830 per $m^2$ (April 2018). However, the revisions in plot rate did not reckon the increase of enhanced liability at Kundaim IE, leading to short-fixation of plot rate to the extent of ₹ 15 per $m^2$ and consequent loss of ₹ 16.85 lakh on allotment of land admeasuring 1.12 lakh $m^2$ to 36 allottees during the period from April 2012 to March 2019.

We also observed that post-Performance Audit, the Corporation paid enhanced compensation, varying from 926 to 1,188 *per cent* of the original/initial compensation awarded (₹ 88.53 crore to four land owners/parties[53]) for acquisition of land at Verna IE in terms of award(s) passed by SLAO/court. This amount formed part of land acquisition cost and, considering the huge increase in liability, the plot rate should have been revised/enhanced by at least 25 *per cent* of the prevailing level, *i.e.*, to ₹ 3,040 per $m^2$. However, the Corporation did not consider this aspect at the time of revising the plot rate(s) during 2015-19. It collected a premium[54] of ₹ 4.41 crore during the period from allottees of Verna IE at the existing plot rate (₹ 2,200/₹ 2,310 per $m^2$). This resulted in under-recovery of premium of ₹ 1.69 crore[55] on allotment of 13 plots admeasuring 17,118 $m^2$ during 2016-17 and one plot admeasuring 2,950 $m^2$ during 2017-18.

#### *3.2.6.3(ii) Non-recovery of infrastructure development cost at Panchawadi IE*

The Corporation had fixed (November 2012) the minimum and maximum plot rates at ₹ 750 per $m^2$ and ₹ 2,000 per $m^2$ respectively, according to the category[56] of existing IEs. While doing so, the BoD resolved that such a fixation should not preclude revision or fixation of the plot rate in case of a new acquisition at

---

[52] The State Government increased (March 2012) the annual lease rent from ₹ one to ₹ 2.23 crore on renewal of lease for 30 years (2012-42)

[53] ₹ 0.53 crore paid (December 2014) to first party; ₹ 0.31 crore paid (December 2016) to second party; ₹ 0.72 crore paid (January 2017) to third party; and ₹ 86.96 crore paid (October 2017) to fourth party

[54] Plot rate per $m^2$ multiplied by the area allotted

[55] ({17,118 $m^2$ + 2,950 $m^2$} * ₹ 3,040) *minus* (₹ 4.41 crore collected from allottees)

[56] Pissurlem, Honda, Canacona and Sanguem IEs were classified as Category 'A'; Bicholim and Tuem IEs as Category 'B'; Madkaim, Bethora, Shiroda, Kakoda and Cuncolim IEs as Category 'C'; Tivim, Colvale, Mapusa, Pilerne, Corlim, Kundaim and Margao IEs as Category 'D'; and Verna and Sancoale IEs as Category 'E'

any IE where the cost incurred by the Corporation was high. In such an event, the plot rate should be fixed/enhanced after considering the costs incurred.

Out of 63 plots admeasuring 1.36 lakh m$^2$ available for allotment at Panchawadi IE, the Corporation advertised (May 2015) for allotment of 56 plots admeasuring 67,481 m$^2$ at the rate of ₹ 1,250 per m$^2$, and allotted (December 2015 – July 2017) 20 plots to 19 applicants. It issued (November 2015) another advertisement for allotment of 29 plots that still remained unallotted, at a revised[57] rate of ₹ 1,375 per m$^2$ and allotted (September 2016 – August 2018) 16 plots to 15 applicants. In all, 34 applicants were allotted 36 plots[58] admeasuring 38,423 m$^2$. We observed that instead of fixing the plot rate by considering the costs incurred on acquisition and development of land at Panchawadi IE, the BoD adopted the plot rate at Shiroda IE citing its proximity to Panchawadi IE. Based on the estimated cost of infrastructure development and the actual cost of land acquisition, we arrived at a plot rate of ₹ 1,840 per m$^2$ for Panchawadi IE, which was higher by ₹ 465 per m$^2$ than the rate adopted by the Corporation. Thus, the Corporation deprived itself of premium[59] of ₹ 1.79 crore[60] and annual lease rent of ₹ 3.57 lakh[61] on allotment of area of 38,423 m$^2$ to 34 units at Panchawadi IE.

***3.2.6.3(iii) Lease rent recovery***

The Performance Audit had observed that the annual lease rent fixed by the Corporation did not sustain the operations of IEs and there were huge arrears recoverable from the allottees. The recording of lease rent details was also not proper as the Estate Division recorded the amount only on payment by allottees and not on the due date. We had recommended that fixation of lease rent should ensure full recovery of operation and maintenance expenses at IEs. On follow-up, we observed that the Corporation revised[62] the plot rate at all IEs during 2015-19 and as the lease rent was fixed at two *per cent* of the plot rate, the collection of lease rent during the period was significant[63]. However, the position of arrears recoverable from allottees did not see improvement. As of March 2019, lease rent of ₹ 12.57 crore[64] was still outstanding for recovery from allottees at 21 IEs, which indicated weak recovery mechanism.

Our scrutiny of 701 invoices[65] issued by the Corporation for recovery of lease rent revealed that 203 invoices[66] (29 *per cent*) were issued during the six-month period from October 2018 to March 2019 for a combined period of two to eight years. Thus, our observation in the Performance Audit that the Estate Division of the Corporation did not record the lease rent receivable on the due date but

---

[57] The revised (July 2015) plot rate was made applicable to the plots advertised in May 2015

[58] Two applicants were allotted two plots each and 32 applicants were allotted one plot each

[59] Plot rate per m$^2$ multiplied by the area allotted

[60] (₹ 1,840 – ₹ 1,375) * 38,423 m$^2$

[61] Calculated at two *per cent* of the premium amount

[62] Plot rates were revised by 10 *per cent* from July 2015 and by five *per cent* each from April 2017 and April 2018

[63] Lease rent income increased from ₹ 6.24 crore in 2015-16 to ₹ 12.33 crore (provisional figure) in 2018-19

[64] ₹ three crore at Verna IE, ₹ 2.59 crore at Sancoale IE, ₹ 2.08 crore at Kundaim IE, ₹ 89.98 lakh at Cuncolim IE and ₹ four crore at other 17 IEs

[65] 347 invoices pertaining to allottees in North Goa IEs and 354 invoices pertaining to allottees in South Goa IEs

[66] 92 invoices pertaining to allottees in North Goa IEs and 111 invoices pertaining to allottees in South Goa IEs

entered/invoiced it only when allottees paid some amount remained unaddressed.

The Corporation's efforts to electronically record lease rent accruals from 2018-19 is appreciable; however, it still did not provide an age-wise analysis of the dues to facilitate recovery of arrears.

***3.2.6.3(iv) Under-charging of transfer fee***

The Performance Audit had reported cases of under-charging of transfer fee where the allottees did not achieve substantial construction[67] and utilise 30 *per cent* of the plot area allotted, which resulted in loss of revenue to the Corporation. During 2015-19, there were 287 allottees at 18 IEs which transferred plots allotted to them. We test-checked records relating to transfer of plots by 151 allottees at seven IEs[68] and found that they had transferred plot area of 17.03 lakh $m^2$ to third parties. Of this, an area of 12.20 lakh $m^2$ was transferred by five allottees without utilising at least 30 *per cent* of the allotted plot area for construction of factory building at the time of applying for transfer of plot. However, the Corporation allowed the transfer of plots for free or at a fee lower than the prescribed transfer fee of 60 *per cent* by the regulations, resulting in loss of revenue of ₹ 73.08 crore, as shown in **Appendix 3.7**.

We also observed arbitrariness in approval of transfer of plots. One[69] of the five allottees was permitted to transfer the plot subject to submission of an undertaking to utilise the plot within three years from the date of transfer, which was in violation of the Goa IDC Transfer and Sub-lease Regulations, 2014 (as amended in 2016). In this case, the Scrutiny Committee proposed levying transfer fee at 60 *per cent* of the plot rate but the Screening Committee reduced (March 2017) it to 10 *per cent*[70] as the unit was considered to be in operation for more than 10 years. The decision of the Screening Committee was not in accordance with the Transfer and Sub-lease Regulations as the unit utilized only 9.75 *per cent* of the allotted area and did not achieve substantial construction and, hence, liable to pay 60 *per cent* of the prevailing plot rate as transfer fee.

The Corporation assured to take steps to recover applicable transfer fees from allottees.

***3.2.6.3(v) Short-recovery of water charges from IEs***

The Performance Audit had reported under-billing and short-recovery of water charges from industrial units and recommended for instituting a system for recovering the cost incurred on water supply. However, we did not notice any improvement during our audit follow-up. The Corporation incurred loss of ₹ 4.63 crore during 2015-19 due to under-billing of water charges to industrial units, as shown in **Table 3.23**. It spent ₹ 28.04 crore[71] on operation and

[67] Plot with substantial construction meant a plot where building construction has been completed as per the approved plans and occupancy certificate was obtained for part or whole of the building. A subsequent amendment (February 2018) altered the definition to denote a plot in which the allottee had invested an amount of ₹ 2,000 per $m^2$ or more (excluding the cost invested on compound wall and security cabin) in building construction.

[68] Bicholim, Honda, Kundaim, Madkaim, Pilerne, Pissurlem and Verna

[69] Transfer of plot from Allottee 'V' (referred to in **Appendix 3.7**) to Allottee 'Z' (March 2017)

[70] Transfer fee at 10 *per cent* of the prevailing plot rate was applicable for allottees who had completed construction as per approved plans, obtained occupancy certificate and were successfully functioning for more than 10 years

[71] ₹ 20.07 crore paid to PWD on water supply and ₹ 7.97 crore spent on maintenance

maintenance of water supply pipelines/pump house during 2015-19[72] but could recover ₹ 22.01 crore (78 *per cent*) thereof.

**Table 3.23: Difference in water charges billed by PWD and the Corporation**

| Year | Volume of water billed by PWD (cu. m.) | Volume of water billed by Corporation (cu. m.) | Difference in volume of water billed (cu. m.) | Under-billing of water charges (*₹in crore*) |
|---|---|---|---|---|
| 2015-16 | 1722106 | 1290502 | 431604 | 1.29 |
| 2016-17 | 1942072 | 1355455 | 586617 | 1.76 |
| 2017-18 | 1504260 | 1221216 | 283044 | 0.85 |
| 2018-19 | 1526286 | 1282154 | 244132 | 0.73 |
| **Total** | **6694724** | **5149327** | **1545397** | **4.63** |

*(Source: Information provided by the Corporation)*

The Corporation ascribed the difference in water billed to loss due to leakage and breakdown of water pipelines, which could not be plugged till date. It did not take any action to establish a system for recovering water charges and arresting arrears on that account. The water charges recoverable from industrial units increased by 86 *per cent* from ₹ 12.57 crore as of March 2015 to ₹ 23.32 crore as of March 2019, which indicated a very weak recovery mechanism.

The Corporation admitted to water loss due to underground leakage in old pipelines, valves, *etc.* at IEs, and stated (September/October 2019) that it was very difficult to plug the leakage/loss as there were no plumbers/technical persons to identify such leakage.

The magnitude of the loss can be understood from the fact that the total reported loss of 15.45 lakh cubic meters of water is equivalent to 28 *per cent* of the average annual capacity of the Amthane Dam situated in the State. This massive loss indicates that the leakages acknowledged by the management need to engage urgent attention of the Corporation.

***In view of this response admitting technical incapacity to prevent loss and the weak recovery of water charges we recommend that the Corporation may hand over the water supply distribution system and collection of water charges at IEs to PWD.***

#### 3.2.6.4 Inaction against allottees holding land/plots without any/partial development

The Government-appointed Task Force Committee (TFC) had identified (November 2011) 146 allottees/industrial units who had not utilised 244 plots admeasuring 5.98 lakh m$^2$ allotted to them by the Corporation between 1989 and 2009. A sub-committee of BoD was formed (March 2013) to review the cases identified by TFC. It considered (April 2013/January 2014) the cases of 100 (out of 146) defaulters and recommended further course of action. In the Performance Audit, we had observed that the Corporation did not take action against the defaulters identified by TFC, and recommended that the Corporation should discourage allottees from holding land without any/partial development. The Corporation had assured to examine the matter on a case-to-case basis.

Four years later, we observed that out of the 100 industrial units considered by the sub-committee, 32 units were functioning and 68 units were still

[72] Figures for 2018-19 are provisional as annual financial statements were yet to be approved

non-functional. Of the remaining 46 units not considered by the sub-committee as of March 2019, 24 units were functioning and 22 units were non-functional.

Thus, nine years after identification by the TFC, 90 (62 *per cent*) of the 146 units still remained non-functional. Of these, 72 non-functional units[73] were yet to be re-possessed by the Corporation. The present status of all 146 units is summarised in **Table 3.24**.

**Table 3.24: Status of TFC-identified units as on 31 March 2019**

| (A) Cases reviewed by the sub-committee | | | |
|---|---|---|---|
| **Action taken by the Corporation** | **Number of units** | **Present status** | |
| | | **Functioning units** | **Non-functional/vacant units** |
| Re-possessed and re-allotted | 11 | 5 | 6 |
| Original allotment | 62 | 19 | 43 |
| Transferred | 20 | 8 | 12 |
| Re-possessed but not re-allotted/vacant | 7 | - | 7 |
| **SUB-TOTAL (A)** | **100** | **32** | **68** |
| **(B) Other cases/cases not reviewed by the sub-committee** | | | |
| Re-possessed and re-allotted | 7 | 4 | 3 |
| Original allotment | 30 | 16 | 14 |
| Transferred | 7 | 4 | 3 |
| Re-possessed but not re-allotted/vacant | 2 | - | 2 |
| **SUB-TOTAL (B)** | **46** | **24** | **22** |
| **TOTAL (A+B)** | **146** | **56** | **90** |

Of the 56 functioning units, only 36 units had completed the construction of factory building and commenced their business. The remaining 20 units did not utilise at least 30 *per cent* of the allotted plot area for factory construction. The Corporation, however, did not take steps to re-possess the unutilised plot area of the 20 units, as prescribed under the Goa IDC Allotment Regulations, 2014. The sub-committee did not meet to review the status of defaulting units after it had considered their cases in January 2014, which indicated lack of earnestness in following up and initiating action against the defaulters under the extant regulations.

Thus, the Corporation did not act on our recommendation and its own assurance in the matter. It gave a long rope to non-functional units by not re-possessing their plots and cancelling their allotments, which blocked industrialisation and held up employment generation on land admeasuring 1.93 lakh $m^2$ that remained idle for 10 to 30 years.

The Corporation assured to take necessary steps.

### 3.2.6.5 Non-usability of allotted plots and under-recovery of development cost

In the Performance Audit we had observed that the land allotted at Verna and Kundaim IEs was not utilized by allottees for want of proper approach road and land development. The BoD had resolved (December 2016) that no plot should

[73] 57 original allotments + 15 transferred cases (referred to in **Table 3.24**)

be advertised for allotment unless there is proper infrastructure at site and any extension of time for allotment should be considered on a case-to-case basis.

On follow-up, we observed that the Corporation allotted (February 2016 – July 2018) 36 plots admeasuring 38,423 $m^2$ at the rate of ₹ 1,375 per $m^2$ at Panchawadi IE and 49 plots admeasuring 67,378 $m^2$ (March 2015 – April 2017) at the rate of ₹ 1,000/₹ 1,650 per $m^2$ at Tuem IE. While allotting the plots, adequate infrastructure[74] was not readied by the Corporation; consequently, the allottees refused to pay the premium amount. On receipt of representations from allottees, the BoD resolved (December 2017) to extend the date(s) of allotment to 31 March 2019 or the day of actual completion of infrastructure, whichever is earlier.

Considering the estimated cost of infrastructure at these IEs, the applicable[75] plot rate of Panchawadi IE was ₹ 2,040 per $m^2$ and that of Tuem IE was ₹ 1,830 per $m^2$ as on March 2019 against the rates of ₹ 1,375 per $m^2$ and ₹ 1,000/₹ 1,650 per $m^2$ respectively. Thus, the allotment of plots without readying infrastructure was fraught with the risk of under-recovery of full infrastructure cost and non-utilisation of the allotted plots.

#### 3.2.6.6 Remedial measures not taken to safeguard organisational interests while granting permission to mortgage the allotted plots

The Performance Audit had observed that the allottees mortgaged the allotted plots to bank/financial institution for availing loans, which affected the control of the Corporation over the plots and defaulting allottees. The Goa IDC Transfer and Sub-lease Regulations allowed an allottee to mortgage the plot and raise finance from bank/financial institution without having utilised at least 30 *per cent* of the allotted area for construction of factory/building and commencement of business. Even if the allottees defaulted in repayment of loan to the bank/financial institution, they were required to pay a measly sum equal to 15 *per cent* of the prevailing plot rate per $m^2$ to the Corporation on auction by the bank/financial institution. We had accordingly recommended that the Corporation should take remedial measures to safeguard its interests in such cases, and the Corporation assured (May 2017) to make necessary amendments to the Transfer and Sub-lease Regulations.

[74] Approach roads and water supply to industrial units were not available

[75] After escalation of plot rate of ₹ 1,840 per $m^2$ by five *per cent* each on two occasions (April 2017/April 2018)

During 2015-19, there were 228 cases where the Corporation granted no objection certificate (NOC) to allottees at 21 IEs for mortgaging leasehold rights over allotted plots to bank/financial institution. A test-check of 125 (out of 228) cases at seven IEs (including six selected IEs) revealed that nine allottees had not utilised at least 30 *per cent* of the allotted plot area for over three years but they were allowed to mortgage the plots. The allottees did not commence construction and commercial operations even after obtaining loan/financial assistance. We also observed an instance where the allottee did not utilise the plot and mortgaged it to bank/financial institution to finance different business at another plot. Consequently, the purpose of the allottees availing of financial assistance (for setting up the proposed project at the allotted plot) was not achieved.

***Allottee 'AA' was allotted (April 2003) plot No. 59-B/2 at Pilerne IE for manufacturing silver, gold, diamond and platinum jewellery. However, it did not utilise the plot for setting up the industry. Based on NOC granted (September 2015) by the Corporation, the plot was mortgaged to Small Industries Development Bank of India for availing a loan for another different business of the same allottee at plot No. 54 at Pilerne IE.***

Six[76] of the nine allottees mortgaged the allotted plots admeasuring 0.40 lakh m$^2$ as collateral for obtaining loans of ₹ 453.37 crore from the land they had secured for ₹ 5.67 crore from the Corporation. The encumbrance created on the plots made it impossible for the Corporation to get back possession of the unutilised plots and re-allot it to other units for a period ranging from three years to a decade. Besides, the amended regulations permitted allottees to hold plots without utilizing it for years and raise money by mortgage while paying a nominal transfer fee of 15 *per cent* of the prevailing plot rate to the Corporation in the event of transfer of plot on auction by bank/financial institution.

***Allottee 'AC' indicated a project cost of ₹ 56 crore in its application and DPR for allotment of plot at Kundaim IE. It was allotted (October 2015) plot No. B-51 admeasuring 24,582 m$^2$ by the Corporation at a premium of ₹ 4.06 crore. However, it availed of loans amounting to ₹ 428.75 crore from a consortium of five banks against the collateral of the allotted plot. The plot remained unutilised.***

Thus, the Corporation did not act on our recommendation and its own assurance to amend the Transfer and Sub-lease Regulations to safeguard its interests. However, it assured (October 2019) to take corrective action in future.

#### 3.2.6.7 Inadequate participation by Government nominees at Board meetings

The Performance Audit had observed that the official directors nominated by State Government did not attend the meetings of BoD on a regular basis and recommended that their participation in the top management should be ensured for better governance. The BoD had resolved (March 2016) to adopt the audit observations for better corporate governance.

[76] Information in respect of three allottees was not available with the Corporation

During the Follow-up Audit, we observed that the attendance of four State Government nominees[77] in 19 Board meetings[78] held during 2015-19 was not satisfactory. Their absence in meetings was 95 *per cent* (18 of 19 meetings) in respect of Secretary (Finance), 74 *per cent* (14 of 19 meetings) in respect of Secretary (Industries), 63 *per cent* (12 of 19 meetings) for Director of Industries and 58 *per cent* (11 of 19 meetings) for Chief Electrical Engineer (CEE). However, the Director of Industries and the CEE were represented by another officer in their absence in one and six (out of 19) meetings respectively. None of the four Government nominees were present in five meetings[79] while their collective presence was noticed in only one meeting (27 April 2018). The absence of these officers indicated that the Government's viewpoint was not available in deliberations on important matters such as allotment of plots, fixation of plot rate/lease rent, administrative approval and expenditure sanction for various works at IEs, transfer/sub-lease of plots, swapping of allotted plots, adoption of final accounts, approval of budget estimates, *etc.*

Thus, no corrective action was taken on our recommendation and the resolution of the BoD to ensure improved participation by Government nominees in the top management, thereby abnegating the purpose of Government control and oversight over the affairs of the Corporation.

#### 3.2.6.8 Inaction in weeding out the vulnerability due to employees' interests in plots

In the Performance Audit, we had observed that the Corporation did not take any action against 17 employees who were allotted plots in their/relative's name(s) and to incorporate suitable provisions in the regulations to mandate the disclosure of relationship of an applicant for plots with the employees. Subsequently, the BoD had resolved (October 2016) to empower the Chairman of the Corporation to settle the issue once and for all.

We observed that the Corporation did not amend the regulations to require the applicants disclose their relationship, if any, with the employees while applying for allotment of plots. Nine out of the aforesaid 17 employees who held plots in their/relative's name had either retired or expired, one employee left the Corporation after having served on deputation and seven employees were in service (as of August 2019). Two employees were suspended, one of whom was terminated (since deceased) while the other was reinstated (June 2016) pending completion of inquiry due to a procedural delay in seeking extension of time for review of suspension within the prescribed period of 90 days. There was no disciplinary action against the remaining 15 employees. Two out of the 15 employees were promoted (February 2015) in the interim, which lacked justification.

While allowing the employees to utilise the plots allotted to them/relatives, the Chairman of the Corporation had directed (January 2017) to recover the principal amount (excluding interest and penal interest) outstanding from them. However, no steps were taken to recover even the principal dues and as of

[77] Secretary (Industries), Secretary (Finance), Director of Industries and Chief Electrical Engineer

[78] Five meetings during 2015-16, three meetings in 2016-17, four meetings in 2017-18 and seven meetings (excluding one by circulation) in 2018-19

[79] Board meetings held on 17 October 2017, 07 February 2018, 04 April 2018, 29 October 2018 and 17 December 2018

March 2019, a sum of ₹ 88.15 lakh was outstanding from 15 employees[80] in respect of 27 plots/sheds allotted to them at eight IEs[81]. The decision to waive interest and penal interest when the principal amount was recoverable from the employees lacked justification.

Thus, the resolution of the BoD to initiate immediate steps by proceeding against the employees concerned and take back the plots was not matched by corrective action even after three years. The Corporation had also not taken necessary steps to amend the regulations for future safeguard.

### 3.2.6.9 Delay in execution of lease deed for allotted plots

The Performance Audit had reported delay in executing lease deed and the inaction of the Corporation in cancelling the allotment of defaulting allottees and non-levy of penalty, which was noted (May 2017) by the Corporation for corrective action. Our audit follow-up did not reveal any improvement. Scrutiny of records relating to allotment of 40 plots to 37 applicants at the selected IEs during 2015-19 indicated delay varying from over six months to two years and nine months in respect of 29 allottees (nine of whom did not execute lease deed till date). The average delay in execution of lease deed was approximately one year and three months, which was more than double the time period prescribed by the Goa IDC Allotment Regulations, 2014. Till date, the Corporation did not initiate any action for terminating/cancelling the allotment orders of 29 allottees who held plot area admeasuring 38,678 $m^2$ without executing lease deed.

Thus, the problem remained unaddressed till date.

### 3.2.6.10 Inadequate Management Information System

In the Performance Audit, we had observed that field offices at some IEs skipped the submission of Monthly Progress Reports (MPR) that were required to be rendered by Field Managers of IEs while others simply circulated the prescribed format to industrial units for submission of information in MPR. The Corporation had assured (May 2017) to take steps to ensure submission of MPR by all IEs in a prescribed format to capture all relevant details.

On follow-up, we observed non-uniformity in MPRs submitted by IEs. Of the 21 IEs that submitted MPRs, nine[82] IEs furnished information regarding industrial units in a 26-column format, eight[83] IEs submitted information in a format having 11 to 25 columns and four[84] IEs used a format having 27 to 30 columns. This resulted in non-availability of essential information to the top management for monitoring and evaluating the status of plot utilisation across IEs. Further, only four[85] IEs showed data on employment generation at industrial units on the land/plots allotted, 14 IEs showed it partially (for some

[80] Arrears in respect of two employees were not ascertainable as relevant data was not furnished by the Corporation

[81] Bethora, Bicholim, Kakoda, Kundaim, Margao, Pilerne, Tivim and Verna

[82] Canacona, Colvale, Cuncolim, Kakoda, Margao, Sanguem, Tivim, Tuem and Verna

[83] Corlim IE used MPR with 11 columns; Panchawadi and Shiroda IEs used MPR with 12 columns; Kundaim IE furnished MPR with 14 columns; Pilerne and Sancoale IEs used a format having 16 columns; Pissurlem IE rendered MPR with 17 columns; and Mapusa IE furnished MPR with 25 columns

[84] Madkaim IE rendered MPR with 27 columns; Bicholim and Bethora IEs used a format with 29 columns; and Honda IE furnished MPR with 30 columns

[85] Colvale, Mapusa, Sanguem and Tivim

functioning units) and three[86] IEs did not provide any employment data. Thus, the MPRs did not aid the management for effective decision making.

We also observed that annual budget estimates for the succeeding financial year were not prepared and submitted[87] to State Government for approval before the first day of October of each year, as mandated under the Goa, Daman & Diu Industrial Development Rules, 1965. The preparation of budget, therefore, did not aid in financial management and control.

The internal audit system of the Corporation was inadequate. While no internal audit was conducted during 2014-17, the scope of audit for 2017-18 and 2018-19 was limited to preparation of annual financial statements and not for providing assurance on the adequacy of internal controls over core functions such as estate management.

Thus, the Corporation did not keep its assurance (May 2017) on rendition of comprehensive and uniform MPRs across IEs, timely preparation and submission of annual budget and strengthening of internal audit, which resulted in a weak monitoring and internal control system. The Corporation once again assured to take necessary steps in future.

### 3.2.7 Other key findings of the Follow-Up Audit

#### 3.2.7.1 Unfruitful expenditure on land development at Quitol IE

The Corporation took possession (June 2008) of land admeasuring 8.84 lakh m$^2$ for establishing an IE at Quitol village after paying compensation of ₹ 2.77 crore to land owners in terms of award passed by the SLAO. We observed that the Town and Country Planning Department (TCPD) had not granted permission/NOC to the Corporation for the proposed IE as it existed in partly social forestry zone and partly cultivable zone. The award passed by SLAO had also referred to the land as partly rocky, partly rice field and mostly barren land with jungle trees, and noted that a lot of expenditure would have to be incurred for making the land fit for establishing the IE. Subsequently, TCPD ruled out (January 2010) conversion of the land for industrial use.

Notwithstanding the disapproval of TCPD and the observations of SLAO, the Corporation spent ₹ 17.94 crore on works such as construction of roads, laying dedicated water supply pipelines, pump house and generator installation, *etc.* at the acquired land. However, the land could not be allotted/utilised for industrial purpose, rendering the expenditure of ₹ 20.72 crore unfruitful.

A proposal mooted (August 2018) by Goa Tourism Development Corporation Ltd. to take over the entire land by paying the cost of acquisition (₹ 2.77 crore incurred by the Corporation) for promoting adventure tourism has not fructified.

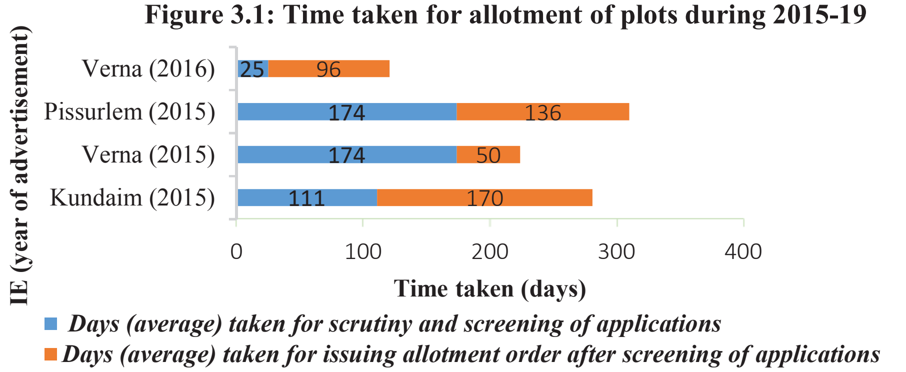
[86] Panchawadi, Shiroda and Tuem

[87] While the date of forwarding the annual estimates for 2015-16 to State Government was not available, the estimates for 2016-17 were forwarded in August 2016 (due before 01 October 2015), estimates for 2017-18 in November 2017 (due before 01 October 2016) and that for 2018-19 were not forwarded till 31 August 2019 (due before 01 October 2017)

### 3.2.7.2 Delay in processing applications for allotment of plots

The Goa IDC Allotment Regulations, 2014 prescribed the procedure for processing of applications – from receipt of applications to issuing of allotment orders – for allotment of plots at IEs. We observed delay in completion of activities at two critical stages[88] of allotment process, in respect of 37 applicants at Kundaim, Pissurlem and Verna IEs who were allotted plots during 2015-19. The Corporation attributed the long time taken in completing the scrutiny and screening of applications to delay in convening meetings of the Screening Committee. **Figure 3.1** shows the average time taken (number of days) in completing the allotment process at each of the three selected IEs where allotment took place during 2015-19.

**Figure 3.1: Time taken for allotment of plots during 2015-19**




*(Source: Data compiled from allotment records of the Corporation)*

The average time taken for completing the allotment process at the three IEs was approximately eight months (234 days) while the median time taken was 261 days. This indicated that 50 *per cent* of the applicants got allotment order after about nine months of submission of applications, underscoring the need for improving efficiency in the allotment process. The process of evaluation of applications received against the advertisement issued (January 2019) for allotment of 11 plots was not completed till date (August 2019). The slow process of allotment delayed both the promised investment of ₹ 73.48 crore and the promised employment of 1,141 persons by nine months.

The Corporation noted (October 2019) the audit finding for future.

***We recommend that the Corporation may fix a timeline and complete the entire process of allotment of plots within a reasonable time period so that industrialisation and employment generation is not delayed.***

### 3.2.7.3 Allotment of plots to service industry without auctioning

The Goa IDC Allotment Regulations, 2014 stipulated that allotment of plots for purposes other than for industrial undertaking and/or to Government organisations or allotments made as per the directions of Government should be done through auction process on lease basis to the highest bidder. In such case, the base price for auction of the plot would be twice the rate fixed by the Corporation in the respective IEs.

[88] The first stage involved scrutiny and screening of applications while the second stage commenced with acceptance of recommendation of Screening Committee and culminated in issuing of allotment order

We observed that the Corporation allotted (June 2016/August 2016) plots[89] admeasuring 2,050 $m^2$ to two units for activities other than industrial undertaking[90]. However, the allotment was not done through auction process, resulting in loss of premium of ₹ 39.33 lakh[91] and lease rent of ₹ 2.36 lakh[92]. In fact, no plot was advertised for allotment by auction during 2015-19.

### 3.2.7.4 Loss due to delay in allotment of plots at IEs

#### *3.2.7.4(i) Allotment at Latambarcem IE*

The Corporation acquired (October 2014) and took possession (October 2016) of land admeasuring 3.27 lakh $m^2$ for setting up an IE at Latambarcem village. As of March 2019, only 50,000 $m^2$ out of the saleable plot area of 2 .09 lakh $m^2$ had been allotted[93] (December 2018) at a plot rate of ₹ 3,550 per $m^2$. As infrastructural facilities were not completed, the remaining area admeasuring 1.59 lakh $m^2$ (76 *per cent*) was yet to be advertised and allotted. We observed that the fixation of plot rate did not reflect the actual costs to be incurred on land development as the plot rate was fixed (December 2018) before completion of infrastructure facilities and no escalation[94] was provided for in the rate fixed. At the current plot rate fixed by the Corporation, the annual loss of lease rent due to delay in allotment worked out to ₹ 1.13 crore[95].

While admitting the inordinate delay in allotment at Latambarcem IE, the Corporation stated (October 2019) that it was not practical to allot land immediately on acquisition as the development of infrastructure and receipt of administrative approval and expenditure sanction for development works at IEs takes considerable time. The reply is not tenable as the Corporation was unable to develop necessary infrastructure at Latambarcem IE even after obtaining budgetary approval and expenditure sanction for various development works[96].

Further, while according (March 2016) the administrative approval and expenditure sanction for construction of laterite masonry compound wall at Latambarcem IE, the BoD had opined that advertisement for allotment of plots should be released by May 2016 positively, which was not adhered to.

---

89 One plot admeasuring 1,000 $m^2$ was allotted to Allottee 'W' (also referred to in **Appendix 3.7**) at Verna IE for providing canteen service (commercial activity) at a plot rate of ₹ 2,200 per $m^2$ and another plot admeasuring 1,050 $m^2$ was allotted to another unit at Kundaim IE for packing sanitary napkins (service activity) at a plot rate of ₹ 1,650 per $m^2$

90 Industrial units at IEs were classified as industrial undertaking, institution, utility and commercial activity. While service industry meant and included logistics and warehousing other than captive warehousing, commercial activity included hotels, kiosks, canteen/restaurant other than those promoted or set up by the Corporation, bank, and any other activity not falling under the other three categories

91 ({[₹ 2,200 * 2] * 1,000 $m^2$} – ₹ 22 lakh recovered as premium) *plus* ({[₹ 1,650 * 2] * 1,050 $m^2$} – ₹ 17.33 lakh recovered as premium)

92 Computed for three years (2016-19) at two *per cent* of the premium amount recoverable

93 An offer of allotment was issued (December 2018) to an industrial unit on recommendation of Goa Investment Promotion and Facilitation Board

94 The cost of land acquisition and infrastructure development was normally escalated by a fixed percentage while fixing the plot rate at IEs. For example, the escalation was 10 *per cent* while fixing (November 1996) the plot rate at Verna IE and by five *per cent* each for the plot rates at Kakoda IE (January 2007) and Shiroda IE (November 1997)

95 ([2,08,689 – 50,000] *₹3,550) * 2%

96 ₹ 1.70 crore during 2015-16 for construction of laterite masonry compound wall, ₹ 11.70 crore during 2016-17 for road works, ₹ 2.27 crore during 2017-18 for laying water pipeline network and ₹ 1.44 crore for street lighting, and ₹ 8.77 crore during 2018-19 for road works, overhead reservoir and roadside drainage

### *3.2.7.4(ii) Allotment at Verna IE*

The Corporation allotted 12 plots[97] (March 2017/August 2017) admeasuring 18,268 m$^2$ at Verna IE at a rate of ₹ 2,200 per m$^2$. However, the date(s) of allotment of 11 plots having an area of 15,618 m$^2$ was extended till the date of taking over possession of plots due to variation(s) noticed in the plot area/dimension at the time of taking over possession of plots by allottees. The difference in area was due to sub-division and allotment of plots earmarked as open space, which necessitated re-survey and demarcation of new boundaries. However, the plot rate was maintained at ₹ 2,200 per m$^2$ instead of the revised rate of ₹ 2,430 per m$^2$ (effective March 2018). This led to loss of premium of ₹ 35.92 lakh[98] and annual lease rent of ₹ 0.72 lakh.

Thus, the delay in allotment of plots on land admeasuring 1.75 lakh m$^2$ at two IEs[99] held up industrialisation and the promised employment generation[100] for three years.

### 3.2.7.5 Misuse of land allotted at IEs

As per the Goa IDC Allotment Regulations, 2014, if the allottee fails to start construction after two years or fails to implement the project and go into commercial operations even after a period of four years after taking over possession, the allotment shall stand terminated, the plot along with buildings and appurtenances standing thereon shall stand reverted to the Corporation and the amounts paid by allottee shall stand forfeited. However, the allottee was free to transfer[101] or sub-lease the plot within a period of four years from the date of taking over possession of plot subject to the condition that the transferee shall have to start commercial operations within three years from the date of transfer order issued by the Corporation.

As per data furnished by the Corporation, land/plots admeasuring 27.82 lakh m$^2$ (23.43 *per cent*) out of the total area of 118.76 lakh m$^2$ allotted to industrial units at 20 IEs[102] lay unutilised for a period varying from three years to three decades. Of the total unutilised area, 21.93 lakh m$^2$ (79 *per cent*) remained unutilised for more than a decade. Inability of the units to start industry, non-conversion of allotted land for industrial use, lack of infrastructure at plots, *etc.*, were some reasons for the land/plots remaining unutilised.

---

97 Allotment of one plot admeasuring 2,650 m$^2$ to Allottee 'J' was *sub judice*

98 (₹ 2,430 – ₹ 2,200) * 15,618 m$^2$

99 1,58,689 m$^2$ at Latambarcem IE and 15,618 m$^2$ at Verna IE

100 432 persons at Verna IE

101 The Goa IDC Transfer and Sub-lease Regulations, 2014 prohibited transfer of plot by allottees where there was no construction or partial construction of factory building and empowered the Corporation to re-enter upon and resume possession of the plot in case the allottee handed over possession of such unutilised plot to a third party. Permissible transfers attracted a transfer fee ranging from 10 to 60 *per cent* (10 to 40 *per cent* with effect from February 2018) depending on the extent of utilization of the allotted plot

102 Data in respect of Shiroda IE was not available while that of Panchawadi IE has not been reckoned here as the plots were allotted recently. No allotment was made at Latambarcem IE

While examining the records relating to transfer of plots by allottees, we came across instances where the allottees did not utilise 30 *per cent* of the allotted plot area and transferred/sold the plot to third party for a hefty consideration. The plots remained unutilised even after transfer to third parties.

- Allottee 'AD' did not utilise the plot admeasuring 8,029 $m^2$ allotted (March 2007) at Verna IE for premium of ₹ 60.22 lakh and transferred (August 2010/March 2011) it to Allottee 'AE' for sale consideration of ₹ 1.76 crore by executing a Memorandum of Understanding (MoU). Allottee 'AE' further transferred (in the year 2016) it to Allottee 'AF' for a consideration of ₹ seven crore in terms of another MoU. While according (July 2015/March 2018) approval for the transfers, the Corporation charged transfer fees of ₹ 96.35 lakh and ₹ 74.19 lakh respectively. With the plot remaining unutilised for over six years after being reported (September 2013) as defaulter by the Government-appointed TFC, the Corporation's role appeared to be more of a facilitator to the surreptitious land trade between the private parties than being a catalyst for orderly industrialisation in the State. In the deals, Allottee 'AE' made a profit of ₹ 4.50 crore within two years of acquiring the plot.
- Allottee 'AG' transferred (December 2016) plot admeasuring 60,150 $m^2$ (allotted in November 1995 for premium of ₹ 1.08 crore at Honda IE) to Allottee 'AH' for sale consideration of ₹ 15.31 crore without obtaining permission of the Corporation. It had not utilised 30 *per cent* of allotted plot area for construction of factory building. Instead of re-possessing the unutilised plot as proposed (September 2015) by Field Manager of Honda IE, the Corporation approved (March 2018) the unauthorized transfer for a fee of ₹ 99.25 lakh. Allottee 'AG' made a profit of ₹ 13.24 crore from the land deal without utilising the plot for several years.
- Allottee 'AI' did not utilise plots admeasuring 7,704 $m^2$, which were allotted (2005-09) at Verna IE for premium of ₹ 29.56 lakh, and transferred it to Allottee 'AJ' (also referred to in **Appendix 3.6**) for a consideration of ₹ 14.05 crore by executing (November 2011) an MoU. It applied (December 2011) to the Corporation for formal transfer but did not pay the transfer fee of ₹ 34.67 lakh demanded by the Corporation. Meanwhile, Allottee 'AJ' informed (July 2014/December 2014) the Corporation that Allottee 'AI' was trying to transfer the leasehold rights over the plots to another party after terminating the MoU and a sum of ₹ 3.50 crore, which it had paid to the allottee in terms of MoU, was recoverable. Allottee 'AJ' also requested the Corporation to refrain from approving the transfer. The plots were unutilised and Allottee 'AI' made a profit of ₹ 3.20 crore from the land deal.
- Allottee 'AK' applied (May 2014) for transfer of plot admeasuring 859 $m^2$, (allotted in November 1991 at Tuem IE for premium of ₹ 3.15 lakh), to Allottee 'AL' and informed (September 2015) the Corporation of its intention to sell the plot to the latter. Allottee 'AL' suo motu issued (July 2016) a press notice seeking objection, if any, to its purchasing the leasehold rights of the plot, long before the Corporation accorded (April 2017) approval for the transfer for a fee of ₹ 1.42 lakh. The plot remained unutilised before and after the transfer; thus, holding on to the plot for gain on account of land deal cannot be ruled out.

- The Corporation allotted (February 2007) plot admeasuring 35,000 m$^2$ at Verna IE to Allottee 'AM' but re-allotted it a month later to Allottee 'AN' for premium of ₹ 2.10 crore, on request of the former. After 18 months, Allottee 'AN' wrote (September 2008) to the Corporation that it has been approached by some prospective entrepreneurs for purchase of the plot, and sought to transfer it to Allottee 'AO', which was approved (November 2010) by the Corporation. Simultaneously, another adjacent plot admeasuring 15,000 m$^2$, which was allotted (March 2007) to Allottee 'AP' for premium of ₹ 90 lakh, was also transferred (November 2010) to Allottee 'AO' after Allottee 'AP' informed the Corporation that it was in talks with some prospective entrepreneurs for sale of the plot. Citing irregularities in allotment and transfer of the two plots, the Corporation finally cancelled (September 2013) the allotment to Allottees 'AM', 'AN' and 'AP', and re-allotted the plots to Allottee 'AO' as a new lease for premium of ₹ 3.75 crore and transfer fee of ₹ 2.25 crore. Thus, the allottees/transferees had no intention of setting up industry but indulged in land trade with the knowledge of the Corporation. The plots remained unutilised till date.

We observed that three allottees[103] made a profit of ₹ 20.94 crore from land deals/transfers after having obtained plots from the Corporation for a low premium of ₹ 1.98 crore. Neither the allottees nor the transferees utilised the plot for the purpose for which it was allotted to them. Though the Corporation was aware[104] of the deals, it took no action to terminate the allotments. This allowed allottees to indulge in land trade with third parties instead of contributing to industrialisation in the State.

The above cases indicate that some allottees are holding on to the plots with the idea of transferring it for personal gain rather than for undertaking the industrial activities that they have promised to start while applying for plots at IEs. In addition, transfer of plots is happening among parties at a premium, none of which is coming to the Corporation. We observe that parties that have acquired land at subsidized rates from the Corporation should not be allowed to dispose the same at premium for private gains.

A test-check of 296 (out of 3,514) plots allotted to 230 industrial units at 12 IEs (including 46 plots at the six selected IEs) revealed that 59 plots (4.45 lakh m$^2$) had not been utilized to the prescribed extent of 30 *per cent* of the allotted area for periods of 2 to 37 years. Thus, the possibility of other persons holding on to plots for transferring them for personal gains cannot be ruled out.

The Corporation stated (October 2019) that it constituted an Eviction and Recovery Cell to look into cases of non-utilisation on priority and has issued show cause notices to defaulters. The reply is not convincing as the Corporation took no action to re-possess the plots which remained unutilised even after issuing of show cause notices. Further, the Corporation was merely an onlooker to the land abuse by allottees for capital appreciation, as described earlier.

[103] Allottee 'AE', Allottee 'AG' and Allottee 'AI'

[104] Some agreements signed between allottee and third party were available with the Corporation

***We recommend that all plots lying unutilised for more than three years may be re-possessed/got surrendered immediately and steps taken to allot them de novo as new leases. Transfer of unutilised plots may be stopped and those may be re-allotted at the prevailing plot rates after following the prescribed rules for allotment.***

### 3.2.7.6 Irregular swapping of allotted plots

The Goa IDC Allotment Regulations, 2014 and amendments thereto did not contain any provision for swapping of allotted plots but the Corporation allotted alternate plots in lieu of the allotted plots on request of allottees. The allottees cited non-availability of adequate infrastructure and suitable plot size (allotment of a plot size other than what was applied for) as reasons for swapping. Of the requests received from seven allottees for swapping of 13 plots admeasuring 35,405.84 $m^2$ during 2015-19, two[105] were rejected by BoD citing difference/increase in size of the alternate plots *vis-à-vis* allotted plot size while five[106] were approved though they were also of different/bigger size. This indicated arbitrariness in decision-making with regard to swapping of plots. By allowing swapping, the Corporation tacitly accepted that the plots were not industry-ready, which it was statutorily bound to provide as per the Goa Industrial Development Act, 1965. We observed that post-swapping, the allottees did not utilise the plots but the Corporation took no action to re-possess and allot them to deserving entrepreneurs.

***We recommend that the Corporation may disallow swapping of allotted plots and re-possess unutilised plots from allottees as per extant regulations.***

### 3.2.7.7 Idling of office space and residential quarters at IEs

The Engineering Section of the Corporation proposed (December 2016) advertising and auctioning of vacant premises at IEs, which included office space, shops, residential quarters, *etc.*, on the highest bid basis considering the prevalent market rates. The BoD considered (April 2018) the proposal and noted that the Corporation did not have any mechanism to fix rental for vacant office space/shops/quarters on commercial basis and would, therefore, rely on PWD for the same. It resolved to let out the vacant office space/quarters on rental basis and authorised the Engineering Section to work out the modalities.

We observed that till date, the Corporation did not initiate action to fix/revise the rentals for office space/shops/quarters at IEs and to auction them by publicizing the availability of vacant premises. As of March 2019, 60 office space/shops/residential quarters, occupying an area of 3,313.29 $m^2$ at 12 IEs[107], were vacant for a period ranging from one year to two decades.

[105] Allottee 'AQ' and Allottee 'AR' at Sanguem IE
[106] Allottee 'AS' (Tuem IE), Allottee 'AT' (Panchawadi IE), Allottee 'AU' (Kakoda IE), Allottee 'AV' (Kundaim IE) and Allottee 'AW' (Verna IE)
[107] Bethora, Bicholim, Colvale, Cuncolim, Honda, Kundaim, Madkaim, Mapusa, Pissurlem, Tivim, Tuem and Verna

***We recommend that the Corporation may formulate a policy to fix and revise rentals for all office space, shops and residential quarters at IEs and take steps to auction the vacant premises.***

### 3.2.7.8 Illegal sub-leasing of plots

The Goa IDC Transfer and Sub-lease Regulations, 2014 allowed sub-leasing of plots by allottees with the permission of the Corporation and on payment of prescribed fee[108]. It, however, prohibited sub-leasing of an unutilized plot and sub-leasing that resulted in change in use of plot. In case the allottee handed over possession of the plot to a third party without permission, the Corporation was empowered to re-enter and resume the possession of the plot and recover penalty of 20 *per cent* (revised to 10 *per cent* in February 2018) of the sub-lease fee. We examined all 79 cases of sub-leasing of plots by allottees at six selected IEs during 2015-19 and observed that the Corporation did not recover sub-lease fee of ₹ 87.42 lakh from two allottees which illegally sub-leased plots, as shown in **Table 3.25**.

**Table 3.25: Non-recovery of applicable fee for illegal sub-leasing**

| Allottee (and IE) | Area allotted | Date of allotment | Area sub-leased (and date of sub-lease) | Sub-lease fee recoverable (*₹ in lakh*) | Audit remarks |
|---|---|---|---|---|---|
| Allottee 'AX' (Tivim) | 3240 $m^2$ | April 1983 | 3107.56 $m^2$ (August 2014) | 21.78 | The plots changed hands on nine occasions, four of which involved change of name, two transfers and three sub-leases. The plot was not utilised and illegally sub-leased to third parties for storage of alcohol (prohibited by the Regulations) and growing organic vegetables. |
| Allottee 'AY' (Verna) | 2605 $m^2$ | December 2001 | 90.33 $m^2$ (January 2013); 85 $m^2$ (September 2017) | 65.64 | The allottee, which provided canteen service, sub-leased the plot to a bank. The sub-lease involved change of use of plot for a commercial (banking operations) activity, which was prohibited by the regulations. The Corporation demanded (April 2015) sub-lease fee of ₹ 76.08 lakh but reduced it to ₹ 10.44 lakh on allottee's request (October 2017). |
| | | | | **87.42** | |

*(Source: Allotment records and Monthly Progress Reports of the Corporation)*

We also observed that the allottees profited by sub-leasing the plots to third parties by entering into agreements for trading the land for a consideration. Allottee 'AX', which was allotted the plot for manufacture of image projectors

[108] Sub-lease fee was computed at six *per cent*, eight *per cent* or 10 *per cent* of the prevailing plot rate per $m^2$ per year (calculated on the total plot area allotted) depending on the duration of sub-lease, which was revised (December 2016) to eight *per cent*, 10 *per cent* and additional two *per cent* over eight or 10 *per cent* respectively, as the case may be (calculated for the sub-leased area). Further amendment (February 2018) revised the sub-lease fee to 10 *per cent* for sub-leasing of plot having substantial construction but not in commercial operation, and eight *per cent* for plot where the unit was never in commercial operation

and accessories, sub-leased (December 2018) the plot to a distributor of Indian Made Foreign Liquor, for three years at an annual licence fee of ₹ 14 lakh, and to another liquor distributor (December 2018) for three years at an annual licence fee of ₹ 15 lakh, by executing separate leave and licence agreements. The Corporation charged an annual sub-lease fee of ₹ 0.97 lakh and ₹ 1.17 lakh respectively from the allottee for the two sub-leases. The allottee had also inked (July 2018) another agreement with a unit engaged in dietary foods and medical/toiletry preparations, for sub-leasing the plot for three years at an annual licence fee of ₹ 47 lakh while the Corporation charged an annual sub-lease fee of ₹ 2.56 lakh only. Allottee 'AX' made a profit of ₹ 2.14 crore from the deals.

In another case, Allottee 'AZ', which was allotted (August 2016) a plot of 800 $m^2$ at Pissurlem IE at a premium of ₹ 6.60 lakh for manufacturing paper products, sub-leased (September 2018) 300 $m^2$ to another unit for warehousing of pharmaceuticals and medical devices[109], after it had obtained (June 2018) occupancy certificate for 400 $m^2$. Allottee 'AZ' executed leave and licence agreement with the party for a consideration of ₹ six lakh in the first year (2018-19) of sub-lease and ₹ 6.60 lakh in the subsequent year whilst paying the Corporation an annual sub-lease fee of ₹ 0.28 lakh.

Evidently, the fee fixed by the Corporation did not deter the allottees from sub-leasing the plots to third parties at commercial rate and profiting therefrom. Though the plots were not utilised by allottees, the Corporation did not take action to re-possess the plots and allot it to other deserving entrepreneurs/units.

***We recommend that the Corporation may prohibit sub-lease of unutilised plots and re-possess them for re-allotment to deserving entrepreneurs at prevailing plot rates.***

### 3.2.8 Conclusion

The Follow-up Audit revealed that the Corporation did not take remedial action for implementing the recommendations of the Performance Audit. As a result, historical data on industrial development activities at IEs was unavailable, the process of evaluation of applications for plot allotment was inconsistent across IEs, development and maintenance expenses at IEs were not fully recovered and allottees continued to hold land/plots without any/partial utilisation for several years. Internal control system and corporate governance were also not satisfactory. The extant regulations did not deter allottees from holding plots without utilisation for long period and illegally transferring/sub-leasing it to third parties at commercial rate/rent. Despite being empowered under the regulations, the Corporation took no action to dispossess the allottees who did not utilise the allotted plots for a long time and instead allowed them to make profit by trading the allotted land. The systemic lapses reported in the

[109] Sub-lease of plot by an industrial undertaking to a unit involved in warehousing (other than captive warehousing) was prohibited by the regulations

Performance Audit continued in the Corporation's estate management, which had an unfavourable impact on its working.

## ELECTRICITY DEPARTMENT

### 3.3 Extra avoidable liability of ₹ 1.86 crore towards EPF

***Liability of extra avoidable expenditure of ₹1.86 crore on State Government due to non-payment of Employees' Provident Fund contribution and depriving workers of benefits under EPF by two divisions of Electricity Department.***

Section 1(3) (b) of Employees Provident Fund and Miscellaneous Provisions Act, 1952 (EPF Act), stipulates that the Act applies to establishments employing 20 or more persons.

As per Section 6 of the EPF Act read with para 38 of the Employees' Provident Funds Scheme 1952 (EPF Scheme), the employer shall deduct 12 *per cent* of the pay from the contract employees, the employer shall contribute equal amount and pay the employer and employees' contribution within 15 days of the close of every month to the Employees' Provident Fund Organisation. The delay in payment would attract simple interest 12 *per cent per annum* under Section 7(Q) of EPF Act.

The para 30(3) of EPF Scheme stipulates that it shall be the responsibility of the principal employer to pay the contribution payable by himself in respect of the employees directly employed by him and also in respect of the employees employed by or through a contractor. Further, as per Section 7(Q) of EPF Act, the employer shall be liable to pay simple interest at the rate of 12 *per cent per annum* on any amount due from him under the Act from the date on which the amount has become so due till date of its actual payment.

Every year, the Electricity Department employs contract staff to work as meter readers and line helpers under various Divisions of the Department. Since these persons are employed on contract basis and their terms of employment does not provide for any social security benefits such as pension schemes, group insurance schemes *etc*., it was the duty of the Department to register these persons under the EPF Scheme. We observed that the Department neither deducted the employees' contribution from the wages nor it paid its own contribution to EPF organisation. The failure of the Department resulted in denial of social security benefits due to these employees.

Of the 18 Divisions in the Department the Audit test checked records of two[110] Divisions for the period from 2013-14 to 2018-19. We observed that these Divisions had not deducted the employees' share of contribution of ₹ 114.57 lakh for EPF while paying the wages to the contractual employees. An equal amount (₹ 114.57 lakh) contributable towards EPF as employer's

[110] Division XI, Vasco and Division XVII, Mapusa

contribution were also not paid by these Divisions to EPF organisation during the last five years.

The non-observance of the provisions of the EPF Act and Scheme resulted in avoidable liability of ₹ 114.57 lakh being employees' contribution which should have been recovered from employees' wages for the respective months. The Department being the employer for these contract staff, is also liable to pay interest @ 12 *per cent per annum* for non-payment of dues (₹ 229.14[111] lakh) to EPF organisation amounting to ₹ 71.20 lakh.

Thus, due to non-deduction/payment of EPF contribution to the EPF organisation has created liability of extra avoidable expenditure of ₹ 1.86 crore as of March 2019 in the two divisions alone and deprived the concerned workers of statutory security benefits available to them.

The matter was referred to the Government in August 2019; their reply is awaited.

**Panaji** **(ANANTA KISHORE BEHERA)**

**The 21 July, 2020** **Accountant General**

**Countersigned**

**New Delhi** **(RAJIV MEHRISHI)**

**The 24 July, 2020** **Comptroller and Auditor General of India**

[111] Employees' share (₹ 114.57) lakh plus Employer's share (₹ 114.57 lakh)

# APPENDICES

# APPENDIX 1.1

*(Referred to in paragraph 1.4.1)*

## Statement showing year-wise position of inspection reports and paragraphs pending settlement

| Sl. No. | Name of the Department | Upto 2013-14 | | 2014-15 | | 2015-16 | | 2016-17 | | 2017-18 | | 2018-19 | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | IR | Para | IR | Para | IR | Para | IR | Para | IR | Para | IR | Para | IR | Para |
| 1 | Agriculture | 1 | 6 | - | - | - | - | - | - | 1 | 4 | 7 | 41 | 9 | 51 |
| 2 | Animal Husbandry and Veterinary Services | 1 | 1 | - | - | - | - | - | - | 1 | 5 | 1 | 17 | 3 | 23 |
| 3 | Archives, Archaeology and Museum | 1 | 4 | - | - | - | - | - | - | 2 | 7 | 1 | 3 | 4 | 14 |
| 4 | Art and Culture | 6 | 17 | - | - | - | - | - | - | 1 | 7 | 1 | 8 | 8 | 32 |
| 5 | Bank | - | - | - | - | 1 | 1 | - | - | 1 | 2 | 5 | 13 | 7 | 16 |
| 6 | Commercial Taxes | 2 | 4 | - | - | 1 | 1 | - | - | - | - | - | - | 3 | 5 |
| 7 | Co-operation | 2 | 6 | - | - | 1 | 1 | 1 | 6 | 3 | 22 | - | - | 7 | 35 |
| 8 | Education | 13 | 30 | 2 | 2 | 2 | 5 | 4 | 14 | 7 | 25 | 6 | 37 | 34 | 113 |
| 9 | Electoral Office | 1 | 1 | - | - | - | - | 2 | 3 | - | - | - | - | 3 | 4 |
| 10 | Excise | 1 | 2 | - | - | - | - | 1 | 3 | - | - | - | - | 2 | 5 |
| 11 | Finance | - | - | 3 | 7 | 3 | 4 | 2 | 16 | 1 | 8 | 1 | 6 | 10 | 41 |
| 12 | Fisheries | 2 | 4 | - | - | - | - | 1 | 1 | - | - | - | - | 3 | 5 |
| 13 | Forests | 7 | 22 | 2 | 8 | - | - | - | - | 1 | 12 | 1 | 6 | 11 | 48 |
| 14 | General Administration | 1 | 1 | 1 | 2 | - | - | 1 | 4 | 1 | 7 | - | - | 4 | 14 |
| 15 | Goa Public Service Commission | - | - | - | - | - | - | 1 | 1 | - | - | - | - | 1 | 1 |
| 16 | Housing | 1 | 2 | - | - | - | - | - | - | - | - | - | - | 1 | 2 |
| 17 | Health | 19 | 34 | 1 | 1 | 8 | 31 | 4 | 15 | 13 | 43 | 3 | 11 | 48 | 135 |
| 18 | Higher Education | 2 | 2 | - | - | - | - | 1 | 1 | - | - | - | - | 3 | 3 |
| 19 | Home | 2 | 6 | 1 | 2 | 2 | 6 | 4 | 9 | 5 | 18 | 4 | 19 | 18 | 60 |
| 20 | Information and Technology | 2 | 6 | - | - | - | - | - | - | 1 | 7 | 1 | 8 | 4 | 21 |
| 21 | Information and Publicity | 6 | 30 | 1 | 3 | 2 | 6 | 2 | 6 | 1 | 5 | 1 | 8 | 13 | 58 |
| 22 | Industries, Trade and Commerce | 3 | 8 | 2 | 4 | 1 | 8 | - | - | - | - | 1 | 7 | 7 | 27 |
| 23 | Inland Water Transport | 4 | 13 | - | - | 1 | 8 | 2 | 3 | - | - | - | - | 7 | 24 |
| 24 | Irrigation | 16 | 38 | 3 | 12 | 4 | 18 | - | - | 4 | 32 | - | - | 27 | 100 |
| 25 | Labour | 1 | 2 | 2 | 2 | - | - | 1 | 1 | 1 | 3 | - | - | 5 | 8 |
| 26 | Law | 1 | 2 | - | - | 6 | 11 | 4 | 6 | 2 | 6 | 4 | 11 | 17 | 36 |
| 27 | Legislature | 2 | 2 | - | - | - | - | 1 | 5 | - | - | 1 | 1 | 4 | 8 |
| 28 | Official Language | - | - | - | - | 1 | 1 | - | - | 1 | 1 | - | - | 2 | 2 |
| 29 | Panchayati Raj | 13 | 26 | 8 | 31 | 2 | 3 | 7 | 32 | 7 | 35 | 8 | 50 | 45 | 177 |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 | Planning and Statistics | - | - | - | - | - | - | - | - | 1 | 4 | - | - | 1 | 4 |
| 31 | Printing and Stationary | - | - | - | - | - | - | - | - | 1 | 5 | - | - | 1 | 5 |
| 32 | Public Works | 24 | 46 | 10 | 26 | 9 | 33 | 15 | 59 | 11 | 85 | 4 | 26 | 73 | 275 |
| 33 | Revenue | 13 | 29 | 1 | 5 | 1 | 5 | 5 | 30 | 2 | 14 | 1 | 3 | 23 | 86 |
| 34 | Science, Technology and Environment | - | - | - | - | - | - | 1 | 9 | - | - | 1 | 13 | 2 | 22 |
| 35 | Social Welfare | 3 | 9 | - | - | - | - | - | - | 2 | 7 | 5 | 18 | 10 | 34 |
| 36 | Sports and Youth Affairs | 4 | 8 | 2 | 10 | 3 | 9 | 2 | 13 | 1 | 6 | 2 | 9 | 14 | 55 |
| 37 | Stamps and Registration | - | - | - | - | - | - | - | - | - | - | 1 | 11 | 1 | 11 |
| 38 | Technical Education | 5 | 6 | 3 | 6 | 2 | 2 | - | - | - | - | 6 | 34 | 16 | 48 |
| 39 | Transport | 1 | 2 | 1 | 5 | 1 | 5 | 1 | 6 | 1 | 1 | - | - | 5 | 19 |
| 40 | Town and Country Planning | - | - | 1 | 1 | 2 | 5 | 1 | 3 | - | - | 4 | 14 | 8 | 23 |
| 41 | Tourism | 1 | 1 | - | - | 1 | 3 | 2 | 8 | 1 | 11 | - | - | 5 | 23 |
| 42 | Urban Development | 47 | 160 | 13 | 82 | 10 | 64 | 14 | 108 | 10 | 91 | 5 | 64 | 99 | 569 |
| 43 | Women and Child Development | 2 | 3 | - | - | - | - | - | - | - | - | - | - | 2 | 3 |
| | | **210** | **533** | **57** | **209** | **64** | **230** | **80** | **362** | **84** | **473** | **75** | **438** | **570** | **2245** |

## APPENDIX 1.2

*(Referred to in paragraph 1.4.3)*

**Statement showing number of paragraphs/reviews in respect of which Government explanatory memoranda had not been received**

| Sl. No. | Name of Department | 2014-15 | 2015-16 | 2016-17 | 2017-18 | Total |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Social Welfare | - | - | 1 | - | 1 |
| 2 | Urban Development | - | 1 | 1 | - | 2 |
| 3 | Labour and Employment | 1 | - | - | - | 1 |
| 4 | Urban Development, Rural Development, Science and Technology | - | - | - | 1 | 1 |
| 5 | Public Works Department | - | - | - | 1 | 1 |
| 6 | Water Resources Department | - | - | - | 1 | 1 |
| 7 | Finance | - | - | - | 1 | 1 |
| 8 | General Administration | - | - | - | 1 | 1 |
| **Total** | | **1** | **1** | **2** | **5** | **9** |

## APPENDIX 2.1

(*Referred to in paragraph 2.1.3*)

### Details of Non-tax revenue receipt of the State

(*₹ in crore*)

| Sl. No. | Heads of revenue | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | Percentage increase (+) or decrease (-) in 2018-19 over 2017-18 |
|---|---|---|---|---|---|---|---|---|
| 1 | Power | BE | 1367.94 | 1497.17 | 1687.75 | 1819.15 | 1907.65 | |
| | | RE | 1367.94 | 1497.17 | 1687.75 | 1819.15 | 1907.65 | |
| | | Actual | 1321.66 | 1708.91 | 1765.80 | 2119.09 | 1919.80 | -9.40 |
| 2 | Non-Ferrous Mining and Metallurgical Industries[1] | BE | 400.24 | 742.57 | 439.28 | 377.60 | 327.59 | |
| | | RE | 400.24 | 205.11 | 259.34 | 377.60 | 327.59 | |
| | | Actual | 530.35 | 216.53 | 347.63 | 332.79 | 34.39 | -89.67 |
| 3 | Other Non-tax receipts[2] | BE | 80.94 | 91.61 | 91.72 | 95.28 | 82.89 | |
| | | RE | 80.87 | 76.85 | 85.71 | 93.15 | 82.89 | |
| | | Actual | 58.41 | 51.71 | 56.76 | 57.23 | 71.02 | |
| 4 | Water Supply and Sanitation | BE | 129.89 | 145.75 | 162.62 | 126.05 | 136.96 | |
| | | RE | 129.89 | 145.75 | 114.59 | 126.05 | 136.96 | |
| | | Actual | 101.91 | 115.40 | 119.69 | 129.80 | 145.96 | 12.45 |
| 5 | Other Administrative Services | BE | 157.54 | 163.27 | 176.47 | 178.67 | 161.38 | |
| | | RE | 157.54 | 133.10 | 183.70 | 179.83 | 161.38 | |
| | | Actual | 123.45 | 108.98 | 152.52 | 139.66 | 450.94 | 222.88 |
| 6 | Miscellaneous General Services | BE | 40.52 | 45.76 | 49.41 | 45.73 | 46.01 | |
| | | RE | 40.52 | 45.76 | 43.69 | 45.73 | 46.01 | |
| | | Actual | 39.02 | 40.35 | 42.62 | 31.83 | 14.54 | -54.32 |
| 7 | Education, Sports, Art and Culture | BE | 16.25 | 18.40 | 19.43 | 29.17 | 34.73 | |
| | | RE | 16.25 | 19.50 | 25.53 | 30.74 | 34.73 | |
| | | Actual | 17.17 | 29.96 | 26.17 | 26.49 | 24.95 | -5.81 |
| 8 | Medium Irrigation | BE | 13.20 | 38.16 | 11.81 | 19.79 | 16.38 | |
| | | RE | 13.20 | 39.30 | 11.81 | 19.79 | 16.38 | |
| | | Actual | 15.81 | 29.05 | 23.01 | 44.77 | 6.51 | -85.46 |
| 9 | Interest Receipts | BE | 17.65 | 27.53 | 23.48 | 17.38 | 29.56 | |
| | | RE | 17.65 | 27.53 | 17.01 | 27.84 | 29.56 | |
| | | Actual | 17.18 | 17.74 | 20.51 | 27.24 | 24.20 | -11.16 |
| 10 | Medical and Public Health | BE | 23.21 | 24.87 | 26.98 | 36.43 | 31.26 | |
| | | RE | 23.21 | 27.11 | 27.09 | 36.58 | 31.26 | |
| | | Actual | 11.82 | 14.32 | 21.86 | 38.37 | 31.70 | -17.38 |
| 11 | Urban Development | BE | 70.72 | 76.50 | 56.65 | 64.00 | 61.00 | |
| | | RE | 70.72 | 53.50 | 63.74 | 61.00 | 61.00 | |
| | | Actual | 44.67 | 55.64 | 80.46 | 43.32 | 85.21 | 96.70 |
| 12 | Roads and Bridges | BE | 46.05 | 46.05 | 55.31 | 28.21 | 21.94 | |
| | | RE | 46.05 | 46.05 | 42.00 | 28.21 | 21.94 | |
| | | Actual | 33.66 | 36.04 | 44.04 | 34.97 | 52.44 | 49.96 |
| 13 | Minor Irrigation | BE | 16.36 | 12.38 | 10.58 | 10.17 | 11.98 | |
| | | RE | 16.36 | 12.38 | 10.58 | 10.17 | 11.98 | |
| | | Actual | 10.52 | 7.30 | 10.93 | 7.71 | 12.00 | 55.64 |
| **Total** | | **BE** | **2380.51** | **2930.02** | **2811.49** | **2847.63** | **2869.33** | |
| | | **RE** | **2380.44** | **2329.11** | **2572.54** | **2855.84** | **2869.33** | |
| | | **Actual** | **2325.63** | **2431.93** | **2712.00** | **3033.27** | **2873.66** | **-5.26** |

[1] Includes major minerals such as iron ore, manganese and bauxite; minor minerals such as basalt (Granite), laterite stones, ordinary sand, river pebbles, murrum and laterite boulders

[2] Police, Printing and Stationary, Labour and Employment, Inland Water Transport, Tourism, Forest and Wild Life, Public Works, Port and Light House, Social Security, Co-operation *etc.*

# APPENDIX 3.1

*(Referred to in paragraph 3.1.9)*

## Statement showing investments made by State Government in PSUs whose accounts were in arrears as on 31 October 2019

*(₹ in lakh)*

| Sl. No. | Name of PSUs | Year up to which Accounts finalized | 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 Forest Development Corporation Limited (GFDCL) | 2014-15 | 268.91 | 2015-16 | - | - | 674.02 | - |
| | | | | 2016-17 | - | - | 500.00 | - |
| | | | | 2017-18 | - | - | 550.00 | - |
| | | | | 2018-19 | - | - | 615.00 | - |
| 2 | Goa State Horticultural Corporation Limited (GSHCL) | 2013-14 | 499.50 | 2014-15 | - | - | - | 2265.74 |
| | | | | 2015-16 | - | - | - | 2832.52 |
| | | | | 2016-17 | - | - | - | 3201.27 |
| | | | | 2017-18 | - | - | - | 1705.00 |
| | | | | 2018-19 | - | - | - | 1294.86 |
| 3 | Goa Handicrafts, Rural & Small Scale Industries Development Corporation Limited (GHRSSIDCL) | 2017-18 | 800.00 | 2018-19 | - | - | 747.74 | 52.25 |
| 4 | Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL) | 2008-09 | 347.88 | 2009-10 | 1.66 | - | 25.00 | - |
| | | | | 2010-11 | 5.00 | - | 25.00 | - |
| | | | | 2011-12 | 250.00 | - | 30.00 | - |
| | | | | 2012-13 | 166.00 | 438.93 | 10.00 | - |
| | | | | 2013-14 | - | 258.00 | 50.00 | - |
| | | | | 2014-15 | - | 168.07 | - | - |
| | | | | 2015-16 | - | 155.12 | 50.00 | - |
| | | | | 2016-17 | - | 135.81 | 45.00 | - |
| | | | | 2017-18 | - | - | 347.2 | - |
| | | | | 2018-19 | - | - | 90.00 | - |
| 5 | Goa State Infrastructure Development Corporation Limited (GSIDCL) | 2017-18 | 372.00 | 2018-19 | - | - | 33000.00 | - |
| 6 | Sewerage & Infrastructural Development Corporation of Goa Limited (SIDCGL) | 2017-18 | 755.00 | 2018-19 | - | - | 16000.00 | - |

| Sl. No. | Name of PSUs | Year up to which Accounts finalized | 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 |
| 7 | Imagine Panaji Smart City Development Limited (IPSCDL) | 2016-17 | 99.99 | 2017-18 | - | - | - | - |
| | | | | 2018-19 | - | - | - | - |
| 8 | EDC Limited | 2017-18 | 10092.48 | 2018-19 | - | - | - | - |
| 9 | Info Tech Corporation of Goa Limited (ITCGL) | 2011-12 | 1633.47 | 2012-13 | - | - | 114.46 | - |
| | | | | 2013-14 | - | - | 500.00 | - |
| | | | | 2014-15 | - | - | 880.00 | - |
| | | | | 2015-16 | - | - | 2400.00 | - |
| | | | | 2016-17 | - | - | - | - |
| | | | | 2017-18 | - | - | - | - |
| | | | | 2018-19 | - | - | - | - |
| **B** | **Working Corporation** | | | | | | | |
| 10 | Goa Industrial Development Corporation (GIDC) | 2017-18 | 5045.10 | 2018-19 | -183.70 | - | - | - |
| **C** | **Non-Working Corporation** | | | | | | | |
| 11 | Goa Information Technology Development Corporation (GITDC) | First Accounts awaited | - | 2006-07 | 25.00 | - | - | - |
| | | | | 2007-08 | - | - | - | - |
| | | | | 2008-09 | - | - | - | - |
| | | | | 2009-10 | - | - | - | - |
| | | | | 2010-11 | - | - | 1.10 | - |
| | | | | 2011-12 | - | - | - | - |
| | | | | 2012-13 | - | - | - | - |
| | | | | 2013-14 | - | - | - | - |
| | | | | 2014-15 | - | - | - | - |
| | | | | 2015-16 | - | - | - | - |
| | | | | 2016-17 | - | - | - | - |
| | | | | 2017-18 | - | - | - | - |
| | | | | 2018-19 | - | - | - | - |
| | **Total** | | | | **263.96** | **1155.93** | **56654.52** | **11351.64** |

# APPENDIX 3.2

*(Referred to in paragraphs 3.1.9, 3.1.13, 3.1.14, 3.1.19 and 3.1.26)*

## Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised financial statements/accounts

**(Figures in columns (5) to (11) are ₹ *in crore*)**

| Sl. No. | Sector, Type & name of the PSUs | Period of accounts | Year in which accounts finalised | Net Profit/loss(-) before dividend, interest & tax | Net Profit/loss(-) after dividend, interest & tax | Turnover[1] | Paid-up capital | Capital employed | Net Worth | Accumulated Profit(+)/ Loss(-) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **A.** | **Social Sector** | | | | | | | | | |
| **I.** | **Working Government Companies** | | | | | | | | | |
| 1 | Goa Forest Development Corporation Limited (GFDCL) | 2014-15 | 2018-19 | -0.31 | -0.26 | 1.99 | 2.69 | 17.14 | 3.56 | 0.87 |
| 2 | Goa Meat Complex Limited (GMCL) | 2018-19 | 2019-20 | -0.12 | -0.12 | 0.00 | 0.62 | 0.97 | 0.97 | 0.35 |
| 3 | Goa State Horticultural Corporation Limited (GSHCL) | 2013-14 | 2017-18 | 0.63 | 0.48 | 113.76 | 5.00 | 6.13 | 4.89 | -0.11 |
| 4 | Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL) | 2017-18 | 2018-19 | -0.05 | -0.06 | 13.97 | 8.00 | -2.91 | -2.91 | -10.91 |
| 5 | Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL) | 2008-09 | 2019-20 | 0.29 | 0.16 | 0.49 | 3.48 | 5.20 | 2.78 | -0.70 |
| 6 | Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL) | 2018-19 | 2019-20 | 1.88 | 1.88 | 0.60 | 45.15 | 48.73 | 48.48 | 3.33 |
| 7 | Goa State Infrastructure Development Corporation Limited (GSIDCL) | 2017-18 | 2019-20 | 90.25 | 5.61 | 681.77 | 3.72 | 691.22 | 34.23 | 30.51 |

[1] Figures pertain to 'Operating Income' only as presented by the PSUs in their financial statements

| Sl. No. | Sector, Type & name of the PSUs | Period of accounts | Year in which accounts finalised | Net Profit/loss(-) before dividend, interest & tax | Net Profit/loss(-) after dividend, interest & tax | Turnover[1] | Paid-up capital | Capital employed | Net Worth | Accumulated Profit(+)/ Loss(-) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 8 | Sewerage & Infrastructural Development Corporation of Goa Limited (SIDCGL) | 2017-18 | 2018-19 | 5.14 | 3.59 | 8.49 | 7.55 | 192.85 | 23.64 | 16.09 |
| 9 | Imagine Panaji Smart City Development Limited (IPSCDL) | 2016-17 | 2018-19 | 0.01 | 0.01 | 0.07 | 1.00 | 1.01 | 1.01 | 0.01 |
| | **Total A (I)** | | | **97.72** | **11.29** | **821.14** | **77.21** | **960.34** | **116.65** | **39.44** |
| **II.** | **Non-working Government Companies** | | | NIL | | | | | | |
| | **Total A (I) + A(II)** | | | **97.72** | **11.29** | **821.14** | **77.21** | **960.34** | **116.65** | **39.44** |
| **B.** | **Competitive Environment Sector** | | | | | | | | | |
| **I.** | **Working Government Companies** | | | | | | | | | |
| 10 | Goa Tourism Development Corporation Limited (GTDCL) | 2018-19 | 2019-20 | 1.46 | 1.46 | 31.27 | 22.65 | 22.12 | 20.82 | -1.83 |
| 11 | Kadamba Transport Corporation Limited (KTCL) | 2018-19 | 2019-20 | -20.12 | -22.88 | 83.28 | 108.45 | -104.65 | -127.22 | -235.67 |
| | **Total B(I)** | | | **-18.66** | **-21.42** | **114.55** | **131.10** | **-82.53** | **-106.40** | **-237.50** |
| **II.** | **Non-working Government Companies** | | | NIL | | | | | | |
| | **Total B (I) + B(II)** | | | **-18.66** | **-21.42** | **114.55** | **131.10** | **-82.53** | **-106.40** | **-237.50** |
| **C.** | **Other Sector** | | | | | | | | | |
| **I.** | **Working Government Companies** | | | | | | | | | |
| 12 | EDC Limited (EDCL) | 2017-18 | 2018-19 | 115.78 | 56.36 | 115.24 | 100.92 | 528.58 | 335.24 | 234.32 |
| 13 | Info Tech Corporation of Goa Limited (ITCGL) | 2011-12 | 2018-19 | 0.68 | 0.36 | 3.87 | 16.33 | 17.35 | 17.35 | 1.02 |
| 14 | Goa Electronics Limited (GEL) | 2018-19 | 2019-20 | 1.35 | 1.17 | 20.14 | 1.80 | -17.89 | -17.89 | -19.69 |
| | **Total C (I)** | | | **117.81** | **57.89** | **139.25** | **119.05** | **528.04** | **334.70** | **215.65** |

| Sl. No. | Sector, Type & name of the PSUs | Period of accounts | Year in which accounts finalised | Net Profit/loss(-) before dividend, interest & tax | Net Profit/loss(-) after dividend, interest & tax | Turnover[1] | Paid-up capital | Capital employed | Net Worth | Accumulated Profit(+)/ Loss(-) |
|---|---|---|---|---|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| **II.** | **Non-working Government Companies** | | | NIL | | | | | | |
| | **Total C (I) + C (II)** | | | **117.81** | **57.89** | **139.25** | **119.05** | **528.04** | **334.70** | **215.65** |
| **III.** | **Working Statutory Corporation** | | | | | | | | | |
| 15 | Goa Industrial Development Corporation (GIDC) | 2017-18 | 2019-20 | 7.05 | 7.05 | 28.48 | 50.45 | 96.11 | 96.11 | 45.66 |
| | **Total C (III)** | | | **7.05** | **7.05** | **28.48** | **50.45** | **96.11** | **96.11** | **45.66** |
| **IV.** | **Non-Working Statutory Corporations** | | | **NIL** | | | | | | |
| 16 | Goa Information Technology Development Corporation (GITDC) | First Accounts Awaited | | | | | | | | |
| | **Total C (III) + C (IV)** | | | **7.05** | **7.05** | **28.48** | **50.45** | **96.11** | **96.11** | **45.66** |
| | **Total C (I) + C(II) + C(III) +C(IV)** | | | **124.86** | **64.94** | **167.73** | **169.50** | **624.15** | **430.81** | **261.31** |
| D. | Working Government Companies | | | **196.87** | **47.76** | **1074.94** | **327.36** | **1405.85** | **344.95** | **17.59** |
| E. | Working Statutory Corporation | | | **7.05** | **7.05** | **28.48** | **50.45** | **96.11** | **96.11** | **45.66** |
| | **Total of Working PSUs** | | | **203.92** | **54.81** | **1103.42** | **377.81** | **1501.96** | **441.06** | **63.25** |
| F. | Non-working Government Companies | | | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| G. | Non-working Statutory Corporation | | | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Total of Non-Working PSUs** | | | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Grand Total** | | | **203.92** | **54.81** | **1103.42** | **377.81** | **1501.96** | **441.06** | **63.25** |

# APPENDIX 3.3

*(Referred to in paragraphs 3.1.3 and 3.1.13)*

## Statement showing particulars of up to date paid-up capital and loans outstanding as on 31 March 2019 in respect of PSUs (*i.e.* Government Companies and Statutory Corporations) which had finalised accounts for 2018-19 or as per position (unaudited) as on 31 October 2019 furnished by the PSUs which had not finalised its accounts for 2018-19

**(Figures in columns 3(a) to 4(d) are ₹ *in crore*)**

| Sl. No. | Sector and Name of the Company | Paid-up Capital* | | | | Loans outstanding at the close of 2018-19 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | State Government | Central Government | Others | Total | State Government | Central Government | Others | Total |
| (1) | (2) | 3(a) | 3(b) | 3(c) | 3(d) | 4(a) | 4(b) | 4(c) | 4(d) |
| A. | **WORKING COMPANIES** | | | | | | | | |
| (i) | ***Social Sector*** | | | | | | | | |
| 1 | Goa Forest Development Corporation Limited (GFDCL) | 2.69 | 0.00 | 0.00 | 2.69 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2 | Goa Meat Complex Limited (GMCL) | 0.25 | 0.24 | 0.13 | 0.62 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | Goa State Horticultural Corporation Limited (GSHCL) | 5.00 | 0.00 | 0.00 | 5.00 | 1.24 | 0.00 | 0.00 | 1.24 |
| 4 | Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL) | 7.83 | 0.17 | 0.00 | 8.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL) | 6.12 | 1.58 | 0.00 | 7.70 | 0.00 | 8.30 | 0.00 | 8.30 |
| 6 | Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL) | 31.10 | 14.05 | 0.00 | 45.15 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 | Goa State Infrastructure Development Corporation Limited (GSIDCL) | 3.66 | 0.00 | 0.06 | 3.72 | 0.00 | 0.00 | 691.36 | 691.36 |
| 8 | Sewerage & Infrastructural Development Corporation of Goa Limited (SIDCGL) | 7.55 | 0.00 | 0.00 | 7.55 | 0.00 | 0.00 | 227.93 | 227.93 |
| 9 | Imagine Panaji Smart City Development Limited (IPSCDL) | 1.00 | 0.00 | 0.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Total A(i)** | **65.20** | **16.04** | **0.19** | **81.43** | **1.24** | **8.30** | **919.29** | **928.83** |

| Sl. No. | Sector and Name of the Company | Paid-up Capital* | | | | Loans outstanding at the close of 2018-19 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | State Government | Central Government | Others | Total | State Government | Central Government | Others | Total |
| (1) | (2) | 3(a) | 3(b) | 3(c) | 3(d) | 4(a) | 4(b) | 4(c) | 4(d) |
| (ii) | ***Competitive Environment*** | | | | | | | | |
| 10 | Goa Tourism Development Corporation Limited (GTDCL) | 22.65 | 0.00 | 0.00 | 22.65 | 2.06 | 0.00 | 0.00 | 2.06 |
| 11 | Kadamba Transport Corporation Limited (KTCL) | 108.45 | 0.00 | 0.00 | 108.45 | 0.00 | 0.00 | 22.57 | 22.57 |
| | **Total A (ii)** | **131.10** | **0.00** | **0.00** | **131.10** | **2.06** | **0.00** | **22.57** | **24.63** |
| (iii) | ***Others*** | | | | | | | | |
| 12 | EDC Limited (EDCL) | 86.20 | 0.00 | 14.72 | 100.92 | 0.00 | 0.00 | 0.52 | 0.52 |
| 13 | Info Tech Corporation of Goa Limited (ITCGL) | 13.15 | 0.00 | 3.19 | 16.34 | 0.00 | 0.00 | 12.32 | 12.32 |
| 14 | Goa Electronics Limited (GEL) *(Subsidiary of EDC Limited)* | 0.00 | 0.00 | 1.80 | 1.80 | 0.00 | 0.00 | 9.07 | 9.07 |
| | **Total A (iii)** | **99.35** | **0.00** | **19.71** | **119.06** | **0.00** | **0.00** | **21.91** | **21.91** |
| | **Total A (i) + (ii) + (iii)** | **295.65** | **16.04** | **19.90** | **331.59** | **3.30** | **8.30** | **963.77** | **975.37** |
| B. | **Working Statutory Corporations** | | | | | | | | |
| | ***Others*** | | | | | | | | |
| 15 | Goa Industrial Development Corporation (GIDC) | 16.18 | 24.27 | 0.00 | 40.45 | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Total (B)** | **16.18** | **24.27** | **0.00** | **40.45** | **0.00** | **0.00** | **0.00** | **0.00** |
| C. | **Non-Working Companies** | | | | | | | | |
| | ***Others*** | | | | | | | | |
| | | | | | | | | | |
| D. | **Non-Working Statutory Corporations** | *Nil* | | | | | | | |
| 16 | Goa Information Technology Development Corporation (GITDC) | 0.25 | 0.00 | 0.00 | 0.25 | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Total (C)** | **0.25** | **0.00** | **0.00** | **0.25** | **0.00** | **0.00** | **0.00** | **0.00** |
| | **Total Others [A(iii)+B+C]** | **115.78** | **24.27** | **19.71** | **159.76** | **0.00** | **0.00** | **21.91** | **21.91** |
| | **Grand Total (A + B + C + D)** | **312.08** | **40.31** | **19.90** | **372.29** | **3.30** | **8.30** | **963.77** | **975.37** |

* Paid-up capital includes share application money

\# Loans outstanding at the close of 2018-19 represent long term loans only excluding interest thereon

.

## APPENDIX 3.4

(*Referred to in paragraph 3.1.9)*

### Arrears of Accounts as on 31 October 2019

| Sl. No. | Name of the PSU | Administrative Department | Year for which accounts are in arrear | Number of accounts in arrear |
|---|---|---|---|---|
| | **COMPANIES** | | | |
| 1 | Goa State Horticultural Corporation Limited (GSHCL) | Agriculture | 2014-15 to 2018-19 | 05 |
| 2 | Info Tech Corporation of Goa Limited (ITCGL) | Information Technology | 2012-13 to 2018-19 | 07 |
| 3 | Goa Forest Development Corporation Limited (GFDCL) | Forest | 2015-16 to 2018-19 | 04 |
| 4 | Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL) | Social Welfare | 2009-10 to 2018-19 | 10 |
| 5 | Goa State Infrastructure Development Corporation Limited (GSIDCL) | Finance | 2018-19 | 01 |
| 6 | Imagine Panaji Smart City Development Limited (IPSCDL) | Urban Development | 2017-18 & 2018-19 | 02 |
| 7 | EDC Limited | Finance | 2018-19 | 01 |
| 8 | Sewerage & Infrastructural Development Corporation of Goa Limited (SIDCGL) | Public works | 2018-19 | 01 |
| 9 | Goa Handicrafts, Rural & Small Scale Industries Development Corporation Limited (GHRSSIDCL) | Industries, Trade & Commerce | 2018-19 | 01 |
| | **CORPORATIONS** | | | |
| 10 | Goa Information Technology Development Corporation (GITDC) | Information Technology | 2006-07 to 2018-19 | 13 |
| 11 | Goa Industrial Development Corporation (GIDC) | Industries, Trade & Commerce | 2018-19 | 01 |
| | | | **Total** | **46** |

# APPENDIX 3.5

*(Referred to in Para 3.1.17)*

## Statement showing State Government funds infused in State PSUs during the period from 2000-01 to 2018-19

***(₹ in crore)***

| Sl. No. | A. Social Sector | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | | | 2 | | | 3 | | | 4 | | | 5 | | |
| Year | Goa Forest Development Corpn. Ltd. (GFDCL) | | | Goa Meat Complex Ltd. (GMCL) | | | Goa State Horticultural Corpn. Ltd. (GSHCL) | | | Goa Handicrafts, Rural and Small Scale Industries Development Corpn. Ltd. (GHRSSIDCL) | | | Goa State Scheduled Castes and Other Backward Classes Finance and Development Corpn. Ltd. (GSSCOBCFDCL) | | |
| | **Equity** | **IFL[#]** | **GS[##]** | **Equity** | **IFL** | **GS** | **Equity** | **IFL** | **GS** | **Equity** | **IFL** | **GS** | **Equity** | **IFL** | **GS** |
| **2000-01** | 0.50 | - | 1.11 | 0.25 | - | 2.02 | 0.74 | - | - | 2.33 | - | - | 1.23 | - | - |
| **2001-02** | 0.00 | - | 0.50 | 0.00 | - | - | 0.20 | - | - | 1.00 | - | - | 0.05 | - | - |
| **2002-03** | 0.00 | - | 0.39 | 0.00 | - | - | 0.29 | - | - | 0.00 | - | - | 0.32 | - | - |
| **2003-04** | 0.00 | - | 1.00 | 0.00 | - | - | 0.44 | - | - | 0.00 | - | - | 0.05 | - | - |
| **2004-05** | 2.00 | - | 0.20 | 0.00 | - | - | 3.30 | 0.62 | - | 0.00 | - | 1.10 | 0.05 | - | - |
| **2005-06** | 0.00 | - | 0.10 | 0.00 | - | - | 0.03 | 0.62 | - | 0.00 | - | 0.01 | 0.05 | - | - |
| **2006-07** | 0.00 | - | - | 0.00 | - | 0.99 | 0.00 | - | - | 3.00 | - | 0.65 | 0.05 | - | - |
| **2007-08** | 0.19 | - | 0.10 | 0.00 | - | 1.32 | 0.00 | - | - | 1.00 | - | 0.65 | 0.05 | - | - |
| **2008-09** | 0.00 | - | 0.25 | 0.00 | - | 1.32 | 0.00 | - | - | 0.00 | - | 1.06 | 0.05 | - | 0.25 |
| **2009-10** | 0.00 | - | 1.50 | 0.00 | - | 1.52 | 0.00 | - | - | 0.50 | - | 1.11 | 0.01 | - | 0.25 |
| **2010-11** | 0.00 | - | 2.80 | 0.00 | - | 1.72 | 0.00 | - | - | 0.00 | - | 2.60 | 0.05 | - | 0.25 |
| **2011-12** | 0.00 | - | 15.50 | 0.00 | - | 3.81 | 0.00 | - | - | 0.00 | - | 4.59 | 2.50 | - | 0.30 |
| **2012-13** | 0.00 | - | - | 0.00 | - | 2.34 | 0.00 | - | - | 0.00 | - | 1.21 | 1.66 | - | 0.10 |
| **2013-14** | 0.00 | - | 3.50 | 0.00 | - | 5.84 | 0.00 | - | - | 0.00 | - | 0.64 | 0.00 | - | 0.50 |
| **2014-15** | 0.00 | - | 0.50 | 0.00 | - | 6.45 | 0.00 | - | - | 0.00 | - | 5.21 | 0.00 | - | - |
| **2015-16** | 0.00 | - | 6.51 | 0.00 | - | 10.33 | 0.00 | - | - | 0.00 | - | 2.68 | 0.00 | - | 0.50 |
| **2016-17** | 0.00 | - | 5.00 | 0.00 | - | 7.70 | 0.00 | - | - | 0.00 | - | 2.34 | 0.00 | - | 0.45 |
| **2017-18** | 0.00 | - | 5.50 | 0.00 | - | 4.00 | 0.00 | - | - | 0.00 | - | 2.89 | 0.00 | - | 3.47 |
| **2018-19** | 0.00 | - | 6.15 | 0.00 | - | 5.35 | 0.00 | - | - | 0.00 | - | 8.00 | 0.00 | - | 0.90 |
| **Total** | **2.69** | **-** | **50.61** | **0.25** | **-** | **54.71** | **5.00** | **1.24** | - | **7.83** | **-** | **34.74** | **6.12** | **-** | **6.97** |

[#] IFL = Interest Free Loans; [##] GS = Grants/Subsidies.

| Sl. No. | A. Social Sector | | | | | | | | | | | | B. Competitive Environment Sector | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 6 | | | 7 | | | 8 | | | 9 | | | 10 | | | 11 | | |
| Year | Goa State Scheduled Tribes Finance and Development Corpn. Ltd. (GSSTFDCL) | | | Goa State Infrastructure Development Corpn. Ltd. (GSIDCL) | | | Sewerage & Infrastructural Development Corporation of Goa Limited (SIDCGL) | | | Imagine Panaji Smart City Development Limited (IPSCDL) | | | Goa Tourism Development Corporation Limited (GTDCL) | | | Kadamba Transport Corporation Limited (KTCL) | | |
| | **Equity** | **IFL** | **GS** | **Equity** | **IFL** | **GS** | **Equity** | **IFL** | **GS** | **Equity** | **IFL** | **GS** | **Equity** | **IFL** | **GS** | **Equity** | **IFL** | **GS** |
| **2000-01** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 5.24 | - | - | 22.91 | - | 8.00 |
| **2001-02** | 0.00 | - | - | 3.10 | - | - | 0.00 | - | - | 0.00 | - | - | 2.50 | - | - | 0.00 | - | 5.62 |
| **2002-03** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 1.00 | - | - | 0.00 | - | 7.56 |
| **2003-04** | 0.00 | - | - | 0.00 | - | - | 2.05 | - | - | 0.00 | - | - | 7.20 | - | - | 0.00 | - | 8.72 |
| **2004-05** | 1.00 | - | 1.00 | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 4.41 | - | - | 3.00 | - | 9.25 |
| **2005-06** | 1.00 | - | - | -0.05 | - | - | -0.05 | - | - | 0.00 | - | - | 0.00 | - | - | 0.03 | - | 8.87 |
| **2006-07** | 0.50 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 1.00 | 1.00 | - | 10.65 | - | 11.50 |
| **2007-08** | 1.00 | - | - | 0.00 | - | - | 2.80 | - | - | 0.00 | - | - | 0.00 | - | - | 6.00 | - | 8.00 |
| **2008-09** | 1.05 | - | - | 0.00 | - | - | 0.45 | - | - | 0.00 | - | - | 1.30 | 6.39 | - | 3.00 | - | - |
| **2009-10** | 2.88 | - | - | 0.61 | - | - | 0.30 | - | - | 0.00 | - | - | 0.00 | - | - | 3.30 | - | - |
| **2010-11** | 8.17 | - | - | 0.00 | - | - | 0.50 | - | - | 0.00 | - | - | 0.00 | -0.60 | - | 3.75 | - | 39.72 |
| **2011-12** | 9.40 | - | - | 0.00 | - | - | 0.50 | - | - | 0.00 | - | - | 0.00 | -1.33 | - | 7.00 | - | 26.36 |
| **2012-13** | 5.60 | - | - | 0.00 | - | - | 0.50 | - | - | 0.00 | - | - | 0.00 | - | - | 30.00 | - | 29.61 |
| **2013-14** | 0.00 | - | - | 0.00 | - | - | 0.50 | - | - | 0.00 | - | - | 0.00 | -0.53 | - | 0.00 | - | 87.51 |
| **2014-15** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | -0.53 | - | 0.00 | - | 79.46 |
| **2015-16** | 0.50 | - | 0.50 | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | -0.53 | - | 5.00 | - | 103.32 |
| **2016-17** | 0.00 | - | 0.93 | 0.00 | - | - | 0.00 | - | - | 1.00 | - | - | 0.00 | -0.72 | - | 0.00 | - | 95.31 |
| **2017-18** | 0.00 | - | 1.00 | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | -0.55 | - | 0.00 | - | 96.94 |
| **2018-19** | 0.00 | - | 1.00 | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | -0.54 | - | 13.81 | - | 116.67 |
| **Total** | **31.10** | **-** | **4.43** | **3.66** | **-** | **-** | **7.55** | **-** | **-** | **1.00** | **-** | **-** | **22.65** | **2.06** | **-** | **108.45** | **-** | **742.42** |

*(₹ in crore)*

| Sl.No. | C. Other Sector | | | | | | | | | | | | | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12 | | | 13 | | | 14 * | | | 15 | | | 16 | | | | | |
| Year | EDC Limited (EDCL) | | | Info Tech Corporation of Goa Limited (ITCGL) | | | Goa Electronics Limited (GEL) | | | Goa Industrial Development Corporation (GIDC) | | | Goa Information Technology Development Corporation (GITDC) | | | | | |
| | Equity | IFL | GS | Equity | IFL | GS | Equity | IFL | GS | Equity | IFL | GS | Equity | IFL | GS | Equity | IFL | GS |
| **2000-01** | 23.20 | - | - | 0.00 | - | - | 0.00 | - | - | 17.73 | - | - | 0.00 | - | - | 74.13 | 0.00 | 11.13 |
| **2001-02** | 3.50 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 10.35 | 0.00 | 6.12 |
| **2002-03** | 3.50 | - | - | 0.00 | - | - | 0.00 | - | - | 0.05 | - | - | 0.00 | - | - | 5.16 | 0.00 | 7.95 |
| **2003-04** | 3.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.12 | - | - | 0.00 | - | - | 12.86 | 0.00 | 9.72 |
| **2004-05** | 1.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.12 | - | - | 0.00 | - | - | 14.88 | 0.62 | 11.55 |
| **2005-06** | 1.00 | - | - | 13.15 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 15.16 | 0.62 | 8.98 |
| **2006-07** | 16.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 31.20 | 1.00 | 13.14 |
| **2007-08** | 15.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 26.04 | 0.00 | 10.07 |
| **2008-09** | 15.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 20.85 | 6.39 | 2.88 |
| **2009-10** | 5.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.25 | - | - | 12.85 | 0.00 | 4.38 |
| **2010-11** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 12.47 | -0.60 | 47.09 |
| **2011-12** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 19.40 | -1.33 | 50.56 |
| **2012-13** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 37.76 | 0.00 | 33.26 |
| **2013-14** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.50 | -0.53 | 97.99 |
| **2014-15** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | -0.53 | 91.62 |
| **2015-16** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 5.50 | -0.53 | 123.84 |
| **2016-17** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 1.00 | -0.72 | 111.73 |
| **2017-18** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | 0.00 | -0.55 | 113.80 |
| **2018-19** | 0.00 | - | - | 0.00 | - | - | 0.00 | - | - | -1.84 | - | - | 0.00 | - | - | 11.97 | -0.54 | 138.07 |
| **Total** | **86.20** | **-** | **-** | **13.15** | **-** | **-** | **0.00** | **-** | **-** | **16.18** | **-** | **-** | **0.25** | **-** | **-** | **312.08** | **3.30** | **893.88** |

* Goa Electronics Limited is subsidiary of EDC Limited. Hence, there is no direct investment of State Government.

## APPENDIX 3.6

(*Referred to in paragraph 3.2.6.2*)

### Arbitrary evaluation of applications and allotment of plots to ineligible applicants

| Plots allotted after altering the entry for plot size in applications received | | | | |
|---|---|---|---|---|
| **Sl. No.** | **Applicant (and IE)** | **Plot size applied for ($m^2$)** | **Altered plot size ($m^2$)** | **Remarks** |
| 1 | Applicant 'C' (Kundaim) | 1050 | 936 | The applicant, though applied for plot size of 1,050 $m^2$, was placed as the lone applicant in the merit list for 936 $m^2$ and was awarded 94 marks. It was not considered for plot size of 1,050 $m^2$ as a new entry for plot size of 936 $m^2$ was inserted in the application form. There was no business activity on the plot after allotment in August 2016. |
| 2 | Applicant 'D' (Kundaim) | 1000 | 865 | The applicant applied for 1,000 $m^2$ but was considered in the merit list for plot size of 865 $m^2$ with a score of 88 marks. On the other hand, three other applicants, which applied for plot size of 1,000 $m^2$ and scored more than 88 marks, were not allotted any plot. Applicant 'K', which applied for plot size of 865 $m^2$, was placed in the merit list for plot size of 810 $m^2$ with 88 marks but not allotted the plot. As of September 2019, construction was completed at the plot allotted (August 2016) to Applicant 'D'. |
| 3 | Applicant 'E' (Kundaim) | 1000 | 857 | The applicant, though applied for 1,000 $m^2$, was placed as the lone applicant in the merit list of 857 $m^2$ with 99 marks after a new entry for plot size of 857 $m^2$ was inserted in its application form. Another applicant, which applied for plot size of 900 $m^2$ as well as 857 $m^2$, was not considered for plot size of 857 $m^2$ as the plot was allotted to Applicant 'E'. There was no business activity on the plot after allotment (August 2016) to Applicant 'E'. |
| 4 | Applicant 'F' (Verna) | 1047 | 712 (revised to 600 on re-survey of plot) | The applicant, though applied for plot size of 1,047 $m^2$ only, was considered for plot size of 1,047 $m^2$ as well as 712 $m^2$ after a new entry for plot size of 712 $m^2$ was inserted in application form, and scored 98 marks in both merit lists. However, Applicant 'L', which applied for plot size of 712 $m^2$ and scored 96 marks, was not considered as the plot was arbitrarily allotted to Applicant 'F'. Had Applicant 'F' been evaluated for the plot size of 1,047 $m^2$ only, it would not have secured allotment as Applicant 'B' (referred to earlier in **Paragraph 3.2.6.2**) scored more (138) marks. There was no business activity on the plot after allotment (March 2017) of plot to Applicant 'F'. |
| 5 | Applicant 'G' (Verna) | 1910 | 1085 | The applicant, though applied for plot size of 1,910 $m^2$ only, was considered for plot size of 1,910 $m^2$ as well as 1,085 $m^2$ after a new entry for plot size of 1,085 $m^2$ was inserted in the application form, and scored 136 marks in both merit lists. However, another applicant, which applied for plot size of 1,085 $m^2$ and scored 126 marks, was not considered as the plot was arbitrarily allotted to Applicant 'G'. Had Applicant 'G' been evaluated for plot size of 1,910 $m^2$ only, it would not have secured allotment as Applicant 'H' had scored more (142) marks. As of September 2019, construction was in progress at the plot allotted (March 2017) to Applicant 'G'. |
| 6 | Applicant 'H' (Verna) | 2000 | 1910 | The applicant applied for plot size of 2,000 $m^2$ only but was considered for plot size of 2,000 $m^2$ as well as 1,910 $m^2$ after inserting a new entry for plot size of 1,910 $m^2$ in the application form, and scored 142 marks in both merit lists. On the other hand, Applicant 'G', which applied for plot size of 1,910 $m^2$ and scored 136 marks (the highest in the merit list for 1,910 $m^2$), was not considered as Applicant 'H' was allotted the plot. There was no business activity on the plot after allotment (March 2017) to Applicant 'H'. |

| | | | | |
|---|---|---|---|---|
| 7 | Applicant 'I' (Verna) | 2950 | 2027 (revised to 1240 on re-survey of plot) | The applicant, though applied for plot size of 2,950 $m^2$ only, was considered for plot size of 2,027 $m^2$ after inserting a new entry in the application form, and awarded 126 marks in the merit list for plot size of 2,027 $m^2$. On the other hand, another applicant which applied for plot sizes of 1,014 $m^2$, 1,047 $m^2$ and 2,027 $m^2$ and scored 86 marks, was not considered as the plot of size of 2,027 $m^2$ was allotted to Applicant 'I'. Had Applicant 'I' been evaluated for plot size of 2,950 $m^2$ only, it would not have secured allotment as another applicant had scored more (138) marks. There was no business activity on the plot after allotment (March 2017) of plot to Applicant 'I'. |
| 8 | Applicant 'J' (Verna) | 2950 | 2650 | The applicant was evaluated for plot size of 2,650 $m^2$ after insertion of plot size of 2,650 $m^2$ in the application form and was awarded 137 marks in the merit list for plot size of 2,650 $m^2$. On the other hand, Allottee 'AJ' (also referred to in **Paragraph 3.2.7.5**) which applied for plot size of 2,650 $m^2$ and scored 124 marks, was not considered as the plot was arbitrarily allotted to Applicant 'J'. Had Applicant 'J' been evaluated for plot size of 2,950 $m^2$, it would not have got allotment. The allotment was, however, stayed (April 2017) by the Hon'ble High Court of Bombay at Goa after it was challenged by Applicant 'R' (referred to in footnote 51 to **Paragraph 3.2.6.2**), which had applied for plot of size of 2,950 $m^2$ that lay contiguous to its existing unit but was not allotted the plot. The plot remained unutilised after allotment. |
| **Plots allotted by giving priority/extra marks to ineligible applicants** | | | | |
| **Sl. No.** | **Applicant (and IE)** | **Plot size applied for and allotted ($m^2$)** | **Total marks awarded (out of 200)** | **Remarks** |
| 9 | Applicant 'S' (Kundaim) | 810 | 120 | The applicant was awarded 40 extra marks for expansion/diversification of existing unit though it had neither claimed nor submitted any proof. There was no business activity on the plot after allotment (September 2016). |
| 10 | Applicant 'T' (Kundaim) | 1448 | 141 | The applicant was awarded 50 extra marks for expansion/diversification of existing unit in the IE though it had neither claimed nor submitted any proof. There was no business activity on the plot after allotment (March 2017). |
| 11 | Applicant 'N' (Verna) | 828 | 128 | The applicant was awarded 40 extra marks for expansion/diversification of existing unit though it had neither claimed nor submitted any proof. As of March 2019, construction at the allotted plot (March 2017) was in progress. |
| 12 | Applicant 'B' (Verna) | 600 | 138 | The applicant was awarded 40 extra marks for expansion/diversification of existing unit though it had neither claimed nor submitted any proof. There was no business activity on the plot after allotment (March 2017). |

*(Source: Allotment records of the Corporation)*

## APPENDIX 3.7

*(Referred to in Paragraph 3.2.6.3(iv))*

### Non-recovery of applicable transfer fee from allottees

| Allottee (and IE) | Area allotted ($m^2$) | Date of allotment (and transfer) | Provisions of applicable Regulations | Amount recoverable (₹ crore) | Amount recovered (₹ crore) | Remarks |
|---|---|---|---|---|---|---|
| Allottee 'U' (Bicholim) | 1185413 | December 1994 – October 1996 (September 2013) | As per Schedule II to the Goa IDC Transfer and Sub-lease Regulations, any change of constitution of private or public limited company listed on stock exchange, where at the time of application for transfer to the Corporation the original promoters propose to retain 26 *per cent* of the equity, shall not entail any transfer fee. Schedule III to the Regulations prescribed transfer fee of 60 *per cent* of the prevailing plot rate per $m^2$ where construction on the plot exceeded the definition of partial construction but not the definition of substantial construction. | 71.12 | 0 | The leasehold rights over the land were transferred when the allottee's ownership changed hands from Indian to foreign promoters in 2013 and its name was also changed. The expert/company secretary engaged by the Corporation also opined that the change in constitution/shareholding amounted to transfer under the Goa IDC Transfer and Sub-lease Regulations. The allottee did not utilise 30 *per cent* of the allotted land and was, therefore, liable to pay transfer fee of 60 *per cent* of the prevailing plot rate. However, the Corporation did not decide on recovering applicable transfer fee despite recommendation of Screening Committee to levy the same. |
| Allottee 'V' (Verna) | 10688 | February 1999 (March 2017) | As per Schedule III to the Goa Industrial Development Corporation Allotment (First Amendment) Regulations, 2016, transfer fee of 60 *per cent* of the prevailing plot rate per $m^2$ where construction on the plot exceeded the definition of partial construction but not the definition of substantial construction. | 1.41 | 0.23 | The allottee did not utilise 30 *per cent* of the plot allotted and was liable to pay transfer fee of 60 *per cent* of the prevailing plot rate per $m^2$ but the Corporation recovered transfer fee at a reduced rate of 10 *per cent* of the prevailing plot rate per $m^2$. |
| Allottee 'W' (Verna) | 1000 | June 2016 (June 2018) | As per Regulation 7 of the amended Goa IDC (Transfer and Sub-lease Regulations), 2018, the maximum transfer fee of 40 *per cent* of the prevailing plot rate per $m^2$ was leviable in cases of transfer of plot with only substantial building construction and where the unit was never in commercial production. | 0.19 | 0 | The allottee was engaged in commercial activity of canteen service and underwent change/transfer (June 2018) in its constitution/shareholding structure from proprietary to partnership firm. Being an allotment for commercial activity, the plot should have been allotted through auction process at double the base (plot) rate. Further, as the allottee did not utilise at least 30 *per cent* of the allotted plot area and was never in commercial production, transfer fee was recoverable at 40 *per cent* of the applicable plot rate. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Allottee 'X' (Verna) | 21435 | August 1995 – December 2016 (February 2017) | As per Schedule III to the Goa Industrial Development Corporation Allotment (First Amendment) Regulations, 2016, transfer fee of 60 *per cent* of the prevailing plot rate per $m^2$ was leviable where construction on the plot exceeded the definition of partial construction but not the definition of substantial construction. Transfer fee was recoverable at 10 *per cent* of the prevailing plot rate per $m^2$ for applicants who completed construction as per approved plans and obtained occupancy certificate for full or part and were into commercial operation for more than 10 years. | 0.53 | 0 | The leasehold rights over 12 plots allotted to the company stood transferred with change (February 2017) in its constitution/shareholding structure on transfer of 99.9 *per cent* of shares to a foreign company. The Corporation recovered transfer fee of 10 *per cent* of the prevailing plot rate per $m^2$ in respect of nine plots where the unit had completed construction, obtained occupancy certificate and was into commercial operation and successfully functioning for more than 10 years. However, it did not recover transfer fee of 10 *per cent* (₹ 0.24 crore) in respect of two plots. In respect of one plot that remained unutilised, transfer fee of 60 *per cent* (₹ 0.29 crore) of the prevailing plot rate was recoverable. |
| Allottee 'Y' (Pilerne) | 1185 | May 2005 (December 2016) | Transfer fee of 60 *per cent* of the prevailing plot rate per $m^2$ was recoverable where construction on the plot exceeded the definition of partial construction but not the definition of substantial construction. Transfer fee was recoverable at 30 *per cent* of the prevailing plot rate for applicants who completed construction as per approved plans and obtained occupancy certificate for full or part and were into commercial operation for less than five years. | 0.12 | 0.06 | The allottee did not utilise at least 30 *per cent* of the allotted area and was, therefore, liable to pay transfer fee of 60 *per cent* of the prevailing plot rate per $m^2$. However, the Corporation levied transfer fee at a reduced rate of 30 *per cent* of the prevailing plot rate. |
| | **1219721** | | | **73.37** | **0.29** | |

*(Source: Allotment records and Monthly Progress Reports of the Corporation)*