

"गोवा विधान सभा"
PRESENTED BY



REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED
31 MARCH 2003

GOVERNMENT OF GOA

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Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapter I and II of this Report respectively contain audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2003.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Departments, Revenue Receipts, Audit of Autonomous Bodies, Statutory Corporations, Government Companies and departmentally run commercial undertakings.
4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2002-2003, as well as those which had come to notice in earlier years but could not be dealt with in previous years; matter relating to the period subsequent to 2002-2003 have also been included wherever necessary.

Overview

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OVERVIEW

This report includes two chapters on the Finance and Appropriation Accounts of the Government of Goa for the year 2002-03 and five other chapters comprising five reviews and nine paragraphs (excluding general paragraphs) based on the audit of certain selected programmes and activities and financial transactions of the Government. A synopsis of the important findings contained in the report is presented in this overview.

1. Finances of the State Government

- Overall revenue receipts of the State increased from Rs.1147 crore in 1998-99 to Rs.1833 crore in 2002-03. However, in 2002-03 they decreased by Rs.40 crore over the previous year. In the Power sector, the State improved its revenue mainly due to sale of power and revision of tariff. On an average around 90 *per cent* of total revenue had come from State's own resources while Central tax transfer and grants in aid together contributed 10 *per cent*.
- Expenditure of the State increased from Rs.1422 crore in 1998-99 to Rs.2218 crore in 2002-03 at an average trend of 13.84 *per cent* per annum. However, in 2002-03 it decreased by Rs.74 crore over the previous year. Ninety *per cent* of the total expenditure was revenue expenditure. Interest payment, which increased steadily from Rs.144 crore in 1998-99 to Rs.292 crore in 2002-03, constituted 15 *per cent* of revenue expenditure.
- The ratio of development expenditure to total expenditure increased from 56.43 in 1998-99 to 58.02 in 2002-03. The State's revenue deficit increased from Rs.141 crore in 1998-99 to Rs.228 crore in 2001-02 but decreased to Rs.167 crore in 2002-03.
- Fiscal liabilities of the State increased from Rs.1854 crore in 1998-99 to Rs.3340 crore in 2002-03 at an average rate of 18.47 *per cent* during 1998-2003. The ratio of assets to liabilities of the State declined from 0.99 in 1998-99 to 0.74 in 2002-03 indicating that nearly one-fourth of the State's fiscal liabilities had ceased to have an asset back up.
- The trend growth of interest payments during the last five years was 20.37 *per cent*. The increase was primarily due to continued reliance on borrowings for financing the fiscal deficits.
- The amounts outstanding both under Ways and Means Advances (WMA) and Overdrafts (OD) also increased as compared to the previous year. Thus, management of cash requirement by the State for its day to day expenditure was poor.
- Government was successful in increasing the non-tax revenue receipts and curtailing the non-plan revenue expenditure during 2002-03. As a result, deficits were reduced. However, persistent revenue and fiscal deficits year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. There has also been a decline in

net availability of funds for infrastructural development from its borrowings as a larger portion of these funds were being used for debt servicing.

The State has to generate more revenues out of its existing assets or needs to provide from its current revenues for servicing its debt obligations. The Balance of Current Revenue (BCR) plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of funds for additional infrastructure support and other revenue generating investment. The BCR of the State has also continued to be negative.

2. Allocative priorities and Appropriation

- Against the total budget provision of Rs.3216.53 crore (including supplementary provision of Rs.210.51 crore) the actual expenditure was Rs.3164.29 crore. The overall savings of Rs.52.24 crore were the result of savings of Rs.727.57 crore in 82 grants and appropriations offset by an excess of Rs.675.33 crore in one grant and appropriation each.
- Supplementary Grants other than Public Debt obtained during the year were Rs.165.47 crore while the ultimate savings were Rs.702.74 crore.
- Supplementary provision of Rs.19.45 crore made in 45 cases during the year proved unnecessary in view of aggregate savings of Rs.197.43 crore in these grants.
- Supplementary provision of Rs.55.75 crore proved excessive as against the requirement of only Rs.11.59 crore.

3. Performance Reviews

I. Functioning of Agriculture Department

With a view to increase production and productivity of food grains, cereal crops and horticultural crops; Government of Goa had initiated various crop development schemes for expansion, training and use of improved seeds, fertilizers, agricultural kits, strengthening of agricultural extension and promoting agricultural mechanization etc. Implementation of these schemes/programmes left much to be desired as the production of paddy, raggi, pulses, oilseeds, sugarcane cashew, coconut and vegetables significantly declined during 2000-2003. The area coverage also of food crops such as paddy, raggi and pulses declined during 1998-03. Achievements vis-à-vis targets for development of cashew, coconut and sugarcane were poor. Twenty per cent of the assistance received for Centrally sponsored schemes was not utilized. Utilisation of various infrastructural facilities such as agricultural machineries, laboratories and agricultural farms was sub-optimal. There was no effective mechanism for speedy repair of breaches to protective bunds of low lying Khazan lands, resulting in non-availability of land for paddy production.

- Central assistance of Rs.1.35 crore (20 per cent) remained unspent as of March 2003, due to non-implementation/delay in implementation of schemes.
- The share of the cost of bund works amounting to Rs.2.35 crore remained un-recovered from the beneficiaries.
- Thirty-nine per cent of the total area of 11 Agricultural farms remained unused, although an expenditure of Rs.5.35 crore was incurred on these farms.
- There was heavy shortfall ranging from 36 to 87 per cent in utilization of agricultural machinery. Despite lack of demand from the farmers department replaced seven tractors at a cost of Rs.24.45 lakh.
- Seed testing laboratory established in 1989 was under utilized due to non-posting of seed analysts by the State Government.

(Paragraph 3.1)

II. Prevention and Control of Fire

The Fire and Emergency Services were established in the State primarily to prevent and suppress unwanted fires, so as to keep loss of life and property to the minimum. There was shortage of operational staff, equipments such as pumping units and Extra Heavy Water Tenders, compared to the prescribed norms. Department did not have a mechanism to ensure that all the places and trades likely to cause risk of fire had taken adequate preventive measures.

- Against Department's proposal for 457 operational staff, Government sanctioned 406 posts. Actual manpower available was only 307. Even compared to the sanctioned strength shortfall was 24 per cent. Shortage in key posts is likely to affect the services rendered by the Department.
- There was shortfall in Extra Heavy Water Tenders and pumping units compared to the norms prescribed by SFAC.
- Out of 11 fire stations in the State as of March 2003, only 3 fire stations were housed in modern fire station buildings of the Department.
- Though Government notified the places and trades likely to have risk of fire and which required preventive measures, department did not have a mechanism to ensure that all such places and trades had taken the required preventive measures.

(Paragraph 3.2)

III. National AIDS Control Programme

The Centrally sponsored National AIDS Control Programme (NACP) was implemented with the aim to slow down the spread of HIV/ AIDS on a long term basis. The number of HIV positive AIDS cases were however on the rise in the State. The GSACS, however, had not implemented 'Intersectoral collaboration', a programme for sharing in work of generating awareness, advocacy etc. by various sectors of the society. "Low Cost AIDS Care Programme," to provide appropriate care and support to HIV/AIDS infected persons was also neglected.

Installation and commissioning of the programme equipments was not monitored by GSACS, resulting in their idling; besides STD clinics were not renovated.

- Upto September 2003, the number of HIV positive cases was 6212 and AIDS cases was 331. GSACS, however, did not take steps to ensure mandatory reporting of test results done by private/NGO institutions.
- The scheme funds of Rs.24.70 lakh were retained by the State Government for three years, before being released to GSACS.
- Under School AIDS Education Programme (SAEP) only 11 *per cent* schools were covered, and Central funds of Rs.23.39 lakh remained unutilized.
- Due to delay in preparation of plans and estimates, GSACS could not utilise Rs.13.75 lakh for renovation of District Hospitals and STD clinics.
- Blood Components Separation Unit (BCSU) costing Rs.10.64 lakh received in July 2001 could not be commissioned as of December 2003 initially due to delays in civil works and later due to non-receipt of requisite licence from the FDA.
- Only 11 *per cent* of patients were offered post test counselling. For follow up counselling response from patients was very poor due to lack of privacy.

(Paragraph 3.3)

IV. Internal Audit Arrangement in Government Departments

Internal Audit is an independent function to examine and evaluate the level of compliance to rules and procedures and provide assurance on adequacy of risk management and internal control framework.

Internal Audit was virtually non-existent in the Government departments in Goa. Most of the mandays of Internal Audit Units were utilized for statutory audits of Municipal Councils and Village Panchayats, resulting in neglect of internal audit. Only 10 to 18 per cent of total auditee units were covered each year. In nine departments no internal audit was done since August 1996. In the absence of internal audit manual and standards the internal audit was directionless. Issue of Inspection Reports was badly delayed (upto 63 days). Internal audit lacked effectiveness as there was no pursuance of the Inspection Reports by the Internal Inspection Cell of the Directorate of Accounts.

(Paragraph 5.1)

V. Goa Industrial Development Corporation

The Goa, Daman and Diu Industrial Development Corporation was established in 1966 under the Goa, Daman & Diu Industrial Development Act, 1965 with the main object of securing and assisting in rapid establishment and organisation of industries. The name of the Corporation was changed to Goa Industrial Development Corporation in 1997.

- Availing of overdraft from Centurion Bank despite comfortable funds position resulted in undue benefit of Rs.1.23 crore to the private bank.
- Ninety six *per cent* of the saleable area of land acquired (8.53 lakh sq.metres) during the five years ended March 2003 remained unallotted.
- Land valuing Rs.4.55 crore at Shiroda and Kakoda remained idle as the land acquired was unsuitable for industrial use.
- The land acquired for Thapar DuPont Limited (cost:Rs.1.01 crore) remained unutilised since acquisition in 1992. Besides excess refund of Rs.42.46 lakh was made due to irregular refund of interest and incorrect computation of surrender charges.
- Land acquired in April 2000 at Nagoa and Cortalim by invoking urgency clause remained unutilised. The excess payment of Rs.1.43 crore made by the Corporation due to improper assessment of the land compensation by the Land Acquisition Officer, remained unrecovered.
- Expenditure incurred on maintenance of industrial estates was not fully recovered resulting in short recovery of Rs.12.28 crore.
- The Corporation suffered heavy distribution loss of Rs.4.34 crore in water supply to the units in industrial estates during 1999-2003.

(Paragraph 7.2)

4. Infructuous expenditure

Change of interior design of a newly completed State owned building (Shrama Shakti Bhavan) resulted in nugatory expenditure of Rs.21.45 lakh . Loss of revenue on account of non-lease of commercial premises was Rs.25.49 lakh.

(Paragraph 4.3.2)

5. Idle investment/idle establishment

The Department of Tourism acquired land worth Rs.27.62 lakh in 'No Development Zone' at Miramar, for tourism purposes. The investment was lying idle since July 1996.

(Paragraph 4.4.2)

Chief Engineer, PWD shifted one Works Division from Margao to Ponda, but all work allotted to it was removed resulting in a wasteful expenditure of Rs.29.57 lakh on idle staff.

(Paragraph 4.4.3)

A full fledged TV broadcasting studio, earth station and downlink equipment at 25 colleges set up at a cost of Rs.2.03 crore by Goa University could not be utilized for over 18 months for want of editing equipment, depriving students of the benefits of distance education.

(Paragraph 4.4.1)

6. Avoidable expenditure

Executive Engineer, Electricity Division-XIII accepted an abnormally high rate quoted by contractor for an incomplete item of work. This resulted in avoidable extra expenditure of Rs.10.69 lakh.

(Paragraph 4.3.1)

7. Losses to Government

Failure of the Goa Housing Board to adopt the revised rate of land while fixing the cost of 24 duplex bungalows resulted in loss of Rs.22.44 lakh to the Board.

(Paragraph 4.1.1)

8. Loss of revenue

There was loss of revenue to the State Excise Department of Rs.13.50 lakh due to non-levy of additional licence fee for keeping the licenced premises open by the vendors, beyond 11 p.m.

(Paragraph 6.8)

Application of incorrect rate of Sales Tax by a dealer and its acceptance by the Sales Tax Department without assessment, resulted in a loss of revenue of Rs.6.28 lakh to the Government.

(Paragraph 6.9)

9. Commercial activities of State Corporations and Companies

Of the 14 Government Companies and one Statutory Corporation, in which the State Government had invested Rs.674.09 crore, only five companies and one statutory corporation had finalized their accounts for the year 2002-03 and accounts of nine companies were in arrears for periods ranging from one to four years as on 30 September 2003.

(Paragraph 7.1.2)

According to the latest finalized accounts of 14 Government Companies and one Statutory Corporation, 10 Companies and one Statutory corporation had incurred an aggregate loss of Rs.23.32 crore and Rs.2.89 crore respectively.

(Paragraph 7.1.7)

Lapses in disbursement and monitoring of the utilization of loan, and non-invoking personal guarantee by Goa Financial and Leasing Services Ltd., resulted in non-recovery of dues of Rs.56.73 lakh.

(Paragraph 7.3)

Chapter – I

Finances of the State Government

CHAPTER I

Finances of the State Government

Summary

The financial position of Goa improved during 2002-03 with both revenue and fiscal deficits declining by Rs.61 crore (27 *per cent*) and Rs.35 crore (8 *per cent*) respectively though revenue receipts of the State suffered due to stoppage of State Lotteries in August 2002. As a result of decline in the receipts on account of State Lotteries by Rs.235.41 crore, the revenue receipts of the State decreased from Rs.1873 crore in 2001-02 to Rs.1833 crore in 2002-03. The sharp fall in the receipts of State Lotteries was however, compensated to a great extent by the increased receipts under Power sector by Rs.129.95 crore due to sale of power.

Overall revenue receipts of the State increased from Rs.1147 crore in 1998-99 to Rs.1833 crore in 2002-03 at an average trend rate of 12.67 *per cent* per annum. On an average around 90 *per cent* of total revenue had come from State's own resources while Central tax transfer and grants-in-aid together contributed 10 *per cent*.

Overall expenditure of the State increased from Rs.1422 crore in 1998-99 to Rs.2218 crore in 2002-03 at an average trend of 13.84 *per cent* per annum. The rate of growth increased from 14.77 *per cent* in 1998-99 to 20.19 *per cent* in 2001-02 and was negative at (-) 3.23 *per cent* in 2002-03 because of less expenditure under Lotteries. The proportion of development expenditure declined from 56.43 *per cent* in 1998-99 to 52.45 *per cent* in 2001-02, but increased to 58.02 *per cent* in 2002-03. Revenue expenditure, which constituted over 90 *per cent* of total expenditure, grew at a trend rate of 13.82 *per cent* over the period. Interest payments increased steadily from Rs.144 crore in 1998-99 to Rs.292 crore in 2002-03 primarily due to continued reliance on borrowings for financing fiscal deficit. The ratio of revenue receipts to total expenditure stood at 82.64 *per cent* in 2002-03.

Fiscal liabilities of the State increased from Rs.1854 crore in 1998-99 to Rs.3340 crore in 2002-03 at an average rate of 16.61 *per cent* during 1998-2003. State's fiscal imbalances were also increasing and a large part of the fiscal deficit was used for meeting current expenditure. Situation, however, marginally improved in 2002-03. Increasing ratios of fiscal liabilities to Gross State Domestic Product, revenue receipts and own resources indicated that the debt stock was increasingly becoming unsustainable.

Balance from current revenue (BCR), which plays an important role in plan size, was consistently negative, indicating State's continued dependence on borrowings for plan and developmental expenditure. The ratio of assets to liabilities of the State had declined from 0.99 in 1998-99 to 0.74 *per cent* in 2002-03 indicating that one-fourth of the State's fiscal liabilities had ceased to have an asset back up.

1.1 Introduction

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

Box 1

Lay out of Finance Accounts

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

Statement No 2 contains the Summarised statement of capital outlay showing progressive expenditure to the end of 2002-03.

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

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

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

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

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

Statement No.8 depicts the Summary of balances under consolidated fund, contingency fund and public account as on 31 March 2003.

Statement No.9 shows the revenue and expenditure under different heads for the year 2002-2003 as a percentage of total revenue/expenditure.

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

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

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

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2002-2003.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2002-03.

Statement No.15 depicts the capital and other expenditure to the end of 2002-03 and the principal sources from which the funds were provided for that expenditure.

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

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

Statement No.18 provides the detailed account of loans and advances given by the Government of Goa, the amount of loan repaid during the year, the balance as on 31 March 2003, and the amount of interest received during the year.

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

1.2 Trend of Finances with reference to Previous year

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

(Rupees in Crores)			
2001-02	Sl. No	Major Aggregates	2002-03
1873	1.	Revenue Receipts (2+3+4)	1833
569	2.	Tax Revenue	602
1136	3.	Non-Tax Revenue	1039
167	4.	Other Receipts	192
6	5.	Non-Debt Capital Receipts	7
6	6.	Of which Recovery of Loans	7
1879	7.	Total Receipts (1+5)	1840
1918	8.	Non-Plan Expenditure (9+11+12)	1772
1918	9.	On Revenue Account	1782
261	10.	Of which, Interest Payments	292
-	11.	On Capital Account	(-) 10
-	12.	Of which Loans disbursed	-
374	13.	Plan Expenditure (14+15+16)	446
183	14.	On Revenue Account	218
185	15.	On Capital Account	216
6	16.	Of which Loans disbursed	12
2292	17.	Total Expenditure (8+13)	2218
228	18.	Revenue Deficit (9+14-1)	167
413	19.	Fiscal Deficit (17-7)	378
152	20.	Primary Deficit (18-10)	86

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government of Goa for the year 2002-03 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public accounts receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003 (Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
Section-A: Revenue							
1872.53	I. Revenue receipts	1833.01	2101.03	I. Revenue expenditure	Non-Plan 1781.54	Plan 218.51	Total 2000.05
569.34	Tax revenue	602.20	1080.38	General services	907.72	3.80	911.52
1136.08	Non-tax revenue	1039.17	478.27	Social Services	413.10	136.74	549.84
107.82	Share of Union Taxes/Duties	114.62	542.38	Economic Services	460.72	77.97	538.69
59.29	Grants from Govt. of India	77.02		Grants-in-aid / Contributions		-	
Section-B: Capital							
-	II. Misc. Capital Receipts	-	184.72	II. Capital Outlay	(-) 9.51	215.91	206.40
6.25	III. Recoveries of Loans and Advances	6.60	5.85	III. Loans and Advances disbursed	-	12.20 #	12.20
396.69	IV. Public Debt Receipts	497.52*	60.89	IV. Repayment of Public Debt		182.39 #	182.39
2463.71	V. Public Account Receipts	2754.75	2364.06	V. Public Account Disbursements		2692.75 #	2692.75
-	Net receipts from Contingency Fund	14.24	14.10	VI. Expenditure from Contingency Fund	-	-	-
16.49	Opening Balance	25.02	25.02	Closing Balance	-	37.35 #	37.35
4755.67	Total	5131.14	4755.67	Total	1772.03	3359.11	5131.14

Note : Minus expenditure is because of recoveries on capital account.

* Includes net ways and means advances and over draft

Bifurcation of plan and non- plan not available

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure from the statements of the Finance Accounts for the year 2002-03 and, wherever necessary, show these in the light of time series data and periodic comparisons (**Appendix I to IV**).

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

The reporting parameters are depicted in Box 1.2.

Box 1. 2**Reporting Parameters**

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

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

For most series a trend growth during 1998-2003 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in *Appendix V*.

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

Box 1.3 - State Government Funds and the Public Account

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

State Finances by key Indicators

1.5 Resources by volumes and sources

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

Table 2 shows that the total receipts of the State Government for the year 2002-03 were Rs.5106 crore. Of these, revenue receipts were Rs.1833 crore, constituting only 30 per cent of the total receipts. The balance receipts came from borrowings, public account receipts and Contingency Fund Receipts.

Table 2 – Resources of Goa

		(Rupees in crore)
I	Revenue Receipts	1833
II	Capital Receipts	504
a	Miscellaneous Receipts	-
b	Recovery of Loans and Advances	7
c	Public Debt Receipts	497
III	Public Account Receipts	2755
a	Small Savings, Provident Fund, etc.	106.10
b	Reserve Fund	7.67
c	Deposits and Advances	94.32
d	Suspense and Miscellaneous	1175.93
e	Remittances	1370.73
IV	Receipts from Contingency Fund	14
Total Receipts		5106

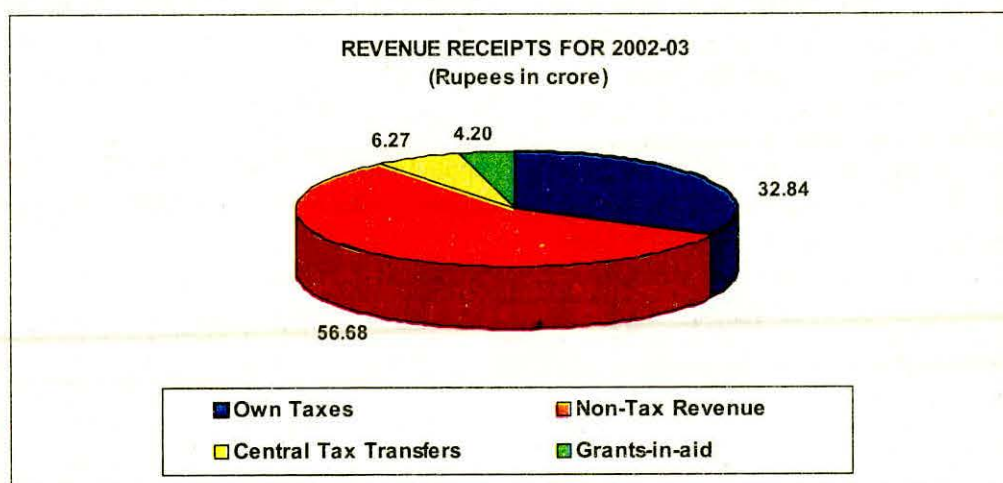
1.5.1 Revenue Receipts: Statement-11 of the Finance Accounts details the revenue receipts of the Government. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy is indicated in Table 3.

Table 3: Revenue Receipts – Basic Parameters (Values in Rupees crore and others in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Receipts	1147	1228	1483	1873	1833	1533
Own taxes	31.12	37.30	34.73	30.40	32.84	33.28
Non-Tax Revenue	56.76	51.63	53.67	60.68	56.68	55.89
Central Tax Transfers	8.46	7.82	7.08	5.77	6.27	7.08
Grants-in-aid	3.66	3.26	4.52	3.15	4.20	3.70
Rate of Growth	3.52	7.06	20.77	26.23	(-) 2.08	12.67
Revenue Receipts/GSDP	18.88	18.20	19.11	20.97	17.86	19.02
Revenue Buoyancy	0.15	0.64	1.38	1.75	(-) 0.14	0.83
GSDP Growth	23.45	11.08	15.01	15.00	15.00	15.26

Revenue receipts of the State increased from Rs.1147 crore in 1998-1999 to Rs.1833 crore in 2002-2003 at an average trend rate of 12.67 *per cent* per annum. There were, however, significant inter year variations in the growth rates. The increase in the tax revenue during the year over 2001-2002 was mainly on account of Sales Tax (increased by Rs.37 crore). Similarly, decrease in non-tax revenue was on account of decline in receipts under State lotteries (decreased by Rs.235.41 crore).

While on an average around 90 *per cent* of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 10 *per cent* of the total revenue. During 2002-03, Sales tax was the major source of State's own tax revenue having contributed 73 *per cent* of the tax revenue followed by state excise (8 *per cent*), taxes on vehicles (6 *per cent*), taxes on goods and passengers (5 *per cent*) etc. Of non-tax revenue sources, Power (53 *per cent*), State Lotteries (35 *per cent*) were principal contributors. The receipts under State Lotteries (Rs.366.15 crore) during the year were however neutralised by equally high expenditure (Rs.355.98 crore). Similarly, the receipts of Rs.548.35 crore under Power during the year were partially nullified by high expenditure on Power Department to the extent of Rs.370.24 crore, the net receipts being Rs.165.18 crore during the 2002-2003. Compared to previous year receipts under power increased by Rs.129.95 crore.



Besides, the arrears of revenue increased by 88 *per cent* in five years from Rs.189 crore in 1998-99 to Rs.296 crore at the end of 2002-03. Of these, Rs.64.19 crore were outstanding for a period of more than three years. Arrears were mainly in respect of Taxes on Sales, Trade, etc. (Rs.107.64 crore), Power (Rs.174.24 crore), Taxes on vehicles (Rs.6.48 crore). In 2002-03, amount of arrears was 18 *per cent* of total of tax revenue and non-tax revenue. The deterioration in the position of arrears of revenue showed a slackening of the revenue realizing efforts of the State Government.

The revenue receipts, capital receipts under different heads and GSDP during 1998-2003 are indicated in Table 4.

Table 4 – Sources of Receipts: Trends

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1998-99	1147	6	249	1538	2940	6075
1999-00	1228	5	228	1785	3246	6748
2000-01	1483	11	347	2132	3973	7761
2001-02	1873	6	397	2464	4740	8925
2002-03	1833	7	497	2755	5092	10264

Note: Debt Receipts and Total Receipts are different from those indicated in previous Audit Reports because of taking only net receipts from Ways & Means Advances instead of gross receipts.

1.6 Application of resources

1.6.1 Trend of Growth: Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major head wise. The total expenditure of the State increased from Rs.1422 crore in 1998-1999 to Rs.2218 crore in 2002-2003 at an average trend rate of 13.84 *per cent* per annum. The rate of growth of total expenditure was higher than the rate of growth of revenue receipts during 1999-2001, but the position has reversed during 2001-03.

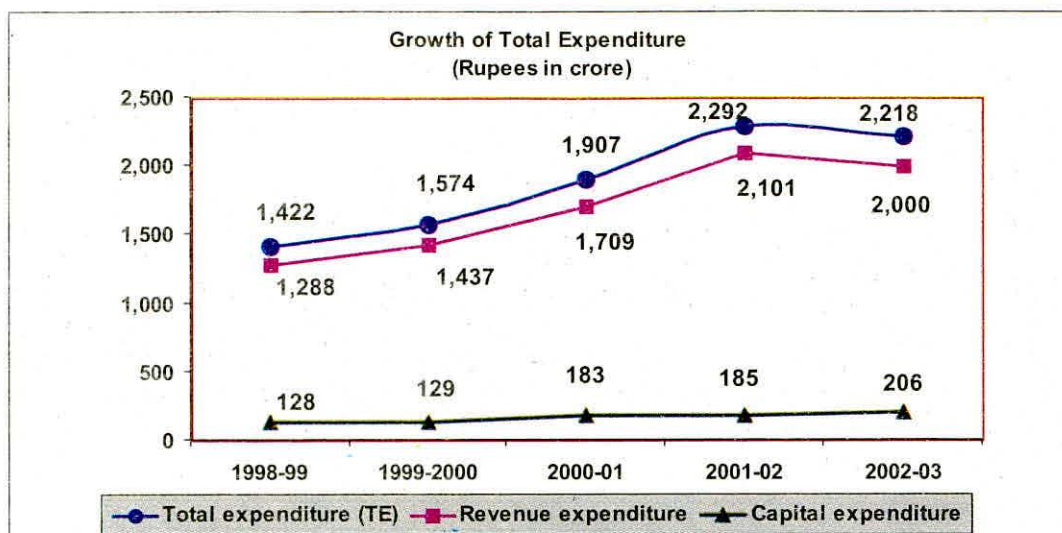
Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table-5 below:

Table 5: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Total Expenditure	1422	1574	1907	2292	2218	1883
Rate of Growth	14.77	10.69	21.16	20.19	(-) 3.23	**13.84
TE/GSDP	23.41	23.33	24.57	25.68	21.61	20.67
Revenue Receipts/TE	80.66	78.02	77.78	81.68	82.64	80.15
RE as per cent to Revenue Receipts	112.29	117.02	115.24	112.23	109.11	112.84
Buoyancy of Total Expenditure with						
GSDP	0.63	0.96	1.41	1.35	(-) 0.22*	0.91
Revenue Receipts	4.20	1.51	1.02	0.77	1.55	1.09

** Average trend rate of growth.

There was upward trend in the ratio of revenue receipts to total expenditure from 80.66 *per cent* in 1998-1999 to 82.64 *per cent* in 2002-2003, indicating that nearly 83 *per cent* of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings.

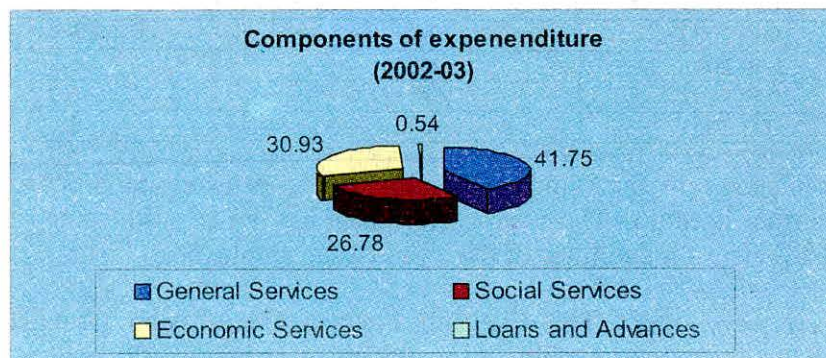


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
General Services including interest payments	43.39	39.33	41.06	47.43	41.75	42.59
Social Services	28.06	28.65	26.38	22.56	26.78	26.55
Economic Services	28.13	31.51	31.78	29.45	30.93	30.36
Loans and advances	0.42	0.51	0.78	0.26	0.54	0.50

The movement of relative share of these components of expenditure indicated that while the share of General Services including interest payments in total expenditure increased from 43.39 per cent in 1998-99 to 47.43 per cent in 2001-02, it declined to 41.75 per cent in 2002-03. The relative share of Social Service decreased from 28.06 per cent in 1998-99 to 26.78 per cent in 2002-03 and that of Economic Services increased from 28.13 per cent in 1998-99 to 31.78 per cent in 2000-01, then marginally declined to 30.93 per cent.



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

Table 7: Revenue Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Expenditure	1288	1437	1709	2101	2000	1707
Rate of Growth	14.80	11.57	18.93	22.94	(-)4.81	*13.82
RE/ GSDP	21.20	21.30	22.02	23.54	19.49	21.46
RE as per cent of TE	90.58	91.30	89.62	91.67	90.17	90.67
RE as per cent to Revenue Receipts	112.29	117.02	115.24	112.23	109.11	112.84
Buoyancy of Revenue Expenditure with						
GSDP	0.63	1.04	1.26	1.53	(-)0.32	0.91
Revenue Receipts	4.20	1.64	0.91	0.87	2.31	1.09

* Average trend rate of growth.

Revenue expenditure of the State increased from Rs.1288 crore in 1998-1999 to Rs.2000 crore in 2002-2003 at an average growth rate of 13.82 per cent per annum. However, compared to previous year revenue expenditure decreased by Rs 101 crore. This was because of decline in expenditure under State lotteries to the extent of Rs 228.88 crore, which was partly set off by increase in expenditure under interest payments (Rs.31 crore), assistance to Local Bodies (Rs.70 crore), Secondary education and Higher education (Rs.36 crore) etc.

Though the ratio of revenue expenditure to revenue receipts declined from 112.29 per cent in 1998-99 to 109.11 per cent in 2002-03, dependence of the State on borrowings, for meeting its current expenditure continued primarily due to the fact that Salaries (Rs.333 crore), Interest payments (Rs.292 crore), and Pensions (Rs.141 crore) alone consumed 42 per cent of total revenue receipts of the State during the year.

(a) Expenditure on pension and gratuity payments: Pension payments have increased by 110 per cent from Rs.67.05 crore in 1998-99 to Rs.140.99 crore in 2002-2003. Year-wise details are as under.

Table 8

Year	Expenditure (Rupees in crore)	Percentage to total revenue
1998-1999	67.05	6
1999-2000	70.09	6
2000-2001	89.00	6
2001-2002	118.67	6
2002-2003	140.54	8

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired State employees.

(b) Interest payments: The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, states should endeavour to keep interest payment as a ratio to revenue receipts to 18 per cent. It was observed that

interest payment as a ratio to revenue receipts has increased steadily from 13 *per cent* in 1998-99 to 16 *per cent* in 2002-03. The trend growth of Interest payments during the last five years was 20.37 *per cent*. If the receipts from State Lotteries and Power were excluded, as there was an equally high level of revenue expenditure against these receipts, the interest payments as a percentage of revenue receipts would be higher.

Table 9

Year	Interest Payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
1998-1999	144	13	11
1999-2000	178	14	12
2000-2001	212	14	12
2001-2002	261	14	12
2002-2003	292	16	15

In absolute terms, interest payments increased steadily by 103 *per cent* from Rs.144 crore in 1998-99 to Rs.292 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit for plan schemes of the State Government. Due to increase in interest payment, expenditure on primary education, irrigation schemes etc. declined during the year.

1.7 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflect the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of expenditure. Table 10 below gives the percentage share of these components of expenditure in State's total expenditure*.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Plan Expenditure	16.45	16.03	17.39	16.10	19.63	17.23
Capital Expenditure	9.04	8.24	9.67	8.09	9.34	8.87
Developmental Expenditure	56.43	60.47	58.83	52.45	58.02	56.49

* Total expenditure exclude expenditure on loans and advances.

Out of the developmental expenditure (Rs.1280 crore), social services (Rs.594 crore) accounted for 46 *per cent* of the developmental expenditure during the year. General Education, Health and Family Welfare and Water and Sanitation consumed nearly 87 *per cent* of the expenditure on social sector.

TABLE 11: Social Sector Expenditure

	(Rupees in crore)				
	1998-99	1999-2000	2000-01	2001-02	2002-03
General Education	211	244	233	247	286
Medical and Public Health	73	82	86	89	97
Water Supply and Sanitation	79	87	144	120	136
Total	363	413	463	456	519

Similarly, the expenditure on Economic Services (Rs.686 crore) accounted for 54 *per cent* of the developmental expenditure. Power (Rs.420 crore), Irrigation and Flood Control (Rs.44 core) and Transport (Rs.100 crore) accounted for 82 *per cent* of the expenditure on Economic sector.

Table 12:Economic Sector Expenditure

	(Rupees in crore)				
	1998-99	1999-2000	2000-01	2001-02	2002-03
Power	243.94	328.60	393.08	429.15	420.30
Irrigation and flood control	40.51	41.97	70.54	61.38	44.10
Transport	55.61	57.56	73.59	88.84	100.06
Total	340.06	428.13	537.21	579.37	564.46

1.7.1 Financial Assistance to local bodies and other institutions

(a) Extent of assistance: Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of Government. The grants are given by Government mainly for salaries of teaching/non-teaching staff, maintenance of educational institutions, construction and maintenance of schools and other development works municipalities and local bodies.

The quantum of assistance provided to different Bodies etc., during the period of five years ending 2002-2003 was as follows:

Table 13 (Rupees in crore)

Sr. No.	Bodies/authorities, etc.	1998-99	1999-00	2000-01	2001-02	2002-03
1.	Universities and Educational Institutions	114.78	143.64	129.90	115.22	170.67
2.	Municipal Corporations and Municipalities	5.04	4.67	7.25	14.55	21.29
3.	Zila Parishads and Panchayati Raj Institutions	3.30	5.35	3.84	10.50	24.44
4.	Development Agencies	1.72	2.17	1.96	4.80	-
5.	Other Institutions (including statutory bodies)	8.60	8.33	13.51	11.17	9.48
	Total	133.17	164.16	156.46	156.24	225.88

Sr. No.	Bodies/authorities, etc.	1998-99	1999-00	2000-01	2001-02	2002-03
6.	Percentage increase(+)/ decrease (-) over previous year	(+) 6.58	(+)23	(-) 4.69	(-)0.14	(+) 44.57
7.	Assistance as a percentage of revenue receipts	11.61	13.37	10.55	8.35	12.32
8.	Percentage of assistance to revenue expenditure	10.34	11.42	9.15	7.43	11.29

(b) **Delay in furnishing utilisation certificates:** The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the departmental officers from the grantees and after verification, these should be forwarded to Director of Accounts within 18 months from the date of sanction of the grant unless specified otherwise.

Of 2175 utilisation certificates due in respect of grants-in-aid of Rs.59.60 crore paid upto the end of the March 2002, only 177 utilisation certificates for Rs.13.33 crore were furnished to the Director of Accounts by 30th September 2003 and 1998 certificates for Rs.46.27 crore were in arrears. Department-wise break up is given in *Appendix VI*.

(c) **Delay in submission of accounts by Autonomous Bodies:** The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2003 is given below.

Table 14

Sr. No.	Name of the Body/Authority	No. of Annual accounts not furnished to A.G	Years to which these Annual Accounts belong	Audi. Reports submitted upto
1.	Goa Tillari Irrigation Development Corporation	2	2001-02 & 2002-03	2000-01
2.	Goa State Commission for Backward Classes	2	2001-02 & 2002-03	1998-99
3.	Goa University	1	2002-03	2000-01
4.	Goa Khadi & Village Industries Board	1	2002-03	2000-01
5.	Goa Housing Board	1	2002-03	2001-02

1.7.2 Misappropriation, defalcations, etc.

State Government reported 20 cases involving Rs.26.11 lakh on account of misappropriation, defalcations etc. of Government money on which final action was pending at the end of June 2003. The department-wise/year-wise and category-wise break-up of pending cases is given in the *Annexure VII A & VII B*.

1.7.3 Write off of losses, etc.

During 2002-2003, Rs.58.50 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in 275 cases by competent authorities as

reported to Audit. The department-wise details of write off are given in the *Annexure VIII*.

1.8 Assets & Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts, show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. *Appendix-I* presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government.

The ratio of assets to liabilities of the State declined from 0.99 *per cent* in 1998-99 to 0.63 *per cent* in 2001-02 and improved in 2002-03 to 0.74 *per cent*. However it still indicates that a large part of liabilities are without an asset back up. The liabilities of Government of Goa depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/letters of comforts issued by the State Government. *Appendix - IV* depicts the Time Series Data on State Government Finances for the period 1998-2003.

1.8.1 Incomplete projects: As on 31 March 2003, there were 16 incomplete projects in which Rs.534.39 crore were blocked. This showed that the Government was spreading its resources thinly without any returns. The major projects involved were (i) Selauli Irrigation Project (Rs.151.46 crore), (ii) Tillari Irrigation Project (Rs.338.36 crore); (iii) Augmentation of Opa water supply scheme (Rs.38.65 crore); (iv) Improvement of riding quality under IRQP 2000-01 (Rs.1.20 crore); (v) Improvement of water supply to Margao (Rs.2.40 crore)

1.8.2 Investments and returns: As on 31 March 2003, Government had invested Rs.189.81 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was meagre (less than one *per cent*) as indicated in table 15 below. Of these, one statutory corporation and 14 Government companies with capital employed^β of Rs.667.57 crore upto 2002-2003 were incurring losses and their accumulated losses amounted to Rs.118.63 crore as per the accounts furnished by these companies upto 2001-02 (*Appendix XX*).

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

Table 15: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (<i>per cent</i>)
1998-1999	131.05	0.44	0.33	12.15 and 12.50
1999-2000	132.06	0.33	0.25	11.85 and 12.25
2000-2001	133.51	0.25	0.19	10.52 and 14.00
2001-2002	182.12	0.44	0.24	8 to 14
2002-2003	189.81	0.19	0.10	7.80

1.8.3 Loans and advances by State Government: In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs.44.50 crore as on 31 March 2003 (Table 16). Overall, interest received against these advances declined from 5.35 *per cent* in 1998-99 to 4.08 *per cent* during 2002-2003

Table 16: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Opening Balance	31.91	32.43	35.23	39.30	38.90
Amount advanced during the year	6.40	7.91	15.43	5.85	12.20
Amount repaid during the year	5.88	5.11	11.36	6.25	6.60
Closing Balance	32.43	35.23	39.30	38.90	44.50
Net Addition (+) / Reduction (-)	(+) 3.52	(+) 2.80	(+) 4.07	(-) 0.40	(+) 5.60
Interest Received (Rupees in crore)	1.72	1.61	1.86	1.47	1.70
Interest received as <i>per cent</i> to outstanding Loans and advances	5.35	4.76	4.99	3.76	4.08
Average rate of interest paid by the State	8.42	8.89	9.05	9.47	9.24
Difference between interest paid and received	(-) 3.08	(-) 4.13	(-) 4.06	(-) 5.71	(-) 5.16

1.8.4 Commercial activities

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

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings prepare *pro forma* accounts in the prescribed format annually showing the results of financial operation so that the Government can assess the results of their working. The Heads of Departments in the Government are to ensure that the undertakings, which are funded by the budgetary release, prepare the accounts on timely basis and submit the same to Accountant General for audit.

As of March 2003, there were two such undertakings with the Government of Goa. Rs.311.23 crore had been invested by the State Government in these two undertakings at the end of the financial year up to which their accounts were completed. The department-wise position of preparation of accounts in respect of these undertakings was as follows:

Table 17

Department	No. of undertakings under the department	Accounts not finalised (name of undertakings)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Inland Water Transport	1	River Navigation Department	2000-01	64.24
Power	1	Chief Electrical Engineer	2001-02	246.99
			Total	311.23

1.8.5 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Goa had the WMA limit of Rs.50 crore. During the year, State Government used this mechanism for 259 days as against only 36 days in the previous year besides the borrowings of Rs.155 crore from the market. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. State Government used the Overdraft facilities on 8 occasions for 34 days during the year. The amounts outstanding both under WMA and OD also increased as compared to the previous year. In a nutshell, management of cash requirement by the State for its day to day expenditure was poor.

Table 18: Ways and Means and Overdrafts of the State and Interest paid thereon (Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Ways and Means Advances						
Taken in the Year	25.15	29.78	243.25	309.87	619.21	245.45
Outstanding	NIL	-	9.35	28.25	53.41	30.33
Interest Paid	0.02	0.09	0.55	0.78	2.18	0.72
Overdraft						
Taken in the Year	NIL	43.28	25.44	128.10	137.80	66.92
Outstanding	-	-	-	11.04	33.59	22.31
Interest Paid	-	0.07	0.09	0.17	0.19	0.13
No. of Days State was in Overdraft	-	22	16	36	34	27

1.8.6 Undischarged Liabilities

i) **Fiscal liabilities – public debt and guarantees:** The Constitution of India provides that State may borrow within the territory of India, upon the security of its consolidated fund, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed from the State to lay down any such limit. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the over all fiscal liabilities of the State increased from Rs.1854 crore in 1998-1999 to Rs.3340 crore in 2002-2003 at an average growth rate of 16.61 per cent. These liabilities as ratio to GSDP increased from 30.52 per cent in 1998-1999 to 32.54 per cent in 2002-2003 and stood at 1.82 times of its revenue receipts and 2.04 times of its own resources comprising its own tax and non-tax revenue. Table 19 below gives the fiscal Liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 19: Fiscal Imbalances–Basic Parameters (Rupees in crore and Ratios in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Fiscal Liabilities	1854	2151	2532	2981	3340	2572
Rate of growth	18.47	16.02	17.71	17.73	12.04	16.61
Ratio of Fiscal Liabilities to						
GSDP	30.52	31.88	32.62	33.40	32.54	32.33
Revenue Receipts	161.64	175.16	170.73	159.24	182.21	169.37
Own Resources	183.93	196.98	193.14	174.84	203.53	189.94
Buoyancy of Fiscal Liabilities to						
GSDP	0.79	1.45	1.18	1.18	0.80	1.09
Revenue Receipts	5.25	2.27	0.85	0.68	(-)5.78	1.31
Own Resources	2.87	1.92	0.88	0.59	(-) 3.21	1.57

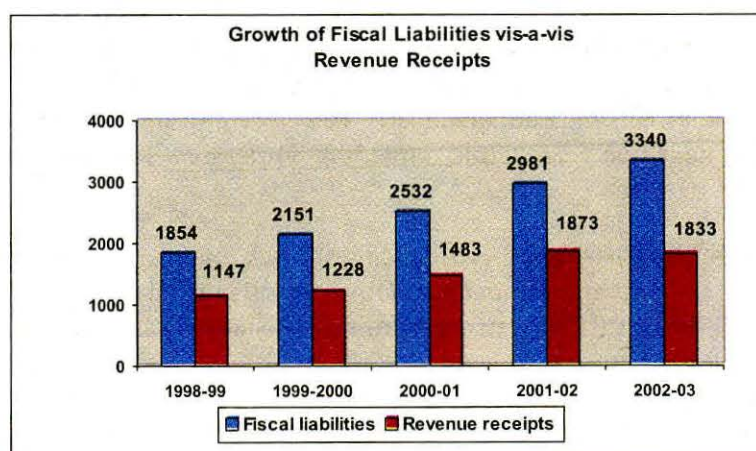
In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2002-2003 stood at Rs.399.34 crore*. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities are nearly two times of the revenue receipts of the State. The growth of direct fiscal liabilities of the State during 1999-2002 was higher than the rate of growth of GSDP but the position, improved during 2002-03. On average for each one *per cent* increase in GSDP, the direct fiscal liabilities of the State have gone up by 1.57 *per cent*.

Increasing liabilities had raised the issue of sustainability of State Government. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP.

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

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Weighted Interest Rate	8.42	8.89	9.05	9.47	9.24	9.01
GSDP Growth	23.45	11.08	15.01	15.00	15.00	15.26
Interest spread	15.03	2.19	5.96	5.53	5.76	6.25



* As shown in Appendix XX. This figure will differ from that indicated in Appendix-IV (based on Finance Accounts), which excluded the outstanding figures of GSIDC and four other Corporations.

Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 21 below gives the position of the receipts and repayments of internal debt over the last 5 years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 45 per cent to 6 per cent during 1998-2003.

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

	1998-99	1999-2k	2000-01	2001-02	2002-03	Average
Internal Debt*						
Receipts	122	97	127	126	181	131
Repayments (Principal + Interest)	27	44	83	126	197	95
Net Funds Available	95	53	44	-	(-) 16-	36
Net Funds Available (per cent)	78	55	35	-	-	27
Loans and Advances from Government of India						
Receipts	127	131	210	241	269	196
Repayments (Principal + Interest)	110	126	136	145	226	149
Net Funds Available	17	5	74	96	43	47
Net Funds Available (per cent)	13	4	35	40	16	24
Total						
Receipts	249	228	337	367	450	327
Repayments (Principal + Interest)	137	170	219	271	423	244
Net Funds Available	112	58	118	96	27	83
Net Funds Available (per cent)	45	25	35	26	6	25

* Internal debt excluding ways and means advances

Out of loans and advances of Rs.226 crore repaid during 2002-03, Rs.66.02 crore were adjusted under debt swap scheme.

The State Government raised market loans of Rs.155 crore during 2002-03 with an average rate of interest of 7.22 per cent whereas the State Government borrowed Rs.208.64 crore from National Small Saving Fund at the rate 10.5 per annum and Rs.60.62 crore at the rate 11.5 per cent per annum from Government of India during 2002-03. As on 31 March 2003, 64 per cent of the existing market loans of the State Government carried the interest rate exceeding 10 per cent. Thus, the effective cost of borrowings on their past loans was much higher than the rate at which they were able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly 16 per cent of the total market loans are repayable within next five years while remaining 84 per cent loans are required to be repaid after 5 to 10 years.

ii) **Off-budget borrowings:** For financing the scheme of Augmentation of water supply at Opa, Assonora and Sanquelim, Government, in Public Works Department (PWD), availed a loan of Rs.112.91 crore from Goa State Infrastructure Development Corporation (GSIDC) between December 2001 and March 2003 at an interest rate of 12.50 per cent per annum. Concurrence of Finance Department was also obtained for the loan. GSIDC released the loan by issue of cheques directly in favour of the contractors (for the works) after due authorization of the same by the PWD authority. PWD maintained only subsidiary books for watching the expenditure against these works. Capital outlay on the projects were, however, not brought to the Government

Account. Upto March 2003, PWD paid Rs.15.32 crore towards Annuity payment which was accounted for as equity contribution of the Government to GSIDC.

This resulted in understatement of both capital expenditure and fiscal deficit of the Government, thereby giving an incorrect picture of financial position of the State. The effective fiscal deficit was, thus Rs.476 crore in 2002-03.

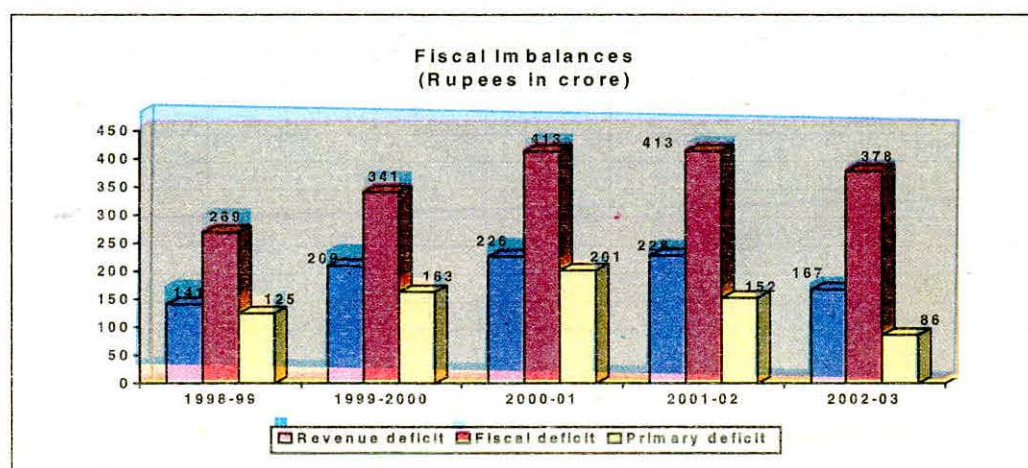
1.9 Management of deficits

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

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs.141 crore in 1998-99 to Rs.228 crore in 2001-2002 and decreased to Rs.167 crore in 2002-03. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap increased from Rs.269 crore in 1998-1999 to Rs 413 crore in 2001-02 and marginally declined to Rs.378 in 2002-2003. State had a primary deficit increasing from Rs.125 crore in 1998-1999 to Rs.201 crore in 2000-01 and gradually declined to Rs.86 crore in 2002-03 as indicated in Table 22.

Table 22 : Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue deficit	141	209	226	228	167	194
Fiscal deficit	269	341	413	413	378	363
Primary Deficit	125	163	201	152	86	145
RD/GSDP	2.32	3.10	2.91	2.55	1.63	2.44
FD/GSDP	4.43	5.05	5.32	4.63	3.68	4.56
PD/GSDP	2.06	2.42	2.59	1.70	0.85	1.83
RD/FD	52.42	61.29	54.72	55.21	44.17	53.53



The ratio of revenue deficit to fiscal deficit was between 55 to 61 *per cent* during 1998-2002 and it came down to 44.17 *per cent* in 2002-03. As proportion to GSDP, revenue deficit had decreased to 1.63 *per cent* in 2002-03 and fiscal deficit to 3.68 *per cent*, which indicated that fiscal position of the state improved during the current year. The State, it appears, has managed its fiscal position much better compared to the previous year.

1.10 Fiscal Ratios

The finances of a State should be sustainable and flexible. Table 23 below presents a summarized position of Government Finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilization. The ratio of revenue expenditure to total expenditure during current year was 90.17 *per cent* against 91.67 *per cent* in 2001-02. The ratio of both capital expenditure and development expenditure to total expenditure which declined in 2001-2002 as compared to earlier years has shown increase in 2002-03.

Table 23: Ratios of Fiscal Efficiency (in *per cent*)

Fiscal Ratios	1998-99	1999- 2k	2000-01	2001-02	2002-03	Average
Resources Mobilization						
Revenue Receipts/GSDP	18.88	18.20	19.11	20.97	17.86	19.02
Revenue Buoyancy	0.15	0.64	1.38	1.75	0.14	0.83
Own Tax/GSDP	5.88	6.79	6.64	6.38	5.87	6.29
Expenditure Management						
Total Expenditure/GSDP	23.41	23.33	24.57	25.68	21.61	23.67
Revenue Receipts/ Total Expenditure	80.66	78.02	77.77	81.68	82.64	80.15
Revenue Expenditure/Total Exp.	90.58	91.30	89.62	91.67	90.17	90.67
Capital Expenditure/ Total exp	9.04	8.24	9.61	8.09	9.34	8.87
Development Expenditure/Total Expenditure (RE+CE)	56.43	60.47	58.83	52.45	58.02	56.99
Buoyancy of TE with RR	4.20	1.51	1.02	0.77	1.55	1.09
Buoyancy of RE with RR	4.20	1.64	0.91	0.87	2.31	1.09
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	141	209	226	228	167	194
Fiscal deficit (Rs in crore)	269	341	413	413	378	363
Primary Deficit (Rs in crore)	125	163	201	152	86	145
Revenue Deficit/Fiscal Deficit	52.42	61.29	54.72	55.21	44.18	53.53
Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	30.50	31.90	32.60	33.40	32.50	32.30
Fiscal Liabilities/RR	161.60	175.20	170.70	159.20	182.20	169.40
Buoyancy of FL with RR	0.62	0.57	0.59	0.63	0.55	0.59
Buoyancy of FL with OR	0.54	0.51	0.52	0.57	0.49	0.53
Interest Spread	15.03	2.19	5.96	5.53	5.76	6.25
Net Fund Available	45	25	35	26	6	25
Other Fiscal Health Indicators						
Return on Investment (Percentage)	0.33	0.25	0.19	0.24	0.10	0.22
BCR (Rs in crore)	(-70.17)	(-126.54)	(-137.09)	(-95.14)	(-18.48)	(-89.48)
Financial Assets/Liabilities	0.99	0.83	0.76	0.63	0.74	0.79

^a The growth of both revenue receipts and revenue expenditure are negative.

Government was successful in increasing the non-tax revenue receipts and curtailing the non-plan revenue expenditure during 2002-03. As a result, deficits were reduced. However, borrowings as well as total liabilities increased. Though it is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating, persistent revenue and fiscal deficit year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. There has also been a decline in net availability of funds for infrastructural development from its borrowings as a larger portion of these funds were being used for debt servicing. The ratio of State's total financial assets to liabilities has deteriorated indicating that a greater part of liabilities are without an asset back-up. This indicates that either the State has to generate more revenue out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance of current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

Chapter – II

Allocative Priorities and Appropriation

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2002-2003 against grants/appropriation was as follows:

<i>(Rupees in crore)</i>						
	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	2098.94	99.37	2198.31	1734.64	(-) 463.67
	II. Capital	407.68	57.83	465.51	227.52	(-) 237.99
	III. Loans & Advances	4.81	7.34	12.15	12.20	(+) 0.05
	Total Voted	2511.43	164.54	2675.97	1974.36	(-) 701.61
Charged	IV. Revenue	2.37	0.23	2.60	2.30	(-) 0.30
	V. Capital	4.20	0.70	4.90	4.07	(-) 0.83
	VI. Public Debt	488.02	45.04	533.06	1183.56	(+)650.50
Total Charged		494.59	45.97	540.56	1189.93	(+)649.37
Grand Total		3006.02	210.51	3216.53	3164.29	(-) 52.24

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs.28.74 and capital expenditure Rs.5.20 crore.

The overall savings of Rs.52.24 crore as mentioned above was the net result of savings of Rs.727.57 crore in 82 Grants and appropriations offset by excess of Rs.675.33 crore in one case of grant and appropriation each.

2.3 Fulfillment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

(a) Out of saving of Rs.701.61 crore under voted grants major savings of Rs.574.48 crore (82 per cent) occurred in seven grants as mentioned below:

(Rupees in crore)						
Sr.No.	Grant No.	Allocation			Actual Expenditure	Saving
		Original	Supplementary	Total		
1.	PUBLIC WORKS DEPARTMENT (REVENUE VOTED)					
	21	154.79	28.71	183.50	160.20	23.30
2.	PUBLIC WORKS DEPARTMENT (CAPITAL VOTED)					
	21	157.37	0.50	157.87	97.48	60.39
3.	LOTTERIES (REVENUE VOTED)					
	30	686.13	-	686.13	357.57	328.56
4.	FINANCE (CAPITAL VOTED)					
	32	23.00	-	23.00	5.00	18.00
5.	CIVIL SUPPLIES & PRICE CONTROL (CAPITAL VOTED)					
	70	56.90	-	56.90	(-) 4.38	61.28
6.	WATER RESOURCES (CAPITAL VOTED)					
	74	83.54	4.01	87.55	29.42	58.13
7.	DEBT SERVICE (REVENUE CHARGED)					
	Appropriation Debt Service	316.48	0.20	316.68	291.86	24.82
Total		1478.21	33.42	1511.63	937.15	574.48

Reasons for savings in the above grants were as follows:

1. Public Works Department

Revenue: Curtailment of expenditure on minor works, maintenance works etc. restriction on purchase material within stock limit, slow progress of works etc.

2. Capital: Non-execution of works in full due to change of scope of works, slow progress of roads of tourist importance, non-execution of mining roads.

3. Lotteries : Saving was mainly on account of stoppage of lottery business.

4. Finance : Saving was mainly on account of non-contribution of funds in Goa State Infrastructure Development Corporation as a measure of economy.

5. Civil Supplies and Price Control : Savings was mainly on account of non-lifting of food grains under Public distribution system and Government policy to distribute sugar to only Below Poverty Line card holders.

6. Water Resources : Saving was mainly on account of non-contribution to Goa Tillari Irrigation Development Corporation.

7. Debt Services: Saving was due to non-receipt of loans as anticipated.

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

(b) In 23 cases, savings exceeding Rs.1 crore in each case and also by more than 10 per cent of the total provision amounted to Rs.76.01 crore as indicated in **Appendix X**.

2.3.2 Excess requiring regularisation

(i) Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.351.15 crore for the years 1996-97 to 2001-02 was yet to be regularized. Details are given in *Appendix XI*.

(ii) Excess over provisions during 2002-03 requiring regularisation

The excess of Rs.675.33 crore under one grant and one appropriation during the year requires regularization under Article 205 of the Constitution. Details are given below.

Sr. No.	No. and name of Grant/appropriation	Total Grant/appropriation	Actual expenditure	Excess
			Amount	in Rupees
Capital (Charged)				
1.	Appropriation – Debt Services	216,37,78,000	891,70,35,966	675,32,57,966
Capital (Voted)				
2.	50 – Goa College of Pharmacy	3,00,000	3,11,025	11,025
	TOTAL	216,40,78,000	891,73,46,991	675,32,68,991

Reasons for the excesses had not been furnished by the Government as of July 2003.

2.3.3 Original budget and supplementary provisions

Supplementary provisions (Rs.210.51 crore) made during this year constituted 7 per cent of the original provision (Rs.3006.02 crore) as against 8.93 per cent in the previous year. Total supplementary grants (other than Public Debt) obtained during the year were Rs.165.47 crore while the ultimate saving other than Public Debt amounted to Rs.702.74 crore.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

(i) Supplementary provisions of Rs.19.45 crore made in 45 cases during the year proved unnecessary in view of aggregate saving of Rs.197.43 crore as detailed in *Appendix XII A*.

(ii) In 13 cases, against additional requirement of only Rs.11.59 crore, supplementary provision of Rs.55.75 crore was obtained, resulting in savings in each case exceeding Rs.25 lakh, aggregating Rs.44.16 crore (*Appendix XII B*).

(iii) In one case (Appropriation debt services charged) Supplementary Provision of Rs.216.38 crore proved insufficient leaving an uncovered expenditure of Rs.675.33 crore.

2.3.5 Surrender in excess of actual savings

In 11 cases, the amount surrendered was in excess of actual saving indicating inadequate budgetary control. As against savings of Rs.360.02 crore, the amount surrendered was Rs.422.80 crore resulting in excess surrender of Rs.62.78 crore (*Appendix XIII*).

2.3.6 Anticipated savings not surrendered

(a) According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2002-03, savings of more than Rs.5.04 crore in six cases had not been surrendered. In 12 cases, even after partial surrender, savings of Rs.10 lakhs and above in each case aggregating Rs.35.43 crore were not surrendered. Details are given in *Appendix XIV-A* and *XIV-B* respectively.

2.3.7 Expenditure on New Service

According to Article 205 of the Constitution no expenditure should be incurred on a service not contemplated in the Budget except after getting vote of the Legislature or by an advance from the Contingency Fund. The Public Accounts Committee, Goa in the forty seventh report recommended the monetary limit of Rs.5 lakh for treating an item of non-recurring expenditure as a 'New Service/New Instrument of Services'.

During 2002-03, the Director of Education, Panaji spent Rs.6.14 crore on Cyberage Student Scheme (CSS) though no provision was made in the budget for 2002-03. The amount was diverted from the plan provision made under 'Computer Literacy Programme (CLP)'. The action of the Government resulted in by-passing the legislative control.

The Director of Education stated (December 2003) that total provision of Rs.9.92 crore was made for the CSS and CLP during 2002-03 and the expenditure on both the schemes (CLP and CSS) was met from the common budget head i.e. "Computer Literacy Programme". The reply was not tenable as the CSS and CLP were two different schemes and budget provision made also did not indicate clubbing of CSS in the budget provision made for CLP. Therefore, the expenditure was a "New service".

2.4 Unreconciled expenditure

The departmental officers are required to reconcile periodically and before the close of the accounts of a year, the departmental figures of expenditure with those recorded in the books of Director of Accounts. The Public Accounts Committee in its fortyeighth report (1992) had also desired that punitive action be taken against erring Budget Controlling Officers. During 2002-03, out of 82 Budget Controlling Officers, 22 Budget Controlling Officers had not carried out such reconciliation in respect of 55 Drawing and Disbursing

Officers (DDOs) under their control, involving expenditure of Rs.85.74 crore. Four major Budget Controlling Officers, who did not reconcile the expenditure to the extent of Rs.46.11 crore were as follows:-

Sr.No.	Budget Controlling Authority who did not reconcile their figures	Amounts not reconciled (Rupees in crore)
1.	Chief Engineer, Water Resources	16.75
2.	Directorate of Higher Education	11.68
3.	Conservator of Forest	9.03
4.	Commissioner of Sales Tax	8.65
	TOTAL	46.11

2.5 Outstanding Advances

2.5.1 Outstanding AC bills

According to Financial Rules, money should not be drawn from treasury in advance and/or in excess of requirement in order to prevent from lapsing and use it for expenditure after the end of the year. As per Rules, Detailed Contingent (DC) bills are to be submitted against the Abstract Contingent (AC) bills within one month from the date of drawal.

In August 2001, Government expressed anxiety regarding the outstanding AC bills and keeping of funds outside the Government account affecting the financial position of the State.

It was seen that as of 30th September 2003, amount outstanding under AC bills for want of DC bills was Rs.3.30 crore. Of this, Rs.3.05 crore pertain to the year 2002-03.

Further scrutiny revealed that the following 10 departments drew an amount of Rs.3.82 crore during January 2003 to March 2003 on AC bills though not required for immediate disbursement and retained an amount of Rs.2.76 crore in cash/cheque as of July 2003. The department wise breakup is given below:

(Rupees in lakh)				
Sr. No.	Name of Department/office	Amount drawn	Purpose	Amount outstanding
1.	Goa Medical College	107.59	Purchase of equipment, books etc.	97.89
2.	Chief Electoral Officer	5.70	Vehicles/ Equipment etc.	5.70
3.	Goa College of Pharmacy	14.50	- do -	14.50
4.	Department of Archives and Archeology	6.78	- do -	6.78
5.	Police Department	6.94	- do -	3.48
6.	Education Department	1.86	- do -	3.35
7.	Directorate of Sports	7.39	- do -	3.35
8.	Goa Legislature Secretariat	3.84	- do -	3.84
9.	Directorate of Health Services	100.00	- do -	10.32
10.	Department of Tourism	127.83	- do -	127.83
	TOTAL	382.43		275.55

It was thus obvious that on one hand the Government had to pay interest on the outstanding Ways and Means Advances and Overdrafts of Rs.87 crore as of March 2003 whereas the department have drawn moneys without requirement for immediate disbursement.

2.5.2 Outstanding advances to government servants

Scrutiny revealed that Rs.69.87 lakh being advances made upto March 2003 to Government servants on account of Traveling Allowances, Leave Travel Concession etc. were pending final adjustment as of September 2003. The departments against which a large number of such advances were outstanding are detailed below:

Sr. No.	Department/Office	No. of advances	Amount (Rupees in lakh)	Earliest advances pending for settlement
1.	Director General of Police	64	10.51	1988-89
2.	Directorate of Health Services	13	9.59	1988-89
3.	Legislature Department	20	8.56	1988-89
4.	General Administration Department	25	6.91	1988-89
5.	Public Works Department	14	3.88	1993-94
6.	Directorate of Education	4	3.33	2002-03

Chapter – III

Performance Reviews

- 3.1 Functioning of the Agriculture Department
(Department of Agriculture)**
 - 3.2 Prevention and Control of Fire
(Home Department)**
 - 3.3 National AIDS Control Programme
(Health Department)**
-

- (i) change in guidelines for implementation of National Watershed Development Programme in Rainfed Areas, and consequent delay in taking up developmental activities under the scheme;
- (ii) non-taking up of studies/projects under State Land Use Board; and
- (iii) shortfall in achievement under Cashew Development programme and Area expansion under fruits and spices programmes.

3.1.6 Programme management

About 36 per cent of the cropped area in the State was covered by foodgrain crops such as Paddy, Raggi and Pulses and another 49 per cent by commercial crops such as Cashew, Coconut and Sugarcane. As such the major programme of the department involved developing the above crops in the State.

3.1.7 Food grain crops (Paddy, Raggi and Pulses)

Paddy is the main crop in the State occupying approximately 30 per cent of the total cropped area. Government has been promoting adoption of High Yielding varieties of seeds in the State obtained from National Seed Corporation and Karnataka State Seed Corporation, and distributed to the farmers through registered dealers/Cooperative societies. The details of rice production, paddy seed distribution and amount of subsidy paid on paddy seed by Government to the suppliers during the period 1998-03 were as under:-

Year	Rice					Paddy Seed Distribution			
	Area coverage (Ha)		Production (MT)		Production Per Ha (MT)	Quantity (MT)		Total Amount of subsidy paid (Rs. in lakh)	Amount of Subsidy per MT.(Rs. in lakh)
	Target	Achievement	Target	Achievement		Target	Achievement		
2000-2001	56,500	57,207	1,69,500	1,42,123	2.48	200	200	^λ 5.5	0.06
2001-2002	57,000	49,383	1,80,000	1,26,523	2.56	350	250	16.43	0.07
2002-2003	57,500	50,169	1,50,000	134,767	2.69	375	320	19.04	0.06

NA = Not available.

(Source: Performance budget of the Department)

^λ During the year 2000-01, seeds distributed during Rabi season (87 MT) only was subsidised by the department due to resource crunch and hence the less subsidy expenditure as compared to the later years.

Allocation for Agriculture has been less than one Per cent of total budget provision.

Although 24 per cent of the population in the State was engaged in agriculture, the percentage of the budget allocation for agriculture in the total budget provision during 2000-03 ranged between 0.44 per cent to 0.63 per cent only.

Financial outlay and expenditure

The details of budget allotments and supplementary grants made and actual expenditure incurred during 2000-2003 were as detailed below:-

(Rs. in crore)

Year	Budget allotment (BA)					Expenditure			Savings
	Capital	Revenue	Supplementary Grant		Total	Capital	Revenue	Total	
			Capital	Revenue					
2000-01	0.46	11.73	0.20	0.51	12.90	0.45	11.55	12.00	0.90
2001-02	0.48	13.62	1.11	1.04	16.25	1.06	14.12	15.18	1.07
2002-03	3.43	15.70	Nil	Nil	19.13	3.35	13.26	16.61	2.52
Total	4.37	41.05	1.31	1.55	48.28	4.86	38.93	43.79	4.49

(Source: 2000-2003 – Appropriation Accounts of Government of Goa).

Savings of Rs.4.49 crore (9 per cent) occurred mainly due to non-purchase of agricultural machinery and equipments (2000-01), delay in procurement of fertilizer (2002-03), poor expenditure incurred under National Watershed Development Programme in Rain fed Areas (NWDPR) scheme (2000-03).

3.1.5 Utilisation of funds under Centrally Sponsored Schemes

Non-utilisation of Central Assistance of Rs.1.35 crore.

The department has been implementing various Centrally sponsored schemes. The funds released by Government of India (GOI) and utilization of funds under various Centrally Sponsored Schemes, during 2000-03 were as under:-

(Rupees in crore)

Year	Opening balance as on 1 st April.	Funds released by G.O.I.	Total funds available	Funds spent	Unspent balance as on 31 st March.
2000-01	2.20	0.45	2.65	1.69	0.95
2001-02	9.60	2.39	3.35	2.17	1.18
2002-03	1.19	1.82	3.00	1.65	1.35
TOTAL		4.66		5.51	

As against the total funds of Rs.6.86 crore received from Government of India, Rs 5.51 crore were spent and Rs.1.35 crore^Φ (20 per cent) remained unutilized as of March 2003. Under utilisation was attributed by the Department to;

^Φ Mainly under Oil Palm Development Programme (Rs.6.89 lakh), National Oil Seed Production Programme (5.77 lakh), Setting up of Bio-control Laboratory (Rs.7.38 lakh) and the schemes under Macro Management Mode (Rs.108.48 lakh).

- **There was heavy shortfall ranging from 36 to 87 per cent in utilization of Agricultural Machinery. Despite lack of demand from the farmers department replaced seven tractors at a cost of Rs.24.45 lakhs.**

(Paragraph 3.1.14)

- **Seed testing laboratory established in 1989 was under utilized due to non-posting of Seed Analysts by the State Government.**

(Paragraph 3.1.16)

3.1.1. Introduction

Agriculture is one of the major economic activities pursued by 24 per cent of the working population of Goa. The area under cultivation is 46 per cent (1.71 lakh ha.) of the total geographical area (3.70 lakh ha.) of the State. Major crops in the State are food crops such as paddy and pulses; horticultural crops like cashew, coconut etc, sugarcane, vegetables and oilseed.

The main objectives of the Department are; increase in production and productivity of foodgrains, promotion of cultivation of horticultural and cash crops crops by utilizing modern technology for increase of production, strengthening of agricultural extension, promotion of agricultural mechanization and integrated and sustainable development of agriculture through watershed development programme.

3.1.2 Organisational set up

The Agriculture Department is headed by a Secretary who in turn is assisted by Director of Agriculture. The Director of Agriculture is the Head of the Department and is assisted by six Deputy Directors, three Assistant Directors, one Executive Engineer (Soil conservation), 10 Zonal Agriculture Officers, four Mechanical Cultivation Officers, two Farm Superintendents and one Accounts Officer. The Department has a Seed Testing Laboratory and a Bio-control Laboratory.

3.1.3 Audit coverage

A review of the functioning of the Department for the period 2000-03 was conducted (March to July 2003) by test check of records of Directorate of Agriculture, Panaji, six Zonal Agriculture Offices, three Mechanical Cultivation offices and four Government farms. The results are discussed in the succeeding paragraphs.

3.1.4 Financial management and control

The budget of the Agriculture Department is prepared by the Finance Department of the Government after obtaining budget proposals from the department.

CHAPTER III

PERFORMANCE REVIEWS

This Chapter contains reviews on the performance of the Government on 'Working of the Agriculture Department', regulatory function like 'Prevention and Control of Fire' and on implementation of social welfare programme like 'National AIDS Control Programme' in the State.

3.1 Functioning of Agriculture Department

Highlights

With a view to increase production and productivity of food grains, cereal crops and horticultural crops; Government had initiated various crop development schemes for expansion, training and use of improved seeds, fertilizers, agricultural kits, strengthening of agricultural extension and promoting agricultural mechanization etc. The implementation of these schemes/programmes left much to be desired as the production of paddy, raggi, pulses, oilseeds, sugarcane cashew, coconut and vegetables significantly declined during 2000-2003. The area coverage also of food crops such as paddy, raggi and pulses declined during 1998-03. Achievements vis-à-vis targets for development of cashew, coconut and sugarcane were poor. Twenty per cent of the assistance received for Centrally sponsored schemes was not utilized. Utilisation of various infrastructural facilities such as agricultural machineries, laboratories and agricultural farms was sub-optimal. There was no effective mechanism for speedy repair of breaches to protective bunds of low lying Khazan lands, resulting in non-availability of land for paddy production.

- Central assistance of Rs.1.35 crore (20 per cent) remained unspent as of March 2003, due to non-implementation/delay in implementation of schemes.

(Paragraph 3.1.5)

- Area expansion and rejuvenation of old gardens under Development of Cashew programme was deficient mainly due to non-assessment of scope for area expansion.

(Paragraph 3.1.9)

- Rs.2.35 crores being the share of the cost of bund works were not recovered from the beneficiaries.

(Paragraph 3.1.12)

- Thirty-nine per cent of the total area of 11 Agricultural farms remained unused.

(Paragraph 3.1.13)

Area coverage and production of rice declined during 1998-03

It was found that both area coverage and production of rice had declined during 2000-03, whereas the State was a net importer of rice and the off take from Food Corporation of India by the State Civil Supplies Department alone during 1999-03 was 18,646 MT per year. The substantial decline in production during 2001-02 was attributed by the Government to poor rainfall in the State during the year.

Area coverage, production and productivity of Raggi and Pulses for the above period were as under:-

Year	Raggi			Pulses		
	Area coverage (Ha)	Production (MT)	Productivity Per Ha.	Area coverage (Ha)	Production (MT)	Productivity Per Ha.
2000-2001	500	449	0.90	10,771	9,652	0.90
2001-2002	315	315	1.00	9,449	8,368	0.89
2002-2003	353	301	0.85	9,368	7,453	0.80

It would be seen that there was a sharp decline in area coverage, production and productivity of Raggi and Pulses during the period 2000-2003. Government stated that inspite of unfavourable rainy seasons during 2001-03, the average productivity of paddy and pulses of the State was much above national average (2.00 MT per ha. for rice and 700 Kgs. per ha. for pulses).

However, the fact remains that one of the main objectives of the Department, namely, increasing the production of food grains had not been achieved mainly due to reduction in area coverage as a result of shift to cash crops.

3.1.8 Commercial crops

The details in respect of expansion of major commercial crops, i.e. Cashew, Coconut and Sugarcane for the year 1999-03 was as under:-

Name of Scheme	Programme	1999-2000		2000-01		2001-02		2002-03	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement (as per R.E.)
Development of Cashew	New area expansion (Ha)	1000	418	1000	478	500	293	300	313
	Rejuvenation (Ha)	1500	924	1000	841	1000	635	700	821
Development of Coconut	Area expansion (Ha)	40	56	40	56	75	50	70	43
Sugarcane	Area Coverage (Ha)	1650	1335	1450	1250	1950	1205	1500	1225
	Production (MT)	90000	68440	90000	72750	100000	70565	90000	62000

Source: Information furnished by department in respect of cashew and coconut and performance budget of department in respect of sugarcane.

Though Government stated that more emphasis was given for development of horticultural crops in view of the changed world scenario in agricultural market, the above facts indicate that in case of important commercial crops, namely, cashew and coconut there were significant shortfalls in achievement of targets in new area expansion and in case of cashew in rejuvenation of old gardens also. Besides, there was heavy shortfall in area coverage and production of sugarcane.

3.1.9 Integrated development programme of cashew

Cashew is one of the most important horticultural crops in the State occupying about 53,800 ha. area. Production of raw cashew nut in the State during the period 1999-03 was as under:-

Year	1999-2000	2000-01	2001-02	2002-03
Quantity in MTs	17,274	21,335	22,976	23,109

The Programme was implemented with 100 per cent Central assistance. Major components of the programme were; (i) development of new areas of cultivation, i.e. new area expansion; and (ii) replanting/ rejuvenation of old uneconomic cashew gardens. For the purpose, subsidy of Rs. 5300 per ha. for new area expansion and Rs.2100 for replanting/ rejuvenation of old uneconomic cashew gardens was disbursed in three years in the form of grafts, manures and fertilizers to the farmer beneficiaries.

Out of Central assistance of Rs.1.70 crore available for the programme during 2000-03, expenditure incurred was Rs.1.33 crore.

The physical targets and achievements with respect to new area expansion and replanting/rejuvenation of old uneconomic cashew gardens, and maintenance of such new plantations for the next two years, for the period 2000-03 were as under:-

New area expansion:

	I Year (New)		IInd Year maintenance		IIIrd Year maintenance	
	Target (Ha)	Achievement (Ha)	Target (Ha)	Achievement (Ha)	Target (Ha)	Achievement (Ha)
2000-01	1000	478	418	357	553	379
2001-02	500	293	478	292	357	243
2002-03	300	313	293	179	292	137

Physical and financial progress of development of cashew was very poor.

Achievement was consistently low in area expansion and maintenance programme.

Replanting/Rejuvenation of old Cashew gardens:

	I Year (New)		IInd Year maintenance		IIIrd Year maintenance	
	Target (Ha)	Achievement (Ha)	Target (Ha)	Achievement (Ha)	Target (Ha)	Achievement (Ha)
2000-01	1000	841	924	673	901	703
2001-02	1000	635	841	643	673	509
2002-03	700	821	635	352	643	387

It could be seen that there was consistent shortfall in achievements under both new area expansion and rejuvenation of old gardens. The department replied that the shortfall in achievement was attributable to high targets set by Government of India in 2000-01 and non-availability of land with farmers for large-scale cultivation. The reply was not tenable, as shortfall continued in 2001-02 when targets were fixed by the department themselves. Moreover, department should have conducted proper survey to assess the actual scope of area expansion.

The shortfall in achievement against targets for second and third year maintenance indicated high rate of mortality. Department attributed the same to farmers choosing un-irrigated barren land for cashew cultivation, and high cost of labour affecting farm management.

3.1.10 Soil and Water Conservation

The programme envisages carrying out soil and water conservation activities in low lying paddy fields locally known as Khazan lands affected by saline water from river creeks, ker type of agricultural lands situated between khazan lands and high lands affected by flooding during rainy season and agricultural lands on high slopes of the hills and in mining areas. The objective of the scheme was to protect such agricultural lands from erosion, flooding by saline water, deposition of mining rejects and bring back damaged areas to cultivation reclamation and other soil conservation measures.

Department spent Rs.3.98 crore during 2000-03 on Soil and Water conservation. The expenditure was mainly on repairs and maintenance of protective bunds to Khazan lands.

3.1.11 Khazan lands remaining uncultivated

There are approximately 18000 ha. of khazan lands in Goa, which is protected from entering of/submerging with saline water during high tide by construction of bunds and sluice gates. The repairs and maintenance of bunds and sluice gates are to be carried out by the Tenants Associations, and the Government gives 50 per cent of the cost as subsidy. In case the Tenants Associations fail to execute the work, the Mamlatdar directs the Soil Conservation Division of Agriculture Department to execute the work.

It was noticed that as of July 2003, 520 ha. of Khazan land spread over four locations* remained uncultivated for periods ranging from three to five years as

* Carambolim (Tiswadi)	= 300 ha.
Diwar (Tiswadi)	= 70 ha.
Pilerne (Bardez)	= 100 ha.
Macazona (Salcete)	= 50 ha.

Total: 520 ha.

Large areas of Khazan lands remained submerged with saline water due to non-repair of bunds and sluice gates

the land remained submerged with saline water due to non-repair of breaches to bunds.

Another 2049 ha. Khazan land at six locations remained uncultivated for a period ranging from two to seven years (as of July 2003) due to delay in repairs to breaches of bunds and sluice gates, as detailed below:

Name of khazan land	Area (Ha.)	Date of noticing breaches/damages	Date of tendering/award of work	Date of closure of breach/completion of work	Cost of work (Rupees in lakh)	Period during which the paddy field remained flooded/ uncultivated*
Ofia Donzo Cantor at Carambolim, Tiswadi Taluka	400	22.6.1997	4.9.1998	3.5.2000	43.48	22.06.97 to 3.05.2000
Bandully and Morgrem, Mercés, Tiswadi Taluka	167	13.5.1996	18.2.1999	27.4.2001	18.02	13.05.96 to 27.04.2001
Khalif Cantor, Ponda Taluka	832	17.10.2000	17.10.2001	30.9.2002	9.16	17.10.2000 to 30.09.02
Zuenvoilo (vill), Diwar, Tiswadi Taluka	300	22.6.1997	24.4.1998	23.4.2003	81.50	22.06.97 to 23.04.2003
Boro Gharximo, Diwar, Tiswadi Taluka	200	22.6.1997	24.4.1998	10.11.2000	17.03	22.6.97 to 10.11.2000
Damda khazan, Neura, Tiswadi Taluka	150	22.6.1997	6.7.1998	17.2.1999	19.36	22.06.97 to 17.02.1999
TOTAL	2049					

There were delays ranging from 10 to 32 months in tendering and award of repair work, after noticing the breaches/damages to the bunds, though the repairs were to be carried out on emergency basis to avoid further damages to the paddy fields.

No urgency shown for the repair works

Department attributed the delays in carrying out repair works to delay in issue of orders by Mamlatdars and departmental procedures, slow progress of work, increase in length of breaches etc. This indicated that the prevalent mechanism for repairs to sluice gates and protective bunds was not effective to ensure timely action, when breaches and damages occur.

3.1.12 Non-recovery of cost of bund works

As per Rules, when the repair and maintenance works of bunds protecting Khazan lands are carried out by Government, 50 per cent of its cost was to be recovered from the beneficiaries through Mamlatdars.

Rs.2.35 crore being the share of cost of bund works not recovered from the beneficiaries

It was noticed in audit that Rs. 2.35 crores pertaining to the period from 1964 to November, 2003 towards 50 per cent of the cost of bund works carried out by the department was outstanding for recovery from the beneficiaries, out of which Rs.2.14 crore pertained to period upto December 2000. Government replied that the Mamlatdars have been advised to expedite recoveries (December, 2003).

^Φ Source: Information furnished by the Soil Conservation Division of the Department.

3.1.13 Working of Agricultural Farms

39 per cent of the total area of Agricultural farms remained unused.

There are 11 Government Agricultural farms, one in each Taluka of the State, with a total area of 300 hectares, of which 183 ha. (61 per cent) was used for implementation of agricultural schemes such as establishment of progeny orchards, multiplication of planting materials, production and multiplication of seeds, field demonstrations etc.

The details of total area and area under cultivation, expenditure incurred and revenue earned during the years 2000-03 pertaining to them were as under:-

Name of Farm	Total Area (Ha)	Area under cultivation (ha.)	2000-2001		2001-2002		2002-2003	
			Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue
			(Rupees in lakhs)					
Kalay Farm	62.00	45.00	42.73	10.39	49.81	11.58	51.85	12.98
Ela Farm	18.00	10.30	54.48	4.97	55.23	5.75	56.79	7.45
Margao Farm	3.50	3.00	21.00	2.40	18.27	2.99	20.69	3.52
Kawlebag Farm, Pernem	10.60	10.30	13.49	1.03	12.28	0.88	13.79	0.58
Dhave Farm, Valpoi	7.54	4.63	13.26	1.86	12.00	1.62	13.33	1.63
Codar Farm, Ponda	110	54.95	26.57	11.35	26.57	10.03	27.46	11.47
Chimbel Farm	47.18	47.18	Nil	0.30	Nil	0.31	Nil	0.25
Pernem Farm	0.40	0.38	Nil	0.05	0.30	0.17	1.27	0.17
Durga Farm	29.00	4.00	1.27	0.06	1.33	0.26	1.15	1.30
Dhuler Farm	4.00	3.40	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Pilerne Farm	7.63	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL	299.85	183.14	172.80	32.41	175.79	33.59	186.33	39.35

(NA = Information not available)

The non-use of the remaining land i.e. 117 ha. (39 per cent of farm area) was attributed to difficulties in getting clearance from Forest Department for cutting of trees and non-availability of irrigation facility (40 ha.), submergence with saline water (25 ha.) and non-cultivable area covered by roads, buildings and rock (52 ha.). An expenditure of Rs.5.35 crore was incurred on these farms during 2001-03.

As significant portion of the farms remained unused due to various reasons Government needs to take steps to increase the area under cultivation and identify less significant farms for possible closure to achieve better utilization of resources.

3.1.14 Agricultural Engineering Scheme

The main objective of the Agricultural Engineering scheme was to popularize use of improved agricultural machinery and implements among the farmers and to provide the machinery to them on reasonable hire charges. The department spent

Rs.3.85 crore on the scheme during 2000-03. The targets and the achievements in respect of utilization of the machinery were as under.

Type of machinery	2000-01				2001-02				2002-03			
	No. of working machinery	Target	Achievement	Shortfall and percentage	No. of working machinery	Target	Achievement	Shortfall and percentage	No. of working machinery	Target	Achievement	Shortfall and percentage
		(in hours)				(in hours)				(in hours)		
Tractor	54	44000	26729	17271 (39)	54	44000	23216	20784 (47)	54	45000	25556	19444 (43)
Bulldozer	10	5500	2909	2591 (47)	9	3500	2254	1246 (36)	7	1500	1926	No shortfall
Power Tiller	6	3000	1509	1491 (50)	4	2000	1006	994 (50)	4	2000	911	1089 (54)
Power Reaper	17	5100	710	4390 (86)	17	5100	715	4385 (86)	17	1500	197	1303 (87)

There was heavy shortfall in achieving targets in spite of reduction of the targets on the basis of lesser achievements of previous years. The department attributed the shortfall to lack of demand due to purchase of tractors by farmers and delay in repairs of machinery due to non-availability of spares. Scrutiny revealed that despite lack of demand for tractors from farmers, the Department had purchased seven new tractors at a cost of Rs.24.45 lakh in March, 2003.

Seven tractors replaced despite lack of demand.

Government furnished no reasons for shortfall in achievement, but stated that seven new tractors were purchased to replace the condemned tractors, for maintaining the fleet strength of 54 tractors. The reply is not tenable since the shortfall in utilization of the existing tractors ranged from 39 per cent to 47 per cent. Hence the replacement of the tractors was not justified.

As Government admitted lack of demand for government tractors, the need to maintain large number of machinery should be reviewed considering its underutilization.

3.1.15 Delay in commissioning of Bio-control Laboratory

Under the Integrated Pest Management Scheme, Government of India sanctioned (November 1994) Rs.50 lakh to set up a Bio-control Laboratory in the State in order to take up large-scale multiplication of natural bio-control agents such as predators, parasites and insect pathogens in the laboratory for distribution to farmers for controlling harmful pests and insects in the fields. A total amount of Rs.47.50 lakh was released during 1994-2003.

Bio-control Laboratory with Central assistance was commissioned nine years after sanction (1994).

It was noticed that the construction of building for Bio-control Laboratory was taken up in November 1999 and completed in September 2002, at a cost of Rs.63.93 lakh. Laboratory equipments worth Rs.8.12 lakh were procured between

August 2002 and April 2003 and the bio-control laboratory was commissioned only in September 2003.

Department replied that the bio-control laboratory has been commissioned in September 2003. However, the fact remains that the delay in taking up of the construction of the bio-control laboratory for about five years resulted in non-propagation of bio-control agents as envisaged in the programme.

3.1.16 Seed Testing Laboratory remaining underutilised

In order to test and certify the seeds supplied to the farmers of the State and to ensure its quality, a Seed Testing Laboratory was established at Ela, Old Goa in 1989, under Centrally Sponsored scheme. However, technical staff consisting of minimum one Sr. Seed Analyst and two Seed Analysts were to be appointed at State Government's cost to make the laboratory functional for certification of seeds. As the technical staffs were not appointed, the laboratory was used only to conduct germination tests of the seeds, by Agriculture Officers. Though the laboratory had a capacity to conduct 1000 tests per year, a total of 307 germination tests only were conducted during the period 2000-03.

Government replied that the seed testing was done as per the requirement of the State Government, and no cases of seed testing were in arrears. The reply is not tenable, as germination test was not the only objective of the laboratory. Seed moisture test, Physical purity test, checking for minute pests, eggs and Pathological infection in the seeds etc. could not be done due to non-posting of qualified Seed Analysts.

3.1.17 Stores and stock account

As of March 2003 department had stores such as pesticides, fertilizers, seeds, planting material and spare parts, worth Rs.1.15 crore. The major items in stock comprised of spares of bulldozers, tractors etc. (Rs.89.82 lakh) and planting material (Rs.25.02 lakh).

The planting material such as coconut seedlings, cinnamon seedlings and mango grafts worth Rs.2.88 lakh lying in Codar farm since 1997 was found to be unfit for sale.

3.1.18 Internal Control System

The department did not have an independent cell for monitoring and evaluation of the progress of various schemes implemented. Besides, no internal audit was conducted during 2000-03 in the 18 Drawing and Disbursing offices (excluding HQrs) under the Directorate, though as per Government orders, internal audit of the D.D.Os was to be conducted by test check of the accounts for three months in a year.

The Department replied that the observation on requirement of internal audit has been noted for future compliance.

3.1.19 Conclusions

Though a major constraint for agriculture in the State was lack of irrigation facility, utilisation of the irrigation potential created under Salaulim Irrigation Project and Tillari Irrigation Project was only 38 *per cent*. While production targets were not achieved, infrastructural facilities such as agricultural machinery, laboratories and farms remained under-utilised. Besides, production of paddy suffered most as large areas of land remained submerged with saline water for long due to delay in repairing of bunds.

3.1.20 Recommendations

- ❖ All ongoing irrigation projects should be completed on priority basis and optimum utilization of irrigation potential created should be ensured.
- ❖ Optimum utilization of infrastructure such as Government farms, Agricultural machineries and Laboratories should be ensured.
- ❖ The present system for reclamation of flooded Khazan lands should be improved to ensure timely repair of bund and sluice gates.
- ❖ Scope of area expansion for major horticulture crops should be properly assessed for planned development of the crops.

HOME DEPARTMENT

3.2 Prevention and Control of Fire

The Fire and Emergency Services were established in the State primarily to prevent and suppress unwanted fires, so as to keep loss of life and property to the minimum. There was shortage of operational staff and equipment such as Pumping units and Extra Heavy Water Tenders, compared to the prescribed norms. The department did not have a mechanism to ensure that all the places and trades likely to cause risk of fire had taken adequate preventive measures.

Highlights

- Against Department's proposal for 457 operational staff, Government sanctioned 406 posts. Actual manpower available was 307 only. Even compared to the sanctioned strength shortfall was 24 per cent.

(Paragraph 3.2.5)

- There was shortfall in Extra heavy water tenders(92 per cent) and pumping units(50 per cent) compared to the norms prescribed by SFAC.

(Paragraph 3.2.5)

- Out of 11 fire stations in the State as of March 2003, only 3 fire stations were housed in modern fire station buildings of the Department.

(Paragraph 3.2.10)

- Though Government had notified the places and trades which are likely to cause fire and required preventive measures, department did not have a mechanism to ensure that all such places and trades have taken the required preventive measures.

(Paragraph 3.2.11)

3.2.1 Introduction

Fire prevention and related safety measures are an integral part of town planning and building construction. To prevent unwanted fires, save lives and minimise the loss occurring on account of fire-related calamities, Government set up the Directorate of Fire and Emergency Services in the year 1984. The main services of the department were fire fighting, rescue, prevention, creating awareness among public to avoid fire accidents and non-fire emergency services. The

establishment and maintenance of Fire Force in Goa is covered under the provisions of the Goa State Fire Force Act, 1986 and rules made thereunder.

3.2.2 Organisational set-up

Fire and Emergency Services in the State are under the administrative control of Home Department functioning under the Director (Fire & Emergency Services) who is assisted by a Divisional Officer and 13 Station Fire Officers. As of 31 March 2003, there were 11 Fire Stations located in Bicholim, Curchorem, Canacona, Margao, Mapusa, Old-Goa, Panaji, Ponda, Pernem, Valpoi, and Vasco.

3.2.3 Audit coverage

Records of the Directorate at Panaji and five fire stations at Vasco, Mapusa, Margao, Ponda and Bicholim for the period from 1998-99 to 2002-03 were reviewed (February to June 2003) to see the effectiveness of Fire services in control as well as prevention of fire.

3.2.4 Budget provision and expenditure

Budget provision, expenditure and shortfall/excess were as follows:-

(Rupees in crore)

Year	Budget provision	Expenditure	Shortfall (-) Excess (+)
1998-99	3.37	3.37	Nil
1999-00	3.45	3.45	Nil
2000-01	3.06	3.06	Nil
2001-02	3.62	3.59	(-) 0.03
2002-03	3.86	3.66	(-) 0.20
TOTAL	17.36	17.13	(-) 0.23

(Source : Appropriation Accounts)

Out of the total expenditure of Rs.17.13 crore, an amount of Rs.14.15 crore was spent on establishment and Rs.2.98 crore (17 per cent) on machinery, equipment and stores. The shortfall in expenditure occurred during 2001-03 was on account of non-receipt of Government sanction in time for the proposals and bills from the suppliers with whom orders were placed.

*83 per cent of
total
expenditure
was on
establishment*

Based on Finance Commission recommendations, Central Government released grants of Rs.1.43 crore during 1998-2003. Against this, State Government released Rs.2.07 crore including the amount retained by the State in earlier years and expenditure incurred was Rs.1.96 crore.

3.2.5 Programme Management

Only one station opened in past five years

Goa has an area of 3702 sq km with a population of 13.44 lakh density being 363 per sq km. It has 14 Municipal towns, 30 census towns and 347 inhabited villages. The Standing Fire Advisory Council (SFAC) had been constituted by Government of India for recommending standards for fire services in the country. As per the SFAC recommendations a fire station should be set up for every 10 sq km. in urban area and 50 sq km. in rural area. Even by applying lower scale of 50 sq km for rural areas, total requirement of fire stations was 74. Against this, there were 10 fire stations in urban area and only one in rural area, shortfall being 63 (85 per cent). During 1998-2003, only one fire station was opened at Canacona.

❖ Adequacy of operational staff

Shortfall in operational staff, particularly in the key post of Leading Firemen, Firemen and drivers

The details of operational staff required for the fire stations as per norms recommended by the SFAC and the manpower available in the State is indicated below:

Category	Operational staff required as per the recommendation of SFAC	Sanctioned strength	Operational manpower available	Shortage with reference to SFAC (Percentage in bracket)	Shortage with reference to sanctioned strength (Percentage in bracket)
Station Fire Officer	18	18	13	5(28)	5(28)
Asstt. Station Fire Officer	46	28	17	29(63)	11(39)
Leading Firemen	133	60	37	96(72)	23(38)
Drivers/Operators	167	76	52	115(69)	24(32)
Watch Room Operators	33	23	16	17(52)	7(30)
Firemen	458	201	172	286(62)	29(14)
TOTAL	855	406	307	548(64)	99(24)

Against Department's proposal for 457 operational staff Government sanctioned 406 posts. The actual manpower available was 307 only. Even compared to the posts sanctioned by Government, shortfall was 99 (24 per cent). The shortfall in the key posts was likely to affect the performance of the Department.

Government in their reply were silent on implementation of the SFAC norms for staff.

❖ Adequacy of equipments

Shortage of equipment was 50 to 92 per cent

There were 17 pumping units and only one extra heavy water tender in the State. Thus, there was a shortfall of 17 pumping units (50 per cent) and 11 extra heavy water tenders (92 per cent), compared to the norms prescribed by SFAC. The heavy shortfall in equipments was likely to affect the performance of the

Department. Department stated that Government agreed to make good the shortfall of appliances. Government may also take steps to ensure utilisation of the appliances/equipments agreed to be procured, in view of the shortage of staff in key posts mentioned earlier.

3.2.6 Fire Management

The details of fire incidents reported and attended by the Department, human lives lost, property lost and property saved during 1998-2003, as reported by the Department were as under: -

Year	No. of fire incidents reported	No. of fire incidents attended	Human lives lost	Property lost *	Property saved
<i>(Rupees in crore)</i>					
1998-99	935	935	93	2.80	37.50
1999-00	1362	1362	115	6.50	50.03
2000-01	778	778	2	14.04	13.94
2001-02	986	986	1	5.67	66.50
2002-03	873	873	23	5.57	21.77
TOTAL	4934	4934	234	34.58	189.74

*On an average
987 fire
incidences
occurred every
year*

It was noticed that department did not have any independent basis for valuation of property lost or saved. It accepted the value of property as reported by the owners. As such the authenticity of the valuation of the property lost or saved could not be ascertained in audit.

As per provisions of the Goa State Fire Force (GSFF) Rules, 1997, property owners are required to ensure adequate preventive measures against fire incidence and obtain No Objection Certificate (NOC) from the Department. Scrutiny revealed that out of 80 major fire incidents attended by the Department during 2000-03, in 19 cases no such NOCs were obtained by the property owners*. The loss of property in these cases was Rs.2.11 crore. The property owners had not taken adequate fire preventive measures and neither the department ensured the measures whereby loss could have been prevented/minimized. Director (Fire Services) admitted that there was no provisions in the GSFF Act/Rules to penalise owners of the trades/places, if NOCs were not obtained from the Department.

3.2.7 Training and awareness

The Department has a Fire Force Training Center in the Directorate. It was noticed that initial training for six months was imparted to all operational staff of the department. During 1998-2003, department imparted training to 1126 non-departmental candidates (persons from other departments and private organization). As no targets were fixed for training, adequacy of training courses

*No norms
or targets
fixed for
training*

* Godowns, hotels, shops, industrial units etc.

conducted could not be verified in audit. The Department admitted (October 2003) that the Regional Training Centre at Panaji, Goa did not have adequate infrastructure for training non-departmental candidates.

3.2.8 Purchase of Stores and Inventory Management

Fabrication of five fire engines delayed upto 100 days, liquidated damages not recovered

The Department placed orders for carrying out fabrication/refabrication of five fire engines to three agencies, between September 1999 and November 2001 at a cost of Rs.71.49 lakh. As per the agreements, in case of failure to complete the delivery of fabricated fire tenders within the stipulated time, the agencies were liable to pay liquidated damages at the rate of one *per cent* per day of the value of the articles delivered late. Besides, the security deposit was also to be forfeited in full or part as per the decision of the Government, for breach of terms and conditions of the agreement.

It was noticed that there was delay ranging from 8 to 100 days in receipt of the fabricated fire tenders for which damages of Rs.48.51 lakh was to be levied and security deposit forfeited as detailed in Appendix-XV. On this being pointed out, Department recovered Rs.0.82 lakh and the balance of Rs.47.69 lakh was not levied. Security deposit of Rs.3.44 lakh was also not forfeited as of July 2003.

Department stated (October 2003) that recovery of liquidated damages was not practicable as no advance was paid to the supplier and the matter was referred to Government for decision. The reply was not acceptable as the non-payment of advance has no relevance to the recovery of liquidated damages which were leviable as per contract conditions.

3.2.9 Physical verification of stores

Annual physical verification was not conducted since inception

Department purchased equipments and stores worth Rs.2.89 crore during 1998-99 to 2002-03 and issued to various fire stations and sections in the Head office. As per Financial Rules physical verification of all stores and dead stock articles was to be conducted annually and result of verification recorded in the inventory. It was noticed that annual physical verification of dead stock items was not conducted in any of the five Fire stations test checked since inception of the stations. Physical verification of dead stock items of Motor transport section and Stores section in Head office was not conducted after January 2000. Department stated (October 2003) that physical verification would be carried out.

3.2.10 Civil works

Eight out of 11 fire stations were functioning in temporary premises

Out of 11 Fire stations in the State as of March 2003, only three fire stations at Panaji, Margao and Vasco were housed in modern fire stations having own building while the remaining eight fire stations were functioning in temporary premises. The construction of the fire stations at Ponda and Mapusa taken up in August 2001 and February 2002 were scheduled for completion by August 2002

3.2.14 Conclusions

Fire Services in the State suffered due to shortages of operational staff and equipments as per the Government's own assessment.

Department did not conduct periodical survey to identify the trades and places likely to cause risk of fire and to ensure that all buildings of notified categories were covered by issue of NOCs.

3.2.15 Recommendations

- ❖ Preventive measures should be specified for all trades and places and obtaining NOCs from Fire Service Department made mandatory for all occupancy certificates being issued by local authorities.
- ❖ State Act/Rules should also prescribe penal provisions for owners of the properties not obtaining NOCs.
- ❖ Department should conduct periodical survey to identify the trades and places likely to cause risk of fire.

HEALTH DEPARTMENT

3.3 National AIDS Control Programme

Highlights

The Centrally sponsored National AIDS Control Programme (NACP) was implemented with an aim to slow down the spread of HIV/ AIDS on a long term basis. The number of HIV positive AIDS cases were however on the rise in the State. State Society did not implement 'Intersectoral collaboration', a programme for sharing in work of generating awareness, advocacy etc. by various sectors of the society and neglected "Low Cost AIDS Care Programme," to provide appropriate care and support to HIV/AIDS infected persons. Installation and commissioning of the programme equipments was not monitored resulting in their idling, besides STD clinics were not renovated.

- Funds released by NACO was only 65 per cent of the original plan allocation approved. Even the low allocation could not be fully utilized. Scheme funds of Rs 24.70 lakh were retained by Government for three years.

(Paragraph 3.3.2)

- Number of HIV positive cases and AIDS cases increased to 6212 and 331 respectively from 537 and 15 prior to 1995. GSACS did not include blood test results carried out by private hospitals.

(Paragraph 3.3.4)

- Only 11 per cent of schools were covered during 1999-2003 under Schools AIDS Education Programme.

(Paragraph 3.3.5)

- Only 11 per cent patients were offered post-test counselling, and lack of privacy hindered follow-up counselling.

(Paragraph 3.3.6)

- Due to delay in preparation of plans and estimates by GSACS renovation of the District Hospitals and STD clinics was not done, despite availability of Central assistance of Rs 13.75 lakh.

(Paragraph 3.3.7)

- Blood Component Separation Unit was not commissioned and the equipment were idling for over two years, depriving the patients of the intended benefits.

(Paragraph 3.3.8)

- Idling of the lone Cell Scanner machine available in the State deprived the HIV patients of its benefits.

(Paragraph 3.3.9)

'Drop-in-centre' for the HIV infected persons, but this centre could not be set up as the NGO discontinued functioning (October 2002).

GSACS, however, utilized its resources mainly on 'Targeted Interventions in high risk group' (through NGO), 'Awareness campaign' and 'Blood safety'. Resultantly, HIV positivity rate marginally improved from 10.65 per cent in 1998 to 9.09 per cent in 2003; rate of blood borne transmission of HIV infection remained stagnant at 0.3 to 0.4 per cent during 1999-2003. Awareness level in Goa was 93.6 per cent as per behaviour surveillance survey conducted in 2001. However, achievement under 'Usage of condom' was poor, resulting in increase in sexual transmission of HIV infection from 88 per cent in 1999 to 96 per cent in 2003. Performance of the GSACS under the three key components of the Programme during last five years is shown in *Appendix XVII*.

However, deficiencies and irregularities noticed during audit in implementation of the Programme, particularly in the key components are indicated below.

3.3.4 Trend of AIDS cases

Total number of HIV positive cases and AIDS cases in the State were 537 and 15 respectively prior to 1995 which increased to 6212 and 331 respectively at the end of September 2003, as shown below.

Calendar year	No. of Blood Test	Total HIV positive cases	Positivity Rate (Percentage)	Number of AIDS cases
Upto 1994	55391	537	0.97	15
1995	2279	203	8.91	6
1996	2959	327	11.05	14
1997	3526	473	13.41	14
1998	4903	522	10.65	15
1999	7804	750	9.61	14
2000	7813	807	10.33	13
2001	7216	801	11.10	48
2002	13848	999	7.21	68
2003 (upto September)	8727	793	9.09	124
Total	1,14,466	6,212	5.43	331

HIV positivity rate was high; AIDS cases increasing alarmingly

Test results of private hospitals not reported to GSACB

Above figures of HIV and AIDS cases detected/reported are not reflective of actual position of the State, as results of tests done in private/NGO-run institutions not funded by Government were not reported to GSACS or the Medical College. The GSACS Annual Report 2003-04 has estimated the HIV cases in Goa close to 10,000. The GSACS has not taken any steps to ensure mandatory reporting of all HIV positive/AIDS cases by institutions including those not funded by Government to them. It is evident from the above that possibility of achieving the stated target of reducing the prevalence rate to one per cent by 2004 is very remote.

3.3.5 Poor implementation of School AIDS Education Programme (SAEP)

With the objective of raising awareness levels in youth, helping resist peer pressure and adopting a safe and responsible life style, NACO launched a School AIDS Education Programme (SAEP) in 1999-2000, under the component of Information, Education and Communication (IEC) under Preventive Interventions for the general community.

Only 11 per cent of schools were covered during 1999-2003 under Schools AIDS Education Programme

The Programme involves imparting training to one male and one female members from the teacher as well as student community (Standard IX and XI) in each school, who in turn would educate and sensitise other students in their respective schools. As per NACO guidelines the SAEP was to be implemented through Non-Governmental Organisations (NGOs) in a phased manner, over a period of five years, by covering 20 per cent of schools every year. Ten per cent of the allocation for IEC activities was earmarked for SAEP.

During 1999-2003, NACO allotted Rs. 25 lakh for the SAEP for coverage of the members from 64 Higher Secondary and 240 High Schools. Two NGOs were selected in December 1999 and Rs. 0.57 lakh were disbursed to each in July 2001. Each NGO was to cover 40 schools during 1999-2000. While one NGO covered 20 schools, the other refunded (October 2002) the money as the selected schools failed to send their representatives. In 2002-03, Rs.1.31 lakh were disbursed to a school in Mapusa to cover 47 schools. However, Rs.1.04 lakh were utilised and only 22 schools were covered. The school authority did not refund the balance amount to GSACS as of December 2003.

Thus, out of 304 schools to be covered during 1999-2003, only 42 schools (11 per cent) were covered as of December 2003 and Central assistance of Rs. 23.39 lakh (94 per cent) earmarked for the SAEP was not utilised for the programme. GSACS did not monitor effective implementation of the Programme with the NGOs or with the school authorities.

3.3.6 Voluntary counselling and testing

The primary emphasis in the voluntary counselling and testing is to reach individuals with effective counselling, condom supplies and peer and community support, rather than focus only on HIV testing. Post-test counselling is given both in respect of sero-positive and sero-negative cases, as the window period of HIV testing means that the patient may not be truly negative and the patient may be asked to undertake the test again in three months time depending on the history of risk behaviour. Follow up counselling is given between one to five years following post test counseling.

Only 11 per cent patients were offered post-test counselling, and lack of privacy hindered follow-up counselling.

Test-check revealed that out of 7177 patients, who were given pre-test counselling during December 2002 to July 2003, only 827 patients (11 per cent) had been offered post-test counselling. Further, there was a very poor turn out of only two

to eleven patients for the follow up counselling during the period. Scrutiny revealed that out of three Voluntary Counselling and Testing Centres (VCTCs) sanctioned during 1998-2004, two Centres had been established at GMC (1987) and Hospicio Hospital (February 2002), Margao. The VCTC at Mapusa was not set up till December 2003.

Head of GMC stated (January 2004) that there was little privacy where counselling was done and hence, response from patients was low. However, new area has been located to overcome this hindrance.

Thus, despite provision of an annual recurring grant of Rs. 0.96 lakh towards salaries of Counsellors and Rs.0.24 lakh for furniture and miscellaneous expenditures in respect of each VCTC/ blood testing Centre, GSACS did not provide proper accommodation to ensure privacy. Further, against Rs. 11.66 lakh approved in Action Plans of 2000-01 to 2002-03, expenditure for the component was only Rs. 4.96 lakh (43 per cent) as of December 2003.

3.3.7 Non-utilisation of Central assistance for creation of infrastructure

In the annual action plan for 1999-2000, GSACS had provided Rs.13.75 lakh for civil works, viz, renovation of District Hospitals and the clinics of Sexually Transmitted Diseases. Audit scrutiny revealed that due to delay in preparation of plans and estimates by GSACS, the amount was not utilized and renovation of the District Hospitals and STD clinics had not been done as of December 2003.

Renovation of District Hospitals and STD Clinics not done, though planned in 1999-2000

3.3.8 Blood Component Separation Unit (BCSU) not commissioned

GOI prescribed use of human blood components for making transfusions instead of using whole blood as a single unit, as it enables a blood donation to address the needs of more than one patient. Accordingly, NACO provided Rs.21 lakh during 1999-2000 for a blood component Separation Unit (BCSU) to be set up at the Blood Bank of Goa Medical College(GMC), Bambolim. The amount could not be utilized as PWD authorities delayed the execution of the necessary civil works. The equipment (cost: Rs.19.64 lakh) was received in GMC between July 2001 and March 2002, but the civil works required to install the BCSU were executed only in May-July 2002. There was evident lack of coordination between the Medical College and PWD authorities.

Blood Component Separation Unit not commissioned for two years

Even after the civil works were complete, the BCSU could not be commissioned as of December 2003. This was due to delay in obtaining a licence to manufacture the blood components from the Food and Drugs Administration (FDA), delay in training the technician and non-supply of minor items (cost: Rs. 2.45 lakh) by GSACS and Goa State Blood Transfusion Council. As the equipment was delivered to the GMC with an advice to GSACS to have the civil works completed for commissioning the equipment, GSACS was required to monitor the installation and commissioning of the said equipment. This was

evidently not done resulting in idling of the equipment for almost two years and depriving the patients of the intended benefits.

3.3.9 *Idling of Cell Scanner Machine*

*Cell scanner
idling for want
of repair*

The Cell Scanner machine estimates CD4/CD8 cell counts and thus assesses progression of the disease as well as the outcome of the treatment. In April 1999, NACO supplied FACS, CD 4/CD 8 blood cells count machine* which was installed (March 2000) in GMC, Bambolim. The machine carried one year warranty upto February 2001. Audit scrutiny revealed that during the 42 months period from July 2000 to December 2003 the machine was lying out of order for 17 months on three occasions for want of repair. The annual maintenance contract (AMC) with the supplier was done by GSACS for which Rs.30,000 was also paid to the supplier in April 2003. Though the GMC authorities brought to the notice of GSACS that the machine was functioning erratically and some parts required replacement, GSACS did not follow up the same with the supplier, resulting in idling of the machine.

Thus, idling of the only machine available in the State deprived the HIV patients of its benefits.

3.3.10 *Training*

According to the Phase-II of the programme, workshops were to be held to train the doctors, nurses, Labtechnician, field workers, NGOs and other grass root level workers. It was noticed that against the targets of 615 doctors and 952 nurses to be trained, actual coverage was 417 (68 *per cent*) and 369 (39 *per cent*) respectively during 1999-2003. Similarly, only 24 Lab technicians (27 *per cent*) and 537 field workers (87 *per cent*) were imparted training. As a result, out of Rs.31 lakh received for training during 1999-2003, Rs.19.67 lakh (63 *per cent*) was spent.

The GSACS attributed the shortfall in financial and physical achievement to "less number trainees turnout than expected" as well as to shortage of the trainers.

3.3.11 *No account of condom distribution*

During 2000-03, GSACS distributed seven lakh condoms costing Rs.11.20 lakh through the NGOs (6.90 lakh) and directly to the public (10240), which were free to the public. GSACS, however, failed to call for any reports from the NGOs regarding distribution of condom during 1998-2003.

* Cost not available

3.3.12 Non maintenance of stock accounts.

During the period 2000-03, GSACS spent Rs.9.09 lakh on printing of booklets, labels etc. However, no stock accounts were maintained showing receipts, issues and balances and no physical verification of the stock was done.

In 2002-03, Blood Bank, Goa Medical College received from GSACS materials like blood bags, lancets, gloves, vials costing Rs. 1.53 lakh, but no stock accounts were maintained by either of institutions. Further, neither annual physical verification of stock was done nor any system of reconciliation between GMC and GSACS for supplies made by the latter was put in place.

3.3.13 Monitoring and evaluation

For effective monitoring and evaluation of NACP-II, a crucial step for effective implementation of the programme, NACO has developed a Computerised Management Information System (CMIS), which will collect monthly/annual information from different data generation units. In Goa, the system was made operative only in December 2002. It is evident that in the absence of proper monitoring and evaluation system prior to December 2002, GSACS could not fix the annual targets for the key activities of the programme.

3.3.14 Conclusions

The number of HIV positive as well as AIDS cases were on the rise in the State. Though GSACS have succeeded in creating mass awareness of the programme, and ensured implementation of the blood safety programme, key components of the Action Plan such as setting up of voluntary counselling centers/ensuring privacy of the patients and the school education programme have not been implemented effectively. In the "Institutional strengthening" component GSACS did not monitor the installation/ commissioning/ maintenance of the programme equipments resulting in their idling. Besides, STD clinics were not renovated.

3.3.15 Recommendations

- ❖ GSACS should ensure mandatory reporting of all blood tests, carried out in the State whether by public or private agencies so that the HIV positive cases are monitored.
- ❖ The end usage of all equipments/materials received from NACO for programme implementation should be ensured by GSACS by effective monitoring/coordination with the public health authorities.
- ❖ Time bound plan needs to be formulated for setting up of Voluntary Counselling and Testing Centre; and Low Cost AIDS Care Centres; improving the functioning of STD clinics and ensuring privacy of the patients.

Chapter – IV

Transaction Audit

- 4.1 Losses to Government**
 - 4.2 Infructuous/wasteful/nugatory expenditure**
 - 4.3 Avoidable/unfruitful expenditure**
 - 4.4 Idle investment/idle establishment**
 - 4.5 Lack of response to Audit findings**
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CHAPTER – IV

TRANSACTION AUDIT

This Chapter contains audit paragraphs on loss to Government, infructuous and wasteful expenditure, avoidable expenditure, idle investment and idle establishment and audit of regularity issues as a result of transaction audit of Government Departments. It also contains paragraph on lack of response to Audit findings.

4.1 Losses to Government

HOUSING DEPARTMENT (Goa Housing Board)

4.1.1 Loss due to non-adoption of appropriate rate of land

Failure of the Board to adopt the revised rate of land while fixing the cost of 24 duplex bungalows resulted in loss of Rs.22.44 lakh to the Board

The Goa Housing Board (Board) invited (February 2000) applications for demand registration for their proposed duplex bungalows on 6 ha. land at Porvorim on hire purchase basis. The Board decided (March 2000) to take up the scheme of 32 duplex bungalows in two phases of 16 duplex bungalows at an estimated cost of Rs.4.25 crore. The land cost considered for the project was Rs.2000 per sq m and cost of each duplex bungalow, was provisionally fixed at Rs.12.60 lakh for each bungalows, subject to variation after final settlement.

Based on Government decision (April 2001) Board invited (June 2001) tenders for 24 duplex bungalows and awarded the work in August 2001. The project cost of 24 duplex bungalows was recast in October 2001 and the cost of each bungalow was estimated at Rs.12.52 lakh (plot area of 187 sqm for each bungalow) considering the land cost at Rs.2000 per sqm.

The construction of the bungalows was completed in January 2003. All the 24 duplex bungalows were allotted (between October 2000 and September 2002) to the applicants at the rate of Rs.12.60 lakh per bungalow.

Scrutiny revealed that the Board had revised the rate of land at Porvorim to Rs.2500 per sq m in July 2001. However, the Board did not adopt the revised rate of Rs.2500 while working out the land cost for the project though the project cost was recast in October 2001.

Adoption of rate of Rs.2000 per sq m instead of Rs.2500 per sq m as cost of land for working out the cost of the duplex bungalows (at the rate of Rs.12.60 lakh each) resulted in loss of Rs.22.44 lakh to the Board, taking into account the area of 4488 sq m utilised for the project.

The Board stated (July 2003) that when the estimates for the project was prepared in March 2000, the price of the land in Porvorim fixed by the Board in September 1997 at the rate of Rs.2000 per sqm was in force. The reply is not tenable, as the Board revised this rate in July 2001 to Rs.2500 per sq m keeping in view the prevailing market rate and it was not adopted when the project cost was recast in October 2001.

4.2 Infuctuous/wasteful/nugatory expenditure

GENERAL ADMINISTRATION DEPARTMENT

4.2.1 Nugatory expenditure on renovation of Shrama Shakti Bhavan and loss of revenue

Change of interior design of a newly completed building resulted in nugatory expenditure of Rs.21.45 lakh and loss of revenue of Rs.25.49 lakh upto August 2003.

Government approved (September 1993) construction of Shrama Shakti Bhavan at Panaji, a seven storey building measuring 3067.64 sqm, for housing the offices of the Labour Department. Ten rooms (area: 323.30 sqm) of the ground floor were meant for commercial use. The work was completed in September 2000 as per the architectural plan provided, at a cost of Rs.2.65 crore.

In the meantime, Government decided (November 2000) to change the interior design of the building in consultation with an architect. Accordingly, Government appointed (March 2001) a private architectural consultant at a fee of 5 per cent of the cost of interior design (estimated cost: Rs.2.26 crore) though 62.15 per cent of the estimated cost was on furniture. It was noticed in audit that the consultant was appointed arbitrarily without inviting any technical or financial bids in order to ensure technical competence and secure financial interest of the State. The work was completed in April 2003.

Scrutiny revealed that due to the renovation, electrical works and wiring of sub station already done had to be fully altered at a cost of Rs.8.65 lakh. Besides, the renovation work included laying of ceramic tiles in all the seven floors and reception area of ground floor. Thus, expenditure of Rs.12.80 lakh already incurred for precast terrazzo tiles, kotah stone slab flooring etc. in those areas was rendered nugatory. Thus, total nugatory expenditure was Rs.21.45 lakh.

It was further noticed that commercial area of 323.30 sq m was not allotted on rent even as of August 2003 due to non-completion of interior design. Based on the annual rent rate fixed (March 2002) for allotment of space (Rs.17735 for 65 sqm) to an NGO, Government would have realized annual rent of

Rs.10.55 lakh for the commercial area. Total loss of rent during the period April 2001 to August 2003 was Rs.25.49* lakh.

Thus, Government decision of renovation of the building was an afterthought, which resulted in nugatory expenditure of Rs.21.45 lakh and loss of revenue of Rs.25.49 lakh upto August 2003.

The matter was reported to Government in September 2003; their reply was not received (January 2004).

4.3 Avoidable/unfruitful expenditure

ELECTRICITY DEPARTMENT

4.3.1 Adoption of incorrect rate for incomplete item of work

Acceptance of abnormally high rate quoted for incomplete item of work resulted in avoidable extra expenditure of Rs.10.69 lakh.

Executive Engineer, Works Division-XIII, Corlim (EE) awarded (May 1994) the work "supply, erection, testing and commissioning of a Power sub-station at Kadamba Plateau, Goa to contractor 'A' for Rs.4.44 crore. In November 1994, work for additional transformer was also awarded to the same contractor for Rs.1.70 crore. The work was to be completed by March 1996. As the work was not completed by June 1998 the EE terminated the contract in January 1999 at the risk and cost of the contractor. The contractor had done work to the value of Rs.4.58 crore. The balance work estimated to cost Rs.1.29 crore was awarded in March 1999 to the lowest tenderer 'B' for Rs.1.47 crore (13.47 per cent above estimate). The work was completed in December 1999 at a cost of Rs.1.53 crore.

The original work included an item "excavation in soft rocks/laterite foundation and earth mat where blasting was prohibited" (2000 cum). Against this, contractor 'A' had executed 2063 cu m at the tendered rate of Rs.160 per cu m. However, while tendering the balance work, this item of work was also included in the tender schedule, without indicating any quantity and the bidders were asked to quote the unit rate.

* $\frac{17735}{65} = 272$

$272 \times 323.30 \times 12 = \text{Rs.10.55 lakh}$
 $272 \times 323.30 \times 29 = \text{Rs.25.49 lakh}$

Audit scrutiny (October 2002) revealed that as against the original estimated rate of Rs.160 per cu.m., Contractor 'B' quoted Rs.896 per cum for the item. The rate was abnormally high compared to the rate (Rs.204 per cum) quoted by another contractor.

Executive Engineer did not estimate the balance quantity of the work for this item. On receiving the quotes, Executive Engineer failed to analyse the rates quoted and see the high rate of Rs.896 per cum quoted by the contractor, which could have been brought down to the PWD Schedule of Rates plus tender premium (Rs.239 per cum), before finalisation of the contract. The above lapses resulted in avoidable extra cost of Rs.10.69^a lakh, on execution of a quantity of 1626.69 cum of the said item under the second contract.

The matter was referred to the Government in June 2003; and their reply has not been received (January 2004).

4.4 Idle investment/idle establishment

EDUCATION DEPARTMENT (Goa University)

4.4.1 Idling of Distance Education, Information and Training Infrastructure (DEITI)

A full fledged TV broadcasting studio, earth station and downlink equipment at 25 colleges set up at a cost of Rs.2.03 crore could not be utilized for over 18 months for want of editing equipment.

In November 1997, the Executive Council of Goa University (GU) sanctioned Demonstration and Testing Phase (DTP) of Distance Education, Information and Training Infrastructure (DEITI). DTP comprised of a net work of class room-cum-studio in the University campus and 22 receive ends equipped with telephone talk back facilities, fax and e-mail at selected Colleges and Higher Secondary Schools. Ten receive ends were set up with funds received from Government of Goa and the Members of Parliament Local Area Development scheme. Backed by the experience and confidence gained during DTP, University submitted a proposal (February 1998) to Government of India, Ministry of Human Resources Development (MHRD) for establishing a full fledged DEITI infrastructure in a phased manner.

GU submitted (June 2000) a revised proposal to MHRD for Rs.6.63 crore to set up the infrastructure in 3 phases, over a period of 33 months.

Phase I provided for the setting up, in 9 months from date of sanction, of full fledged TV studio with a SATCOM earth station to provide uplink facilities

^a 1626.69 cum x (Rs.896 – Rs.239)

(estimated capital cost:Rs.3.24 crore and recurring cost:Rs.0.28 crore). MHRD approved the proposal in November 2000. For the Phase I, University received Rs.2 crore from Indira Gandhi National Open University, Rs.0.27 crore from the State Government and Rs.0.20 crore from the Indian Space Research Organization as of March 2003.

The Broadcast Engineering Consultants India Limited (BECIL) a GOI enterprise completed the installation of studio and earth station and the downlink equipment of Phase I (September 2001) at a cost of Rs.1.90 crore. The total expenditure on the project (April 2003) was Rs.2.03 crore and Rs.0.44 crore was lying unspent with the GU.

Audit scrutiny revealed that the infrastructure set up in phase I was lying idle for want of editing equipment. Meanwhile, a Project Co-ordinator and 4 Project Assistants were appointed in November 2002.

The University stated (November 2003) that the editing of the programmes would commence only after procurement of editing equipment. The telecast of the programmes would then begin from the next academic year (2003-04).

Thus, Phase I of the DEITI set up at a cost of Rs.2.03 crore and completed as early as September 2001, remained idle for over two years depriving the students of the benefits of Distance Education.

The matter was referred to Government (August 2003); their reply was not received (January 2004).

DEPARTMENT OF TOURISM

4.4.2 Idle investment on acquisition of land

In July 1996, Department of Tourism acquired land worth Rs.27.62 lakh in 'No Development Zone'. The investment has been lying idle since then.

As per Government of India Coastal Regulation Zone (CRZ) Notification of February 1991, no permanent construction would be allowed on the land within the area upto 200 meters from the HTL (No Development Zone).

It was noticed that Director of Tourism acquired land measuring 7637 sqm at Miramar, Panaji in July 1996 at a cost of Rs.27.62 lakh for providing tented accommodation with toilet facilities to tourists outside the adjacent Yatri Niwas Complex of Goa Tourism Development Corporation (GTDC). The Director acquired the land despite knowing that the land fell in the No Development Zone.

Scrutiny revealed that the GTDC did not take over the land from the Department as of April 2003, reportedly due to poor water and power supply and absence of

sewerage system. Thus, the objective of providing tented accommodation for tourists was not achieved and an expenditure of Rs.27.62 lakh was rendered unfruitful for seven years.

On the matter being reported to Government in May 2003, the Director handed over the land to the GTDC on 31 May 2003. Director also stated (November 2003) that pitching of tented accommodation was proposed with a view to prevent private parties from erecting temporary ugly structure, so as to keep the frontage open to ensure sea view for the GTDC hotel, and that the land could be used for beach sports not requiring permanent construction.

The reply was not tenable, as the primary purpose for acquiring the land was for pitching tented accommodation for tourism purposes and the same could not materialize due to CRZ notification which the Government was well aware at the time of acquiring the land. Besides, private parties have to be prevented from erecting temporary ugly structures to enforce the CRZ notification and acquiring of land by Government, is not the solution to the issue.

PUBLIC WORKS DEPARTMENT

4.4.3 Payment of idle wages

Government shifted one Works Division from Margao to Ponda, but all work allotted to it was taken away, resulting in a wasteful expenditure of Rs.29.57 lakh on idle staff.

In order to meet the additional workload in execution of major water supply schemes, Chief Engineer, PWD, with the approval of Government, reorganized (December 2001) the set up of the Public Health Engineering (PHE) sector.

In the new set up, Works Division-XXIV (PHE), Margao was to be shifted to Ponda along with one of its two sub-divisions to supervise the works of construction/maintenance of all rural and urban water supply schemes in Ponda taluka. Similarly, two Sub-divisions of Division-III, Panaji were also to be transferred to Division-XXIV, Ponda for execution of New Opa Water Supply Scheme which was under Division-III.

Accordingly, Division-XXIV was shifted to Ponda in March 2002, after handing over all their works. However, Chief Engineer issued (April 2002) another order retaining the sub-divisions of Division-III with it. Consequently, Division-XXIV was transferred to Ponda without any work. This was also confirmed by the Executive Engineer in September 2003.

During the period from April 2002 to August 2003 an amount of Rs.38.91 lakh was spent on salaries of staff including one sub-division of the Division, of which, Rs.9.34 lakh pertained to the staff (five persons) on working arrangement to other divisions. Besides, the Division exists with only one sub division as against a normal practice of having atleast three or more sub divisions with one Division.

Thus, injudicious decision of Government and Chief Engineer resulted in wasteful expenditure of Rs.29.57 lakh on pay and allowances of idle staff (April 2002-August 2003).

The matter was referred to the Government (June 2003); their reply has not been received (January 2004).

4.5 General Paragraphs

4.5.1 Lack of response to audit findings

ALL DEPARTMENTS

Accountant General (AG) conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Following these inspections, Inspection Reports (IRs) are issued to the Heads of offices inspected with a copy to the Head. Government rules provide for prompt response to ensure corrective action and accountability. Serious irregularities are also brought to the notice of the Heads of the Department by the office of the AG (Audit). A half-yearly report is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring.

Inspection Reports (IRs) issued upto December 2002, pertaining to 41 departments disclosed that 719 paragraphs relating to 367 IRs remained outstanding at the end of 30 June 2003. Year-wise position of the outstanding IRs and paragraphs are given below:-

Year	Inspection Reports	No. of paragraphs
Upto 1998-99	100	130
1999-2000	54	97
2000-2001	59	132
2001-2002	106	233
2002-2003	48	127
TOTAL	367	719

The following persistent irregularities commented upon in these Inspection Reports were not looked into as of June 2003.

Sr.No.	Nature of Irregularities	No. of paras	Amount (Rupees in lakh)
1.	Short billing	8	654.82
2.	Theft cases	11	403.29
3.	Unserviceable articles	17	108.99
4.	Vacant quarters	9	24.83

A review of the pending IRs revealed that most of the Heads of offices, whose records were inspected failed to discharge due responsibility as they did not send any reply to a large number of IRs/paragraphs. This indicated their failure to initiate action in regard to defects and irregularities pointed out in audit.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule; (b) action to recover loss/outstanding advances/ over payments in a time bound manner and (c) revamping the system of proper response to the audit observations.

Chapter – V

Internal Control Mechanism and Internal Audit

Information Center for the
Information Center for the

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CHAPTER - V

INTERNAL CONTROL MECHANISM AND INTERNAL AUDIT

5.1 Internal Audit Arrangement in Government Departments

5.1.1 Introduction

Internal Control is an integral part of an organisation's operation and is the principal focus of the Internal Audit. Internal Audit unit is an independent function within or outside the department to examine and evaluate the level of compliance to the departmental rules and procedures and in the aggregate provide independent assurance to senior management on the adequacy of the risk managements and internal control frame work for the Department/Government. The responsibility of reviewing the adequacy of Internal Audit arrangement lies with the external Auditor.

5.1.2 Internal Audit arrangement

Internal audit of all the departments and offices in the State is the responsibility of the Internal Inspection Cell (IIC) under the administrative control of Director of Accounts. Government, in August 1996, decided that major departments, having a post of Sr. Accounts Officer/Accounts Officer, would be responsible for internal inspection of their subordinate offices (278 numbers).

Government decided to keep major departments outside the purview of the IIC

There were two IICs, one each in North Goa at Panaji for 162 units and South Goa at Margao for 68 units. Each IIC was consisting of one Deputy Director of Accounts, two Assistant Accounts Officers and four Auditors.

5.1.3 Scope of audit

The functioning of the IICs was reviewed by test check of the records pertaining to the period 1998-2003. Important points noticed are mentioned below.

5.1.4 Internal Auditing standards

In Goa, there was no manual of Internal Audit. No standards or methodologies of internal audit were prescribed for the Internal Auditors. Even the duties and powers of IICs were also not documented. In fact, internal audit by the IICs was limited to examination of the Bill Register, Cash Book, Receipt Book etc to ensure their proper maintenance, as per prescribed Financial Rules. Thus, internal audit was practically routine in nature and does not cover value for money audit/performance reviews of the schemes/programmes/projects of the auditees.

No manual of Internal Audit or Auditing standards was prescribed for IIC

5.1.5 Audit planning and coverage

There was no annual plan for internal audit by the IICs. Offices were selected for internal audit on rotation basis, without any prioritization, as no risk analysis was done in respect of the auditee units. In August 1996, Government decided that internal audit should be conducted only for three years from the current month

Annual Plan was not prepared for IICs

going back to the date of the last audit by IIC or CAG whichever is later. It indicated that internal audit was not being done at a regular interval and no periodicity of audit was prescribed.

It was noticed that, as a result of the orders of August 1996, internal audit of five units* was skipped by the IICs for 11 to 35 months during the period May 1996 to November 1999.

The following table shows that only 24 to 40 units (10 to 18 per cent of the total auditee units) were covered each year by the IICs during past five years.

Year	No. of auditable units	No. of units covered	Percentage of coverage
1998-1999	230	29	13
1999-2000	230	38	17
2000-2001	230	40	18
2001-2002	230	35	16
2002-2003	230	24	10
TOTAL		166	

Poor coverage of the units by the IICs, was because they diverted most of the working days for audit of the Municipal Councils (13) and Village Panchayats (189), for which they were the statutory auditors. During 1999-2003 number of days utilized for internal audit was only 54, 68, 46 and 72 (against 244-253 working days available) respectively. As a result the work of internal audit was neglected.

Majority of IIC mandays were utilized for statutory audits of Municipalities and village panchayats

In nine departments* (15 units) no internal audit was conducted from August 1996 onwards.

The IRs of the IICs did not indicate any month being selected for detail checking by them. Further, there was no record to show that remittances of receipts were verified in audit.

5.1.6 Issue of Inspection Reports

For effective compliance, it is desirable that the inspection reports are issued within a reasonable time frame after the conclusion of internal audit inspection. It was observed during test check that the register for issue of Inspection Reports was maintained only from 2002-03 and 21 Inspection Reports were issued after a gap of 33 to 63 days from date of completion of the audit. Details for earlier

Issue of Inspection Reports was delayed, despite time frame fixed

* Goa College of Home Science, Collector North Goa, District Registrar cum Head of Notary Services, Conservator of Forests and Goa College of Pharmacy.

* Directorate of Industries, Trade & Commerce, Home Guards and Civil Defence, Directorate of Estates, Finance Department (Secretariat), Government Polytechnic, Curchorem, Directorate of Museums, Law Department (Secretariat), Directorate of Youth Affairs and Department of Science, Technology & Environment.

period though called for were not furnished to Audit. In the absence of the records timeliness of issuance of Inspection Reports prior to 2002-03 could not be verified in audit.

Director of Accounts stated (October 2003) that no time frame was fixed by the Government for issue of Inspection Report on completion of internal inspections. The reply was not tenable, as a time limit of 17 working days from the conclusion of internal audit was fixed in October 1987.

Department attributed the delays to lack of adequate manpower (October 2003).

5.1.7 Inadequate follow up action

*Pursuance of
Inspection
Reports was left
to the
concerned
departments
instead of IICs*

For effective remedial action on the issues raised during internal audit, follow up of these was necessary. However, Government did not prescribe a time schedule for taking remedial action in respect of objections raised by the IICs. The verification of compliance by the auditee departments (DDOs) was to be seen in subsequent inspections conducted by the IIC, as per the orders of the Government (February 1978). Thus the follow up action on the IICs observations/objections devolved on the administrative departments concerned. The pursuance of the Inspection Reports by the administrative departments themselves, without any pursuance from the IIC weakened the relevance and effectiveness of IIC, as can be seen in the following cases.

From the IR of Central Jail Aguada (July 1993), it was seen that there was a shortage of cash to the extent of Rs.0.44 lakh on account of manipulation, shortage, unaccounted prisoners' cash and incorrect carry forward of cash balances etc.

It was observed from the IR of July 1999 of the same organization that the shortage of cash (Rs.0.17 lakh) was not made good by the erring cashier. There was no record to show that any disciplinary action was taken against the cashier as of December 2003. All these indicated inadequate follow up of IRs.

5.1.8 Conclusions

The importance of Internal audit in the Government of Goa has still not been widely understood. As a result, Internal audit wing is still doing the routine checks only. There was no manual or standards for internal audit and no prescribed method for Audit Plan and follow up of internal audit reports. The limited manpower with the Internal Inspection Cell had to be used for the statutory audits. Thus, very limited mandays were available for internal audit. As a result, internal audit was neglected.

5.1.9 Recommendations

- ❖ Government should prepare Internal Audit Manual for guidance of the internal auditors on audit planning, audit procedure and reporting requirements
- ❖ IIC should ensure that no period is skipped for internal audit of the auditee units.
- ❖ For improving the effectiveness of internal audit, timeliness in conducting audit and issue of Inspection Reports should be ensured.
- ❖ Government should enable the IICs to pursue the observations raised during inspection and ensure compliance by the departments.
- ❖ IIC should be strengthened and regular professional education/training imparted to the internal auditors.

Chapter – VI

Revenue Receipts

CHAPTER-VI

REVENUE RECEIPTS

6.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Goa during the year 2002-03, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

(In crore of rupees)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
I. Revenue raised by the State Government					
(a) Tax Revenue					
(b) Non-Tax Revenue	357.21	458.48	514.80	569.34	602.20
Total	650.58	633.38	796.14	1136.08	1039.17
Total	1007.79	1091.86	1310.94	1705.42	1641.37
II. Receipts from the Government of India					
(a) State's share of divisible Union taxes	97.12	95.92	105.34	107.82	114.62
(b) Grants-in-aid	42.34	40.12	66.95	59.29	77.02
Total	139.46	136.04	172.29	167.11	191.64
III. Total receipts of the State	1147.25	1227.90	1483.23	1872.53	1833.01
IV. Percentage of I to III	88	88	88	91	90

(a) The details of tax revenue raised during the year 2002-03 along with the figures for the preceding four years are given below:

(In crore of rupees)

Sr. No.	Head of Revenue	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Percentage of increase (+) or decrease (-) in 2002-03 over 2001-02
1.	(a) Sales Tax	235.21	319.99	346.73	365.37	398.93	(+) 9
	(b) Central Sales Tax	19.01	28.19	41.09	36.10	40.26	(+) 12
2.	State Excise	35.17	36.06	38.98	46.13	46.79	(+) 1
3.	Stamps and Registration Fees	16.57	18.13	21.91	26.38	26.56	(+) 1
4.	Taxes on vehicles	24.45	28.32	29.92	32.83	36.78	(+) 12
5.	Taxes on Goods and Passengers	3.83	3.95	13.07	36.19	30.47	(-) 16
6.	Other Taxes and Duties on Commodities and Services	18.93	18.61	20.10	18.80	19.70	(+) 5
7.	Land Revenue	4.04	5.23	3.00	7.54	2.71	(-) 64
8.	Taxes on Agricultural Income	-	-	-	-	-	-
	TOTAL	357.21	458.48	514.80	569.34	602.20	(+) 6

Reasons for major variations though called from the Department were awaited (January 2004).

and Registration Fees was attributed to handling of other compulsory works like registering marriages, drawing notorial wills, births and deaths etc. for which maintenance of skeleton establishment could not be avoided.

6.4 Collection of Sales Tax per assessee

<i>(In crore of rupees)</i>			
Year	No. of assessees	Sales tax revenue	Revenue/assessee
2000-2001	19581	387.82	0.020
2001-2002	14019	401.47	0.029
2002-2003	13075	439.19	0.033

6.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2003 in respect of some principal heads of revenue amounted to Rs.295.98 crore of which Rs.64.19 crore were outstanding for more than 3 years as detailed in the following table:

Head of Revenue	Amount of arrears as on 31 March 2003	Arrears more than three years old	Remarks
<i>(In crore of rupees)</i>			
Finance Department			
Sales Tax	107.64	59.47	Out of total outstanding demand of Rs.107.64 crore, demands of Rs.29.49 crore were covered under recovery certificate in 2451 cases.
Excise	0.20	0.04	Out of total outstanding demand of Rs.0.20 crore only 2 cases involving Rs.3000/- had been referred to Revenue Recovery Court (RRC). The department had not intimated the action taken to recover the amount of Rs.0.04 crore from two units.
Transport			
Taxes on vehicles	6.48	3.01	Recovery was proposed to be effected issuing show cause notice.
Water Resources			
i) Water Tax	1.42	0.17	Out of total dues of Rs.1.42 crore, 266 cases involving an amount of Rs.0.03 crore were referred to RRC.

ii) Rent on building	1.43	0.15	Out of total outstanding revenue of Rs.1.43 crore, 24 cases involving an amount of Rs.0.09 crore had been referred to RRC.
iii) Hire charges	0.58	0.03	Proposal for waiving of the amount of interest due from beneficiaries of SIP has been moved to Government.
Industries and Mines			
i) Royalty, Surface rent	2.74	0.57	Out of total outstanding demand of Rs.2.74 crore, 284 cases involving an amount of Rs.0.44 crore had been referred to RRC.
ii) Sale of Furniture	0.09	0.09	The department had not furnished the details regarding departments or persons from whom this amount was recoverable.
Revenue Department			
Collectorate of South Goa, Revenue Branch			
Land Tax	0.41	0.33	(i) Nil (ii) No information had been received from Collector (North), Panaji, Goa despite reminders.
Agriculture			
Hire charges	0.27	0.20	Out of total amount of Rs.0.27 crore outstanding 5 cases involving amount of Rs.0.15 crore were of Government Departments/Autonomous Bodies. Of these Rs.0.11 crore was outstanding from District Rural Development Agency (RDA), Panaji. The reasons for non-recovery of the amount from RDA had not been stated.
Animal Husbandry and Veterinary Services			
Sale of raw milk, eggs, service charges etc.	0.10	0.01	Out of total outstanding dues of Rs.0.10 crore, only 4 cases involving Rs.0.01 crore had been referred to RRC.
Registrar of Co-operative Societies			
Audit Fees	0.22	0.03	-
Power			
Chief Electrical Engineer	174.26	Not furnished	Out of total demand of Rs.174.26 crore, 4690 cases had been referred to Revenue Recovery Court involving an amount of Rs.69.17 crore.

Forest Chief Conservator Forest			
Sale of Forest produce	0.14	0.09	Out of total demand of Rs.0.14 crore, 255 cases had been referred to Revenue Recovery Court involving an amount of Rs.0.08 crore.
TOTAL	295.98	64.19	

6.6 Results of Audit

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Stamps and Registration Fees, conducted during the year 2002-03 revealed under-assessment/short levy/loss of revenue amounting to Rs.1.41 crore in 57 cases. The departments accepted under-assessment of Rs.1.90 crore in 60 cases pointed out in 2002-03 and in earlier years and recovered Rs.0.86 crore as of August 2003. No replies have been received in respect of the remaining cases.

This chapter contains two paragraphs relating to non-levy/short levy of taxes, duties, interest and penalties etc., involving Rs.0.20 crore. The Department/Government have accepted audit observations involving Rs.0.06 crore.

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

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

Inspection Reports issued upto 31 December 2002 pertaining to offices under the Finance, Revenue, Transport, Law, disclosed that 223 paras relating to 94 IRs involving Rs.3.41 crore in 61 cases remained outstanding at the end of June 2003. Of these 35 IRs containing 45 paras involving Rs.0.48 crore in two cases had not been settled for more than four years. Yearwise position of outstanding IRs and paras are detailed in *Appendix XVIII*.

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

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

The details of outstanding inspection reports were reported to Government in August 2003.

FINANCE DEPARTMENT

6.8 Non-levy of additional licence fee

There was loss of revenue to the State Excise Department of Rs.13.50 lakh due to non-levy of additional licence fee for keeping the licenced premises open by the vendors, beyond 11 p.m.

According to the provisions of Goa Excise Duty Rules, 1964, the licenced premises for retail sale of Indian Made Foreign Liquor (IMFL) or country liquors for consumption in the premises can be kept open from 9.00 a.m to 1.00 a.m, in case of three star and five star hotels and from 9 a.m to 11 p.m in all other cases. With effect from April 2000 by a notification under the Goa Excise Duty Act, 1964, Government provided for a levy of Rs.1.50 lakh per annum in addition to the annual licence fee at the prescribed rates, in respect of those vendors, who kept their licenced premises open for serving their clientele beyond 11 p.m. In the absence of specific exemption, this was applicable to all licenced premises for retail sale of IMFL open beyond 11 p.m.

It was noticed in audit that in respect of a three star hotel at Panaji and two five star hotels at Miramar and Dona Paula holding licences for retail sale of IMFL and country liquor for consumption in their premises, additional amount at the rate of Rs.1.50 lakh each during 2000-01 to 2002-03, was not levied and collected, though they were allowed to keep their premises open beyond 11 p.m. This resulted in a loss of revenue of Rs.13.50 lakh to the Government.

The Department replied in June 2003 that conditional licences are issued to three star and five star hotels for sale of IMFL/country liquor upto 01.00 a.m. and the amount of Rs.1.50 lakh per annum in addition to annual licence fee is not applicable to three star and five star hotels and is applicable to those vendors of IMFL/country liquor whose premises are to be closed at 11.00 p.m. The reply is not tenable, as the relevant Government Notification, did not specifically exclude these hotels from payment of this additional amount, though they are allowed to keep their premises open beyond 11.00 p.m.

The matter was referred to the Government in July 2003. The Government endorsed the reply of the department, without any specific comment (July 2003).

6.9 Loss of revenue due to application of incorrect rate of tax

Application of incorrect rate of Sales Tax by a dealer and its acceptance by the Sales Tax Department without assessment, resulted in a loss of revenue of Rs.6.28 lakh to the Government

Under the Goa Sales Tax Act, 1964 assessment of tax has to be completed within two years from the end of the year in respect of which the assessment is made and when an assessment is not completed within such time, the total taxable turnover declared by a dealer in his return shall be deemed to have been assessed for that year on the basis of such returns.

During the test check of records of the Sales Tax Office, Margao, it was noticed that the tax payable by a dealer dealing in sales of batteries, for the year 1999-2000 was not assessed within the specified period and accordingly deemed to have been assessed on the basis of the return. As per the return, the taxable turnover of sales was Rs.2.73 crore on which tax of Rs.16.39 lakh, at the rate of 6 *per cent* and additional tax of Rs.2.46 lakh at the rate of 15 *per cent* on tax was paid by the dealer. As per Government Notification issued in March 1995, the item "spare parts of motor vehicles including batteries" was omitted from twelfth schedule of the Act, and as such the item 'batteries' came under non-specified goods and rate of tax applicable was 8 *per cent*. Thus as against Rs.25.13 lakh payable, the dealer had paid Rs.18.85 lakh only. The incorrect application of rate by the dealer, and its acceptance by the department without assessment, resulted in loss of revenue of Rs.6.28 lakh to the Government.

This was pointed out in audit in February 2003 to the department. The case was reassessed in July 2003 and additional demands amounting to Rs.6.67 lakh (including interest of Rs.0.39 lakh) was raised.

The matter was referred to the Government in July 2003. The Government endorsed the action taken by the Department (August 2003).

Chapter – VII

Government Commercial and Trading Activities

THE UNIVERSITY OF CHICAGO
LIBRARY

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CHAPTER – VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7.1 Overview of Government companies and Statutory corporation

Introduction

7.1.1 As on 31 March 2003, there were 14 Government companies (all working companies) and one working Statutory corporation as against the same number of working Government companies and working Statutory corporation as on 31 March 2002 under the control of the State Government. The accounts of Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangement of Statutory corporation is as shown below :

Name of the corporation	Authority for audit by the CAG	Audit arrangement
Goa Industrial Development Corporation	Section 25(2) of the Goa Industrial Development Corporation Act, 1965 and Section 19(3) of CAG's (Duties, Powers and Conditions of Service) Act, 1971	Sole audit up to the period 31 March 2007 has been entrusted to the CAG

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

7.1.2 The total investment in 15 working PSUs (14 Government companies and one Statutory corporation) at the end of March 2002 and 2003 was as follows:

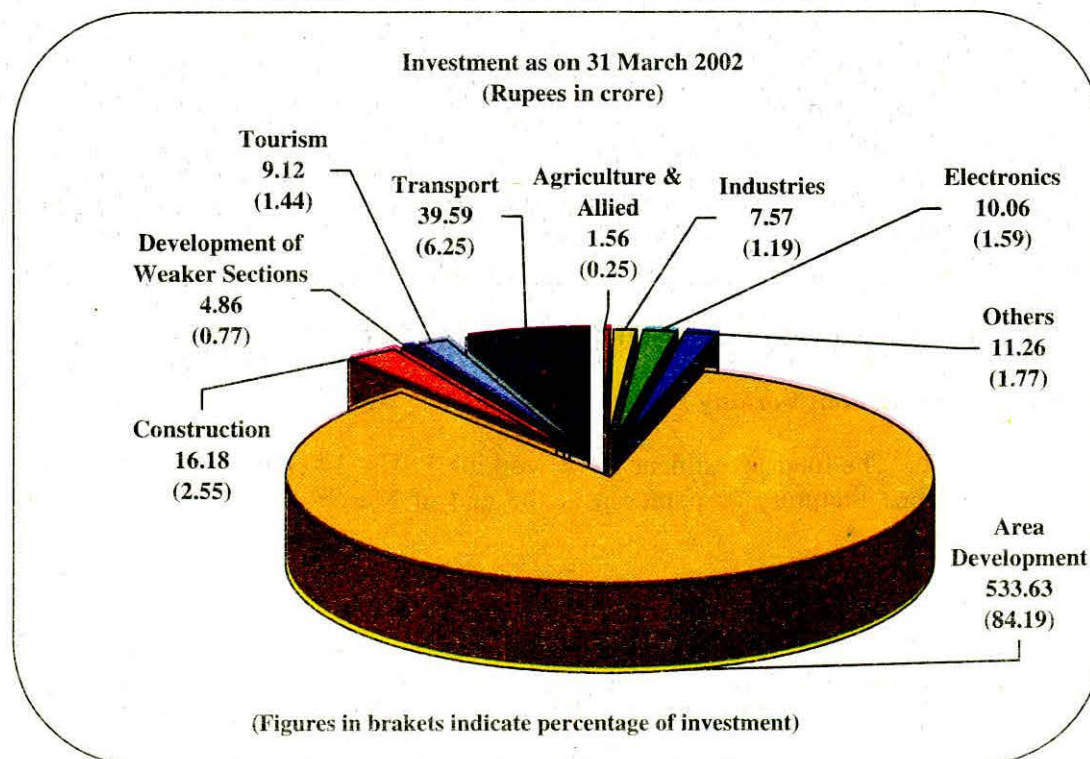
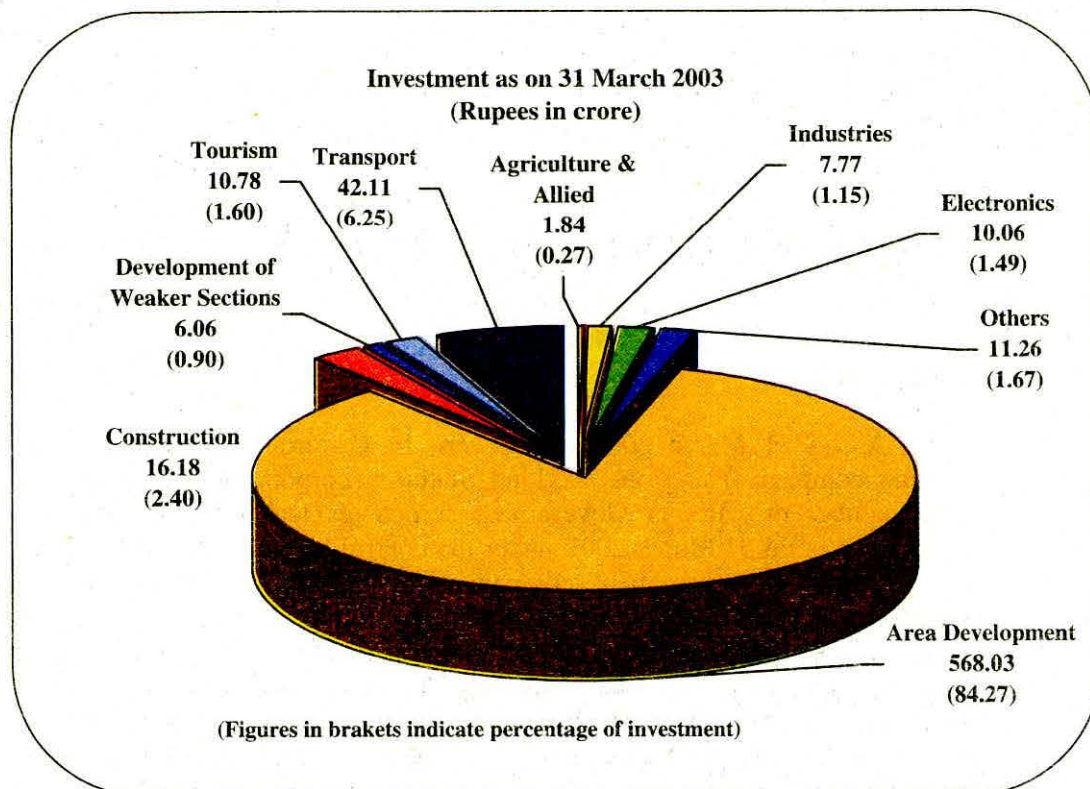
(Rupees in crore)

Year	Number of working PSUs	Investment in working PSUs			
		Equity	Share application money	Loan	Total
2001-02	15	110.91	5.00	517.92	633.83
2002-03	15	120.06	2.50	551.53	674.09

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

The investment (equity and long term loans) in various sectors and percentages thereof at the end of 31 March 2003 and 31 March 2002 are given below in the pie charts:

Sector wise investment in working Government companies and Statutory corporation



Working Government companies

7.1.3 Total investment in 14 working Government companies at the end of March 2002 and March 2003 was as follows.

(Rupees in crore)

Year	Number of working Government companies	Investment in working Government companies			
		Equity	Share application money	Loans	Total
2001-02	14	86.44	5.00	517.92	609.36
2002-03	14	94.04	2.50	521.53	618.07

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

As on 31 March 2003, the total investment in working Government companies comprised 15.62 per cent of equity capital and 84.38 per cent of loans as compared to 15.01 and 84.99 per cent respectively, as on 31 March 2002.

Working Statutory Corporation

7.1.4 The total investment in one working Statutory corporation at the end of March 2002 and March 2003 was as follows:

(Rupees in crore)

Sr. No.	Name of the corporation	2001-02		2002-03	
		Capital*	Loan	Capital*	Loan
1	Goa Industrial Development Corporation	24.47	--	26.02	30.00

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

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

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

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

The budgetary outgo in the form of equity capital, loans and grants/subsidies from the State Government to working Government companies and working Statutory corporation during 2000-03 is given below:

(Rupees in crore)

Particulars	2000-01				2001-02				2002-03			
	Companies		Corporation		Companies		Corporation		Companies		Corporation	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital	3	0.35	1	1.50	6	11.51	-	-	4	5.05	1	0.05
Loans given from budget	1	1.18	-	-	1	1.49	-	-	-	-	-	-
Grants/subsidies	4	5.09	-	-	3	10.18	-	-	4	11.11	-	-
Total Outgo	6[@]	6.62	1	1.50	9[@]	23.18	-	-	7[@]	16.16	1	0.05

During 2002-03, the Government had guaranteed loans aggregating Rs.151.91 crore obtained by three working Government companies. At the end of the year, guarantees of Rs.399.34 crore obtained by three Government companies were outstanding as against the outstanding guarantees of Rs.272.44 crore as on 31 March 2002. There was no case of default in repayment of guaranteed loan during the year.

Finalisation of accounts by working PSUs

7.1.6 The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Sections 166, 210, 619 and 619-B of the Companies Act, 1956 read with Section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporation, their accounts are finalised, audited and presented to the State Legislature as per the provisions of the Act.

However, as seen from **Appendix-XX**, out of 14 working Government companies and one Statutory corporation, only five working Government companies and one Statutory corporation finalised their accounts for 2002-03 within stipulated period. During October 2002 to September 2003, six* working Government companies finalised six accounts for previous years.

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

* Sr.No. A-1,2,4,8,13 and 14 of Appendix-XX.

The accounts of nine working Government companies were in arrears for periods ranging from one to four years as on 30 September 2003, as detailed below:

Sl. No.	Year for which accounts are in arrears	Number of working companies	Number of years for which accounts are in arrears	Reference to Sl. No. of Appendix-2
1	2	3	4	5
1	1999-2000 to 2002-03	1	4	A-10
2	2000-01 to 2002-03	2	3	A-5,7
3	2002-03	6	1	A-1, 8,9, 12,13,14
Total		9		

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

Financial position and working results of working PSUs

7.1.7 The summarised financial results of working PSUs (Government companies and Statutory corporation) as per their latest finalised accounts are given in *Appendix-XX*. Besides, statement showing financial position and working results of individual working Statutory corporation is given in *Appendix-XXVI*.

According to the latest finalised accounts of 14 working Government companies and one working Statutory corporation, ten companies had incurred an aggregate loss of Rs.23.32 crore, whereas four companies earned an aggregate profit of Rs.64.40 lakh and the Statutory corporation incurred a loss of Rs.2.89 crore.

Working Government companies

Profit earning working companies and dividend

7.1.8 Out of five working Government companies, which finalised their accounts for 2002-03 by September 2003, two companies (Sr.No.2 and 6 of *Appendix-XX*) earned an aggregate profit of Rs.62.62 lakh but did not declare any dividend. Remaining, three companies (Sr. No. 3, 4 and 11 of

Appendix-XX) which finalized their accounts during 2002-03 included aggregate loss of Rs.2.47 crore.

Similarly, out of six working Government companies which finalised their accounts for previous years during October 2002 to September 2003, only one Company (Sr.No. 13 of **Appendix-XX**) earned profit of Rs.1.75 lakh. The State Government has not formulated dividend policy for payment of minimum dividend.

Loss incurring Government companies

7.1.9 Of the 10 loss incurring working Government companies, six companies had accumulated losses aggregating Rs.129.11 crore which exceeded their aggregate paid-up capital of Rs.70.35 crore by more than one and half times.

7.1.10 Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of contribution towards equity, further grant of loans, conversion of loan in to equity, subsidy *etc.* According to available information total financial support so provided by the State Government was Rs.11.11 crore by way of grant and subsidy to four Companies during 2002-03.

Working Statutory corporation

Loss making Statutory corporation

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

Return on capital employed

7.1.12 As per the latest finalised accounts (up to September 2003) the capital employed^o worked out to Rs.605.81 crore in 14 working Government companies and total return^{*} thereon amounted to Rs.31.94 crore which was 5.27 *per cent*, as compared to total return of Rs.23.88 crore (4.09 *per cent*) in the previous year (account finalised up to September 2002). Similarly, the capital employed and total return thereon in case of working Statutory corporation as per the latest finalised accounts worked out to Rs.61.77 crore and (-) Rs.2.89 crore. The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporation are given in **Appendix-XX**.

* Sr.No. 1,2,3 and 5 of Appendix-XXI.

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

* For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss account.

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

7.1.13 The following table gives the status of placement of Separate Audit Report (SAR) on the accounts of Statutory corporation issued by the CAG in the Legislature by the Government.

Sl. No.	Name of Statutory corporation	Years up to which SAR placed in Legislature	Years for which SAR not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in the Legislature
1.	Goa Industrial Development Corporation	1999-2000	2000-01	31-10-2002	--
			2001-02	11-12-2003	--

Disinvestment, privatisation and restructuring of Public Sector Undertakings

7.1.14 The State Government did not undertake the exercise of disinvestment, privatisation and restructuring of any of its PSUs during 2002-03.

Results of audit of accounts of PSU's by the Comptroller and Auditor General of India

7.1.15 During October 2002 to September 2003, the accounts of six working Government companies and one working Statutory corporation were selected for audit. The net impact of the important audit observations, as a result of review of accounts of these PSUs, was as follows:

Sl. No.	Details	Number of accounts of working Government companies	Amount (Rupees in lakh)
i)	Decrease in loss	1	4.82
ii)	Increase in loss	2	393.64
iii)	Non-disclosure of material facts	1	1.02
Iv)	Errors of classification	4	582.29

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

Errors and omissions noticed in case of Government companies

Kadamba Transport Corporation Limited (2001-02)

7.1.16 Non provision towards leave encashment in respect of staff has resulted in understatement of current liabilities and provisions as well as loss for the year by Rs.3.64 crore.

Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited (2001-02)

7.1.17 Non provision towards leave encashment has resulted in understatement of current liabilities and provisions as well as loss for the year by Rs.30.13 lakh.

Internal audit/internal control

7.1.18 The Statutory Auditors, under the guidelines issued by the Comptroller and Auditor General of India under Section 619(3) (a) of the Companies Act 1956, have given major recommendations/comments on possible improvements in the internal audit/internal control system in State Government companies, as detailed in **Appendix-XXV**. As seen from the annexure, the major comments were that internal audit was not commensurate with the size of the company and nature of its business and there was need to increase the scope of internal audit.

Recommendation for closure of PSUs

7.1.19 Even after completion of five years of their existence, the turnover of seven working Government companies (Sl. No.A-1, 2, 3, 6, 7,10 and 13 of **Appendix-XX**) has been less than Rs.5 crore in each of the preceding five years of their latest finalised accounts. Similarly, one working Government company (Sl. No.A-12 of **Appendix-XX**) had been incurring losses for five consecutive years as per its latest finalised accounts leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve performance of the above eight Government companies or consider their closure. The Government stated (February 2000) that a decision to wind up a company viz. Goa Construction, Housing and Finance Corporation Limited had been taken. The Government further stated that action regarding Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited would be taken only in consultation with the Government of India, Ministry of Social Justice and Empowerment. Information about progress made was awaited (September 2003).

Response to inspection reports, draft paras and reviews

7.1.20 Audit observations made during audit are communicated to the heads of PSUs and departments concerned of State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of six weeks. inspection reports issued up to March 2003 pertaining to 15 PSUs disclosed

that 125 paragraphs relating to 26 inspection reports remained outstanding at the end of September 2003. Of these, three inspection reports containing 20 paragraphs had not been replied for more than one year. Department-wise break-up of Inspection Reports and Audit Observations outstanding as on 30 September 2003 is given in **Appendix-XXII**.

It is recommended that the Government should ensure that:

- procedure exists for action against the officials who failed to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule,
- action to recover loss/outstanding advances/overpayment is taken in a time bound schedule, and
- the system of responding to the audit observations is revamped.

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

7.1.21 The position of discussion of Chapter on Commercial and Trading Activities included in Audit Reports (Civil) – Government of Goa, reviews and paragraphs pending for discussion by COPU at the end of March 2003 is given below:

Period of Audit Report	Number of reviews and paragraphs appeared in the Commercial Chapter of Audit Report		Number of reviews/paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1992-93	1	--	1	--
1993-94	1	--	1	--
1995-96	1	--	1	--
1998-99	1	2	1	2
1999-00	1	3	1	3
2000-01	--	1	--	1
Total	5	6	5	6

The COPU held their last meeting on 27 October 1995 and completed discussion on Commercial Chapter of Audit Reports (Civil)-Government of Goa for the years 1988-89 to 1991-92. The Committee have made recommendations vide their 9th and 11th reports. However, action taken thereon was awaited from the three companies and one Statutory corporation (September 2003).

The Audit Report (Civil) for the year 2001-02 is yet to be placed before the State Legislature (October 2003).

619-B companies

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

Departmentally managed Government commercial/quasi commercial undertakings

7.1.23 There were two departmentally managed Government commercial/quasi commercial undertakings viz. Electricity Department and River Navigation Department in the State as on 31 March 2003.

The *pro forma* accounts of River Navigation Department for the years 2001-02 to 2002-03 and Power Department for the year 2002-03 were in arrears (October 2003).

The summarised financial results of the Electricity Department for 1999-2000 to 2001-02 and that of River Navigation Department for 1997-98 to 2000-01 are given in *Appendix-XXIV*.

SECTION 'A' REVIEW

7.2 Goa Industrial Development Corporation

Highlights

The Goa, Daman and Diu Industrial Development Corporation was established in 1966 under the Goa, Daman & Diu Industrial Development Act, 1965 with the main object of securing and assisting in rapid establishment and organisation of industries. Consequent upon the re-organisation of Goa State, the name of the Corporation was changed to Goa Industrial Development Corporation in 1997.

(Paragraphs 7.2.1-7.2.2)

Availing of overdraft from Centurion Bank despite comfortable funds position resulted in undue benefit of Rs.1.23 crore to the private bank.

(Paragraph 7.2.8)

Ninety six *per cent* of the saleable area of land acquired (8.53 lakh metres) during the five year period ended March 2003 remained unallotted.

(Paragraph 7.2.12)

Land valuing Rs.4.55 crore at Shiroda and Kakoda remained idle as the land acquired was unsuitable for industrial use.

(Paragraph 7.2.13)

The land specially acquired for Thapar DuPont Limited by paying Rs.1.01 crore remained unutilised since acquisition in 1992. Besides excess refund of Rs.42.46 lakh was made due to irregular refund of interest and incorrect computation of surrender charges.

(Paragraph 7.2.14)

Land acquired in April 2000 at Nagoa and Cortalim by invoking urgency clause remained unutilised. The excess payment of Rs.1.43 crore made by the Corporation due to improper assessment of the land compensation by the Land Acquisition Officer, remained unrecovered.

(Paragraph 7.2.17)

Expenditure incurred on maintenance of industrial estates was not fully recovered resulting in short recovery of Rs.12.28 crore.

(Paragraph 7.2.23)

The Corporation suffered heavy distribution loss of Rs.4.34 crore in water supply to the units in industrial estates during 1999-2003.

(Paragraph 7.2.25)

Introduction

7.2.1 The Goa, Daman and Diu Industrial Development Corporation (Corporation) was established in February 1966 under the Goa, Daman and Diu Industrial Development Act, 1965. Consequent upon the re-organisation of Goa state, the name of the Corporation was changed to Goa Industrial Development Corporation with effect from 28 February 1997. The transfer of the assets and liabilities of the Corporation situated in Daman and Diu was yet to be made (October 2003) to Omnibus Industrial Development Corporation of Daman, Diu and Dadra and Nagar Haveli, a newly formed company vide Government of India's notification in January 1998.

Objectives

7.2.2 The objective of forming the Corporation was to secure and assist in the rapid and orderly establishment and organisation of industries in industrial areas and industrial estates in Goa, Daman and Diu.

Activities

7.2.3 The main activities undertaken by the Corporation are acquisition of land and development of industrial plots for allotment to industrial units. The Corporation also provides infrastructure facilities such as asphalt roads, water supply lines, overhead reservoirs, streetlights and other common facilities like canteen, post office, telecommunications, and buildings for banks, administrative buildings, police post *etc.* for the benefit of industrial units. The Corporation has so far established 22* industrial estates in Goa, Daman & Diu. Land was also made available to seven special projects.

Organisational set-up

7.2.4 The management of the Corporation is vested in Board of Directors. As on 31 March 2003 there were nine directors appointed by the Government consisting of five official and four non-official directors including Chairman and a Managing Director. The Managing Director is the chief executive and looks after the day to day affairs of the Corporation and is assisted by one Chief General Manager. The Chief Accounts Officer, General Manager (Engineering) and Special Land Acquisition Officer are on deputation from the State Government. The Secretary (Finance) of the State Government, an official member of the Board, also acts as the Financial Advisor of the

*Number of industrial estates established in Goa are twenty viz Corlim, Margao, Sancoale, Mapusa, Tivim, Bicholim, Kakoda, Honda, Bethora, Canacona, Kundaim, Tuem, Verna, Cuncolim, Pilerne, Marcaim, Pissurlem, Colvale, Shiroda, Sanguem and in Daman and Diu two viz. Diu and Daman.

Corporation. Major decisions regarding acquisition, allotment and developmental works are taken by the Board of Directors.

Scope of Audit

7.2.5 The working of the Corporation was last reviewed and the observations were included in the Report of the Comptroller and Auditor General of India - Government of Goa for the year ended 31 March 1991. The Committee on Public Undertakings (COPU) discussed the review in June 1994 and its recommendations are contained in its 9th Report (1994-95) which was presented to State Legislature in October 1994.

The committee recommended to:

- encourage private parties to acquire land to set up industries and industrial estates;
- properly utilise and protect the land in industrial estates;
- sell land surrounding the area allotted to HPCL;
- be alert in dealing with legal issues;
- avoid the responsibility of supplying material to contractors and ensure timely completion of works;
- recover dues in *toto* and delink the service charges from lease premium and
- revise water charges in order to recover actual expenditure incurred in water supply. The Action Taken Report by the Corporation/Government on the recommendations was yet to be discussed (September 2003).

The present review conducted during April-July 2003 covers working and activities of the Corporation for the five years ending March 2003 and the findings are discussed in the succeeding paragraphs.

The audit findings, as a result of test check of records, were reported to Government/Corporation in September 2003 with a specific request for attending the meeting of Audit Review Committee for State Public Sector Enterprises (ARCSPSE) so that viewpoints of Government/Corporation could be taken into account before finalisation of the review. The meeting of the ARCSPSE was held on 7 November 2003. Viewpoints of Government and Corporation have been taken into account while finalising the review.

Financial position and working results

7.2.6 The financial position and working results of the Corporation for the five years ending March 2003 are given in **Appendix-XXVI**.

Sources and uses of funds

7.2.7 As on 31 March 2003, the Corporation has been provided with funds of Rs.16.88 crore by the union territory of Goa, Daman and Diu (Rs.8.12 crore), the Government of Goa (Rs.6.93 crore) and the union territory of Daman and Diu (Rs.1.83 crore). During the five years ended March 2003, the Corporation was given funds of Rs.3.23 crore by Central and State Governments by way of loans/grants. The Corporation collected premium and deposits of Rs.37.81 crore for plots and sheds during this period. The funds of Rs.63.50 crore generated were mainly used for creation of fixed assets and development of infrastructure. As on 31 March 2003, the Corporation had surplus fund of Rs.63.50 crore including Rs.60.01 crore kept in fixed deposits with the banks.

Overdraft from a private bank

7.2.8 On 31 March 2001, the Corporation had a cash and bank balance of Rs.46.60 crore. Despite comfortable funds position, the Corporation availed (April 2001) overdraft of Rs.20 crore from Centurion Bank at interest rate of 13 *per cent per annum* on the security of its fixed deposits with the bank. The average annual rate of interest earned by the Corporation on fixed deposits with the banks during the above period was 9.25 *per cent*. Likewise, the Corporation availed overdraft of Rs.20 crore in March 2000 and Rs.10 crore in April 2002 at interest rates much higher than the interest rates on its fixed deposits with the same bank.

Thus, availing of overdraft from Centurion Bank by pledging the fixed deposits with the bank, in spite of availability of surplus funds resulted in undue benefit of Rs.1.23 crore to the private bank.

The Government/Corporation stated (October 2003) that the loan was taken in order to avoid the loss of interest in premature encashment of fixed deposits.

The reply is not tenable. Given the high interest rate of 13 *per cent*, the Corporation should have utilised the fixed deposits which matured to discharge/reduce the overdraft instead of renewing the fixed deposits. Failure to do so resulted in loss of interest of Rs.1.23 crore to the Government.

Availing of overdraft despite comfortable funds position resulted in undue benefit of Rs.1.23 crore to a private bank.

Working results

7.2.9 The details of total income, expenditure and surplus/deficit for the five years ending March 2003 are given below:

(Rupees in lakh)

Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03 (Provisional)
Annual rent of land lease and building	88.76	126.31	133.05	175.83	187.10
Transfer fees and approval charges	20.71	105.69	83.26	138.49	64.57
Total operating income	109.47	232.00	216.31	314.32	251.67
Total operating expenses (excluding depreciation and financial expenses)	375.44	576.76	613.35	688.12	852.71
Operating deficit	265.97	344.76	397.04	373.80	601.04
Percentage of expenditure to operating income	343	249	284	219	339
Depreciation and financial expenditure	170.52	226.23	298.89	280.49	268.44
Other income (interest and miscellaneous)	779.94	600.80	551.59	683.79	580.17
Surplus/Deficit (-)	343.45	29.81	(-)144.34	29.50	(-)289.31

It could be seen from the above table that:

- The Corporation suffered operating deficit consistently and operating deficit increased from Rs.26.60 crore to Rs.60.10 crore during 1998-2003. Thus, surplus shown in the accounts was not true indicator of the performance of the Corporation.
- Surplus which was Rs.3.43 crore in 1998-99 decreased to Rs.29.81 lakh in 1999-2000 and there was deficit of Rs.2.89 crore in 2002-03 mainly due to reduction in other income from Rs.7.80 crore (1998-99) to Rs.5.80 crore (2002-03) and increase in operating expenses from Rs.3.75 crore (1998-99) to Rs.8.53 crore (2002-03).

Donation to Sports Authority of Goa

Unusually large contribution of Rs.74.43 lakh was given for construction of a stadium.

7.2.10 The Corporation made (March 1998) a contribution of Rs.26.12 lakh for repairs of a stadium at Fatorda. In December 1999, the Corporation contributed an additional amount of Rs.48.31 lakh for providing roofing to eastern stand of the same stadium.

It was replied (October 2003) that the contribution was made on receipt of a request from the Government. The reply is not tenable.

The donations

made by the Corporation are huge payments and there is a need for the Corporation to frame rules setting a limit for such donations.

Non-submission of annual financial statements and annual accounts

7.2.11 The Corporation has not forwarded its annual financial statements (budget) to the Government for placement before the State Legislature as required under Section 24 of the Goa, Daman and Diu Industrial Development Act, 1965. Similarly, the annual accounts of the Corporation together with Audit Report thereon since 2000-2001 have also not been placed before the Legislature as required under Section 25 of the Act. The non-submission of annual financial statements and delay in submission of annual accounts along with Audit Report to the State Legislature is a serious violation of legal provisions on the part of the Corporation.

The Government/Corporation confirmed (October 2003) that its annual financial statements for previous few years were not submitted, but stated that its annual financial statement for 2003-04 has now been submitted to the Government for placing the same before the State Legislature and the annual accounts along with Audit Reports for the year 2000-01 and 2001-02 shall be placed before Legislature as per required of GIDC Act.

Appraisal of activities

Acquisition and utilisation of land

7.2.12 The Corporation acquires land under Land Acquisition Act, 1894 for development as industrial areas and estates. Land is also acquired at the specific request of industries for establishment of their projects.

The Corporation acquired 166.86 lakh square metres of land up to March 2003 for 22 industrial estates and seven special projects. Of this, saleable land admeasuring 29.57 lakh square metres valuing Rs.39.37 crore in 12 industrial estates and two special projects remained unutilised as on 31 March 2003 for periods ranging up to 21 years. This included 8.53 lakh square metres of land acquired during the last five years ended March 2003 as shown below:

Land admeasuring 29.57 lakh square metres valuing Rs.39.37 crore remained unutilised for periods ranging up to 21 years.

(Area in square metres)							
Sl. No.	Name of industrial estate/special project areas	Year of acquisition	Acquired area	Saleable area	Allotted area	Non-allotted area	Percentage of non allotted area to saleable area
1	Kakoda	1998-99	126295	74540	7396	67144	90
2	Honda	1999-2000	118302	76896	---	76896	100
3	Verna (Phase I-A)	1999-2001	396910	190443	---	190443	100
4	Sanguem	2001-02	498850	315105	---	315105	100
5	Special projects: Impala distillery BPCL	1999-2000	27293	27293	27293	---	0
		2001-02	203650	203650	---	203650	100
	Total		1371300	887927	34689	853238	96

assessment by Land Acquisition Officer in respect of the compensation to be paid for land acquisition.

The Government/Corporation replied (October 2003) that the matter had been taken up with the Attorney of comunidades through special land acquisition officer for recovery of dues.

Allotment of land/plots

7.2.18 The Corporation acquires and develops land for allotment to industrial units. The cost of acquisition, development charges and overheads are added to arrive at the cost of land, which is recoverable as land premium from allottees. The Corporation also collects annual lease rent to cover the cost of maintaining the industrial estates. During the five years ending March 2003, the Corporation allotted 15.88 lakh square metres of land to industrial units and collected lease premium of Rs.37.81 crore (provisional). Deficiencies and irregularities noticed in the allotment of land are brought out in the following paras.

Short fixation of land premium, transfer fees and lease rent

7.2.19 Goa Carbon Limited (GCL) was allotted five lakh square metres of land in Sanguem in August 1996 by acquisition under the terms and conditions prescribed for special individual projects. The premium was fixed by adding 10 *per cent* overhead at Rs.65.87 lakh and annual lease rent at Rs.0.33 lakh. The iron and steel division of GCL was transferred to a newly formed company, viz., Aparant Iron & Steel Pvt.Ltd., Goa (AISPL). The Corporation allowed the transfer in February 2000 by recovering Rs.16.47 lakh (25 *per cent* on Rs.65.87 lakh) as transfer fees.

The fixation of premium in the above case was irregular. As per the rules framed by the Board of Directors of the Corporation (June 1995) the overhead charges of 100 *per cent* were to be charged, instead of 10 *per cent*.

The Government/Corporation stated (October 2003) that the fixation of premium with 10 *per cent* overhead was made on the ground that it was not ethical to charge 100 *per cent* as the Company had initially approached the Corporation in August 1994.

The reply is not tenable. The rate applicable at the time of agreement was 100 *per cent* and the same should have been levied.

Failure to charge the correct overhead rate resulted in short fixation of lease premium by Rs.53.90 lakh, transfer fees by Rs.13.47 lakh and annual lease rent by Rs.0.27 lakh.

Incorrect adoption of overhead rate resulted in short fixation of lease premium, transfer fee and annual lease rent.

The acquisition of land for special projects involves huge financial outlay and the penal provision of withholding only 25 *per cent* is not adequate to recover the cost incurred in case of withdrawal by the parties.

The Government/Corporation replied (October 2003) that the Board of Directors had decided to utilise the land for expansion of the Sancoale industrial estate.

Excess payment for land acquisition

Non-recovery of excess compensation

7.2.16 The Corporation acquired land admeasuring 8.63 lakh square metres in Verna after paying Rs.73.21 lakh in August 1989 and Rs.37.74 lakh in May 1991. The award was subsequently revised to Rs.73.04 lakh in November 1994 based on the judgement given by the Mumbai High Court.

Thus, the excess compensation of Rs.37.91 lakh paid by the Corporation became recoverable. But the Corporation has not recovered the excess compensation amount from parties so far, although as per provision of the Land Acquisition Act, the excess amount paid has to be refunded within three months from the date of final award.

Rs.37.91 lakh towards excess compensation for land, remained to be recovered since 1994.

The non-recovery of Rs.37.91 lakh for the eight years up to February 2003 had resulted in further loss of interest of Rs.43.35 lakh calculated at 10 *per cent* interest on the excess compensation paid. The Government/Corporation replied (October 2003) that the matter has been taken-up with Deputy Collector and Collector, south Goa for recovery of dues.

Acquisition of land at Nagoa and Cortalim

7.2.17 The Corporation took possession (April 2000) of land admeasuring 3.52 lakh square metres at Nagoa and Cortalim by invoking urgency clause under section 17 of the Land Acquisition Act. Payment of Rs.1.95 crore being 80 *per cent* of the estimated compensation as arrived at by the Land Acquisition Officer was made to the landowners. The Special Land Acquisition Officer declared (April 2002) the final award of Rs.52 lakh only. Therefore, the original payment made to land owners was in excess by Rs.1.43 crore. The Corporation has not recovered the amount so far. The loss of interest on the amount blocked by way of excess payment worked out to Rs.47.33 lakh calculated at 10 *per cent* interest for the three years up to July 2003.

The Corporation made excess payment of Rs.1.43 crore on acquisition of land.

Land acquired by invoking urgency clause remained unallotted.

The Corporation has not utilised the land acquired by invoking urgency clause necessitating the advance payment of compensation.

The two cases explained in Para No.7.2.16 and Para No.7.2.17 illustrate the exaggerated assessment of compensation by Land Acquisition Officer. Even though the Land Acquisition Act provides for getting refund of excess compensation within three months from the date of final award, the recovery mechanism was ineffective as seen above. There is a need for proper

- As per the terms and conditions approved by the Board in January 1993 in respect of acquisition of land for special projects, where land is acquired at the specific request of entrepreneur, surrender charges are to be recovered at the rate of 25 *per cent* of the lease premium in case of surrender of land by lessee. But the Corporation refunded the amount by deducting only one *per cent per annum* towards surrender charges. The rate of one *per cent* of lease premium was applicable only in the case of plots in industrial estates other than special projects. The benefit passed on to the private party due to the irregular refund in 1997 was Rs.22.78 lakh.

The surrender charges were computed in correctly.

The Corporation replied (October 2003) that refund of deposit was made with Government approval by applying surrender charges rate of one *per cent* applicable for other than special project considering the huge investment made by TDL infrastructure facilities including Rs.85 lakh for laying water pipeline.

The reply was not tenable as no such concession was admissible under the terms and conditions approved by the Corporation. Moreover, it was ascertained during ARCSPSE meeting (November 2003) that, TDL had not made any expenditure for laying the pipeline.

- As there was delay in payment of premium by the lessee, the Corporation collected Rs.19.68 lakh as interest for the period of delay. However, while refunding the lease premium on surrender of land by TDL, the Corporation considered the interest amount of Rs.19.68 lakh as part of lease premium. The interest was collected for delayed remittance of premium amount by TDL and, therefore, did not form part of the lease premium. This has resulted in irregular refund of interest of Rs.19.68 lakh to TDL.
- The land acquired for TDL at a cost of Rs.1.01 crore is lying idle since August 1992.

Interest of Rs.19.68 lakh was refunded irregularly.

Acquisition of land for BPCL's project at Sancoale

7.2.15 For acquisition of 2.04 lakh square metres of land in Sancoale village on behalf of Bharat Petroleum Corporation Limited (BPCL), the Corporation received (December 1998) Rs.22.99 lakh towards 25 *per cent* of the estimated cost of land. But when the Corporation demanded (July 2000) the balance amount of compensation including the overhead charges, after declaration of final award by the Special Land Acquisition Officer (June 2000), BPCL backed out from the purchase and did not pay the amount. As this was the land sought to be acquired for a specific customers, the Corporation should not have gone ahead with the acquisition of the land. But the Corporation acquired the land in August 2001 by paying Rs.56 lakh. Since there were no takers, the land remained idle. In spite of having a similar adverse previous experience in the case of Thapar DuPont Limited (refer to Para No.8.2.14), which also resulted in idle investment in land, no remedial policy measures were taken by the Corporation for dealing with such cases where the parties backed out from purchase of land specifically acquired for the party.

Land acquired at a cost of Rs.56 lakh specifically for BPCL remained idle.

Ninety six per cent of saleable area of the land acquired during last five years ended March 2003 remained unallotted.

In respect of the land acquired during the last five years, an area of 8.53 lakh square metres (96 per cent) of saleable land remained unallotted even after allowing grace period of one year for development. It was also noticed that non-utilisation in respect of certain industrial estates was as high as 100 per cent. Acquisition of land from private parties involves large payments. Even though the Corporation was in possession of 36.57 lakh square metre of unsold saleable land (March 1998), it acquired 13.71 lakh square metres of land involving huge expenditure during 1998-2003 without proper market survey. This has resulted in further accumulation of unsold saleable land.

The Corporation stated (October 2003) that efforts were being made to allot the remaining land. However, there was negligible progress in the allotment of plots.

Deficiencies and irregularities noticed in the acquisition and allotment of land resulting in benefit to private parties and loss of revenue to the Corporation are brought out in the following paragraphs.

Loss due to acquisition of unsuitable land at Shiroda and Kakoda

7.2.13 The Corporation acquired (March 1996) land at Shiroda for setting up an industrial estate. This land was not suitable for industrial use as it was of uneven and irregular shape and without proper approach road. The saleable area was 69,580 square metres. But no plot was allotted due to poor demand. The acquisition of unsuitable land at Shiroda had resulted in idling of entire land valuing Rs.1.91 crore for more than seven years.

Land valuing Rs.4.55 crore remain idle as the same was unsuitable for industrial use.

Subsequently, the Corporation acquired (March 1999) land at Kakoda for development as industrial estate phase III, in spite of the fact that the land was rocky, uneven and without proper approach road. The area worked out for sale was 74,540 square metres comprising 66 plots. Out of this, only six plots comprising 8,635 square metres could be allotted and the remaining 60 plots with area 65,905 square metres valuing Rs.2.64 crore remained unallotted (March 2003).

Acquisition of land Thapar DuPont Limited's project at Ponda

7.2.14 The Corporation acquired (August 1992) land admeasuring 12.32 lakh square metres at Ponda on behalf of Thapar DuPont Limited (TDL) for their nylon project by paying compensation of Rs.1.01 crore to land owners. The land was allotted to them in October 1993 on lease for 90 years and the possession was handed over in November 1993. A total amount of Rs.1.31 crore comprising lease premium of Rs.1.11 crore, interest of Rs.19.68 lakh for the delayed remittance of compensation amount by the lessee and security charges of Rs.0.15 lakh was paid by TDL. However, TDL backed out from implementation of the project and surrendered the land in November 1997 due to agitation by the local people against the project. An amount of Rs.1.26 crore was refunded to TDL after deducting Rs.4.90 lakh towards surrender charges from the amount paid by them. A scrutiny of the above transaction revealed the following:

Incorrect fixation of lease premium

Lease premium of Rs.17.39 lakh was short recovered.

7.2.20 The non agricultural (NA) tax of Rs.78.31 lakh was payable on the entire 5.30 lakh square metres of land which was acquired at Madkaim in 1994. However, the Corporation fixed the lease premium at Rs.175 per square metre taking into account the NA tax of Rs.58 lakh by assuming that the NA tax was payable only on saleable area of 3.26 lakh square metres. The Corporation sold 2.79 lakh square metres of land recovering Rs.49.67 lakh towards NA tax as against the NA tax of Rs.67.06 lakh applicable for the land sold. This had resulted in short recovery of lease premium to the extent of Rs.17.39 lakh in respect of the above 2.79 lakh square metres of land. The Corporation decided (December 1998) to recover the shortfall of NA tax from sale of remaining unsold plots (0.47 lakh square metre) by revising the rates of allotments. The plots, however, remained unsold (November 2003).

Non-collection of transfer fees

7.2.21 The Hindustan Coca-Cola Bottling South West Private Limited was allotted land measuring 61,592 square metres in the Verna industrial estate in 1998 at a lease premium of Rs.2.31 crore and annual lease rent of Rs.2.29 lakh. In November 1999, the Company intimated the change of name from Hindustan Coca-Cola Bottling South West Private Limited to Hindustan Coca-Cola Beverages Private Limited as per the scheme of amalgamation sanctioned by High Court of Delhi.

Transfer charges of Rs.58 lakh for plot remained unrecovered since 1999.

As per the rules and regulations framed by the Corporation for transfer of plots and fees payable thereon, the transfer of plots necessitated by amalgamation of companies under court order was to be considered as transfer of non formal* nature. Accordingly an amount equivalent to 25 per cent of the premium of the land prevailing at the time of grant of permission was chargeable as transfer fee. As such, transfer fee of Rs.58 lakh was required to be collected from the allottee. The transfer fee is pending collection even after lapse of three years (September 2003).

The Corporation stated (November 2003) that matter has been referred to the Corporation's Board as the allottee had contested that the case was related to a formal transfer and hence required no payment of transfer fee. But there was no case for admitting the request of the Company. It was clearly a non formal* transfer. As per the rules framed by the Corporation, transfer arising out of amalgamation of Companies under the orders of High Court was categorised as non formal transfer.

Sub-leasing***Non recovery of penal charges for subleasing***

7.2.22 Sapphire Machines Pvt. Ltd approached (November 1995) the Corporation for extension of existing sublease of the built-up area of

*Non formal transfers cover transfers due to conversion of propriety to partnership, partnership to private limited company, addition of new partner, transfer resulting change of Directors/Shareholders and amalgamation of Companies under orders of the High Court.

of Rs.5.26 crore of lease premium at the end of March 2003. The year-wise details of arrears were not compiled by the Corporation.

The Government/Corporation replied (October 2003) that one time settlement scheme has been approved by the Board in July 2003.

The lease deed entered into with lessee contains clause for eviction of lessee from the premises as well as recovery of dues by way of arrears of land revenue in case of non-payment of dues. The Corporation has not exercised the above options available with it. The absence of any other mechanism necessitated introduction of one time settlement scheme.

Arrears of water charges

7.2.27 The Corporation is supplying water drawn from PWD sources to industries. The payment to PWD is to be made in time whereas the Corporation had been ineffective in recovering the unpaid water charges from its consumers in industrial estates. The dues towards water charges were Rs.1.09 crore as on 31 March 2003. The year-wise break up of arrears was not compiled by the Corporation.

The Government/Corporation replied (October 2003) that steps will be taken to effect recoveries. The fact remains that the Corporation has been slack in recovery of water charges.

Non-transfer of industrial estates situated at Daman and Diu

7.2.28 The assets valued at Rs.1.65 crore and liabilities aggregating Rs.1.84 crore (at book value as on 31 March 1996) relating to industrial estates of the erstwhile Goa, Daman and Diu Industrial Development Corporation situated in Daman and Diu are required to be transferred to the Omnibus Industrial Development Corporation of Daman, Diu and Dadra and Nagar Haveli (OIDC), a newly formed company by virtue of Government of India's notification of 15 January 1998. However, the Corporation has not transferred the assets and liabilities and continued to maintain the industrial estates at Daman and Diu.

During the five years ended March 2002 the Corporation spent Rs.1.71 crore as against the income of Rs.49 lakh resulting in operational loss of Rs.1.22 crore in respect of these estates.

The Government/Corporation stated (October 2003) that the transfer would be effected after settlement of issues relating to payment of compensation for land acquired for industrial estates at Daman and Diu.

Internal audit

7.2.29 The internal audit of the Corporation is entrusted to a firm of Chartered Accountants. The scope of internal audit includes verification of vouchers, purchases, statutory payments, revenue receipts etc. The reports of Internal Auditors were received up to 1986-87. Thereafter, no such reports were

submitted by them except for the year 2001-02. The initial records like water metre readings and receipts maintained in the industrial estates are not subject to scrutiny by internal audit. The Internal Audit system requires to be strengthened.

The Government/Corporation (October 2003) stated that remedial action will be taken.

Conclusion

Due to acquisition of land without assessing the demand, unsuitability of the land for industries and delayed creation of infrastructure, the Corporation could not fully utilise the land acquired. The fixation of lease rent at the time of allotment, without linking it with expenditure incurred on maintenance resulted in not fully recovering the maintenance expenditure.

The Corporation needs to take the following remedial measures in order to improve its performance:

- In the case of special projects where land is acquired at the specific request of entrepreneurs, the recovery of surrender charges in the event of withdrawal by the party at 25 *per cent* seems inadequate. Revised procedure to protect the Corporations interest is called for.
- Lease rent should be fixed so as to match the expenditure on maintenance of the industrial estates, as already recommended by the COPU.
- Heavy distribution loss in water supply needs to be arrested.
- Timely and effective action needs to be taken against defaulters in order to reduce the arrears of lease premium, lease rent and water charges.

SECTION 'B' PARAGRAPH

Goa Financial and Leasing Services Limited

7.3 Irregular disbursement of loan

Lapses in disbursement and monitoring of the utilisation of loan, and non-invoking of personal guarantee resulted in non-recovery of dues of Rs.56.73 lakh.

Goa Financial and Leasing Services Limited (Company) received (April 1997) a request from Karapur Agro Private Limited (KAPL) seeking financial assistance of Rs.25 lakh in the form of redeemable preference shares, to be redeemed at the end of third year but not later than fifth year. The assistance was sought for its neem based pesticides project at Karapur, Bicholim.

The Company disbursed (April 1997) the financial assistance within eight days. The agreement provided for financial assistance of Rs.25 lakh in the form of redeemable preference shares with minimum guaranteed return of 19 *per cent* per annum on cumulative basis. In the event of default, the amount was to be made good by the Managing Director of KAPL.

However, the creditworthiness of the Managing Director and property details were not verified to see whether the value of the properties was adequate to recover the dues in the event of default.

KAPL claimed (April 1997) that their entire production was contracted by Zuari Agro Chemicals Limited (ZAC), IA&IC Limited and Chambal Fertilisers and Chemicals Limited. They further stated that they had received an order from ZAC. A project report was sent along with the letter claiming the project to be having high potential. The above claims were not verified by the Company. The financial assistance was extended in unusual haste.

There were lapses in disbursement and monitoring the utilisation of loan.

The financial assistance was required for certain modifications/extension to the building, adding certain balancing equipment and also to build inventory. The Company did not monitor the use of funds to ensure that there was no misuse/diversion of funds through periodical reports about the physical and financial performance of the project. The Company did not nominate a director on the Board of Directors of KAPL though provided for in the agreement.

As per the terms of agreement, the Company made offer to KAPL for buy back of shares in June 2000, July 2001 and February 2003. However, KAPL did not repurchase the shares and showed (November, 2000) its inability to redeem the shares and stated that its entire net worth had eroded and it had approached the Director of Industries, Goa for rehabilitation.

Failure to
invoke
personal
guarantee
resulted in
non-recovery
of dues of
Rs.56.73 lakh.

Undue benefit of
Rs.26.76 lakh
was passed on to
KAPL.

Despite the default in buy back by KAPL, the Company failed to invoke the personal guarantee of the director. This has resulted in non-recovery of value of investment of Rs.56.73 lakh (financial assistance *plus* accumulated return at 19 *per cent* per annum up to 4 November 2002 after considering amount of Rs.3.03 lakh recovered through one time settlement (OTS)) from KAPL.

The management (March 2003) stated that civil suit for recovery of dues would be initiated against KAPL. Subsequently (October 2003) the management intimated that legal action was not initiated as the dues were being settled through one time settlement of Rs.33 lakh (Rs.25 lakh principal *plus* Rs.8 lakh interest). KAPL has paid Rs.3.03 lakh so far and balance amount of Rs.29.97 lakh was to be paid by August 2004. This has resulted in a benefit of Rs.26.76 lakh* being passed on to KAPL.

No action has been taken against the officials responsible for the lapses made at the stage of disbursement, in monitoring the project and failure in invoking the personal guarantee of the Director.

The matter was reported to the Government in September 2003; the reply has not been received so far (November 2003).



(SANGITA CHOURE)

Accountant General, Goa

Panaji

The 28 JUN 2004

Countersigned



(VIJAYENDRA N. KAUL)

New Delhi

The 22 JUL 2004

Comptroller and Auditor General of India

* Rs.56.73 lakh - Rs.29.97 lakh = Rs.26.76 lakh.

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Appendices

APPENDIX-I
(Referred to in paragraph 1.4)
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF GOA

(Rupees in crore)

As on 31 March 2002	Liabilities		As on 31 March 2003
646.73	Internal Debt		809.77
	457.44 Market Loans bearing interest	567.45	
	- Market Loans not bearing interest	-	
	36.64 Loans for LIC	34.64	
	93.31 Loans from other institutions	99.72	
	19.99 Loans from NABARD	20.91	
	0.06 Loans from National Cooperation Development Corporation	0.05	
	39.29 Ways and Means Advances	87.00	
1588.59	Loans and Advances from Central Government		1740.67
	675.30 Non-Plan Loans	808.53	
	904.16 Loans for State Plan Schemes	923.14	
	0.26 Loans for Central Plan Scheme	0.22	
	8.87 Loans for Centrally Sponsored Schemes	8.78	
675.76	Contingency Fund		30.00
417.15	Small savings, Provident Fund etc.		441.88
326.50	Deposits		342.41
27.31	Reserve Funds		33.91
3682.04			3398.64
As on 31 March 2002	Assets		As on 31 March 2003
2136.98	Gross Capital Outlay on Fixed Assets		2343.37
	182.11 Investment in shares of Companies, Corporation etc.	189.81	
	1954.87 Other Capital Outlay	2153.56	
38.90	Loans and Advances		44.50
	14.07 Other Development Loans	22.43	
	24.83 Loans to Government Servants	22.07	
-	Reserve Fund Investment		
0.71	Advances		0.73
15.50	Remittances		10.68
92.13	Suspense & Miscellaneous Balances		82.16
* 25.02	Cash		37.36
	* Cash in Treasuries	*	
	3.11 Departmental Cash Balances	1.45	
	0.09 Permanent Advances	0.10	
	3.01 Cash Balance Investment	3.01	
	26.07 Earmarked Fund Investment	29.86	
	(-) 7.26 Deposits with Reserve Bank	2.94	
1365.40	Deficit in Government Accounts		872.44
	228.50 Revenue Deficit of the current year	167.04	
	646.90 Accumulated deficit as on 31 March 2002	1365.40	
	490.00 Appropriation to Contingency Fund	(-)660.00	
7.40	Net effect of Balances taken over		7.40
	(-)431.66 Balances taken over on 30 May 87 under capital	(-)431.66	
	424.26 Net result of allocation of Capital Expenditure	424.26	
3682.04			3398.64

* Differs from the figures shown in Audit Report 2001-02 due to exhibition of Rs. (-)7.26 crore under Deposits with Reserve Bank in liabilities.

APPENDIX-II
(Referred to in paragraph 1.4)

ABSTRACT OF RECEIPTS AND DISBURSEMENT FOR THE YEAR 2002-03

Receipts			Disbursements					
2001-02		2002-03	2001-02		Non-Plan	Plan	Total	2002-03
1872.53	Section A – Revenue							
	I-Revenue Receipts	1833.01	2101.03	I – Revenue Expenditure				2000.05
569.34	Tax Revenue	602.20	1080.38	A-General Services	907.72	3.80	911.52	
1136.08	Non-Tax Revenue	1039.17	478.27	B-Social Services	413.10	136.74	549.84	
107.82	State's share of Union Taxes	114.62	237.61	Education, Sports, Arts and Culture	240.98	36.62	277.60	
11.94	Non-Plan Grants	7.08	85.38	Health and Family Welfare	70.71	21.37	92.08	
24.29	Grants for State Plan Scheme	50.30	87.43	Water Supply and Sanitation	69.80	27.53	97.33	
22.96	Grants for Central and Centrally Sponsored Schemes	19.64	19.82	Housing and Urban Development	10.29	16.49	26.78	
0.10	Grants for Special Plan Schemes	-	1.72	Information and Broadcasting	1.47	0.62	2.09	
228.50	II – Revenue Deficit carried over to Section B	167.04	0.82	Welfare of SC/ST and Other Backward classes	0.16	0.56	0.72	
			9.72	Labour and Labour Welfare	6.74	3.74	10.48	
			35.30	Social Welfare and Nutrition	12.47	29.81	42.28	
			0.47	Others	0.48	-	0.48	
			542.38	C-Economic Services	460.72	77.97	538.69	
			36.85	Agriculture and allied activities	20.96	15.48	36.44	
			17.04	Rural Development	11.55	15.80	27.35	
			1.78	Special Areas Programme	-	1.84	1.84	
			15.04	Irrigation and Flood Control	12.77	2.78	15.55	
			405.47	Energy	361.29	8.95	370.24	
			11.63	Industry and Minerals	1.55	12.99	14.54	
			41.96	Transport	44.44	5.64	50.08	
			0.33	Science, Technology & Environment	-	1.12	1.12	
			12.28	General Economic Services	8.16	13.37	21.53	
2101.03	Total Section A	2000.05	2101.03		1781.54	218.51	2000.05	2000.05

(Rupees in crore)

(Rupees in crore)

Receipts			Disbursements					
2001-02		2002-03	2001-02		Non-Plan	Plan	Total	2002-03
16.49	Section B - Others III – Opening Cash Balance including Permanent Advance and Cash Balance Investment	25.02	-	III–Opening Overdraft from Reserve Bank of India				-
--	IV – Miscellaneous Receipts	--	182.79	IV - Capital Outlay				206.40
			6.99	A- General Services	-	15.14	15.14	
			46.20	B- Social Services	-	55.28	55.28	
			9.64	Education, Sports, Arts and culture	-	8.72	8.72	
			3.48	Health & Family Welfare	-	4.56	4.56	
			32.93	Water Supply, Sanitation, Housing & Urban Development	-	39.35	39.35	
			0.05	Welfare of SC/ST and Other Backward classes	-	0.32	0.32	
			0.03	Social Welfare & Nutrition	-	0.36	0.36	
			0.07	Other Social Services	-	1.97	1.97	
			131.53	C-Economic Services	*(-) 9.51	145.49	135.98	
			2.10	Agriculture & Allied activities	*(-)9.51	6.20	3.31	
			1.01	Special Areas Programme	-	1.02	1.02	
			46.34	Irrigation & Flood Control	-	28.54	28.54	
			23.68	Energy	-	50.06	50.06	
			5.08	Industry & Minerals	-	3.00	3.00	
			46.88	Transport	-	49.98	49.98	
			-	Science, Technology & Environment	-	-	-	
			6.44	General Economic Services	-	6.69	6.69	
						Total Capital outlay	(-)9.51	215.91
6.25	V – Recoveries of Loans and Advances	-	6.60	5.85	V-Loans and Advances disbursed			12.20
-	From Power Projects	-			For Power Projects	-	-	-
5.40	From Government Servants	5.64			To Government servants	-	2.88	2.88
0.85	From Others	0.96			To others	-	9.32	9.32
-	VI – Revenue Surplus Brought Down	-		228.50	VI-Revenue Deficit brought down			167.04
804.72	VII – Public Debt Service	-	1206.83	468.92	VII-Repayment of Public Debt			891.70
125.57	Internal Debt other than Ways and Means Advances	180.55		17.14	Internal Debt other than ways and means advances & overdrafts	-	65.21	65.21
437.97	Ways and Means Advances	757.02		408.03	Ways & Means advances & overdraft	-	709.31	709.31
241.18	Loans and Advances from Central Government	269.26		43.75	Repayment of loans & advances to Central Government	-	117.18	117.18

* minus figure is due to excess refund from Food Corporation of India on account of lapse of quota resulting excess of receipts over expenditure during the year.

Audit Report (Civil) for the year ended 31 March 2003

Receipts			Disbursements							
2001-02			2002-03	2001-02			Non-Plan	Plan	Total	2002-03
190.00	VIII-Appropriation to Contingency Fund		680.00	680.00	VIII-Appropriation to Contingency Fund				20.00	
680.14	IX-Amount transferred to Contingency		34.24	204.24	IX-Expenditure from Contingency Fund				680.00	
2463.71	X-Public Accounts Receipts		2754.75	2364.06	X-Public Accounts Disbursement				2692.75	
104.46	Small savings and Provident Fund	106.10		75.46	Small Savings and Provident Fund	-	-	81.37		
11.99	Reserve Funds	7.67		0.92	Reserve Fund	-	-	1.07		
167.49	Deposits and Advances	94.32		84.73	Deposits and Advances	-	-	78.42		
987.43	suspense and Miscellaneous	1175.93		996.88	Suspense and Miscellaneous	-	-	1165.98		
1192.34	Remittances	1370.73		1206.07	Remittances	-	-	1365.91		
				25.02	XI Cash Balance at end				37.35	
				*	Cash in Treasuries	-	-	*		
				(-)7.26	Deposits with Reserve Bank of India	-	-	2.93		
				3.20	Departmental cash balance including permanent advance	-	-	1.55		
				29.08	Cash Balance Investment	-	-	32.87		
4161.31	Total Section B		4707.44	4161.31					4707.44	

* Rs. 7000/- only

APPENDIX-III

(Referred to in paragraph 1.4)

Sources and Application of Funds

(Rupees in crore)

2001-02	Sources		2002-03
1872.53	Revenue Receipts		1833.01
6.25	Recoveries of Loans and Advances		6.60
335.80	Increase in Public Debt other than overdraft		315.12
99.65	Net Receipts from Public Accounts		62.01
	28.99	Increase in Small Savings	24.73
	82.76	Increase in deposits and advances	15.90
	11.07	Increase in Reserve Funds	6.59
	(-)9.44	Net effect of suspense and Miscellaneous transactions	9.97
	(-)13.73	Net effect of remittance transactions	4.82
-	Net effect of Contingency Fund Transaction		14.24
-	Decrease in closing balances		-
2314.23	TOTAL		2230.98

2001-02	Applications		2002-03
2101.03	Revenue Expenditure		2000.05
5.85	Lending for Development and other purposes		12.20
184.72	Capital Expenditure		206.40
14.10	Net effect of Contingency Fund Transactions		-
8.53	Increase in closing balance		12.33
2314.23	TOTAL		2230.98

Explanatory Note

(For Statement I, II & III)

1. The abridged accounts in the foregoing have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Statement-I indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
4. There was a difference of Rs.0.04 crore (debit) between the figures reflected in the accounts and that intimated by RBI under "Deposits with Reserve Bank".

APPENDIX-IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
Part A. Receipts					
1. Revenue Receipts	1147	1228	1483	1873	1833
(i) Tax Revenue	357 (31)	458 (37)	515 (35)	569 (30)	602 (33)
Agricultural Income Tax	-	-	-	-	-
Sales Tax	254 (71)	348 (76)	388 (75)	402 (71)	439 (73)
State Excise	35 (10)	36 (8)	39 (8)	46 (8)	47 (8)
Taxes on Vehicles	24 (7)	28 (6)	30 (6)	33 (6)	37 (6)
Stamps duty and Registration fees	17 (5)	18 (4)	22 (4)	26 (5)	26 (4)
Land Revenue	4 (1)	5 (1)	3 (1)	8 (1)	3 (1)
Taxes on goods and passengers	4 (1)	4 (1)	13 (2)	36 (6)	30 (5)
Other Taxes	19 (5)	19 (4)	20 (4)	19 (3)	20 (3)
(ii) Non-Tax Revenue	651 (57)	634 (52)	796 (54)	1136 (61)	1039 (57)
(iii) State's share in Union taxes and duties	97 (8)	96 (8)	105 (7)	108 (6)	115 (6)
(iv) Grants-in-aid from Government of India	42 (7)	40 (3)	67 (4)	59 (3)	77 (4)
2. Misc. Capital Receipts	-	-	-	-	-
3. Total Revenue and Non debt capital receipt (1+2)	1147	1228	1483	1873	1833
4. Recoveries of Loans and Advances	6	5	11	6	7
5. Public Debt Receipts	249	228	347	397	497
Internal Debt (excluding Ways & Means Advances and Overdrafts)	122	97	127	126	181
Net transactions under Ways and Means Advances and Overdraft	-	-	10	30	47
Loans and Advances from Government of India	127	131	210	241	269
6. Total Receipts in the Consolidated Fund (3+4+5)	1402	1461	1841	2276	2337
7. Contingency Fund Receipts	3	170	165	190	14
8. Public Accounts receipts	1538	1785	2132	2464	2755
9. Total receipts of the State (6+7+8)	2943	3416	4138	4930	5106
Part B. Expenditure	1416	1566	1892	2286	2206
10. Revenue Expenditure	1288 (95)	1437 (92)	1709 (90)	2101 (92)	2000 (91)
Plan	106 (8)	122 (8)	141 (8)	183 (9)	218 (11)
Non-plan	1182 (92)	1315 (92)	1568 (92)	1918 (91)	1782 (89)
General Services (including Interests payments)	602 (47)	606 (42)	778 (46)	1080 (51)	911 (45)
Economic Services	325 (25)	416 (29)	498 (29)	543 (26)	539 (27)
Social Services	361 (28)	415 (29)	432 (25)	478 (23)	550 (28)
Grants-in-aid and contributions	133	164	162	156	226
11. Capital Expenditure	128 (9)	129 (8)	183 (10)	185 (8)	206 (9)
Plan	127 (99)	129 (100)	188 (100)	185 (100)	216 (105)
Non-plan	1 (1)	-	(-5)	-	(-10) (-5)
General Services	15 (12)	13 (10)	5 (3)	7 (4)	15 (7)
Economic Services	75 (58)	80 (62)	110 (58)	132 (71)	136 (66)
Social Services	38 (30)	36 (28)	73 (39)	46 (25)	55 (27)
12. Disbursement of Loans and Advances	6	8	15	6	12
13. Total (10+11+12)	1422	1574	1907	2292	2218
14. Repayments of Public Debt	36	40	55	61	182
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2	4	11	17	65
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	34	36	44	44	117
15. Appropriation to Contingency Fund	3	169	190	680	20
16. Total disbursement out of Consolidated Fund (13+14+15)	1461	1783	2152	3033	2420
17. Contingency Fund disbursements	3.68	0.04	0.14	204	680
18. Public Accounts disbursements	1424	1674	2036	2364	2693
19. Total disbursement by the State (16+17+18)	2889	3457	4188	5601	5793
Part C. Deficits					
20. Revenue Deficit (1-10)	141	209	226	228	167
21. Fiscal Deficit (3+4-13)	269	341	413	413	378
22. Primary Deficit (-)/surplus (+) (21-23))	125	163	201	152	86
Part D. Other data					
23. Interest Payments (included in revenue expenditure .)	144	178	212	261	292
24. Arrears of Revenue(Percentage of Tax & non-tax Revenue Receipts)	189	165	205	277	296
25. Financial Assistance to local bodies etc.	133	164	163	156	226
26. Ways and Means Advances (WMA)/Overdraft availed (days)	16	22	16	36	259/34
27. Interest on WMA/Overdraft	0.02	0.16	0.59	0.96	1.76/0.17
28. Gross State Domestic Product (GSDP)*	6075	6748	7761	8925	10264
29. Outstanding Debt (year end)	1854	2151	2532	2981	3340
30. Outstanding guarantees including interest (year end)	28	52	160	141	216*
31. Maximum amount guaranteed (year end)	4	43	111	338	550
32. Number of incomplete projects	7	20	24	17	16
33. Capital blocked in incomplete projects	126.67	21.22	15.20	15.15	534

Note: Figures in brackets represent percentages (rounded) to total of each sub heading.

* source of GSDP – Budget at a glance 2003-04 of Govt. of Goa.

* Excluding the information awaited from Goa State Infrastructure Development Corporation, HDFC, Goa Construction Housing Finance Corporation, Goa, Daman & Diu KVIB, Sangivani Sahakari Sakhar Karkhana.

APPENDIX - V
(Referred to in paragraph 1.4)

Part B - List of terms used in the Chapter - I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	<u>Rate of Growth of the parameter</u> GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	<u>Rate of Growth of the parameter (X)</u> Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of 5 years (LOGEST (Amount of 1996-97: Amount of 2001-02)-1) * 100.
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 year's of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100.$
Interest spread	GSDP growth - Weighted Interest rates
Interest received as per cent to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipt - Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts.
Primary Deficit	Fiscal Deficit - Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048- Appropriation for Reduction or Avoidance of Debt.

APPENDIX-VI
(Referred to in paragraph 1.7.1 (b))

Department-wise break up of outstanding Utilisation Certificates

Sr. No.	Name of the Department	No. of utilization certificates	Amount (Rupees in lakh)
1.	Education Directorate of Education	63	171.61
2.	Sports and Youth Affairs Director of Sports and Youth Affairs	52	310.29
3.	Directorate of Higher Education	1	0.37
4.	Town and Country Planning Department	2	125.00
5.	Urban Development Directorate of Municipal Administration	302	2670.83
6.	Social Welfare i) Directorate of Women and Child Welfare, Panaji ii) Directorate of Social Welfare	60 8	101.38 20.79
7.	Science, Technology & Environment Directorate of Science, Technology & Environment	25	117.59
8.	Directorate of Technical Education	4	17.32
9.	Panchayati Raj i) Directorate of Panchayat (South), Margao ii) Directorate of Panchayat (North)	973 470	153.35 688.93
10.	Secretariat, Panaji	5	28.58
11.	Health Directorate of Health Services	10	135.70
12.	Public Works Department Chief Engineer, PWD	5	62.00
13.	Home Director General of Police, Panaji	3	1.20
14.	Directorate of Art & Culture	13	20.36
15.	Directorate of Agriculture	2	1.85
	TOTAL	1998	4627.15

APPENDIX-VII A

(Referred to in paragraph 1.7.2)

Category wise details of misappropriation, losses etc. reported upto 31 March 2003 pending finalisation at the end of June 2003

Sr. No.	Name of the Department	Awaiting Dept. criminal investigation		Departmental action started but not finalised		Criminal proceedings finalized but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the courts of law		Total	
		No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(Rupees in lakh)													
1.	Panchayati Raj												
	Director of Panchayat, Panaji	-	-	-	-	-	-	2	0.79	-	-	2	0.79
2.	Home												
	a) Deputy Commandant General, Home Guards	-	-	-	-	-	-	-	-	1	4.95	1	4.95
	b) Director General of Police	-	-	-	-	-	-	-	-	1	1.38	1	1.38
3.	Civil Supplies	-	-	2	2.89	-	-	-	-	1	0.52	3	3.41
4.	Forest												
	Conservator of Forest	-	-	-	-	1	0.67	-	-	-	-	1	0.67

Audit Report (Civil) for the year ended 31 March 2003

5.	Education												
	Director of Education	-	-	-	-	-	-	-	-	1	0.77	1	0.77
6.	Power Department												
	Chief Electrical Engineer	-	-	-	-	2	11.95	-	-	-	-	2	11.95
7.	Public Works Department												
	Chief Engineer, PWD	-	-	1	0.13	-	-	-	-	-	-	1	0.13
8.	Health												
	Directorate of Health Services	-	-	-	-	-	-	-	-	5	1.76	5	1.76
9.	Technical Education												
	Government Polytechnic, Panaji	-	-	-	-	-	-	-	-	2	0.24	2	0.24
10.	Resident Commissioner, Goa Sadan, New Delhi	1	0.06	-	-	-	-	-	-	-	-	1	0.06
	TOTAL	1	0.06	3	3.02	3	12.62	2	0.79	11	9.62	20	26.11

APPENDIX-VII B
(Referred to in paragraph 1.7.2)
Yearwise details of Misappropriation cases

Sr. No.	Name of the Dept.	Upto 1997-1998		1998-1999		1999-2000		2000-2001		2001-2002		2002-2003		Total	
		No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.
1.	Panchayati Raj	2	0.79											2	0.79
2.	Dy. Commandant Home Guards, Panaji	1	4.95											1	4.95
3.	Director General of Police	1	1.38											1	1.38
4.	Civil Supplies	1	0.52											1	0.52
5.	Conservator of Forest	1	0.67											1	0.67
6.	Director of Education	1	0.77											1	0.77
7.	Govt. Polytechnic, Panji	2	0.24											2	0.24
8.	Power Department					2	11.95							2	11.95
9.	P.W.D.											1	0.13	1	0.13
10.	Director of Health Services									5	1.76			5	1.76
11.	Engineering College									1	0.06			1	0.06
12.	Resident Commissioner, Goa Sadan, New Delhi	9	9.32			2	11.95			6	1.82	3	3.02	20	26.11

Sr. No.	Name of the Dept.	Opening Balance		Reported		Closed	Closing Balance	Amount	
1.	Panchayati Raj Director of Panchayat, Panaji	2	0.79	-	-	-	2	-	0.79
2.	Home a) Dy. Commandant General, Home Guards	1	4.95	-	-	-	-	1	4.95
	b) Director General of Police	1	1.38	-	-	-	-	1	1.38
3.	Civil Supplies	1	0.52	2	2.89	-	-	3	3.41
4.	Forest Conservator of Forest	1	0.67	-	-	-	-	1	0.67
5.	Education a) Director of Education	1	0.77	-	-	-	-	1	0.77
	b) Govt. Polytechnic, Panaji	-	-	-	-	-	-	-	-
6.	Power Department Chief Electrical Engineer	2	11.95	-	-	-	-	2	11.95
7.	P.W.D Chief Engineer, PWD	-	-	1	0.13	-	-	1	0.13
8.	Health Directorate of Health Services	5	1.76	-	-	-	-	5	1.76
9.	District and Session Court, North Goa	1	0.26	-	-	1	0.26	-	-
10.	Technical Education Govt. Polytechnic, Panaji	2	0.24	-	-	-	-	2	0.24
11.	Resident Commissioner, Goa Sadan, New Delhi	1	0.06	-	-	-	-	1	0.06
	Total	19	23.53	3	3.02	2	0.44	20	26.11

APPENDIX-VIII
Department-wise details of write off and waiver of recovery
(Referred to in paragraph 1.7.3)

Sr. No.	Name of Department	Write off	
		No. of cases	Amount (in Rupees)
1.	ANIMAL HUSBANDRY & VETERINARY SERVICES Director of Animal Husbandry & Veterinary Services	38	19,325
2.	PRINTING & STATIONERY Printing & Stationery	10	9,848
3.	LABOUR State Director of Craftsman Training	1 1	49,295 13,457
4.	FINANCE Director of Accounts	1 1	4,368 1,043
5.	INLAND WATER TRANSPORT River Navigation Department	2 1	46,07,186 1,10,644
6.	CIVIL SUPPLIES AND CONSUMER AFFAIRS Directorate of Civil Supplies and Consumer Affairs	105	57,076
7.	AGRICULTURE Directorate of Agriculture	44	86,948
8.	EDUCATION Directorate of Education	28	33,585
9.	HEALTH Goa Medical College	7	44,064
10.	FOREST Conservator of Forest	1	3,616
11.	INDUSTRIES & MINES Directorate of Industries, Trade and Commerce	31	7,25,201
12.	TECHNICAL EDUCATION Government Polytechnic, Bicholim	3	53,670
	TOTAL	274	58,19,326

APPENDIX-IX
(Referred to in paragraph 2.3.1 (a))

Grant No./Major Head	Areas in which major savings occurred	Savings (Rupees in crore)
21	Public Works (Revenue Voted)	
2059	Maintenance and Repairs	2.24
2215	Urban Water Supply Programme	1.72
2215	Accelerated Rural Water Supply Programme	5.19
2215	Stock (Suspense)	1.33
3054	- do -	3.48
21	Public Works (Capital Voted)	
4215	Minimum Needs Programme	47.97
4215	Investment in Sewerage Infrastructure Development Corporation	5.00
4059	Special Problems Secretariat Complex	3.63
5054	Roads & Bridges, State Highways, District Roads	6.60
30	Lotteries (Revenue Voted)	
2075	State Lotteries	390.07
32	Finance (Capital Voted)	
4075	Investment in Goa State Infrastructure Development Corporation	18.00
70	Civil Supplies and Price Control (Capital Voted)	
4408	Public Distribution System & Procurement of Levy Sugar	59.77
74	Water Resources (Capital Voted)	
4701	Contribution to Goa Tillari Irrigation Department Corporation	59.00
Appropriation Debt Services (Revenue Charged)		
2048	Appropriation for reduction or avoidance of debt – Sinking Fund and Guarantee Redemption Fund	24.05

APPENDIX-X

(Referred to in paragraph 2.3.1(b))

Savings in excess of Rs.1 crore in each case and also by more than 10 per cent of the total provision

(Rupees in crore)

Sr. No.	Grant/Appropriation	Total Provision	Actual Expenditure	Savings
Revenue (Voted)				
1.	2 – General Administration and Co-ordination	12.85	11.53	1.32
2.	6 – Election Office	3.85	2.28	1.57
3.	7 – Settlement and Land Records	5.92	3.77	2.15
4.	36 – Technical Education	4.75	3.65	1.10
5.	48 – Health Services	50.50	45.36	5.14
6.	52 - Labour	6.54	5.37	1.17
7.	55 – Municipal Administration	35.86	21.57	14.29
8.	57 – Social Welfare	32.75	21.86	10.89
9.	58 – Women and Child Development	14.78	12.48	2.30
10.	64 - Agriculture	15.70	13.26	2.44
11.	68 - Forests	11.69	10.20	1.49
12.	69 – Youth Affairs	2.77	1.71	1.06
13.	82 – Information Technology	5.00	1.02	3.98
Capital (Voted)				
14	13 - Transport	3.70	0.13	3.57
15.	17 - Police	2.75	1.54	1.21
16.	18 - Jails	1.75	0.53	1.22
17.	42 - Sports	2.42	1.10	1.32
18.	43 – Art and Culture	5.00	0.96	4.04
19.	47 – Goa Medical College and Hospital	4.70	2.61	2.09
20.	55 – Municipal Administration	2.50	-	2.50
21.	71 – Co-operation	12.85	7.68	5.17
22.	78 - Tourism	11.09	6.60	4.49
23.	82 – Information Technology	1.50	-	1.50
	TOTAL	251.22	175.21	76.01

APPENDIX-XI

(Referred to in paragraph 2.3.2)

Statement showing excess over provision relating to previous years requiring regularisations

Year	No. of grants/ Appropriation in the year	Grant/ Appropriation No.	Excess amount (Rupees in crore)	Reasons for excess
1996-1997	6	1, 37, 42, 57 Public Service Commission and Public Debt	14.75	Not received
1997-1998	9	18, 20, 24, 29, 33, 37, 49, 61 and Public Debt	11.96	Not received
1998-1999	10	7, 32, 33, 34, 35, 36, 37, 46, 53 and 59	1.35	Not received
1999-2000	6	9, 27, 40, 42, 46, 58	0.39	Not received
2000-2001	5	8, 38, 44, 58 and Public Debt	14.79	Not received
2001-2002	3	44, 58 and Public Debt	307.91	Not received
TOTAL			351.15	

APPENDIX-XII A

(Referred to in paragraph 2.3.4 (i))

Statement showing cases where supplementary grants proved unnecessary

(Rupees in lakh)

Sr. No.	Grant/Appropriation	Original	Amount of grants/appropriation		
			Supplementary	Actual expenditure	Savings
Revenue (Charged)					
1.	1 – Parliament/State/ Union Territory Legislature	23.50	0.01	18.40	5.11
2.	A1 – Raj Bhavan	149.97	18.29	143.61	24.65
3.	Appropriation – Debt Services	31648.58	19.52	29185.83	2482.27
Capital (Charged)					
4.	42 - Sports	-	18.76	-	18.76
Revenue (Voted)					
5.	1 – Parliament/State/ Union Territory Legislature	373.20	54.99	368.78	59.41
6.	3 – District and Session Court (North Goa)	333.75	5.96	330.56	9.15
7.	7 – Settlement and Land Records	385.50	206.50	377.47	214.53
8.	8 - Treasury and Accounts Administration	14897.00	89.12	14589.23	396.89
9.	10 – Notary Services	104.00	43.57	98.17	49.40
10.	11 - Excise	220.59	3.75	218.51	5.83
11.	12 – Sales & Entertainment Tax	325.00	144.75	266.21	203.54
12.	14 – Goa Sadan	79.00	8.71	73.77	13.94
13.	15 – Collectorate (North Goa)	586.00	28.18	532.58	81.60

14.	18 - Jails	280.20	32.79	230.78	82.21
15.	20 - Printing & Stationery	333.00	2.00	254.51	80.49
16.	28 - Administration	14.00	4.00	13.90	4.10
17.	31 - Panchayats	2909.00	101.85	2868.64	142.21
18.	36 - Technical Education	417.60	57.55	364.66	110.49
19.	38 - Government Polytechnic (Bicholim)	83.25	7.03	79.44	10.84
20.	40 - Goa College of Engineering	589.40	17.00	515.28	91.12
21.	41 - Goa Architecture College	78.00	3.90	70.35	11.55
22.	45 - Archives & Archaeology	185.00	3.00	124.37	63.63
23.	46 - Museum	58.00	3.30	50.29	11.01
24.	47 - Goa Medical College & Hospital	3432.00	25.00	3408.58	48.42
25.	48 - Health Services	-	0.10	-	0.10
26.	51 - Goa Dental College	197.89	9.90	193.34	14.45
27.	52 - Labour	623.50	30.69	536.71	117.48
28.	53 - Food & Drugs Administration	122.50	2.00	122.22	2.28
29.	55 - Municipal Administration	3309.69	276.00	2157.29	1428.40
30.	57 - Social Welfare	3229.05	46.20	2186.27	1088.98
31.	62 - Law	12.00	15.00	7.06	19.94
32.	66 - Fisheries	316.65	5.03	236.03	85.65
33.	67 - Port Administration	273.58	11.43	240.41	44.60
34.	68 - Forest	1088.08	81.18	1020.11	149.15
35.	69 - Youth Affairs	275.01	2.29	171.39	105.91
36.	71 - Co-operation	310.71	3.69	265.29	49.11

Capital (Voted)					
37.	2 – General Administration and Coordination	200.00	10.00	189.83	20.17
38.	8 – Treasury & Accounts Administration	230.00	2.07	225.25	6.82
39.	11 – Excise	-	40.00	-	40.00
40.	13 – Transport	320.00	50.00	12.74	357.26
41.	21 – Public Works	15737.00	50.00	9748.26	6038.74
42.	35 – Higher Education	203.66	5.00	169.20	39.46
43.	66 – Fisheries	193.56	4.20	126.69	71.11
44.	67 – Port Administration	49.65	0.13	20.75	29.03
45.	74 – Water Resources	8353.89	401.01	2941.91	5812.99
	TOTAL	92551.96	1945.45	74754.67	19742.74

APPENDIX-XII B

(Referred to in paragraph 2.3.4 (ii))

Statement showing cases where supplementary provision was excessive

(Rupees in lakh)

Sr. No.	Number and name of Grant	Original provision	Supplementary provision	Total provision	Expenditure	Savings
1.	2 – General Administration and Coordination	1149.10	135.90	1285.00	1152.93	132.07
2.	5 - Prosecution	141.65	69.99	211.64	174.52	37.12
3.	17 - Police	4466.55	466.72	4933.27	4605.15	328.12
4.	21 – Public Works	15479.17	2871.50	18350.67	16020.53	2330.14
5.	33 - Revenue	156.00	592.00	748.00	260.86	487.14
6.	35 – Higher Education	2862.75	167.00	3029.75	2934.93	94.82
7.	43 – Art and Culture	442.67	78.67	521.34	465.89	55.45
8.	48 – Health Services	4530.30	519.82	5050.12	4535.76	514.36
9.	50 – Goa College of Pharmacy	197.95	34.43	182.38	152.29	30.09
10.	58 – Women & Child Development	1066.57	411.81	1478.38	1248.48	229.90
11.	61 – Craftsmen Training	747.00	48.00	795.00	752.02	42.98
12.	65 – Animal Husbandary & Veterinary Services	877.52	132.22	1009.74	915.15	94.59
13.	77 – River Navigation	901.52	47.21	948.73	909.92	38.81
	TOTAL	32968.75	5575.27	38544.02	34128.43	4415.59

APPENDIX-XIII

(Referred to in paragraph 2.3.5)

Surrenders in excess of actual savings*(Rupees in lakh)*

Sr. No.	Number and name of Grant	Total Amount of Grant	Total Expenditure	Saving	Amount surrendered	Amount surrendered in excess
Revenue (Charged)						
1.	Appropriation – Debt services	31668.10	29185.83	2482.27	2530.52	48.25
Capital (Voted)						
2.	2 – General Administration	210.00	189.83	20.17	33.00	12.83
3.	8 – Treasury Accounts Administration (North Goa)	232.07	225.25	6.82	12.74	5.92
4.	42 - Sports	242.00	109.80	132.20	142.00	9.80
Revenue (Voted)						
5.	4 – District & Sessions Court (South Goa)	299.61	291.71	7.90	14.10	6.20
6.	5 - Prosecution	211.64	174.52	37.12	45.39	8.27
7.	6 - Election	385.45	228.52	156.93	186.55	29.62
8.	19 – Industries and Mines	1504.70	1353.88	150.82	157.86	7.04
9.	30 - Lotteries	68613.00	35757.21	32855.79	38906.93	6051.14
10.	42 - Sports	1037.21	980.23	56.98	83.97	26.99
11.	65 – Animal Husbandry & Veterinary Services	1009.74	915.15	94.59	167.00	72.41
	TOTAL	105413.52	69411.93	36001.59	42280.06	6278.47

APPENDIX-XIV-A
(Referred to in paragraph 2.3.6)

Unutilised provision not surrendered

(Rupees in lakh)

Sr. No.	Number and name of grant	Total grant	Total expenditure	Savings available
Capital (Charged)				
1.	42 – Sports	18.76	-	18.76
2.	18 – Tourism	16.70	8.99	7.71
Capital (Voted)				
3.	1 – Legislature Secretariat	79.00	62.71	16.29
4.	58 – Women and Child Development	38.50	35.54	2.96
5.	65 – Animal Husbandry and Veterinary Services	20.00	11.33	8.67
6.	78 – Tourism	1108.90	659.62	449.28
	TOTAL	1281.86	778.19	503.67

APPENDIX-XIV B

(Referred to in paragraph 2.3.6)

Savings partially surrendered

(Rupees in lakh)

Sr. No	Number and name of grant	Total grant	Expenditure	Savings	Savings surrendered	Savings remained unsundered
Revenue (Voted)						
1.	2 – General Administration	1285.00	1152.93	132.07	104.93	27.14
2.	7 – Settlement and Land Records	592.00	377.47	214.53	0.40	214.13
3.	21 – Public Works	18350.67	16020.53	2330.14	2033.80	296.34
4.	31 - Panchayats	3010.85	2868.64	142.21	124.25	17.96
5.	33 - Revenue	748.00	260.86	487.14	2.99	484.15
6.	34 – School Education	21802.86	21443.53	359.33	314.25	45.08
7.	48 – Health Services	5050.12	4535.76	514.36	488.75	25.61
8.	52 - Labour	654.19	536.71	117.48	106.99	10.49
9.	55 – Municipal Administration	3585.69	2157.29	1428.40	1048.32	380.08
10.	69 – Youth Affairs	277.30	171.39	105.91	62.89	43.02
Capital (Voted)						
11.	21 - Public Works	15787.00	9748.26	6038.74	5495.27	543.47
12.	70 - Civil Supplies & Price Control	5690.00	438.56	6128.56	4672.23	1456.33
	TOTAL	76833.68	58834.81	17998.80	14455.07	3543.80

APPENDIX-XV

Statement of liquidated damages leviable

(Referred to in paragraph 3.2.8)

Sr. No.	Name of the Agency	Work	Tendered cost (Rupees in lakh)	Date of work order	Stipulated date of completion	Date of completion/receipt	Period of delay (in days)	Liquidated damages to be levied (Rupees in lakh)	Liquidated damages recovered (Rupees in lakh)	Security deposit to be forfeited (Rupees in lakh)
1.	Wadia Body Builders, Ahmedabad	Fabrication of fire tender	33.05	9.11.2001	31.3.2002	24.5.2002	54	17.85	Nil	1.59
2.	Tek chand and sons, New Delhi	Re-fabrication of two Fire engines	8.22	10.9.2001	31.01.2002	11.5.2002	100	8.22	0.82	0.40
3.	Tek chand and sons, New Delhi	Fabrication of water tender	4.87	8.11.1999	23.5.2000	31.5.2000	8	0.39	Nil	0.23
4.	Brijbasi Hi Tech Udyog, Mathura	Fabrication of multi purpose special bauser	25.35	25.9.1999	31.1.2000	27.4.2000	87	22.06	Nil	1.22
	TOTAL		71.49					48.52	0.82	3.44

APPENDIX - XVI

(Referred to in paragraph 3.2.11)

Categories of commercial/Industrial units and high rise buildings

- (i) Buildings over 14.2 metres in height
- (ii) Factories and establishments, where electric motor capacity exceeds 5 H.P. and above
- (iii) Shipyards and Work-shops
- (iv) Tank farms of petroleum products/POL dispensing outlets
- (v) Flammable gas godown/L.P.G. gas godowns
- (vi) Godowns and Warehouses
- (vii) Public places like exhibition halls, entertainment places, dancing halls, theatres, assembly halls, seaport, airport, railway stations, bus stations, stadium, etc,
- (viii) Educational and institutional places
- (ix) Hotels, restaurants and bakeries
- (x) Storage places of flammable and hazardous goods.

APPENDIX-XVII

(Referred to in paragraph 3.3.3)

Performance of the GSACS under the three key components of the programme

Sr. No.	Component/ Activity	Targets	Achievement	Remarks
1. Priority Targetted Interventions (TIs)				
	(a) NGO support for Tis	Commercial Sex Workers (CSW) – 7200	Covered	
		Truck Drivers – 10,000	Covered	
		Migrated Labours – 25,500	Not available	
		Men having sex with men (MSM) – 500	Covered	
		Others – 14,700	Not available	
	(b) Civil works	No targets fixed	No information on physical achievement. Financial achievement was low – Rs.34.75 lakh provides in Action Plan for 1999-2000, was not utilized.	
	(c) Condom distribution	No target fixed.	Distributed 7 lakhs condoms through NGOs and directly to public.	
2. Preventive interventions				
	(a) IEC and Awareness	No targets fixed for general awareness.	Awareness campaign was done through T.V. programmes, screening of video cassettes, issue of booklets, hand bills, posters, observing AIDS day etc.	
	(b) Blood safety	No target fixed.	Average no. of units of blood collected during the calendar years 2000-03 was nearly eight thousand of which Per centage of voluntary donors was between 29 to 44. Of these units, 1.77 to 1.78 per cent was found HIV reactive.	
3. Institutional strengthening				
	(a) Surveillance	Antinatal clinics (ANC) – 400 samples each year. Sexually Transmitted Diseases (STD) clinics – 2000 samples (for 1999-2002). Commercial Sex Workers (CSW) – 750 (for 2000-02).	Achievement achieved in full, except shortfall of 50 in the year 2000. 1192 samples 539 samples	HIV prevalence rate (%) in 2003 was- ANL-0.39 STD-14.67 CSW-30.15
	(b) Training	4714 persons	3053 persons	Shortfall in key posts was Doctor – 198 Nurses- 583 Technician-47 Field workers- 78

APPENDIX-XVIII

(Referred to in paragraph 6.7)

Yearwise position of Inspection Reports, Paras and amount objected as of August 2003

Name of the Tax Revenue	Upto 1998-99			1999-2000			2000-2001			2001-2002			2002-2003			Total		
	IR	Paras	Amt. Invol-ved	IR	Paras	Amt. Invol-ved	IR	Paras	Amt. Invol-ved	IR	Paras	Amt. Invol-ved	IR	Paras	Amt. Invol-ved	IR	Paras	Amt. Invol-ved
Land Tax	10	13	-	9	22	-	-	-	-	-	-	-	-	-	-	19	35	-
Excise	16	22	-	-	-	-	2	7	-	5	6	-	22	105	0.65	45	140	0.65
Sales Tax	4	4	0.48	1	1	-	4	6	-	7	19	0.11	-	-	0.66	16	30	1.25
Entertainment Tax	-	-	-	1	1	-	-	-	-	2	3	-	-	-	-	3	4	-
Motor Vehicle Tax (Transport)	1	2	-	-	-	-	1	2	-	-	-	-	2	3	-	4	7	-
Stamp Duty & Registration Fee	4	4	0	3	3	1.51	-	-	-	-	-	-	-	-	-	7	7	1.51
TOTAL	35	45	0.48	14	27	1.51	7	15	-	14	28	0.11	24	108	1.31	94	223	3.41

APPENDIX – XIX

Statement showing particulars of up to date capital, equity/loans received out of budget and loans outstanding as on 31 March 2003 in respect of Government companies and Statutory corporation
(Referred to in paragraph 7.1.3, 7.1.4, 7.15)

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

Sl. No.	Sector and name of the company	Paid-up capital as at the end of the current year 2002-03					Equity/loans received out of Budget during the year		Other loans received during the year*	*Loans outstanding at the close of 2002-03			Debt equity ratio for 2001-02 (previous year) 4(f) / 3(e)
		State Government	Central Government	Holding company	Others	Total	Equity	Loans		Government	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
A	Government companies												
	AGRICULTURE AND ALLIED												
1	Goa State Horticultural Corporation Limited	122.50	---	---	---	122.50	23.10	---	---	---	---	---	---
2	Goa Meat Complex Limited	25.00	23.96	---	12.86	61.82	---	---	---	---	---	---	---
	TOTAL	147.50	23.96	---	12.86	184.32	23.10	---	---	---	---	---	---
	INDUSTRIES												
3	Goa Auto Accessories Limited	---	---	67.00	---	67.00	---	---	---	---	365.00	365.00	5.45:1 (5.15:1)
4	Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited	333.01	12.00	---	---	345.01	---	---	---	---	---	---	---
	TOTAL	333.01	12.00	67.00	---	412.01	---	---	---	---	365.00	365.00	---

* Includes bonds, debentures, inter corporate deposits, etc.

Loans outstanding at the close of 2001-02 represents long term only.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
TOURISM													
11	Goa Tourism Development Corporation Limited	624.29 250.00*	---	---	---	624.29 250.00*	100.00	---	---	---	203.69	203.69	0.23:1 (0.18:1)
	TOTAL	624.29 250.00*	---	---	---	624.29 250.00*	100.00	---	---	---	203.69	203.69	---
DRUGS, CHEMICALS & PHARMACEUTICALS													
12	Goa Antibiotics and Pharmaceuticals Limited	---	---	155.00	---	155.00	---	---	---	---	569.32	569.32	3.67:1 (3.67:1)
	TOTAL	---	---	155.00	---	155.00	---	---	---	---	569.32	569.32	---
FINANCIAL													
13	Goa Financial and Leasing Services Limited	---	---	241.46	---	241.46	---	---	---	---	110.00	110.00	0.46:1 (0.46:1)
	TOTAL	---	---	241.46	---	241.46	---	---	---	---	110.00	110.00	---
TRANSPORT													
14	Kadamba Transport Corporation Limited	2290.96	---	---	---	2290.96	---	---	---	---	1919.93	1919.93	0.84:1 (0.73:1)
	TOTAL	2290.96	---	---	---	2290.96	---	---	---	---	1919.93	1919.93	---
	Total - A	7135.69 250.00*	139.72	643.46	1485.08	9403.95 250.00*	504.77	---	---	---	52153.42	52153.42	---
B. STATUTORY CORPORATION													
1.	Goa Industrial Development Corporation	1778.19	824.00	---	---	2602.19	5.00	---	---	---	3000.00	3000.00	1.15:1 (---)
	Total - B	1778.19	824.00	---	---	2602.19	5.00	---	---	---	3000.00	3000.00	---
	GRAND TOTAL (A+B)	8913.88 250.00*	963.72	643.46	1485.08	12006.14 250.00*	509.77	---	---	---	55153.42	55153.42	---

* Share application money

Figures in bracket represent figures for the previous years.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
ELECTRONICS													
5	Goa Electronics Limited	---	---	180.00	---	180.00	---	---	---	---	826.42	826.42	4.59:1 (4.59:1)
	TOTAL	---	---	180.00	---	180.00	---	---	---	---	826.42	826.42	---
FOREST													
6	Goa Forest Development Corporation Limited	50.00	---	---	---	50.00	---	---	---	---	---	---	---
	TOTAL	50.00	---	---	---	50.00	---	---	---	---	---	---	---
CONSTRUCTION													
7	Goa Construction, Housing and Finance Corporation Limited	200.00	---	---	---	200.00	---	---	---	---	1418.00	1418.00	7.09:1 (7.09:1)
	TOTAL	200.00	---	---	---	200.00	---	---	---	---	1418.00	1418.00	---
AREA DEVELOPMENT													
8	EDC Limited	3020.26	---	---	1472.22	4492.48	350.00	---	---	---	32685.46	32685.46	7.28:1 (7.96:1)
9	Goa State Infrastructure Development Corporation Limited (New Company w.e.f. 20-2-2001)	310.00	---	---	---	310.00	---	---	---	---	13712.49	13712.49	44.23:1 (43.56:1)
	TOTAL	3330.26	---	---	1472.22	4802.48	350.00	---	---	---	46397.95	46397.95	---
DEVELOPMENT OF ECONOMICALLY WEAKER SECTION													
10	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	159.67	103.76	---	---	263.43	31.67	---	---	---	343.11	343.11	1.30:1 (1.10:1)
	TOTAL	159.67	103.76	---	---	263.43	31.67	---	---	---	343.11	343.11	

APPENDIX-XXV

Statement showing remarks regarding Internal Audit in the Supplementary Audit Report U/s 619(3) of the Companies Act, 1956 by Statutory Auditors

(Referred to in Paragraph 7.1.18)

Sr. No.	Name of the Company	Year of Accounts	Name of the Statutory Auditors	Remarks
1	Goa Auto Accessories Limited (A-3)	2002-03	M/s. Harite & Associates	Scope of work needs to be enlarged and strengthened. The compliance mechanism is inadequate.
2	Goa Forest Development Corporation Limited (A-6)	2001-02	M/s. U.N. Bene & Co.,	The company does not have an internal audit system commensurate with its size and nature of its business.
3	EDC Limited (A-8)	2001-02	M/s. U.N. Bene & Co.,	The internal audit system is inadequate and not commensurate with the size of the company and nature of its business.
4	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited (A-10)	1998-99	M/s. Dhume Nagarsekar & Associates	Internal audit does not cover principal area of operation of the company.
5	Goa Tourism Development Corporation Limited (A-11)	2001-02	M/s. P.K. Pikale & Co.,	More stress should be made in loss making units.
6	Goa Antibiotics and Pharmaceuticals Limited (A-12)	2001-02	M/s. Borkar & Muzumdar	In view of the increased activity of the company internal audit needs to be strengthened in respect of scope.
7	Goa Financial and Leasing Services Limited (A-13)	2001-02	M/s. P.K. Pikale & Co.,	The company does not have an internal audit system.

APPENDIX - XXIV

Summarised financial results of Departmentally managed commercial undertakings
as per their latest Proforma Accounts

(Referred to in Paragraph 7.1.23)

(Referred to in Paragraph 11.22)

I	Power Department	Year of commencement : 1962-63			
		Period of Accounts			
		1999-2000	2000-01	2001-02	
		(Rupees in lakh)			
1.	Government capital	20391.91	22411.25	24699.42	
2.	Block assets at depreciated cost	12690.13	13982.33	14453.34	
3.	Cumulative depreciation	3731.42	4018.57	4777.91	
4.	Net loss (-) Net profit (+)	(-)3393.60	(-)1790.20	(-)164.82	
5.	Interest on capital	1893.69	2489.12	2794.28	
6.	Total returns (5 + 4)	(-) 1499.91	698.92	2629.46	
7.	Percentage of returns on mean capital	NIL	3.12	11.16	
II	River Navigation Department	Year of commencement : 1965-66			
		Period of Accounts			
		1997-98	1998-99	1999-2000	2000-01
		(Rupees in lakh)			
1.	Government capital	4632.77	5182.45	5557.09	6423.94
2.	Block assets at depreciated cost	550.58	578.90	678.82	697.92
3.	Cumulative depreciation	58.56	66.11	73.52	78.61
4.	Net loss (-)	619.49	615.24	566.43	913.58
5.	Interest on capital	29.60	32.00	34.66	35.47
6.	Total returns (-) (5 + 4)	649.09	647.24	601.09	949.05
7.	Percentage of returns on mean capital	NIL	NIL	NIL	NIL

APPENDIX - XXII

Statement showing the department wise outstanding Inspection Reports (IRs)
(Referred to in paragraph 7.1.20)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding Inspection report	No. of outstanding paragraphs	Years from which paragraphs outstanding
1	Agriculture	2	4	9	1997-98
2	Industries and Labour	2	3	12	2000-01
3	Electronics	2	2	14	2001-02
4	Forest	1	1	6	2001-02
5	Construction	1	1	6	2001-02
6	Area Development	1	4	35	1996-97
7	Development Economically Weaker Section	1	1	5	2001-02
8	Tourism	1	1	3	2003-04
9	Drug Chemicals & Pharmaceuticals	1	2	2	2000-01
10	Finance	1	2	4	2000-01
11	Transport	1	2	9	1999-2000
12	Statutory Corporation	1	3	20	2000-01
	Total	15	26	125	

APPENDIX - XXIII

Statement showing paid-up capital, investment and summarised working results of 619-B companies as per their latest finalised Accounts
(Referred to in paragraph 7.1.22)

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

SL No.	Name of company	Status (Working /non-working)	Year of account	Paid-up capital as on 31 March 2003	Equity by			Loans by			Grants by			Total investment by way of equity, loans and grants			Profit(+) /Loss (-)	Accumulated profit(+)/ Accumulated loss (-)
					State Govt*	State Govt. companies/corporation*	Central Govt. and their companies*	State Govt*	State Govt. companies	Central Govt. and their companies	State Govt*	State Govt. companies	Central Govt. and their companies	State Govt*	State Govt. companies/corporation	Central Govt. and their companies		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1.	Info Tech Corporation of Goa Limited	Working	1999-2000	318.90	---	314.92 3.98 ^x	---	---	---	120.74	---	---	---	---	314.92 3.98 ^x	120.74	17.16	28.93

* As on 31 March 2003 entire share capital of the company was held by two Government companies and a Statutory corporation (Sl.No.A-4, 8 and B-1)

^x Share application money

APPENDIX-XXVI

Statement showing the financial position and working results of the Corporation during the five years 1998-99 to 2002-03

(Referred to in Paragraphs 7.1.7, 7.2.6 and 7.2.9)

(Rupees in lakh)

A. Financial position					
Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03 (Provisional)
Liabilities					
A. Amount payable to Government	2297.18	2297.19	2447.18	2447.19	2602.19
B. Reserves and surplus	674.35	940.03	832.11	1000.93	914.03
C. Deposits					
i) from Govt. for schemes undertaken and/or on behalf of Government and others	0.56	0.56	0.56	0.56	0.56
ii) from private parties (for lease of plots etc.)	464.07	474.24	531.32	588.63	592.85
D. Loan from bank	23.25	1000.00	-----	2000.00	3000.00
E. Current liabilities, provisions and refunds	7152.13	8056.80	8897.35	10162.26	11364.65
Total	10611.54	12768.82	12708.52	16199.57	18474.28
Assets					
A. Net Fixed Assets	98.96	105.55	101.27	88.86	75.77
B. Work-in-progress	396.13	489.37	429.42	851.97	825.16
C. Net development of industrial areas/estates	3598.82	4051.74	5078.24	5284.84	5450.10
D. Investment	166.97	194.79	267.19	274.04	339.49
E. Cash balance	3540.94	4476.54	4660.31	5631.17	6349.95
F. Other current assets, loans and advances	2809.72	3450.83	2172.09	4068.69	5433.81
Total	10611.54	12768.82	12708.52	16199.57	18474.28
Capital employed*	2827.81	4042.43	3012.17	5174.08	6176.73
Net worth*	2971.53	3237.22	3279.29	3448.12	3516.22

*Capital employed represents net fixed assets including capital work-in-progress and net development of industrial areas/estates plus working capital (Current assets including cash balance minus current liabilities, provision and refunds including deposits).

* Net worth represents share capital (Amount payable to Government is treated as share capital) plus reserves and surplus.

(Rupees in lakh)

B. Working results					
Income					
Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
1. Annual rent of land leased and building	88.76	126.31	133.05	175.83	187.10
2. Interest from bank deposits etc.	774.83	593.22	544.35	676.75	467.97
3. Transfer fees and approval charges	20.71	105.69	83.26	138.49	64.56
4. Miscellaneous	5.11	7.58	7.24	7.03	112.21
Total	889.41	832.80	767.90	998.10	831.84
Expenditure					
1. Executive and Admn. expenses	320.38	386.20	350.70	418.02	542.50
2. Water supply and Electricity charges	34.21	161.73	217.95	250.77	295.16
3. Maintenance and repairs	20.85	28.83	44.70	19.33	15.05
4. Depreciation	170.52	226.23	298.89	280.48	268.44
Total	545.96	802.99	912.24	968.60	1121.15
Surplus (+)/ deficit(-)	343.45	29.81	(-)144.34	29.50	(-)289.31
Accumulated surplus	674.35	940.03	832.11	1000.93	914.03
Return on capital employed*	358.92	265.68	--	169.43	--
Percentage of return on capital employed	12.7	6.6	--	3.3	--

* Return on capital employed represents net surplus after prior period adjustments plus total interest charged to income and expenditure account.

APPENDIX – XX

Summarised financial results of Government companies and Statutory corporation for the latest year for which accounts were finalised
(Referred to in paragraph 7.1.6, 7.1.7, 7.1.12)

(Figures in Column 7 to 12 and 15 are in Rupees in lakh)

Sl. No.	Sector and name of Company	Name of Department	Year of Incorporation	Period of Accounts	Year in which finalised	Net Profit (+) / Loss (-)	Net impact of Audit Comments	Paid-up capital	Accumulated Profit(+)/ Loss(-)	Capital employed A	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Turn over	Man power (no. of employees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
A WORKING GOVERNMENT COMPANIES															
AGRICULTURE AND ALLIED															
1	Goa State Horticultural Corporation Limited	Agriculture	1993	2001-2002	2003-2004	(-) 15.48	---	99.40	(-) 68.74	54.12	(-) 15.48	---	1	49.18	31
2	Goa Meat Complex Limited	Animal Husbandry	1971	2002-2003	2003-2004	22.18	---	61.82	129.26	286.75	20.36	7.10	---	209.20	79
	TOTAL					6.70	---	161.22	60.52	340.87	4.88	---	---	258.38	110
INDUSTRIES															
3	Goa Auto Accessories Limited	Industries & Labour	1976	2002-2003	2003-2004	(-) 147.20	---	67.00	(-) 500.79	(-) 101.06	(-) 75.74	---	---	477.33	91
4	Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited	Industries & Labour	1980	2002-2003	2003-2004	(-) 43.10	(-) 30.13	350.01	78.31	444.15	(-) 73.52	---	---	1388.11	67
	TOTAL					(-) 190.30	---	417.01	(-) 422.48	545.21	(-) 149.26	---	---	1865.44	158
ELECTRONICS															
5	Goa Electronics Limited	Industries & Labour	1976	1999-2000	2002-2003	(-) 228.28	---	180.00	(-) 996.63	357.23	0.57	0.16	3	431.76	101
	TOTAL					(-) 228.28	---	180.00	(-) 996.63	357.23	0.57	---	---	431.76	101

Audit Report (Civil) for the year ended 31 March 2003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
FOREST															
6	Goa Forest Development Corporation Limited	Forest	1997	2002-2003	2003-2004	40.44	---	50.00	333.82	397.80	37.82	9.51	---	126.79	80
	TOTAL					40.44	---	50.00	333.82	397.80	37.82	---	---	126.79	80
CONSTRUCTION															
7	Goa Construction, Housing and Finance Corporation Limited	Housing	1993	1999-2000	2000-2001	(-) 201.93	---	200.00	(-) 459.01	1158.47	(-) 34.45	---	3	21.93	32
	TOTAL					(-) 201.93	---	200.00	(-) 459.01	1158.47	(-) 34.45	---	---	21.93	32
AREA DEVELOPMENT															
8	EDC, Limited	Industries	1975	2001-2002	2002-2003	(-) 1104.34	4.82	4142.48	(-) 5551.33	39988.58	2966.29	7.42	1	3503.58	96
9	Goa State Infrastructure Development Corporation Limited (New Company w.e.f. 20-2-2001)	Industries	2001	2001-2002	2002-2003	(-) 4.30	---	310.00	(-) 4.30	14308.09	514.82	3.60	1	611.37	19
	TOTAL					(-) 1108.64	---	4452.48	(-) 5555.63	54296.67	3481.11	---	---	4114.95	115
DEVELOPMENT ECONOMICALLY WEAKER SECTION															
10	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	Social Welfare	1990	1998-99	2001-2002	0.03	(-) 0.89	211.76	(-) 12.50	286.78	5.21	1.82	4	21.32	13
	TOTAL					0.03	(-) 0.89	211.76	(-) 12.50	286.78	5.21	---	---	21.32	13
TOURISM															
11	Goa Tourism Development Corporation Limited	Tourism	1982	2002-2003	2003-2004	(-) 56.74	---	874.29	(-) 118.80	964.58	(-) 41.14	---	---	851.13	401
	TOTAL					(-) 56.74	---	874.29	(-) 118.80	964.58	(-) 41.14	---	---	851.13	401

APPENDIX- XXI

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and guarantees outstanding at the end of March 2003
(Referred to in paragraph 7.1.5)

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

Sl. No.	Name of the Public Sector Undertaking	Grant and subsidy received during the year								Guarantees received during the year and outstanding at the end of the year					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Govt.		State Govt.		Others		Total		Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
1	2	3(a)		3(b)		3(c)		3(d)		4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
		G	S	G	S	G	S	G	S											
A	Government companies																			
1	Goa Forest Development Corporation Limited	24.82	--	39.36	--	--	--	64.18	--	--	--	--	--	--	--	--	--	--	--	--
2	EDC Limited	--	--	--	115.49	--	--	--	115.49	--	7890.00 (18923.00)	--	--	7890.00 (18923.00)	--	--	--	--	--	--
3	Goa State Infrastructure Development Corporation Limited (New Company w.e.f. 20-2-2001)	--	--	200.00	--	--	--	200.00	--	--	7300.00 (21007.00)	--	--	7300.00 (21007.00)	--	--	--	--	--	--
4	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	1.83	--	--	--	--	--	1.83	--	--	1.00 (4.00)	--	--	1.00 (4.00)	--	--	--	--	--	--
5	Kadamba Transport Corporation Limited	--	--	--	756.00	--	--	--	756.00	--	--	--	--	--	--	--	--	--	--	--
	Total	26.65	---	239.36	871.49	---	---	266.01	871.49	--	15191.00 (39934.00)	--	--	15191.00 (39934.00)	--	--	--	--	--	--

G Grants
S Subsidy

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
DRUGS, CHEMICALS & PHARMAEUTICALS															
12	Goa Antibiotics and Pharmaceuticals Limited	Industries & Labour Finance	1980	2001-2002	2002-2003	(-) 104.54	---	155.00	(-) 1830.98	537.03	67.28	12.53	1	2132.55	253
	TOTAL					(-) 104.54	---	155.00	(-) 1830.98	537.03	67.28	---	---	2132.55	253
FINANCIAL															
13	Goa Financial and Leasing Services Limited	Industries	1989	2001-2002	2002-2003	1.75	---	241.46	(-) 203.37	351.46	17.03	4.85	1	24.51	2
	TOTAL					1.75	---	241.46	(-) 203.37	351.46	17.03	---	---	24.51	2
TRANSPORT															
14	Kadamba Transport Corporation Limited	Transport	1980	2001-2002	2002-2003	(-) 426.02	(-) 363.51	2290.96	(-) 3572.39	1344.57	(-) 195.21	---	1	3872.24	1957
	TOTAL					(-) 426.02	---	2290.96	(-) 3572.39	1344.57	(-) 195.21	---	---	3872.24	1957
	TOTAL - A					(-) 2267.53	---	9234.18	(-) 12777.45	60580.67	3193.84	---	---	13721.00	3222
B. STATUTORY CORPORATION															
1	Goa Industrial Development Corporation	Industries & Labour	1966	2002-2003	2003-2004	(-) 289.31	---	2602.19	914.03	6176.73	(-) 289.31	---	---	831.84	239
	TOTAL - B					(-) 289.31	---	2602.19	914.03	6176.73	(-) 289.31	---	---	831.84	239
	GRAND TOTAL (A + B)					(-) 2556.84	---	11836.37	(-) 11863.42	66757.40	2904.53	---	---	14552.84	3461

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

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