सत्यमेव जयते

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2004

GOVERNMENT OF GOA

http://cagindia.org/states/goa/2004

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Preface

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

2. Chapter I and II of this Report contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of the State Government for the period from April 2003 to March 2004.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works, Public Health Engineering and Water Resource Departments and Evaluation of Internal Control Mechanism in Goa Medical College and Hospital.

4. The observations arising out of audit of Revenue Receipts in various Tax departments is included in Chapter VI of this Report.

5. The observations arising out of audit of Government Commercial and trading activities is included in Chapter VII of this Report.

6. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2003-04 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matter relating to the period subsequent to 2003-04 have also been included wherever necessary.

Overview

OVERVIEW

This report includes two chapters featuring comments on the Finance and Appropriation Accounts of the Government of Goa for the year 2003-04 and five other chapters comprising four 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.1228 crore in 1999-2000 to Rs.1623 crore in 2003-04. However, in 2003-04 revenue receipts decreased by Rs.210 crore over the previous year. About 89 *per cent* of the total revenues had come from the State's own resources and the balance from Central tax transfers and grants in aid. The State increased its tax revenues by Rs. 108 crore over the previous year, but there was a decrease in non tax revenue by Rs. 314 crore due to stoppage of lottery business run by State Government.

- Expenditure of the State increased from Rs.1574 crore in 1999-2000 to Rs.2075 crore in 2003-04. However, in 2003-04 it decreased by Rs.143 crore over the previous year. Eighty Five *per cent* of the total expenditure was revenue expenditure. Interest payments, increased steadily from Rs.178 crore in 1999-2000 to Rs.321 crore in 2003-04, due to continued reliance on borrowings for financing fiscal deficit. The fiscal deficit increased to Rs.445 crore during 2003-04 from Rs.378 crore in 2002-03.

- The ratio of development expenditure to total expenditure increased from 60.47 in 1999-2000 to 70.46 in 2003-04. The State's revenue deficit increased from Rs.209 crore in 1999-2000 to Rs.228 crore in 2001-02 but decreased to Rs.141 crore in 2003-04.

- Fiscal liabilities of the State increased from Rs.2144 crore in 1999-2000 to Rs.3793 crore in 2003-04. The ratio of assets to liabilities of the State declined from 0.83 in 1999-2000 to 0.73 in 2003-04 indicating that nearly one-fourth of the State's fiscal liabilities ceased to have an asset back up.

2. Allocative priorities and Appropriation

- Against the total budget allocation of Rs.3556.93 crore (including supplementary provision of Rs. 399.74 crore) the actual expenditure was Rs.3122.16 crore. The overall savings of Rs.434.77 crore were the result of savings of Rs.984.36 crore in 79 grants and appropriations which were offset by an excess of Rs.549.59 crore in one grant and one appropriation.

- Under Public Debt supplementary provision of Rs.277.96 crore proved insufficient resulting in excess expenditure of Rs.545.81 crore. Supplementary Grants other than Public Debt obtained during the year were Rs.121.78 crore.
- Supplementary provision of Rs. 37.29 crore made in 32 cases during the year proved unnecessary in view of aggregate savings of Rs. 152.89 crore in these grants.
- Supplementary provision of Rs.20 crore in 10 cases proved excessive as against the requirement of only Rs.8.83 crore.

3. Performance Reviews

3.1 Dayanand Social Security Scheme

The Dayanand Social Security Scheme (DSSS) was implemented by the State Government with effect from 1st January 2002 with a view to providing financial assistance of Rs.500 per month to the vulnerable sections of the society such as senior citizens, single and destitute women and handicapped persons. The first phase of the scheme was implemented through the Life Insurance Corporation of India (LIC) by entering into an agreement (MOU) in terms of which the State Government purchased pension for each pensioner by paying a price computed by LIC based on the age of the beneficiary. In turn, LIC was to pay pension during the lifetime of the beneficiary. The second phase was implemented through the Mapusa Urban Cooperative Bank (MUCB) as a disbursing bank for the pensions. There were flaws in the rules and deficiencies and irregularities in implementation of the scheme which led to sanction of ineligible and bogus pensions, duplicate sanctions to same persons, sanctions to both husband and wife, overlapping of benefits, continuation of pension remittance to the accounts of expired beneficiaries and non-disbursement of pension to sanctioned beneficiaries. The Social Welfare Department which was responsible for implementation of the DSSS, did not ensure adoption of proper systems and internal controls. Highlights of the review are given below.

- The first phase of the scheme was implemented through the LIC against purchase price for pension paid by the State Government. The State Government paid much more than was disbursed as pension by the LIC. The LIC paid less interest to the State Government on the funds accumulated with it while charging a higher rate from the State Government for delayed payments. Besides, the LIC did not honour the provisions of the scheme regarding extending the benefits to the surviving members of the families of deceased pensioners.

- Though the scheme envisaged sanction of the financial assistance to the poor and needy whose income did not exceed the amount of assistance envisaged under the scheme (Rs. 6000 per annum), an affidavit sworn by the applicant and countersigned by an MLA was accepted as proof of income without any counter checks by the Department.

- Twenty seven beneficiaries who were receiving pension under a separate State scheme for former artists through Directorate of Arts and Culture, also received pension under DSSS for period ranging from 4 to 33 months, which was yet to be recovered from the pensioners (Rs.1.94 lakh).

- Double payment of pension of Rs.6.89 lakh was made to 232 beneficiaries. Pension of Rs.10.57 lakh was paid to both the spouses in 142 cases for periods ranging from 1 to 20 months.

- The findings of a survey agency appointed by the State Government revealed that out of 40818 beneficiaries covered in survey, only 28979 were genuine beneficiaries. The irregular pension paid to such non-genuine beneficiaries as of June 2004 amounted to Rs.6.98 crore. Pension payment to 9327 non-genuine cases other than expired and bogus cases continued, as re-survey ordered by Government was not completed. (December 2004).

- Pension was not disbursed to 415 beneficiaries sanctioned during January 2002 to October 2002 for want of bank account details and Rs.48 lakh due to the beneficiaries was lying with LIC. Thus non disbursal of pension to the beneficiaries defeated the objectives of scheme and resulted in unintended financial benefit to the LIC in the form of undisbursed funds lying with them.

- Registers and books of accounts were not maintained by the Department. Reconciliation of accounts with LIC was not conducted. The scheme implementation suffered due to lack of internal controls.

(Paragraph 3.1)

3.2 Audit of Health Department

The Public Health Department provides health services through a network of hospitals, community and primary health centres, sub-centres, rural medical dispensaries, homeopathic and ayurveda clinics. The Secretary (Health), the Director and five Deputy Directors of Health Services, a Joint Director of Accounts, Director of Administration and a Vigilance Officer are the officials responsible for implementation of various programmes including Family Welfare and Reproductive and Child Health Care. A review of the functioning of the Health Department revealed that though the Department had achieved

the targets under the family welfare and various disease control programmes it was slow in upgrading its infrastructure and facilities despite availability of funds. Its efficiency was adversely affected due to severe manpower shortage. Monitoring of the key areas of the Department such as upgradation of facilities and utilisation of Central funds was also poor.

- Due to administrative delay in setting up of Regional Diagnostic Centre at Hospicio Hospital, Margao, the State Government did not receive grant amounting to Rs. 2.70 crore recommended by the Eleventh Finance Commission.

- Though Rs.1.42 crore were received in August 2002 from the Government of India for setting up a trauma and accident unit at Hospicio Hospital, Margao, the unit was not set up for want of a decision regarding the site and patients continued to be referred to the Goa Medical College.

- South Goa patients were deprived of intended benefits of the Mental Health programme which was not implemented effectively due to inadequate medical and support staff, lack of hospitalisation facilities and unspent funds of Rs 19.40 lakhs.

- There was underutilization of infrastructure and facilities created by the Department as one hospital and several operation theatres in PHCs/CHCs were lying idle for upto 20 years. The infrastructure and other properties of the Leprosy Hospital, Macazana was underutilized for the last five years due to new trend of medical treatment.

- Despite formation of the Drug Purchase Committee, purchases of medicines were not finalised by the Committee based on public tenders and annual rate contracts.

- The Health Department functioned with significant man power shortages as posts of medical practitioners/technical and support staff remained vacant in hospitals and health centres resulting in underutilisation of infrastructure/facilities created and also quality of services rendered.

(Paragraph 3.2)

Internal Control System in the Goa Medical College and Hospital

The Goa Medical College and Hospital (GMCH) was established in 1842. It has a bed strength of 1000 in the main hospital at Bambolim, 80 beds at the TB Hospital at St. Inez and 20 beds at the Rural Health Centre, Mandur. A review of the internal controls in GMCH revealed that despite being the only Medical Training Institute in the State, the College and the attached hospitals did not have any Administration Manual of its own. There were huge savings under capital budget indicating weak budgetary control. Internal audit of the GMCH had not been carried out by the Director of Accounts. Some of the important deficiencies in financial and administrative controls are highlighted below.

- There were savings in capital expenditure ranging from 15 to 55 percent during 1999-2004, due to weak budgetary control measures.
- Receipts from patients in private wards were utilised for refunds without routing it through cash book and patients were discharged without recovery of hospital charges.
- Stock account of receipt books received from Government Printing Press was not maintained by the Medical Records Section of GMCH. Twelve unnumbered receipt books were missing from the stock of Accounts Section.
- Oxygen outlets installed at a cost of Rs.8.59 lakhs in two departments of GMCH were not put to use due to weak systems for maintenance and upkeep of equipment.
- The GMCH recruited contract labour for sweeping and security services in excess of the sanctioned strength. A sweeping contract was also extended irregularly. There were weaknesses in financial control on payment released to contract labour.
- Unserviceable articles/equipment with purchase value of Rs.65.90 lakhs were lying undisposed.
- System of internal audit was non existent in GMCH.

(Paragraph 5.1)

4. Transaction Audit

Loss to Government

Short recovery of cost of compensatory afforestation by the Forest Department resulted in loss of Rs.26.36 lakh to the State Government

(Paragraph 4.1.1)

Avoidable/unfruitful expenditure

Failure of State Public Works Department to finalise tenders within the validity period of the quotes led to avoidable expenditure of Rs. 88 lakh.

(Paragraph 4.2.1)

Idle investment/idle Establishment/Blockage of funds

Failure of the State Public Works Department to coordinate among its own Divisions and other State agencies resulted in blockage of Rs.37.61 lakh for more than two years and denial of sufficient water supply to the public.

(Paragraph 4.3.1)

Continuation of Directorate of State Lotteries, after stoppage of lottery business, resulted in unproductive establishment expenditure of Rs. 40.45 lakh.

(Paragraph 4.3.2)

Receipts from Stamps and Registration

There was an unexplained difference of Rs. 30.19 crore between the sale and registration of non judicial impressed stamp papers in the State.

(Paragraph 6.7.2)

Non-assessment of luxury tax

Non Assessment of luxury tax resulted in non-levy of interest of Rs.1.05 lakh.

(Paragraph 6.8)

5. Commercial activities of State Corporations and companies

There were 14 Government companies and one Statutory corporation (all working) under the control of State Government as on 31 March 2004. The total investment in 14 Government companies and one Statutory corporation was Rs.606.03 crore as on 31 March 2004.

(Paragraphs 7.1.1 and 7.1.2)

Of the 14 Government companies and one Statutory corporation, only three companies had finalised their accounts for the year 2003-04 and the accounts of 11 companies and one Statutory corporation were in arrears for periods ranging from one to four years as on 30 September 2004.

(Paragraph 7.1.6)

According to the latest finalised accounts of 14 Government companies and one Statutory corporation, eight companies and one Statutory corporation had incurred an aggregate loss of Rs.31.19 crore and Rs.2.89 crore respectively.

(Paragraph 7.1.7)

Injudicious investment by EDC Limited in the equity of private limited companies, the shares of which could not be freely traded, resulted in non recovery of rupees one crore and interest thereon.

(Paragraph 7.2.1)

Defective appraisal of credit worthiness, inadequacy of securities and indiscrete extensions granted to a firm by EDC Limited resulted in non recovery of Rs.6.98 crore.

(Paragraph 7.2.2)

Chapter – I

Finances of the State Government

CHAPTER I

Finances of the State Government

Summary

During 2003-04, the revenue deficit was Rs. 141 crore, which was Rs.26 crore (16 *per cent*) less than that of the previous year. The fiscal deficit during the year increased by Rs.67 crore (18 *per cent*) compared with the previous year's fiscal deficit of Rs.378 crore.

Revenue receipts decreased from Rs.1833 crore in 2002-2003 to Rs.1623 crore in 2003-04. Tax revenues of the Government increased by Rs.108 crore from Rs. 602 crore during the previous year; non-tax revenues declined by Rs.314 crore during the year primarily on account of stoppage of lottery business in Goa. About 89 *per cent* of revenue receipts came from its own sources while Central tax transfers and grants in aid from the Central Government together contributed about 11 *per cent.*

Revenue Expenditure also declined from Rs.2000 crore in 2002-03 to Rs.1764 crore during 2003-04 a decrease of Rs.236 crore. This decrease was also due to stoppage of lottery business run by the State Government. Interest payments increased steadily from Rs.178 crore in 1999-2000 to Rs.321 crore during 2003-04 due to continued reliance on borrowings to meet its fiscal deficit. Interest payments constituted 18 *per cent* of revenue expenditure during the year. Developmental expenditure during the year however increased by Rs.175 crore from Rs.1280 crore during 2002-03 to Rs.1455 crore during 2003-04.

Balance from current revenue (BCR) plays an important role in plan expenditure. It was consistently negative upto 2002-03; however, it improved during 2003-04 and was on the positive side.

Fiscal Liabilities for the State increased from Rs.2144 crore in 1999-2000 to Rs.3793 crore in 2003-04. The ratio of Assets to Liabilities of the State declined from 0.83 in 1999-2000 to 0.73 in 2003-04, indicated that one-fourth of State's fiscal liabilities ceased to have an asset back-up.

1.1 Introduction

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

Box 1

Lay out of Finance Accounts

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

Statement No 2 contains the Summarised Statement of capital outlay showing progressive expenditure to the end of 2003-04.

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 2004.

Statement No.9 shows the revenue and expenditure under different heads for the year 2003-2004 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 2003-04.

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 2003-04.

Statement No.15 depicts the capital and other expenditure to the end of 2003-04 and the principal sources from which the funds were provided for that expenditure.

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

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

Statement No.18 provides the detailed account of loans and advances given by the Government of Goa, the amount of loan repaid during the year, the balance as on 31 March 2004, and the amount of interest received during the year.

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

1.2 Trend of Finances with reference to previous year

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

Table 1

(Rupees in crore)

2002-03	Sl. No	Major Aggregates	2003-04
1833	**1.**	**Revenue Receipts (2+3+4)**	**1623**
602	2.	Tax Revenue	710
1039	3.	Non-Tax Revenue	725
192	4.	Other Receipts*	188
7	**5.**	**Non-Debt Capital Receipts**	**7**
7	6.	Of which, recovery of Loans	7
1840	**7.**	**Total Receipts (1+5)**	**1630**
1772	**8.**	**Non-Plan Expenditure (9+11+12)**	**1480**
1782	9.	On Revenue Account	1480
292	10.	Of which interest Payments	321
(-) 10	11.	On Capital Account	-
-	12.	Of which loans disbursed	-
446	**13.**	**Plan Expenditure (14+15)**	**585**
218	14.	On Revenue Account	284
216	15.	On Capital Account	301
12	**16.**	**Loans disbursed**	**10**
2218	**17.**	**Total Expenditure (8+13+16)**	**2075**
378	**18.**	**Fiscal Deficit (17-1-5)**	**445**
167	**19.**	**Revenue Deficit (9+14-1)**	**141**
86	**20.**	**Primary Deficit (18-10)**	**124**

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government of Goa for the year 2003-04 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and Public Account

* Includes assignment of Union Taxes and grants in aid from GOI

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 2003-2004

(Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
			Section-A: Revenue				
					Non-Plan	Plan	Total
1833.01	**I. Revenue receipts**	**1623.12**	**2000.05**	**I. Revenue expenditure**	**1479.61**	**283.98**	**1763.59**
602.20	Tax revenue	710.26	911.52	General services	575.76	5.90	581.66
1039.17	Non-tax revenue	724.73	549.84	Social Services	384.60	179.65	564.25
114.62	Share of Union Taxes/Duties	135.58	538.69	Economic Services	519.25	98.43	617.68
77.02	Grants from Govt. of India	52.55		Grants-in-aid / Contributions			
			Section-B: Capital				
-	**II. Misc. Capital Receipts**	**-**	**206.40**	**II. Capital Outlay**	**0.48**	**300.94**	**301.42**
6.60	**III. Recoveries of Loans and Advances**	**6.55**	**12.20**	**III. Loans and Advances disbursed**	**2.56**	**7.27**	**9.83**
497.52*	**IV. Public Debt Receipts**	**791.73**	**182.39**	**IV. Repayment of Public Debt**		**362.65 ***	**362.65**
2754.75	**V. Public Account Receipts**	**3239.35**	**2692.75**	**V. Public Account Disbursements**		**3217.60**	**3217.60**
14.24	**VI. Net receipts from Contingency Fund**	**-**	**-**	**VI. Expenditure from Contingency Fund**	**-**	**1.17**	**1.17**
25.02	**Opening Balance**	**37.35**	**37.35**	**Closing Balance**	**-**	**41.84**	**41.84**
5131.14	**Total**	**5698.10**	**5131.14**	**Total**	**1482.65**	**4215.45**	**5698.10**

* includes net ways and means advances and overdraft

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in major fiscal aggregates of receipts and expenditure from the Statements of the Finance Accounts for the year 2003-04 and, wherever necessary, show these in the light of time series data and periodic comparisons (***Appendix 1.1 to 1.4***).

The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations 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 1999-2004 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in *Appendix 1.5.*

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

Box 1.3 - State Government Funds and the Public Account

Consolidated Fund	Contingency Fund	Public Account
All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled the Consolidated Fund of the State' established under Article 266(1) of the Constitution of India.	The Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor for meeting urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, in order to recoup the advances from the Contingency 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 receipt. Revenue receipts consist of tax and non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/ commercial banks etc., and loans and advances from Government of India as well as accruals from the Public Account.

Table 2 shows that the total receipts of the State Government for the year 2003-04 were Rs.5661 crore. Of these, revenue receipts were Rs.1623 crore, constituting only 29 *per cent* of the total receipts. The balance of the receipts came from borrowings and (2003-04) public account receipts.

Table 2 – Resources of Goa

(Rupees in crore)

I Revenue Receipts			*1623*
II Capital Receipts			*799*
a	*Miscellaneous Receipts*	-	
b	*Recovery of Loans and Advances*	*7*	
c	*Public Debt Receipts*	*792*	
III Public Account Receipts			*3239*
a	*Small Savings, Provident Fund, etc.*	*111*	
b	*Reserve Fund*	*20*	
c	*Deposits and Advances*	*119*	
d	*Suspense and Miscellaneous (CSS Account, RBI (CAO) suspense, PAO suspense etc.)*	*1537*	
e	*Remittances (PWD, Forest)*	*1452*	
IV Receipts from Contingency Fund			-
Total Receipts			*5661*

The revenue receipts, capital receipts under different heads and GSDP during 1999-2004 are indicated in Table 3.

Table 3 – Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
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	▾ 9947
2003-04	1623	7	792	3239	5661	11438

▾ GSDP figures for 2002-03 have been revised by the State Government as Rs.9947 crore.

1.5.1 Revenue Receipts

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

Table 4: Revenue Receipts – Basic Parameters

	1999-2000	2000-01	2001-02	2002-0:	2003-04
Revenue Receipts (Rs in crore)	1228	1483	1873	1833	1623
Own taxes *(in per cent)*	37.3	34.7	30.4	32.84	43.75
Non-Tax Revenue *(in per cent)*	51.63	53.67	60.65	56.68	44.67
Central Tax Transfers *(in per cent)*	7.82	7.08	5.77	6.27	8.38
Grants-in-aid*(in per cent)*	3.26	4.52	3.15	4.20	3.20
Rate of Growth*(in per cent)*	7.06	20.77	26.3	(-) 2.14	(-) 11.46
Revenue Receipts/GSDP*(in per cent)*	18.20	19.11	20.99	18.43	14.19
Revenue Buoyancy (ratio)	0.64	1.38	1.75	*	*
GSDP Growth *(per cent)*	11.08	15.01	15.00	11.45	14.99
Tax Buoyancy♣	2.55	0.83	0.70	0.51	1.20

Revenue receipts of the State increased from Rs.1288 crore in 1999-2000 to Rs.1623 crore in 2003-2004. However there was an overall decrease in revenue receipts by Rs.210 crore in the current year compared to the previous year. There were significant inter year variations in the growth rates. The increase in the tax revenue during the year 2003-2004 over the previous year was mainly on account of Sales Tax (increased by Rs.63 crore). Similarly, decrease in non-tax revenue (Rs.314 crore) was due to stoppage of State lottery in August 2002. There was also a decrease of Rs.25 crore in grants in aid from Government of India during the year as compared with the previous year's figure of Rs.77 crore.

About 89 *per cent* of the revenue had come from the State's own resources. Central tax transfers and grants-in-aid together contributed 11 *per cent* of the total revenue. During 2003-04, sales tax was the major source of State's own tax revenue having contributed 71 *per cent* of the tax revenues followed by State excise (seven *per cent*), taxes on vehicles (seven *per cent*) and taxes on goods and passengers (six *per cent*). Of non-tax revenue sources, sale of power (82 *per cent*) was the principal contributor. During the year the receipts under sale of power were Rs.592.15 crore which was Rs.43.80 crore more over the previous year. Net receipts (after deducting expenditure) from the sale of power also increased by Rs.5.49 crore over the previous year.

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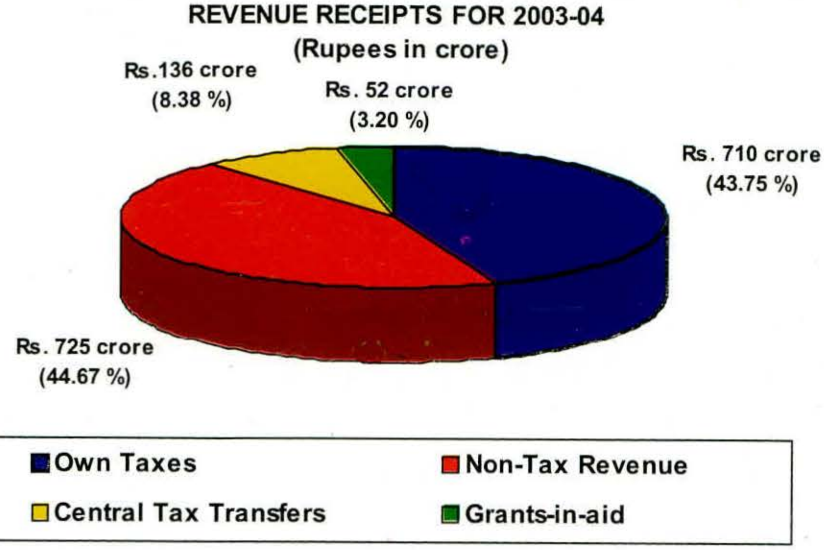
* Revenue Receipts had a negative growth

♣ Tax buoyancy is the ratio of rate of growth of tax revenue to the rate of growth of GSDP.



1.5.2 Analysis of arrears of revenue

The arrears of revenue increased by 94 *per cent* in five years from Rs.165 crore in 1999-2000 to Rs.321 crore at the end of 2003-04. In 2003-04, arrears were 22 *per cent* of total of tax and non-tax revenue. Of this, Rs.59.99 crore were outstanding for a period of more than three years. Arrears were mainly in respect of taxes on sales, trade, etc. (Rs. 88.46 crore), power (Rs.194.69 crore) and taxes on vehicles (Rs.7.00 crore). The increasing arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased from Rs.1574 crore in 1999-2000 to Rs.2075 crore in 2003-2004.

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.

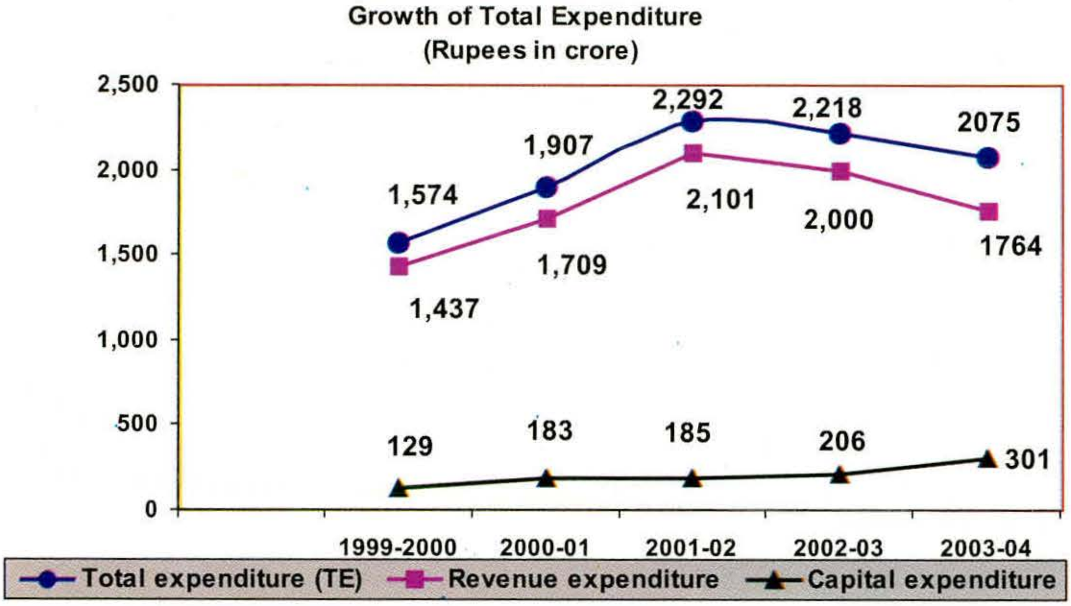
Table 5: Total Expenditure – Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04
Total Expenditure (in crore)	1574	1907	2292	2218	2075
Rate of Growth (*in per cent*)	10.69	21.16	20.19	(-) 3.23	(-) 6.45
TE/GSDP (*in per cent*)	23.33	24.57	25.68	22.30	18.14
Revenue Receipts/TE (*in per cent*)	78.02	77.77	81.72	82.64	78.22
RE as per cent to Revenue Receipts	117.02	115.24	112.17	109.11	108.69
Buoyancy of Total Expenditure with					
GSDP (ratio)	0.96	1.41	1.35	*	*
Revenue Receipts (ratio)	1.51	1.02	0.77	#	#

* Total Expenditure had a negative growth

\# Revenue Receipt had a negative growth

There was a declining trend in the ratio of revenue receipts to total expenditure during 1999-2000 and 2000-2001, whereas an increasing trend was noticed during 2001-03. However during 2003-04, there was again a decline indicating that only 78 *per cent* of State's total expenditure was met from its current revenue and the balance financed mostly from borrowings.

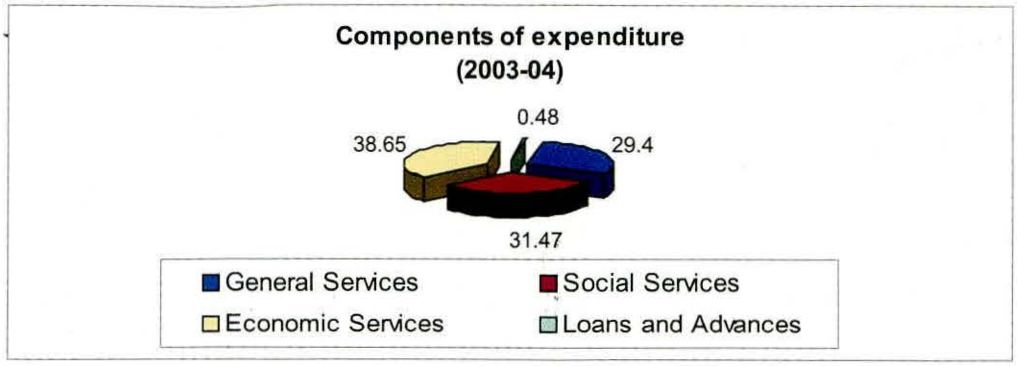


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative shares of these components in total expenditure are indicated in Table 6.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Services including interest payments	39.33	41.06	47.43	41.75	29.40
Social Services	28.65	26.48	22.86	27.28	31.47
Economic Services	31.51	31.88	29.45	30.43	38.65
Loans and advances	0.51	0.79	0.26	0.54	0.48

While the expenditure on General Services which was on increasing trend upto 2001-02, it has been declining with effect from 2002-03. The relative shares of Social and Economic Services showed an improving trend during the period 2002-2004. Sharp decline in the relative share of expenditure on general services was due to the discontinuation of State Lotteries.



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. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts are indicated in Table 7 below:

Table 7: Revenue Expenditure – Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Expenditure (Rs. in crore)	1437	1709	2101	2000	1764
Rate of Growth *(in per cent)*	11.57	18.93	22.94	(-) 4.81	(-) 11.80
RE/ GSDP *(in per cent)*	21.30	22.02	23.54	20.11	15.42
RE as *per cent* of TE	91.30	89.62	91.67	90.17	85.01
RE as *per cent* to Revenue Receipts	117.02	115.24	112.17	109.11	108.69
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.04	1.26	1.53	*	*
Revenue Receipts (ratio)	1.64	0.91	0.87	*	*

Revenue expenditure of the State increased from Rs.1437 crore in 1999-2000 to Rs.1764 crore in 2003-2004. However, compared to the previous year, the revenue expenditure in 2003-04 decreased by Rs.236 crore. This was because of decline in expenditure under State lotteries to the extent of Rs. 354.86 crore, which was partly offset by increase in expenditure under interest payments and servicing of debt (Rs.42 crore), more expenditure towards purchase of power (Rs.51 crore) and increased expenditure under child welfare and welfare of the aged, infirm and destitute (Rs.11 crore).

Though the ratio of revenue expenditure to revenue receipts declined from 117 *per cent* in 1999-2000 to 108.7 *per cent* in 2003-04, dependence of the State on borrowings for meeting its current expenditure continued primarily due to the fact that Salaries (Rs.406* crore), Interest payments (Rs.321 crore) and Pensions (Rs.113 crore) together consumed 52 *per cent* of total revenue receipts of the State during the year.

* Revenue Receipts and Revenue Expenditure had a negative growth.

* Provisional with reference to Revised Estimate.

1.6.3 Expenditure on pension and gratuity payments

Pension payments increased by 62 *per cent* from Rs.70.09 crore in 1999-2000 to Rs.113.33 crore in 2003-2004. However, in 2003-04, it decreased by Rs.27.21 crore compared to previous year's figure of Rs.140.54 crore due to less number of cases under the Voluntary Retirement Scheme. Year-wise details are as under.

Table 8

Year	Expenditure (Rupees in crore)	Percentage to total revenue
1999-2000	70.09	5.7
2000-2001	89.00	6
2001-2002	118.67	6.3
2002-2003	140.54	7.7
2003-2004	113.33	7

1.6.4 Interest payments

The Eleventh Finance Commission (August 2000) recommended that as a medium term objective, States should endeavour to keep interest payment as a percentage of revenue receipts pegged at 18 *per cent*. From Table 9 below it would be observed that interest payment as a percentage of revenue receipts increased steadily from 14 *per cent* in 1999-2000 to 20 *per cent* in 2003-04. Interest payments as a percentage of Revenue Expenditure increased from 12 *per cent* in 1999-2000 to 18 *per cent* in 2003-04. If the receipts on account of 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 during 2003-04 would be 31 *per cent* with reference to Revenue Receipts and 24 *per cent* to that of Revenue Expenditure.

Table 9

Year	Interest Payment (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
1999-2000	178	14	12
2000-2001	212	14	12
2001-2002	261	14	12
2002-2003	292	16	15
2003-2004	321	20	18

In absolute terms, interest payments increased steadily by 80 *per cent* from Rs.178 crore in 1999-2000 to Rs.321 crore in 2003-04 primarily due to continued reliance on borrowings for financing the fiscal deficit for plan schemes.

1.7 Expenditure by Allocative Priorities

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

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Plan Expenditure	16.03	17.39	16.10	19.67	28.3
Capital Expenditure	8.24	9.67	8.09	9.34	14.58
Developmental Expenditure	60.47	58.83	52.45	58.02	70.46

Out of the developmental expenditure (Rs.1455 crore), social services (Rs.653 crore) accounted for 45 *per cent* during the year. General Education (Rs.292 crore), Health and Family Welfare (Rs.109 crore) and Water supply and Sanitation (Rs.145 crore) consumed nearly 78 *per cent* of the expenditure on social sector.

Table 11: Social Sector Expenditure

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Education	244	233	247	286	292
Medical and Public Health	82	86	89	97	109
Water Supply and Sanitation	87	144	120	136	145
Total	**413**	**463**	**456**	**519**	**546**

Similarly, the expenditure on Economic Services (Rs.802 crore) accounted for 55 *per cent* of the developmental expenditure. Power (Rs.472 crore), Irrigation and Flood Control (Rs.54 crore) and Transport (Rs.131 crore) accounted for 82 *per cent* of the expenditure on Economic sector.

Table 12: Economic Sector Expenditure

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Power	328.60	393.08	429.15	420.30	472.09
Irrigation and flood control	41.97	70.54	61.38	44.10	54.07
Transport	57.56	73.59	88.84	100.06	131.04
Total	**428.06**	**537.21**	**579.37**	**564.46**	**657.20**

1.7.1 Financial Assistance to local bodies and other institutions

Extent of assistance

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

The quantum of assistance provided to different bodies during the period of five years ending 2003-2004 was as follows:

Table 13

(Rupees in crore)

Sr. No.	Bodies/authorities, etc.	1999-00	2000-01	2001-02	2002-03	2003-04
1.	Universities and Educational Institutions	143.64	129.90	115.22	170.67	162.36
2.	Municipal Corporations and Municipalities	4.67	7.25	14.55	21.29	17.72
3.	Zilla Parishads and Panchayati Raj Institutions	5.35	3.84	10.50	24.44	24.87
4.	Development Agencies	2.17	1.96	4.80	-	-
5.	Other Institutions (including statutory bodies)	8.33	13.51	11.17	9.48	9.54
	Total	**164.16**	**156.46**	**156.24**	**225.88**	**214.49**
6.	Percentage increase(+)/decrease (-) over previous year	(+)23	(-) 4.69	(-)0.14	(+)44.57	(-) 5.04
7.	Assistance as a percentage of revenue receipts	13.37	10.55	8.35	12.32	13.22
8.	Percentage of assistance to revenue expenditure	11.42	9.15	7.43	11.29	12.16

Delay in furnishing utilisation certificates

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

Of 2344 utilisation certificates due in respect of grants-in-aid of Rs.75.45 crore paid upto the end of March 2003, only 160 utilisation certificates for Rs.10.85 crore were furnished by the concerned Departments to the Director of Accounts by 30 September 2004 and 2184 certificates for Rs.64.60 crore were in arrears. Department-wise and year-wise break up is given in ***Appendix 1.6***.

Delay in submission of accounts by Autonomous Bodies

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2003 is given below.

Table 14

Sr. No.	Name of the Body/Authority	Entrustment of audit	Year for which Accounts due	Year upto which Accounts received	Year upto which Audit Report issued	Year upto which Audit Report laid in the legislature
1.	Goa Tillari Irrigation Development Corporation	1.4.2004 to 31.3.2008	2003-04	2002-03	2001-02	Not placed since 2000-01
2.	Goa State Commission for Backward Classes	1.4.2004 to 31.3.2009	2003-04	2002-03	2002-03	Not placed since 1998-99
3.	Goa University	1.4.2000 to 31.3.2005	2003-04	2002-03	2002-03	2001-02
4.	Goa Khadi & Village Industries Board	1.4.2003 to 31.3.2008	2003-04	2002-03	2001-02	2000-01
5.	Goa Housing Board	1.4.2002 to 31.3.2007	2003-04	2003-04	2002-03	2001-02

1.7.2 Misappropriation and defalcations

State Government reported 22 cases involving Rs.77.96 lakh on account of misappropriation and defalcations of Government money till 2003-04 on which final action was pending at the end of June 2004. The department-wise, year-wise and category-wise break-up of pending cases is given in the **Appendix 1.7 & 1.8.**

1.7.3 Write off of losses

During the year 2003-04, losses due to theft, irrecoverable revenue etc. amounting to Rs.4.11 lakh in 147 cases were written off by competent authorities. The department-wise details of write off are given in ***Appendix 1.9***.

1.8 Assets & Liabilities

Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of the Finance Accounts, show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. ***Appendix 1.1*** presents an abstract of such liabilities and the assets as on 31 March 2004, compared with the corresponding position on 31 March 2003. 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 0.83 in 1999-2000 to 0.73 in 2003-04. It indicated that 27 *per cent* of liabilities are without an asset back up. The liabilities of Government of Goa depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving/retired Government employees. ***Appendix 1.4*** depicts the Time Series Data on State Government Finances for the period 1999-2004.

1.8.1 Incomplete projects

As on 31 March 2004, there were 17 incomplete projects in which Rs.466.93 crore were blocked. The major projects involved were (i) Tillari Irrigation Projects (Rs. 408.16 crore); (ii) Augmentation of Opa water supply scheme (Rs.39.12 crore); (iii) Improvement of Accident prone zone of National Highway (Rs.1.83 crore);(vi) Special repair for improvement of riding quality of National Highway (Rs.1.31 crore) and (v) Construction, repairs and strengthening of various roads of Village Panchayats in South Goa (Rs.10.18 crore). Blockage of funds resulted in investment of own as well as borrowed funds without any return.

1.8.2 Investments and returns

As on 31 March 2004, the Government had invested Rs.202.93 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. The Government's return on this investment was meagre (less than one *per cent*) as indicated in table 15 below. Of this, one statutory corporation and eight Government companies with capital employed[β] amounting to Rs.499.45 crore upto 2003-2004, were incurring losses and their accumulated losses amounted to Rs.157.63 crore as per the latest accounts furnished by these companies (***Appendix 7.2***).

Table 15: Return on Investment

(Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing *(per cent)*
1999-2000	132.06	0.33	0.25	8.92
2000-2001	133.51	0.25	0.19	9.07
2001-2002	182.12	0.44	0.24	9.47
2002-2003	189.81	0.19	0.10	9.25
2003-2004	202.93	0.03	0.01	9.01

1.8.3 Loans and advances by the State Government

In addition to its investment, the Government has also been providing loans and advances to many bodies. Total outstanding balance of the loans advanced was Rs.47.78 crore as on 31 March 2004 (Table 16). Overall interest received against these advances declined from 4.76 *per cent* in 1999-2000 to 3.45 *per cent* during 2003-2004.

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

(Rupees in crore)

	1999-00	2000-01	2001-02	2002-03	2003-04
Opening Balance	32.43	35.23	39.30	38.90	44.50
Amount advanced during the year	7.91	15.43	5.85	12.20	9.83
Amount repaid during the year	5.11	11.36	6.25	6.60	6.55
Closing Balance	**35.23**	**39.30**	**38.90**	**44.50**	**47.78**
Net Addition (+) / Reduction (-)	(+) 2.80	(+) 4.07	(-) 0.40	(+) 5.60	(+) 3.28
Interest Received (Rupees in crore)	1.61	1.86	1.47	1.70	1.65
Interest received as *per cent* to outstanding Loans and advances	4.76	4.99	3.76	4.08	3.45
Average rate of interest paid by the State	8.92	9.07	9.47	9.25	9.01
Difference between interest paid and received	(-) 4.16	(-) 4.08	(-) 5.71	(-) 5.17	(-) 5.56

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

1.8.4 Commercial activities

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

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

As of March 2004, there were two departmental undertakings with the Government of Goa. Rupees 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 mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. The State had a WMA limit of Rs.50 crore. During the year, the State Government used this mechanism for 249 days as against 259 days in the previous year besides resorting to borrowings of Rs.240 crore from the market. States also resort to overdraft over and above the WMA limits for meeting resources mismatch. The State Government availed of overdraft facilities on 21 occasions for 21 days during the year for Rs.112.92 crore as against Rs.137.80 crore in the previous year. Out of the overdraft, Rs. 12.15 crore was outstanding at the end of March 2004 as against Rs.33.59 crore at the end of the previous year. The amount availed under WMA decreased by Rs.82.47 crore as compared to the previous year.

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

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Ways and Means Advances					
Taken in the Year	29.78	243.25	309.87	619.21	536.74
Outstanding	-	9.35	28.25	53.41	53.61
Interest Paid	0.09	0.55	0.78	2.18	1.34
Overdraft					
Taken in the Year	43.28	25.44	128.10	137.80	112.92
Outstanding	-	-	11.04	33.59	12.15
Interest Paid	0.07	0.09	0.17	0.19	0.23
No. of Days State was in Overdraft	22	16	36	34	21

1.8.6 Undischarged Liabilities

Fiscal liabilities – public debt

The Constitution of India provides that a State may borrow within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time, be fixed by an act of Legislature. However, the State Government had not passed any law to limit its borrowings. Statement 4 read with Statements 16 and 17 of the Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the overall fiscal liabilities of the State increased from Rs.2144 crore in 1999-2000 to Rs.3793 crore in 2003-2004. This included Rs.409.35 crore being loan given by GOI to the erstwhile Union Territory of Goa, Daman and Diu. These liabilities as ratio to GSDP marginally decreased from 33.5 *per cent* in 2002-03 to 33.16 *per cent* in 2003-2004 and stood at 2.34 times of its revenue receipts and 2.64 times of its own resources comprising its own tax and non-tax revenue.

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

Table 19: Fiscal Imbalances–Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-0
Fiscal Liabilities (Rs. in crore)	2144	2531	2979	3335	3793
Rate of growth *(in per cent)*	15.95	18.05	17.7	11.95	13.73
Ratio of Fiscal Liabilities to					
GSDP *(in per cent)*	31.8	32.6	33.4	33.5	33.2
Revenue Receipts *(in per cent)*	174.6	170.7	159.0	181.9	233.7
Own Resources *(in per cent)*	196.3	193.1	174.7	203.2	264.3
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	1.44	1.20	1.18	1.04	0.92
Revenue Receipts (ratio)	2.26	0.87	0.67	(-) 5.6	-1.2
Own Resources (ratio)	1.92	0.9	0.59	(-) 3.18	-1.09

The Goa State Infrastructure Development Corporation (GSIDC) was formed by the State Government to finance as well as to undertake various developmental and infrastructure projects in the State. The Corporation raises funds from the market mainly from banks and financial institutions. The State Government not only guarantees the loans but also repays the Corporation in instalments by way of annuity payments. These borrowings do not feature either in the budget or the State Government Accounts. Concerns have been expressed over these "Off budget borrowings" in the previous Audit Report (Para 1.8.6 (ii) of the C & AG's Report 2002-03).

During this year also the GSIDC raised loans of Rs. 91.44 crore for financing various projects of the State Government and its outstanding borrowings as on 31 March 2004 were Rs.151.04 crore. Had the outstanding borrowings of Rs.151 crore of GSIDC been taken into account, the fiscal liabilities of the State would have been Rs.3944 crore. The percentage increase in fiscal liabilities including the above borrowings over the previous year would be 18.41.

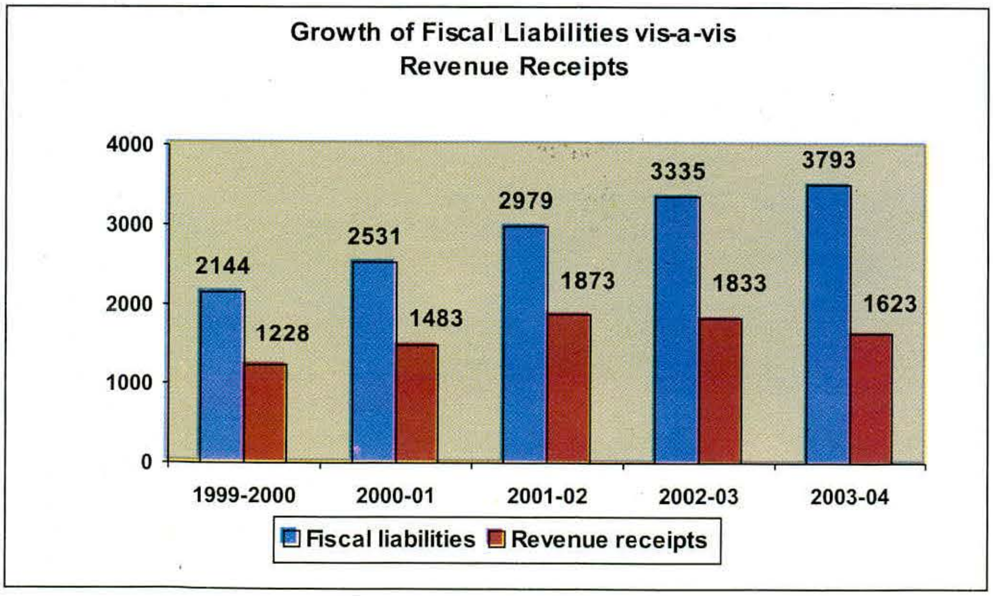
1.8.7 Guarantees

In addition to these liabilities, the Government had guaranteed loans to its various Corporations and others, which in 2003-04 stood at Rs.628.20 crore. As per article 293(1) of the Constitution, the Government may give guarantees within such limits as may be fixed by State Legislature. The State Legislature in September 2001, fixed a ceiling limit of Rs.700 crore for the purpose. The guarantees are in the nature of contingent liabilities of the State, in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities are more than two times of the revenue receipts of the State.

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

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Weighted Interest Rate	8.92	9.07	9.47	9.25	9.01
GSDP Growth	11.08	15.01	15.00	11.45	14.99
Interest spread	2.16	5.94	5.53	2.20	5.98



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 showed wide inter year variations and declined to six *per cent* in 2002-03. However the position improved in 2003-04 as net availability of funds increased from six *per cent* from 2002-03 to 23 *per cent* in 2003-04.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Internal Debt*					
Receipts	97	127	126	181	273
Repayments (Principal + Interest)	44	83	126	197	202
Net Funds Available	53	44	-	(-) 16	71
Net Funds Available (*per cent*)	55	35	-	-	26
Loans and Advances from Government of India					
Receipts	131	210	241	269	519
Repayments (Principal + Interest)	126	136	145	226	409
Net Funds Available	5	74	96	43	110
Net Funds Available (*per cent*)	4	35	40	16	21
Total					
Receipts	228	337	367	450	792
Repayments (Principal + Interest)	170	219	271	423	611
Net Funds Available	58	118	96	27	181
Net Funds Available (*per cent*)	25	35	26	6	23

* Internal debt excluding ways and means advances

Out of loans and advances of Rs.409 crore repaid during 2003-04, repayment of Rs.262.43 crore (Rs.172.99 crore towards small savings collections and Rs.89.44 crore towards Block Loans) was to be carried out under Debt Swap Scheme. Out of Rs.262.43 crore to be repaid under debt swap scheme, an amount of Rs.255.51 crore was paid leaving a balance of Rs.6.92 crore. Similarly under Modernisation of Police Force as against Rs.0.38 crore shown as repaid towards principal, the actual amount paid was only Rs.0.17 crore as interest component of Rs.0.21 crore was wrongly classified under principal amount.

The State Government raised market loans of Rs.240 crore during 2003-04 with an average rate of interest of 6.82 *per cent* whereas the State Government borrowed Rs.457.84 crore from National Small Saving Fund at the rate 10.5 *per annum*. As on 31 March 2004, 44 *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 27 *per cent* of the total market loans are repayable within the next five years while the remaining 73 *per cent* loans are required to be repaid after 5 to 10 years.

1.9 Management of deficits

1.9.1 Fiscal imbalances

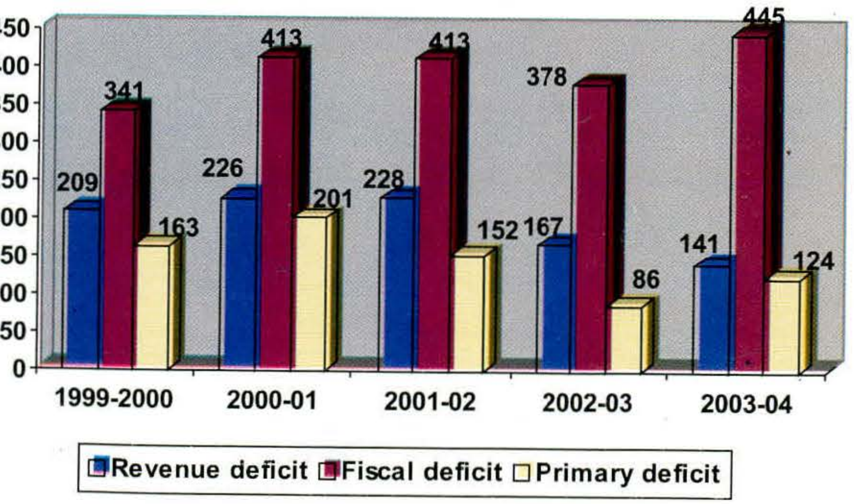
The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to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

The revenue deficit (Statement-1 of the Finance Accounts) of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs.209 crore in 1999-2099999600 to Rs.228 crore in 2001-2002 and declined from Rs.167 crore in 2002-03 to 141 crore in 2003-04. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap increased from Rs.341 crore in 1999-2000 to Rs. 445 crore in 2003-04. This however, does not take into account the expenditure of Rs.43.95 crore incurred by the Goa State Infrastructure Development Corporation on behalf of Government of Goa including the expenditure of Rs.2.21 crore on International Film Festival of India. Had this been taken into account fiscal deficit would have been Rs.489 crore. The State's primary deficit which increased from Rs.163 crore in 1999-2000 to Rs.201 crore in 2000-01 declined to Rs.86 crore in 2002-03. However in 2003-04, it again increased to Rs. 124 crore.

Table 22: Fiscal Imbalances – Basic Parameters

	1999-2000	2000-(	2001-02	2002-03	2003-04
Revenue deficit (Rs. in crore)	209	226	228	167	141
Fiscal deficit (Rs. in crore)	341	413	413	378	445
Primary Deficit (Rs. in crore)	163	201	152	86	124
RD/GSDP *(in per cent)*	3.10	2.91	2.55	1.68	1.23
FD/GSDP *(in per cent)*	5.05	5.32	4.63	3.80	3.89
PD/GSDP *(in per cent)*	2.42	2.59	1.70	0.86	1.08
RD/FD *(in per cent)*	61.29	54.72	55.21	44.18	31.69

Fiscal Imbalances
(Rupees in crore)



The ratio of revenue deficit to fiscal deficit was between 55 and 61 *per cent* during 1999-2002 and it came down to 44 *per cent* in 2002-03 and 31.69 *per cent* in 2003-04. As proportion to GSDP, revenue deficit had decreased to 1.23 *per cent* in 2003-04 from 1.68 *per cent* in 2002-03 and fiscal deficit increased to 3.89 *per cent* compared with previous year's fiscal deficit of 3.80 *per cent.*

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 1999-2004, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

Various ratios concerning the expenditure management of the State indicate the quality of its expenditure and the sustainability of these in relation to its resource mobilization. The ratio of revenue expenditure to total expenditure during the current year was 85 *per cent* against 90 *per cent* in 2002-03. The ratio of both capital expenditure and developmental expenditure to total expenditure which declined in 2001-2002 as compared to earlier years has shown increase in 2002-03 and 2003-04.

Table 23: Ratios of Fiscal Efficiency

(in per cent)

Fiscal Ratios	1999- 2k	2000-01	2001-02	2002-03	2003-04
Resources Mobilization					
Revenue Receipts/GSDP	18.20	19.11	20.99	18.43	14.19
Revenue Buoyancy (ratio)	0.64	1.38	1.75	-0.18	-0.76
Own Tax/GSDP	6.79	6.64	6.38	6.05	6.21
Expenditure Management					
Total Expenditure/GSDP	23.33	24.57	25.68	22.30	18.14
Revenue Receipts/ Total Expenditure	78.02	77.77	81.68	82.64	78.22
Revenue Expenditure/Total Exp.	91.30	89.62	91.67	90.17	85.01
Capital Expenditure/ Total exp	8.24	9.67	8.09	9.34	14.58
Developmental Expenditure/ Total Expenditure (RE+CE)	60.47	58.83	52.45	58.02	70.46
Buoyancy of TE with RR	1.51	1.02	0.77	1.55	0.56
Buoyancy of RE with RR	1.64	0.91	0.87	2.31	1.03
Management of Fiscal Imbalances					
Revenue deficit (Rs in crore)	209	226	228	167	141
Fiscal deficit (Rs in crore)	341	413	413	378	445
Primary Deficit (Rs in crore)	163	201	152	86	124
Revenue Deficit/Fiscal Deficit	61.29	54.72	55.21	44.18	31.69
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	31.8	32.6	33.4	33.5	33.2
Fiscal Liabilities/RR	174.6	170.7	159.0	181.9	233.7
Buoyancy of FL with RR	2.26	0.87	0.67	(-) 5.6	(-) 1.2
Buoyancy of FL with OR	1.92	0.9	0.59	(-) 3.18	(-) 1.09
Interest Spread	2.16	5.94	5.52	2.20	5.98
Net Funds Available	25	35	26	6	23
Other Fiscal Health Indicators					
Return on Investment (Percentage)	0.25	0.19	0.24	0.1	0.01
BCR (Rs in crore)	(-) 116.22	(-) 128.44	(-)88.24	(-)18.48	(+)109.65
Financial Assets/Liabilities	0.83	0.76	0.63	0.74	0.73

Reduction in revenue receipts, non-plan revenue expenditure and revenue deficit were due to stoppage of lottery business in Goa. Tax Revenues did increase during the year over the previous year. However, borrowings as well as total liabilities increased. Consequently net funds available for development expenditure also increased.

The Debt/GSDP ratio increased over a period of five years from 31.8 in 1999-2000 to 33.2 in 2003-04. If the borrowings of GSIDC are taken into account, the ratio would be varying from 31.8 in 1999-2000 to 34.58 in 2003-04. Further, due to increase in borrowings the fiscal deficit also increased from Rs. 341 crore to Rs. 445 crore. If the expenditure incurred by GSIDC on Government of Goa projects were considered, the fiscal deficit would increase to Rs. 489 crore. These are the matters of concern which need to be addressed.

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 the budget.

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2003-2004 against grants and appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	2,235.44	78.54	2,313.98	1,454.79	(-) 859.19
	II. Capital	398.32	31.56	429.88	309.57	(-) 120.31
	III. Loans & Advances	9.93	2.50	12.43	9.73	(-) 2.70
Total Voted		**2,643.69**	**112.60**	**2,756.29**	**1,774.09**	**(-) 982.20**
Charged	IV. Revenue	325.47	8.04	333.51	336.99	(+) 3.48
	V. Capital	1.88	1.14	3.02	1.16	(-) 1.86
	VI. Public Debt	186.15	277.96	464.11	1,009.92	(+) 545.81
Total Charged		**513.50**	**287.14**	**800.64**	**1,348.07**	**(+) 547.43**
Grand Total		**3,157.19**	**399.74**	**3,556.93**	**3,122.16**	**(-) 434.77**

Note:- The expenditure includes the recoveries of revenue expenditure amounting to Rs. 28.19 crore and capital expenditure amounting to Rs. 9.21 crore adjusted as reduction of expenditure.

The overall savings of Rs.434.77 crore as mentioned above were net result of savings of Rs.984.36 crore in 79 grants and appropriations offset by excess of Rs.549.59crore in one grant and one appropriation.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Out of savings of Rs.982.22 crore under voted grants major savings of Rs.780.51 crore (79.46 *per cent*) occurred in six grants as mentioned below:

(Rupees in crore)

Sr.No.	Grant No.	Allocation			Actual Expenditure	Savings
		Original	Supplementary	Total		
1.	PUBLIC WORKS DEPARTMENT (REVENUE VOTED)					
	21	167.85	9.41	177.26	148.62	28.64
2.	PUBLIC WORKS DEPARTMENT (CAPITAL VOTED)					
	21	138.01	25.45	163.46	148.93	14.53
3.	LOTTERIES (REVENUE VOTED)					
	30	685.63	-	685.63	2.21	683.42
4.	INDUSTRIES & MINES (REVENUE VOTED)					
	19	33.54	1.47	35.01	10.62	24.39
5.	ELECTRICITY (CAPITAL VOTED)					
	76	67.07	-	67.07	50.83	16.24
6.	ELECTRICITY (REVENUE VOTED)					
	76	441.60	5.00	446.60	433.31	13.29
Total		**1533.70**	**41.33**	**1575.03**	**794.52**	**780.51**

Reasons for savings in the above grants were as follows:

- **Public Works Department**

  Revenue: Curtailment of expenditure as an economy measure on minor works, maintenance works, restriction on reserve stock, non purchase of new vehicles and non sanction of new schemes etc.

  Capital: Reduction in expenditure on Major Works, Government decision not to invest further in Sewage Infrastructure Development Corporation, slow progress of district roads.

- **Lotteries**: Savings were mainly on account of stoppage of lottery business in August 2002.

- **Industries and Mines**: Non receipt of proposal for payment of grants to Small scale Industries, non participation of State Government in Beijing and Shangai Exhibitions, non release of contribution subsidised under Industrial Policy due to late finalisation of Industrial Policy.

- **Electricity**

  Revenue: The anticipated savings were mainly due to credit awarded by National Thermal Power Corporation (NTPC) and non submission of bills by suppliers.

  Capital: Non-finalisation of tenders under Augmentation of Tivim sub-station, not taking up works under Accelerated Power Development Programme and Erection of Xeldem sub-station.

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

In 21 cases, savings exceeding Rs.2 crore in each case and also by more than 10 *per cent* of the total provision amounted to Rs.134.91 crore as indicated in ***Appendix 2.2.***

2.3.2 Excess requiring regularisation

Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant or appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs.1026.48 crore for the years 1996-97 to 2002-03 was yet to be regularised. Details are given in ***Appendix 2.3.***

Excess over provisions during 2003-04 requiring regularisation

The excess of Rs.549.59 crore under one grant and one appropriation during the year requires regularisation under Article 205 of the Constitution. Details are given below:

Sr. No.	No. and name of Grant/appropriation	Total Grant/ appropriation	Actual expenditure	Excess
			Amount	*in Rupees*
Revenue (Charged)				
1.	Appropriation – Debt Services	330,60,39,000	334,35,57,471	3,75,18,471
Capital (Charged)				
2.	Appropriation–Debt Services	464,10,61,000	1009,92,21,341	545,81,60,341
Capital (Voted)				
3.	2. General Administration and Coordination	65,00,000	67,68,840	268,840
	TOTAL	**795,36,00,000**	**1344,95,47,652**	**549,59,47,652**

The final excess was due to occasional imbalance between the receipts and payments of the State Government, necessitating borrowings by means of Ways and Means Advances from the Reserve Bank of India and due to inadequate budgetary support provided by the State Government under the Head "Appropriation-Debt Services".

2.3.3 Original budget and supplementary provisions

Supplementary provisions (Rs.399.74 crore) made during this year constituted 12.66 *per cent* of the original provision (Rs.3157.19 crore) as against seven *per cent* in the previous year.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs.37.29 crore made in 32 cases during the year proved unnecessary in view of aggregate savings of Rs.152.89 crore as detailed in ***Appendix 2.4.***

In 10 cases, against additional requirement of only Rs.8.83 crore, supplementary provision of Rs.20 crore was obtained, resulting in savings in each case exceeding Rs.30 lakh, aggregating Rs.11.17 crore (***Appendix 2.5***).

In one case (Appropriation debt services) supplementary provision of Rs.277.96 crore proved insufficient leaving an uncovered expenditure of Rs.545.81 crore.

2.3.5 Anticipated savings not surrendered

According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2003-04, savings of Rs. 4.46 crore in three cases had not been surrendered. In 12 cases, even after partial surrender, savings of Rs.50 lakhs and above in each case aggregating Rs.21.52 crore were not surrendered. Details are given in ***Appendix 2.6*** and ***2.7*** respectively.

2.4 Unreconciled expenditure

The departmental officers are required to reconcile periodically and before the close of the accounts of a year, the departmental figures of expenditure with those recorded in the books of the Director of Accounts. The Public Accounts Committee in its forty-eighth report (1992) had also desired that punitive action be taken against erring Budget Controlling Authorities. During 2003-04, out of 85 Budget Controlling Authorities (BCAs), 13 BCAs had not carried out such reconciliation for the whole year in respect of 44 units under their control and three BCAs had not carried out such reconciliation for a part of the year in respect of four units. Six major BCAs, who did not reconcile the expenditure to the extent of Rs.157.90 crore were as follows:

Sr.No.	Budget Controlling Authority who did not reconcile their figures	Amounts not reconciled (Rupees in crore)
1.	Inspector General of Police	14.91
2.	Conservator of Forests	13.30
3.	Under Secretary, Law	23.65
4.	Director of Youth Affairs	25.00
5.	Director of Civil Supplies	24.09
6.	Chief Engineer, Water Resources	29.09
7.	Principal, Government Polytechnic, Curchorem	27.86
	TOTAL	**157.90**

2.5 Advances from Contingency Fund

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

The fund was in the nature of an imprest with legislative approval for the corpus of Rs.30 crore.

As on 1 April 2003, the balance in the fund was Rs. 30 crore. During the year advances of Rs. 27.20 crore were withdrawn from the Fund by issuing 127 orders, of which Rs. 1.17 crore was not recouped till March 2004. The balance in the fund as on 31st March 2004 thus stood at was Rs. 28.83 crore.

Audit scrutiny of the drawal orders revealed the following:

An amount of Rs. 6.46 crore was withdrawn for meeting Pay and Allowances of employees between the period from June 2003 to January 2004.

An amount of Rs. 18.65 crore was withdrawn under 48 orders for various reasons such as maintenance of roads and bridges (Rs.6.00 crore), payment of interest on Block Loan (Rs. 2.96 crore), construction of fire station at Ponda (Rs. 1.39 crore), Rs. 0.98 crore were withdrawn for Decretal orders, Arbitration Award etc. and balance (Rs.8.30 crore) for various purposes like foreign tours, Motor Car Advances to MLAs, International Workshops etc.

Further, Rs. 1.02 crore was withdrawn under four orders for implementation of Centrally Sponsored Schemes.

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

2.6 Outstanding Advances

Outstanding AC bills

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

As per information furnished by the Director of Accounts, 77 AC Bills involving an amount of Rs.2.52 crore drawn by various departments upto March 2004, were pending adjustment as on 30 September 2004.

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

Year	No. of DC Bills	Amount (Rupees in crore)
Upto 1999-2000	16	0.10
2000-2001	3	0.02
2001-2002	4	0.01
2002-2003	12	1.24
2003-2004	42	1.15
TOTAL	**77**	**2.52**

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

Sr.No.	Department/office	No. of AC bills	Amount (Rupees in crore)	Earliest year to which AC bills pertain
1.	Directorate of Health Services	11	1.02	2001-02
2.	Directorate of Animal Husbandry & Veterinary Services	2	0.45	2003-04
3.	Directorate of Sports & Youth Affairs	5	0.26	2002-03
4.	Directorate of Education	2	0.24	2003-04
5.	Information Department	3	0.11	1999-2000

Outstanding advances to Government servants

Scrutiny revealed that Rs.1.91 crore being advances made upto March 2003 to Government servants on account of Travelling Allowances, Leave Travel Concessions etc. were pending adjustment as of September 2004. The departments against which a large number of such advances were outstanding were:

Sr.No.	Department/office	No. of AC bills	Amount (Rupees in crore)	Earliest year to which AC bills pertain
1.	Directorate of Health Services	18	0.56	2001-02
2.	Goa Medical College	12	0.18	2001-02
3.	Director General of Police	61	0.16	1988-89
4.	General Administration Department	28	0.14	1988-89
5.	Legislature Department	23	0.13	1982-83
6.	Directorate of Education	13	0.13	1994-95
7.	Goa Sadan, New Delhi	10	0.12	1988-89

Chapter – III

Performance Reviews

3.1 Dayanand Social Security Scheme (Social Welfare Department)

3.2 Audit of Health Department (Health Department)

CHAPTER-III
Performance Reviews

SOCIAL WELFARE DEPARTMENT

3.1 REVIEW ON "DAYANAND SOCIAL SECURITY SCHEME"

HIGHLIGHTS

- *The Dayanand Social Security Scheme (DSSS) was implemented by the State Government with effect from 1 January 2002 with a view to providing financial assistance of Rs.500 per month to the vulnerable sections of the society such as senior citizens, single and destitute women and handicapped persons. The first phase of the scheme was implemented through the Life Insurance Corporation of India (LIC) by entering into an agreement (MOU) in terms of which the State Government purchased pension for each pensioner by paying a price computed by LIC based on the age of the beneficiary. In turn, LIC was to pay pension during the lifetime of the beneficiary. The second phase was implemented through the Mapusa Urban Cooperative Bank (MUCB) as a disbursing bank for the pensions. There were flaws in the rules and deficiencies and irregularities in implementation of the scheme which led to sanction of ineligible and bogus pensions, duplicate sanctions to same persons, sanctions to both husband and wife, overlapping of benefits, continuation of pension remittance to the accounts of expired beneficiaries and non-disbursement of pension to sanctioned beneficiaries. The Social Welfare Department which was responsible for implementation of the DSSS, did not ensure adoption of proper systems and internal controls. Highlights of the review are given below.*

> **The first phase of the scheme was implemented through the LIC against purchase price for pension paid by the State Government. The State Government paid much more than was disbursed as pension by the LIC. The LIC paid less interest to the State Government on the funds accumulated with it while charging a higher rate from the State Government for delayed payments. Besides, the LIC did not honour the provisions of the scheme regarding extending the benefits to the surviving members of the families of deceased pensioners.**

(Paragraph 3.1.7 to 3.1.10)

> **Though the scheme envisaged sanction of the financial assistance to the poor and needy whose income did not exceed the amount of assistance envisaged under the scheme (Rs. 6000 per annum), an affidavit sworn by the applicant and countersigned by an MLA was accepted as proof of income without any counter checks by the Department.**

(Paragraph 3.1.13)

➢ **Twenty seven beneficiaries who were receiving pension under a separate State scheme for former artists through Directorate of Arts and Culture, also received pension under DSSS for period ranging from 4 to 33 months, which was yet to be recovered from the pensioners (Rs.1.94 lakh).**

(Paragraph 3.1.12)

➢ **Double payment of pension of Rs.6.89 lakh was made to 232 beneficiaries. Pension of Rs.10.57 lakh was paid to both the spouses in 142 cases for periods ranging from 1 to 20 months.**

(Paragraph 3.1.13)

➢ **The findings of a survey agency appointed by the State Government revealed that out of 40818 beneficiaries covered in survey, only 28979 were genuine beneficiaries. The irregular pension paid to such non-genuine beneficiaries as of June 2004 amounted to Rs.6.98 crore. Pension payment to 9327 non-genuine cases other than expired and bogus cases continued, as re-survey ordered by Government was not completed. (December 2004)**

(Paragraph 3.1.14)

➢ **Pension was not disbursed to 415 beneficiaries sanctioned during January 2002 to October 2002 for want of bank account details and Rs.48 lakh due to the beneficiaries was lying with LIC. Thus non disbursal of pension to the beneficiaries defeated the objectives of scheme and resulted in unintended financial benefit to the LIC in the form of undisbursed funds lying with them.**

(Paragraph 3.1.16)

➢ **Registers and books of accounts were not maintained by the Department. Reconciliation of accounts with LIC was not conducted. The scheme implementation suffered due to lack of internal controls.**

(Paragraph 3.1.18)

3.1.1 Introduction

The Government introduced the Dayanand Social Security Scheme (DSSS) with effect from 1 January 2002 under the Goa Dayanand Social Security Scheme Rules, 2001. The existing social welfare schemes viz. Dayanand Smriti Niradhar Madat Yojana, Scheme of Financial assistance to Young Widows and the Scheme of Grant of Family Pension to the Old, Destitute and the Handicapped persons were amalgamated into the new scheme, to provide financial assistance to the vulnerable sections of the society, i.e. the elderly, the disabled and women in difficult circumstances. It was provided that the per capita family income should be less than the assistance received under this scheme, and the applicant should not be in receipt of financial assistance from any other source. There were 54,855 beneficiaries under the scheme (19736[#] with LIC and 35119 with Mapusa Urban Co-op. Bank Ltd.) as of June 2004.

3.1.2 Programme objectives

The objective of the scheme was to provide financial assistance of Rs.500 per month with an increase of Rs.25 per annum to senior citizens above 60 years of age, widows, divorcees, deserted or judicially separated women above 18 years of age, unmarried women above 50 years of age and disabled persons above 21 years of age, whose per capita income is less than the amount of annual financial assistance under the scheme.

The scheme also envisaged insurance cover to women and disabled beneficiaries upto the age of 60 years, and also to traditional workers and unorganised labour, by payment of a premium at the rate of Rs.100 per member per annum by the Government of Goa to LIC.

3.1.3 Organisational set up

The scheme is implemented by the Department of Social Welfare, headed by a Secretary and is assisted by Director, Social Welfare. The applications received for the financial assistance were scrutinised by the Directorate of the Social Welfare and recommended for sanction to a committee constituted by the Government. Initially the committee was headed by the Minister, Department of Social Welfare. It was reconstituted in June 2002 with the Chief Minister as Chairman, and the Minister, Department of Social Welfare, the Leader of the Opposition and the Director of Social Welfare as the other three members. Disbursement of the financial assistance to the beneficiaries was made through the Life Insurance Corporation of India (LIC) and the Mapusa Urban Co-Op. Bank of Goa Ltd. (MUCB).

3.1.4 Scope of Audit

The scheme was reviewed with the following objectives:

- To ascertain whether the scheme objectives were achieved.
- Whether the benefits under the scheme were overlapping with any other existing schemes.
- Whether systems and procedures were in place to guard the financial interest of the government; and
- Whether any wasteful or avoidable expenditure occurred during the implementation of the scheme.

3.1.5 Audit Coverage

A review of implementation of the scheme since inception (January 2002) to June 2004 was conducted during May 2004 to July 2004.

[#] *After discontinuation of detected cases of expired, double, both spouses etc, from the sanctioned 21113 cases*

3.1.6. Financial outlay

The scheme is entirely funded by the State Government. The financial outlay on the scheme and the expenditure incurred for the period from 2001-02 to June 2004 were as under:

(Rs. in crore)

Year	Budget Provision	Funds Released to		Expenditure
		LIC	MUCB	Total
2001-02 (From January 2002)	Nil	20	--	20
2002-03	20	20	--	20
2003-04	40.34	24.54[*]	13.48	38.02
2004-05 (Up to June 2004)	40.20	Nil	6.00	6.00
Total	**100.54**	**64.54**	**19.48**	**84.02**

3.1.7 Implementation of the scheme through LIC

For implementation of the scheme through LIC a Memorandum of Understanding (MOU) was entered into between the State Government and the LIC on 2 October 2001. The scheme had two different components viz., monthly payment of financial assistance in the form of monthly pension and providing insurance cover. As per the MOU, the Government purchased pension for each beneficiary by paying a purchase price computed by LIC according to the age of the individual beneficiary. The LIC in turn was required to pay pension to the beneficiaries for life with an annual increment of Rs.25. A running account of the scheme was required to be maintained by LIC where the sums released by Government were to be deposited and the payments were to be released to the beneficiaries by debit to this account. The MOU entered into between the Government and LIC stipulated that –

- The State Government would create a fund for the operation of the scheme by contributing a sum of Rs. 20 crore.
- The purchase price could be paid by the State Government in instalments provided that at least one fifth of the required purchase price is available in the Fund; the balance of purchase price along with interest at the rate decided by LIC would be payable in maximum of four annual instalments.
- LIC would pay interest to Government on the credit balance in the Running Account at the end of each year at the rate decided by them.
- LIC would pay monthly pension to the beneficiaries and on the death of beneficiaries to their surviving spouses or children (upto 21 years).
- The scheme also included an insurance cover for eligible beneficiaries aged between 18 and 59 years on payment of premium by Government at the rate of Rs. 100 per member per annum.

[*] *Includes payment of Rs.4.10 crore on ad-hoc basis.*

The Department intimated 21113 sanctioned cases to LIC during January 2002 to October 2002 for which the total purchase price payable was Rs.122.04 crore.

3.1.8 Liability for payment of interest

The year-wise details of purchase price due to be paid during the year, interest on delayed payment of purchase price, amount of purchase price paid and interest earned by the Department, etc., as per account furnished by LIC were as under:

(Rs in Crore)

Year	Amount due to LIC					Amount paid and interest earned by Department		
	Total purchase price due during the year	Interest on delayed payment of purchase price instalments	Interest on outstanding purchase price	Insurance Premium/ expenses	Total	Purchase price and interest paid	Interest earned	Total
2001-02	6.59	0.10	0.54	0.01	7.24	20.00	0.38	20.38
2002-03	24.41	1.23	9.78	0.13	35.55	19.00	1.61	20.61
2003-04	24.41	1.14	11.09	0.08	36.72	21.44	0.74	22.18
Total	**55.41**	**2.47***	**21.41**	**0.22**	**79.51**	**60.44**	**2.73***	**63.17**

Outstanding liability of Government towards purchase price and interest to LIC was Rs.73.01 crore, and further interest liability would amount to Rs.10.32 crore.

It was observed that as per the terms of MOU Rs. 20 crore was paid in the first year (2001-02) towards the purchase price in respect of 5735 beneficiaries whereas the outgo of LIC was to the tune of Rs.56.04 lakh. Similarly for the subsequent number of beneficiaries intimated, the outgo of pension from LIC for the period 2002-04 would be Rs. 26.64 crore (Rs 10.66 crore for 2002-03 and Rs 15.98 crore for 2003-04 based on Rs 500 per month and annual increment of Rs. 25) against which Government had paid Rs 40.44 crore.

Considering the outstanding purchase price and interest liability of Rs.83.01 crore[Ψ] as on 31 March 2004 and payments of Rs.10 crore made in August/September 2004, the outstanding liability of Government to LIC was Rs.73.01 crore as of September 2004. Further, Government is bound as per the MOU for an interest liability of Rs.10.32 crore from April 2004 on the outstanding purchase price liability, as per ***Appendix 3.1***.

The Department stated that the pension purchase price submitted by LIC was tentative and the same was yet to be finalised by LIC. However, the department had already made the payment to the LIC. Further, non-finalisation of financial arrangements even after two years of commencement of the scheme was not justifiable.

Secondly, as can be seen from the tables, there has been absolutely no net outgo from the LIC so far under the scheme and this was quite forseeable. The reason for the Government to enter into the MOU with LIC was not clear. It is interesting to note that the rate of interest paid by LIC on the amounts at credit in the running

* *Interest was charged whenever the amount in running account fell short to debit the purchase price due against pension cases vested with LIC and interest was allowed on excess amounts available in the running account. Payments were being released periodically by State Government.*

Ψ *Rs.122.04 (total purchase price) + Rs.21.41 crore (interest) – Rs.60.44 crore (purchase price plus interest paid).*

account of the scheme at the end of each year varied from 8.40 to 10.10 *per cent* whereas the interest charged from the Government was 13 *per cent.*

3.1.9 Excess liability on account of purchase price

Audit scrutiny revealed that the Government had accepted the purchase price calculations of LIC without detailed study. It was seen that out of 18285 senior citizen beneficiaries covered by LIC, 14182 were in the age group of 60 to 69 years. The benefit so far accrued to LIC is mainly because of the higher purchase price in respect of the beneficiaries aged 60 years and above.

Beneficiary's age	Purchase price per head (Rs.)	No. of beneficiaries	Purchase price payable to LIC *(Rs. In crore)*
60	62630	2945	18.44
61	61538	1784	10.98
62	60423	1754	10.60
63	59289	1406	8.34
64	58027	1203	6.98
65	56711	1993	11.30
66	55300	1034	5.72
67	53860	749	4.03
68	52356	777	4.07
69	50847	537	2.73
		14182	83.19

Further, it was noticed that there were 4103 beneficiaries aged between 70 and 99 years in respect of whom purchase price amounting to Rs.18.09 crore was payable. In view of the average life expectancy of 70 years[1] in the State, it is obvious that the LIC would derive benefit on the pension outgo in respect of above beneficiaries. Another reason for profit accruing to LIC is the payment of interest by State Government to LIC on outstanding purchase price which is quite exorbitant (13 *per cent*).

The Government while admitting the excess liability on account of purchase price stated (December 2004) that steps would be taken to rectify the financial clauses and the purchase price and the interest component would be negotiated.

3.1.10 Non adherence of provisions of MOU by LIC

Pension was not transferred to the spouses of 17 deceased beneficiaries as provided in the MOU with the LIC.

The MOU with the LIC provided for passing of the pension benefit to the spouse of a deceased beneficiary. It was noticed that in response to Department's request (December 2002) to LIC to commence payment of pension to the spouses of 17 deceased beneficiaries, LIC disputed (January 2003) its liability to continue the pension to the spouses stating that the purchase price calculated and communicated was on single life and continuation of pension to spouse would amount to a new beneficiary requiring re-computation of purchase price. The Department did not respond to the incorrect stand taken by the LIC, thereby depriving the beneficiaries.

The Government replied (December 2004) that though the initial decision was to purchase family pension, the Government decided to purchase pension for single

[1] *Health profile, Goa prepared by Director of Health Services, Goa in the year 2001.*

life and not for family due to high cost. The reply is not tenable as the MOU clearly provides for transfer of pension to the spouse on death of the beneficiary. Thus, LIC apparently did not honour the provisions of the MOU regarding payment of pension to surviving eligible members of the families.

3.1.11 Arrangements with Mapusa Urban Co-op. Bank of Goa Ltd. at a higher cost to the Government

In November 2002, LIC had demanded 30 *per cent* higher purchase price for the insurance scheme and the Government, in turn, had decided not to operate Phase-II of the scheme through the LIC. It was seen from the records that instead of paying higher purchase price the Government arranged payment of pension for new beneficiaries by placing the required amount of funds at the disposal of LIC without actually purchasing any pension from them. For such distribution of pension to the beneficiaries, LIC was charging 3 *per cent* as service charges besides Rs. 2500 as floppy charges (lump sum) and Rs. 6 per transaction. Since this was obviously a very hefty payment, Government decided to get the pension under Phase-II distributed through the Mapusa Urban Co-operative Bank Limited (MUCB).

As per the MOU entered into with MUCB in September 2003, the State Government was to route the payment of pension to the beneficiaries through MUCB as the nodal bank. For this a separate account was opened in MUCB where the funds released by the Government for disbursement of pension were deposited with provision of yearly accrual and credit of interest. The MUCB was to be paid a service fee of two *per cent* on the amount disbursed. As of June 2004, 35,119 beneficiaries were receiving financial assistance routed through the MUCB. The MUCB disbursed an amount of Rs.15.82 crore to the beneficiaries up to June 2004 and earned a service fee of Rs.31.65 lakh approximately.

While deciding on entering into the arrangement with MUCB for distribution of pension, the Government seemed to have been guided only by the rate charged by LIC which was clearly exorbitant. However, the Government did not invite offers from other institutions including Public Sector Banks. It may be mentioned that for undertaking Government transactions, the State Bank of India charges only 0.19 *per cent* as service fee.

Service charges paid to MUCB without seeking offers from Public Sector Banks.

The Government replied (December 2004) that the service fees charged by MUCB was less than the fees charged by LIC. In the absence of any offers from public sector banks it could not be ascertained if the fees charged by MUCB were the most competitive.

3.1.12. Overlapping benefits

As per Rules regulating DSSS, the applicant should not be in receipt of any other financial assistance from any other source. Scrutiny revealed that overlapping of benefits occurred due to lack of coordination by the Social Welfare Department with other State agencies through whom other similar schemes are implemented.

It was noticed that 27 beneficiaries who were recipients of financial assistance under a separate State scheme for former artists implemented through the

Directorate of Arts and Culture received pension under DSSS also for periods ranging from four to 33 months. Their pension under DSSS was cancelled after voluntary disclosure of the fact of getting assistance under both the schemes. Audit scrutiny revealed that before cancellation, pension of Rs.1.94 lakh had been paid to them and no attempts were made to recover the money paid or to verify the existence of other such beneficiaries.

3.1.13 Deficiencies and Irregularities in Scheme implementation

Sole affidavit of Beneficiary accepted as proof of income and cheques distributed by Ministers/MLAs

Income declared by the beneficiaries and countersigned by the MLAs was accepted without counter verification.

The application forms for grant of financial assistance were distributed initially through Ministers, MLAs and subsequently also through Block Development Officers, Mamlatdars and the Social Welfare Department. The applications were to be submitted to the Director of Social Welfare along with the documents in proof of age, affidavit by the applicant certifying income countersigned by a MLA, proof of residence, medical certificate in case of disabled persons, death certificate and marriage certificate in case of widows, etc.

The applications were to be scrutinised by the Department and recommended for sanction by the Committee constituted for the purpose. The affidavits indicating the income of the beneficiary countersigned by the MLAs were accepted without any supporting document or certification by local authorities. Thus, the most important criterion of the scheme viz. the income level was determined on the basis of countersignature of MLAs.

The sanctioned cases are communicated to LIC and MUCB for release of financial assistance. The first payment of financial assistance was made through cheques which were handed over to the beneficiaries by Ministers and MLAs at public functions and subsequent payments were to be paid on the first day of every month through bank accounts of the beneficiaries.

The Government replied (December 2004) that the procedure of accepting affidavit countersigned by MLAs had been adopted to avoid the cumbersome procedure of getting the certificates from the concerned authorities. However, a system for prior verification would be put in place for new beneficiaries.

Sanction of pension to ineligible persons

Test check of 1000 applications revealed payment of financial assistance to 52 ineligible persons.

As per eligibility conditions under the scheme, the per capita income of the beneficiary should be less than the amount of financial assistance. This means that the annual income of an eligible beneficiary should be less than Rs.6000. Besides, the beneficiaries under the senior citizens category should be above 60 years of age. While documentary evidence had to be attached along with application as proof of age, an affidavit sworn by the beneficiary countersigned by an MLA was accepted as proof of income.

Audit scrutiny of 1000 sanctioned applications randomly selected from eight talukas revealed that in 52 cases pension was granted under senior citizens category to ineligible persons such as those having income in excess of the prescribed limit (nine cases); those less than 60 years of age (18 cases) and persons whose documents were incomplete (five cases[Ψ]). Further, 20 cases were also detected in audit scrutiny where age shown in the certificate such as ration card had been over written or the age as shown in the application form did not tally with the age as appearing in proof of age certificate. The cases were sanctioned by the Department without proper scrutiny of the applications. Thus there was irregular expenditure on recurring payment of pension amounting to Rs.3.12 lakh per annum to the above 52 ineligible beneficiaries found in the test checked 1000 applications. Thus, of the sample drawn of 1000 cases, cases of sanction to ineligible persons were 52 (five *per cent*) indicating high percentage of defective scrutiny.

Duplicate sanctions

Double payment of Rs.6.89 lakh due to duplicate sanctions. Test check in audit revealed 51 more duplicate sanctions.

The Department had noticed double sanction of pension to 231 beneficiaries and triple sanction to one beneficiary upto June 2004 by the LIC, which were subsequently cancelled. The total pension paid irregularly to the above 232 beneficiaries between February 2002 and June 2004 was worked out during audit and amounted to Rs.6.89 lakh.

Further, though instances of duplicate sanctions were noticed from as early as June 2002, the Department did not take any comprehensive action to detect and eliminate all such cases. Test check of the beneficiary list with MUCB for the month of June 2004 in audit revealed double payment to 51 beneficiaries due to duplicate sanctions involving recurring payment of Rs.25,500 per month. The total pension paid to these beneficiaries could not be quantified for want of details of sanction of first pension.

The Government replied (December 2004) that steps had been taken to detect the cases of double sanction.

Sanction of pension to both the spouses

Under the scheme, both the spouses were not eligible for receipt of separate pensions. Scrutiny revealed that pension was sanctioned to 142 beneficiaries whose spouses had also been sanctioned pension under the scheme and payments to both the spouses were made upto April 2003. The total amount thus paid irregularly was Rs.10.57 lakh to both husband and wife for periods ranging from 1 to 20 months, till stoppage of pension in April 2003.

The Government accepted the fact and stated (December 2004) that steps have been taken for resurvey and for cancellation of pension of one of the spouses and recovery of the pension wrongly paid.

3.1.14 Inaction on survey report

Since many cases of duplicate sanctions, sanction of financial assistance to ineligible beneficiaries, continuation of pension to expired beneficiaries etc. were noticed by the Government, they decided (June 2003) to conduct a survey of

[Ψ] *Proof of age not attached (two cases), income certificate not attached (two cases) and residence certificate not attached (one case)* beneficiaries and appointed the Centre for Development Planning and Research (CDPR), Pune for purpose. The objective of the survey was to find out whether the beneficiaries fulfilled the criteria as per rules and received financial assistance in time. The methodology adopted by the agency for survey was to get the required information through questionnaires by visiting individual beneficiaries. The agency conducted the survey during July to December 2003 in respect of 40818 cases sanctioned up to June 2003, and submitted the report in January 2004 for which Rs.13.20 lakh were paid to the agency.

The Social Welfare Department did not take action on 11839 cases resulting in irregular payments of Rs.6.98 crores.

The survey report indicated that out of 40818 beneficiaries, only 28979 were genuine and the rest included doubtful cases (4584), cases of migration out of Goa (866), bogus cases (881), and expired beneficiaries to be paid (1631), beneficiaries not found at the recorded address (3877). The agency recommended stoppage of pension to all expired, bogus, migrated cases and detailed inquiries in case of doubtful beneficiaries. The Chief Minister ordered in May, 2004 to delete the non-genuine cases by end of June 2004 after verification.

Audit scrutiny revealed that the Department had taken action in April 2004 only to stop the pension in respect of 1191 expired beneficiaries out of 1631 cases reported, whereas no action was taken in respect of 10,648 non-genuine beneficiaries (July 2004), and the Department had not even obtained the names and addresses of such cases from the CDPR. Thus, irregular pension to the tune of Rs. 6.98 crore* was released as of June 2004, calculated at the rate of Rs. 500 per month.

The Government replied (December 2004) that a resurvey of cases categorised as doubtful, migrated and not found is being done by CDPR before stopping their pension, and as regards expired and bogus cases (2512), action has been initiated. However, action to stop the financial assistance in respect of 9327 beneficiaries categorised as doubtful, migrated, and beneficiaries not found is yet to be taken (December 2004).

3.1.15 Continuation of pension payment to the accounts of expired beneficiaries

Premium of Rupees 81.60 lakh paid in favour of expired beneficiaries. Such payment continues in 440 cases.

The Rules did not provide for production of Life certificate or opening of an exclusive Pension Account etc., as are mandatory for retired Government employees. As a result the pension disbursement continued until the members of the family voluntarily reported the death of the beneficiaries.

Audit scrutiny revealed that though the survey report indicated in January 2004 that 1631 beneficiaries had expired as of July 2003, the Department directed the LIC and MUCB to stop the pension payment to 1191 beneficiaries only in April 2004, and no action to discontinue payments was taken in respect of the remaining 440 beneficiaries.

The Department did not have any information on details of amount of pension disbursed, and amounts if any withdrawn from such accounts after death of beneficiaries and expected the LIC/MUCB bank to supply these details to them.

* *Pension paid to 11839 beneficiaries from July 2003 to April 2004 and to 10648 beneficiaries(11839 – 1191) from May to June 2004.*

Thus, pension amounting to Rs. 81.60 lakh (computed @ Rs. 500 per month) was paid to 1631 expired beneficiaries. The Department replied that reconciliation process with the banks was in progress.

3.1.16 Irregularities in Pension disbursement

Non-disbursement of pension by LIC for want of bank account details

Financial assistance to 415 beneficiaries was not disbursed by LIC due to non-receipt of bank account details also resulting in unintended financial benefit of Rs.48 lakh to them

The scheme envisaged payment of financial assistance by LIC through bank accounts. Up to June 2002 cheques were drawn by LIC in favour of the beneficiaries and handed over to the department for onward distribution to the beneficiaries. From July 2002 LIC was instructed to disburse pension through Electronic Clearing System (ECS), for which the department had to obtain bank account details of the beneficiaries and furnish the same to LIC.

It was noticed in audit that pension was not disbursed (as of June 2004), to 415 beneficiaries sanctioned during January 2002 to October 2002 for want of bank account details, as shown below:

Month and year of sanction[2]	No. of cases	Since when unpaid	Total number of months for which disbursement pending as of June 2004	Amount of pension at the minimum rate of Rs.500 p.m.
Jan. 2002	27	July 2002	24	324000
Feb. 2002	290	-do-	24	348000
Mar-2002	63	-do-	24	756000
April-2002	130	-do-	24	1560000
May-2002	34	-do-	24	408000
Oct. 2002	132	October 2002	21	1386000
TOTAL	**415**			**4782000**

The above instances of non-disbursement of pension not only defeated the objectives of the scheme but has also resulted in undue financial benefit to LIC as they had already received the payment from the Government as per the agreed terms.

Cheques issued by MUCB not encashed

Government had permitted disbursement of financial assistance by way of cheques issued by MUCB till such time as the beneficiaries opened bank accounts. It was noticed in audit that 3978 cheques issued during October 2003 to April 2004 by MUCB meant for distribution to the beneficiaries were not

[2] *Month and year of sanction indicates the month from which pension was to be paid.*

presented to the banks for clearance (August 2004). As such an amount Rs.19.89 lakh was lying with the MUCB as detailed below:

Month in which issued	No. of cheques	Amount involved @ Rs. 500 per cheque	Service charges @ 2 *per cent*
October 2003	483	2,41,500	4,830
November 2003	532	2,66,000	5,320
February 2003	338	1,69,000	3,380
March 2004	2168	10,84,000	21,680
April 2004	457	2,28,500	4,570
Total	**3978**	**19,89,000**	**39,780**

Three thousand nine hundred and seventy eight cheques issued by MUCB during October 2003 to April 2004 were not encashed by beneficiaries as of August 2004. As such expenditure of Rs.19.89 lakh remained unfruitful.

Though the Director of Social Welfare stated that no cheques remained with the department for distribution to the beneficiaries, they did not have any records of handing over of the cheques to the beneficiaries. Thus, though the benefits in form of financial assistance had not reached the beneficiaries, the funds to that extent were shown to be expended from scheme funds in Government accounts while the amount remained in the bank account operated by MUCB. The cheques could be reissued as and when the beneficiaries claim the pension.

Further, neither the Department is aware nor audit could verify whether these beneficiaries have opened bank accounts subsequently and were getting regular pension payment through ECS.

The Government replied (December 2004) that as per assurance of the Government on the floor of Legislative Assembly, the first cheques issued in newly sanctioned cases were distributed to the concerned beneficiaries by organising public functions and the cheques sanctioned during March 2004 were not distributed till August 2004 due to the code of conduct enforced by Election Commissioner. However, no reason was furnished for non-clearance of 1353 cheques issued prior to March 2004. Action proposed either for cancellation of the cheques or verification of the genuineness of the beneficiaries was not stated by the Government.

3.1.17 Non implementation of provisions of MOU with LIC

Insurance Claim benefits not handed over to beneficiaries

Though the Government had paid LIC Rs.11.12 lakh towards premium, insurance benefit was not given to dependents of 29 expired beneficiaries.

The Rules regulating the DSSS and the MOU entered into with LIC provides for insurance coverage to eligible beneficiaries between the ages 18 and 59 years, against payment of premium of Rs.100 per month per beneficiary. Insurance benefit of Rs.30,000 was payable to the family if the beneficiary died an accidental death. Amount of Rs.20,000 was payable in case of permanent disability. Besides, Rs.20,000 each in case of natural death and accidental death of the beneficiary and Rs.30,000 on permanent disability arising due to accident of the beneficiary, were to be credited by the LIC to the Running Account of the scheme.

As of March 2004, the LIC has charged Rs.11.12 lakh towards premium for beneficiaries covered under the insurance clause. Audit scrutiny revealed that though 29 beneficiaries aged between 18 to 59 years had expired as of June, 2004.

The Department had not taken any action to claim the insurance benefit from the LIC thereby defeating the very objective of the insurance scheme.

3.1.18 Non-maintenance of accounts

Proper accounts of transactions with LIC and MUCB were not maintained by the Department.

The Department has not maintained any books of accounts for the implementation of the scheme. As a result the Department had to solely depend on LIC and MUCB for even basic data and information such as additions and deletions to the list of beneficiaries, the purchase price calculations, service fee payable and the interest charged/receivable etc. The department also did not have any record of cheques issued to the beneficiaries by LIC or MUCB, which had remained uncleared. The exercise to periodically reconcile the amounts released to LIC and MUCB with pensions disbursed by them to various beneficiaries, interest accrued etc, was not carried out (as of December 2004).

The department stated that all the records are computerised and computer generated reports are available. However, Audit scrutiny revealed that the Department was having a computer list of pensions sanctioned and thereafter had not updated its records with the death cases and cancellations of pension for various reasons. It continued to rely on LIC and MUCB for information pertaining to the implementation of its own scheme.

Weak Internal Controls

- A separate Monitoring cell should have been established in the Department for overall monitoring of the implementation of the scheme and periodic evaluation of the scheme considering the financial stakes of Government and the outreach of the Scheme. There was total absence of internal control mechanism as can be seen from the facts that registers were not maintained by the department for implementation of the scheme, due to which information was not readily available on issues such as details of sanctions and cases sent to LIC and MUCB for disbursement of pension; details of applications pending sanction; details of deletions of beneficiaries due to various reasons.
- Consequently the Department was solely relying on LIC and MUCB for getting the above details.
- Records of sanctioned applications and Accounts records were not maintained;
- There was no system to ensure proper scrutiny of pension claims, due to which applications of ineligible persons were also recommended for sanction.
- The Department solely relied on an affidavit sworn by the applicant and countersigned by an MLA without any cross check of income of the applicant from the revenue/local authorities.
- The Department did not issue any authenticated document for identification of beneficiary by the disbursing bank.

- There were no controls such as requirement of life certificate, exclusive pension account, etc., to ensure that the pension payment discontinued after the death of a beneficiary.

3.1.19 Conclusion

The State Government did not critically examine the terms and conditions of its MOU with the LIC for implementation of the DSSS, resulting in additional financial burden on the exchequer on account of purchase price as well as interest liability. There was no apparent advantage for implementing the DSSS through LIC considering the large amount of money deposited with them. The State Government did not continue the second phase with the LIC as they hiked the purchase price by more than 30 per cent to gain even more profits from the scheme. The State Government did not ensure implementation of the MOU with LIC regarding the clause of payment of pension to the eligible surviving members of the beneficiaries family. It also did not safeguard its financial interests by taking timely action for cancellation of non genuine cases and duplicate sanctions to same beneficiaries.

Besides, the scheme implementation suffered due to lack of adequate scrutiny before sanction of financial assistance, non-maintenance of database, records and accounts within the Social Welfare Department for effective monitoring of the scheme. Though it is a pension scheme it lacked all internal controls of pension schemes aimed at foolproof identification of beneficiary and periodic checking of survival of the beneficiary.

3.1.20 Recommendations

- Government should take immediate action to maintain proper accounts of the scheme within the Department and a separate monitoring cell should be established for overall monitoring and periodic evaluation of the scheme implementation including the cost of delivery of benefits.
- Social Welfare Department should ensure internal controls normally prevalent in a pension payment viz. provision for a yearly life certificate, separate pension bank account in place of any bank account permitted at present and provision of documentary evidence in the nature of an identity card to the beneficiaries.
- Government may consider merger of other similar old age pension schemes with DSSS to avoid overlapping of schemes and benefits.
- All pension cases where cheques have not been encashed by beneficiaries should be immediately cancelled by the Social Welfare Department.
- Government should take immediate action on the findings of survey report to recover the financial assistance given to non-genuine beneficiaries by involving the local Panchayat bodies/revenue authorities.

HEALTH DEPARTMENT

3.2 AUDIT OF HEALTH DEPARTMENT

Highlights

The Public Health Department provides health services through a network of hospitals, community and primary health centres, sub-centres, rural medical dispensaries, homeopathic and ayurveda clinics. The Secretary (Health), the Director and five Deputy Directors of Health Services, a Joint Director of Accounts, Director of Administration and a Vigilance Officer are the officials responsible for implementation of various programmes including Family Welfare and Reproductive and Child Health Care. A review of the functioning of the Health Department revealed that though the Department had achieved the targets under the family welfare and various disease control programmes it was slow in upgrading its infrastructure and facilities despite availability of funds. Its efficiency was adversely affected due to severe manpower shortage. Monitoring of the key areas of the Department such as upgradation of facilities and utilisation of Central funds was also poor.

- **In the absence of approvals for various works/purchase of machinery and delay in execution of works by the Public Works Department, the Department could not utilise budget provisions for capital expenditure to the extent of Rs.1.68 crore (88 *per cent*) in 2001-02 and Rs 4.05 crore (91 *per cent*) in 2003-04.**

(Paragraph 3.2.6)

- **Due to administrative delay in setting up of Regional Diagnostic Centre at Hospicio Hospital, Margao, the State Government did not receive grant amounting to Rs. 2.70 crore recommended by the Eleventh Finance Commission.**

(Paragraph 3.2.7)

- **Though Rs.1.42 crore were received in August 2002 from the Government of India for setting up a trauma and accident unit at Hospicio Hospital, Margao, the unit was not set up for want of a decision regarding the site and patients continued to be referred to the Goa Medical College.**

(Paragraph 3.2.7)

- **South Goa patients were deprived of intended benefits of the Mental Health programme which was not implemented effectively due to inadequate medical and support staff, lack of hospitalisation facilities and unspent funds of Rs 19.40 lakhs.**

(Paragraph 3.2.8)

- **There was underutilisation of infrastructure and facilities created by the Department as one hospital and several operation theatres in PHCs/CHCs were lying idle for upto 20 years. The infrastructure and other properties of the Leprosy Hospital,**

Macazana was underutilised for the last five years due to new trend of medical treatment.

(Paragraph 3.2.11)

- **Despite formation of the Drug Purchase Committee, purchases of medicines were not finalised by the Committee based on public tenders and annual rate contracts.**

(Paragraph 3.2.12)

- **The Health Department functioned with significant man power shortages as posts of medical practitioners/technical and support staff remained vacant in hospitals and health centres resulting in underutilisation of infrastructure/facilities created and also quality of services rendered.**

(Paragraph 3.2.13)

3.2.1 Introduction

The Directorate of Health Services (DHS), Panaji provides primary health care and family welfare services through various central and state health programmes. It has a network of five general and specialised hospitals, five Community Health Centres (CHCs), 19 Primary Health Centres (PHCs), 172 Sub-Centres, 29 Rural Medical Dispensaries, four Urban Health Centres (UHCs), 18 dental and two homeopathic clinics and one ayurveda clinic. There are also special clinics for implementation of various centrally sponsored programmes such as Family Welfare, Tuberculosis, Leprosy, STD, Malaria, other vector borne diseases, control of blindness, surveillance etc. The State also has an Institute of Nursing Education. Primary health care is administered through the primary and community health centers and sub-centres whereas the secondary level of health care is administered by the DHS through district hospitals and the tertiary level by the Goa Medical College.

3.2.2 Programme objectives

The objectives of the health care system in the state are:

- strengthening the infrastructure facilities at the CHCs, District Hospitals and tertiary care centres.
- providing quality health care services.
- Hundred *per cent* coverage of primary health service facilities.
- strengthening of referral services rendered by Goa Medical College and the district hospitals.
- Eradication, control and prevention of communicable diseases.

3.2.3 Organisational set-up

The Secretary (Health), Government of Goa is the overall in charge of the Health Department. The Director of Health Services implements the programmes with the assistance of two Deputy Directors cum Medical Superintendents of District Hospitals, three Deputy Directors (Public Health, Medical, Dental), the Joint Director of Accounts, the Director of Administration and a Vigilance officer. The Family Welfare programme including Reproductive and Child Health care is implemented by the Deputy Director (Public Health).

3.2.4 *Audit objectives*

Audit was conducted to assess:

- the extent of achievement of the objectives in implementation of the various health programmes including the quality of services rendered,
- the adequacy of the available infrastructure and facilities,
- the effectiveness of human resource management and
- efficiency of the system of financial management.

3.2.5 *Audit coverage*

Audit examination covered the District Mental Health Programme, Mediclaim, Family Welfare programme and other health schemes. The review was conducted during the period April to July 2004 by test checking the records of the Health Department, the Directorate of Health Services, the Central Medical Stores, five General and Specialised hospitals*, 20 CHCs/PHCs/UHCs and their sub-centres and the Institute of Nursing Education at Panaji for the period 1999-04.

3.2.6 *Financial management*

The details of the budget provision and expenditure of the Department for the last five years are given below:

(Rupees in lakhs)

Year	Revenue Expenditure				Capital Expenditure			
	Budget provision	Expenditure	Savings	% of savings	Budget provision	Expenditure	Savings	% of savings
1999-00	3699.71	3598.17	101.54	3	50.00	48.37	1.63	3
2000-01	4335.15	4055.25	279.90	6	50.69	33.36	17.33	34
2001-02	4491.74	4052.81	438.93	10	189.75	22.09	167.66	88
2002-03	5050.22	4535.77	514.45	10	189.75	134.12	55.63	29
2003-04	5425.61	4744.48	681.13	13	444.07	39.28	404.79	91
TOTAL	**23002.43**	**20986.48**	**2015.95**		**924.26**	**277.22**	**647.04**	

(Note: The above figures are from the Appropriation Accounts of the Health Department under Major Head 2210, 2211 and 4210 under Demand No. 48)

The percentage of savings under revenue heads during the period 1999-2004 was between three and 13 *per cent*. As stated by the Department, this was due to non filling of vacant posts, less number of incumbents opting for Voluntary Retirement Scheme than expected and savings in travel and medical

* Hospicio Hospital at Margao, Asilo Hospital at Mapusa, Cottage Hospital at Chicalim, Leprosy Hospital at Macazana and TB Hospital at Margao. A review of the effectiveness of the internal control mechanism at GMCH was carried out and the findings are reported in Chapter V of this report.

reimbursement expenditure. Though supplementary grant of Rs.3.46 crore was obtained during 2001-02, the final savings were Rs.4.39 crore defeating the very purpose of obtaining supplementary grant. The huge savings in capital expenditure which were as high as 88 and 91 *per cent* in 2001-02 and 2003-04 respectively were attributed by the Department to delay in approval of expenditure proposals by the Government and delay by the State PWD in completing the works. The total expenditure incurred on important schemes implemented by Director of Health Services during the period 1999-2000 to 2003-04 in the State is given below.

(Rs in lakhs)

Sr.No.	Centrally Sponsored schemes	Total expenditure
1.	Family Welfare Bureau	937.13
2.	Malaria Eradication Programme	1183.47
3.	Leprosy Control	247.01
4.	Eye Clinic-Trachoma and Blindness	159.06
5.	National T B Control Programme	125.96
6.	National Mental Health Programme	36.36
7.	National Programme for communicable diseases	28.97
	Major DHS Schemes	
8	Hospital and dispensaries	7437.64
9	Primary Health Centres	5595.85
10	Mediclaim	2450.00
11	Director of Health Services	532.67
12	Dental Care	314.60
13	School Health Programme	248.67
14	Assistance to Voluntary organisations	202.00
15	Community Health Centres	199.38
16	Sexually transmitted diseases	160.91
17	Medical Stores Depot	88.40
18	Homeopathy	38.08
19	Opening of Indian system of medicines	16.96
20	Smallpox Eradication Programme	11.29
21	Training	5.26
TOTAL		**20019.67**

3.2.7 Programme implementation

During audit of PHC/ CHC's, low occupancy of beds was generally observed. There was delay in setting up of diagnostic services and trauma and accident unit at the Hospicio Hospital at Margao and consequent non-utilisation of funds. Training grants and financial assistance under the Family Welfare Programme were not utilised and there was delay in setting up of the nephrology unit at GMC. The Mental Health Programme did not achieve its objectives. Several instances of non utilisation and underutilisation of infrastructure were also noticed during the review.

Low bed occupancy at health centres

As per national norms for plain areas one sub-centre for a population of 5000 had been prescribed and for tribal areas a sub-centre for a population of 3000. Similarly one primary health center had been prescribed for a population of 30000 for plain areas and 20000 for tribal areas and community health center for population of 1.2 lakh in plain areas and 80000 in tribal areas. The population of the State as per 2001 census is 13.48 lakh. As against

Government of India's norms, there is a shortfall of four PHCs/ one CHC, but an excess of 37 sub-centres.

Bed occupancy of the CHCs/PHCs ranged between three and 46 *per cent* during the period 1999-2000 to 2003-04 in respect of eight* PHCs/CHCs as test checked in July 2004. The Department replied that the low occupancy was mostly on account of non-availability of doctors thus defeating the objectives of facilities created for treatment of inpatients at these centres.

Delay in setting up the Regional Diagnostic Centre at Hospicio Hospital, Margao-South Goa resulting in non receipt of Finance Commission grant of Rs. 2.70 crore

Central assistance for setting up Regional Diagnostic Centre and Trauma and accident Unit not utilised.

The Eleventh Finance Commission (EFC) (2000-2005) sanctioned grants-in-aid (GIA) of Rs.3 crore in September 2000 for setting up a Regional Diagnostic Centre at Hospicio Hospital, Margao, South Goa. As per the guidelines on utilisation of EFC grants, once a project has been sanctioned by the State Level Empowered Committee (SLEC), a time schedule for various stages of the programme and for requirement of funds was to be submitted to the Ministry of Finance, Government of India. The guidelines stipulated that 50 *per cent* of the provision for the year 2000-01 would be released "on account" during the year on receipt of detailed plans of action approved by SLEC and that the subsequent release of grants would be made in quarterly instalments depending on the utilisation of grants already released and submission of progress report to the MF/GOI.

It was seen that a budget provision of Rs.1.10 crore was decided by SLEC in December 2000 for 2001-02. In March 2001, the Ministry of Finance released Rs.30.16 lakh for the Diagnostic Centre, "on account" for the year 2000-01. This amount was not utilised and utilisation report was also not furnished by the Department. As of July 2004, tenders had not been invited for supply of certain machinery for nine departments (Department of Surgery, Clinical Pathological Laboratory, Anaesthesia etc). Thus due to delay in purchase and tendering procedures, except for the CT scan services, the patients of South Goa continued to be referred to Goa Medical College, Bambolim at North Goa for other specialised tests. The State Government had not furnished utilisation certificate to the Finance Commission till March 2004 and hence they had not received (July 2004) further grant of Rs. 2.70 crore from the Government of India.

There was no evidence of SLEC monitoring the utilisation of the EFC grant.

Delay in setting up of trauma and accident unit at Hospicio Hospital, Margao and non utilisation of Central funds of Rs. 1.30 crore

Government of India sanctioned (August 2002) Rs.1.42 crore as financial assistance to the State Government for upgradation and strengthening of the trauma and accident unit at Hospicio Hospital, Margao under the pilot project

* Madkai, Valpoi, Bicholim, Betki, Candolim, Cansaulim, Cansarvarnem and Pernem

for upgradation and strengthening of emergency facilities of State hospitals located on National Highways.

The details of the grants sanctioned are given below.

(Rupees in lakh)

Sr.No.	Purpose	Amount
1.	Ambulance (2 nos) with equipment	12.00
2.	Communication system	1.00
3.	Civil works	60.00
4.	Maintenance	3.00
5.	Equipment and furniture	60.00
6.	Maintenance	6.00
TOTAL		**142.00**

The entire amount of Rs.1.42 crore was received in August 2002 and as per the guidelines of the project for upgradation and strengthening of the emergency facilities, the expenditure was to be incurred during the financial year 2002-03. The department spent (March 2004) only Rs.12.21 lakh on purchase of ambulances. Estimates for civil works for Rs. 59.93 lakh, though drawn up (January 2001) by the State Public Works Department, were lying with the DHS as the Government was yet to decide the site for the setting up of the trauma and accident unit i.e., whether at Hospicio Hospital or at the T B Hospital at Monte Hill. The Government replied (December 2004) that the civil works were not taken up since a new district hospital was being set up for which land was being acquired and the trauma and accident unit would be set up as a part of the new hospital. Thus the delay of four years in taking decision resulted in non-utilisation of central assistance of Rs. 1.30 crore and depriving South Goa accident patients of emergency services. The patients continued to be referred to Goa Medical College, Bambolim at North Goa.

3.2.8 District Mental Health Programme

Mental Health Programme suffered due to insufficient training of medical staff and non provision of "in service" facilities to patients.

The District Mental Health Programme, under the National Mental Health Programme, launched in India in 1996-97, was to be implemented in the State in two phases, Phase I in 1999-2000 and Phase II from 2000-2004. The objective of the scheme was to provide sustainable basic mental health services to the community and to integrate these services with other health services besides early detection and treatment of the patients within the community, thereby taking pressure off the Mental Hospitals. Accordingly Hospicio Hospital was identified (February 1999) for implementation of the programme.

The following is the component wise break-up of funds allocated, received and spent.

(Rupees in lakh)

1999-2004	Staff	Medicines/ Stationery /contingencies etc	Equipment/ vehicles	Training	Information Education Communication	Total
Budget allocation	46.70	38.00	9.00	12.00	10.00	115.70
Amount received	17.28	12.00	9.00	10.00	4.00	52.28
Expenditure incurred	10.89	17.99	4.00	Nil	Nil	32.88
Unspent balance	**6.39**	**(-) 5.99**	**5.00**	**10.00**	**4.00**	**19.40**

Central assistance of Rs. 19.40 lakh was not utilised and State did not receive allocated grants amounting to Rs. 63.42 lakh due to non utilisation of earlier grants received.

The above table shows that out of Rs.52.28 lakh released during the period 1999-2001, Rs.19.40 lakh remained unutilised (March 2004). It was also seen that the State Government did not receive the balance of the allocated grants amounting to Rs.63.42 lakh (December 2004) for mental health since the Department had not furnished utilisation certificates and audited statements of accounts to the Ministry of Health, Government of India. Scrutiny of the records revealed that:

- Out of eight training programmes per year required to be conducted for the first three years for medical and non medical workers for creation of qualified mental health team to work at grass root level within the community, only two training programmes as against 24, were conducted in February-March 2002. The Government replied (December 2004) that the process of appointment of a psychiatrist was in process and thereafter the training programmes would be conducted.
- The scheme also envisaged setting up of a 10 bedded in patient facility, but despite supply of 10 beds by DHS (February 2000), the same could not be put to use as personnel, diet and other facilities were not provided (July 2004)

3.2.9 Family Welfare Programme

Financial assistance from GOI for upgradation of District Hospitals/Health Centres not availed

Under the Reproductive and Child Health Programme, the Department of Family Welfare, Government of India launched a scheme in 1997-98 for strengthening of Primary Health institutions i.e. the sub-centres, PHCs and CHCs. Financial assistance of Rs.10 lakh per CHC and District Hospital was available for major civil works, based on a certificate by the State Government that the estimate was prepared by an authorized agency. As the State had two district hospitals and five CHCs, the total grants that could have been availed of under the scheme as on March 2004 was Rs. 70 lakh. The Ministry (Family Welfare) reminded (November 2003) that the Scheme was extended upto 2003-04 and requested Secretary (Health), Government of Goa for proposals.

An estimate for CHC, Pernem for Rs.10.02 lakh was prepared (December 2003) by the Public Works Department, but was not forwarded to the Government of India (December 2004). CHC Ponda submitted (February 2004) schematic drawing for proposed extension to Operation Theatre/Labour rooms but estimates were not prepared by PWD (December 2004). Thus the Health department did not avail of the Government of India funds for upgradation of health facilities approximately to the tune of Rs. 70 lakh and had also delayed action on the specific proposals mentioned above as no funds were received from GOI.

3.2.10 Goa State Illness Society

The Goa State Illness Society (GSIS) was registered (March 1999) and a corpus of fund for treatment of poor was also created. This was as per the GOI scheme wherein GOI was to contribute upto 50 *per cent* of the contribution made by the State Government subject to a maximum of Rs. two crore per annum. As per this scheme, assistance upto Rs. 1.50 lakh was available to BPL beneficiaries with effect from August 1999. It was noticed in audit that in disregard to the guidelines neither the cash book of the funds for the period 1999-2004 had been written nor the accounts were prepared. There accounts were therefore was also not audited by the Chartered Accountants and as such the UCs as also the proof of deposit of State funds were also not submitted to the GOI. Consequently the stipulated assistance to be received from GOI computed to the tune of Rs. 67.50 lakh was also not received for GOI as of March 2004.

3.2.11 Unutilised/under-utilised infrastructure

Infrastructure at many Primary Health Centres/ Community Health Centres underutilised/not utilised

- The Comptroller and Auditor General's Report for 1998-99 (Para 3.4) pointed out the under-utilisation of a spacious 30 bedded hospital building constructed in 1994 for Primary Health Centre, Madkai at a cost of Rs.60.04 lakh. The Department had replied that staff would be posted as per the approved staffing pattern for PHCs. Scrutiny revealed (July 2004) that only 12 beds were supplied and although rooms were constructed to accommodate an operation theatre (OT), an X-ray room, six wards, etc. equipment for O.T/X-ray were not supplied. The Health Officer replied (July 2004) that specialist medical officers like surgeon, anaesthetist, gynaecologist and radiologist were not provided as that did not fit in with the staffing pattern for PHCs. It is thus obvious that the Government created only the civil infrastructure but did not equip the centre to utilise the same. The reply is also not acceptable as originally a 30 bedded hospital was envisaged and not merely a PHC.

- A hospital with a carpet area of 429 square metres (11 rooms) was constructed in 1980-81 at Vaddem, Sanguem by the Irrigation Department at an estimated cost of Rs.3.89 lakh* for catering approximately to 483 persons rehabilitated from submerged areas of Salauli Irrigation Dam. The DHS was to provide the medical staff after

* *Tendered/actual cost not avaiable*

PRIMARY HEALTH CENTRE (PHC) MADKAI

UNUTILISED INFRASTRUCTURE

X-Ray Unit of PHC Madkai

Operation Theatre of PHC Madkai

taking over the building with available equipment from Irrigation Department. Audit scrutiny revealed (July 2004) that the hospital is lying idle for over 20 years as the Health Department had not taken over the hospital and as such in hospital no medical staff had been posted.

- The Leprosy Hospital at Macazana was founded in 1932 (Portuguese regime). The total area belonging to this hospital is 25.70 hectares. In 1982, Government upgraded the hospital to bed strength of 190. The number of inmates had decreased to 38 in 1998, and in 2003-04, there were only 18 inpatients. The underutilisation of the hospital facilities was due to the new trend of not admitting patients due to 100 *per cent* domiciliary treatment being attempted on Multi Drug Therapy (MDT). Despite DHS apprising (October 2002) the Health Department regarding the vacancies, encroachments and non-utilisation of land, no action was taken by Government for alternative use of the hospital and the vast area of land.

- It was seen that the operation theatres at PHC/CHCs at Candolim, Shiroda, Casarvarnem and Valpoi having bed strength of 8, 12 and 30 respectively were non functional for periods ranging from 5 to 20 years due to non supply of equipment, trained medical officers for OT etc. this was despite the fact that large savings had occurred in the budget in the capital expenditure.

3.2.12 Purchase of Drugs: Non -functional Purchase Committee

Drugs purchased mostly through limited tenders as purchase committee though constituted was not functional

A review of the purchase of drugs and equipment for the period 1999 to 2004 revealed that procurement of drugs and equipment was made mostly by inviting limited tenders (LT) upto Rupees two lakh, instead of public tenders (PT). As against 137 LT only 10 PT were invited during 1999-2004; the total value of purchases made by Medical Stores Depot was Rs.9.27 crore of which Rs.3.11 crore was spent through PT and Rs.6.16 crore through LT and purchases from the Government undertakings. Audit scrutiny revealed that though a Drugs Purchase Committee (DPC) was constituted by the Government (June 1999, February 2000, January 2004) to procure, select and purchase drugs, the DPC had not finalized the purchase of any drugs. There was nothing on record to explain the reasons why the DPC did not finalise any purchases.

The State Government replied (December 2004) that the Purchase Committee is now functional and medicines are being purchased from public sector units also.

3.2.13 Human Resource Management-Vacancies in medical and support services

The efficiency and the quality of the public health services is largely dependent on qualified and adequate health personnel comprising doctors, nurses and other support staff posted at the health centres. Audit scrutiny revealed that the hospitals, Community Health Centres, Primary Health Centres and sub-centres were inadequately staffed. Important posts were lying vacant as of July 2004 as per details given below.

Name of Hospital/ Centre	Post vacant	No. of posts sanctioned	No. of posts vacant	Date since when vacant
Hospicio Hospital, Margao	Sr. Gynaecologist	1	1	November 2002
	Sr. Ophthalmic Surgeon	1	1	February 2001
	Sr. Orthopaedic Surgeon	1	1	August 2002
	Sr. Physician	2	1	November 2003
	Jr. Anaesthetist	3	1	November 2003
Asilo Hospital, Mapusa	Sr. Gynaecologist	1	1	1999-2000
	Sr. Surgeon	2	1	1999-2000
	Jr. Ophthalmic Surgeon	2	1	1999-2000
	Medical Officers	23	19	For 2 to 3 years
Chicalim Cottage Hospital	Sr. Surgeon	1	1	November 2002
	Jr. Anaesthetist	1	1	April 2002
	Medical Officers	5	2	2002-03

The Community and the Primary Health centres were also functioning with inadequate staff. Comparison of posts sanctioned for medical practitioners, technical and other staff vis-à-vis men in position for the year 2003-04 indicated that out of 277 posts sanctioned, 82 were lying vacant, as per details below.

Sr. No.	**Posts**	**Sanctioned strength**	**Vacant**	**Details of some of the vacant posts**
1	Medical Practitioners	55	17	Lone posts of Sr.Surgeon at Valpoi and Pernem, Jr. Paediatrician at Pernem and Canacona, Jr.Gynaecologist at Valpoi & Pernem, Radiologist at Pernem, Jr. Physician at Ponda, Valpoi and Pernem, Homeopathic Physician at Pernem and Jr. Anaesthetic at Valpoi, Pernem and Canacona
2.	Technical Posts	30	5	Lone posts of Opthalmic Assistant at Pernem, Lab. Technician at Canacona, Dental attendant at Candolim X-ray Technician at Valpoi and Ponda
3.	Other staff	192	60	Lone posts of Public Health Nurse at Casarvanem and Canacona, Extension Educator at Valpoi, Cansaulim, Sanguem and Canacona, both posts of Sanitary inspectors at Pernem, Ponda.
TOTAL		**277**	**82**	

The percentage of vacant posts to sanctioned posts of Auxiliary Nurse Midwives (ANMs)/Multi Purpose Health Workers (MPHW) (Male/Female) and *Ayah* at sub-centres under Community/Primary Health Centres was between 13 to 23 *per cent.*

The non-availability of medical/nursing staff vis-à-vis the sanctioned strength contributed to the shortfall in bed occupancy in the hospitals/Community and Primary Health Centres. Besides, on account of this shortfall the existing doctors and other support staff were under additional work pressures as they were deputed to the deficient centres/hospitals, in addition to their regular charge.

The State Government in their reply (December 2004) admitted the vacancies and have stated that Government has modified the recruitment rules enabling recruitment of medical doctors.

3.2.14 Regulatory Functions

Deficiency in system of issuance of No Objection Certificate

Section 29 of the Goa Public Health Act 1985 provides that prior permission (NOC) has to be obtained from Health Officers at the commencement of construction of any building, house, cesspool, any structure and also for occupancy of such premises. The Director of Health Services issues NOCs for commercial and industrial establishments as referred by Health Officers. All such permissions are to be issued on payment of fees notified by the State Government. The objective behind issue of NOCs is to ensure proper sanitation facilities.

Lack of clear guidelines by DHS to health Centres indicating jurisdiction for issue of NOCs and non co-ordination between DHS and local bodies resulted in defective implementation of the regulations.

Audit scrutiny revealed that the Government notification (April 1996) did not specify the jurisdiction of various Health Officers. Thus the sub-centres of the PHCs were under the jurisdiction of different Health Officers and some areas like Agassaim, Bogmalo, Miramar, Caranzalem, Dona Paula had not been allotted against any health centre and residential/commercial NOCs were not being issued in these areas. Further the Urban Health Centre (UHC), Panaji/Director of Health Services did not issue any construction/commercial NOCs in the Panaji/ Miramar/Dona Paula/Taleigao area belt, on the grounds that the Panaji Municipal Council and Village Panchayat, Taleigao (w.e.f 1.4.2003) had not referred any cases to them. The fee structure was inadequate as grading for complex buildings/apartments/five star hotels had not been done and they were issued a single NOC as in the case of smaller structures/establishments. It was noticed that the BITS PILANI, Sancoale with plinth area of 39,106.80 square metres was issued a single construction NOC @ Rs.50. A test check of PHCs/DHS records revealed that due to lack of clear guidelines and non-co-ordination between DHS and local bodies, the centres had charged rates ranging from Rs.10 to Rs.5000 vis-à-vis Rs.50 prescribed, while other had charged Rs.50 vis a vis Rs.300/Rs.500 prescribed. Further, the CHC (Curchorem) having a jurisdiction of one municipality and eight village *Panchayats* with high density of buildings and establishments had only issued seven NOCs as of March 2004. As consolidated/chronological records with serial number for each NOC were not maintained at any health centre, audit could not ascertain the number of NOCs issued and whether fees prescribed were collected in all cases. It was also observed that proper records with distinctive serial number of each NOC issued had also not been maintained by any of the Health centers. In absence of which the extent to which proper fees had been prescribed and collected would not be ascertained in audit as also the loss suffered by the Government in short collection of prescribed fee due to deficiencies in the system and because of lack of proper co-ordination.

3.2.15 Internal Controls

Non functional Internal Audit

A good system of internal control requires that the internal auditor be independent of accounting functions for review of work of one individual by another, to minimize fraud or error and the Inspection section be adequately staffed with proper allocation of functional responsibilities. The DHS has an Accounts cum Inspection Section (Internal Audit wing) consisting of an Assistant Accounts Officer and supporting staff under the supervision of a Joint Director of Accounts. This unit is required to carry out the internal audit of the Drawing and Disbursing Officers under the DHS keeping in view the Finance Department's instructions of 1996 on internal audit. Though the DHS has 45 DDOs, no internal audit was carried out and no Inspection Reports were shown to audit for the period from 1999-2000 to 2003-04, except that the Inspection Cell had visited one unit viz. PHC Casarvanem in 2001-02. Due to lack of internal audit, deficiencies in the activities/financial transactions of the sub-offices/health centres, were not brought to the notice of the Government for timely remedial action. Further, the DDO in DHS was never inspected by the Internal Inspection Cell of the Director of Accounts, which was necessary considering the huge budget of the department.

Internal audit of only one DDO out of 45 DDOs conducted during 1999-2004.

3.2.16 Comprehensive report of properties of Hospicio Hospital, Margao and Asilo Hospital, Mapusa not prepared as directed by Government.

The Hospicio Hospital, Margao was a charitable institution until it was taken over by the Government in December 1976. All its properties vested in the State Government w.e.f 1st January 1977. Hospicio Hospital properties (mostly donated to the Trust) included large tracts of land comprising paddy fields, coconut gardens, salt pans, khazan lands etc. and some houses under occupation of lessees. These lands are situated in Gaulimola/Goa Velha in Tiswadi Taluka, Bicholim (Navelim village) besides Margao and Salcete talukas. All these lands were leased out by Hospicio authorities during 1960-1968, on payment of annual rent fixed in each case, initially for three years renewable for subsequent periods. Most of the lessees had not renewed their contracts after taking over of Hospicio Hospital and its assets and liabilities by the Government (1977) nor were they paying any rent to Hospicio since then.

Comprehensive report of properties of DHS hospitals not prepared, despite Government order of November 1997

In 1997, Government constituted a committee to prepare a comprehensive report of all the properties of Hospicio, Margao and Asilo, Mapusa. As per its terms of reference (November 1997), though the committee under the chairmanship of the Collector (North), Panaji was required to submit its report within three months, till July 2004 no report had been prepared as survey of all these properties had not been completed.

3.2.17 Conclusions

The State Government delayed implementation of upgradation of facilities and infrastructure despite availability of funds. Infrastructure created for administering health care remained underutilised due to manpower shortages and equipment. Regulatory measures to ensure sanitary conditions of buildings were not adequately prescribed or implemented. The system of Internal Audit was weak.

3.2.18 Recommendations

- Effective monitoring of utilisation of Government of India funds needs to be done by the Secretary, Health.
- Proposals for strengthening of infrastructure and equipping the State hospitals with modern diagnostic facilities needs to be attended to urgently.
- Provision of specific clause in the notification for levy of fees for issue of No Objection Certificates under the Goa Health Act, vis-à-vis the existing general category of 'NOCs for private purpose'.
- The drugs purchase committee constituted by the Government should be revitalised.

Chapter – IV

Transaction Audit

4.1 Loss to Government

4.2 Avoidable/unfruitful expenditure

4.3 Idle Investment/Idle Establishment/Blockage of funds

CHAPTER – IV

TRANSACTION AUDIT

This chapter contains audit paragraphs on loss to the Government, infructuous and wasteful expenditure, avoidable expenditure, idle investment and idle establishment that came to notice during the audit of transactions of the Government Departments. It also contains comments on lack of response to audit findings.

4.1 Loss to Government

FOREST DEPARTMENT

4.1.1 Short recovery of cost of compensatory afforestation

Short recovery of cost of compensatory afforestation resulted in loss of Rs. 26.36 lakh to the State Government

Government of India, Ministry of Environment and Forests permit diversion of forest land for non-forest purposes subject to Compensatory Afforestation (CA) at the user's cost. The approval for such diversion is granted by the Ministry in two stages. After first stage approval in principle, the user agency has to deposit the cost of CA with the department. Further, since the CA is done in a phased manner by raising plantation over 1/10th of area every year, the user agency has to pay the additional costs, if any, for raising CA as per prevailing wage structure. The State Forest Department fixes the rates for CA and had been obtaining undertakings from the user agencies to pay such additional costs. The rate of recovery for CA from user agencies was revised by the State Government from Rs.28,325 to Rs.44,430 per hectare with effect from 1st October 1997.

Audit scrutiny (November 2003) revealed that the North Goa Forest Division had done compensatory afforestation in an area of 164 hectares on behalf of private mining companies during the period 1998-99 to 2001-02 for which these companies had deposited Rs.46.36 lakh (during 1994-96) at the rate of Rs.28,325 which was prevalent prior to 1st October 1997. As the CA was done after 1997-98 in the above area, the cost recoverable from these companies as per the revised rate of Rs.44,430 worked out to be Rs.72.72 lakh. The Dy. Conservator of Forests therefore proposed (December 2001) to recover the difference amounting to Rs.26.36 lakh from these companies. The Conservator of Forests did not agree to the proposal on the ground that payments received prior to 1st October 1997 were to be calculated at the pre-revised rate of Rs.28,325 per hectare only.

The decision of the Conservator of Forests to recover the cost at the pre-revised rate only was not correct as the afforestation was done after October 1997 and the user agencies were bound to pay the revised cost as CA was to be done in a phased manner spread over 10 years (from the date of receipt of cost of CA) for which undertaking had been furnished by the user agencies. Further, scrutiny revealed that the average actual expenditure incurred by the Division on CA during 1995-96 to 2002-03 was Rs.48,869 per ha which also necessitated the application of the revised rates. Thus, non-recovery of cost of compensatory afforestation at the revised rates resulted in loss of Rs.26.36 lakh to the State Government.

The matter was referred to the Department in May 2004; their reply has not been received (July 2004).

4.2 Avoidable/unfruitful expenditure

PUBLIC WORKS DEPARTMENT

4.2.1. Avoidable expenditure due to delay in acceptance of tender and subsequent retendering of work

Failure to finalise tenders within the validity period of the quotes led to avoidable expenditure of Rs. 88 lakh.

The State Government accorded (April 2002) administrative approval and expenditure sanction for laying 1422 mm. dia (OD) MS pipeline for the Selaulim Water Supply Scheme for Rs. 9.98 crore. In order to expedite the work the tenders were invited separately for each of the four stretches of the work.

The State PWD follows the CPWD Manual and the Goa State Works Board (GSWB) has been constituted for acceptance of tenders for works estimated to cost more than Rs.70 lakh and where quotes received are above five *per cent* of the estimated costs.

Tenders for the second and third stretches were within five *per cent* of the estimated cost and the lowest offers of these two stretches were accepted by the Chief Engineer. The offers for the first stretch and the fourth stretch were more than five *per cent* above the estimated cost. The validity of these tenders was upto 28 July 2002.

In respect of the first stretch, instead of submitting the tender to GSWB for obtaining their approval, the department decided to hold negotiations with second and third lowest tenderers without obtaining express approval from GSWB as the performance of lowest tenderer was found unsatisfactory by the Executive Engineer (Works Division XVII) whereas the second lowest did not submit his revised offer in time. The third lowest tenderer offered to reduce his rates from Rs. 1.79 crore to Rs. 1.70 crore and the Chief Engineer (CE) submitted (December 2002) the proposal for acceptance of that rate to GSWB. However, GSWB did not agree to the proposal (Feb.2003) and decided to call the lowest tenderer for negotiation. During negotiations (March 2003), the lowest tenderer agreed to reduce the quoted rates for all items provided that the rate of the item "Manufacturing and supply of 1422 mm. dia. OD MS pipe" was enhanced by 30 *per cent* over the rates quoted earlier since the price of pipes had escalated. The quoted amount thus offered by lowest tenderer worked out to Rs. 1.90 crore i.e 16.94 *per cent* above the original estimated cost. Since the tenderer had modified his original offer the GSWB rejected (March 2003) the same and ordered recall of tenders.

Fresh tenders were called in March 2003. The estimate was also revised to Rs. 2.04 crore, on account of increase in price of M.S pipes. The lowest offer during the second call was Rs. 2.14 crore and this was accepted and the work order was issued (December 2003). Thus, due to non acceptance of tender within the validity period of the quotes resulted in avoidable expenditure of Rs. 44 lakh (Rs. 2.14 – Rs. 1.70 crore).

In respect of the fourth stretch of the work, estimated to cost Rs.1.84 crore, tenders were simultaneously called for in April 2002. The validity of rates offered was upto 28 July 2002. The first three lowest tenderers quoted Rs.2.05 crore, Rs.2.06 crore and Rs.2.07 crore i.e. 11, 12 and 13 *per cent* above the estimated cost, respectively. Audit scrutiny revealed that the Executive Engineer requested all the tenderers to extend the validity period. The lowest tenderer conditionally extended his validity. Chief Engineer therefore sought (August 2002) the approval of GSWB for holding negotiations with second lowest tenderer through Special Secretary (Finance). The Finance Department advised (September 2002) the CE to resubmit the proposal through Secretary (PWD). However, the PWD Technical Committee* decided (September 2002) to reject the lowest conditional offer and conducted negotiations with the second lowest tenderer who reduced his rates from Rs.2.06 crore to Rs.2.05 crore. The GSWB in its meeting held in December 2002 rejected the proposal and directed the CE to call the lowest tenderer for negotiations. As the lowest tenderer did not agree to reduce the offer due to hike in steel prices, the GSWB directed the CE to call for fresh tenders.

Estimates were revised to Rs.2.37 crore considering the market rates of MS pipes as on March 2003. Fresh tenders were called for (October 2003) and the lowest offer of Rs.2.49 crore was accepted by the CE (January 2004).

Thus, non-adherence to the prescribed procedures resulted in delayed acceptance of tender and avoidable excess expenditureof Rs.44 lakh (Rs. 2.49 – Rs. 2.05 lakh).

Thus, in both the above cases the State PWD failed to finalise the tender within the validity period of the quotes received and negotiated with tenderers other than the lowest one without obtaining the Board's approval. This resulted in avoidable expenditure of Rs.88 lakh due to revision of estimates and retendering.

* Comprising of CE(PWD), Superintending Engineer , Superintending Surveyor of Works and Joint Director of Accounts as members.

The Government stated (Nov.2004) that tenders were referred to GSWB from the beginning and acted as per the instructions of GSWB only. The reply is not tenable as minutes of the meeting of the GSWB held, revealed that Board had negotiated with the third lowest and second lowest tenderers respectively without express authority to do so.

4.3 Idle Investment/Idle Establishment/Blockage of funds

PUBLIC WORKS DEPARTMENT

4.3.1 Blocking of funds for more than two years due to administrative lapses.

Failure of the State Public Works Department to coordinate among its own Divisions and other State agencies resulted in blockage of Rs.37.61 lakh for more than two years and denial of sufficient water supply to the public.

The Executive Engineer, Works Division – III PHE, PWD in order to meet the increased demand for water in Ponda Town decided (November 2000) to replace the existing water pipe lines with 160 mm. diameter PVC distribution mains. The work was decided to be executed under the Plan Scheme "Minimum Needs Programme" and the pipeline was to be laid along the Municipal and PWD roads in Ponda Town.

The Executive Engineer tendered the work estimated to cost Rs. 66.85 lakh in March 2001 and the work order was issued to the lowest bidder 'A' for Rs. 53.48 lakh in January 2002. The stipulated dates for commencement and completion of the work were 1 February 2002 and 1 May 2002 respectively.

Audit scrutiny (February 2004) revealed that though tenders were called in March 2001 and were scheduled to be opened in April 2001, the reasonable rate statement which was to be approved by Chief Engineer before opening the tender was submitted by the Executive Engineer to the Superintending Engineer only in October 2001 and got approved from Chief Engineer in November 2001. Hence the tender opening was postponed to December 2001 and the work order was issued in January 2002. The work did not commence till November 2002 as the Ponda Municipal Council had not given the requisite permission for undertaking the work during monsoon to avoid inconvenience to general public. The contractor started the work in November 2002 (after getting NOC from Ponda Municipal Council in November 2002) only to be stopped by the Roads Divisions in December 2002, who demanded Rs. 53.24 lakh towards the cost of redoing the roads as the roads had been renovated by them in April/May 2002. The contractor was paid Rs. 50.22 lakh (Rs. 37.61 lakh in March 2002 and Rs. 12.61 lakh in Feb.2004) for the cost of pipes and the contract was closed by the Executive Engineer in February 2004.

The Government stated (January 2005) that the contractor had to be paid for the supplies made by him. They further stated that the PWD had taken action to obtain NOC before commencement of the work and they are now considering restarting of the work. Thus mainly on account of improper planning and lack of coordination, the scheme which was to serve the vital public interest of ensuring supply of drinking water could not be implemented and the funds to the tune of Rs. 37.61 lakh remained blocked for more than two years.

DIRECTORATE OF STATE LOTTERIES

4.3.2 Unproductive establishment expenditure

Continuation of Directorate of State Lotteries, after stoppage of lottery business, resulted in unproductive establishment expenditure of Rs.40.45 lakh.

The Directorate of State Lotteries was established by the State Government in February 1995. The lottery business was being conducted by the Department by appointing a sole distributor under an agreement for sale of tickets and a minimum guaranteed net payment to the State Government.

The sole distributor appointed for a period of three years with effect from 3rd September 2000 was to continue till 3rd September 2003. However the State Government decided to discontinue the lottery business with effect from 4th September 2002. Though lottery business was stopped in September 2002, the Directorate of State Lotteries continued to function with 18 employees which was reduced to 11 since February 2003. The Government did not take any further action to redeploy the staff elsewhere.

Continuation of the Directorate after stoppage of the lottery business resulted in unproductive establishment expenditure amounting to Rs.40.45 lakh (Rs.26.22 lakh on pay and allowances and Rs.14.23 lakh on other expenses) for the period from February 2003 to September 2004 (allowing the period of six months from September 2002 as a reasonable one for the Directorate to wind up to operations and to close down).

It was stated (January 2005) that the Government decided to retain nine officials namely the Director, Jt. Director of Accounts, Asst. Director (Lotteries), Asst. Accounts Officer, Head Clerk, UDC/Cashier, LDC, Jr. Steno and Peon to handle urgent matters such as PAC, reports audit paras, budget, court cases and other routine matters. The reply was not acceptable as these matters could be handled by the Finance Department in consultation with the Law Department, and exclusive staff were not needed to be continued indefinitely.

4.4 General Paragraphs

4.4.1 Lack of response to audit findings

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

A review of the IRs issued up to December 2003 pertaining to 35 departments showed that 693 paragraphs relating to 333 IRs were outstanding at the end of June 2004. Of these, 76 IRs containing 92 paragraphs were more than five years old. Failure to comply with the issues raised by Audit facilitated the continuation of serious financial irregularities and loss to the Government.

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

Chapter – V

Internal Control System in Government Department

Chapter-V

INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENT

5.1 INTERNAL CONTROL SYSTEM IN GOA MEDICAL COLLEGE AND HOSPITAL

Highlights

The Goa Medical College and Hospital (GMCH) was established in 1842. It has a bed strength of 1000 in the main hospital at Bambolim, 80 beds at the TB Hospital at St. Inez and 20 beds at the Rural Health Centre, Mandur. A review of the internal controls in GMCH revealed that despite being the only Medical Training Institute in the State, the College and the attached hospitals did not have any Administration Manual of its own. There were huge savings under capital budget indicating weak budgetary control. Internal audit of the GMCH had not been carried out by the Director of Accounts. Some of the important deficiencies in financial and administrative controls are highlighted below.

- **There were savings in capital budget ranging from 15 to 55 percent during 1999-2004, due to weak budgetary control.**

(Paragraph 5.1.6)

- **Receipts from patients in private wards were utilised for refunds without routing it through cash book and patients were discharged without recovery of hospital charges.**

(Paragraph 5.1.6)

- **Stock account of receipt books received from Government Printing Press was not maintained by the Medical Records Section of GMCH. Twelve unnumbered receipt books were missing from the stock of Accounts Section.**

(Paragraph 5.1.6)

- **Oxygen outlets installed at a cost of Rs.8.59 lakh in two departments of GMCH were not put to use due to defective system of maintenance and upkeep of equipment.**

(Paragraph 5.1.8)

- **The GMCH recruited contract labour for sweeping and security services in excess of the sanctioned strength. A sweeping contract was also extended irregularly. There were weaknesses in financial control on payment released to contract labour.**

(Paragraph 5.1.8)

- **Unserviceable articles/equipment with purchase value of Rs.65.90 lakh were lying undisposed.**

(Paragraph 5.1.9)

- **System of internal audit was non existent in GMCH.**

(Paragraph 5.1.10)

5.1.1 Introduction

The Goa Medical College and Hospital (GMCH) was established in 1842. It was shifted from Panjim to Bambolim in 1992. It has a bed strength of 1000 in the main hospital at Bambolim, 80 beds at the TB Hospital at St Inez and 20 beds at the Rural Health Centre, Mandur. The College imparts training to undergraduate and postgraduate medical students, with an annual intake capacity of 70 seats for MBBS course, which was raised to 100 from the academic year 2001-2002. The Medical Council of India decides the number of post graduate seats. During 1999-2004, the annual number of patients treated by GMCH were around 3.5 lakh in OPD. There were around 40,000 indoor admission cases and 13,000 operations annually during the period.

5.1.2 Organisational set up

The GMCH functions under the overall supervision of Secretary (Health) of the State Government. The Dean (Administrative head) is the overall in charge of the functioning of hospital and the college. He is assisted by the Director of Administration (Head of office) in respect of administration, purchase of medicines/equipment and academic sections. The Medical Superintendent looks after hospital administration and maintenance of the complex. Executive Engineer of the Division PWD XIX, Bambolim which was created exclusively for GMCH, is responsible for capital works and maintenance of the hospital and the college. Budget and accounts are looked after by a Joint Director of Accounts and two Assistant Accounts Officers.

5.1.3 Audit objectives

The objectives of the review of Internal Control System were to assess:

- Financial controls
- Expenditure controls
- Stores and inventory management
- Operational controls
- Effectiveness of Internal Audit Arrangements

5.1.4 Scope of audit

A review of the adequacy and effectiveness of the internal control mechanism including internal audit arrangements was conducted by test check of records for the period 1999-2004 at the Secretariat, GMCH and its attached hospitals during the period August-September 2004.

Audit findings

5.1.5 Internal Control Tools

Despite GMCH being a very old hospital with a vast set up having 20 departments at Bambolim and two attached hospitals, it did not have any hospital administration manual setting out its own guidelines and procedures so as to exercise necessary checks and controls for effective functioning of its various departments. The procedures followed by the hospital are based on general rules and regulations prescribed for Government departments.

5.1.6 Financial controls

Budgetary controls

During 1999-2004 there were savings ranging from 55 to 15 per cent in capital budget due to inadequate planning

The budget provision and the actual capital and revenue expenditure of GMCH for the period is given in the table below

(Rupees in crore)

Year	Provision		Expenditure		Savings		Percentage of savings	
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
1999-00	8.15	30.30	3.64	29.53	4.51	0.77	55	3
2000-01	6.14	32.50	3.21	29.52	2.93	2.98	48	9
2001-02	4.00	33.48	3.15	32.12	0.85	1.36	21	4
2002-03	5.26	34.57	3.17	34.09	2.09	0.48	40	1
2003-04	7.49	39.03	6.34	37.39	1.15	1.64	15	4
Total	31.04	169.88	19.51	162.65	11.53	7.23		

(Note: Appropriation Accounts figures-Demand No.47)

The savings in the capital budget ranged from 55 to 15 *per cent* during the period 1999-2004. It was observed in analysis that the main reasons for savings in the capital budget were inadequate planning for capital works and delay in obtaining approvals. Savings of Rs. 2.81 crore out of provision of Rs. 2.93 crore (2000-01) and savings of Rs. 1.74 crore out of provision of Rs. 2.09 crore (2002-03) occurred due to Government decision to postpone purchases of equipment.

Cash Controls

Delay in remittance of cash and utilisation of receipts for refunds

Private ward receipts were utilised for refunds without routing the receipts through the cash book

The Government started (March 1996) a Nursing Home in GMCH campus having 48 beds and with charges ranging from Rs.100 to Rs.500 per bed/room per day. The prescribed procedure requires the patients to deposit 10 days' room charges in advance on the day of admission. On discharge of the patient, the billing section makes the final bill for refund or recovery of charges. Audit scrutiny revealed that the receipts towards deposits made by patients in the private ward were not routed through any cash book, i.e neither the main cash nor any subsidiary cash book but were retained in the Medical Superintendent's office and the refunds were made out of these receipts. It was also observed in audit that collections were not being remitted to the cashier of GMCH on daily basis and the amounts collected were remitted on fortnightly basis. During test check of records for the period August 2000 to August 2004 it was observed that out of Rs.1.01 crore received towards room charges, Rs.13 lakh were refunded and Rs.88 lakh were handed over to the GMCH cashier without routing the receipts through the cash book. Failure to record cash received in the cash book coupled with delayed remittance and payment of refunds from the receipts was a serious deficiency in internal control and the system was clearly fraught with the risk of malpractices and fraud.

Non-preparation of final bill at the time of discharge of patients

Scrutiny revealed that there were delays ranging from one month to five months in settlement of the final bills of the patients treated in the private wards due to delay in billing for medicines and consumables. Thus the patients were being discharged without settlement of final bills. An amount of Rs.14,000 pending recovery for earlier periods from patients already discharged had to be written off due to defective system of billing.

Stock account of receipt books not maintained

Defective maintenance of stock account of receipt books led to 12 missing receipt books

As per Government of Goa Receipt and Payment Rules, 1997 receipt books in machine numbered form were required to be obtained from the Government Printing Press (GPP), Panaji. It was however seen that there were deficiencies in system of record keeping with respect to receipt and issuance of receipt books. It was observed that the receipt books were machine numbered by the Accounts section only at the time of issue to various departments instead of getting them numbered by GPP or numbering them immediately on receipt from GPP and recording the numbers in a register/stock account under attestation by DDO/Joint Director of Accounts.

There was no accounting of the stock of receipt books received from Government Printing Press (GPP). Periodical physical verification of the blank receipt books by the Drawing and Disbursing Officer or Joint Director of Accounts was also not done, which was necessary to avoid misuse and misappropriation of Government money.

A review of the records of receipts and issue of receipt books conducted by audit and its reconciliation with the physical stock as of 23rd September.2004 revealed that 12 unnumbered receipt books were unaccounted or missing. The reasons for non-availability of these receipt books could not be explained by the department. Improper upkeep of records coupled with absence of system of numbering of receipt books upon receipt entails risk of fraudulent practices leading to leakage and misappropriation.

PLA/Establishment cash books

The GMCH had three cash books, two of which were for personal ledger accounts (one each for undergraduate and post graduate students) and the third for accountal of establishment transactions. Audit scrutiny revealed that the DDO had not certified the number of pages in each cash book. The cash books were also not machine numbered. Corrections were found to have been made by using white ink without attestation by the DDO. In respect of post graduate students cash book, there was delay of upto 14 days in entering cheques encashed.

Surprise monthly verifications of cash by an official (other than writer of the cash book) recommended by Joint Director of Accounts were also not conducted. Deficient system of maintenance and updation of records pertaining to transactions in cash or cheques is fraught with risk of malpractices and even embezzlement.

Loss of revenue due to non-collection of prescribed fees

Prescribed OPD fees not recovered in branch hospitals of GMCH

Government had prescribed a registration fee of Rs.10 and Rs.20 w.e.f October 1997 and April 2003 respectively for patients attending OPD in GMCH and its controlled hospitals. It was however observed that the prescribed fees were not collected from new patients during 1999-2004 in the hospitals at Mandur and St. Cruz OPD, resulting in a loss of Rs.5.34 lakh and Rs.7.30 lakh respectively during the period from April 1999 to March 2004. Reasons for non-recovery of the prescribed fee were not furnished by the department.

5.1.7 Expenditure controls

Delay in submission of DC bills

The GMCH has been drawing money on AC bills for import of equipment. Audit scrutiny revealed that despite the extended period of 12 months given to GMCH by Government for submission of DC bills, 21 bills during 1999-2003 amounting to Rs.2.20 crore were submitted after delays ranging between one and 27 months. In reply, GMCH stated (September 2004) that the delays were due to non receipt of stamped payees receipts, delay in supply of equipment/parts and delay in commissioning etc.

5.1.8 Operational controls

Unutilised infrastructure

The GMCH, Bambolim has a gas manifold (GM) room as central delivery point for supply of oxygen and nitrous oxide to 21 wards and 16 Operation Theatres. Oxygen is also supplied through individual cylinders to five unconnected wards and other connected wards, in case central supply is insufficient. Audit scrutiny revealed that 122 oxygen outlets installed (March 2004) at a cost of Rs.4.49 lakh in the newly constructed Gynaecology and Neonatalogy departments, were not put to use (September 2004) due to leakage of oxygen or insufficient oxygen as intimated (February 2004) by the Head of Anaesthesia Department. Further, 36 oxygen and 36 vacuum outlets installed in 1996 at a cost of Rs.4.10 lakh for private wards were not put to use for over eight years (September 2004). Records also revealed that one of the two oxygen manifolds with capacity of 24 cylinders was not functional for over three years (September 2004) and that the annual maintenance contract had not been entered into for the central pipeline since inception (1992) despite known leakages of gas. The Department could not explain the non-usage of the equipment installed. Non-utilisation of the infrastructure created was mainly on account of defects in the system of upkeep and periodic maintenance.

Non maintenance of register of land and buildings

The GMCH campus at Bambolim admeasures 11,34,978 sq. metres. Other areas under the administrative control of Dean/GMC are 9025 sq. metres (Mandur), 624 sq. metres (St. Cruz), 72832 sq. metres (St. Inez) and 75,000 sq. metres (Institute of Psychiatry and Human Behaviour, Bambolim). Consolidated register of the land, building and immovable assets of GMCH properties was not maintained by the Estate Officer. As a result, verification of assets and reconciliation with the book balances was also not being done.

Appointment of casual labour without assessment of requirement and inadequate controls on release of payments

Excess recruitment of casual labour over the sanctioned strength resulted in irregular expenditure of Rs.68.79 lakh

Government decided (April 2001) to avail the services of Goa Contract Labour Society (GCLS) in providing sweepers/watchmen on contract basis in Government departments. Audit scrutiny revealed that the GMCH had not entered into an agreement with GCLS, specifying the annual requirement of sweepers/security guards and the rate of monthly payments (stipulated by GCLS as Rs.2700 per month (sweepers) and Rs.3240 per month (Security Guards). Further, during the period from July 2001 to December 2003, though the vacancies against the sanctioned strength of 603 sweepers and 20 security guards ranged from 44 to 106 and two to three respectively, GMCH recruited 107 sweepers and 50 security guards resulting in an irregular expenditure of Rs.68.79 lakh in respect of excess casual labour over the sanctioned strength. Thus, GMCH had not done any rational assessment of the personnel requirement nor did Government fix any limits for recruitment.

There were weak internal controls in authorisation of payment to the Labour Society as the Administration/Establishment section of the Dean/Medical Superintendent's (MS) office had not counterchecked the physical attendance sheets prepared by the Security-in-charge of GMCH. The Accounts section had also passed the payment without independent check of the correctness of the physical attendance sheets, which were not called for by them from the MS's office before authorisation of payment. On a test check by audit of two months of payment done by the GMCH to the labour society, irregular payment of Rs.68,000 was noticed for February/March 2004 due to excess mandays claimed and paid for evenwhen the sweepers had been absent from duties on these days.

Disregard to the instructions pertaining to award of contract for labour work

Despite Government's directive of April 2001 that only the Goa Contract Labour Society's labourers be taken in Government departments and that private contractors should not be considered, GMCH entrusted the work of cleaning the external areas of GMCH to contractor 'X' @ Rs.47,600 per assignment per month upto 13 December 2001 and Rs.1.50 lakh per month with wider scope of work from 14 December 2001 to July 2003. The rate of Rs. 1.5 lakh per month was also on the higher side since against the tenders floated in April 2003 for the same work, the lowest rate received was Rs. 1.29 lakh per month. Thus not only the

Government instructions on the subject had been disregarded but also additional expenditure of Rs. 4.10 lakh♦ was incurred.

5.1.9 Stores Management and Inventory control

Unserviceable articles/equipment

Five hundred and six items of equipment/furniture including microscopes, cupboards, spectrophotometers, ventilators etc. purchased during 1964 to 1998, with purchase value of Rs.65.90 lakhs were lying unserviceable for period of one to 17 years as of November 2004. Although a condemnation committee had been constituted in May 2002, further action with respect to identification, surveying off and disposal of these equipment and items as prescribed in rules was not taken up.

5.1.10 Internal audit by Finance Department

Neither was an Internal Audit wing set up, nor was the internal inspection of establishment/ DDO conducted.

Every controlling officer must satisfy himself that prescribed checks to guard against waste and loss of public money are effectively applied in sub-ordinate offices. The Finance Department specified (August 1996) that in departments where the post of Accounts officer/Senior Accounts officer exists, the duty of carrying out the internal inspection of the establishment/Drawing and Disbursing Officers, would devolve on the Accounts Officer. It was observed that in GMCH system of internal audit was not functional as a separate internal audit wing within the GMCH had not been set up.

5.1.11 Conclusions

The hospital did not have adequate internal control tools in form of a Hospital Administration Manual prescribing guidelines for effective functioning. The budgetary and cash controls were weak. The GMCH was not vigilant in recovering Government dues. The recruitment of casual labour had assumed alarming proportion much beyond the sanctioned strength of GMCH and the payments to contract labour were also released without adequate internal checks. The utilisation of the infrastructure including its maintenance was also not adequately monitored.

5.1.12 Recommendations

- A hospital administration manual setting guidelines for effective functioning of GMCH's departments should be framed
- Proper systems should be evolved for accountal of GMCH's Nursing Home receipts in cash book and preparation of final bills of inpatients before discharge.
- Register of immovable assets should be maintained and a system of periodical inspection and reconciliation with book balances should be prescribed.

♦ Rs. 21000 (Rs. 1.5 lakh-1.29 lakh) * 19.5 months

- Cash books should be properly maintained and system of surprise monthly verification of cash to be carried out by official other than the writer of cash book should be introduced.
- Internal audit wing for administrative inspections of various departments of GMCH may be set up and an annual audit of the GMCH's DDO may be taken up by Directorate of Accounts, Panaji.

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 2003-04, 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)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I. Revenue raised by the State Government					
(a) Tax Revenue	458.48	514.80	569.34	602.20	710.25
(b) Non-Tax Revenue	633.38	796.14	1136.08	1039.17	724.73
Total	**1,091.86**	**1,310.94**	**1,705.42**	**1,641.37**	**1,434.98**
II. Receipts from the Government of India					
(a) State's share of divisible Union taxes	95.92	105.34	107.82	114.62	135.59
(b) Grants-in-aid	40.12	66.95	59.29	77.02	52.55
Total	**136.04**	**172.29**	**167.11**	**191.64**	**188.14**
III. Total receipts of the State	1,227.90	1,483.23	1,872.53	1,833.01	1,623.12
IV. Percentage of I to III	88	88	91	90	89

The details of tax revenue raised during the year 2003-04 along with the figures for the preceding four years are given below:

(In crore of rupees)

Sr. No.	Head of Revenue	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Percentage of increase (+) or decrease (-) in 2003-04 over 2002-03
1.	(a) Sales Tax	319.99	346.73	365.37	398.93	463.52	(+) 16
	(b) Central Sales Tax	28.19	41.09	36.10	40.26	38.84	(-) 4
2.	State Excise	36.06	38.98	46.13	46.79	53.44	(+) 14
3.	Stamps and Registration Fees	18.13	21.91	26.38	26.56	28.96	(+) 9
4.	Taxes on Vehicles	28.32	29.92	32.83	36.78	50.76	(+) 38
5.	Taxes on Goods and Passengers	3.95	13.07	36.19	30.47	41.14	(+) 35
6.	Other Taxes and Duties on Commodities and Services	18.61	20.10	18.80	19.70	28.30	(+) 44
7.	Land Revenue	5.23	3.00	7.54	2.71	5.29	(+) 95
	TOTAL	**458.48**	**514.80**	**569.34**	**602.20**	**710.25**	**(+) 18**

Reasons for increase in receipts under the following heads are given below:

Land Revenue: The increase was mainly due to more receipts on account of survey and settlement operation.

Other Taxes and Duties on Commodities and Services: The increase was mainly due to more collection under luxury tax.

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

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

State Excise: The increase was mainly due to more receipts under "Malt Liquor" and "Foreign Liquor and Spirits".

Sales Tax: The increase was mainly due to levy of surcharge on sales tax.

(b) The details of the major non-tax revenue raised during the year 2003-04 alongwith the figures for the preceding four years are given below:

(In crore of rupees)

Sr. No.	Head of Revenue	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Percentage of increase (+) or decrease (-) in 2003-04 over 2002-03
1.	Interest Receipts	5.38	3.09	2.62	2.33	2.23	(-) 4
2.	Dairy development	Nil	Nil	0.40	0.49	0.26	(-) 47
3.	Other Non-Tax Receipts	56.42	55.16	63.80	87.65	90.88	(+) 4
4.	Forestry and Wild Life	0.93	1.11	1.18	0.73	1.81	(+) 1
5.	Non-ferrous Mining and Metallurgical Industries	12.59	15.97	13.14	15.78	19.39	(+) 23
6.	Miscellaneous General Services	257.49	380.58	612.43	366.15	-	(-)100
7.	Power	291.23	330.66	418.40	548.35	592.15	(+) 8
8.	Major and Medium Irrigation	0.50	0.22	13.69	4.26	2.94	(-) 31
9.	Medical and Public Health	3.74	4.77	4.67	6.94	7.30	(+) 5
10.	Co-operation	0.31	0.18	0.36	0.20	0.25	(+) 25
11.	Public Works	1.25	1.13	1.21	0.95	1.41	(+) 48
12.	Police	0.23	0.38	0.42	0.66	0.61	(-) 8
13.	Other Administrative Services	3.31	2.89	3.76	4.68	5.50	(+) 18
	Total	**633.38**	**796.14**	**1,136.08**	**1,039.17**	**724.73**	**(-) 30**

The reasons for major variations under the following heads are given below:

Miscellaneous General Services: The decrease was due to no receipts on account of stoppage of lottery business by the State Government of Goa.

Major and Medium Irrigation: Less receipts were under Anjunem Irrigation Projects.

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

The reasons for variations in other heads though called for from the Department in December 2004 have not been received (February 2005).

6.2 Variations between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2003-2004 in respect of the principal heads of tax and non-tax revenue are given below:

(In crore of rupees)

Sr. No.	Head of Revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
Tax Revenue					
1.	Sales Tax	565.00	502.36	(-) 62.64	(-) 11
2.	State Excise	55.00	53.44	(-) 1.56	(-) 3
3.	Land Revenue	6.55	5.29	(-) 1.26	(-) 19
4.	Other taxes and duties on commodities & Services	25.21	28.30	3.09	(+)12
Non-Tax Revenue					
5.	Interest Receipts	6.12	2.23	(-) 3.89	(-) 64
6.	Police	1.83	0.61	(-) 1.22	(-) 67
7.	Public Works	3.21	1.41	(-) 1.80	(-) 56
8.	Misc. General Services	705.61	-	(-) 705.61	(-) 100
9.	Roads & Bridges	14.13	4.08	(-) 10.05	(-) 71

The reasons for variations between budget estimates and actuals are as follows:

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

The wide variations between estimates and actual receipts reflected a lack of adequate assessment of actual receipts and were not realistic as is evident from the above facts.

The reasons for wide variations in other revenue heads with that of budget estimates though called for from the departments in December 2004, their replies have not been received (February 2005).

6.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2001-2002, 2002-2003 and 2003-2004 along with the relevant all India average percentage for 2003-2004 are as follows:

(In crore of rupees)

Sr. No.	Head of Revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2002-2003
1.	Sales Tax	2001-2002	401.47	3.83	0.95	
		2002-2003	439.19	2.62	0.60	1.18
		2003-2004	502.36	3.09	0.62	
2.	Taxes on vehicles	2001-2002	32.83	0.76	2.31	
		2002-2003	36.78	0.76	2.06	2.86
		2003-2004	50.76	0.79	1.56	
3.	State Excise	2001-2002	46.13	2.04	4.42	
		2002-2003	46.79	2.18	4.65	2.92
		2003-2004	53.44	2.27	4.25	
4.	Stamp duty and Registration fees	2001-2002	26.38	1.27	4.81	
		2002-2003	26.56	1.22	4.59	3.46
		2003-2004	28.96	1.53	5.28	

The reasons for higher percentage of expenditure on collection to gross collection of State Excise as compared to All India average percentage were stated to be due to lower excise duty structure on India made Foreign Liquor, Country Liquor in the State of Goa as compared to rest of India. The higher percentage of expenditure to gross collection of Stamp Duty and Registration Fees was attributed to handling of other compulsory works like registering marriages, drawing notorial wills, births and deaths etc. which are mandatory functions under the law.

6.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2004 in respect of some principal heads of revenue amounted to Rs.320.92 crore of which Rs.59.99 crore were outstanding for more than three years as detailed in the following table:

(In crore of Rupees)

Head of Revenue	Amount of arrears as on 31 March 2004	Arrears more than three years old	Remarks
FINANCE DEPARTMENT			
Sales Tax	88.46	44.48	Out of total outstanding demand of Rs.88.46 crore demands of Rs.27.64 crore in respect of 2421 cases were referred to Revenue Recovery Court(RRC) by the Department.
Excise	0.25	0.03	Out of total outstanding demand of Rs.0.25 crore, only two cases involving Rs.3000 have been referred to RRC by the Department.
TRANSPORT			
Taxes on vehicles	7.00	4.27	Recovery is proposed to be effected by issuing show cause notices.

MINES			
Royalty/surface rent/dead rent	4.53	0.84	Out of total outstanding demand of Rs.4.53 crore, 273 cases involving an amount of Rs.0.41 crore have been referred to RRC by the Department.
REGISTRAR OF CO-OPERATIVE SOCIETIES			
Audit Fees	0.27	0.03	
POWER			
Chief Electrical Engineer, Energy charges	194.69	Not furnished	Out of total demand of Rs.194.69 crore, 5,241 cases involving an amount of Rs.69.05 crore were referred to RRC.
P.W.D			
i)Pr. Chief Engineer Rent of Government buildings/shops	0.27	0.06	Out of total demand of Rs.0.27 crore, 22 cases involving an amount of Rs.0.06 crore were referred to RRC.
ii)Water charges, meter rent and sewerage charges	20.50	7.81	Out of total demand of Rs.20.50 crore, 1,630 cases involving an amount of Rs.5.74 crore were referred to RRC.
RIVER NAVIGATION DEPARTMENT			
Ferry Toll collection/services/ workshop receipt	0.48	0.30	Out of total outstanding demand of Rs.0.48 crore, only two cases involving Rs.0.02 crore have been referred to RRC. Outstanding dues are mainly towards ferry services.
PRINTING AND STATIONERY			
Supply of stationery, printing charges	0.69	0.02	-
AGRICULTURE DEPARTMENT			
i) Hire charges of Agriculture Machinery, planting material & Loans from kumeri	0.20	0.19	Out of total outstanding demand of Rs.0.20 crore, only five cases involving Rs.10,860 have been referred to RRC.
ii) Subsidy payable to the beneficiaries for repair of various bunds	2.93	1.50	Certificate of evaluation is furnished by the Department to the concerned Mamlatdars from time to time.
REVENUE DEPARTMENT			
Collector, South Goa Land Tax	0.43	0.35	
Collector, North Goa Land Tax	0.22	0.11	Notices issued to defaulters or their legal heirs after verification of their rights.
TOTAL	**320.92**	**59.99**	

6.5 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 2003-04 revealed under-assessment/short levy/loss of revenue amounting to Rs.0.72 crore in 28 cases. The departments accepted under-assessment of Rs.1.66 crore in 74 cases out of which 4 cases were pointed out in 2003-04 and rest in earlier years and recovered Rs.0.49 crore as of August 2004. No replies have been received in respect of the remaining cases.

This chapter contains one review and one paragraph relating to non-levy of taxes, interest and penalties etc., involving Rs.1.05 lakh. The Department/Government stated that action to levy interest and penalty was being taken (June 2004).

6.6 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. The Government of Goa issued instructions to the executive for response within one month to the IRs issued by Accountant General, Goa after ensuring action in compliance of the prescribed Acts, rules and procedures noticed during audit inspection. A half yearly report is sent to the Secretary of the Department in respect of pending IRs to facilitate monitoring of the audit observations by the Government.

Inspection Reports issued upto 31 December 2003 pertaining to offices under the Finance, Revenue, Transport, Law, disclosed that 275 paras relating to 92 IRs involving Rs.1.67 crore in cases remained outstanding at the end of June 2004. Of these, 31 IRs containing 52 paras had not been settled for more than four years. Yearwise position of outstanding IRs and paras are detailed in ***Appendix 6.1.***

The Heads of Offices and Heads of the Departments (Secretaries) did not send convincing reply to a large number of IRs/Paragraphs indicating their failure to initiate action to rectify the defects, omissions and irregularities pointed out in audit. The Secretaries of the 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 by the department.

The details of outstanding IRs were reported to Government in August 2004.

REVENUE DEPARTMENT

6.7 Receipts from Stamps and Registration

6.7.1. The levy and collection of stamp duty in Goa on various types of instruments is governed by the Indian Stamp Act, 1899 read with the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1968. The duties are paid by executors of instruments by either using impressed stamps or by affixing stamps on them.

Stamps required for the sale in the State of Goa are received by the District Treasury, Panaji on basis of indents made to the Controller of Stamps, Central Stamp Depot, Nashik. The Panaji Treasury then distributes the stamps to the district treasury at Margao. The Sub Treasuries of the North and South Goa procure their requirements from the district treasuries at Panaji and Margao respectively. The sale of stamps to the public is done through district treasuries/sub Treasuries at taluka places and authorised vendors licensed by the Collectors under Goa, Daman and Diu Stamps Supply and Sales Rules 1965 (GDDSSSRs). The licensed vendors obtain stamps from the District Treasuries and Sub Treasuries on payment through challans signed by the respective Head of Taluka Revenue Officers. The records at the treasuries and sub treasuries are maintained as per the provisions in the Central Treasury Rules and that of licensed vendors as per the GDDSSSRs. The Revenue Department, Government of Goa through Collectors of North Goa and South Goa Districts respectively issues licenses to the stamp vendors and regulate their functioning.

6.7.2 Unexplained difference between sale and registration of Non Judicial impressed stamp paper (NJIS) –Rs 30.19 crore

The sale of stamps of judicial and non-judicial paper including impressed and adhesive, is done to the public by the district treasuries, sub treasuries and licensed vendors. All stamp paper transactions however are not legally required to be registered for example agreements relating to transactions other than immoveable properties, power of attorney.

Audit scrutiny revealed that the value of non judicial stamp paper used in registration of documents exceeded the sale of such stamp paper as is evident from the following data.

Year wise and district-wise value of the NJIS stamps sold and used in the Sub Registrars of these two districts of the State during 1998-99 to 2002-03 was as under:-

(Rupees in crore)

	Year	Value of NJIS sold by the Treasuries/ Sub Treasuries	Value of NJIS used in registration	Excess NJIS registered with reference to Treasury Sales	Percentage of excess NJIS registered
(1)	(2)	(3)	(4)	(5)	(6)
North Goa District	1998-99	7.37	5.06	(+) 2.31	Nil
	1999-00	8.27	6.48	(+) 1.79	Nil
	2000-01	8.26	6.85	(+) 1.41	Nil
	2001-02	10.80	8.69	(+) 2.11	Nil
	2002-03	9.90	9.06	(+) 0.84	Nil
	Total	**44.60**	**36.14**	**(+) 8.46**	**Nil**
South Goa District	1998-99	4.36	12.92	(-) 8.56	196.33
	1999-00	5.10	12.51	(-) 7.41	145.29
	2000-01	5.78	14.76	(-) 8.98	155.36
	2001-02	6.07	16.02	(-) 9.95	163.92
	2002-03	6.63	10.38	(-) 3.75	56.56
	Total	**27.94**	**66.59**	**(-) 38.65**	**138.33**
	GRAND TOTAL	**72.54**	**102.73**	**(-) 30.19**	**41.62**

Note: The above data is compiled from the figures furnished to audit by the Registration Department and the State Treasuries.

Analysis revealed that the value of NJIS used in registration of documents exceeded the sales at the State treasuries in Goa by Rs.30.19 crore an excess of 41.62 per cent. Scrutiny also revealed that such stamp paper had not come into the State from neighbouring State treasuries. The above table indicates that the difference between the NJIS paper used in registration and the sales at the treasuries which was prevalent in the South Goa district was as high as 196 *per cent* in 1998-99 which came down to 57 *per cent* only in 2002-03.

Thus the difference between the non judicial stamp paper sold and registered was alarmingly high as well as unusual which neither the Finance nor Revenue Departments could explain, whereas the Registration Department have taken the stand that they do not have powers to refuse registration if the documents were properly stamped and are not responsible for implementation of the GDDSSSRs.

The leakage in revenue of stamp duty was due to absence of any rules/mechanism for comparison of sale of stamps by the treasuries with the value of stamp paper used in registration.

6.7.3. Non-observance of provisions relating to sale of stamp paper and non inspection of accounts of licensed vendors

GDDSSSRs provided that all stamps exceeding Rs.1,000 in value required for a single instrument shall be purchased direct from the treasury or sub treasury as the case may be. The monetary limit of Rs.1,000 was increased to Rs. 25,000 with effect from November 1999. Further, no licensed vendor shall sell to the public two or more stamps of lower value for use in place of one of a higher value than required for the purpose of stamp duty on a single instrument. The rules also provide that the accounts maintained by the licensed vendors were to be inspected and the examination of the stock of stamps was to be done by an officer authorized by the Collector or by the Government.

Test check by audit revealed that in four♥ Sub Registrars' offices out of 1269 NJIS paper instruments registered in 1998-99 and 2002-03 in 355 instruments valued at Rs. 39.01 lakh the NJIS had been sold by the licensed vendors though the stamp duty payable on the single instrument exceeded Rs. 1,000/Rs.25,000. The instruments accepted by the Sub Registrars for registration were in violation of the provisions in the Act/Rules.

The Law Secretary who is also the administrative head of the Registration Department replied in November 2004 that the GDDSSSRs were directions to the stamp vendors about the method of sale of stamps and the infringement of those rules did not imply that the instruments were not duly stamped and thereby liable to be refused for registration. He further stated that the registration officers have no powers to refuse registration if the documents are duly stamped and breach of any of the stamp supply and sales rules would not be a legally valid ground for refusal of registration by the registering authorities. The fact remains that the vendors sold the stamps contrary to the provisions of the Rule 16 (2) of the GDDSSSRs. The Revenue Department has not responded to the audit comments.

6.7.4. Excess stock of NJIS

The stamps required for the State were indented from the Central Stamp Depot, Nashik, by the treasuries on a quarterly basis to meet the three months estimated consumption considering the opening stock, receipts, sale and closing balances. While placing indents it was to be ensured that the indents were realistic and based on the stock available in the State and anticipated sale.

A scrutiny of the records of all the treasuries/sub treasuries revealed that the average closing balance exceeded the sale of NJIS by four times, during the period 1998-99 to 2003-04 as indicated below:

(Rupees in crore)

Year	Opening Balance	Quantity indented from ISP Nashik	Stamps supplied by ISP Nashik	Total (2)+(4)	Sales	Closing Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998-99	74.04	3.23	3.43	77.47	11.74	65.73
1999-00	65.73	7.35	6.65	72.38	13.37	59.01
2000-01	59.01	16.28	11.56	70.57	*14.05	56.52
2001-02	56.52	59.79	21.37	77.89	16.87	61.02
2002-03	61.02	10.64	17.12	78.14	**16.56	61.58
2003-04	61.58	Not furnished	13.72	75.30	17.18	58.12
Total	**377.90**		**73.85**	**451.75**	**89.77**	**361.98**
Average	**62.98**		**12.31**	**75.29**	**14.96**	**60.33**

Note: Above data compiled from Treasury Records.

* Included Rs.0.01 crore written off

** Included Rs.0.02 crore written off

♥ Panaji, Mapusa, Bicholim and Margao.

Further analysis revealed that balances of unsold stamps comprised of high value denomination stamps of Rs.10,000, Rs.15,000, Rs.20,000 and Rs.25,000. As on 31 March 2004, NJIS to the tune of Rs.58.12 crore were lying in the State Treasuries, of which Rs.32.20 crore consisting of high value denominations (including NJIS worth Rs.0.70 crore received prior to April 1998) were lying at the District Treasury, Panaji. Despite having huge balances of high denomination NJIS paper, the Director of Accounts made further purchase of Rs.31.50 crore during 2001-2002 and 2003-2004.

The Treasury Officer, Panaji stated in July 2004 that when initially stamps of new denomination were printed by the India Security Press, the Department was not having an idea of the demand. The stock was maintained to avoid shortfall at any stage and to meet unforeseen public demand in the State.

The reply is not convincing as the Treasury had not done any correlation between the stock while indenting stamp paper even after the initial years in 1996, resulting in idling of stock. The Director of Accounts had also not exercised any counterchecks on the stock position before placing the purchase orders with the India Security Press, Nashik.

FINANCE DEPARTMENT

6.8. Non-assessment of luxury tax

Non Assessment of luxury tax resulted in non-levy of interest of Rs.1.05 lakh.

The Goa Tax on Luxuries Act, 1988, provides that, where the returns are filed by a registered assessee for any year on or after the appointed day or on or before the date prescribed for filing the last return of that year no assessment of that year shall be made after the expiry of four years. If for any reason the assessment is not made within four years, then the returns filed shall be deemed to have been accepted as correct and complete for assessing the tax dues for such assessee. In case of default in payment of tax the assessee shall pay simple interest at the rate of 24 *per cent* for the period of default.

Audit scrutiny (October 2003) of the assessment records of the Sales Tax Officer, Panaji revealed that an assessee "M/s Gulf Goan Hotel Company Limited, Panaji" filed its returns for the year 1998-99 showing the total turnover of Rs.1.25 crore by the prescribed time limit and paid luxury tax of Rs.18.37 lakh on the above turnover. He subsequently filed a revised return for that year on 7 March 2000 showing a turnover of receipts of Rs.1.35 crore and tax payable at Rs.19.49 lakh and applied for settlement of arrears of tax, penalty and interest under the provisions of Goa Sales Tax, Luxury Tax and Entertainment Tax (Settlement of Arrears) Act, 2000. The assessee was required to pay the tax due of Rs.1.12 lakh while applying for settlement as required under the provisions of Act. The Luxury Tax Officer (LTO) therefore issued (7 May 2002) a show cause notice to the assessee, but did not take further action to assess him within the prescribed time limit i.e. by 31 March 2003 and the assessment thus became time barred.

The non-assessment of case within the prescribed time limit resulted in loss of revenue of Rs.1.12 lakh towards luxury tax and interest amounting to Rs.1.05 lakh for the period from April 2000 to March 2003 for default in payment of tax.

After this was pointed out in audit in May 2004, the assessee paid the tax of Rs.1.12 lakh in June 2004. However, the Department did not take action to levy interest for default in payment of tax stating that the same was not payable as returns were filed in time.

The Government reply is not tenable as interest·was leviable under the provisions of Act since the assesee had defaulted in payment of tax on filing of the settlement petition. This resulted in non-levy of interest of Rs.1.05 lakh.

Chapter – VII

Government Commercial and Trading Activities

Chapter – VII

Government Commercial And Trading Activities

7.1 Overview of Government companies and Statutory corporation

Introduction

7.1.1 As on 31 March 2004, there were 14 Government companies (all working companies) and one Statutory corporation (working) as against the same number of working Government companies and working Statutory corporation as on 31 March 2003 under the control of the State Government. During the year 2003-04, the audit of one new company viz. Sewage & Infrastructural Development Corporation Limited was entrusted and one company viz. Goa Construction, Housing and Finance Corporation Limited was merged with the State Housing Board. The accounts of Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) 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 2003 and March 2004 was as follows:

(Amount: Rupees in crore)

Year	Number of working PSUs	Investment in working PSUs			
		Equity	Share application money	Loans*	Total
2002-03	15	120.06	2.50	551.53	674.09
2003-04	15	130.71	26.65	448.67	606.03

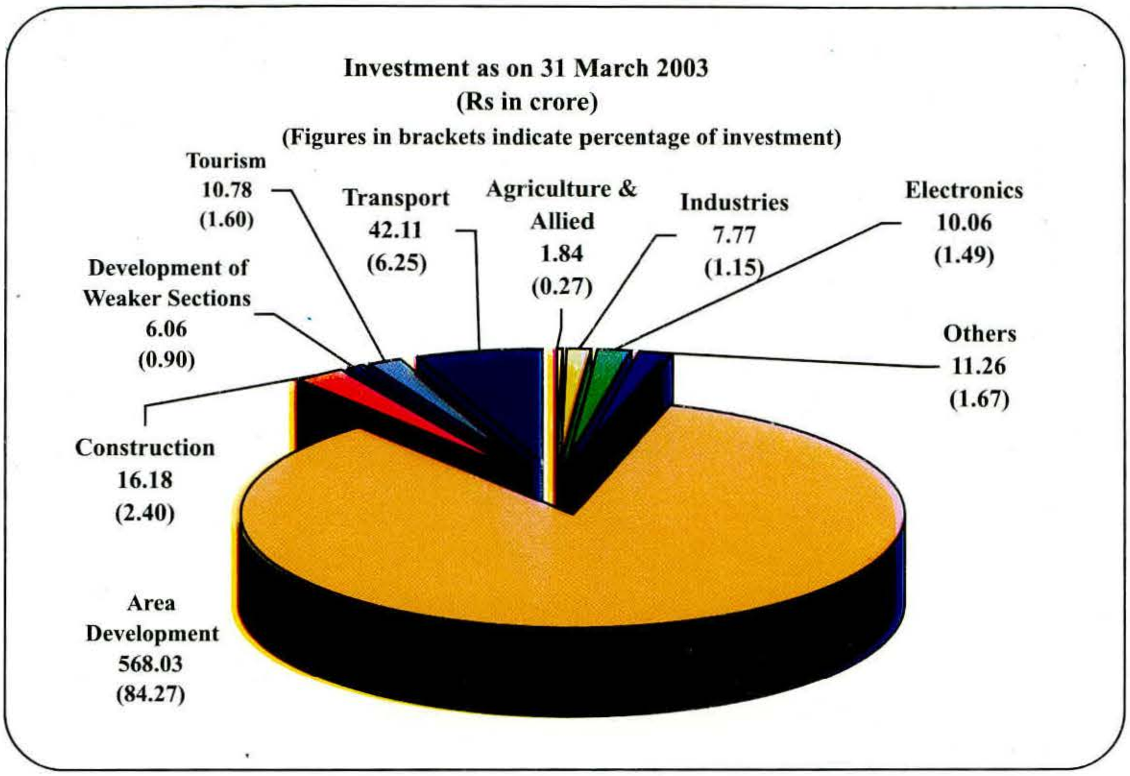
The analysis of investment in working PSUs is given in the following paragraphs.

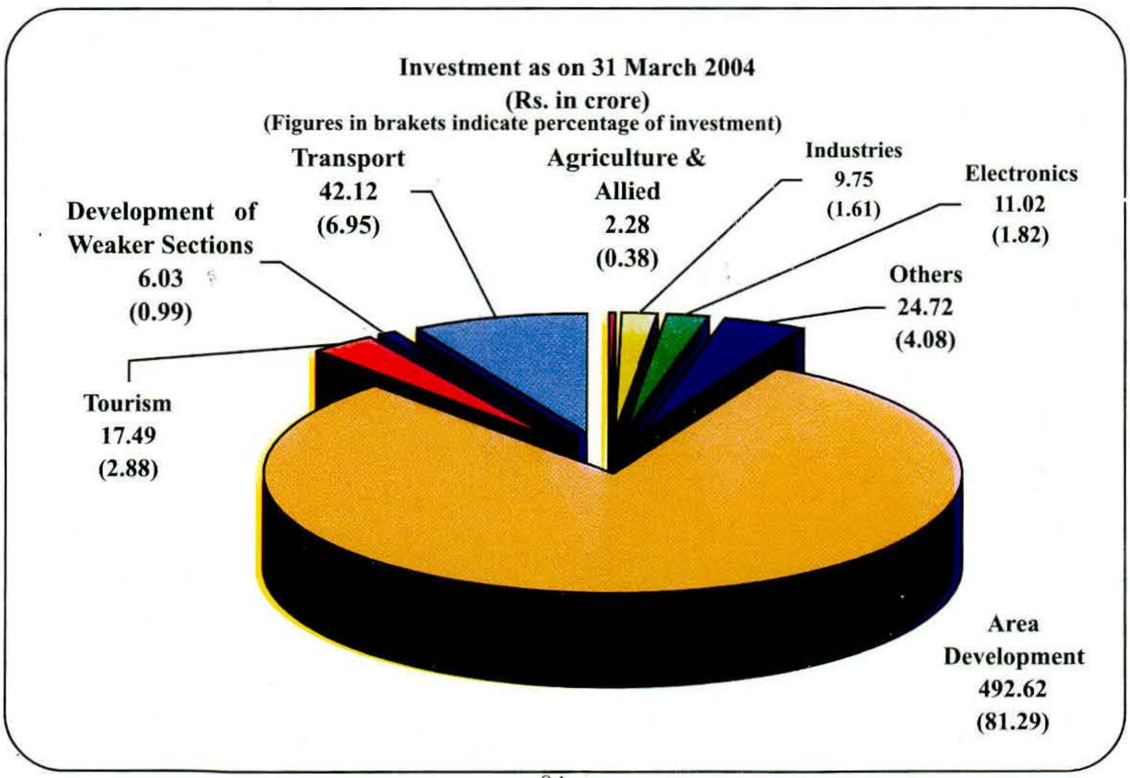
≠ Figures as per Finance Accounts is Rs. 91.23 crore. The difference is under reconciliation.

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

Sector wise investment in working Government companies and Statutory corporation

The investment (equity and long-term loans) in various sectors and percentage thereof at the end of 31 March 2003 and 31 March 2004 are shown below in the pie charts:





Working Government companies

7.1.3 The total investment in 14 working Government companies at the end of March 2003 and March 2004 was as follows.

(Amount: Rupees in crore)

Year	Number of working Government companies	Investment in working Government companies			
		Equity	Share application money	Loans	Total
2002-03	14	94.04	2.50	521.53	618.07
2003-04	14	103.07	26.65	448.67	578.39

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

As on 31 March 2004, the total investment in working Government companies comprised 22.16 *per cent* of equity capital and 77.84 *per cent* of loans as compared to 15.62 and 84.38 *per cent* respectively, as on 31 March 2003.

The decline in loan in 2003-04 was due to repayment of loans by six $^{\infty}$ companies, conversion of loan into equity in one$^{\clubsuit}$ company and merger of one$^{\pi}$ company with State Housing Board (autonomous body).

Working Statutory Corporation

7.1.4 The total investment in one working Statutory corporation at the end of March 2003 and March 2004 was as follows:

(Amount: Rupees in crore)

Sl. No.	Name of the corporation	2002-03		2003-04	
		Capital•	Loans	Capital•	Loans
1	Goa Industrial Development Corporation	26.02	30.00	27.64	-

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

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

$^{\infty}$ Sl. No. A-7,8,10,11,12 and 13 of Appendix 7.1

$^{\clubsuit}$ S. No. A-3 of Appendix 7.1

$^{\pi}$ Goa construction, Housing and Finance Corporation Limited.

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

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 ***Appendix7.1*** and ***Appendix7.3***.

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 2003-04 is given below:

(Amount: Rupees in crore)

Particulars	2001-02				2002-03				2003-04			
	Companies		Corporation		Companies		Corporation		Companies		Corporation	
	No.	Amount	No.	Amount	No.	Amount	No	Amount	No.	Amount	No.	Amount
Equity capital	6	11.51	-	-	4	5.05	1	0.05	3	7.69	1	1.62
Loans given from budget	1	1.49	-	-	-	-	-	-	-	-	-	-
Grants/subsidies	3	10.18	-	-	4	11.11	-	-	5	15.63	-	-
Total Outgo	**9[@]**	**23.18**	**-**	**-**	**7@**	**16.16**	**1**	**0.05**	**7**	**23.32**	**1**	**1.62**

During 2003-04, the Government had guaranteed loans aggregating Rs.139.30 crore obtained by three working Government companies. At the end of the year, guarantees of Rs.426.65 crore obtained by three Government companies were outstanding as against the outstanding guarantees of Rs.399.34 crore as on 31 March 2003. There was no case of default by the State Government companies/corporation in repayment of guaranteed loan during the year.

Finalisation of accounts by working PSUs

7.1.6 The accounts of the companies for 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.

It would be noticed from ***Appendix-7.2*** that out of 14 working Government companies and one Statutory corporation, only three[#] working Government companies had finalised their accounts for 2003-04 within the stipulated period. During October 2003 to September 2004, three[•] working Government companies and one Statutory corporation finalised four 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-2, 3 and 4 of Appendix-7.2.

[•] Sr.No. A-1, 5,10 and B-1 of Appendix-7.2.

The accounts of 11 working Government companies were in arrears for periods ranging from one to four years as on 30 September 2004, as detailed below. Besides, accounts of the lone Statutory corporation (B-1) was also in arrear for one year, i.e. 2003-04.

Sl. No.	Number of working companies	Year for which accounts are in arrears	Number of years for whichaccounts are in arrears	Reference to Sl. No. of Appendix-7.2
(1)	(2)	(3)	(4)	(5)
1	1	2000-01 to 2003-04	4	A-10
2	1	2001-02 to 2003-04	3	A-5
3	1	2002-03 to 2003-04	2	A-9
4	8	2003-04	1	A1,6,7,8,11,12,13,14
Total	**11**			

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

Financial position and working results of working PSUs

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

According to the latest finalised accounts of 14 working Government companies and one working Statutory corporation, eight companies had incurred an aggregate loss of Rs.31.19 crore, whereas five companies earned an aggregate profit of Rs.1.01 crore and the Statutory corporation incurred a loss of Rs.2.89 crore. One company, viz., Sewage and Infrastructural Development Corporation Limited had not started commercial activities.

Working Government companies

Profit earning working companies and dividend

7.1.8 Out of three working Government companies, which finalised their accounts for 2003-04 by September 2004, two companies (Sl. No. A - 2 and 4 of ***Appendix-7.2***) earned an aggregate profit of Rs.53.96 lakh but did not declare any dividend.

Similarly, out of five working Government companies which finalised their accounts for previous years during October 2003 to September 2004, only two Companies (Sl. No. A - 8 and 13 of ***Appendix-7.2***) earned profit of Rs.9.87 lakh. The State Government has not formulated a dividend policy for payment of minimum dividend by the companies/corporation.

Loss incurring Government companies

7.1.9 One company (Sl. No. A-3 of ***Appendix 7.2***), which finalised its accounts for 2003-04 by September 2004, incurred a loss of Rs.56.52 lakh. Of the eight loss incurring working Government companies, five[#] companies had accumulated losses aggregating Rs.155.45 crore which exceeded their aggregate paid-up capital of Rs.74.29 crore by more than one time.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of subsidy, *etc.* According to available information total financial support of Rs.11.99 crore was provided by the State Government by way of subsidy to two[+] such loss making companies during 2003-04.

Working Statutory corporation

Loss incurring Statutory corporation

7.1.10 The lone Statutory corporation, which finalised its accounts for 2002-03 incurred a loss of Rs.2.89 crore during the year.

Return on capital employed

7.1.11 As per the latest finalised accounts (up to September 2004) the capital employed[◊] worked out to Rs.622.14 crore in 14 working Government companies and total return[*] thereon amounted to Rs.35.95 crore which was 5.78 *per cent,* as compared to total return of Rs.31.94 crore (5.27 *per cent*) in the previous year (account finalised up to September 2003). Similarly, the capital employed and total return thereon in case of the lone 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-7.2***.

Sl. Nos A-3,5,7, 12 and 14 of Appendix 7.2

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

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

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

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

7.1.12 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	2001-02	2002-03	SAR under process	-----

Disinvestment, privatisation and restructuring of Public Sector Undertakings

7.1.13 The State Government did not undertake the exercise of disinvest, privatise or restructure any of its PSUs during 2003-04.

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

7.1.14 During October 2003 to September 2004, 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		Amount *(Rupees in lakh)*	
		Government companies	Statutory corporation	Government companies	Statutory corporation
i)	Increase in loss	4	1	473.18	45.27
ii)	Non-disclosure of material facts	2	1	1.23	18.18
iii)	Errors of classification	-	1		39.40

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

Goa Tourism Development Corporation Limited (2002-03)

7.1.15 Non-provision of water and sewage charges of Rs 15.30 lakh demanded by Public Works Department resulted in understatement of current liabilities and losses by the same amount.

Goa Meat Complex Limited (2003-04)

7.1.16. Department of Animal Husbandry and Veterinary Services, Government of Goa had conveyed its approval in April 1996 to the Director of

Animal Husbandry and Veterinary Services for recovery of Rs 200 per animal as service charges from the Company. The Government has neither made any claim for service charges after 1995-96 nor has the fact of non-payment of service charges been disclosed by the Company by way of note to the accounts.

Internal audit/internal control

7.1.17 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including the internal control/internal audit systems in the companies audited in accordance with directions issued by the Comptroller and Auditor General of India under Section 619(3)(a) of the Companies Act, 1956 and to identify the areas which needed improvement.

An illustrative resume of major recommendations/comments made by Statutory Auditors on possible improvement in the internal audit system in respect of State Government companies is indicated below:

- Scope of work needed to be enlarged and strengthened and the compliance mechanism is inadequate (Sl. No. A-3 of ***Appendix 7.2***).
- Internal audit did not cover principal areas of operation of the company (Sl. No. A-10 of ***Appendix 7.2***).
- Scope of internal audit was inadequate (Sl. No. A-2 of ***Appendix 7.2***).

Recommendation for closure of PSUs

7.1.18 Even after completion of five years of their existence, the turnover of five working Government companies (Sl. No.A-1, 2, 6, 10 and 13 of ***Appendix-7.2***) has been less than rupees five crore in each of the preceding five years of their latest finalised accounts. Similarly, one working Government company (Sl. No.A-12 of ***Appendix-7.2***) 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 six Government companies or consider their closure. The Government stated (February 2000) 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 2004).

Response to inspection reports, draft paras and reviews

7.1.19 Audit observations noticed during audit and not settled on the spot 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 2004 pertaining to 15 PSUs disclosed that 130 paragraphs relating to 30 inspection reports remained outstanding at the end of September 2004. Department-wise break-up of Inspection Reports and audit observations outstanding as on 30 September 2004 is given in ***Appendix-7.5***.

Similarly, draft paragraphs are forwarded to the Principal Secretary/Secretary of the administrative department concerned seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that two draft paragraphs forwarded to Finance and Forest Departments during September-October 2004 have not been replied to so far (February 2005).

It is recommended that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule (b) action to recover loss/outstanding advances/overpayment is taken in a time bound schedule, and (c) the system of responding to audit observations is revamped.

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

7.1.20 The position of reviews and paragraphs of Chapter on Commercial and Trading Activities included in Audit Reports (Civil) – Government of Goa and reviews and paragraphs pending discussion by COPU at the end of March 2004 is given below:

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

619-B companies

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

Departmentally managed Government commercial/quasi commercial undertakings

7.1.22 There were two departmentally managed Government commercial/quasi commercial undertakings *viz.* Electricity Department and River Navigation Department in the State as on 31 March 2004.

The *pro forma* accounts of River Navigation Department for the years 2001-02 to 2003-04 and Electricity Department for the year 2003-04 were in arrears (December 2004).

The summarised financial results of the Electricity Department for 2000-01 to 2002-03 and that of River Navigation Department for 1998-99 to 2000-01 are given in ***Appendix-7.7***.

7.2 TRANSACTION AUDIT OBSERVATIONS

EDC Limited

7.2.1 Injudicious investment in the equity of private limited companies

Injudicious investment in the equity of private limited companies, the shares of which could not be freely traded, resulted in non-recovery of rupees one crore and interest thereon.

Mention was made in Para 8.3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000, Government of Goa on the loss of income, interest and investment to the tune of Rs 1.50 crore to the Company due to non-acceptance of the buy back offer in respect of shares held in Marmagoa Steel Limited. In Action Taken Note, the Company stated (August 2003) that the disposal of the shares was deferred at the instance of the Government. The following cases of loss to the Company due to participation in the equity of private limited companies without formulating any policy norms in this regard were further noticed during audit.

The Company sanctioned (June 1997) financial assistance of Rs 50 lakh by way of participation in the equity of Desai Cement Company Private Limited, Ponda (DCC) for setting up a clinker grinding unit for production of cement. The amount was disbursed in five installments during October 1997 to March 1998. According to the agreement (September 1997), DCC was to buy back the equity in three equal installments at the end of third, fourth and fifth year from the commencement of production, with a minimum annual return of 21.5 per cent. The Company also had a right to nominate a Director on the Board of Directors of DCC. The personal guarantee of the promoter Directors was obtained. DCC started commercial production in March 1998.

Though the first installment was due in April 2001, the Company sent a demand to DCC for buy back and payment of Rs 30.60 lakh (principal and return at 21.5 per cent) only in November 2001. There was no response from DCC. The Company did not take any follow up action and made another demand for Rs 33.30 lakh in January 2003 in response to which DCC offered (February 2003) to buy back the equity at Rs 3.37 per share. The Company decided (March 2003) to transfer the shares to DCC at a total price of Rs 55 lakh (principal with 10 per cent interest) in full settlement as against Rs 1.18 crore receivable under the agreement. DCC, however paid (November 2003) rupees five lakh towards interest only and the principal of Rs 50 lakh remained unpaid so far (December 2004).

Similarly, the Company extended (July 1998) assistance of Rs. 50 lakh to Karapur Agro Private Limited, Goa (KAPL), by way of participation in its equity capital in two installments.

After the expiry of three years in July 2001, the Company called upon KAPL to buy back 1/3 of the shares at Rs. 172.24 per share as worked out in terms of the agreement. KAPL did not buy back the shares on the ground that it had become sick due to heavy losses. While the Company contemplated (March 2003) legal action for recovery of the amount, KAPL offered to buy back the shares at the principal amount of Rs. 50 lakh in a phased manner. The Company agreed to the proposal with slight modifications and asked KAPL to buy back the shares at Rs 50 Lakh plus 10 *per cent* interest (rupees five lakh) within six months and communicate their acceptance in seven days along with down payment of Rs. 7.5 lakh. However, the conditions in the offer were not accepted by KAPL who, in turn informed EDC that they would buy back the shares at Rs. 55 lakh between August 2004 and August 2005 and not within six months. The Company neither insisted on the down payment which was a condition in the settlement offer nor did it initiate any recovery action after withdrawing the offer, but granted further extension of time up to 31 October 2004. No payment had been received from the party so far (December 2004).

Thus, the sanction of financial assistance by way of equity participation in the above companies, without proper pre-sanction appraisal, inadequate security/mortgage of assets and failure to appoint nominee directors for timely monitoring of the functioning of the assisted companies resulted in non recovery of rupees one crore and loss of interest of Rs 1.36 crore thereon (up to December 2004). The Company did not initiate any action to invoke the personal guarantee of the promoter directors to recover the dues.

The Government stated (February 2005) that the investments are covered by legal documents as well as personal guarantees of the promoters. In the case of DCC, the settlement package has been withdrawn and the Company had decided to initiate legal action against the promoters. As regards KAPL they have been given extension of time up to 30 September 2005 for repayment of the dues. The fact, however, remains that the Company could not effect recoveries.

7.2.2 Undue favour to a private firm

Defective appraisal of credit worthiness, inadequacy of securities and indiscrete extensions granted to a firm resulted in non recovery of Rs. 6.98 crore.

Anderson Marine (Pvt) Ltd. (firm), engaged in the business of shipbuilding and marine engineering services, sought (July 1997) financial assistance of Rs. 4.40 crore from the Company for rearranging its financing structure and for working capital requirements. While evaluating the credit worthiness of the firm it was known to the Company that:

- The firm was indebted to Punjab National Bank (PNB) and a suit had been filed by PNB for recovering Rs. 1.08 crore plus interest.
- It was also indebted to Maharashtra State Financial Corporation (MSFC) for an amount of Rs. 1.88 crore of which Rs. 1.01 crore was overdue for payment as at August 1997.
- First charge on the assets of the firm was not possible unless the debts of Rs 3.50 crore to PNB/MSFC were paid off.
- The firm was defaulter to the Company also due to non payment of Rs. 89.64 lakh availed of during November 1997 to February 1998

under bill discounting facility extended in October 1997 for six months.

Inspite of all these adverse information /reports in regard to the creditworthiness of the firm, inadequacy of security and default in payment of earlier loan, the Company sanctioned (December 1997) a further loan of Rs. 4.50 crore. The Company disbursed (May 1999) rupees three crore at 20.5 *per cent* interest to be repaid in 30 quarterly installments of Rs. 10 lakh each with moratorium of six months from the first date of disbursement. The first installment was due from March 2000.

The Company could not recover the amount from the firm towards repayment of loan. The total dues as at December 2003 stood at Rs. 6.98 crore. The attempt of the Company (November 2003) to recover the dues by attaching and selling the properties of the firm also did not materialize as the maximum amount offered (Rs. 2.70 crore) in the auction (Jan 2004) was less than the principal amount (Rs 3.61 crore). The Company decided (March 2004) to waive the interest of Rs. 3.37 crore (up to December 2003) and offered one time settlement (OTS) to the firm to pay the principal amount (Rs. 3.61 crore) within 30 days.

The firm did not make any payment and sought extension of time up to 30 September 2004, which was granted by the Company. Despite further extension of time up to 19 October 2004, no payment had been received from the firm (December 2004).

Thus, disbursement of loan despite known poor credit worthiness and without obtaining adequate security resulted in non-recovery of principal amount of Rs. 3.61 crore and loss of interest to the tune of Rs. 3.37 crore.

The Government stated (February 2005) that the Company had decided to restore the OTS package at Rs. 3.70 crore payable before 31 March 2005 considering that huge statutory dues were outstanding against the firm. The fact remained that the Company did not have any effective means to recover the dues due to its decision to extend loan to a firm which was in serious financial difficulties at the time of sanction and lack of adequate security.

Goa State Infrastructure Development Corporation Limited

7.2.3 Unproductive expenditure on development of projects

Agreement for development and implementation of projects with private participation without adequate feasibility studies resulted in unproductive expenditure of Rs 66.41 lakh.

Pursuant to the decision taken by the Government of Goa, the Company decided (June 2001) to develop four projects at various locations[#] at an estimated cost of Rs. 115 crore. In order to implement these projects the Company entered into separate agreements with an investment banker, viz., Infrastructure Leasing and Financial Services Limited, Mumbai (ILFS) during January-December 2001. These agreements were to form a project development and promotion partnership for implementation of these projects, under which the role of ILFS was to assist the Company from conceptualisation to implementation.

Audit scrutiny (April 2004) revealed that the Company entered into the agreements with ILFS without conducting a pre-feasibility study to assess the suitability and feasibility of the projects at the proposed locations. ILFS submitted (September 2001 to April 2002) the initial screening report for these projects and the Company paid Rs. 66.41 lakh (Beach management - Rs. 20.09 lakh, Parking lot - Rs. 23.03 lakh, Golf Course - Rs. 10.59 lakh and Ropeway - Rs. 12.70 lakh) towards acceptance fee, professional fees and other expenses.

The Company, however, decided (June 2002) to keep all the projects in abeyance. Beach management project was kept in abeyance due to opposition from the public and NGOs and the other three projects viz. the Golf Course, the parking lot project and the ropeways projects were considered unviable due to non-availability of land, lack of financial viability, insufficient tourist traffic and coastal zone restrictions. In January 2003, the Company decided to abandon these projects and the expenditure of Rs. 66.41 lakh incurred for the preparation of the initial screening report was written off during 2001-02 and 2002-03.

Thus, the hasty appointment of a private sector agency for financial participation to implement the projects without making a proper assessment of the suitability of the locations, availability of basic requirements such as land, restrictions of coastal zone regulations, pattern of tourist traffic etc., resulted in a wasteful expenditure of Rs. 66.41 lakh.

In reply to preliminary audit observation, the management stated (August 2004) that the projects had been kept in abeyance due to difficulties envisaged at that time and these projects could be taken up in future. It was also stated that the expenditure was incurred for assessing the financial viability and feasibility of the projects costing Rs. 115 crore and the expenditure incurred was a small fraction of the total project cost.

The reply was not tenable since the projects were unviable *ab-initio* as land at these locations was not available; the regulations did not permit development;

[#] Beach Management at Miramar, Construction of a parking lot at Panaji, Golf Course at Betul and Ropeways at two locations at Baradi and at Altinho.

and the projected tourist demand was insufficient for the ropeway and Golf Course. Further, as per the agreement, the Company was to carry out feasibility studies and obtain necessary approvals before entering into agreement especially considering the huge costs involved which had not been done.

The matter was reported to the Management/Government in September 2004; their replies were awaited (February 2005).

Goa Forest Development Corporation Limited

7.2.4 Non recovery on sale of cashew fruits and nuts

Failure to collect the sale price of cashew fruits and nuts before handing over the plantation for extraction as per agreement resulted in accumulation and non recovery of arrears to the extent of Rs 69.07 lakh.

Income from the sale of cashew is one of the main sources of revenue to the Goa Forest Development Corporation Limited (Company). The rights of collection of cashew nuts and fruits from cashew plantations of the Company are auctioned in January – February every year. The conditions for auction sale provided that:

- Upon the bid being accepted by the Company, the successful bidder whose bid is up to Rs. 15,000 is required to pay full sale price along with 10 *per cent* of the accepted bid amount as security deposit immediately after closure of auction and where the bid amount is more than Rs. 15,000, the successful bidder is required to pay Rs. 15,000 plus 50 *per cent* of the balance amount in excess of Rs. 15,000 along with 10 *per cent* as security deposit immediately after closure of the auction. The balance amount of the contract value is payable within 15 days of the acceptance of the bid. If the contractor shall at any time make default in the payment of the balance amount within the stipulated period, all rights of collection shall be forfeited and the plantation may be resold at his risk and cost.

- The plantation should be handed over to the contractor for collection of the produce only after execution of the agreement and payment of the entire amount.

- The Managing Director of the Company, however, could grant time up to a maximum of 30 days for payment of the dues with 14 *per cent* interest in specific and genuine cases.

- The dues and any interest thereon would be recovered as arrears of land revenue in case of default.

Audit scrutiny (March 2004) revealed that the Company failed to enforce the terms and conditions of auction sale agreement during 1997-98 to 2003-04 and allowed the bidders to extract the produce without collecting the full bid amount. As a result, dues of Rs. 69.07 lakh and interest thereon of Rs 4.15 lakh up to 2001-02 relating to the period from 1997-98 to 2003-04 were pending realization from the bidders.

In reply to preliminary audit observation, the management stated (August 2004) that the Company had no alternative but to allow the bidders to collect the produce in order to prevent huge losses due to the perishable nature of the crops and that the bidders sustained losses as the yield was subject to vagaries of nature leading to subsequent default in the payment of the bid amount and a special drive was being conducted to recover the arrears by taking action to attach the properties of the defaulters. The reply is not tenable because if the Company had enforced the conditions of sale, which also take into account the perishable nature of the commodity, the bid amounts would have been recovered in advance.

The matter was reported to the Management/Government in October 2004; their replies were awaited (February 2005).

Sangita Choure

Panaji
The 11 JUL 2005

(SANGITA CHOURE)
Accountant General, Goa

Countersigned

New Delhi
The 29 JUL 2005

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

Appendices

APPENDIX-1.1

(Referred to in paragraph 1.4)

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF GOA

(Rupees in crore)

As on 31 March 2003		Liabilities		As on 31 March 2004
809.77		**Internal Debt**		**1027.67**
	567.45	Market Loans bearing interest	797.75	
	-	Market Loans not bearing interest	-	
	34.64	Loans for LIC	32.65	
	99.72	Loans from other institutions	97.60	
	20.91	Loans from NABARD	33.31	
	0.05	Loans from National Co-operatives Development Corporation	0.60	
	87.00	Ways and Means Advances	65.76	
1740.67		**Loans and Advances from Central Government**		**1951.85**
	808.53	Non-Plan Loans	1090.97	
	923.14	Loans for State Plan Schemes	851.90	
	0.22	Loans for Central Plan Scheme	0.18	
	8.78	Loans for Centrally Sponsored Plan Schemes	8.80	
30.00		**Contingency Fund**		**28.83**
441.88		**Small savings, Provident Fund etc.**		**485.09**
342.41		**Deposits**		**327.89**
33.91		**Reserve Funds**		**52.67**
3398.64				**3874.00**
As on 31 March 2003		**Assets**		**As on 31 March 2004**
2343.37		**Gross Capital Outlay on Fixed Assets**		**2644.79**
	189.81	Investment in shares of Companies, Corporation etc.	202.93	
	2153.56	Other Capital Outlay	2441.86	
44.50		**Loans and Advances**		**47.79**
	22.43	Other Development Loans	28.87	
	22.07	Loans to Government Servants	18.92	
-		Reserve Fund Investment		
0.73		**Advances**		**0.73**
10.68		**Remittances**		**22.90**
82.16		**Suspense & Miscellaneous Balances**		**95.64**
37.36		**Cash**		**41.84**
	*	Cash in Treasuries	*	
	1.45	Departmental Cash Balances	1.45	
	0.10	Permanent Advances	0.10	
	3.01	Cash Balance Investment	2.91	
	29.86	Earmarked Fund Investment	50.44	
	2.94	Deposits with Reserve Bank	(-) 13.06	
872.44		**Deficit in Government Accounts**		**1012.91**
	167.04	Revenue Deficit of the current year	140.47	
	1365.40	Accumulated deficit as on 31 March 2002	872.44	
	(-) 660.00	Appropriation to Contingency Fund	-	
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	
3398.64				**3874.00**

* *Rs.7000/-.*

APPENDIX-1.2

(Referred to in paragraph 1.4)

ABSTRACT OF RECEIPTS AND DISBURSEMENT FOR THE YEAR 2003-04

Receipts				**Disbursements**					
2002-03			**2003-04**	**2002-03**		**Non-Plan**	**Plan**	**Total**	**2003-04**
1833.01	**Section A – Revenue** **I-Revenue Receipts**		**1623.12**	**2000.05**	**I – Revenue Expenditure**				**1763.59**
602.20	**Tax Revenue**	710.26		**911.52**	**A-General Services**	**575.76**	**5.90**	**581.66**	
1039.17	Non-Tax Revenue	724.73		**549.84**	**B-Social Services**	**384.59**	**179.66**	**564.25**	
114.62	State's share of Union Taxes	135.58		277.60	Education, Sports, Arts and Culture	223.74	56.88	280.62	
7.08	Non-Plan Grants	5.19		92.08	Health and Family Welfare	74.29	27.69	101.98	
50.30	Grants for State Plan Scheme	30.97		97.33	Water Supply and Sanitation	54.53	25.50	80.03	
19.64	Grants for Central and Centrally Sponsored Schemes	16.39		26.78	Housing and Urban Development	10.37	13.31	23.68	
-	Grants for Special Plan Schemes	-		2.09	Information and Broadcasting	1.36	1.78	3.14	
				0.72	Welfare of SC/ST and Other Backward classes	0.29	0.64	0.93	
				10.48	Labour and Labour Welfare	7.04	4.54	11.58	
				42.28	Social Welfare and Nutrition	12.48	49.32	61.80	
				0.48	Others	0.49	-	0.49	
				538.69	**C-Economic Services**	**519.25**	**98.43**	**617.68**	
				36.44	Agriculture and allied activities	21.69	22.72	44.41	
167.04	II – Revenue Deficit carried over to Section B		**140.47**	27.35	Rural Development	10.90	16.17	27.07	
				1.84	Special Areas Programme	-	1.99	1.99	
				15.55	Irrigation and Flood Control	12.20	3.13	15.33	
				370.24	Energy	412.06	9.42	421.48	
				14.54	Industry and Minerals	1.53	14.38	15.91	
				50.08	Transport	51.30	6.21	57.51	
				1.12	Science, Technology & Environment	-	3.28	3.28	
				21.53	General Economic Services	9.57	21.13	30.70	
2000.05	**Total Section A**		**1763.59**	**2000.05**					**1763.59**

(Rupees in crore)

Receipts				Disbursements					
2002-03			2003-04	2002-03		Non-Plan	Plan	Total	2003-04
25.02	Section B - Others III – Opening Cash Balance including Permanent Advance and Cash Balance Investment		**37.35**	-	III–Opening Overdraft from Reserve Bank of India				-
				206.40	IV - Capital Outlay				**301.42**
				15.14	**A- General Services**	-	**27.78**	**27.78**	
				55.28	**B- Social Services**	-	**88.68**	**88.68**	
				8.72	Education, Sports, Arts and culture	-	11.72	11.72	
				4.56	Health & Family Welfare	-	6.93	6.93	
				39.35	Water Supply, Sanitation, Housing & Urban Development	-	68.15	68.15	
				0.32	Welfare of SC/ST and Other Backward classes	-	1.05	1.05	
				0.36	Social Welfare & Nutrition	-	0.25	0.25	
--	**IV – Miscellaneous Receipts**		--	1.97	Other Social Services	-	0.58	0.58	
				135.98	**C-Economic Services**	**0.48**	**184.48**	**184.96**	
				3.31	Agriculture & Allied activities	0.48	7.41	7.89	
				1.02	Special Areas Programme	-	0.94	0.94	
				28.54	Irrigation & Flood Control	-	38.74	38.74	
				50.06	Energy	-	51.34	51.34	
				3.00	Industry & Minerals	-	7.46	7.46	
				49.98	Transport	-	73.53	73.53	
				-	Science,Technology & Environment	-	-	-	
				6.69	General Economic Services	-	5.06	5.06	
				206.40	**Total Capital outlay**	**0.48**	**300.94**	**301.42**	
6.60	**V – Recoveries of Loans and Advances**	-	**6.55**	**12.20**	***V-Loans and Advances disbursed***				**9.83**
-	From Power Projects	-		-	For Power Projects	-	-	-	
5.64	From Government Servants	5.60		2.88	To Government servants	-	2.46	2.46	
0.96	From Others	0.95		9.32	To others	-	7.37	7.37	
-	**VI – Revenue Surplus Brought Down**	-		**167.04**	***VI-Revenue Deficit brought down***				**140.47**
1206.83	**VII – Public Debt Service**	-	**791.73**	**891.70**	***VII-Repayment of Public Debt***				**362.65***
180.55	Internal Debt other than Ways and Means Advances	272.66		65.21	Internal Debt other than ways and means advances & overdrafts	-	33.52	33.52	
757.02	Ways and Means Advances	--		709.31	Ways & Means advances & overdraft	-	21.24	21.24	
269.26	Loans and Advances from Central Government	519.07		117.18	Repayment of loans & advances to Central Government	-	307.89	307.89	

* Includes net ways and means advances

Receipts				**Disbursements**					
2002-03			**2003-04**	**2002-03**		**Non-Plan**	**Plan**	**Total**	**2003-04**
680.00	VIII-Appropriation to Contingency Fund		-	**20.00**	**VIII-Appropriation to Contigency Fund**				-
34.24	IX-Amount transferred to Contingency		-	**680.00**	**IX-Expenditure from Contingency Fund**				**1.17**
2754.75	**X-Public Accounts Receipts**		**3239.35**	**2692.75**	**X-Public Accounts Disbursement**				**3217.60**
106.10	Small savings and Provident Fund	110.89		81.37	Small Savings and Provident Fund	-	67.67	67.67	
7.67	Reserve Funds	20.38		1.07	Reserve Fund	-	1.61	1.61	
94.32	Deposits and Advances	118.96		78.42	Deposits and Advances	-	133.49	133.49	
1175.93	suspense and Miscellaneous	1536.81		1165.98	Suspense and Miscellaneous	-	1550.30	1550.30	
1370.73	Remittances	1452.31		1365.91	Remittances	-	1464.53	1464.53	
				37.35	**XI Cash Balance at end**				**41.84**
				*	Cash in Treasuries	-	*	*	
				2.93	Deposits with Reserve Bank of India	-	(-)13.06	(-)13.06	
				1.55	Departmental cash balance including permanent advance	-	51.99	51.99	
				32.87	Cash Balance Investment	-	2.91	2.91	
4707.44	**Total Section B**		**4074.98**	**4707.44**					**4074.98**

* Rs. 7000/- only

APPENDIX-1.3

(Referred to in paragraph 1.4)
Sources and Application of Funds

(Rupees in crore)

2002-03		*Sources*		2003-04
1833.01		**Revenue Receipts**		**1623.12**
6.60		Recoveries of Loans and Advances		**6.55**
315.12		**Increase in Public Debt other than overdraft**		**429.07**
62.01		**Net Receipts from Public Accounts**		**21.76**
	24.73	Increase in Small Savings	43.21	
	15.90	Increase in deposits and advances	(-) 14.52	
	6.59	Increase in Reserve Funds	18.76	
	9.97	Net effect of suspense and Miscellaneous transactions	(-) 13.47	
	4.82	Net effect of remittance transactions	(-) 12.22	
14.24		**Net effect of Contingency Fund Transaction**		-
-		**Decrease in closing balances**		-
2230.98		**TOTAL**		**2080.50**

2002-03	*Applications*	2003-04
2000.05	**Revenue Expenditure**	**1763.59**
12.20	**Lending for Development and other purposes**	**9.83**
206.40	**Capital Expenditure**	**301.42**
-	**Net effect of Contingency Fund Transactions**	**1.17**
12.33	**Increase in closing balance**	**4.49**
2230.98	**TOTAL**	**2080.50**

Explanatory Note

(For Statement I, II &III)

1. The abridged accounts in the foregoing have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Statement-1 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
4. There was a difference of Rs.0.07 crore (debit) between the figures reflected in the accounts and that intimated by RBI under "Deposits with Reserve Bank".

APPENDIX-1.4
TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Part A. Receipts					
1. Revenue Receipts	1228	1483	1873	1833	1623
(i) Tax Revenue	458 (37)	515 (35)	569 (30)	602 (33)	710(44)
Agricultural Income Tax	-	-	-	-	-
Sales Tax	348 (76)	388 (75)	402 (71)	439 (73)	502(71)
State Excise	36 (8)	39 (8)	46 (8)	47 (8)	53(7)
Taxes on Vehicles	28 (6)	30 (6)	33 (6)	37 (6)	51(7)
Stamps duty and Registration fees	18 (4)	22 (4)	26 (5)	26 (4)	29(4)
Land Revenue	5 (1)	3 (1)	8 (1)	3 (1)	5(1)
Taxes on goods and passengers	4 (1)	13 (2)	36 (6)	30 (5)	41(6)
Other Taxes	19 (4)	20 (4)	19 (3)	20 (3)	29(4)
(ii) Non-Tax Revenue	634 (52)	796 (54)	1136 (61)	1039 (57)	725(45)
(iii) State's share in Union taxes and duties	96 (8)	105 (7)	108 (6)	115 (6)	136(8)
(iv) Grants-in-aid from Government of India	40 (3)	67 (4)	59 (3)	77 (4)	52(3)
2. Misc. Capital Receipts	-	-	-	-	-
3. Total Revenue and Non debt capital receipt (1+2)	1228	1483	1873	1833	1623
4. Recoveries of Loans and Advances	5	11	6	7	7
5. Public Debt Receipts	228	347	397	497	792
Internal Debt (excluding Ways & Means Advances and Overdrafts)	97	127	126	181	273
Net transactions under Ways and Means Advances and Overdraft		10	30	47	-
Loans and Advances from Government of India	131	210	241	269	519
6. Total Receipts in the Consolidated Fund (3+4+5)	1461	1841	2276	2337	2422
7. Contingency Fund Receipts	170	165	190	14	-
8. Public Accounts receipts	1785	2132	2464	2755	3239
9. Total receipts of the State (6+7+8)	3416	4138	4930	5106	5661
Part B. Expenditure	1566	1892	2286	2206	2065
10. Revenue Expenditure	1437 (92)	1709 (90)	2101 (92)	2000 (91)	1764(85)
Plan	122 (8)	141 (8)	183 (9)	218 (11)	284(16)
Non-plan	1315 (92)	1568 (92)	1918 (91)	1782 (89)	1480(84)
General Services (including Interests payments)	606 (42)	778 (46)	1080 (51)	911 (45)	582(33)
Economic Services	416 (29)	498 (29)	543 (26)	539 (27)	618(35)
Social Services	415 (29)	432 (25)	478 (23)	550 (28)	564(32)
Grants-in-aid and contributions	164	162	156	226	214
11. Capital Expenditure	129 (8)	183 (10)	185 (8)	206 (9)	301(15)
Plan	129 (100)	188 (100)	185 (100)	216 (105)	301(100)
Non-plan	-	(-) 5	-	(-)10 (-5)	-
General Services	13 (10)	5 (3)	7 (4)	15 (7)	28(9)
Economic Services	80 (62)	110 (58)	132 (71)	136 (66)	184(61)
Social Services	36 (28)	73 (39)	46 (25)	55 (27)	89(30)
12. Disbursement of Loans and Advances	8	15	6	12	10
13. Total (10+11+12)	1574	1907	2292	2218	2075
14. Repayments of Public Debt	40	55	61	182	363
Internal Debt (excluding Ways and Means Advances and Overdrafts)	4	11	17	65	34
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	21
Loans and Advances from Government of India	36	44	44	117	308
15. Appropriation to Contingency Fund	169	190	680	20	-
16. Total disbursement out of Consolidated Fund (13+14+15)	1783	2152	3033	2420	2416
17. Contingency Fund disbursements	0.04	0.14	204	680	1.17
18. Public Accounts disbursements	1674	2036	2364	2693	3218
19. Total disbursement by the State (16+17+18)	3457	4188	5601	5793	5635
Part C. Deficits					
20. Revenue Deficit (1-10)	209	226	228	167	141
21. Fiscal Deficit (3+4-13)	341	413	413	378	445
22. Primary Deficit (-)/surplus (+) (21-23))	163	201	152	86	124
Part D. Other data					
23. Interest Payments (included in revenue expenditure .)	178	212	261	292	321
24. Arrears of Revenue(Percentage of Tax & non-tax Revenue Receipts)	165	205	277	296	321
25. Financial Assistance to local bodies etc.	164	163	156	226	214
26. Ways and Means Advances (WMA)/Overdraft availed (days)	22	16	36	259/34	249/21
27. Interest on WMA/Overdraft	0.16	0.59	0.96	1.76/0.17	1.34/0.23
28. Gross State Domestic Product (GSDP)♣	6748	7761	8925	9947	11438
29. Outstanding Debt (year end)	2144	2531	2979	3335	3793
30. Outstanding guarantees including interest (year end)	52	160	141	216*	491*
31. Maximum amount guaranteed (year end)	43	111	338	550	628
32. Number of incomplete projects	20	24	17	16	17
33. Capital blocked in incomplete projects	21.22	15.20	15.15	534	466.93

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 HDFC, Goa, Daman & Diu KVIB, Vausmach Industries, Margao Industrial Estate

APPENDIX-1.5

(Referred to in paragraph 1.4)

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

Terms	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter (X) Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	[(Current year Amount/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)	Interest Payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2] * 100.
Interest spread	GSDP growth - Weighted Interest rates
Interest received as per cent to Loans Advanced	Interest Received [(Opening balance + 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 minus all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048-Appropriation for Reduction or Avoidance of Debt.

APPENDIX-1.6

(Referred to in paragraph 1.7.1)

Department-wise and Year-wise break up of outstanding Utilisation Certificates

Sr. No.	Name of the Department	No. of utilization certificates	Amount (Rupees in crore)
1.	**Education** Directorate of Education	40	1.81
2.	**Sports** Director of Sports	62	7.29
3.	Directorate of Higher Education	25	6.09
4.	Town and Country Planning Department	3	1.30
5.	**Urban Development** Directorate of Municipal Administration	335	32.13
6.	**Social Welfare** i) Directorate of Women and Child Welfare, Panaji ii) Directorate of Social Welfare	32 30	0.44 0.17
7.	**Science, Technology & Environment** Directorate of Science, Technology & Environment	25	1.20
8.	**Panchayati Raj** i) Directorate of Panchayat (South), Margao ii) Directorate of Panchayat (North)	1039 560	2.29 10.17
9.	Secretariat, Panaji	8	0.50
10.	**Health** Directorate of Health Services	6	0.30
11.	**Public Works Department** Pr. Chief Engineer, PWD	4	0.56
12.	Directorate of Art & Culture	11	0.30
13.	Directorate of Agriculture	4	0.05
	TOTAL	**2184**	**64.60**

Year-wise break up of Outstanding Utilisation Certificates

Year	No. of Utilisation Certificates	Amount (Rupees in crore)
Upto 1992-93	987	0.42
1993-94	46	0.05
1994-95	20	0.10
1995-96	67	0.18
1996-97	46	0.22
1997-98	119	2.65
1998-99	95	2.95
1999-00	84	4.40
2000-01	166	9.56
2001-02	181	11.18
2002-03	373	32.89
TOTAL	**2184**	**64.60**

APPENDIX-1.7

(Referred to in paragraph 1.7.2)

Category wise details of misappropriation, losses etc. reported upto 31 March 2004 pending finalisation at the end of June 2004

Sr. No.	Name of the Department	Awaiting Dept. criminal investigation		Departmental action started but not finalised		Criminal proceeding 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**	-	-	-	-	-	-	-	-	3	3.41	3	3.41
4.	**Forest** Conservator of Forest	-	-	-	-	1	0.67	-	-	-	-	1	0.67
5.	**Education**												

	Director of Education	-	-	-	-	-	-	-	-	1	0.77	1	0.77
6.	**Power Department** Chief Electrical Engineer	1	*	2	41.85	-	-	-	-	-	-	3	41.85
7.	**Public Works Department** Chief Engineer, PWD	-	-	1	21.38	-	-	-	-	1	0.71	2	22.09
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.	Labour Director, State Director of Craftsman Training	-	-	-	-	-	-	1	0.05	-	-	1	0.05
	TOTAL	**1**	**-**	**3**	**63.23**	**1**	**0.67**	**3**	**0.84**	**14**	**13.22**	**22**	**77.96**

* Amount not yet assessed by the Department.

APPENDIX-1.8
(Referred to in paragraph 1.7.2)
Yearwise details of Misappropriation cases

Sr. No.	Name of the Dept.	Upto 1998-1999		1999-2000		2000-2001		2001-2002		2002-2003		2003-2004		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	-	-	-	-	-	-	2	2.89	-	-	3	3.41
5.	Conservator of Forest	1	0.67	-	-	-	-	-	-	-	-	-	-	1	0.67
6.	Director of Education	1	0.77	-	-	-	-	-	-	-	-	-	-	1	0.77
7.	Govt. Polytechnic, Panaji	2	0.24	-	-	-	-	-	-	-	-	-	-	2	0.24
8.	**Power Department**	-	*	2	11.95	-	-	-	-	-	-	1	29.90	3	41.85
9.	**P.W.D.**	-	-	-	-	-	-	-	-	1	0.13	1	21.96	2	22.09
10.	Director of Health Services	-	-	-	-	-	-	5	1.76	-	-	-	-	5	1.76
12.	**Labour** State Director of Craftsman Training	-	-	-	-	-	-	-	-	-	-	1	0.05	1	0.05
	Total	9	9.32	2	11.95	-	-	5	1.76	3	3.02	3	51.91	22	77.96

APPENDIX-1.9

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.	**PRINTING & STATIONERY** Printing & Stationery	5	7,716
2.	**ANIMAL HUSBANDRY & VETERINARY SERVICES** Director of Animal Husbandry & Veterinary Services	50	28,245
3.	**INFORMATION & PUBLICITY** Director of Information & Publicity	25	2,15,773
4.	**EDUCATION** Director of Education	22	39,224
5.	**AGRICULTURE** Directorate of Agriculture	43	80,491
6.	**PUBLIC WORKS DEPARTMENT** Principal Chief Engineer, Panaji	1	23,302
7.	**POLICE DEPARTMENT** Director General of Police	1	16,015
	TOTAL	**147**	**4,10,766**

APPENDIX-2.1

(Referred to in paragraph 2.3.1)

Areas in which major savings occurred

Grant No./Major Head	Areas in which major savings occurred	Savings (Rupees in crore)
21	**Public Works (Revenue Voted)**	
2059	Maintenance and Repairs	1.39
2059	Direction & Administration	1.22
2059	Water Supply & Sanitation (Stock)	2.33
2215	Urban Water Supply Programme	4.75
2215	Accelerated Rural Water Supply Programme	6.90
3054	Roads and Bridges (Stock)	1.93
21	**Public Works (Capital Voted)**	
4059	Other buildings	1.00
4059	Special Problems Secretariat Complex	2.33
4215	Augmentation of water supply Schemes at Opa, Assonora and Sanquelim	8.64
4215	Investment in PSU	1.00
4215	Sewage & Sanitation	1.71
5054	Roads & Bridges, State Highways, District Roads	2.98
30	**Lotteries (Revenue Voted)**	
2075	State Lotteries	683.42
19	**Industries & Mines**	
2851	Small Scale Industries	3.34
2851	Industrial Policy	19.52

APPENDIX–2.2
(Referred to in paragraph 2. 3.1)

Savings in excess of Rs. 2 crore in each case and also by more than 10 *per cent* of the total provision

(Rs. in crore)

Sr. No.	Grant/ Appropriation	Total Provision	Actual Expenditure	Savings
Revenue (Voted)				
1.	31 – Panchayats	34.84	27.82	7.02
2.	33 – Revenue	4.47	2.14	2.33
3.	48 – Health Services	54.25	47.44	6.81
4.	54 – Town and Country Planning	8.25	3.82	4.43
5.	55 – Municipal Administration	40.43	17.10	23.33
6.	58 – Women and Child Development	17.67	13.58	4.09
7.	64 – Agriculture	18.00	15.71	2.29
8.	65 – Animal Husbandry & Veterinary Services	15.28	12.52	2.76
9.	68 – Forests	14.75	12.42	2.33
10.	78 – Tourism	27.02	24.23	2.79
Capital (Voted)				
11.	13 – Transport	9.89	2.84	7.05
12.	19 – Industries and Mines	5.20	3.16	2.04
13.	42 - Sports	3.20	1.18	2.02
14.	43 – Art and Culture	5.10	0.22	4.88
15.	48 – Health Services	4.43	0.38	4.05
16.	55 – Municipal Administration	4.00	1.47	2.53
17.	64 – Agriculture	7.28	1.05	6.23
18.	70 – Civil Supplies & Price Control	33.15	9.54	23.61
19.	74 – Water Resources	52.23	39.68	12.55
20.	78 – Tourism	10.13	5.06	5.07
21	82 – Information Technology	8.00	1.30	6.70
	TOTAL	**377.57**	**242.66**	**134.91**

APPENDIX-2.3

(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
2002-03	2	50, Appropriation Debt Services	675.33	Not received
TOTAL			**1026.48**	

APPENDIX-2.4

(Referred to in paragraph 2.3.4)

Statement showing cases where supplementary grants proved unnecessary

(Rupees in crore)

Sr. No.	Grant/Appropriation	Original	Amount of grants/appropriation		
			Supplementary	Actual expenditure	Savings
Capital (Charged)					
1.	26 –Fire & Emergency Services	-	1.39	-	1.39
Revenue (Voted)					
1.	1 –Legislature Secretariat	4.31	0.12	4.26	0.17
2.	7 – Settlement and Land Records	5.25	0.70	5.19	0.76
3.	8 - Treasury and Accounts	131.57	0.05	119.21	12.41
4.	15 – Collectorate (North Goa)	5.89	0.14	5.72	0.31
5.	18 - Jails	2.86	0.12	2.28	0.70
6.	19-Industries & Mines	33.54	1.47	10.62	24.39
7.	21 – Public works	167.85	9.40	148.62	28.63
8.	23- Home	0.50	0.15	0.24	0.41
9.	26 – Fire & Emergency Services	3.75	0.25	3.57	0.43
10.	34-School Education	212.46	4.04	209.14	7.36
11.	36 – Technical Education	4.55	0.01	4.04	0.52
12.	37 – Government Polytechnic (Panaji)	3.86	0.18	3.62	0.42
13.	42 –Sports	11.53	0.97	11.10	1.40
14.	44– Goa College of Art	1.02	0.03	0.82	0.23
15.	48 – Health Services	50.63	3.62	47.44	6.81
16.	54 – Town & Country Planning	8.18	0.07	3.82	4.43

17.	55 – Municipal Administration	36.11	4.32	17.10	23.33
18.	56 – Information & Publicity	4.78	0.10	3.14	1.74
19.	57 – Social Welfare	43.48	0.14	40.55	3.07
20.	58- Women & Child Development	17.61	0.06	13.58	4.09
21.	64 - Agriculture	17.92	0.08	15.70	2.30
22.	65 – Animal Husbandry & Vet. Services	13.85	1.43	12.51	2.77
23.	66 - Fisheries	2.79	0.44	2.62	0.61
24.	71 – Co-operation	2.86	0.06	2.70	0.22
25.	72 – Science Technology & Environment	3.81	0.18	3.76	0.23
26.	76 – Electricity	441.60	5.00	433.31	13.29
Capital (Voted)					
1.	18- Jails	1.00	0.31	0.02	1.29
2.	19- Industries & Mines	5.10	0.10	3.16	2.04
3.	34 –School Education	3.40	0.55	3.02	0.93
4.	47 – Goa Medical College	7.00	0.48	6.34	1.14
5.	78 - Tourism	8.80	1.33	5.06	5.07
	Total	**1257.86**	**37.29**	**1142.26**	**152.89**

APPENDIX–2.5
(Referred to in paragraph 2.3.4)

Statement showing cases where supplementary provision was excessive

(Rupees in crore)

Sr. No.	Number and name of Grant	Original Provision	Supplementary Provision	Total Provision	Expenditure	Savings
Revenue (Voted)						
1.	2 – General Administration and Coordination	12.44	2.83	15.27	14.06	1.21
2.	3 – District and Session Court (North Goa)	3.65	0.67	4.32	3.91	0.41
3.	4 – District and Session Court (South Goa)	3.17	0.53	3.70	3.36	0.34
4.	17 – Police	49.39	4.44	53.83	50.56	3.27
5.	43 – Art and Culture	5.01	1.04	6.05	5.59	0.46
6.	47 – Goa Medical College	36.47	2.56	39.03	37.39	1.64
7.	49 – Institute of Psychiatry & Human Behaviour	3.74	0.47	4.21	3.88	0.33
8.	52 – Labour	6.69	2.77	9.46	8.90	0.56
9.	68 – Forests	10.74	4.01	14.75	12.42	2.33
10.	74 – Water Resources	16.50	0.68	17.18	16.56	0.62
	TOTAL	**147.80**	**20.00**	**167.80**	**156.63**	**11.17**

APPENDIX –2.6
(Referred to in paragraph 2.3.5)

Unutilised provisions not surrendered

(Rupees in crore)

Sr. No.	Grant No.	Total Grant	Total Expenditure	Savings available
Revenue (Voted)				
1.	14 – Goa Sadan	1.15	0.91	0.24
Capital (Voted)				
2.	48 – Health Services	4.43	0.38	4.05
3.	50 – Goa College of Pharmacy	0.25	0.08	0.17
	TOTAL	**5.83**	**1.37**	**4.46**

APPENDIX–2.7
(Referred to in paragraph 2.3.5)

Savings partially surrendered

(Rupees in crore)

Sr. No.	Number and Name of Grant	Total Grant	Expenditure	Savings	Savings surrendered	Savings remained unsurrendered
Capital (Charged)						
1.	78 – Tourism	10.13	5.06	5.07	1.15	3.92
Revenue (Voted)						
2.	8 – Treasury and Accounts Administration (North Goa)	131.62	119.21	12.41	11.88	0.53
3.	21 – Public Works	177.25	148.62	28.63	25.62	3.01
4.	31 – Panchayats	34.84	27.82	7.02	6.24	0.78
5.	33 – Revenue	4.47	2.14	2.33	0.04	2.29
6.	48 – Health Services	54.25	47.44	6.81	6.05	0.76
7.	58 – Women and Child Development	17.67	13.58	4.09	2.49	1.60
Capital (Voted)						
8.	21 – Public Works	163.46	148.93	14.53	9.28	5.25
9.	45 – Archives and Archaeology	1.10	0.08	1.02	0.12	0.90
10.	61 – Craftsmen Training	2.00	0.42	1.58	0.57	1.01
11.	62 – Law	2.13	0.27	1.86	0.39	1.47
	TOTAL	**598.92**	**513.57**	**85.35**	**63.83**	**21.52**

APPENDIX-3.1

Interest liability of the Government

(Referred to in Para-3.1.8)

(Rs in crore)

Total amount of purchase price liability		**122.04**
Amount of yearly installment of purchase price (1/5th)		**24.41**
	Amount of Purchase Price on which interest calculated	***Interest Amount at the rate of 13 per cent***
Interest calculation for 1st year on 80 per *cent* outstanding purchase price	97.63	12.69
Interest calculation for 2nd year on 60 *per cent* outstanding purchase price	73.22	9.52
Interest calculation for 3rd year on 40 *per cent* outstanding purchase price	48.81	6.35
Interest calculation for 4th year on 20 *per cent* outstanding purchase price	24.4	3.17
Total interest liability		31.73
Interest liability accounted up to March 2004		21.41
Interest liability outstanding		**10.32**

APPENDIX-6.1

(Referred to in paragraph 6.6)

Yearwise position of Inspection Reports, Paras Pertaining to Revenue Receipts

(Rupees in crore)

Name of the Tax Revenue	Upto 1999-2000			2000-2001			2001-2002			2002-2003			2003-2004			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	13	29	-	1	3	-	-	-	-	-	-	-	2	12	-	16	44	-
Excise	8	13	-	2	7	-	5	6	-	23	98	0.61	-	-	-	38	124	0.61
Sales Tax	4	4	-	4	5	-	7	18	0.10	3	6	0.22	4	43	0.70	22	76	1.02
Entertainment Tax	1	1	-	-	-	-	2	3	-	-	-	-	-	-	-	3	4	-
Motor Vehicle Tax (Transport)	-	-	-	1	1	-	-	-	-	2	3	0.01	4	16	0.03	7	20	0.04
Stamp Duty & Registration Fee	5	5	-	-	-	-	-	-	-	-	-	-	1	2	-	6	7	-
TOTAL	**31**	**52**	**-**	**8**	**16**	**-**	**14**	**27**	**0.10**	**28**	**107**	**0.84**	**11**	**73**	**0.73**	**92**	**275**	**1.67**

APPENDIX-7.1

Statement showing particulars of up to date capital, equity/loans received out of budget and loans outstanding as on 31 March 2004 in respect of Government companies and Statutory corporation

(Referred to in paragraph 7.1.3, 7.1.4 and 7.1.5)

(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 2003-04					Equity/loans received out of Budget during the year		Other loans received during the year*	#Loans outstanding at the close of 2003-04			Debt equity ratio for 2002-03 (previous year)
		State Government	Central Government	Holding company	Others	Total	Equity	Loans		Government	Others	Total	4(f) / 3(e)
(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	166.50	-	-	-	166.50	44.00	-	-	-	-	-	-
2	Goa Meat Complex Limited	25.00	23.96	-	12.86	61.82	-	-	-	-	-	-	-
	TOTAL	**191.50**	**23.96**	**-**	**12.86**	**228.32**	**44.00**	**-**	**-**	**-**	**-**	**-**	**-**
INDUSTRIES													
3	Goa Auto Accessories Limited	-	-	67.00 *492.00	-	67.00 *492.00	-	-	-	-	65.62	65.62	0.12:1 (5.45:1)
4	Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited	333.01	17.00	-	-	350.01	-	-	-	-	-	-	-
	TOTAL	**333.01**	**17.00**	**67.00** ***492.00**		**417.01** ***492.00**			**-**	**-**	**65.62**	**65.62**	**-**

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

\# Loans outstanding at the close of 2003-04 represents long-term only.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
ELECTRONICS													
5	Goa Electronics Limited	---	---	180.00	---	180.00	---	---	---	---	921.80	921.80	5.12:1 (4.59:1)
	TOTAL	**---**	**---**	**180.00**	**---**	**180.00**	**---**	**---**	**---**	**---**	**921.80**	**921.80**	**---**
FOREST													
6	Goa Forest Development Corporation Limited	50.00	---	---	---	50.00	---	---	---	---	---	---	---
	TOTAL	**50.00**	**---**	**---**	**---**	**50.00**	**---**	**---**	**---**	**---**	**---**	**---**	**---**
AREA DEVELOPMENT													
7	EDC Limited	3120.26 *200.00	-	-	1472.22	4592.48 *200.00	-	-	-	-	29533.03	29533.03	6.16:1 (7.28:1)
8	Goa State Infrastructure Development Corporation Limited	310.00	-	-	-	310.00	-	-	-	-	11656.87	11656.87	37.6:1 (44.23:1)
9	Sewage and Infrastructural Development Corporation Limited	205.00	-	-	-	205.00	-	-	-	-	-	-	-
	TOTAL	**3635.26** ***200.00**	**-**	**-**	**1472.22**	**5107.48** ***200.00**	**-**	**-**	**-**	**-**	**41189.90**	**41189.90**	**-**
DEVELOPMENT OF ECONOMICALLY WEAKER SECTION													
10	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	164.67	103.76	-	-	268.43	5.00	-	-	-	334.90	334.90	1.25:1 (1.30:1)
	TOTAL	**164.67**	**103.76**	**-**	**-**	**268.43**	**5.00**	**-**	**-**	**-**	**334.90**	**334.90**	**-**

(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	1124.29 *469.95	--	--	--	1124.29 *469.95	719.95	--	--	--	154.62	154.62	0.1:1 (0.23:1)
	TOTAL	**1124.29** ***469.95**	--	--	--	**1124.29** ***469.95**	**719.95**	--	--	--	**154.62**	**154.62**	--
DRUGS, CHEMICALS & PHARMACEUTICALS													
12	Goa Antibiotics and Pharmaceuticals Limited	--	--	399.00 *1503.00	--	399.00 *1503.00	--	--	--	--	253.82	253.82	0.13:1 (3.67:1)
	TOTAL	--	--	**399.00** ***1503.00**	--	**399.00** ***1503.00**	--	--	--	--	**253.82**	**253.82**	--
FINANCIAL													
13	Goa Financial and Leasing Services Limited	--	--	241.46	--	241.46	--	--	--	--	25.00	25.00	0.10:1 (0.46:1)
	TOTAL	--	--	**241.46**	--	**241.46**	--	--	--	--	**25.00**	**25.00**	--
TRANSPORT													
14	Kadamba Transport Corporation Limited	2290.96	-	-	--	2290.96	--	--	--	--	1920.98	1920.98	0.84:1 (0
	TOTAL	**2290.96**	-	-	--	**2290.96**	--	--	--	--	**1920.98**	**1920.98**	--
	Total - A	**9261.91** ***669.95**	**144.72**	**887.46** ***1995.00**	**12.86**	**10306.95** ***2664.95**	**768.95**	--	--	--	**44866.64**	**44866.64**	**3.46:1** **(5.40:1)**
B.	**STATUTORY CORPORATION**												
1.	Goa Industrial Development Corporation	1790.18	974.00	--	--	2764.18	162.00	--	--	--	--	--	-- (1.15:1)
	Total - B	**1790.18**	**974.00**	--	--	**2764.18**	**162.00**	--	--	--	--	--	--
	GRAND TOTAL (A+B)	**11052.09** ***669.95**	**1118.72**	**887.4** ***1995.00**	**12.8**	**13071.03** ***2664.95**	**930.95**	--	--	--	**44866.64**	**44866.64**	**2.85:1** **(4.50:1)**

* Share application money

Note: Figures in bracket represent figures for the previous years.

APPENDIX-7.2

Summarised financial results of Government companies and Statutory corporation for the latest year for which accounts were finalised

(Referred to in paragraphs 1.8.2, 7.1.6, 7.1.7, 7.1.8, 7.1.9, 7.1.11, 7.1.17 and 7.1.18.)

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

Sl. No.	Sector and name of Company	Name of Depart-ment	Year of Incorpo -ration	Period of Accounts	Year in which finalised	Net Profit (+) /Loss (-)	Net impact of Audit Comm-ents	Paid-up capital	Accumul-ated Profit(+)/ Loss(-)	Capital employed A	Total return on capital employed	Percentag of total return on capital employed	Arrear s of accounts in terms of years	Turn over	Man powei (no. of emplo yees)
(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	2002-03	2004-05	(-) 17.96	--	122.50	(-) 86.70	59.79	(-) 17.96	--	1	41.43	33
2	Goa Meat Complex Limited	Animal Husbandry	1971	2003-04	2004-05	49.84	--	61.82	124.25	386.08	40.31	10.44	--	213.62	83
	TOTAL					**31.88**	**--**	**184.32**	**37.55**	**445.87**	**22.35**	**--**	**--**	**255.05**	**116**
INDUSTRIES															
3	Goa Auto Accessories Limited	Industries & Labour	1976	2003-04	2004-05	(-) 56.52	--	67.00	(-) 522.94	94.26	(-) 56.52	--	--	512.50	90
4	Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited	Industries & Labour	1980	2003-04	2004-05	4.12	--	350.01	82.42	736.99	4.12	0.55	--	1693.54	67
	TOTAL					**(-) 52.40**	**--**	**417.01**	**(-) 440.52**	**831.25**	**(-) 52.40**	**--**	**--**	**2206.04**	**157**
ELECTRONICS															
5	Goa Electronics Limited	Industries & Labour	1976	2000-01	2003-04	(-) 101.04	--	180.00	(-)1097.67	178.13	128.53	72.15	3	227.99	101
	TOTAL					**(-) 101.04**	**--**	**180.00**	**-)1097.67**	**178.13**	**128.53**	**--**	**--**	**227.99**	**101**

(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	2002-03	2003-04	37.77	--	50.00	333.82	397.80	37.77	9.49	1	121.28	80
	TOTAL					**37.77**	**--**	**50.00**	**333.82**	**397.80**	**37.77**	**--**	**--**	**121.28**	**80**
AREA DEVELOPMENT															
7	EDC, Limited	Industries	1975	2002-03	2003-04	(-)2507.39	--	4492.48	(-) 8155.42	39987.87	1773.66	4.43	1	3615.10	96
8	Goa State Infrastructure Development Corporation Limited	Finance	2001	2002-03	2003-04	9.30	--	310.00	4.99	16615.67	1729.50	10.40	1	1845.09	19
9.	Sewage and Infrastructual Development Corporation Limited.	Public Works	2001	2001-02	2004-05	--	--	205.00	**Commercial operations not started**				2	---	14
	TOTAL					**(-)2498.09**	**--**	**5007.48**	**(-) 8150.43**	**56603.54**	**3503.16**	**--**	**--**	**5460.19**	**129**
DEVELOPMENT OF ECONOMICALLY WEAKER SECTIONS															
10	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	Social Welfare	1990	1999-00	2003-04	(-) 0.03	8 (Increase in Loss)	216.76	(-) 12.53	302.65	3.25	1.07	4	23.04	13
	TOTAL					**(-) 0.03**		**216.76**	**(-) 12.53**	**302.65**	**3.25**	**1.07**	**--**	**23.04**	**13**
TOURISM															
11	Goa Tourism Development Corporation Limited	Tourism	1982	2002-03	2004-05	(-) 48.36	--	874.29	(-) 118.80	960.18	(-) 23.35	--	1	851.13	401
	TOTAL					**(-) 48.36**	**--**	**874.29**	**(-) 118.80**	**960.18**	**(-) 23.35**	**--**	**--**	**851.13**	**401**

(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	1980	2002-03	2003-04	(-) 11.15	--	399.00	(-) 1819.83	1030.63	130.07	12.62	1	2437.59	250
	TOTAL					**(-) 11.15**	**--**	**399.00**	**(-) 1819.83**	**1030.63**	**130.07**	**--**	**--**	**2437.59**	**250**
FINANCIAL															
13	Goa Financial and Leasing Services Limited	Industries	1989	2002-03	2003-04	0.57	--	241.46	(-) 202.80	308.96	10.36	3.35	1	15.09	2
	TOTAL					**0.57**	**--**	**241.46**	**(-) 202.80**	**308.96**	**10.36**	**--**	**-**	15.09	**2**
TRANSPORT															
14	Kadamba Transport Corporation Limited	Transport	1980	2002-03	2003-04	(-) 376.75	412.73 (Increase in Loss)	2290.96	(-) 3949.15	1154.64	(-) 164.68	--	1	3241.59	1985
	TOTAL					**(-) 376.75**	**412.73**	**2290.96**	**(-) 3949.15**	**1154.64**	**(-) 164.68**	**--**	**--**	**3241.59**	**1985**
	TOTAL – A					**(-) 3017.60**	**-**	**9861.28**	**(-) 15420.36**	**62213.65**	**3595.06**	**-**		**14838.99**	**3234**
B.	**STATUTORY CORPORATION**														
1	Goa Industrial Development Corporation	Industries & Labour	1966	2002-03	2003-04	(-) 289.31	--	2602.19	914.03	6176.72	(-) 289.31	--	1	831.84	231
	TOTAL – B					**(-) 289.31**	**--**	**2602.19**	**914.03**	**6176.72**	**(-) 289.31**	**--**	**-**	**831.84**	**231**
	GRAND TOTAL (A + B)					**(-) 3306.91**	**-**	**12463.47**	**(-) 14506.33**	**68390.37**	**3305.75**	**--**	**-**	**15670.83**	**3465**

Note: Capital employed represents net fixed assets (including capital work-in-progress) *plus* working capital except in case of finance companies where the capital employed is worked out as a mean of the aggregate of the opening and closing balances of (i) paid-up capital, (ii) bonds and debentures, (iii)free reserves and surplus, (iv) borrowings (including refinance) and deposits.

APPENDIX-7.3

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 2004

(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 consultant 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	--	--	50.00	--	--	--	50.00	---	--	--	--	--	--	--	--	--	--	--	--
2	EDC Limited	--	--	--	327.68	--	--	--	327.68	--	3,400.00 (17,213.00)	--	--	3,400.00 (17,213.00)	--	--	--	--	--	--
*3	Goa State Infrastructure Development Corporation Limited (New Company w.e.f. 20-2-2001)	--	--	--	--	--	--	--	--	--	7,500.00 (25,452.00)	--	--	7,500.00 (25,452.00)	--	--	--	--	--	--
4	Goa State Scheduled Caste and Other Backward Classes Development Corporation Limited	1.83	--	--	--	--	--	1.83	--	--	-	--	--	-	--	--	--	--	--	--
5	Kadamba Transport Corporation Limited	--	--	--	871.50	--	--	--	871.50	30.00	3,000.00	--	--	3,030.00	--	--	--	--	--	--
6	Goa Auto Accessories Limited	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	*492.00
7	Goa Horticultural Corporation Limited	--	--	26.12	--	--	--	26.12	--	--	--	--	--	--	--	--	--	--	--	--
8	Goa State Handicrafts, Rural and Small Scale Industries Development Corporation Limited	--	--	288.16	--	--	--	288.16	--	--	--	--	--	--	--	--	--	--	--	--
9	Goa Meet Complex Limited	55.00	--	--	--	--	--	55.00	--	--	--	--	--	--	--	--	--	--	--	--
	Total	**56.8**	**-**	**364.2**	**1199.1**	**--**	**--**	**421.1**	**199.1**	**30.00**	**13,900.00 (42,665)**	**--**	**--**	**13,930 (42,665)**	**--**	**--**	**--**	**--**	**--**	**492.00**

G-Grants, S- Subsidy

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

* Rs.300 lakh Preference shares

APPENDIX-7.4

Statement showing the financial position and working results of the Statutory Corporation during the three years 2000-01 to 2002-03

(Referred to in Paragraphs 7.1.7)

Goa Industrial Development Corporation.

(Rupees in lakh)

A. Financial position			
Particulars	**2000-01**	**2001-02**	**2002-03**
Liabilities			
A. Amount payable to Government	2447.18	2447.19	2602.18
B. Reserves and surplus	832.11	1000.93	914.03
C. Deposits			
i) from Govt. for schemes undertaken and/or on behalf of Government and others	0.56	0.56	0.56
ii) from private parties (for lease of plots *etc.*)	531.32	588.63	592.85
D. Loan from bank	--------	2000.00	3000.00
E. Current liabilities, provisions and refunds	8897.35	10162.26	11364.65
Total	**12708.52**	**16199.57**	**18474.27**
Assets			
A. Net Fixed Assets	101.27	88.86	75.77
B. Work-in-progress	429.42	851.97	825.16
C. Net development of industrial areas/estates	5078.24	5284.84	5450.10
D. Investment	267.19	274.04	339.49
E. Cash balance	4660.31	5631.17	6349.95
F. Other current assets, loans and advances	2172.09	4068.69	5433.80
Total	**12708.52**	**16199.57**	**18474.27**
Capital employed*	3012.10	5174.08	6176.72
Net worth♣	3279.29	3448.12	3516.21

*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			
Particulars	**2000-01**	**2001-02**	**2002-03**
Income			
1. Annual rent of land leased and building	133.05	175.83	187.10
2. Interest from bank deposits *etc.*	544.35	676.75	467.97
3. Transfer fees and approval charges	83.26	138.49	64.56
4. Miscellaneous	7.24	7.03	112.21
Total	**767.90**	**998.10**	**831.84**
Expenditure			
1. Executive and Admn. Expenses	350.70	418.02	542.50
2. Water supply and Electricity charges	217.95	250.77	295.16
3. Maintenance and repairs	44.70	19.33	15.05
4. Depreciation	298.89	280.48	268.44
Total	**912.24**	**968.60**	**1121.15**
Surplus (+)/ deficit (-)	(-) 144.34	(+) 29.50	(-) 289.31
Net surplus (+)/Deficit (-) after prior period adjustment	(-) 107.92	(+) 168.82	(-) 86.90
Total interest charged to Income and Expenditure Account.	---	0.61	----
Accumulated surplus	832.11	1000.93	914.03
Return on capital employed*	--	169.43	--
Percentage of return on capital employed	--	3.3	--

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

APPENDIX-7.5

Statement showing the department wise outstanding Inspection Reports (IRs)

(Referred to in paragraph 7.1.19)

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	5	12	1994-1996
2	Industries and Labour	2	3	12	1994-1995
3	Electronics	1	1	5	1991-2001
4	Forest	1	2	8	1997-2001
5	Area Development	3	6	51	1991-1996
6	Development Economically Weaker Section	1	2	5	1990-2001
7	Tourism	1	2	8	2000-2002
8	Drugs, Chemicals & Pharmaceuticals	1	2	2	1994-2000
9	Finance	1	2	4	1994-2000
10	Transport	1	2	6	1995-1999
11	Statutory Corporation	1	3	17	1996-2000
	Total	**15**	**30**	**130**	

APPENDIX–7.6
Statement showing paid-up capital, investment and summarised working results of 619-B company as per latest finalised Accounts
(Referred to in paragraph 7.1.21)

(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 2004	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	2002-03	318.90	--	318.90	--	--	--	--	--	--	120.74	--	318.90	120.74	(-) 43.02	(-) 41.09

* As on 31 March 2004 entire share capital of the company was held by two Government companies and a Statutory corporation (Sl.No.A-4, 7 and B-1 of Appendix 7.1)

APPENDIX-7.7

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

(Referred to in Paragraph 7.1.22)

I. Electricity Department

		Year of commencement: 1962-63		
		Period of Accounts		
		2000-01	2001-02	2002-03
		(Rupees in lakh)		
1.	Government capital	22411.25	24699.42	29705.14
2.	Block assets at depreciated cost	13982.33	14453.34	15095.80
3.	Cumulative depreciation	4018.57	4777.91	5658.84
4.	Net loss (-) Net profit (+)	(-) 1790.20	(-) 164.82	(+) 15410.80
5.	Interest on capital	2489.12	2794.28	2171.83
6.	Total returns (5 + 4)	698.92	2629.46	17582.63
7.	Percentage of returns on mean capital*	3.11	11.16	64.63

II. River Navigation Department

		Year of commencement: 1965-66		
		Period of Accounts		
		1998-99	1999-2000	2000-01
		(Rupees in lakh)		
1.	Government capital	5182.45	5557.09	6423.94
2.	Block assets at depreciated cost	578.90	678.82	697.92
3.	Cumulative depreciation	66.11	73.52	78.61
4.	Net loss (-)	(-) 615.24	(-) 566.43	(-) 913.58
5.	Interest on capital	32.00	34.66	35.47
6.	Total returns (5 + 4)	(-) 647.24	(-) 601.09	(-) 949.05
7.	Percentage of returns on mean capital*	NIL	NIL	NIL

* Mean capital represents average of the opening and closing balances of capital.