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Audit Report of 2013-14 Government of Goa

सत्यमेव जयते

# Report of the Comptroller and Auditor General of India for the year ended 31 March 2014







## GOVERNMENT OF GOA



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# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

## FOR THE YEAR ENDED 31 MARCH 2014

## GOVERNMENT OF GOA

# PREFACE

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

2. Chapter I of this report indicates audited entity profile, authority for audit, organisational structure of the office of Accountant General, Goa, planning and conduct of audit, response of the Departments to the draft paragraphs *etc.* Significant audit observations included in this Report have also been brought out in this Chapter.

3. Chapter-II deals with the findings of performance audits pertaining to General and Social Sectors. This included Performance Audit Reports on 'Integrated Child Development Services Scheme' and 'e-Governance Programme implementation in Goa' while Chapter-III covers audit of transactions of General and Social Sectors.

4. A Performance Audit Report on 'Levy and collection of State Excise Revenue' and observations arising out of audit of revenue receipts of the State in the various Departments are included in Chapter-IV of this Report.

5. The observations arising out of audit of commercial and trading activities of the Government are included in Chapter-V 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 2013-14 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.

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# CHAPTER-I

# Introduction

## 1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from Performance audit of selected programmes and activities and compliance audit of Government Departments, Local Bodies, Government companies and Commercial Undertakings.

Compliance audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with. On the other hand, Performance audit, besides conducting the compliance audit, also examines whether the objectives of the programme/activity/Department are achieved economically and efficiently.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improve operational efficiency and financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected activities, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter-II of this report contains findings arising out of Performance audit of 'Integrated Child Development Services Scheme' and e-Governance Programme Implementation in Goa'. Chapter-III contains observations on audit of transactions in Government Departments. Chapter-IV contains one Performance audit report on 'Levy and Collection of State Excise Revenue' and observations on audit of Revenue receipts. Chapter-V contains audit observations on Commercial and Trading activities of the Government.

## 1.2 Audited entity profile

There are 59 Departments in the State at the Secretariat level, headed by Chief Secretary/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers under them, and 12 autonomous bodies which are audited by the Office of the Accountant General, Goa.

The comparative position of expenditure incurred by the Government during the year 2013-14 and in the preceding two years is given in **Table 1** below:

## Table 1: Comparative position of expenditure

*(₹ in crore)*

| Disbursements | 2011-12 | | | 2012-13 | | | 2013-14 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Plan | Non - plan | Total | Plan | Non - plan | Total | Plan | Non - plan | Total |
| **Revenue expenditure** | | | | | | | | | |
| General services | 14.69 | 1617.89 | **1632.58** | 13.23 | 1846.74 | 1859.97 | 29.08 | 2046.54 | **2075.62** |
| Social services | 499.46 | 750.42 | **1249.88** | 737.10 | 788.57 | 1525.67 | 1000.59 | 862.90 | **1863.49** |
| Economic services | 270.42 | 1501.11 | **1771.53** | 290.30 | 1622.61 | 1912.91 | 394.87 | 1528.27 | **1923.14** |
| Grant-in-aid and contributions | 325.64 | 503.87 | **829.51** | 209.73 | 553.06 | 762.79 | 287.01 | 654.02 | **941.03** |
| **Total** | **1110.21** | **4373.29** | **5483.50** | **1250.36** | **4810.98** | **6061.34** | 1711.55 | 5091.73 | **6803.28** |
| **Capital Expenditure** | | | | | | | | | |
| Capital outlay | 1182.21 | 1.56 | **1183.77** | 940.88 | 1.39 | 942.27 | 998.14 | 10.08 | **1008.22** |
| Loans and advances disbursed | 5.51 | 3.91 | **9.42** | 1.21 | 2.77 | 3.98 | 0.16 | 4.09 | **4.25** |
| Repayment of public debt (including transactions under ways and means advances) | - | 278.29 | **278.29** | - | 339.06 | 339.06 | - | 385.06 | **385.06** |
| Contingency Fund | - | - | **-** | - | - | - | - | - | **0.01** |
| Public Account disbursements | - | - | **7057.22** | - | - | 7655.66 | - | - | **8026.81** |
| **Total** | **1187.72** | **283.76** | **8528.70** | **942.09** | **343.22** | **8940.97** | **998.30** | **399.23** | **9424.35** |
| **Grand total** | **2297.93** | **4657.05** | **14012.20** | **2192.45** | **5154.20** | **15002.31** | **2709.85** | **5490.96** | **16227.63** |

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

### 1.3 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the Departments of Government of Goa under Section 13[1] of the C&AG's (DPC) Act. The C&AG is the sole auditor in respect of 12 autonomous bodies which are audited under sections 19(2)[2], 19(3)[3] and 20(1)[4] of the C&AG's (DPC) Act. In addition the C&AG also conducts audit of bodies/authorities under section 14[5] of the C&AG's (DPC) Act which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the C&AG.

[1] Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts.

[2] Audit of the accounts of Corporations (not being companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations.

[3] Audit of corporation established by law by the legislature of a State or Union Territory in public interest on the request of the Governor of the State or the Administrator of the U.T. after giving reasonable opportunity to the concerned corporation to make representations in respect of the proposal for such audit.

[4] Audit of accounts of any body or authority not covered under Section 19 on the request of the Governor, on such terms and conditions as may agree upon between the C&AG and the Government.

[5] Audit of (i) all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure or anybody of authority where the grants or loans to such body or authority from the consolidated fund of the State in a financial year is not less than ₹ one crore.

## 1.4 Organisational structure of the Office of the Accountant General, Goa

Under the directions of the C&AG, the Office of the Accountant General, Goa conducts audit of Government Departments/Offices/Autonomous Bodies/ Institutions under them, which are spread all over the State. The Accountant General is assisted by a Group Officer.

## 1.5 Planning and conduct of Audit

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

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

During 2013-14, in the Social Sector Audit Wing, 736 party-days were used to carry out audit of 132 units and one Performance audit. The Economic Sector Audit Wing conducted audit of 20 units utilising 435 party days and the General Sector Audit Wing 34 units utilising 302 party days. The audit plan covered those units/entities which were vulnerable to significant risk as per our assessment.

## 1.6 Significant audit observations

In the last few years, audit has reported several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected Departments which impact the success of programmes/activities and functioning of the Departments. Similarly, the deficiencies noticed during compliance audit of the Government Departments/organisations were also reported upon.

### *1.6.1 Performance audits of Programmes/Activities/Departments*

This report contains three Performance audit reports. The highlights are given in the following paragraphs.

#### 1.6.1.1 Performance Audit on Integrated Child Development Services Scheme

- Central grants of ₹ 10.13 crore under ICDS (General) and ₹ 0.56 crore under Supplementary Nutrition Programme were not released due to

non-submission of the Statement of Expenditure/Utilisation Certificates in time.

***(Paragraph 2.1.7.2)***

- Out of 713 AWCs in the five selected projects, the basic amenities such as toilets and adequate space were not available in 34 *per cent* to 95 *per cent* AWCs.

***(Paragraph 2.1.9.1)***

- Supplementary Nutrition Programme was implemented in a very satisfactory manner in the State of Goa, as on an average only 76 mal-nourished children were identified per year in the test checked records during 2009-14.

***(Paragraph 2.1.10.1)***

- Of the 0.74 lakh children registered in the Anganwadi Centres only 0.62 lakh (85 *per cent)* actually attended Pre-School.

***(Paragraph 2.1.12.2)***

- Shortfall in field visits up to 52 *per cent* and 68 *per cent* by Child Development Project Officers and Supervisors respectively was noticed in the 60 test checked AWCs during 2009-14.

***(Paragraph 2.1.16.2)***

- The State Government paid honorarium of ₹ 4,000 and ₹ 3,000 in addition to the honorarium of ₹ 3,000 and ₹ 1,500 paid by the GoI to Anganwadi Workers, Anganwadi Helpers respectively.

***(Paragraph 2.1.17)***

### 1.6.1.2 Performance audit on e-Governance Programme Implementation in Goa

- The network uptime performance in the networking route between taluka head quarter and village head quarter was neglected by the PPP partner as well as the State agencies resulting in poor networking quality and absence of Service Level Agreement and network monitoring system in the second part of the Goa Broadband Network resulted in deteriorated network connectivity.

***(Paragraph 2.2.7.1)***

- Poor condition of in-house computerisation in the line departments and the panchayats, non-availability of payment gateway facility and lack of monitoring of the performance of e-services by the line departments weakened the effectiveness of the delivery of the e-Services to the citizens through State Service Delivery Gateway SSDG in the State. Due to non-conduct of need analysis, the Land Information System had failed to find acceptance by the citizens for purchasing land maps. Similarly, lack of planning and indecision on the part of the line department had led to non-implementation of e-Panchayat Mission Mode Project.

***(Paragraph 2.2.7.2 )***

- Lack of planning and clarity on feasible locations for Common Services Centres, non-preparedness of the line departments with backend process computerisation, indecision on the rates to be charged for the services, erroneous selection of the PPP model on the basis of revenue sharing making the project unviable, non-availability of network connectivity, non-establishment of payment gateway had led to the failure of Common Services Centre scheme.

***(Paragraph 2.2.7.3)***

### 1.6.1.3 Performance audit on levy and collection of State Excise Revenue

- Sales declared as exports without producing Export Verification Certificate (EVC) as proof of export resulted in irregular Excise duty concession to the extent of ₹ 5.86 crore.

***(Paragraph 4.2.6.2)***

- There was short levy of license fee on occasional license for sale of liquor, which in one case amounted to ₹ 10.50 lakh.

***(Paragraph 4.2.6.5)***

- There was short levy of renewal fees due to misclassification of categories of 16 hotels amounting to ₹ 0.73 crore.

***(Paragraph 4.2.6.6)***

- There was short levy of surcharge due to adoption of wrong rates for keeping four licensed premises for consumption of liquor open beyond 11 p.m. amounting to ₹ 10.50 lakh.

***(Paragraph 4.2.6.9)***

- The requirement of setting norms for allowance of wastages and the instructions pertaining to levy and collection of Excise duty on excess wastages were not strictly followed by the Department. The loss of revenue in case of one unit which claimed wastage on malt spirit though there was no norm set for it amounted to minimum ₹ 9.40 lakh.

***(Paragraph 4.2.7)***

- Arrears of Establishment charges demanded on account of the departmental staff posted in the liquor manufacturing units as of June 2014 amounted to ₹ 1.27 crore. There was no provision to levy delayed payment charges.

***(Paragraph 4.2.9)***

- Non-demanding House Rent Allowance (HRA) and Leave salary contributions on account of personnel posted in the 57 manufacturing units resulted in loss of revenue of ₹ 1.06 crore on account of HRA and ₹ 0.58 crore on account of leave salary contribution for the period 2009-10 to 2013-14.

***(Paragraph 4.2.10)***

- Though the concept of Small Scale Industrial units have ceased to exist since October 2006 concessions in license fee being SSI units continued to be allowed to 55 liquor manufacturing units. Thus, undue benefit of concession allowed during the period from 2009-10 to 2013-14 amounted to ₹ 1.80 crore.

***(Paragraph 4.2.12)***

- Testing of liquor samples required as provided in the Act was too insignificant. Out of 9,709 batches manufactured by the above units, only 452 batches (4.65 *per cent*) were tested by the public laboratory.

***(Paragraph 4.2.14)***

### *1.6.2 Compliance audit of transactions*

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the Government departments/ organisations. Some of the significant deficiencies are as under:

#### 1.6.2.1 Implementation of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme in Goa State.

- ₹ 22.11 crore allocated by the MoUD in June 2007 under the scheme was exhausted by distributing among only three municipal councils and the remaining ten councils were deprived of the benefits of the scheme.

***(Paragraph 3.1.8)***

- Execution of the projects at Sanquelim, Bicholim and Sanguem was adversely affected due to improper preparation of Detailed Project Report (DPR) by an inexperienced consultant. Monitoring mechanism was not adequate to ensure that the projects were executed within the mission period as per the approved DPR.

***(Paragraph 3.1.9)***

#### 1.6.2.2 Other observations

- **Avoidable expenditure of ₹ 1.33 crore due to faulty estimates**

  There was large deviation in original estimated quantity on items of filling and compaction due to change in site for construction of athletic stadium. The department invited tenders without revision of estimates. Further, failure of the department to obtain clarification on exorbitant rates (up to 13,614 *per cent* above the estimated rates) quoted by the agency on these items resulted in acceptance of second lowest offer at additional expenditure of ₹ 1.33 crore.

***(Paragraph 3.2)***

- **Loss of interest of ₹ 91.54 lakh due to keeping huge funds in Current Accounts**

  The Sports Authority of Goa kept the unutilised portion of the grants received from Government in two banks in current account for long periods. The investment of its unutilised funds in short term deposits would have fetched interest revenue to the tune of ₹ 91.54 lakh.

  ***(Paragraph 3.3)***

- Loss of Revenue to the tune of ₹ 1.06 crore due to non-revision of rent in respect of Private Pharmacy in the Premises of Goa Medical College, Goa.

  ***(Paragraph 3.4)***

- **Non-maintenance of Reserve Stock limit of medicines**

  Due to non-maintenance of reserve stock of medicines the GMC resorted to local purchases at higher rates resulting in avoidable expenditure of ₹ one crore.

  ***(Paragraph 3.5)***

- **Loss of Revenue to the tune of ₹ 1.01 crore due to non-allotment of shops at Yatri Nivas**

  Goa Medical College constructed Yatri Nivas (June 2008) for providing accommodation to the patient's relatives and bystanders. The building also provided commercial space of 275.44 square metre with a rent of ₹ 500 per square metre. The inordinate delay on the part of department in finalising tenders and allotment of shops resulted in loss of revenue to the tune of ₹ 1.01 crore.

  ***(Paragraph 3.6)***

### *1.6.3 Audit of Revenue Receipts*

- **Short levy of VAT due to misclassification of goods**

  The Commercial Tax Officer, Panaji short levied Value Added Tax (VAT ) to the tune of ₹ 1.11 crore due to incorrect classification of goods.

  ***(Paragraph 4.3)***

- **Short levy of Tax due to application of pre-revised Rules**

  The Commercial Tax Officer, Vasco under-assessed turnover of an assessee resulting in short levy of VAT amounting to ₹ 34.94 lakh

  ***(Paragraph 4.4)***

- **Short levy of Tax due to wrong assessment to the tune of ₹ 83.94 lakh**

  Value Added Tax amo unting to ₹ 83.94 lakh was short levied due to incorrect assessment by Commercial Tax Officer, Vasco.

  ***(Paragraph 4.5)***

- **Loss of revenue due to non-levy of penalty and interest on unpaid VAT dues of ₹ 1.37 crore**

  Non recovery of penalty and interest from a dealer delayed payment of VAT resulted in loss of revenue of ₹ 1.37 crore.

  ***(Paragraph 4.6)***

### *1.6.4 Audit of commercial and trading activities of the Government*

- **Laying of Underground cabling network**

  Delay in completion of UG cable laying work resulted in lapse of guarantee on cable valuing ₹ 84.17 crore.

  ***(Paragraph 5.2.6)***

- **Avoidable Expenditure/Loss due to awarding contract to United Telecoms Limited**

  Awarding contract to United Telecoms Limited for setting up of Goa Broadband Network at higher rate without considering the more economical option of BSNL led to avoidable expenditure of ₹ 17.40 crore besides loss of interest of ₹ 5.22 crore on mobilisation advance.

  ***(Paragraph 5.3)***

- **Excess payment of Consultancy Fees**
  Excess payment of Consultancy fees to POWERGRID in contravention to the agreement.

  ***(Paragraph 5.4)***

## 1.7 Lack of responsiveness of Government to Audit

### *1.7.1 Inspection reports outstanding*

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

As of June 2014, 353 IRs (1,327 paragraphs) were outstanding for want of compliance. Year-wise details of IRs and paragraphs outstanding are detailed in ***Appendix 1.1***.

### *1.7.2 Response of Departments to the draft paragraphs*

The draft paragraphs and performance audit reports were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned Departments between June 2014 and September 2014 with the request to send their responses within six weeks. Reply of the Government on the observations featured in this Report have not been received.

### *1.7.3 Follow up on Audit Reports*

As per the provisions contained in the Internal Working Rules of the Public Accounts Committee of the Goa Legislative Assembly, Administrative Departments were required to furnish Explanatory Memoranda (EM) duly vetted by the Office of the Accountant General, Goa within three months from the date of tabling of Audit Reports to the State Legislature in respect of the paragraphs included in the Audit Reports.

Nine Administrative Departments as detailed in ***Appendix 1.2*** did not comply with these instructions and had not submitted EM for 20 paragraphs pertaining to Audit Reports for the period 2010-11 to 2012-13 even as of September 2014.

# CHAPTER-II

# PERFORMANCE AUDITS PERTAINING TO GENERAL AND SOCIAL SECTORS

## WOMEN AND CHILD DEVELOPMENT DEPARTMENT

### 2.1 Integrated Child Development Services Scheme


*Executive Summary*

***The Government of India (GoI) launched in 1975, the Integrated Child Development Services (ICDS) to promote holistic development of children, expectant and lactating mothers through a package services comprising supplementary nutrition, immunisation, health check-ups, nutrition and health education and pre-school non-formal education of children. The ICDS, initially launched in the State of Goa in 1978-1979 was operational in 1,012 Anganwadi Centres. The performance audit of implementation of the scheme revealed the following:***

- **Central grants of ₹ 10.13 crore under ICDS (General) and ₹ 0.56 crore under Supplementary Nutrition Programme were not released due to non-submission of the Statement of Expenditure/Utilisation Certificates in time.**

***(Paragraph 2.1.7.2)***

- **Out of 713 Anganwadi Centres (AWCs) in the five selected projects, the basic amenities such as toilets and adequate space were not available in 34 *per cent* to 95 *per cent*.**

***(Paragraph 2.1.9.1)***

- **Supplementary Nutrition Programme was implemented in a very satisfactory manner in the State of Goa, as on an average only 76 mal-nourished children were identified per year in the test checked records during 2009-14.**

***(Paragraph 2.1.10.1)***

- **Of the 0.74 lakh children registered in the Anganwadi Centres only 0.62 lakh (85 *per cent)* actually attended Pre-School.**

***(Paragraph 2.1.12.2)***

- **Shortfall in field visits up to 52 *per cent* and 68 *per cent* by Child Development Project Officers and Supervisors respectively was noticed in the 60 test checked AWCs during 2009 -14.**

***(Paragraph 2.1.16.2)***

- **The State Government paid honorarium of ₹ 4,000 and ₹ 3,000 in addition to the honorarium of ₹ 3,000 and ₹ 1,500 paid by the GoI to Anganwadi Workers, Anganwadi Helpers respectively.**

***(Paragraph 2.1.17)***

### 2.1.1 Introduction

Integrated Child Development Services (ICDS), a centrally-sponsored scheme, being implemented by the Ministry of Women and Child Development (MoW&CD), GoI was launched on 02 October 1975. The scheme aims at providing services to pre-school children in an integrated manner so as to ensure proper growth and development of children in rural, tribal and slum areas.

The objectives of the scheme are:

- to improve the nutritional and health status of children in the age group 0-6 years;
- to lay the foundation for proper psychological, physical and social development of the child;
- to reduce the incidence of mortality, morbidity, malnutrition and school dropout;
- to achieve effective co-ordination of policy and implementation amongst the various departments to promote child development; and
- to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

The above objectives are sought to be achieved through a package of services comprising:

- Supplementary nutrition,
- Immunisation ,
- Health check-ups,
- Referral services,
- Pre-school non-formal education,
- Nutrition and health education

The ICDS was initially launched in Goa in the year 1978-79 in Bicholim Taluka and thereafter extended to the whole of Goa. With effect from 31 March 2006, there were 11 sanctioned and operational ICDS projects and 1,012 AWCs were operational (March 2005) .

### 2.1.2 Working set up of the ICDS Scheme in Goa

The working set up of ICDS in Goa comprises of the Anganwadi Workers (AWWs), Anganwadi Helpers (AWHs), Supervisors, Child Development Project Officers (CDPOs) and the Programme Officers (POs). The Anganwadi is the focal delivery point of the scheme. Each Anganwadi is managed by an Anganwadi Worker, a voluntary lady worker selected from the local community. The AWW is meant to be an agent of social change, mobilising

community support for better care of young children, girls and women. Besides, the medical officers, Auxiliary Nurse Midwife (ANM) form a team with the ICDS functionaries to achieve convergence of different services.

#### *2.1.2.1 Village Level (Anganwadi Level)*

At the grassroots level, delivery of various services to the target groups is given at the Anganwadi Centre (AWC), managed by an honorary AWW and an honorary AWH as shown in the table below:

| Services | Target Group | Service Provided by |
|---|---|---|
| **Supplementary Nutrition -** Supplementary feeding for 300 days in a year | Children below 6 years, pregnant and lactating mothers (P&LMs) | AWW and AWH |
| **Immunisation-** Immunisation to protect the target group from preventable diseases | Children below 6 years, P&LMs | ANM/Medical Officer (MO) |
| **Health Check-ups -**Health care of children and antenatal and postnatal care of mothers | Children below 6 years, P&LMs | ANM/MO/AWW |
| **Referral Services-** Those requiring prompt medical attention, are referred to the Primary Health Centre or its sub-centre | Children below 6 years, P&LMs | AWW/ANM/MO |
| **Pre-School Education-** This is the play-way daily activity for children at the AWC that focuses on total development of the child. | Children 3-6 years | AWW |
| **Nutrition and Health Education -** This has the long term goal of capacity building of women so that they can look after their own health, nutrition and development needs as well as that of their children and families. | Women (15-45 years) | AWW/ANM/MO |

#### *2.1.2.2 Block Level*

At block level, CDPO has overall responsibility of scheme administration in the project area, co-ordination and supervision, duties of drawing and disbursing officer, field visits to AWCs *etc.* To facilitate supervision, each project is divided into sectors, each having 20-25 AWCs headed by a supervisor who reports to the CDPO.

#### *2.1.2.3 State Level*

The Directorate of Women & Child Development, headed by the Secretary and assisted by the Director of Women & Child Development (DWCD), is responsible for co-ordination and implementation of the scheme in the State.

### 2.1.3 Audit Objectives

The Performance audit was taken up with the objective of assessing whether the:

i. planning of the scheme was oriented towards achievement of Scheme objectives,
ii. infrastructure facilities, deployment and training of the manpower under the scheme were adequate for effective delivery of package of services, both in respect of quality and coverage,
iii. services of supplementary nutrition were being implemented effectively so as to achieve its objective of improving the nutritional and health status of the target group,
iv. services of pre-school non-formal education, nutrition and health education were being implemented effectively so as to reduce the

incidence of school dropout and enhance the capability of the mother to look after the normal health and nutritional needs of the child.

### 2.1.4 Audit criteria

The implementation of various components of ICDS scheme was evaluated with reference to the following criteria:

i. Scheme guidelines and other related instructions issued by the MoW&CD on ICDS.
ii. Population norms for Projects and AWCs, nutritional norms for children and pregnant and nursing mothers and financial sanctions issued for the Scheme.

### 2.1.5 Organisational Set up

The Secretary (W&CD), Government of Goa is the overall in-charge of the DWCD. The Director is the Head of the Department. The Programme Officer (PO) in the Directorate monitors the ICDS spread over the 11 Talukas of Goa which are headed by CDPOs and assisted by Supervisors, AWW s and AWH s.

### 2.1.6 Scope and audit methodology

The Performance audit of the implementation of the programme during 2009-10 to 2013-14 was conducted from March 2014 to July 2014. Out of 11, five CDPOs[1] (3 CDPOs from North Goa and two CDPOs from South Goa) were selected on the basis of the expenditure incurred by them. Besides, the records of 60 AWCs , out of 713 AWCs, under the above five CDPOs were selected.

An entry conference was held (May 2014) with the Secretary (W&CD) and DWCD. The exit conference was also held (December 2014) with the DWCD, Goa and the findings on the performance audit were also discussed therein. The replies received (December 2014 and January 2015) from the DWCD have been considered while finalising the Report. The recommendations were also communicated to the Department and most of them were accepted by the Department.

**Audit findings**

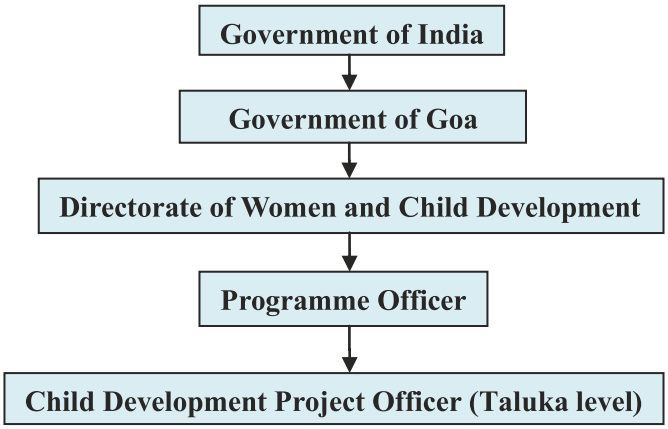
### 2.1.7 Financial Management

#### *2.1.7.1 Funding Pattern*

ICDS (General) is funded in the ratio of 90:10 by the GoI and State Government. Supplementary Nutrition Programme (SNP) is one of the major services/programme under ICDS which is funded in the ratio of 50:50 by the GoI and Government of Goa (GoG) respectively.

[1] *Bicholim, Bardez, Ponda, Salcete and Mormugao*

The flow of funds from GoI to the implementing officer is shown below:




### *2.1.7.2 Outlays and expenditure*

During 2009-14, ₹ 54.08 crore under ICDS (General) Non-Plan and ₹ 38.58 crore under ICDS (SNP) Plan were released, against which ₹ 55.31 crore and ₹ 38.87 crore were spent on ICDS (General) Non-Plan and ICDS (SNP) Plan respectively. The year-wise details are given below:

**Details of release of grants and expenditure**

*(₹ in crore)*

| Year | Expenditure during the year | Of which GoI | | | Share released by the State Government | Total funds available | Closing balance |
|---|---|---|---|---|---|---|---|
| | | Share admissible (prescribed *percentage* of total expenditure) | Opening Balance available | Funds released | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 (4+5) | 8(7-3) |
| **ICDS General (Non-Plan)** | | | | | | | |
| 2009-10 | 8.28 | 7.45 | -2.21 | 8.16 | 7.30 | 5.95 | -1.50 |
| 2010-11 | 8.91 | 8.02 | -1.50 | 8.03 | 1.02 | 6.53 | -1.49 |
| 2011-12 | 12.31 | 11.08 | -1.49 | 8.37 | 1.14 | 6.88 | -4.20 |
| 2012-13 | 12.39 | 11.15 | -4.20 | 5.61 | 1.36 | 1.41 | -9.74 |
| 2013-14 | 13.42 | 12.08 | -9.74 | 11.69 | 1.40 | 1.95 | -10.13 |
| **Total** | **55.31** | **49.78** | | **41.86** | **12.22** | **22.72** | |
| **ICDS Supplementary Nutrition (Plan)** | | | | | | | |
| 2009-10 | 7.50 | 3.75 | -0.17 | 3.76 | 3.76 | 3.59 | -0.16 |
| 2010-11 | 7.79 | 3.90 | -0.16 | 4.18 | 5.57 | 4.02 | 0.13 |
| 2011-12 | 7.75 | 3.88 | 0.13 | 4.11 | 4.17 | 4.24 | 0.36 |
| 2012-13 | 8.11 | 4.05 | 0.36 | 3.14 | 4.20 | 3.50 | -0.55 |
| 2013-14 | 7.72 | 3.86 | -0.56 | 3.86 | 1.83 | 3.31 | -0.56 |
| **Total** | **38.87** | **19.44** | | **19.05** | **19.53** | **18.66** | |

The State was eligible for ICDS (General) grants of ₹ 51.99 crore {₹ 49.78 crore + ₹ 2.21 crore (balance receivable from GoI as of April 2009)} for the years 2009-14 against which the State had received only ₹ 41.86 crore, resulting in a short release of Central grants of ₹ 10.13 crore.

Similarly, the State was eligible for SNP grants of ₹ 19.61 crore {₹ 19.44 crore + ₹ 0.17 crore (balance receivable from GoI as of April 2009)} for the

years 2009-14 against which the State had received only ₹ 19.05 crore resulting in a short release of Central grants of ₹ 0.56 crore.

The delay in furnishing of the Statement of Expenditures/Utilisation Certificates (SoEs/UCs) by the DWCD was the main reason for non-release of six out of 12 installments during 2009-10, 2010-11 and 2012-13 in respect of ICDS (General) funds and eight out of 20 installments during 2009-14 in respect of ICDS (SNP) funds. The DWCD stated (December 2014) that the UCs were submitted to the GoI with delay, due to some administrative reasons. At present, UCs were being regularly submitted to the GoI. Thus, lack of timely action by the State Government in furnishing of SOEs/UCs resulted in non-receipt of Central Grants amounting to ₹ 10.69 crore during the period which was ultimately borne by the GoG.

**Planning**

### 2.1.8 Improper planning by the Directorate

#### *2.1.8.1 Non–mapping of projects*

As per GoI guidelines there should be one AWC for rural and urban population of 400-800 and tribal population of 300-800. Mini AWCs were to be opened for rural and urban population of 150-400 and tribal population of 150-300. As against the GoI norms for opening of 1,821 AWCs, 1,262 were sanctioned and operational (June 2010).

Initially, the scheme was implemented by the Directorate of Social Welfare. The DWCD was carved out in the year 1997 after which the second and third phase of expansion was taken up. Before opening of AWCs, mapping of the projects to identify villages inhabited by weaker sections of the society was required to be done for timely opening of the AWCs. It was noticed that during the second (November 2008) and third phase (March 2010) of expansion, mapping of the projects was not done.

The DWCD stated (January 2015) that there were certain concentrated pockets of ST population in the Talukas of Canacona, Sanguem and Quepem and the Department would start the process of mapping accordingly.

#### *2.1.8.2 Non implementation of ICDS programme in Mission Mode*

As per GoI directives (October 2012), ICDS was required to be restructured and implemented in Mission Mode with the vision of transforming ICDS scheme to ensure holistic – physical, psychosocial, cognitive and emotional– development of young children under six years of age in a nurturing, protective child friendly and gender sensitive family, community, programme and policy environment.

The mechanism for implementation of ICDS Mission envisaged that the restructured ICDS should be rolled out in mission mode in three years beginning with 200 districts in the country during 2012-13 and thereafter, in additional 200 districts including districts from special category States in 2013-14 and the remaining 243 districts in the third year *i.e.* 2014-15.

Under the ICDS Mission, the core of package of six services would be continued but these would be re-organised and re-formatted in such a way that the AWC would be transformed as early Childhood Care and Development Centres rather than being only feeding Centres, to become the first village outpost for health, nutrition and early learning.

As per the approved norms in Mission Mode, provision would be made for;

- construction of new AWCs at the rate of ₹ 4.50 lakh per building,
- upgradation and maintenance of buildings lacking in infrastructure at the rate of ₹ one lakh per building,
- maintenance of buildings owned and constructed by Government at the rate of ₹ 2,000 per AWC per annum,
- to enhance the present rent rate for AWC building rent which was ₹ 200 for rural centres and ₹ 750 for urban centres to ₹ 750 and ₹ 3,000 respectively,
- to enhance the rent of CDPO building from ₹ 30,000/40,000 to ₹ 79,200 per project per annum,
- the existing rate for supplementary nutrition of ₹ four per child per day (6 months to 72 months), ₹ six per child per day for severely mal-nourished children, ₹ five per beneficiary per day for pregnant and nursing mothers would be revised to ₹ six, nine and seven respectively,
- existing rate of Pre-school Education Kit of ₹ 1,000 per AWC per annum would be revised to ₹ 3,000 per AWC per annum.

It was observed that the ICDS did not achieve the approved norms for mission mode. However, the SNP in the mission mode has been implemented, as prescribed in the State.

The DWCD stated (December 2014) that the main aim and objectives of ICDS in mission mode would be achieved under the present system of ICDS. Further, it has finalised new Early Child Care Education (ECCE) curriculum, which is expected to be rolled out in the year 2015. The Government should expedite adopting the Mission mode completely and thus avail the enhanced benefits under the scheme.

### 2.1.9 Infrastructure

The AWCs, for effective discharge of their functions, required basic infrastructure facilities, such as separate sitting room for children/women, separate kitchen for storing food items, child friendly toilets and space for playing (indoor and outdoor activities) with safe drinking water facility.

The minimum area required for the functioning of an AWC, as prescribed (March 2011) by the GoI was approximately 60 square metre. .

#### *2.1.9.1 Inadequate infrastructure/facilities in the AWCs*

While opening an AWC, the DWCD was required to provide appropriate accommodation for running the AWC. It was however, observed that though 1,262 AWCs were opened in Goa, most AWCs were not working in adequate/appropriate premises. Out of 1,262 operational AWCs (March 2014),

999 AWCs were operated in rented premises. Only 263 AWCs operated in buildings owned by the Government.

In the five Projects (CDPOs) consisting of 713 AWCs selected for audit scrutiny, basic amenities such as toilets and adequate space were not available in 34 *per cent* to 95 *per cent* of AWCs as shown below:

| Projects | Total No. of AWCs | No. of AWCs not having Toilets (*percentage*) | No. of AWCs operating in premises of area < 30 sq.mts. (*percentage*) |
|---|---|---|---|
| **Bicholim** | 107 | 36**(34)** | 50**(47)** |
| **Bardez** | 147 | 106**(72)** | 122**(83)** |
| **Ponda** | 169 | 90**(53)** | 99**(59)** |
| **Salcete** | 176 | 132**(75)** | 129**(73)** |
| **Mormugao** | 114 | 96**(84)** | 108**(95)** |
| | **713** | **354(50)** | **508(71)** |

Thus, despite the stipulated requirement of a minimum area of 60 sq.mtrs., 71 *per cent* of the AWCs in the test checked CDPOs were functioning in areas less than 30 sq.mtrs. *i.e.* half of the stipulated requirement and 50 *per cent* of the AWCs did not have toilet facilities.

During field visits of the 60 AWCs in the five selected projects, we observed that except a few well-maintained AWCs, 87 *per cent* AWCs operated in rented premises, 77 *per cent* did not have adequate sitting place and toilet facilities, 82 *per cent* had no separate space for children, 87 *per cent* had no separate space for storage of food items and 68 *per cent* had no separate space for cooking which indicated to a potential security hazards for the children. The details of which are indicated below:

| Projects/ CDPOs | AWCs selected | AWCs rented | AWCs not having | | separate sitting space for children | separate space for storage of food items | separate space for cooking | separate space for outdoor activity |
|---|---|---|---|---|---|---|---|---|
| | | | adequate sitting place | toilet facilities | | | | |
| Bicholim | 12 | 7 | 0 | 6 | 7 | 7 | 7 | 9 |
| Bardez | 12 | 12 | 12 | 12 | 12 | 12 | 6 | 12 |
| Ponda | 12 | 10 | 10 | 6 | 8 | 9 | 6 | 6 |
| Salcete | 12 | 11 | 12 | 10 | 10 | 12 | 10 | 2 |
| Mormugao | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| **Total** | **60** | **52** | **46** | **46** | **49** | **52** | **41** | **41** |
| ***Percentage*** | | ***87*** | ***77*** | ***77*** | ***82*** | ***87*** | ***68*** | ***68*** |

Some AWCs had no proper/safe approach road to the Centre and the children had to climb slippery and dangerous rocks/stones to reach the AWC.

Photographs of a few such AWCs are shown below:



*Kisan Nagar, Project Mormugao–situated on a rocky hill and approach road was very slippery and dangerous.*

### *AWCs functioning in congested rooms measuring 6 to 30 sq. mts. and without basic amenities*

***(1) Project Mormugao***




*Mangor Hill VII ,Uttar Dongri Chicalim*

***(2) Project Margaon***



*Bagdem*



*Taliwada*

***(3) Project Bardez***



*Aradi, Candolim*



*Ramnagar, Betim*

During field visits, 441 beneficiaries were surveyed. All the beneficiaries were satisfied with the immunisation and health education/check-ups, food provided, teaching, food grains distributed at the AWCs and the functioning of the scheme. The beneficiaries, however, expressed concern over the lack of space/facilities such as toilets and safe playing area, due to which many parents preferred sending their children to private nursery schools, which had good facilities. The AWWs stated that many parents were willing to send their children to the AWCs, if they had better infrastructure, toilet facility and safe playing area.

The DWCD stated (December 2014) that the Department succeeded in getting accommodation with toilet facilities for 36 AWCs from Government Departments/Schools and the remaining were under process.

The ICDS scheme aimed at covering all the beneficiaries in the State irrespective of their economic status. Therefore, the Government should endeavour to improve the infrastructure so that all the targeted beneficiaries could avail the facilities of the Anganwadis in full and not just the benefits under the SNP.

### *2.1.9.2 Financial burden on the AWWs/AWHs on payment of rent*

The ICDS guidelines limited the rent payable to each AWC as ₹ 200 per month in rural areas and ₹ 750 per month in urban areas. It was observed that in most of the rented AWCs, the rent paid was much more than the amount received from the Government. Hence, the rent was being paid partially by the Panchayats/Social Agencies and supplemented to the extent of ₹ 50 to ₹ 2,200 per month by the AWWs and the AWHs themselves.

Details of rent paid by the AWWs/AWHs as of March 2014 in three out of the five selected CDPOs are shown below:

| CDPO | Total No. of AWCs | No. of AWCs paying rent more than the prescribed amount | Total rent paid by the AWWs/AWHs in respect of AWCs at column (3) as of 31.3.2014 since 1986 *(₹ in lakh)* |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Bardez | 147 | 51 | 10.90 |
| Salcete | 176 | 45 | 11.08 |
| Ponda | 169 | 46 | 22.78 |
| **Total rent paid** | | | **44.76** |

The DWCD stated (January 2015) that the Department did not give any instructions to AWWs/AWHs to pay the rent.

The rent stipulated by the scheme is unrealistic considering Goa being a tourist destination. Further, providing requisite infrastructure for the scheme is the responsibility of the Government and not of AWW/AWH. The Government should consider reviewing the limit for rent to a realistic level so that standard accommodation as envisaged by the scheme could be hired till arranged by the Government.

## 2.1.10 Services under ICDS

### SUPPLEMENTARY NUTRITION PROGRAMME (SNP)

### *2.1.10.1 Satisfactory implementation of the SNP*

The SNP aimed to improve the health and nutrition status of the children in the age group of six months to six years (6 months to 6 years), pregnant and lactating mothers (P&LMs). SNP provided for supply of 500 calories and 12-15 gram protein per day for children between 6 months to 6 years of age and 800 calories and 22-25 gram protein for malnourished children. The P&LMs were to be supplied 600 calories and 18-20 gram protein.

Our scrutiny in the 60 selected AWCs, revealed that as against 29,598 beneficiaries (children aged 6 months to 6 years and P&LMs) identified, 23,832 beneficiaries were registered and 21,951 beneficiaries *i.e.* 92 *per cent* of the registered beneficiaries received SNP during 2009-14 for 25 days in a month *i.e.* 300 days in a year.

The position of category-wise coverage in the selected five projects is given below:

**Supplementary Nutrition Programme**

| Year | 6 months-3 years | | | 3 years-6 years | | | Pregnant and Lactating mothers | | |
|---|---|---|---|---|---|---|---|---|---|
| | Identi-fied | Regis tered | SNP provided | Identi-fied | Regis tered | SNP provided | Identi-fied | Regis tered | SNP provided |
| 2009-10 | 2188 | 1902 | 1762 | 2174 | 1673 | 1318 | 916 | 797 | 850 |
| 2010-11 | 2238 | 1988 | 1838 | 2303 | 1618 | 1309 | 1002 | 899 | 957 |
| 2011-12 | 2472 | 2177 | 2076 | 2375 | 1576 | 1316 | 1135 | 1107 | 1059 |
| 2012-13 | 2795 | 2355 | 2255 | 2448 | 1625 | 1380 | 1133 | 998 | 1052 |
| 2013-14 | 2895 | 2494 | 2343 | 2430 | 1654 | 1372 | 1094 | 969 | 1064 |
| **Total** | **12588** | **10916** | **10274** | **11730** | **8146** | **6695** | **5280** | **4770** | **4982** |

As per details above, the feedback received from the surveyed beneficiaries and in view of the fact that on an average only 76 mal-nourished children were identified per year in the test checked records of the selected CDPOs during 2009-14, it can be concluded that the SNP programme was implemented in a satisfactory manner in the State of Goa.

### *2.1.10.2 Physical Monitoring of quality of food*

The Guidelines for Monitoring and Supervision to ICDS Blocks and AWCs required the Community Food Nutrition and Extension Units (CFNEU) under the Food and Nutrition Board (FNB) of the GoI to supervise 10 AWCs per month or as prescribed, whichever was more to be equally distributed across all districts in the state.

Scrutiny of details revealed that as against the requirement of 120 visits per year the Board had undertaken 59 to 147 visits per year. The FNB had undertaken 147 visits during 2011-12 as against 120 visits required.

| | Project | No. of visits made by the Nutrition Board during | | | | |
|---|---|---|---|---|---|---|
| | | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| **North Goa** | **Bicholim** | 7 | 18 | 13 | 14 | 15 |
| | **Bardez** | 12 | 28 | 37 | 21 | 22 |
| | **Ponda** | 0 | 2 | 62 | 25 | 22 |
| | **Pernem** | 11 | 9 | 9 | 12 | 12 |
| | **Tiswadi** | 10 | 13 | 12 | 16 | 10 |
| | **Sattari** | 6 | 12 | 10 | 3 | 5 |
| **South Goa** | **Salcete** | 0 | 0 | 0 | 0 | 0 |
| | **Mormugao** | 1 | 0 | 0 | 1 | 2 |
| | **Sanguem** | 1 | 9 | 2 | 5 | 5 |
| | **Canacona** | 0 | 4 | 0 | 2 | 4 |
| | **Quepem** | 11 | 5 | 2 | 3 | 7 |
| | **Total** | **59** | **100** | **147** | **102** | **104** |

It was seen that the visits were not equally distributed across both the districts. There was significant shortfall in the visits made by the Board in South Goa. Out of 512 visits during the period 2009-14, the FNB had visited the South Goa blocks only on 64 occasions. Further, no visits were made in Salcete, resulting in lack of uniform monitoring by the FNB across the state.

The DWCD stated (December 2014) that the Department did not have any laboratory for testing of food samples in Goa and that FNB was entrusted with the work of testing samples.

### 2.1.11 Immunisation Programme

***Immunisation of children and women***

Health check-ups under the scheme included ante-natal care of expectant mothers, lactating mothers and children below six years of age, especially those who were born with congenital defects or were severely malnourished. Records of pre-natal care, post-natal care and immunisation of children under six years of age maintained in the project areas (against diphtheria, tetanus, polio, BCG, MMR and Vitamin A) indicated that out of 1,504 children registered in the AWCs during the period 2009-14, 83 *per cent* (1,251 children) were administered Polio vaccine, 89 *per cent* (1,333 children) were administered BCG vaccine, 85 *per cent* (1,276 children) were administered DPT vaccine and only 37 *per cent* (552 children) were administered MMR vaccine. The CDPOs attributed the main reasons for the shortfall in immunisation, to the fact that the population consisted mainly of migrants from other States.

Out of the 60 test checked AWCs, 20 AWCs maintained complete records of Vitamin A administration, 38 maintained partial records and two AWCs did not maintain records of Vitamin A administration. During the period covered under scrutiny, 3,043 pregnant women were found registered.

The CDPOs stated that all the registered women were administered Iron and Folic Acid (IFA) tablets. However, no stock account of Vitamin A and IFA tablets were maintained in the AWCs as the Health Department was responsible to issue the above tablets.

### 2.1.12 Pre -School and Non-Formal Education (PSE)

#### *2.1.12.1 Non-purchase of Pre-School Kits*

Pre-School Education (PSE) is one of the crucial components of the ICDS. This aims at development of school readiness and a positive attitude towards school education among children of the age group three to six years through non-formal and joyful playway activities at AWCs. The objective of the PSE is also to strengthen the goal of universalisation of primary education.To assist in imparting PSE, pre-school kits were to be provided to the AWCs.

We observed that though the Department had made provision of ₹ 12.62 lakh (₹ 1,000 x 1,262) and ₹ 37.86 lakh (₹ 3,000 x 1,262) respectively for PSE Kits in the Annual Programme Implementation Plan 2012-13 and 2013-14, no PSE Kits were procured (December 2014).

The DWCD stated (April 2014) that the Department could not purchase the PSE kits as funds were not released in time by the GoI. The reply was not convincing in view of the fact that an amount of ₹ 5.61 crore for the year 2012-13 was released in May 2012 as first installment for the ICDS (General) components. However, the SOE/UC for the amount released was submitted by the Directorate only in August 2013, hence no further installments were released during 2012-13. For the year 2013-14, ₹ 11.69 crore was released in four installments (May 2013, June 2013, December 2013 and March 2014).

The DWCD further intimated (December 2014) that the Department had sent the requisition for purchase of PSE kits to the Government for approval and would be purchased on its approval.

### *2.1.12.2 Coverage of Pre-School education*

Our scrutiny revealed that ₹ 0.74 lakh children (3-6 years) were registered (2009-14) in all AWCs of selected CDPOs for PSE. Of these, only 0.62 lakh children attended Pre-School as shown below:

| Year | Number of Children | | | |
|---|---|---|---|---|
| | Registered in the AWCs | Attended Pre-School | Shortfall | Percentage of shortfall |
| **2009-10** | 14754 | 12453 | 2301 | 16 |
| **2010-11** | 14543 | 12659 | 1884 | 13 |
| **2011-12** | 14297 | 11996 | 2301 | 16 |
| **2012-13** | 15857 | 13003 | 2854 | 18 |
| **2013-14** | 14320 | 12362 | 1958 | 14 |
| **Total** | **73771** | **62473** | **11298** | **15** |

The CDPOs attributed (May/July 2014) shortfall in attendance due to the fact that most of the children were of migrant workers and they migrated from one place to another depending on availability of work. The DWCD had issued (December 2014) instructions to all CDPOs to take better care in attendance and in minimising absentees.

## 2.1.13 Nutrition and Health Education

***Shortfall in conducting household visits by AWWs under Nutrition and Health Education***

Chapter 3 of the Manual on Integrated Management Information System on ICDS, 1986, laid down that an AWW should make approximately three home visits each day (60 home visits each month) to assure services to children aged 6 months to 3 years who might not be attending the Anganwadi pre-school, to investigate cases of malnutrition and to provide nutrition and health education at their homes.

Monthly Progress Reports (MPRs) of selected AWCs under five CDPOs for the year 2011-12 and 2013-14 revealed shortfall in visits up to 82 *per cent* as shown below:

| Name of CDPO | Target | Actual coverage | Shortfall | Percentage of shortfall |
|---|---|---|---|---|
| **Bicholim** | 17280 | 3133 | 14147 | 82 |
| **Bardez** | 17280 | 6476 | 10804 | 63 |
| **Ponda** | 17280 | 4370 | 12910 | 75 |
| **Salcete** | 17280 | 4773 | 12507 | 72 |
| **Mormugao** | 17280 | 5986 | 11294 | 65 |

The DWCD stated (January 2015) that instructions had been issued to all CDPOs to direct the AWWs to conduct house visits and the Supervisors to cross check the same by surprise visits.

### 2.1.14 Information, Education and Communication (IEC)

***Non-implementation of Information, Education and Communication component***

The objectives of the IEC were to create awareness and build up image of the ICDS programme, stimulate demand for ICDS, effect and sustain behavioural and attitudinal changes in child caring, nutrition and health and muster and sustain community participation. To achieve these objectives, the GoI prescribed a financial limit of ₹ 1,000 per annum per AWC (2009-10 onwards). It was observed that no funds were provided for IEC during 2009-12 however, the activities were conducted by Health Department.

The DWCD intimated that they did not implement the IEC component during the years 2012-13 and 2013-14 as there was no separate budget provision made for the year 2012-13. However, during the year 2013-14, a provision of ₹ 15 lakh was made for IEC which could not be implemented as GoI released the funds at the end of March 2014 and also that IEC activities were conducted by Health Department. The reply was not in consonance with the facts that ₹ 11.69 crore was released during 2013-14 in quarterly installments under the ICDS component and IEC activities should have been implemented to create extensive awareness among the people.

The DWCD however, intimated (January 2015) that during 2014-15 the funds were provided for IEC and it was being implemented.

### 2.1.15 Manpower Management and Training

***Training to ICDS functionaries***

Training is the most crucial element in the ICDS Scheme to achieve the programme goals and in improving service delivery. Training under ICDS is implemented by National Institute of Public Co-operation and Child Development (NIPCCD), Middle Level Training Centre (MLTC) and Anganwadi Training Centre (AWTC) run by the Non-Government Organisation (NGO) with financial support from MoW&CD. Induction training was to be provided to CDPO, Supervisor, AWW and AWH on initial appointment. Job/Orientation training was to be provided once during service period and refresher training was to be provided to these once in two years. It was noticed that out of five CDPOs test checked, induction/Job/Orientation training was provided to only four CDPOs. In respect of supervisors, induction/Job/Orientation training was provided only to 15 out of 32 leaving a shortfall (53 *per cent)* of induction/Job/Orientation training to the supervisors.

The DWCD stated (December 2014) that eight untrained CDPOs were being deputed for training in New Delhi/Bengaluru. The Department was in process of nominating Goa College of Home Science for MLTC for Supervisors. The training of AWWs/AWHs was being periodically conducted by Goa Institute of Rural Development and Administration (GIRDA).

It was further noticed that the GoI released an amount of ₹ 43.52 lakh during the period 2010-11 to 2013-14 to the State Government for imparting training to ICDS functionaries. Since training to ICDS functionaries was being provided in GIRDA, funds to the extent of ₹ 43.52 lakh were placed with GIRDA during 2010-11 to 2013-14. GIRDA utilised an amount of ₹ 33.93 lakh and unutilised grant of ₹ 9.59 lakh was lying with GIRDA as on March 2014 despite the fact that 346 out of 706 AWWs were to be provided refresher training.

The Director stated (May 2014) that as the release was delayed from GoI, the training institute was unable to meet the deadline and also it had undertaken training for other Government departments, thus the amount remained unutilised. It further replied (December 2014) that remaining amount would be utilised for the financial year 2014-15.

## 2.1.16 Monitoring and Internal Control

### *2.1.16.1 Inadequate monitoring and supervision of blocks/AWCs by the POs/Director of the ICDS*

As per the guidelines the monitoring and supervision schedule of the POs/Director of the ICDS is shown as below:

| Category of Officials | Scheduled requirement |
|---|---|
| Programme Officer | a) All Blocks are to be covered per quarter<br>b) At least 3 AWCs during each block visit<br>c) To ensure 10 *per cent* AWCs coverage in a year spreading them across the year |
| Joint visit by POs with Chief Medical and Health Officer(CMHO) | At least 15 AWCs (preferably on Village Health and Nutrition Days) and 25 *per cent* blocks every six months |
| Director(ICDS) | At least 20 AWCs in each quarter and 10 *per cent* of blocks every year. |

The PO was required to visit at least 126 AWCs (10 *per cent* of 1,262 AWCs) in a year, at least 30 AWCs jointly to be visited by PO and CM HO in a year and at least 80 AWCs was to be visited by the Director in a year. There were no details available to assess the shortfall in the required visits by all the concerned officers.

The DWCD stated (December 2014) that due to work load it was not possible to strictly adhere to the norms prescribed under ICDS but since last six months, review meetings were being taken at the Directorate Level. The PO also visited all the block offices every month and Supervisors were conducting field visits as per schedule.

### *2.1.16.2 Shortfall in monitoring and Supervision by CDPOs and Supervisors*

Chapter 8 of Manual on Integrated Management Information System on ICDS provided that the Supervisor should visit each Anganwadi at least once a month and the CDPO should also spend more of her time on field visits.

Audit scrutiny of records of 60 AWCs under the five CDPOs revealed that there was a shortage of field visits by CDPOs during the period 2009-14 ranging from five *per cent* to 52 *per cent*. Further, there was a shortfall of visits by Supervisors during the period 2009-14 ranging from 35 *per cent* to 68 *per cent*. The details of visits conducted by CDPOs and Supervisors in respect of 60 AWCs in five CDPOs during 2009-10 to 2013-14 are shown below:

| Name of the CDPO | No. of visits | | | | | |
|---|---|---|---|---|---|---|
| | CDPO | | | Supervisor | | |
| | Required | Actually conducted | Shortfall (*per cent*) | Required | Actually conducted | Shortfall (*per cent*) |
| Bicholim | 60 | 57 | 03(5) | 720 | 407 | 313(43) |
| Mormugao | 60 | 32 | 28(47) | 720 | 468 | 252(35) |
| Margao | 60 | 31 | 29(48) | 720 | 301 | 419(58) |
| Bardez | 60 | 29 | 31(52) | 720 | 228 | 492(68) |
| Ponda | 58 | 54 | 04(7) | 714 | 350 | 364(51) |

The shortfall in visits by CDPOs/Supervisors was attributed to either holding additional charges or being deputed for different trainings often. Besides, the work had also increased as a number of other State Schemes were implemented through the ICDS platform.

The DWCD stated (May 2014) that only one PO was appointed during 2010 to 2014, so all blocks could not be covered, however from 2014-15 onwards 10 *per cent* AWCs will be covered. No joint visits by the PO and CMHO were conducted during the period 2009-10 to 2013-14. The DWCD further stated (December 2014) that it was not possible for the CDPOs to visit the AWCs due to administrative and other matters of the Block Offices.

### *2.1.16.3 Non-maintenance/defective maintenance of Registers*

**a) Non-maintenance of Grant Registers**

Rule 212 of the General Financial Rules provided that, a Register of Grants to be maintained by the grant sanctioning authority in Form GFR-39 showing details of grants sanctioned *etc.* However, no such registers were maintained in the selected CDPOs.

The total grants released to the selected five CDPOs during the period covered under audit as furnished by the CDPOs are shown below:

*(₹ in crore)*

| Details of amount received by the CDPOs for implementation of ICDS(General) and SNP component during 2009-14 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | Amount received under ICDS (General) by | | | | | Amount received under SNP by | | | | |
| | Bicholim | Bardez | Ponda | Salcete | Mormugao | Bicholim | Bardez | Ponda | Salcete | Mormugao |
| 2009-10 | 1.26 | 1.69 | 1.17 | 1.58 | 1.07 | 0.40 | 0.47 | 8.50 | 1.01 | 0.41 |
| 2010-11 | 1.19 | 1.58 | 0.60 | 1.54 | 1.77 | 1.13 | 0.79 | 1.34 | 2.13 | 1.01 |
| 2011-12 | 1.70 | 1.72 | 2.60 | 1.82 | 1.89 | 1.06 | 1.09 | 1.92 | 2.14 | 1.36 |
| 2012-13 | 1.90 | 2.83 | 2.60 | 1.77 | 2.09 | 0.78 | 0.96 | 4.41 | 2.87 | 1.24 |
| 2013-14 | 2.80 | 4.18 | 3.86 | 1.77 | 2.77 | 1.23 | 0.68 | 0.85 | 2.56 | 1.71 |
| | **8.85** | **12.00** | **10.83** | **8.48** | **9.59** | **4.60** | **3.99** | **17.02** | **10.71** | **5.73** |

Grants were released in one to seven installments to the selected CDPOs during the period covered by audit. Scrutiny revealed that the DWCD as well as the selected CDPOs did not maintain the Register of Grants as required. In absence of this, the correctness of the accounts of grants received could not be verified.

The DWCD agreed (December 2014) to maintain the Grant register in GFR 39 from 2014-15.

**b) Defective and incomplete maintenance of survey registers**

The AWW was required to conduct a household survey of the area, obtain the details of each household and enter it in the AWC Survey Register. This register was to be updated every month based on information collected by the AWW. An intensive revision of the details had to be carried out by conducting door-to-door survey once in five years.

Audit scrutiny of the Survey Registers maintained at the 60 AWCs test checked showed that:

- The register was not maintained properly in 35 AWCs out of 60 tests checked AWCs.
- Even though the data was not updated by the AWW, the population figures were reported to the CDPO every month in the Monthly Progress Reports, thereby rendering the data reported unreliable.
- No door-to-door survey was conducted once in five years as prescribed.
- Most of the vital details were not entered in the register in the relevant columns in respect of 35 AWCs out of 60 test checked AWCs.

Thus, the basic data essential for proper implementation of the scheme was not available with the Department. The DWCD stated (December 2014) that instructions have been issued to the CDPOs to maintain the Survey Register and update the same periodically.

**c) Non maintenance of record of birth weight of children and institutional delivery**

We noticed that out of 60 selected AWCs, 26 AWCs *i.e.* 43 *per cent* were not maintaining data on birth records. Thus, it was not possible to ascertain the progress of growth of children from birth and identify malnourished children. It was also noticed that out of 60 selected AWCs, 33 AWCs *i.e.* 55 *per cent* were not maintaining data on institutional delivery. In the absence of availability of data, the impact of educating pregnant women to opt for safe institutional delivery could not be analysed. However, as per the Registrar General, India Sample Registration System (SRS) Bulletin of September 2013 the infant mortality rate in Goa was 10 as against the all India average of 40.

The DWCD stated (December 2014) that instructions have been issued to the CDPOs to maintain the records.

**d) Incomplete maintenance of Stock Register**

As the main activity of the CDPO is distribution of food to the AWCs, it was imperative to maintain stock register of food items properly in order to keep a close watch on procurement and distribution of food items on a monthly basis.

We observed that CDPO Mormugao and CDPO Bardez procured various consumables and food items worth ₹ 52.79 lakh during the period 2011-2013 and ₹ 38.41 lakh during the period 2011-2014 respectively. However, records of purchases made, stock available and AWC wise distribution details were not entered in the Stock Register.

The CDPOs attributed incomplete maintenance to insufficient staff who were overburdened with the implementation of various State Government schemes being run on ICDS platform. Though the CDPOs accepted the observation and assured to complete the details as required, they could not clarify as to how the requirement of stock every month had been arrived at in the absence of a proper maintenance of the Stock Register.

The DWCD stated (December 2014) that instructions have been issued to the CDPOs to maintain the Stock Register.

### 2.1.17 Best Practices

We observed that in addition to the honorarium of ₹ 3,000 and ₹ 1,500 paid to the AWWs and the AWHs respectively from GoI, the State Government paid additional honorarium of ₹ 4,000 and ₹ 3,000 to AWWs and AWHs respectively.

The State Government paid ₹ three lakh and ₹ 1.5 lakh to AWWs and AWHs respectively, who retired at the age of 60 years and had completed 15 years in service under Retirement Benefit Scheme for AWWs and AWHs .

Further, the State Government also paid additional share of ₹ one per normal child, ₹ three per mal-nourished child and ₹ three per P&LM per day for Supplementary Nutrition.

We also noticed that in some of the Anganwadis, excellent facilities were available, the photographs of which are shown below:

## Photographs of well maintained AWCs with good infrastructure:



*AWC constructed by Mineral foundation of Goa at Kelbaiwada, Mayem in project Bicholim*





*AWC constructed by PWD at Dattagad, Bethora in project Ponda*




*AWC constructed by GSIDC at Padal, Bethora in project Ponda*

### 2.1.18 Conclusion and Recommendations

ICDS, initially launched in the State of Goa in 1978-1979, was operational in 1,012 Anganwadi Centres. Some of the positive features of the schemes, as noticed during Performance Audit, included the following :

- SNP programme was implemented in the State in a satisfactory manner.
- Additional share for supplementary nutrition was also paid to the children and Pregnant and lactating mothers.
- The State Government was paying additional honorarium to AWNs and AWHs, besides granting retirement benefits to them.
- In some of the Anganwadis, excellent facilities were available.

However, some of the concerns and gaps that still remain to be addressed are highlighted below, alongwith a set of recommendations as a way forward;

- The non-implementation of the ICDS in the mission mode deprived the beneficiaries of the enhanced benefits of the scheme.

***The Government should adopt the Mission mode basis for implementation to take the scheme to the next level where the AWC would be transformed as Early Childhood Care and Development Centres.***

The poor infrastructure in several Anganwadis made it difficult for the parents to send their children to Anganwadis. This resulted in potential beneficiaries opting for private crèches and nursery schools for their children.

***The Government should ensure that all AWCs are provided with required and adequate infrastructure.***

The rents fixed by the scheme are inadequate for obtaining required accommodation resulting in rents being paid by Panchayats, AWWs and AWHs.

***The Government may consider reviewing the limit to a realistic level so that standard accommodation as envisaged by the scheme could be obtained till it is made available by the Government.***

Shortfall in field visits by CDPOs and Supervisors was also noticed, as services of the ICDS staff have been utilised for the implementation of various Central and State Government Schemes on ICDS Platform.

***The Government should ensure that services of the ICDS staff remain focused on the implementation of the scheme. Utilising their services for other Government programmes dilutes the effectiveness of the scheme.***

## DEPARTMENT OF INFORMATION TECHNOLOGY

### 2.2 e-Governance Programme Implementation in Goa

*Executive Summary*

***The National e-Governance Plan (NeGP) had been formulated (May 2006) by the Department of Electronics and Information Technology, (DeitY) and Department of Administrative Reforms & Public Grievances (DAR&PG) to improve the quality of basic governance in areas of concern to the common man and consists of key components including Common Core & Support Infrastructure and 31 Mission Mode Projects (MMPs) to be implemented at the Central, State and Local Government levels. Performance audit of e-Governance implementation in the State of Goa covering the period 2008-14 was conducted with reference to the guidelines contained in the NeGP. The significant audit findings are stated below:***

- **The network uptime performance in the networking route between taluka head quarter and village head quarter was neglected by the Public Private Partnership (PPP) partner as well as the State agencies resulting in poor networking quality and absence of Service Level Agreement and network monitoring system in the second part of the Goa Broadband Network resulted in deteriorated network connectivity.**

***(Paragraph 2.2.7.1)***

- **Poor condition of in-house computerisation in the line departments and the panchayats, non-availability of payment gateway facility and lack of monitoring of the performance of e-services by the line departments weakened the effectiveness of the delivery of the e-Services to the citizens through State Service Delivery Gateway (SSDG) in the State. Due to non-conduct of need analysis, the Land Information System had failed to find acceptance by the citizens for purchasing land maps. Similarly, lack of planning and indecision on the part of the line department had led to non-implementation of e-Panchayat Mission Mode Project.**

***(Paragraph 2.2.7.2 )***

- **Lack of planning and clarity on feasible locations for CSCs, non-preparedness of the line departments with backend process computerisation, indecision on the rates to be charged for the services, erroneous selection of the PPP model on the basis of revenue sharing making the project unviable, non-availability of network connectivity, non-establishment of payment gateway had led to the failure of Common Services Centre Scheme.**

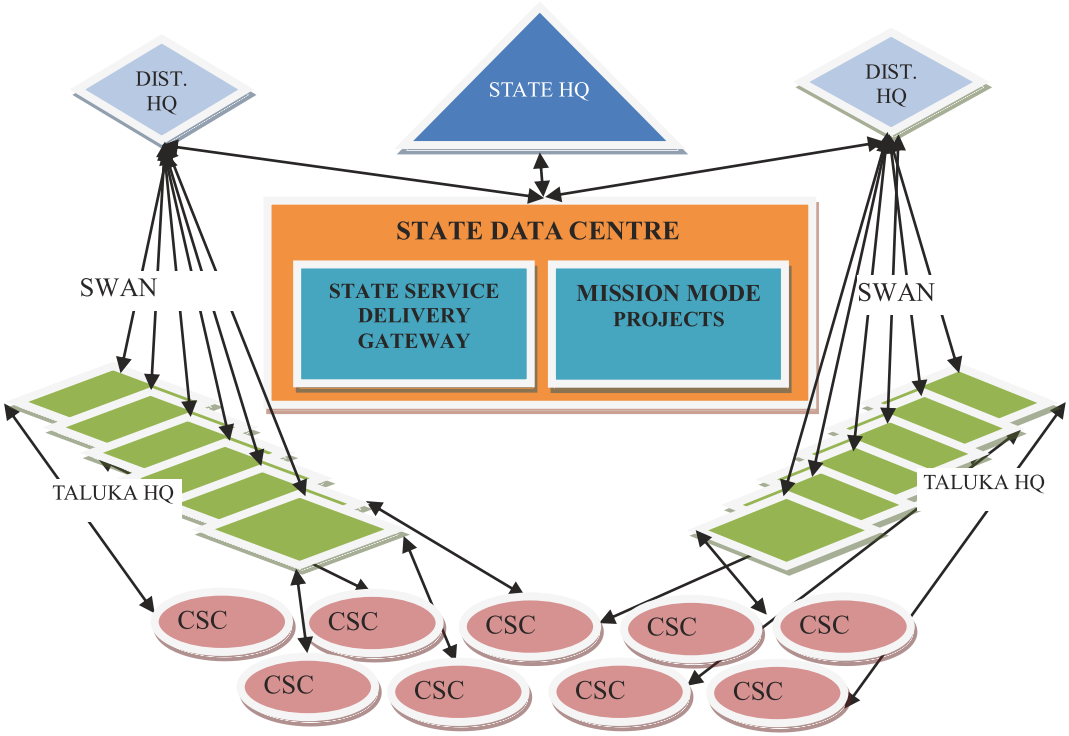
***(Paragraph 2.2.7.3)***

### 2.2.1 Introduction

The National e-Governance Plan (NeGP) was first conceived by the Department of Electronics and Information Technology (DeitY) (erstwhile Department of Information Technology (DoIT)) and the Department of Administrative Reform and Public Grievances (DAR&PG) in 2003 and approved by Government of India (GoI) in 2003. The primary vision of NeGP was to make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency and reliability of such services at affordable costs to realise his basic needs. 31 Mission Mode Projects (MMPs) were identified as a part of NeGP with the common aim of improving delivery of Government services to citizens and business. The Union Cabinet approved (May 2006) an integrated approach for implementation of e-Governance programme where DeitY had a pivotal role in providing guidance to the States/ Union Territories (UTs) for implementation of the component schemes of NeGP and co-ordinating between the Central Line Ministries and the States/UTs for implementation of MMPs. The States/UTs were vested with the responsibility of actual implementation of the programme. The e-Governance scheme broadly consisted of the following major components:

- Core infrastructure (State Wide Area Network (SWAN), State Data Centre (SDC) and State Service Delivery Gateway (SSDG)
- Mission Mode Projects (MMPs) – Backend, and
- Common Services Centres (CSCs) – Frontend

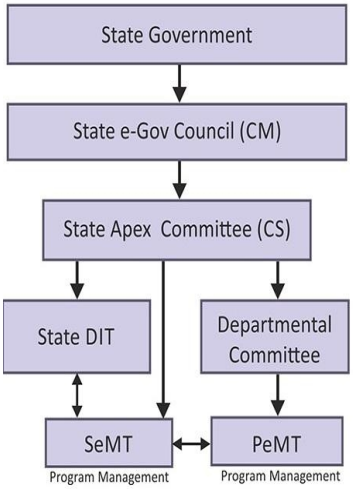
The structure comprising the core components of NeGP in the State of Goa is shown below.



### 2.2.2 e-Governance Implementation in Goa

The individual State Departments in Goa started e-Governance projects as early as 1993 and between 2002 and 2006, several Departments took strides to computerise their backend functions. Subsequently after the formulation of NeGP as a programme by the Centre in 2006, the State started aligning its initiatives to the Centre's directions with regard to few of its projects like State Data Centre, State Service Delivery Gateway *etc.* The Department of Information Technology (DoIT), Government of Goa is the nodal agency and facilitator for IT related activities in the State. The line Departments executed the IT projects with the help of the nodal agency and the State Government implementing agencies *viz.,* Infotech Corporation of Goa Limited (ITG), Goa Electronics Limited (GEL) and National Informatics Centre (NIC), Goa.

In order to promote and sustain these projects there is an institutional framework at the State level in accordance with the directions of DeitY, GoI as depicted alongside. The State e-Governance Mission Team (SeMT) and Project e-Governance Mission Team (PeMT) was constituted in the State (December 2005) to undertake ground work for providing standardisation and consistency through programme management of e-Governance initiatives in the State, review interdependencies, overlaps, security and legal aspects, oversee and manage project execution *etc.* The SeMT and PeMT meetings are chaired by the Chief Secretary and the Secretary of the concerned departments respectively.




### 2.2.3 Financial Information

The core infrastructure components implemented in the State were mainly financed from the State budget provisions without availing of the Central funds. The details of the expenditure incurred on these projects are shown below:

*(₹ in crore)*

| Sl. No. | Core infrastructure component | Total project cost | Central Funds utilised |
|---|---|---|---|
| 1. | Goa Broadband Network (GBBN) and last mile connectivity project *viz.,* GAP-I and II and State Data Centre | 314.65 | 0.00 |
| 2. | State Service Delivery Gateway (SSDG) consisting of State Portal and e-Forms, MMPs (Road Transport, Crime and Criminal Tracking Network System, Commercial Taxes, Dharnaksh) | 23.90 | 6.15 |
| 3. | Common Services Centre (revenue sharing arrangement with the private vendor) | 0.00 | 0.00 |

### 2.2.4 Audit objectives

The main audit objectives were to examine whether:

- The core infrastructure SWAN, SSDG, MMPs and the CSCs were planned and created in a co-ordinated manner to facilitate effective implementation of NeGP; and
- The services introduced through e-Governance initiatives ensured efficiency, transparency and reliability of services at affordable costs to realise the basic needs of the common man.

### 2.2.5 Audit criteria

- Guidelines issued by the DeitY, Ministry of Communications and Information Technology, GoI.
- Government Process Architecting Framework (GPAF) prepared by DAR&PG.
- Recommendations contained in the 11th report of the Second Administrative Reforms Commission.

### 2.2.6 Scope and audit methodology

The performance audit covered the transactions/data processed during the period 2008-09 to 2013-14. This included scrutiny of the records at DoIT, two implementing agencies (ITG and GEL) and various line departments in the State. Besides, a sample of 10 locations of Government offices/Educational Institutions, out of the 657 locations connected through GBBN were surveyed to examine the performance of the network connectivity and 10 Village Panchayats[2](VPs) covered to assess the performance of the services delivered to the citizens with the help of e-governance initiatives. Selection of the locations was made on the basis of random sampling technique.

The State Government implemented six State MMPs *viz.,* Commercial Taxes, Land Information System (Dharnaksh), Road Transport, Treasuries, Crime and Criminal Tracking Networks and e-Panchayat. Of these, two MMPs *viz.,* Land Information System (Dharnaksh) and e-Panchayat were taken up for detailed audit. The entry and exit conferences were held with the State Government in May and December 2014 respectively wherein the audit objectives, scope and methodology of audit and the findings of audit and recommendations were discussed. The reply of State Government received (January 2015) has been incorporated at appropriate places.

[2]Assanora, Merces, Dhargalim, Panchwadi, Advalpal, Agonda, Dharbandora, Fatorpa-Quital, Verna and Sernabetim

### 2.2.7 Audit findings

The audit findings with respect to the three major components of the NeGP programme *viz.,* Core infrastructure (SWAN, SDC and SSDG), MMPs at the backend and CSCs at the frontend are discussed below:

#### *2.2.7.1 Establishment of State Wide Area Network in the State*

***Implementation of Goa Broadband Network (GBBN)***

The State Wide Area Networking (SWAN) is an important element for building the core infrastructure for supporting e-Governance initiatives. Under NeGP, the SWAN scheme was proposed to connect the State Head Quarters (SHQ) with all District Head Quarters (DHQ) and Block Head Quarters (BHQ). The objective of the project was to create a secure Government network for delivering Government-to-Government (G2G) and Government to Citizen (G2C) services. The State of Goa established the SWAN under the project name Goa Broadband Network (GBBN) in 2009.

The GBBN project was implemented in two parts – the first part being the GBBN project itself and the second part was executed under the name of GAP phase I and phase II project. The GBBN project (first part) has connected 414 locations including 189 VPs and the GAP phase I and II gives last mile connectivity to additional 1,414 locations. The audit findings on GBBN, GAP phase I and II are enumerated below:

The GBBN project (first part) was awarded (December 2006) to United Telecoms Limited, Bangalore (UTL) based on build-own-operate PPP model. Payment to UTL was linked to the performance of the GBBN based on the 23 parameters relating to networking and maintenance factors as enumerated in the service level agreement (SLA) concluded between DoIT and UTL. Software Technology Parks of India (STPI), a GoI undertaking under the Ministry of Communication and Information Technology was selected as the Third Party Audit (TPA) agency to conduct testing and submission of quarterly reports based on which, 60 *per cent* of the amount to be released after deducting penalties, if any was to be paid to UTL. The balance 40 *per cent* was invariably to be paid to UTL, as it was not linked to the SLA.

Audit test-checked the quarterly performance reports of a sample of four quarters *viz.,* February-April 2012, May-July 2012, May-July 2013 and February-April 2014 *vis-à-vis* the SLA and the GBBN RFP document. In all these test-checked reports, it was observed that the points scored based on the network uptime performance were consistently low in respect of the networking route between BHQ and VPs during prime and extended business hours. This indicated that the particular networking route had been neglected by UTL as well as the State agencies (DoIT and line Departments). Payment made to UTL for these four quarters was ₹ 16.97 crore. The table below shows the points earned by UTL in respect of two networking parameters during the above quarters as per the report submitted by STPI.

| SLA Parameter | Total Points assigned in the SLA | Points awarded to UTL | | | |
|---|---|---|---|---|---|
| | | February to April 2012 | May to July 2012 | May to July 2013 | February to April 2014 |
| Network uptime between THQ-VHQ in prime business hours | 7 | 3.207 | 2.065 | 2.10 | 2.60 |
| Network uptime between THQ-VHQ in extended business hours | 7 | 2.666 | 2.086 | 2.08 | 2.70 |

It was further observed that the RFP amendment document was flawed because it provided 100 *per cent* payment (of the 60 *per cent*) to the PPP vendor if his overall score in respect of all the 23 parameters was 90 or above out of 100 but, ignored the deficient services provided by him in respect of any one parameter. Consequently, though the weightage to the related parameter in this case was only seven, the same was not translated into proportionate reduction in payment to UTL.

Moreover, the SLA parameters gave weightage of 30 points out of 100 for services like IP telephony, Video conferencing and VOIP calls that were hardly availed of by the Government offices, Panchayats and other locations where UTL has provided the connectivity. However, UTL was awarded full 30 points in respect of these services in all the four quarters test checked. This tended to overshadow the key parameters relating to essential services like network uptime between the BHQ and village routes.

The State Government while agreeing to the audit observation assured (January 2015) to address the issue and make improvements in the uptime of the stated networking route.

***Implementation of GAP-I and II Projects***

a) DoIT did not prepare a detailed project report to ensure the viability, cost effectiveness and achievement of the desired objectives relating to GAP-I and II projects. This project work involving 1,414 locations (₹ 82.62 crore) was a larger project in terms of monitoring and its management. However, the DoIT made only an agreement with the vendor (Nupur Technologies) for supply and installation of materials/hardware for GAP-I and II without planning for a comprehensive contract/SLA for establishment, monitoring and maintenance of the networking under the last mile connectivity.

The State Government accepted (January 2015) the audit observation and stated that it would devise a proper project implementation process.

We carried out Physical inspection of a sample of 10 educational institutions and 10 VPs with the help of representatives from Nupur Technologies and DoIT to ascertain the quality of performance of the last mile GBBN connectivity (under GAP-I and II). We came across four such institutions where the concerned authorities stated that the connectivity had not been functioning since the time of installation. The connectivity failure had persisted for more than a month to a year in another four institutions. Only two

institutions reported satisfactory functioning of the GBBN connectivity. Seven out of 10 institutions reported that the maintenance vendor had not been giving any response to their complaints for months together. Similarly, eight out of 10 VPs reported that the quality of the GBBN connectivity was very poor. The reasons for the poor quality of the last mile connectivity established and the deficiencies that came to light are stated below:

- There was no computerised network monitoring system operated by the vendor to control and track the networking issues. The Agreement of the State Government with Nupur did not have any provision for penalising the vendor in case of failure to provide the required quality of service.
- In the absence of any mechanism to generate record/log of the uptime/downtime of the network connectivity, the State agencies were unable to ascertain the breakdown in the network connectivity unless reported by the end users.

The State Government stated (January 2015) that ITG was planning to implement the Network Monitoring System and introduce SLA with the approval of the Government.

b) The DoIT awarded the contract for GAP-I directly to Nupur Technologies without inviting any tender. In case of GAP-II project, though bids were invited from private vendors, DoIT did not carry out the comparative analysis of the prices quoted by the vendors against any standard price or the DGS&D rate contract leading to exorbitant rates allowed to the vendor. For instance, it was observed that DoIT made a payment of ₹ 1.07 crore at ₹ 12,070 per unit of 800VA UPS for 888 numbers, whereas, list price in the DGS&D rate contract (2013-14) for the same item was ₹ 3,387 per unit.

While accepting the audit observation, the State Government stated (January 2015) that a system for efficient bid management process would be devised.

Further, the work of excavating and refilling of soil for laying cables constituted around 67 *per cent* of the work order (₹ 43.88 crore) given to Nupur Technologies for GAP-II project. However, measurement books detailing the quantum of work done and the material supplied were not maintained by ITG (the implementing agency). As a result, the validity of the quantity of material used by Nupur Technologies and works performed under GAP-II project could not be ascertained by audit. Further, joint physical inspection of 10 sample locations by audit team along with ITG officials revealed that in eight locations (one at each location) 600VA UPS were actually installed by Nupur Technologies by affixing label of 800VA capacity. ITG also irregularly loaded maintenance cost of ₹ 4.15 crore on the item of optical fibre cable laying in the purchase order placed on Nupur Technologies, in addition to maintenance charges for the same optical fibre cable valuing ₹ 41.52 lakh.

The State Government stated (January 2015) that the measurements in future projects would be cross checked by the engineers of ITG and necessary action would be taken for breach of contract terms by the vendor.

### *2.2.7.2 State Service Delivery Gateway (SSDG) and Mission Mode Projects (MMPs) in the State*

***Implementation of State Service Delivery Gateway (SSDG)***

The e-Forms application project which combines the State Portal (SP), State Service Delivery Gateway (SSDG) and Electronic Form aims at creating an integrated information infrastructure that expands, integrates and enhances the utility and reach of the services provided by the Government to the citizens. With this, citizens can access the services under a single interface mechanism from the SP. Under this system, the citizens are able to download forms and submit their applications electronically with the help of electronic forms hosted on the SP and routed by a common services gateway (SSDG). The project guarantees the following:

- Assured electronic delivery of the request from the citizen to the specified field office of the Government department;
- The electronic acknowledgement of successful submission of application/ request from department to the citizen;
- Citizens would be able to query the status of his/her application/request at any point in time; and
- Request/response will also be conveyed through the SSDG.

The backend processes in the departments are required to be computerised for effective Government services delivery to the citizens through online mode.

The deficiencies noticed in the implementation of SSDG are discussed below:

(a) Fifty State Government services offered by 16 line departments in Goa have been made online through the SSDG and e-forms project. The project was started in 2009 with GoI funding of ₹ 9.10 crore and the DoIT has spent ₹ 6.15 crore (March 2014). Audit sought information on the applications received from the citizens using these online services from a few line departments. It was observed ***(Appendix-2.1)*** that in respect of 28 services pertaining to five line[3] departments, no online applications were received or processed from the date of their 'Go-live' (2011) till September 2014. With regard to another four services, the count of citizens' applications and response of the concerned line departments was very poor.

(b) As a model case, audit analysed the e-services offered by the Directorate of Panchayat. It was observed that if the citizen opts to follow the manual system while applying for birth/death certificates, he has to go to the panchayat office with the specified original documents, fill the form, get the documents verified and collect the certificates. In the computerised

[3]Directorate of Woman and Child Development, Directorate of Fire and Emergency Services, Directorate of Civil Supplies and Consumer Affairs, Directorate of Agriculture and Directorate of Fisheries

system, a citizen is required to scan and upload the doctor's certificate through web-enabled e-services. He gets an SMS message intimating him to come to the panchayat office for verification of documents and collection of certificates after the documents are found to be authentic. Thus, even after computerising the service delivery, one has to still go to the panchayat office for all the processes that are followed manually, indicating more process redundancies than the manual system of service delivery.

(c) The payment gateway facility is a pre-requisite for adoption of e-services by the citizens without which payment-based services cannot be operated. We observed that SSDG services by the citizens could not be used effectively due to non-introduction of payment gateway facility.

The State Government stated (January 2015) that online payment facility has been made available from July 2014 for water and electricity bill payment and recruitment for Goa Public Service Commission.

(d) During audit inspection at the Regional Transport Offices (RTO) in Goa it was noticed that the applications received from the citizens through online mode were not attended by the departmental staff and the citizens were not informed of their application status or the date of their impending visit to RTO for further process of the required service.

The field offices were also not furnishing any periodic reports to the Directorate of Transport stating the number of applications received, processed, rejected *etc.* for various e-services started by them. Further, despite issue of a circular in February 2013 by DoIT, the line departments in the State were not regularly updating/monitoring the e-services. These instances indicated poor monitoring and review mechanism in the line departments.

(e) 'Infogram', a computerised software designed by NIC, Goa, envisaged providing all Government services to citizens at grass root level by computerising all activities in the VPs. Currently, Infogram has been installed in all the 189 VPs. However, the modules relating to the registration of death and birth only are put to use. Other modules like house/professional/trade tax, accounting, income/occupancy certificate, maintenance of Panchayat properties, inward/outward functions *etc.* were not being used and the administrative field offices at the block level had been giving the feedback regularly by submitting 'nil' reports to the Directorate of Panchayat. However, the Directorate of Panchayat did not review and monitor the non-usage of the computerised services by the VPs. It was further observed that in the Directorate of Panchayat, though 11 items of work had been computerised by developing an application program, the usage was limited to only inwarding of correspondences. This illustrated the poor condition of in-house computerisation in the line departments and the Panchayats that weakened the effectiveness of the delivery of the SSDG services in the State.

***Implementation of Mission Mode Projects***

The Mission Mode Projects (MMPs) under the NeGP are intended to transform high priority citizen services from their current manual delivery into e-delivery. Each MMP is owned and spearheaded by the relevant ministry/agency of the national Government or by a State Government and is called mission mode because it has a definite timetable, service levels, project implementation team and process re-engineering plans.

The audit observations on the two test-checked MMPs *viz.,* Land Information System (Dharnaksh) and e-Panchayat are detailed below.

**i) Land Information System ('Dharnaksh') Mission Mode Project**

Directorate of Settlement and Land Records (DSLR) implemented (June 2012) the web-based Land Information System/Geographic Information System (LIS/GIS) by selecting GEL as the consultant and implementing agency for the project. At the instance of the DSLR, GEL prepared a proposal for development and installation of Web LIS/GIS server to facilitate web-based viewing and printing of land records by the public. The work was awarded (October 2011) to GEL by DSLR at an agreed price of ₹ 2.19 crore including taxes. GEL selected VisionLab, Hyderabad for execution of the project and placed the work order in November 2011. Audit came across the following irregularities in the implementation of the project:

a) No codal formalities were followed with regard to the selection of the vendor involved in the project implementation. DSLR relied on GEL's informal internal inquiry on the rates charged by VisionLab, Hyderabad for 16 core licenses required for implementing web-based viewing and printing of land records by the public. GEL also did not furnish any documents to assure DSLR that the rates finalised under the contract were indeed based on systematic market evaluation through competitive quotations invited by them.

b) In addition to the 16 core licenses of the software, DSLR included an item for customisation of the software amounting to ₹ 25 lakh at ₹ one lakh per month for 25 months in the work order given to GEL. However, there was no assessment on the part of DSLR or GEL as to what modification was required to suit the needs of the department and the timeline required for customisation. Under the circumstances, the payment of ₹ 25 lakh to the software developer (VisionLab) without any planning of the scope and the timeline was irregular.

c) As a consultant to DSLR, GEL did not conduct any need analysis on the very objective of making the DSLR services online for the citizens and had not taken concrete steps for citizen engagement in order to promote the utility of the new service delivery for the benefit of the citizens contrary to the guidelines on the framework for citizen engagement in e-Governance projects issued by DeitY, GoI.

In order to assess the effectiveness of the project in achieving its objectives, the data, which was processed through the web server located at NIC, Goa

data centre was collected and analysed by audit. It was revealed that, out of ₹ 1.06 lakh attempts made by the citizens during the three-year period (2012-14), only 874 attempts were actually made to purchase the maps by making online payment. The rest of the attempts were only for viewing the maps. The citizens mostly preferred to purchase the maps across the department counter rather than extracting the map through the online mode. This gets substantiated from the fact that the total revenue generated from the online web mapping services was only ₹ 0.97 lakh in these three years as against ₹ 25.92 lakh revenue collected at the departmental counter during the same period. This indicated that the line department and the implementing agency (GEL) failed to garner the confidence of the citizens to switch over to the online mode while making purchase of the maps.

### ii) e-Panchayat Mission Mode Project

The Directorate of Panchayat constituted a State Level Monitoring Committee (SMC)[4]in April 2012 and decided to adopt the Model Accounting System for Panchayats (MAS) and Panchayati Raj Institutions Accounting Software (PRIASoft)[5] including eight database formats prescribed by the Comptroller and Auditor General of India, as per Ministry of Panchayati Raj (MoPR), GoI directions (September 2011). MAS and PRIASoft were integral to the implementation of e-Panchayat MMP.

The MoPR released (March 2012) ₹ 28.68 lakh to the State Government to initiate immediate action for setting up of Programme Management Units (PMU) at the State and district levels for rolling out the e-Panchayat MMP in Goa. The PMUs were intended to provide management, technical and handholding support to ensure effective and timely rollout of e-Panchayat MMP. The MoPR stipulated that the States should co-ordinate with other stakeholders in the programme and the programme be reviewed by the Principal Secretary of the State on quarterly basis. The release order of MoPR of March 2012 provided for four resource persons for setting up of PMU in Goa *i.e.* two District Project Managers and two Additional District Managers.

GEL submitted (February 2013) a proposal for rolling out the 11 modules of the e-Panchayat project in two years at ₹ 1.86 crore per year totalling to ₹ 3.72 crore, after it was entrusted (January 2013) with the task of setting up of PMU. The proposal involving the cost of training to departmental staff, providing technical support and creating a help desk at State level was however sent for the approval of the State Government only in March 2013 *i.e.* after lapse of one and a half year since the issue of directions by MoPR in September 2011 to adopt the MAS and PRIASoft. MAS and PRIASoft have not been implemented in the State and therefore, e-Panchayat MMP also remains to be implemented as of March 2015. The funds released by MoPR also remained unutilised which blocked any further release of funds for the

[4]SMC consisted of Principal Secretary (Panchayati Raj Department) as Chairman; Accountant General, Goa; Representative of Finance Department, Government of Goa; Director (Local Fund Audit); Controller (State Accounts); State Informatics Officer (NIC); Representative of Urban Development Department, Experts co-opted by SMC; State
e-Panchayat Consultants as members and State Nodal Officer of MAS/PRIASoft as member secretary

[5]PRIASoft is a web-based software application developed by NIC that is owned and promoted by MoPR, GoI to facilitate compliance by the States with the MAS requirement prescribed by C&AG. Adoption of MAS and PRIASoft helps fulfill the goal of achieving transparency and accountability in maintenance of PRI accounts

purpose. Audit examined the root cause of the failure to implement the e-Panchayat computerisation project in the State and observed the following:

- The MoPR at the time of releasing funds to the States had indicated that the allocation for the succeeding year would be based on the progress made by the States in adoption of the e-Panchayat modules. In view of this, the SMC should have planned for activities of one year and within the funds released by MoPR instead of envisaging the ultimate rollout plan of e-Panchayat beyond the scope of fund provision defined by the Central Ministry.
- As against four personnel sanctioned by the MoPR for setting up PMU in Goa, GEL proposed 56 personnel. The SMC however, did not examine the rationale behind the proposal and the cost implications.
- The rollout of e-Panchayat entirely depended on the constitution of the PMU and adoption of MAS and PRIASoft, being the key module in the e-Panchayat suite. Inaction on the part of the State agencies in constituting the PMU and non-implementation of MAS and PRIASoft had frozen the progress of e-Panchayat in Goa.
- The SMC in Goa had met only thrice instead of at least 12 meetings in three years (2011-14). Further, no State Nodal Officer was appointed for adoption of MAS and PRIASoft, though detailed directions to appoint such officer was given by MoPR in September 2011.

The Directorate of Panchayat accepted (August 2014) the above audit observations. Apart from non-implementation of the e-Panchayat, audit observed that the Directorate of Panchayat did not set up any mechanism to periodically upload the information[6] on its portal to bring about transparency in the panchayat activities and encourage use of e-governance services by the citizens at the grass root level.

### *2.2.7.3 Common Services Centre scheme*

Common Services Centres (CSCs) were envisaged by the GoI to be the frontend delivery point for Government, private and social sector services to rural citizens of India through a combination of IT-based as well as non-IT based services for the benefit of the rural population.

The State Government in 2007 conceptualised establishment of 160 rural CSCs and 48 urban CSCs. The State Government concluded (March 2007) an agreement with 3i Infotech for establishment of rural/urban CSCs in the State and as per the agreed terms and conditions, 3i Infotech was required to pay an amount of ₹ 15 lakh over a period of five years to the State Government out of the revenue earned by it. The Central Government approved (September 2009) the scheme with the condition that no revenue support would be provided by it on account of revenue sharing arrangement made by the State Government with 3i Infotech. Between March 2007 and August 2009, 3i Infotech established 98 out of 208 CSCs across the State with the objective of starting e-services for collecting VAT and CST ini tially. However, after 2009 the progress of CSC implementation hit a roadblock and finally in 2012 the CSC

[6] Day-to-day activities undertaken by the panchayats, panchayat accounts, various Central/State schemes operated at each panchayat, status of applications made by the citizens for various services *etc.*

scheme came to a complete halt in the State and the 3i Infotech chose to retract in January 2013.

We examined the causes for the failure of the CSCs in the State and came across following findings:

(a) Adequate planning and preparation of the roadmap for setting up the CSCs in the State was not carried out by DoIT. Issues like most feasible locations for CSCs in terms of cost, accessibility to citizens, service effectiveness *etc.* were not worked out, the level of preparedness of the line departments to computerise the services that were planned to be started from the CSCs were not determined by DoIT, rates to be charged from the citizens by 3i Infotech for the services rendered by it also remained undecided. The State agencies should have ironed out these bottlenecks in the implementation of the CSC scheme by proper planning prior to making an agreement with 3i Infotech for the smooth roll out. The DoIT agreed (September 2014) that it had not done any preparatory study.

(b) The Central Ministry had appreciated the need for financial support to CSCs in the form of a "Guaranteed Provision of Revenue from Governmental Services" on sharing basis between Central Government and State Government in equal ratio in order to sustain the CSCs in the long run and to cover the revenue gaps and associated risks, if any, that could arise in rural markets. The State Government could meet their share of the revenue support by either making a provision in their budget or by using the Additional Central Assistance for NeGP provided by the Planning Commission. However, despite full financial backing from the Central Government, the State Government opted for revenue sharing arrangement with 3i Infotech which was not a viable business model and eventually turned out to be non-sustainable as discussed in (a) above.

(c) The State Government went ahead with the implementation of CSCs in 2007 without the GBBN having been established. Further, even after the GBBN was established in 2009 for connecting the Government offices with the VPs and the CSCs, no proper network connectivity could be established up to the VP level until 2012. The non-availability of network connectivity had in turn led to inaccessibility to the e-services such as payment of VAT, CST, water bills, ele ctricity bills, issue of birth/death/income/residence certificates *etc.* planned to be started from the CSCs.

(d) The State was unable to start most of the 211 e-services planned to be delivered through the departmental portals and CSCs during the period between 2009 and 2012. Similarly, due to non-establishment of payment gateway (as already stated under paragraph 2.2.7.2 (c), the utility services that involved monetary transactions could not be started from the CSCs adding up to the failure of CSC scheme.

We further observed that no fresh bidding process was initiated to revive the CSC scheme in the State. The DoIT stated (September 2014) that lack of backend computerisation of the department and lack of initiative from the line

department in delivering e-services through CSCs were equally responsible for the failure of the scheme.

The State Government accepted (January 2015) the audit findings and stated that the DoIT had initiated setting up of service outlets in a few VPs and was in the process of studying viable models for implementation in Goa.

In the backdrop of the failure of CSC scheme and non-implementation of the e-Panchayat MMP in the State, the only other channel of reaching out to the citizens at the grass root level were the 189 VPs. A sample of 10 VP locations were physically surveyed by audit to find out the quality of various services delivered through online e-services or use of computerised software *viz.,* Infogram at the panchayat offices. The findings are stated below :

- Eight out of 10 VPs reported that the work procedure had become obscure and the service delivery had slowed down with the introduction of computerisation in the delivery of services.

- Eight out of 10 VPs were totally unaware of the e-services and the online applications made by the citizens.

- The Block Development Office and the Directorate of Panchayat do not actively engage the VPs or encourage their participation for introduction of e-Governance in the panchayat activities.

- Four out of 10 VPs reported that they did not get the required support from the handholding staff after the implementation of the Infogram software.

- In all the 10 VPs, administrative, establishment and accounting activities were performed and maintained manually though the computerised application was available.

Thus, in view of the combined effect of the failure of the CSCs and near absence of computerised services offered through the VPs, it was evident that the rural mass in the State were unable to reap the benefits of the e-Governance programme, since the rural citizens continued to depend on the manual mode of Government service delivery.

### 2.2.8 Conclusion and recommendations

The State Wide Area Network established in the State was not founded on proper contractual terms and service level agreements due to which, the quality of last mile network connectivity and routes between the block headquarters and village headquarters were poor and unstable.

***Service level agreement(s) for maintenance and monitoring of the last mile connectivity should be entered into for ensuring high level of network uptime with a qualified vendor after following codal provisions.***

Majority of the services offered through the State Service Delivery Gateway were not end-to-end services as the backend processes in most of the

departments were yet to be streamlined to provide requisite input to the online processes.

***The departmental in-house computerisation and the design of e-services should be such that the Government services can be availed of by the citizens at minimum cost and time.***

Non-existence of Common Services Centres for long deprived the rural citizens of the State from availing of the benefits of various e-services.

***For the benefit of rural citizens and those not having ready access to online computerised facility, Common Services Centres should be revived after ensuring their financial viability and their ability to sustain in the long run.***

# CHAPTER-III

# AUDIT OF TRANSACTIONS OF GENERAL AND SOCIAL SECTORS

Audit of transactions of the Government Departments, their field formations as well as that of Local Bodies brought out instances of lapses in management of resources and in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

## URBAN DEVELOPMENT DEPARTMENT

## 3.1 IMPLEMENTATION OF JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM) SCHEME IN GOA STATE

### 3.1.1 Introduction

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in 2005 with the objective of reforms – driven fast track development of cities across the country with focus on efficiency in urban infrastructure, service delivery mechanism, community participation and accountability of Urban Local Bodies (ULBs)/Parastatal agencies towards citizens.

The mission period initially for seven years (2005-2012) was subsequently extended up to March 2015. JNNURM consisted of two sub missions namely (i) Urban Infrastructure and Governance (UIG) and (ii) Basic Services to the Urban Poor (BSUP) for 65 identified cities. In respect of other cities and towns, there were two components namely (i) Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and (ii) Integrated Housing and Slum Development Programme (IHSDP). The infrastructure development schemes were administered by the Ministry of Urban Development (MoUD) and the housing schemes were administered by the Ministry of Housing and Urban Poverty Alleviation (MoHUPA).

JNNURM functions under the overall guidance of a National Steering Group (NSG) at the Central level, which is supported by a Technical Advisory Group (TAG) and a Central Sanctioning and Monitoring Committee (CSMC). Detailed Project Reports (DPRs) are scrutinised by the technical wings of the Ministries before submitting proposals for sanction by the CSMC.

At the State level, the programme is co-ordinated by a State Level Steering Committee (SLSC) which reviews and prioritises proposals for seeking inclusion under JNNURM and assistance from Government of India (GoI). The SLSC is supported by State Level Nodal Agency (SLNA) which is responsible for appraisal of projects submitted by ULBs and for management of grants received from the Central and State Governments.

Under identified cities, the City of Panaji was selected as a mission city. The Goa State Urban Development Agency (GSUDA) was designated as the SLNA for the management of grants and monitoring of physical as well as financial progress of sanctioned projects in Goa State.

**The funds allocated under JNNURM for State of Goa are indicated below:**

| Name of the sub component | Allocation *(₹ in crore)* |
|---|---|
| **Applicable to the Corporation of the City of Panaji (CCP)** | |
| i) Urban Infrastructure and Governance (UIG) | 120.94 |
| ii) Basic Services to Urban Poor (BSUP) | 1.43 |
| **Total** | **122.37** |
| **Applicable to Other Cities** | |
| iii) Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) | 22.11 |
| iv) Integrated Housing and Slum Development (IHSDP) | 15.79 |
| **Total** | **37.90** |

### 3.1.2 Scope and methodology

The thematic audit was conducted to assess the implementation of JNNURM scheme by various implementing agencies in State of Goa. The records maintained by GSUDA and various implementing agencies for the period from the commencement of the scheme (December 2005) till June 2014 were scrutinised. The replies received from the GSUDA were considered and suitably incorporated in the report.

**Audit Findings**

### 3.1.3 Urban Infrastructure and Governance (UIG)

The Planning Commission, GoI, allocated ₹ 120.94 crore under JNNURM for Panaji City. A City Development Plan (CDP) was prepared and approved by the SLSC (March 2007) for the Panaji City to access funds from Central Government under JNNURM. The CDP identified infrastructure projects to be implemented under the scheme during the mission period. The sector wise vision included provision of quality drinking water, sewerage services, improvement of storm water drainage, environmentally sustainable waste management practices, position Panaji as a global tourism destination, eco friendly urban environment, housing for all with basic infrastructure facilities, conservation of natural and built heritage *etc*.

Preparation of DPRs for the identified projects and approval of the same by the SLSC and CSMC was the next step for availing the grant from MoUD. The Corporation of city of Panaji (CCP) was the implementing agency of the scheme and SLSC decided (March 2007) to entrust the work of preparation of DPR to them. The seven consultants for preparation of DPRs (six in respect of UIG and a DPR for BSUP) had been appointed on various dates and ₹ 1.06 crore was paid as consultancy fees. However, despite preparing the seven DPRs, not even a single project was executed in Panaji City (January 2015) due to poor planning and delay in submission of DPRs by consultants, as discussed below:

### 3.1.4 Projects proposed under UIG

***Heritage Conservation***

CCP decided to implement the project of Heritage Conservation for the City of Panaji under JNNURM. M/s Group SCE Pvt. Ltd. Bangalore was appointed (October 2007) as consultant for preparation of DPR at their quoted fee of ₹ 30.82 lakh. The MoUD observed several deficiencies in the DPR submitted and finally approved (June 2011) after rectification of the deficiencies pointed out. The approved project cost was ₹ 3.62 crore, of which ₹ 2.90 crore (80 *per cent*) was the share of assistance from the Central Government.

A sum of ₹ 72.45 lakh was released (27 November 2011) by the MoUD. Tenders were invited thrice (during 2013-14) for implementing two projects *viz.* conservation of Cabo Fort and Cistern of Altinho costing ₹ 146.43 lakh but there was no response from the contractors. Finally, it was decided (March 2013) not to implement the projects due to lack of conceptual clarity on some of the components and to refund the amount received from the MoUD. Accordingly, State Government refunded (August 2014) ₹ 72.45 lakh to the Central Government. Consequently, the state became liable to pay interest at the rate of nine *per cent* on the unutilised grant as communicated (September 2011) by the MoF, GoI. This was again confirmed in July 2014. Interest payable was ₹ 17.93 lakh up to August 2014. The consultancy fees already paid amounting to ₹ 14.24 lakh also became infructuous due to non implementation of the project.

***Water body development at Panaji***

In order to improve the aesthetic beauty and environment of the city it was decided to develop the St. Inez Creek. Accordingly, CCP appointed (October 2007) M/s Water and Power Consultancy Services (India) Ltd., Haryana as consultant for preparation of DPR. The time schedule fixed for submission of DPR was 120 days. The consultant prepared and submitted DPR (July 2013) after a delay of more than five years. The CCP did not take timely action to terminate the consultant and appoint a new one.

The CSMC approved (March 2014) the project costing ₹ 19.56 crore. However, the CCP did not make any further progress in implementation (August 2014). GSUDA intimated (November 2014) that the CCP was not in a position to implement the project in its approved present form and had informed to drop the project.

Since the project had not been taken up, an expenditure of ₹ 16.83 lakh incurred as consultancy fee became infructuous. CCP failed to hold the consultant accountable for the interminable delay. Lack of any corrective action by CCP has resulted in the project failing to take off. The water body in the heart of the city remains contaminated with tonnes of waste and sewage water due to inaction on the part of the CCP to implement the project.

***e-Governance***

The MoUD decided to implement 'National Mission Mode Project' (NMMP) for e-Governance in municipalities as part of JNNURM. The CCP decided to implement the project 'System integrator for implementation of e-Governance in the Corporation of city of Panaji' and appointed (March 2008) M/s Upasini

Jain & Kshirsagar and G.S. Mathur & Company as consultant for preparation of DPR. The DPR submitted (September 2008) was approved (February 2010) by the SLSC and finally (April 2013) by CSMC. The cost of the approved project was ₹ 19.79 crore of which ₹ 15.83 crore (80 *per cent*) was the share of assistance from Central Government. The first installment of central share amounting to ₹ 3.96 crore was released (September 2013) by MoF. A tripartite agreement was executed (May 2013) between CCP, Government of Goa and GoI in which it was agreed to adhere to the time schedule and to complete the project within 10 months. A committee of eight members including the Commissioner and the Mayor was constituted (November 2013) to over-see the successful bidding and implementation of e-Governance in the CCP.

The tender was finalised (January 2014) in favour of M/s Tata Consultancy Services Ltd. (TCS), Mumbai for a negotiated price of ₹ 18.31 crore. Audit observed that though a letter of intent was issued to TCS (January 2014), a formal work order was not issued by the CCP.

The stipulated time for completion of the project as per the tripartite agreement has already expired (March 2014). The CCP has also incurred expenditure of ₹ 19.93 lakh on account of consultancy fees and ₹ 21.39 lakh for tender advertisement. However, no further progress was made for implementing the e-Governance project (January 2015). Thus, the expenditure of ₹ 41.32 lakh incurred on the project was rendered wasteful.

***Comprehensive mobility plan***

The project provided for pedestrinisation, non-motorised transport, public transport *etc.* CCP appointed (January 2008), M/s Group SCE Pvt. Ltd. Bangalore as consultant for the preparation of DPR for the above project at their quoted rate of ₹ 75.40 lakh. There was a delay of more than five years on the part of the consultant to submit (August 2013) the DPR. The DPR for an estimated cost of ₹ 742.91 crore was approved (August 2013) by the SLSC and forwarded to MoUD. The MoUD in turn directed (August 2013) to submit specific DPR enlisting various projects taken in the CMP. Audit observed that the revised DPR was not submitted till January 2015 though the mission period would expire in March 2015. The consultancy charges of ₹ 26.39 lakh were paid despite the delay by the consultant which was instrumental in stalling further progress.

The GSUDA accepted (November 2014) the facts. CCP failed to have the DPR expedited by the consultant. The submission of the corrected DPR well past the expiry of the scheme resulted in its failure.

***Renewal of urban parks, garden and open spaces***

M/s Group SCE Pvt. Ltd., Bangalore was appointed (October 2007) as consultant for the above project at their quoted rate of ₹ 29.17 lakh. The consultant submitted the DPR after a delay of more than two years which was approved by the SLSC (February 2010) but not accepted by the CSMC due to faulty/incomplete preparation. The consultant revised the DPR several times; however, the CSMC did not accept the same as no significant changes were made in the revised DPR except some cost escalation.

Even though the CCP realised the inefficiency of the consultant firm, no steps were taken to get the work done through another consultant. Thus, the project

has not been implemented till date (January 2015) and an expenditure of ₹ 14.59 lakh incurred on consultancy fees was rendered wasteful.

GSUDA accepted (November 2014) the facts. The CCP could not avail the central grant due to faulty/incomplete preparation of DPR by the consultant and ₹ 14.59 lakh was paid to the consultant despite lapses in the DPR.

***Solid Waste Management***

The CCP had acquired 1,71,312 sq. mtr. of land at Bainguinim in Se-Old Goa Village Panchayat and decided to establish a Municipal Solid Waste Management project under JNNURM. Accordingly, M/s Tetra Tech India Ltd., New Delhi was appointed (June 2009) as consultant at their negotiated fee of ₹ 28.04 lakh. The DPR submitted (May 2010) by the firm was approved by the SLSC (May 2011) but did not forward to the MoUD to avail grant under JNNURM. Instead SLSC directed (May 2011) the CCP to approach State Urban Development Department for grants from the state funds. There was no response from the State Urban Development Department in this regard.

Meanwhile, the Government decided (November 2012) to implement the project through Goa State Infrastructure Development Corporation (GSIDC) and the DPR was presented (February 2014) to CSMC for approval. The CSMC approved (February 2014) the project costing ₹ 89.48 crore with direction to complete the project within 17 months.

The Commissioner, CCP stated (May 2014) that the project would be completed in a time bound manner. However, the request for release of first Additional Central Assistance was rejected (July 2014) by the MoUD and directed the State Government to resubmit the projects for sanction under the new Urban Development Mission as and when launched. Thus, there was no possibility of implementing the project under JNNURM before March 2015.

GSUDA accepted (November 2014) the facts and stated that MoUD had declined the request for release of ACA stating that there was no mandate to consider the proposal.

The reply of the GSUDA may be seen in view of the fact that there was a considerable delay of one year on the part of the SLSC to approve the DPR and even the same was not forwarded to the MoUD for another three years, which finally resulted in non release of fund by the MoUD. Non-implementation of the project would adversely affect the waste management in the city of Panaji.

### 3.1.5 Projects proposed under BSUP

***Basic Services to Urban Poor***

Basic Services to Urban Poor is a sub mission of JNNURM intended to provide shelter, basic services and other related civic amenities to the urban poor. The CCP decided to implement a housing project of 226 dwelling units in Panaji under JNNURM. M/s Group SCE Pvt. Ltd., Bangalore was appointed (January 2008) as a consultant for preparation of DPR at their quoted fee of ₹ 32.44 lakh.

The DPR submitted by the Consultant was forwarded to the MoHUPA and was approved (February 2008) for a project cost of ₹ 10.22 crore with the

direction to obtain necessary approval from SLSC. The project was to be completed within 12-15 months. Out of the Central share, a sum of ₹ 1.15 crore was released (March 2008). SLSC constituted (January 2009), a three member Committee to appraise the DPR. The Committee submitted its Report (February 2010) with a recommendation to include some more areas under Panaji Urban Agglomerations but outside CCP jurisdiction. This proposal was accepted (June 2010) by the MoHUPA. The SLSC, however, decided (July 2013) that it was not possible to execute the project in its present form and it should be linked to the rehabilitation of the St. Inez Nallah and recommended a fresh survey to be conducted for the same. In the absence of any progress in implementation of the project, MoHUPA cancelled the project (May 2014) and directed the State Government to return the central assistance of ₹ 1.15 crore. Accordingly, State Government refunded (August 2014) ₹ 1.15 crore to the Central Government.

SLSC took 10 months for constituting a committee for appraisal of DPR. The further delay caused by recommending a fresh survey finally culminated in calling off the project. The State Government became liable to pay interest at the rate of nine *per cent* on the unutilised grant as communicated (September 2011) by the Ministry of Finance. This was further confirmed in July 2014. The liability of interest up to August 2014 was ₹ 66.41 lakh. However, the interest amount has not been paid so far (January 2015). The consultancy fees of ₹ 11.35 lakh already paid thus rendered infructuous due to non-implementation of the project.

The GSUDA accepted the facts and stated (November 2014) that the CCP failed to implement the project and the ACA released had been refunded to the MoF. Thus, neither the SLSC nor SLNA could be held responsible in this matter.

Thus, inaction on the part of CCP and the deficient follow up by the SLSC, coupled with fluctuations in the areas to be considered and improper planning resulted in the non-commencement of the housing project for poor, despite availability of Central assistance.

### 3.1.6 Additional burden to the State Government due to delay in completion of the projects under JNNURM Scheme

The MoUD extended (April 2012) the initial period of JNNURM Scheme (seven years beginning from 2005-06) by two years up to 2013-14. In April 2014, the period was further extended up to 31 March 2015 in order to support the sanctioned and ongoing projects and reforms under JNNURM. It was also directed (February 2013) to complete the ongoing projects sanctioned up to March 2012 within the extended period *i.e.* March 2014 failing which the State would have to fund incomplete projects after March 2014 out of their own resources. This was further confirmed (May 2014) by the MoUD.

The below mentioned two projects were approved by the CSMC prior to March 2012. These projects were, however, not completed even by the extended date (March 2014) and the possibility of completing them before March 2015 was bleak. The stage of completion of water treatment plant costing ₹ 32.13 crore was about 45 *per cent* and stage of completion of distribution network costing ₹ 42.62 crore was 10 *per cent* only (October 2014). Procedural delay in finalisation of tender by the implementing

agency, Public Works Department (PWD) was the reason for non-completion of water supply project in Panaji.

The DPR for roads, pedestrian networks, service core, drainage network *etc.* for Sanguem MC was prepared without taking into account the existing public utility services. This led to a dispute between Electricity and Water supply Departments and thus the progress achieved in this project was five *per cent* only (January 2015).

Since the projects have not been completed so far (January 2015) and as per directions of the Ministry that the State Government would have to fund incomplete projects after March 2014 out of their own resources, this would cause additional burden on the State Government, as indicated below:

*(₹ in crore)*

| Sl. No. | Project Name | Date of approval | Approved cost | Tendered cost | Central Assistance received | Balance (to be borne by State Govt.) |
|---|---|---|---|---|---|---|
| 1 | Water supply project for the Panaji city; Implementing agency PWD | 03.01.12 | 71.22 | 74.75 | 14.24 | 60.51 |
| 2 | Roads and pedestrian networks, service core and drainage network in Sanguem town; Implementing agency Sanguem MC | 29.08.11 | 5.86 | 6.02 | 1.90 | 4.12 |
| | **Total** | | **77.08** | **80.77** | **16.14** | **64.63** |

GSUDA accepted (November 2014) the considerable delay on the part of the PWD in implementing the drinking water supply project. It also stated that the road project for Sanguem MC was stopped due to land issues and informed that the Central assistance of ₹ 1.90 crore already received would be refunded to the MoUD.

The State Government would have to bear the burden of the balance cost of ₹ 60.51 crore for the water supply project besides the burden of interest at the rate of nine *per cent* interest on the central assistance received for Sanguem project.

### 3.1.7 Non implementation of Sewerage Project at Panaji under JNNURM - infructuous expenditure on consultancy charges ₹ 14.32 lakh

The existing sewerage scheme covers only the main Panaji City core area and does not cater to the urban areas like Ribandar, Dona Paula, Caranzalem *etc*. Therefore, ₹ 14.08 crore was included in the City Investment Plan and the implementation of the project under JNNURM was entrusted to the PWD. The GSUDA being the Nodal Agency had requested (September 2008) the Principal Chief Engineer, PWD to prepare a DPR for the sewerage project.

Our scrutiny revealed that there was inordinate delay of 19 months to appoint a consultant for the preparation of DPR. M/s Shah Technical Consultants Pvt. Ltd., Mumbai was appointed (April 2010) as Consultant for their quoted fee of ₹ 40.92 lakh. The stipulated time limit for submission of DPR was 90 days.

The consultant did not prepare the DPR in time and finally submitted (October 2010) a DPR for an estimated cost of ₹ 197 crore which was approved by the SLSC and forwarded (May 2011) to the MoUD. The MoUD

(July 2011) returned the DPR along with twenty two major observations. It was also observed that the rates adopted in the DPR and the overall costs were very high and the same was not prepared as per the Manual of Sewerage and Sewage Treatment or JNNURM Guidelines. The Consultant was also advised to revise the DPR based on these observations. Accordingly, they submitted (April 2012) the revised DPR after eight months and the costs were reduced to ₹ 26.03 crore from ₹ 197 crore.

The Executive Engineer, PWD replied (October 2014) that the revised DPR was not as per actual requirement as the rehabilitation work of sewerage line of Panaji was not included in the revised DPR and therefore, another DPR would be prepared by complying with all observations raised by MoUD.

While agreeing, GSUDA stated that there was no response from the PWD on the technical observations made by the MoUD. In view of the fact that the mission period would be coming to an end by March 2015, possibility of submission of a revised DPR was bleak. Thus, the delay in appointment of consultant coupled with a faulty DPR was instrumental to the failure of the project. Despite lapses in the DPR, ₹ 14.32 lakh was paid to the consultant.

### 3.1.8 Irregular allotment of JNNURM funds among the Municipal Councils

UIDSSMT is one of the components of JNNURM. All towns/cities as per 2001 census except 65 Mission cities/Urban agglomeration covered under JNNURM are eligible to be covered under the scheme. The MoUD allocated the funds among States on the basis of state's urban population to total urban population in the country as per 2001 census. Accordingly, ₹ 22.11 crore (80 *per cent* of the project cost) was allocated (June 2007) to Goa by the MoUD with the direction to allocate funds to cities/towns based on similar formula. It was, however, observed that the State Government exhausted the funds by distributing among three Municipal Councils and the remaining ten councils were deprived of the benefits under the scheme. The first three projects submitted by the following MCs were sanctioned and funds allocated as detailed below:

**Statement showing the projects sanctioned under UIDSSMT**

| Sl. No. | Name of the Unit and Name of Projects | Approved project cost *(₹ in crore)* |
|---|---|---|
| 1 | Bicholim MC Road and Infrastructure project | 8.43 |
| 2 | Sanquelim MC Road and Infrastructure Project | 14.47 |
| 3 | Sanguem MC Road and Infrastructure Project | 5.85 |
| | **Total** | **28.75** |

The projects under the UIDSSMT were to be funded based on the urban population of the Municipalities to total urban population in the State as per 2001 census. Urban Population as per 2001 census is given below:

| Sl. No | Name of the MC | Population as per 2001 census | Eligibility percentage based on population |
|---|---|---|---|
| 1 | Mormugao | 97154 | 29.46 |
| 2 | Margao | 78382 | 23.77 |
| 3 | Ponda | 17713 | 5.37 |
| 4 | Mapusa | 40487 | 12.28 |
| 5 | Curchorem | 21407 | 6.49 |
| 6 | Cuncolim | 15860 | 4.81 |
| 7 | Bicholim | 14913 | 4.52 |
| 8 | Quepem | 12573 | 3.81 |
| 9 | Canacona | 11901 | 3.61 |
| 10 | Sanguem | 6173 | 1.87 |
| 11 | Valpoi | 7917 | 2.40 |
| 12 | Pernem | 5289 | 1.61 |
| | **Total** | **329769** | **100.00** |

Sanquelim had the status of a Panchayat in 2001 and was classified (August 2006) as Municipal Council, therefore, was not eligible for grant. However, projects costing ₹ 14.47 crore were sanctioned to them. Thus, 50 *per cent* of the total scheme funds were allocated to an ineligible Council. Similarly, Bicholim and Sanguem Municipal Councils received ₹ 8.43 crore (29.32 *per cent*) and ₹ 5.85 crore (20.35 *per cent*) as against the eligibility of 4.52 *per cent* and 1.87 *per cent* respectively. Even though the cities of Mormugao and Margao had higher population densities, no projects were implemented there under UIDSSMT.

GSUDA replied (July 2014) that no DPRs were received from Margao and Mormugao MCs to take up the work under UIDSSMT Scheme. It further stated that the funds were released on first-cum-first-serve basis and there was poor response from other Councils.

The reply of the GSUDA was not convincing in view of the facts that the entire allocation under UIDSSMT Scheme was disbursed to three Councils without waiting for the response of other Councils and the procedure prescribed by the MoUD for allocation of funds among the Councils were not complied with.

### 3.1.9 Irregular appointment of consultant for the implementation of UIDSSMT Scheme

Three municipalities out of thirteen came forward to implement the UIDSSMT scheme a sub component of JNNURM in their municipal area. MoUD, GoI had advised (April 2007) the SLNA to prepare a panel of consultants by following a transparent procedure for preparing the DPR for the implementation of JNNURM projects. A list of 39 organisations empanelled for preparation of DPR was forwarded by MoUD. The Ministry also advised to ascertain the consultancy firm's capability, expertise, credibility and experience by following a transparent tender procedure.

As against this, the Municipalities invited expression of interest by advertising in local newspapers. Pre-qualification criteria was not specified in the 'Expression of Interest' for ascertaining the capability, expertise, credibility and experience of the firm as stipulated in the 'Manual of policies and procedure of employment of consultant' issued by the MoF, GoI. Only two or three parties had participated in the tenders of which M/s Design Consortium,

Goa (consultant) was appointed[1] as consultant in all three municipalities based on the financial bid submitted by them. No technical evaluation was carried out before opening the financial bid. In April 2012, while submitting expression of interest for empanelment as consultant in Sanquelim MC, consultant admitted that the firm had been established in 2009. Moreover, the consultant obtained PAN/TAN/Service Tax Registration *etc.,* in 2011 only. This clearly indicated that the firm had no taxable income and no experience at the time of awarding the contract.

In addition to DPR, the other related works such as preparation of tender documents, tender evaluation, technical advice, obtaining NOCs from Government, supervision of work, preparation of measurement book and bills *etc.* were also entrusted to the Consultant. Several defects were also observed in the DPR by the MoUD and PWD. During implementation, there were gross deviation from the approved DPR and the records of the same were not maintained properly.

GSUDA accepted (November 2014) the facts and stated that directions were given to the MCs to prepare the DPR by adopting codal formalities and no specific approval was given in finalising the appointment of Consultant.

The appointment of an inexperienced consultant reflected in the tardy execution of the projects at Sanquelim, Bicholim and Sanguem Municipalities. The remuneration already paid to the consultant amounted to ₹ 88.12 lakh while the balance payable stood at ₹ 40.74 lakh.

### 3.1.10 Execution of works under UIDSSMT scheme without the approval of SLSC/MoUD

The Sanquelim Municipal Council and Bicholim Municipal Councils had decided (June/August 2009) to implement the UIDSSMT scheme and appointed M/s Design Consortium as Consultant (October 2009) at their quoted rate of 3.99 *per cent* (Sanquelim) and 4.55 *per cent* (Bicholim) of the project cost. The work of the consultant included preparation of CDP and DPR, tender documents, tender evaluation, technical advice, obtaining NOC's from Government, preparation of bills, supervision of work, inspection of site *etc*.

Preparation of DPR and approval of the same by the SLSC & CSMC were the primary requirement for availing the grant from MoUD. Hence, the MoUD supplied a tool kit to the implementing agencies for the easy preparation of DPR. It was specifically stated in the tool kit that the proposed project needs to be clearly demarcated in terms of all its constituent sub components and the project cost should cover component wise cost. The DPRs prepared by the Consultant and submitted to the MoUD did not contain the required important technical details such as names and stretches of each of the road, length and breadth considered for upgradation and its alignment, locations, specification, component wise cost *etc.* The MoUD in its Assessment Reports pointed out (December and June 2010) these deficiencies and directed to submit a revised DPR. The MoUD observed that only general specification of road was given and an outline estimate, not related to the road project was attached in the project report of Bicholim MC. Similarly development works inside the

[1] Sanquelim MC January 2010, Bicholim MC January 2011, Sanguem MC February 2011

premises of Church and Mandir were included in the project report of Sanquelim MC which were not under the ambit of the scheme and hence were directed to be excluded from the estimate. However, subject to submission of revised DPR, project costing ₹ 14.47 crore to Sanquelim MC and ₹ 8.43 crore to Bicholim MC were sanctioned by the MoUD in March 2011 and September 2010 respectively.

It was observed that the MoUD's directions to submit revised DPRs/ estimate were not complied with and submitted for approval by both the Municipalities. The scope of the work was grossly changed and works were being executed without obtaining approval for the deviations from the SLSC and MoUD. The expenditure already incurred on the project was ₹ 21.43 crore of which ₹ 8.59 crore was spent for works not sanctioned by the SLSC and MoUD. The project of Bicholim MC was completed while the project of Sanquelim MC was nearing completion (January 2015). Audit could not list out all cases of material deviations in the absence of important technical details in the DPR, tender documents and measurement books. However, illustrative cases are given below :

- It was stated in the DPR of Bicholim MC that construction of concrete road was suitable for Goa State, as high temperature and heavy rainfall would reduce the life of bitumen roads and its maintenance would result in waste of tax payer's money besides causing inconvenience to general public during maintenance. During execution, the concrete road was omitted and instead hot mixing was reportedly done again on the existing bitumen road by incurring an expenditure of ₹ 2.64 crore which was purely in the nature of maintenance and not an asset created by utilising scheme fund.
- Similarly, concrete roads were proposed in the DPR of Sanquelim MC stating the same reasons but this item of work was not executed.
- Works costing ₹ 25.67 lakh and ₹ 39.64 lakh were carried out in the premises of Mandir and Mosque respectively at Sanquelim which were not under the ambit of the scheme.
- Development of the banks of the river Valvanti was included in the DPR of Sanquelim for an estimated cost of ₹ 62.55 lakh, however, the work was not carried out.

Thus, DPR was prepared by including unviable projects and unreliable figures to obtain grants from Central Government. As against the provisions contained in Section 2.3.4 of the CPWD Manual, material deviations that significantly alter the scope of work from original sanction were made without the approval of the competent authority that accorded administrative approval to the work on the ground that technical sanction was obtained from the Chief Engineer, PWD from time to time for the deviations made from the original estimates.

GSUDA replied (November 2014) that the proposal received from the Sanquelim MC was forwarded to the Director of Municipal Administration (DMA) for grant of revised administrative approval.

With regard to the grants received from the MoUD, DMA was not competent to give revised administrative approval. No justification was given in respect of the lapses pointed out regarding the implementation of the project at

Bicholim. These gross deviations from the DPR while executing various works without prior approval of the sanctioning authority (MoUD) were against the directions of MoUD and the provisions of CPWD manual.

### 3.1.11 Lack of monitoring

The MoUD had advised all State Governments (April 2007) to constitute a Project Implementation and Monitoring Cell for monitoring the implementation of the projects under JNNURM Scheme and compliance of reform agenda at the local level. The need for formation of Project Implementation Unit was again reiterated (November 2008 and April 2009) by the MoUD. A tool kit was also provided for formation of the Project Implementation Unit (PIU) and Project Monitoring Unit (PMC).

The GSUDA, however, did not constitute the above units and instead entrusted all the works such as preparation of DPR, tender documents, tender evaluation, supervision of work, preparation of measurement book, bills *etc.* to the consultant.

A minimum of three meetings of the SLSC was stipulated in the guidelines for reviewing the progress of ongoing projects and for sanctioning new projects. The SLSC/Nodal agency did not conduct periodical monitoring/review of the progress of implementation of the scheme as stipulated in the scheme guidelines. It was observed that there was undue delay on the part of the SLSC to approve the projects like e-Governance, solid waste management and the DPR for BSUP project and was forwarded to MoUD without the approval of SLSC.

GSUDA replied (November 2014) that on the basis of instructions received from MoUD, Independent Review and Monitoring Agency had been appointed to review the project at each stage of construction.

GSUDA did not constitute PIU and PMC. Deficiencies in monitoring as per guidelines issued by MoUD were instrumental in the poor implementation of JNNURM in Goa.

### 3.1.12 Conclusion

As brought out in the forgoing paragraphs, CCP could not implement even a single project by availing central grant even though a sum of ₹ 122.37 crore was allocated under JNNURM in 2005 due to indecisiveness and poor management. Since the water supply project was not completed in time by the PWD, the State would have to bear the balance cost of ₹ 60.51 crore as communicated by the MoUD (May 2014).

Execution of the projects at Sanquelim, Bicholim and Sanguem was adversely affected due to improper preparation of DPR by an inexperienced consultant. Monitoring mechanism was not adequate to ensure that the projects were executed within the mission period as per the approved DPR.

## SPORTS AND YOUTH AFFAIRS DEPARTMENT

### 3.2 Avoidable expenditure of ₹ 1.33 crore due to faulty estimates

**There was large deviation in original estimated quantity on items of filling and compaction due to change in site for construction of athletic stadium. The department invited tenders without revision of estimates. Further, failure of the department to obtain clarification on exorbitant rates (up to 13,614 *per cent* above the estimated rates) quoted by the agency on these items resulted in acceptance of second lowest offer at additional expenditure of ₹ 1.33 crore.**

The Government of Goa (GoG) decided (July 2012) to construct an Athletic Stadium at the Goa Medical College, Bambolim. The Sports Authority of Goa (SAG) was responsible for construction of the stadium. The GoG also appointed (August 2012) M/s Shashi Prabhu and Associates as Architect and Project Management Consultants (Consultant) at a consultancy fee of 4.50 *per cent* of the project cost. As per the agreement with the GoG, besides project management, the Consultant was required to undertake land survey, soil investigations, preparation of estimates, tender documents *etc*. for the work and was also responsible for preparation of the comparative statements and evaluation of the bids received.

The SAG invited (October 2012) tenders for construction of the Athletic Stadium at Bambolim and received three offers. The lowest offer of the M/s Simplex Ltd. for ₹ 61.83 crore (9.65 *per cent* above the estimated cost of ₹ 56.39 crore) was accepted (December 2012) by the Goa State Works Board. The work order was issued (December 2012) with scheduled date of completion by 03 October 2013.

We observed (November 2013) that the SAG did not specifically demarcate the land for construction of the Stadium and consultant prepared plans and estimates considering the land indicated by the SAG. However, this was objected by the adjacent land owners as it was the encroachment to their land. This led to shifting the athletic stadium towards the National Highway side. The new site/location had a different soil strata than envisaged and resulted in large deviation in quantity of the items for filling and compaction, valuing ₹ 4.15 crore. The SAG, despite change in location, did not revise the estimates prior to inviting tenders.

Our scrutiny further revealed that the contractor (M/s Simplex Ltd.) had quoted abnormally higher rates on the items of filling and compaction, as compared to the other two dealers (second lowest and third lowest) ranging from 658 *per cent* to 13,614 *per cent* for which neither the consultant nor the SAG sought clarifications during evaluation of the tenders. The quantity and rates are detailed in **Table** below:

*(Amount in ₹)*

| Item No. | Brief description of item | Estimated quantity (in cubic meter) | Executed quantity (in cubic meter) | Rate as per the estimate | Rate Quoted by M/s Simplex | Rate quoted by M/s Venkata Rao Infra Projects | Rate quoted by NCC Ltd. |
|---|---|---|---|---|---|---|---|
| 28 | Spreading gravel/sand/murum | 544 | 15625 | 29 | 1680 | 60 | 35 |
| 29 | Compacting the hard murum/ kankar with power roller including watering | 3626 | 15625 | 3.5 | 480 | 9 | 7 |
| 371 | Providing and filling hard murum in sub base brought from outside and compaction | 5850 | 10712 | 95 | 720 | 360 | 265 |

Had the SAG and the consultant revised the estimates considering the actual site before inviting tenders, the offer of M/s Venkata Rao Infra Projects (Second lowest) would have been the lowest offer at ₹ 63.95 crore against ₹ 65.29 crore of M/s Simplex as indicated in the **Table** below:

*(Amount in ₹)*

| Item No. | Unit rate as quoted by M/s Simplex (first lowest) | Unit rate as quoted by M/s Venkat Rao (second lowest) | Quantity executed in cubic metre | Amount as per the quoted rate of M/s Simplex | Amount as per the quoted rate of M/s Venkata Rao |
|---|---|---|---|---|---|
| 28 | 1680 | 60 | 15625 | 26250000 | 937500 |
| 29 | 480 | 9 | 15625 | 7500000 | 140625 |
| 371 | 720 | 360 | 10712 | 7712640 | 3856320 |
| **The initial offer excluding the above three items** | | | | **611402600** | **634587861** |
| **Total** | | | | **652865240** | **639522306** |
| **Difference** | | | | | **13342934** |

We also observed that the value of work done (on the basis of actual quantity executed on all the items) by applying the rates quoted by M/s Venkat Rao was ₹ 40.98 crore as against ₹ 45.02 crore at the rates quoted by M/s simplex.

Thus, failure to revise the estimates according to the changed location of the Athletic stadium resulted in incorrect estimates being put to tender. The consultant and department also did not compare the exorbitantly higher rates quoted on the above three items with estimated rate quoted by other contractors. This resulted in avoidable expenditure of ₹ 1.33 crore.

The SAG accepted (May 2014) that the consultant had failed to analyse the quoted rates of individual items of each agency. It was also stated that it had relied on the expertise of the consultant who had executed similar projects in the past for which their services were availed. The SAG also admitted that the large deviation in the quantity was on account of faulty estimate prepared and submitted by the consultant which might be on account of time constraint and non-visualisation and non-deployment of experienced quantity surveyors/ engineers for preparation of the estimate. It also apprised that they had penalised the consultant ₹ 49 lakh for preparation of faulty estimates. The SAG also admitted the fact of abnormally high quoted rates should have been taken into account at the time of scrutiny of tenders and this remained unattended to from both sides inadvertently.

The matter was referred to the Government (July 2014) and their reply was awaited (January 2015).

### 3.3 Loss of interest of ₹ 91.54 lakh due to keeping huge funds in Current Accounts

**The Sports Authority of Goa kept the unutilised portion of the grants received from Government in two banks in current account for long periods. The investment of its unutilised funds in short term deposits would have fetched interest of ₹ 91.54 lakh.**

The Sports Authority of Goa (SAG) is an autonomous body which functions with the 100 *per cent* financial assistance from the Government of Goa. The SAG operates two Current Accounts, one with State Bank of India, Panaji branch and the other with Canara Bank, Fatorda, Margao.

Our scrutiny (November 2013) revealed that SAG kept huge balances in these current accounts and the monthly minimum balances available were ranging from ₹ 1.10 crore (March 2012) to ₹ 17.30 crore (February 2014) during the period from April 2011 to March 2014.

Had the SAG deposited funds immediately not required, in short term deposits of ₹ 15 lakh each for a minimum period of 15 to 29 days, it would have earned a total interest of ₹ 91.54 lakh during the above period. Thus, poor financial management by the SAG resulted in loss of interest to the tune of ₹ 91.54 lakh.

On being pointed out by audit the SAG issued (March 2014) directions to the banks to invest its surplus amount in multiples of ₹ 50 lakh after retaining a minimum balance of ₹ one crore.

The SAG replied (March 2014) that there had been no suggestions or observations from any of the authorities to transfer the funds from current account to saving account or short term deposits at any point of time and they have taken due cognizance of the audit observation and have appropriately acted upon by instructing the bankers to convert the Current Accounts into Flexi Deposit Accounts.

The matter was referred to the Government (July 2014) and their reply was awaited (January 2015).

## PUBLIC HEALTH DEPARTMENT

### 3.4 Loss of Revenue to the tune of ₹ 1.06 crore due to non-revision of rent in respect of private pharmacy in the premises of Goa Medical College, Goa

**Goa Medical College allowed a private firm to run a pharmacy without proper agreement and without revision of rent for a long period which resulted in undue benefit to the contractor besides loss of revenue to the tune of ₹ 1.06 crore.**

The Goa Medical College (GMC) had permitted two pharmacies *viz.* M/s Goa Antibiotics Pvt. Ltd. (GAPL), a Government of Goa Undertaking and M/s Stelton (India)-New Goa Pharmacy to operate in its premises with effect from 20 January 1994 and 01 August 1997 respectively.

The tenders were invited (April 1997) for running the pharmacy at Shopping Arcade on rental basis. M/s I.C.M Agencies, Mapusa had quoted highest bid with monthly rent of ₹ 61,251. They, however, declined to accept the allotment. Therefore, the second highest bidder, M/s Stelton (India) Limited who quoted ₹ 47,152 was allotted the premises (August 1997). Subsequently (August 1998) due to reduction in the area allotted, the quoted amount was reduced to ₹ 39,239 per month and further increased to ₹ 45,681 with effect from 01 April 1999. The firm was also directed (July 1997) to execute an agreement with GMC. No such agreement was, however, executed till date (January 2015).

Our scrutiny revealed that a Power of Attorney was executed by the Proprietor of M/s Stelton (India) Limited to run the pharmacy on their behalf to Shri Mahesh B Naik (The proprietor of M/s ICM agencies, who had quoted

highest amount but declined the offer). The above transaction clearly indicated an intention to deceive the GMC. The GMC, however, did not initiate action to cancel the contract.

It was also noticed that the Hon'ble Health Minister had also pointed out (May and September 2011) that though the premises was allotted to M/s Stelton (India) Limited for one year, the GMC had allowed the party to continue running the pharmacy for approximately eight years without Government approval and instructed the Dean to initiate action to vacate the premises. Earlier the Public Health Department, Government of Goa had also conveyed (May 2006) the approval to GMC for fresh tendering and initiate action for vacating M/s Stelton (India) Limited. However, the illegal occupation continued (January 2015).

We also observed that the GMC had provided for an increase of annual rent by 10 *per cent* every year in respect of the pharmacy run by GAPL. However, no such provision was made in the case of M/s Stelton (India) Limited. Had the GMC resorted to similar action and enhanced the rent of M/s Stelton annually, it could have earned an additional revenue of ₹ 1.06 crore for the period April 2000 to January 2015 ***(Appendix 3.1)*.**

The matter was referred to the Government (August 2014) and GMC; their replies were awaited (January 2015).

## 3.5 Non-maintenance of Reserve Stock limit of medicines

**Due to non-maintenance of reserve stock of medicines the GMC resorted to local purchases at higher rates resulting in avoidable expenditure of ₹ one crore.**

Goa Medical College (GMC) procures medicines, surgical items and chemicals for its use as per the rates obtained through annual tendering. The pharmacy of GMC, on projected requirements, places indents to the Purchase section for issue of supply orders to the Agencies. The Agencies were required to supply the medicines within 30 days of the supply order. The pharmacy was also required to maintain a reserve stock of two months requirement of medicines.

In case of delay in arrival of medicines the pharmacy resorts to local purchase at the market rates from the medical shop functioning in the GMC campus (owned by Goa Antibiotic and Pharmaceuticals Ltd.).

It was observed (November 2013) that the GMC pharmacy did not maintain a reserve stock limit and the orders for the medicines were submitted only after the quantity of stock was brought to 'nil'. This was further compounded by late issue of supply orders resulting in late receipt of the supply from the agencies. In the intervening period of non-availability of medicines, the GMC resorted to procure the medicines locally at MRP rate.

The value of medicines so procured locally during the period 2010-13 was ₹ 9.35 crore as detailed below:

*(₹ in crore)*

| Year | Value of purchase through tender | Value of local purchase | Total | Percent Value of local purchase to total purchase |
|---|---|---|---|---|
| 2010-11 | 24.56 | 2.37 | 26.93 | 8.80 |
| 2011-12 | 23.88 | 2.91 | 26.79 | 10.85 |
| 2012-13 | 26.22 | 4.07 | 30.29 | 13.44 |
| | **74.66** | **9.35** | **84.01** | |

A test check of eight[2] items of stocks (119 Nos.), items procured locally amounting to ₹ 1.72 crore during 2012-13 revealed that the expenditure based on the tendered rate would have been ₹ 0.72 crore. Thus, resorting to local purchase on MRP rate instead of tendered rate resulted in avoidable expenditure of ₹ one crore in the test checked cases.

The GMC attributed (November 2013) the delay in sanction for purchases from the Government, non-supply by tenderers due to non-payment of bills, delay in issue of supply orders and failure in supply by L1 tenderer *etc*. The local purchases increased as the tendered quantity proposed vide Annual tender of 2011-12 was nearing depletion and the hospital pharmacy had proposed items to be supplied strictly as per consumption by the wards.

The reply of GMC was not convincing as the slackness on the part of the purchase wing of GMC, GMC Administration and the tenderer could have been avoided and quicker processing of purchase orders would have prevented a stock out position.

The matter was referred to the Government (June 2014) and their reply was awaited (January 2015).

## 3.6 Loss of Revenue to the tune of ₹ 1.01 crore due to non-allotment of shops at Yatri Nivas

**Goa Medical College constructed Yatri Nivas (June 2008) for providing accommodation to the patient's relatives and bystanders. The building also provided commercial space of 275.44 square metre with a rent of ₹ 500 per square metre. The inordinate delay on the part of department in finalising tenders and allotment of shops resulted in loss of revenue to the tune of ₹ 1.01 crore.**

A Yatri Nivas complex was constructed (June 2008) inside Goa Medical College (GMC) campus for providing accommodation to the patient's relatives and bystanders. The building also provided commercial space (14 shops) earmarked for various purposes. Proposal for inviting tenders for allotment of these shops were initiated (January 2009). The minimum license fee proposed and assessed by the GMC was ₹ 500 per square metre.

The total area of 14 shops was measuring to 275.44 square metre. Accordingly on the basis of the minimum rent of ₹ 500 per square metre fixed (September 2010) by GMC, the monthly license fee receivable was

[2]Injection, Infusion, Life Saving, Vaccines, Immunizers, Tablets, Surgical I, Surgical II

₹ 1,37,720. However, these shops were not leased out to the public even after a lapse of over five years (January 2015).

The inordinate delay on the part of GMC in leasing out of the shops from January 2009 to January 2015 has resulted in loss of revenue of ₹ 1.01 crore[3].

The GMC stated (May 2014) that tenders were invited for allotment of the premises. Further, on instructions from the Government (April 2013) the premises was allotted for the Lusofonia Games and had not yet been vacated.

The reply of GMC was not convincing as the Government had occupied the Yatri Nivas and not the commercial space having 14 shops. Thus, inordinate delay in leasing out the shops resulted in loss of revenue of ₹ 1.01 crore.

The matter was referred to the Government (June 2014) and their reply was awaited (January 2015).

[3] ₹ 1,37,720 lakh x 73 months

# CHAPTER-IV

# REVENUE RECEIPTS

## 4.1 Trend of Revenue Receipts

**4.1.1** The Tax and Non-Tax revenue raised by the Government of Goa during the year 2013-14, the State's share of net proceeds of divisible Union Taxes and duties assigned to the State and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below in **Table 4.1.1:**

**Table – 4.1.1**

*(₹ in crore)*

| Sl. No. | Particulars | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|
| 1 | **Revenue raised by the State Government** | | | | | |
| | • Tax revenue | 1762.34 | 2139.57 | 2551.02 | 2939.66 | 3582.48 |
| | • Non-tax revenue | 1731.20 | 2268.60 | 2313.54 | 1832.90 | 1661.55 |
| | **Total** | **3493.54** | **4408.17** | **4864.56** | **4772.56** | **5244.03** |
| 2 | **Receipts from the Government of India** | | | | | |
| | • Share of net proceeds of divisible Union taxes and duties | 427.42 | 584.21 | 680.59 | 777.21 | 848.53 |
| | • Grants-in-aid | 179.31 | 449.56 | 235.58 | 295.66 | 357.21 |
| | **Total** | **606.73** | **1033.77** | **916.17** | **1072.87** | **1205.74** |
| 3 | **Total revenue receipts of the State Government (1 and 2)** | **4100.27** | **5441.94** | **5780.73** | **5845.43** | **6449.77**[1] |
| 4 | **Percentage of 1 to 3** | **85** | **81** | **84** | **82** | **81** |

*(Source: Finance Accounts of the state)*

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 5,244.03 crore) was 81 *per cent* of the total revenue receipts. The balance 19 *per cent* of the receipts during 2013-14 was from the Government of India.

[1] For details, please see Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Goa for the year 2013-14. Figures under the head 0020 - Corporation tax, 0021 - Taxes on income other than corporation tax, 0032 - Taxes on wealth, 0037 - Customs, 0038 - Union excise duties and 0044 - Service tax - share of net proceeds assigned to State booked in the Finance Accounts under A - Tax revenue have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement.

**4.1.2** The details of the Tax revenue raised during the period from 2009-10 to 2013-14 are given in **Table 4.1.2:**

**Table – 4.1.2**

*(₹ in crore)*

| Sl. No. | Head of revenue | | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | Percentage increase (+) or decrease (-) in 2013-14 over 2012-13 |
|---|---|---|---|---|---|---|---|---|
| 1 | Taxes on Sales, trade *etc*. | BE | 1236.10 | 1495.00 | 1705.00 | 1955.00 | 1766.00 | (-) 9.67 |
| | | Actual | 1142.13 | 1380.05 | 1652.92 | 1577.42 | 1708.05 | 8.28 |
| 2 | Stamps Duty | BE | 117.42 | 130.39 | 151.11 | 408.98 | 547.36 | 33.84 |
| | | Actual | 111.25 | 151.79 | 183.79 | 524.42 | 396.10 | (-) 24.47 |
| 3 | State excise | BE | 103.72 | 129.99 | 159.99 | 211.23 | 246.28 | 16.59 |
| | | Actual | 104.46 | 139.16 | 182.03 | 212.90 | 235.76 | 10.74 |
| 4 | Taxes on goods and passengers | BE | 147.01 | 147.01 | 177.00 | 283.00 | 285.11 | 0.75 |
| | | Actual | 160.73 | 171.98 | 210.09 | 257.50 | 386.41 | 50.06 |
| 5 | Land Revenue | BE | 10.73 | 9.72 | 10.96 | 9.42 | 388.43 | 4023.46 |
| | | Actual | 10.61 | 8.33 | 8.38 | 11.13 | 454.36 | 3982.30 |
| 6 | Other taxes | BE | 717.88 | 825.57 | 1024.57 | 1198.19 | 1297.70 | 8.31 |
| | | Actual | 233.16 | 288.26 | 313.81 | 356.29 | 401.80 | 12.77 |
| | **Total** | **BE** | **2332.86** | **2737.68** | **3228.63** | **4065.82** | **4530.88** | |
| | | **Actual** | **1762.34** | **2139.57** | **2551.02** | **2939.66** | **3582.48** | |

It would be seen above that during the last five years there has been continuous increase in revenue collection. However, the actual receipts have always been less than the Budget Estimate (BE) framed by the Government. There has been a steep increase in revenue collection under the land revenue due to revision in infrastructure tax and conversion fees.

**4.1.3** Details of the Non-Tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table 4.1.3:**

**Table – 4.1.3**

*(₹ in crore)*

| Sl. No. | Heads of revenue | | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | Percentage increase (+) or decrease (-) in 2013-14 over 2012-13 |
|---|---|---|---|---|---|---|---|---|
| 1 | Power | BE | 1000.58 | 10.72.23 | 1060.77 | 1231.75 | 1331.85 | 8.13 |
| | | Actual | 941.30 | 969.06 | 1000.49 | 1139.97 | 1187.95 | 4.21 |
| 2 | Interest Receipts | BE | 2.52 | 2.28 | 5.21 | 24.85 | 9.93 | (-) 60.04 |
| | | Actual | 13.64 | 17.88 | 26.36 | 18.37 | 14.12 | (-) 23.14 |
| 3 | Forest and Wild Life | BE | 2.65 | 2.80 | 2.26 | 2.07 | 2.49 | 20.29 |
| | | Actual | 2.73 | 3.10 | 2.46 | 3.18 | 3.15 | (-) 0.94 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 4 | Public Works | BE | 1.89 | 2.05 | 2.44 | 2.37 | 2.44 | 2.95 |
| | | Actual | 1.89 | 2.04 | 2.35 | 1.87 | 3.06 | 63.64 |
| 5 | Miscellaneous General Services | BE | 0.02 | 19.02 | 28.17 | 32.90 | 35.93 | 9.21 |
| | | Actual | 259.88 | 19.45 | 27.46 | 32.52 | 35.27 | 8.46 |
| 6 | Other Administrative Services | BE | 47.47 | 44.65 | 47.86 | 72.67 | 102.19 | 40.62 |
| | | Actual | 40.50 | 40.63 | 42.09 | 64.89 | 88.01 | 35.63 |
| 7 | Police | BE | 1.90 | 1.44 | 1.52 | 6.11 | 6.65 | 8.84 |
| | | Actual | 1.43 | 1.84 | 1.26 | 3.37 | 4.52 | 34.12 |
| 8 | Medical and Public Health | BE | 5.78 | 7.33 | 5.99 | 10.34 | 9.79 | (-) 5.32 |
| | | Actual | 5.98 | 8.31 | 11.00 | 7.71 | 11.49 | 49.03 |
| 9 | Co-operation | BE | 0.47 | 0.54 | 0.60 | 0.63 | 0.65 | 3.17 |
| | | Actual | 1.15 | 0.50 | 0.51 | 0.55 | 0.48 | (-) 12.73 |
| 10 | Major and Medium Irrigation | BE | 13.10 | 9.45 | 3.26 | 3.28 | 20.26 | 517.68 |
| | | Actual | 10.57 | 23.67 | 14.70 | 7.04 | 12.11 | 72.02 |
| 11 | Other Non-tax receipts | BE | 83.82 | 115.62 | 126.78 | 111.69 | 116.37 | 4.19 |
| | | Actual | 77.89 | 115.21 | 9.66 | 86.06 | 124.59 | 44.77 |
| 12 | Education, Sports, Art and Culture | BE | 6.82 | 8.02 | 16.17 | 17.74 | 21.40 | 20.63 |
| | | Actual | 10.96 | 12.75 | 75.64 | 26.94 | 22.78 | (-) 15.44 |
| 13 | Water Supply and Sanitation | BE | 70.95 | 71.79 | 86.11 | 90.57 | 102.07 | 12.70 |
| | | Actual | 70.39 | 69.60 | 886.88 | 97.99 | 103.97 | 6.10 |
| 14 | Non-Ferrous Mining and Metallurgical Industries[2] | BE | 272.10 | 701.91 | 953.29 | 401.00 | 18.54 | (-) 95.38 |
| | | Actual | 292.25 | 983.73 | 1.25 | 339.26 | 46.12 | (-) 86.41 |
| 15 | Tourism | BE | 0.45 | 0.60 | 1.51 | 1.25 | 2.00 | 60.00 |
| | | Actual | 0.64 | 0.83 | 2258.12 | 3.18 | 3.94 | 23.90 |
| **Total** | | **BE** | **1510.52** | **2059.73** | **2258.12** | **2009.22** | **1782.56** | |
| | | **Actual** | **1731.20** | **2268.60** | **2313.54** | **1832.90** | **1661.56** | |

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

The total receipts during the years 2013-14 are less than those of 2012-13. This is mainly due to less receipt from Power and Non-Ferrous Mining and Metallurgical Industries.

### 4.1.4 Analysis of arrears of revenue

***Revenue arrears***

The arrears of revenue as on 31 March 2014 in respect of some principal heads of revenue as furnished by the Departments amounted to ₹ 1,251.07 crore as indicated in **Table 4.1.4**:

[2] Includes major minerals – Iron ore, manganese and bauxite, minor minerals, basalt (Granite), laterite stones, ordinary sand, river pebbles, murrum and laterite baulders.

**Table 4.1.4**

*(₹ in crore)*

| Head of Revenue | Amount of arrears as on 31 March 2014 | Arrears more than three years old | Cases pending in court | | Revenue arrears pending recovery | Amount of arrears as on 31 March 2010 |
|---|---|---|---|---|---|---|
| | | | No. | Amount | | |
| Commercial Taxes | 850.00 | 378.24 | 1273 | 10.65 | 839.35 | 205.57 |
| State excise | 2.17 | 0.26 | - | - | 2.17 | 0.84 |
| Taxes on vehicles | 10.94 | 3.81 | 154 | 0.47 | 10.47 | 6.85 |
| Chief Engineer – Water Resources Department | | | | | | |
| i) Water Tax | 4.25 | 2.09 | - | - | 4.25 | 1.12 |
| ii) Water Charges | 25.25 | 27.88 | - | - | 25.25 | 41.61 |
| iii) Rent on shops | 2.98 | 2.35 | 3 | 0.01 | 2.97 | 2.26 |
| iv) Hire charges of machinery | 0.34 | 0.34 | - | - | 0.34 | 0.35 |
| Chief Engineer - Public Works Department | | | | | | |
| i) Rent of Building/ Shops | 0.53 | 0.25 | - | - | 0.53 | 0.56 |
| ii) Water charges, meter rent and sewerage charges | 33.75 | 12.05 | 3940 | 12.68 | 21.07 | 18.48 |
| Chief Electrical Engineer[3] Energy charges | 318.93 | 201.12 | 5893 | 10.24 | 308.69 | 105.99 |
| Agriculture | 0.35 | 0.20 | - | - | 0.35 | 3.27 |
| Printing & Stationery[4] | - | - | - | - | - | 1.42 |
| Tourism | 1.07 | 0.51 | 11 | 0.26 | 0.81 | 0.64 |
| Director General of Police | 0.22 | 0.11 | 1 | 0.03 | 0.19 | - |
| Collector, South Goa | | | | | | |
| Land Tax | 0.23 | 0.16 | - | - | 0.23 | - |
| Revenue recovery cases[5] | - | - | - | - | - | - |
| River Navigation Department, Barge Tax | 0.06 | 0.06 | 1 | 0.06 | - | 0.56 |
| **Total** | **1251.07** | **629.43** | **11276** | **34.40** | **1216.67** | **389.52** |

*(Source: Information furnished by concerned Departments)*

During the last five years the increase in arrears has shown a steep rise. These have increased from ₹ 389.52 crore in March 2010 to ₹ 1,251.07 crore in March 2014 *i.e.* an increase of 221.19 *per cent*.

It will be in the interest of revenue if appropriate steps are taken for recovery of the arrears particularly the old ones as with the passage of time, the chances of recovery become bleak.

### 4.1.5 Pendency of Refund Cases

Section 33(2) of the Goa Value Added Tax (GVAT) Act, 2005 provide for payment of interest, at the rate of eight *per cent* per annum, if the excess amount is not refunded to the dealer within 90 days from the date of the order till the refund is made.

The number of refund cases pending at the beginning of the year 2013-14, claims received during the year, refunds allowed during the year and the cases

[3] Excluding information pertaining to Divisions – I (Panaji), VII (Curchorem), XVI (Margao), XVII (Mapusa)
[4] Information not furnished by the Department
[5] Information not furnished by the Department

pending at the close of the year 2013-14 as reported by the Department is given in **Table 4.1.5:**

**Table 4.1.5**

*(₹ in crore)*

| Sl. No. | Particulars | Sales tax/VAT | | State excise | |
|---|---|---|---|---|---|
| | | No. of cases | Amount | No. of cases | Amount |
| 1 | Claims outstanding at the beginning of the year | 148 | 49.51 | - | - |
| 2 | Claims received during the year | 329 | 11.32 | 10 | 0.02 |
| 3 | Claims rejected | 2 | 0.06 | - | - |
| 4 | Refunds made during the year | 343 | 6.54 | 10 | 0.02 |
| 5 | Balance outstanding at the end of the year | 132 | 54.23 | - | - |

Section 33 (2) GVAT Act, 2005 provide for payment of interest, at the rate of eight *per cent* per annum, if the excess amount is not refunded to the dealer within 90 days from the date of order till the refund is made. The progress to dispose of the refund cases of Sales Tax/VAT was very slow as compared to claims received.

### 4.1.6 Response of the Government / Departments towards audit

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

Inspection reports issued up to December 2013 disclosed that 492 paragraphs involving ₹156.34 crore relating to 152 IRs remained outstanding at the end of June 2014 as mentioned below along with the corresponding figures for the preceding two years in **Table 4.1.6:**

**Table 4.1.6: Details of pending inspection Reports**

*(₹ in crore)*

| | June 2012 | June 2013 | June 2014 |
|---|---|---|---|
| Number of IRs pending for settlement | 76 | 120 | 152 |
| Number of outstanding audit observation | 177 | 383 | 492 |
| Amount of revenue involved | 230.05 | 196.72 | 156.34 |

**4.1.6.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in the **Table 4.1.6.1:**

**Table 4.1.6.1**

*(₹ in crore)*

| Sl. No. | Name of the Department | Nature of receipts | Number of outstanding IRs | Number of outstanding audit observations | Money value involved |
|---|---|---|---|---|---|
| 1. | Finance | Taxes on Sales, Trade *etc*. | 20 | 99 | 51.79 |
| | | Passenger & Goods Tax (PGT) | 19 | 53 | 53.63 |
| | | Other Taxes & Duties on commodities and services (OTD) | 12 | 61 | 3.21 |
| | | Entertainment & Luxury tax *etc*. | 11 | 34 | 8.54 |
| 2. | Excise | State excise | 18 | 39 | 1.82 |
| 3. | Revenue | Land Revenue | 13 | 41 | 0.70 |
| 4. | Transport | Taxes on motor vehicles | 19 | 77 | 8.85 |
| 5. | Stamp and Registration | Stamp and registration fees | 23 | 68 | 2.70 |
| 6. | Mines and Geology | Non-ferrous mining and metallurgical industries | - | - | - |
| 7. | Forest and environment | Forestry and wild life | 5 | 6 | 0.52 |
| 8. | Water resources (IPH) | Water rates | - | - | - |
| 9. | Public Works (B&R) | License, fees, rent, water charges severage charges hire charges of machinery, Diesel supply *etc*. | 9 | 11 | 24.29 |
| 10. | Crop husbandry | Horticulture and Agriculture | 3 | 3 | 0.29 |
| 11. | Co-operation | Audit fees and other receipts | - | - | - |
| **Total** | | | **152** | **492** | **156.34** |

The large pendency of the IRs indicated that the heads of offices and the Departments did not initiate action to rectify the defects, omission and irregularities pointed out by the AG in the IRs. Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IRs in respect of 15 IRs issued during 2013-14.

### 4.1.7 Response of the Department to the draft audit paragraphs

The draft audit paragraphs/Performance Audit proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General to the Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/Government is invariably indicated at the end of such paragraphs.

Four draft paragraphs including one performance audit were sent to the Secretaries of the respective Departments by name between June to October 2014. Replies to these draft paragraphs have not been received from the Government despite repeated reminders (February 2015).

### 4.1.8 Follow up on the Audit Reports-summarised position

The Rules of Procedure of internal working of the Public Accounts Committee (PAC), notified in December 1994, laid down that immediately after the laying of the Accounts and Audit Reports, thereon, before the House, the Government Departments shall *suo-motu* prepare and furnish to the Legislature Secretariat.

i. Within three months, detailed Explanatory Notes on Audit Paras/Reviews, excess, saving and variations which have been commented upon in the Appropriation Accounts duly vetted by Audit.

ii. Within six months corrective action taken in respect of Audit Paras/Reviews not selected by the Committee for oral evidence duly vetted by Audit.

iii. Statements of the Action Taken Note (ATN) on the recommendation made by the Committee in their previous Report within six months duly vetted by Audit.

The Reports of the Comptroller and Auditor General of India of the Government of Goa for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 containing 26 paragraphs were placed before the State Legislature Assembly between 25.03.2010 to 10.10.2013. Out of these, only one Explanatory note pertaining to the Audit Report of 2009-10 has been furnished by the Collectorate, North Goa with the delay of three months. The Explanatory notes for remaining 25 Paragraphs have not been received (31 December 2014) from the concerned Departments. The PAC has not selected any Paragraph pertaining to Revenue Sector that appeared in the Audit Reports for the years ended 31 March 2008, 2009, 2010, 2011 and 2012.

### 4.1.9 Analysis of the mechanism for dealing with the issues raised by Audit in Commercial Taxes Department

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 4.5.1 to 4.5.2 discuss the performance of the Commercial Tax Department under revenue head 0040 and cases detected in the course of local audit during the last five years and also the cases included in the Audit Reports for the years 2008-09 to 2012-13.

### 4.1.10 Position of Inspection Reports

The summarised position of the inspection reports pertaining to Commercial Tax Department issued during the last five years, paragraphs included in these reports and their status as on 31 March 2014 are tabulated in below **Table 4.1.10:**

**Table 4.1.10**

*(₹ in crore)*

| Sl. No. | Year | Opening Balance | | | Addition during the year | | | Clearance during the quarter | | | Closing balance during the year | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | IRs | Para-graphs | Money value | IRs | Para-graphs | Money value | IRs | Para-graphs | Money value | IRs | Para-graphs | Money value |
| 1 | 2008-09 | 7 | 16 | 0.12 | - | - | - | 1 | 1 | NMV | 6 | 15 | 0.12 |
| 2 | 2009-10 | 5 | 5 | 0.72 | - | - | - | - | - | - | 5 | 5 | 0.72 |
| 3 | 2010-11 | 7 | 13 | 1.53 | - | - | - | 3 | 6 | 0.19 | 4 | 7 | 1.34 |
| 4 | 2011-12 | 10 | 39 | 13.34 | - | - | - | - | 15 | 1.88 | 10 | 24 | 11.46 |
| 5 | 2012-13 | 13 | 72 | 13.43 | - | - | - | - | 32 | 10.33 | 13 | 40 | 3.10 |

The Government arranges ad-hoc Committee meetings between the Department and AG's office to settle the old paragraphs. However, no audit committee meetings were held during the year for settlement of old outstanding paragraphs. It is recommended that efforts may be made for holding audit committee meeting at regular intervals for settlement of the old outstanding paragraphs.

### 4.1.11 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Table 4.1.11:**

**Table 4.1.11**

*(₹ in lakh)*

| Year of Audit Report | Number of paragraphs included | Money value of the paragraphs | Money value of accepted paragraphs | Amount recovered during the year | Cumulative position recovery of accepted cases as of 31.03.2014 |
|---|---|---|---|---|---|
| 2003-04 | - | - | - | - | - |
| 2004-05 | 3 | 111.96 | - | - | - |
| 2005-06 | 1 | 47.94 | 47.94 | 47.94 | 47.94 |
| 2006-07 | 2 | 150.22 | 97.96 | - | 145.90 |
| 2007-08 | 5 | 288.85 | - | - | - |
| 2008-09 | 3 | 72.07 | - | - | - |
| 2009-10 | 2 | 62.56 | 54.50 | 2.32 | 200.40 |
| 2010-11 | 4 | 513.87 | - | - | - |
| 2011-12 | 4 | 132.20 | 61.88 | - | 262.28 |
| 2012-13 | 2 | 54.22 | - | - | - |

The above table indicated that during the last nine years the progress of recovery even in accepted cases was very slow. The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases as with the passage of time the chances of recovery become remote.

### 4.1.12 Action taken on the recommendations accepted by the Departments/Government

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

During the last five years five performance audits were conducted in which 25 recommendations were made by audit for improving the system of collection of the revenue. However, none of the PAs has been discussed by the PAC. The latest action taken on these recommendations has not been received (December 2014).

### 4.1.13 Audit Planning

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

During the year 2013-14, out of 135 auditable units, 27 units were planned for audit (20 *per cent*). All the units planned except one were audited during the year. The unit[6] left unaudited has been proposed for the next audit cycle 2014-15.

### 4.1.14 Result of Audit

Test check of the records of 26 units of sales tax/Value Added Tax, State excise, Motor Vehicles, Goods and Passengers, Forest Receipts and other Departmental offices conducted during the year 2013-14 showed under assessment/short levy/loss of revenue aggregating ₹ 109.45 crore in 160 cases. During the course of the year, the departments concerned accepted under assessment and other deficiencies of ₹ 1.14 crore involved in 20 cases.

### 4.1.15 Coverage of this Report

This Chapter contains one Performance audit on Levy and collection of State excise Revenue, involving financial effect of ₹ 13.22 crore and four paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years, which could not be included in earlier reports).

[6] CTO (VAT), Curchorem

## EXCISE DEPARTMENT

### 4.2 PERFORMANCE AUDIT ON LEVY AND COLLECTION OF STATE EXCISE REVENUE

***Highlights***

- ***Sales declared as exports without producing Export Verification Certificate (EVC) as proof of export resulted in Excise duty concession to the extent of ₹ 5.86 crore.***

***(Paragraph 4.2.6.2)***

- ***There was short levy of license fee on occasional license for sale of liquor, which in one case amounted to ₹ 10.50 lakh.***

***(Paragraph 4.2.6.5)***

- ***There was short levy of renewal fees due to misclassification of categories of 16 hotels amounting to ₹ 0.73 crore.***

***(Paragraph 4.2.6.6)***

- ***There was short levy of surcharge due to adoption of wrong rates for keeping four licensed premises for consumption of liquor open beyond 11 p.m. amounting to ₹ 10.50 lakh.***

***(Paragraph 4.2.6.9)***

- ***The requirement of setting norms for allowance of wastages and the instructions pertaining to levy and collection of Excise duty on excess wastages were not strictly followed by the Department. The loss of revenue in case of one unit which claimed wastage on malt spirit though there was no norm set for it amounted to minimum ₹ 9.40 lakh.***

***(Paragraph 4.2.7)***

- ***Arrears of Establishment charges demanded on account of the departmental staff posted in the liquor manufacturing units as of June 2014 amounted to ₹ 1.27 crore. There was no provision to levy delayed payment charges.***

***(Paragraph 4.2.9)***

- ***Non-demanding House Rent Allowance (HRA) and Leave salary on account of personnel posted in the 57 manufacturing units resulted in loss of revenue of ₹ 1.06 crore on account of HRA and ₹ 0.58 crore on account of leave salary contribution for the period 2009-10 to 2013-14.***

***(Paragraph 4.2.10)***

- ***Though the concept of Small Scale Industrial units have ceased to exist since October 2006, concessions in license fee being SSI units continued to be allowed to 55 liquor manufacturing units. The undue benefit of concession allowed during the period from 2009-10 to 2013-14 amounted to ₹ 1.80 crore.***

***(Paragraph 4.2.12)***

- ***Testing of liquor samples required as provided in the Act was too insignificant. Out of 9,709 batches manufactured by the above units, only 452 batches (4.65 per cent) were tested by the public laboratory.***

***(Paragraph 4.2.14)***

### 4.2.1 Introduction

The levy and collection of state excise duties and fees are governed by the Goa Excise Duty Act, 1964 and the Rules framed there-under. The State excise revenue mainly comprises of License Fees charged on the manufacturing, wholesale and retail sale units, export and import permit fees and the excise duty collected on the liquor manufactured/imported and sold in the State.

The Government also levies duty in the form of an export fee for any sale of liquor out of the State, which is ₹ one per Bulk Litre (BL) for Indian Made Foreign Liquor (IMFL) and Beer, and ₹ 0.50 for Wines, as against duty applicable for sale of liquor in the State which is higher (₹ 15 to ₹ 28 per BL for Beer and ₹ 2 to ₹ 600 per BL for Wine, as per the prevailing rates, depending on the MRP).

The provision in the Excise Duty Act and Rules, 1964 stipulates levy of 'delayed payment charges' at the rate of two *per cent* per month on delay (s) in payment of the license fee. There is no provision to levy "delayed payment charges" in respect of other revenues such as excise duty, surcharge, library cess, bottling fee, label fee, transfer fee and Establishment charges.

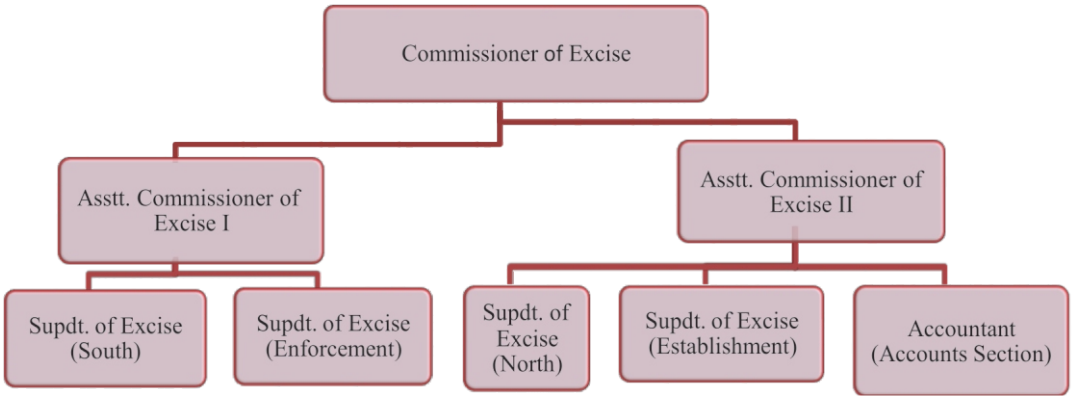
The Department regulates transactions of excisable articles including manufacturing, import, export, transportation and sales in the State besides levy and collection of the revenue of fees and duties as determined by the Government from time to time.

### 4.2.2 Organisational set up

At the Government level the Department is administered by the Secretary (Finance) Government of Goa. The Commissioner of Excise assisted by two Assistant Commissioners and eight Superintendents of Excise, is the head of the Department. He is further supported by the Excise Inspectors, Sub-Inspectors, guards and other Administrative staff. There are 11 Talukas, five[7] check posts, 70 manufacturing/bottling units, 222 wholesalers and 8,565 retail sellers in the State. Each Taluka office also called "Excise Station" is headed by an Excise Inspector. The Superintendent and Inspectors of Excise are also posted in the distilleries/breweries and are kept in-charge of these units.

[7]Dodamarg, Neibag, Patradevi, Molem, Polem

**Organisational chart of the office of Excise Department is as under:**




### 4.2.3 Audit Objectives

The Performance Audit (PA) on "levy and collection of excise revenue" is being conducted to ascertain whether;

- the provisions of the Act and rules framed there-under were adequate and followed in levy and collection of excise duty, license fee, fines *etc*;
- the co-ordination and financial management in the Department was adequate, efficient and effective and;
- the internal control mechanism including Internal Audit wing was effective and prevented leakage of revenue.

### 4.2.4 Audit criteria

The audit criteria for this Performance Audit are derived from the provisions of following Central and State laws:

**State Act/Rules**

- The Goa Excise Duty Act, 1964.
- The Goa, Daman and Diu (Excise Duty) Rules, 1964.

**Central Act/Rules**

- Medicinal and Toilet Preparations (Excise Duties) Act, 1955 and Rules 1956.
- Narcotics Drugs and psychotropic Substances Act, 1985; and Notifications and instructions and orders issued by the Government and the Department from time to time.

### 4.2.5 Scope and methodology of audit

The Performance Audit on "levy and collection of State excise revenue" of the Excise Department was conducted between May and September 2014 in respect of all the State excise Departmental offices[8] for the period from 2009-10 to 2013-14.

[8]Office of the Commissioner and eleven Taluka based Excise Station.

***Methodology adopted*:** Audit checked the records maintained by the Department and those maintained by 24 manufacturing units. The manufacturing units were selected on the basis of revenue and risk factors[9]. An entry conference was held (May 2014) with Secretary (Finance) to Government and with the officers of the Excise Department before taking up the (PA), in which the objectives, criteria and scope of the performance audit were discussed. The draft report was forwarded to the Government and the Department (October 2014). An exit conference was held (December 2014) wherein findings mentioned in the draft performance audit were discussed in detail.

***Reasons for selection of the Performance Audit***: Performance Audit of the Excise Department was not taken up after the year 2002. Since then there has been considerable growth in Excise revenue. During the last five years the revenue grew by 239 *per cent*. The excise revenue was ₹ 89 crore in 2008-09 which has risen to ₹ 213 crore in 2012-13. As such it was felt necessary to conduct the PA to evaluate the efficiency and effectiveness of the Department in collection of the revenue.

Audit acknowledges the co-operation and assistance extended by the officials of the Department in smooth conduct of the Performance Audit.

## 4.2.6 AUDIT FINDINGS

### *4.2.6.1 Trend of revenue collection of State excise receipts*

The Budget Estimates and the Actual Receipts of the State excise revenue for the period from 2009-10 to 2013-14 were as mentioned in **Table 1:**

**Table-1**

*(₹ in crore)*

| Year | Budget Estimates | Actual Realisation | Variation Excess (+)/ Shortfall (-) | | Cost of collection | | Total tax revenue of the State | Percentage of Excise revenue to total tax revenue |
|---|---|---|---|---|---|---|---|---|
| | | | Amount | Percentage | Amount | Percentage | | |
| 2009-10 | 103.72 | 104.46 | 0.74 | 0.71 | 8.17 | 7.82 | 1762.34 | 5.93 |
| 2010-11 | 130.00 | 139.16 | 9.16 | 7.05 | 7.75 | 5.57 | 2139.57 | 6.50 |
| 2011-12 | 159.99 | 182.03 | 22.04 | 13.77 | 8.85 | 4.86 | 2551.02 | 7.14 |
| 2012-13 | 211.23 | 212.90 | 1.67 | 0.79 | 9.54 | 4.48 | 2939.66 | 7.24 |
| 2013-14 | 246.28 | 235.76 | 10.52 | 4.27 | 11.74 | 4.98 | 3582.48 | 6.58 |

The above table reveals that the actual realisation of revenue was always more than the budget estimates and also the variations between the budget estimates and actual realisation was very low. It ranged between 0.71 *per cent* to 7.05 *per cent.*

During the last five years the contribution of the State excise revenue to the total revenue showed an increasing trend from year to year but the cost of

[9]There were a total number of 70 manufacturing units which were active during the period 2009-10 to 2013-14. The units which gave average revenue of ₹ one crore and above per annum were considered high risk, ₹ 25 lakh to ₹ one crore were considered medium risk and below ₹ 25 lakh were considered low risk units. Fifty *per cent* of the high risk units, 33 *per cent* of the medium risk units and 20 *per cent* of the low risk units were covered in Audit. The selection of units for Audit in each stratum were done on judgemental basis in view of the limited number of units, which was approved by the Nodal Statistical Officer appointed by the Comptroller and Auditor General of India.

collection has declined from eight to five *per cent.* This indicates that increase in collection of revenue was without any extra cost on its collection. This may be due to better resource and financial management. The Department may continue its efforts to maintain such qualitative management.

### *4.2.6.2 Non-levy of excise duty on sales not supported by Export Verification Certificates*

Rule 13 of the Goa Excise duty Rules, 1964, stipulated that an exporter of liquor shall have to produce before the Excise Commissioner of the State, a copy of the permit endorsed with a certificate called as Export Verification Certificate (EVC) signed by the concerned Excise Officer of the State or Union Territory into which the import is made certifying the due arrival of the liquor at its destination within 10 days of the arrival of the consignment at the destination. The Act and Rules did not provide for levy of excise duty on export sales not supported by the EVC.

Audit scrutiny revealed that EVC in respect of 493 export permits involving 11.87 lakh BLs of IMFL, 15.64 lakh BLs of beer and 1.87 lakh BLs of wine shown to have been exported between 2009-10 and 2013-14 have not been received by the Department, as shown in the table below:

*(₹ in lakh)*

| Year | No. of Units | IMFL (BLs) | BEER (BLs) | WINE (BLs) | No. of Permits | Total Excise Duty payable | Export fee paid | Difference |
|---|---|---|---|---|---|---|---|---|
| 2009-10 | 4 | 20250 | 0 | 30565 | 15 | 6.01 | 0.29 | 5.72 |
| 2010-11 | 3 | 35400 | 0 | 37723 | 27 | 9.47 | 0.42 | 9.04 |
| 2011-12 | 6 | 140268 | 0 | 79700 | 50 | 47.19 | 1.80 | 45.39 |
| 2012-13 | 7 | 358894 | 0 | 36448 | 86 | 99.21 | 3.60 | 95.61 |
| 2013-14 | 11 | 632069 | 1563889 | 2700 | 315 | 452.51 | 21.96 | 430.55 |
| **Total** | | **1186881** | **1563889** | **187136** | **493** | **614.39** | **28.07** | **586.31** |

The export fee paid on these sales was only ₹ 28 lakh, while if sold within the state, the excise duty of ₹ 6.14 crore was payable. There was nothing on record to indicate that the exports actually took place. In the absence of EVC the misrepresentation of local sales as exports in these cases cannot be ruled out.

A provision for realisation of excise duty in case of exports not supported by declaration would have prompted the concerned exporters for timely submission of the EVCs and the chances for misuse of EVCs would have been avoided. Since a considerable amount of excise duty is involved in these cases it is recommended that the Department may put in place a system for timely collection of EVCs and frame provision in the Act/Rules to treat exports without proof as local sales and levy excise duty in the interest of revenue.

### *4.2.6.3 Non-renewal of licenses*

As per provisions of Rule 91 of the Goa Excise Duty Rules, 1964, sale of liquor other than occasional licenses shall be granted for a period not exceeding three financial years. The application for renewal shall be made to the Commissioner within 15 days before the expiry of license.

The Excise Inspector shall within eight days from the expiry of the license issue notices in the form prescribed by the Commissioner to those licensed

vendors who have not submitted their applications for renewal within the time. If the licensed vendor who has been served with a notice fails to apply for renewal within eight days of service of such a notice, the license shall automatically stand cancelled.

Audit scrutiny revealed the licenses were being issued for only one financial year and renewal was done from year to year. While the cases of non-renewal were negligible[10] till 2012-13, a large number of licensees were to renew their licenses for the years 2013-14 and 2014-15 as detailed below:

**Retail/wholesale licenses:**

| Year | No. of Excise Stations involved | Total No. of Licenses | Total No. of Licenses not renewed | Total License fee outstanding *(₹ in lakh )* |
|---|---|---|---|---|
| **2013-14** | 6 | 3767 | 58 | 4.77 |
| **2014-15** | 8 | 7259 | 387 | 29.72 |
| | | | **Total** | **34.49** |

Further, it was seen that renewal of licenses in case of one manufacturing unit having multiple licenses was also in arrears as shown below:

| Year | Name of the Unit | No. of Licenses | License fee outstanding *(₹ in lakh )* |
|---|---|---|---|
| **2012-13** | Impala Distillery and Brewery Limited | 12 | 15.48 |
| **2013-14** | -do- | 4 | 6.02 |
| | | **Total** | **21.50** |

There was nothing on record to indicate that notices were issued by the Commissioner to the licensed vendors who have not submitted their applications for renewal so that their licenses could be treated as cancelled. This is fraught with risk of misuse and illegal sale of liquor.

It is recommended that the Department may follow its rules for renewal and cancel license in respect of those that do not come forward with renewal applications.

***Non/short levy of license fee***

The retail vendors of liquor for consumption in the premises were required to obtain separate licenses for sale of foreign liquor imported from outside India, and for Indian Made Foreign Liquor and Country Liquor (CL). The license fees also were levied separately, as per entry Nos. 7 and 8 of the notification dated 25 March 1976 as amended from time to time, as the licenses were separate. Cases relating to short levy of license fee and interest, additional license fee are mentioned in the paragraphs from 4.2.6.4 to 4.2.6.7.

[10] only 2 cases in 2011-12 and 6 cases in 2012-13

#### *4.2.6.4 Short levy of additional license fee and interest thereon from hotels having Casino*

The Government imposed additional license fees of ₹ one lakh for hotels having casinos, by adding a sub-clause to that effect under item No. 7 of the above notification, which pertained to retail sale of Foreign liquor for consumption on the premises. Subsequently, vide notification dated 23/4/2008, similar sub-clause was added under item No. 8 also, which pertained to retail sale of IMFL and CL. Thus, ₹ two lakh per year was to be levied and collected from each hotelier licensed to sell both Foreign Liquor and IMFL and CL having casinos.

Audit scrutiny revealed that in respect of 16 hotels having casinos registered under four Excise Stations which were licensed to sell both FL and IMFL and CL, on payment of additional fee of only ₹ one lakh per year from each hotel. This resulted in short realisation of license fee of ₹ 91 lakh during 2009-10 to 2013-14. Besides interest of ₹ 67 lakh was also leviable for non-payment of license fee.

During the exit conference the Commissioner accepted the facts and stated that fresh notification was being issued with regard to additional license fee from hotels with casino in which only one license fee shall be recovered. The reply was however silent about non-collection of the license fee during the last five years.

#### *4.2.6.5 Short levy of license fee on occasional license for sale of liquor*

The Government in August, 2013 levied the license fee for occasional retail sale of liquor for consumption on special occasions/event in clubs/open place/ enclosed premises where entry fee was charged from guests. The rate of the license fee per day from 9.00 a.m to 11.00 p.m for -

1. Functions in which number of guests between 501 to 1,000 was ₹ 0.50 lakh.
2. Functions in which the number of guests above 1,000 was ₹ one lakh.

If the retail sale of liquor for consumption continued beyond 11.00 p.m. license fee was required to be charged by treating this part of period as second day. Every additional point of sale of liquor duly approved shall be charged at the rate of 50 *per cent* of license fee.

Audit scrutiny revealed that an event named "Sunburn" was organised from 27/12/2013 to 29/12/2013 in which more than 1,000 guests visited on all days. The organisers applied for license for sale of liquor at eight bar counters at the venue for the above days *i.e.* from 27/12/2013 to 29/12/2013 midnight (up to 1.00 a.m. of 30/12/2013), and the same was allowed. The organisers were liable to pay license fee of ₹ 27 lakh as mentioned in **Table 2:**

**Table 2**

*(₹ in lakh)*

| Date | Fee leviable upto 11 p.m. @ ₹ 100000 | Additional fee leviable upto 11 p.m. for 7 additional points @ ₹ 50000 for each point | License fee leviable for time beyond 11.00 p.m. @ ₹ 100000 | Additional fee leviable beyond 11 p.m. for 7 additional points@ ₹ 50000 for each point | Total license fee leviable for the day |
|---|---|---|---|---|---|
| 27.12.2013 | 1 | 3.5 | 1 | 3.5 | 9 |
| 28.12.2013 | 1 | 3.5 | 1 | 3.5 | 9 |
| 29.12.2013 | 1 | 3.5 | 1 | 3.5 | 9 |
| **Total** | | | | | **27** |

However, the Department levied and collected only ₹ 16.50 lakh as against ₹ 27.00 lakh leviable, resulting in short levy of ₹ 10.50 lakh.

After this being pointed out the Excise Inspector stated (September 2014) that the event was stopped at 10.00 p.m. every day for crowd management, as it required at least one hour to clear the crowd due to traffic congestion. Hence, no fees were collected from the organisers of the event for late hours function for additional points.

The reply of the Excise Inspector was not correct as the organisers had taken permission for conducting the event from 27/12/2013 to 29/12/2013 and there was nothing on record to indicate that the timings of the event had been changed.

(i) In the application submitted by the organisers the timing was mentioned as 09.00 a.m to 01.00 a.m and license was granted accordingly and there was nothing on record to indicate that any request for change in the timing of the event was received.

(ii) Besides, the payment for occasional license was required to be made in advance and it should have been recovered at the time of granting the permissions. The reasons for short recovery and for not collecting the same in advance were not found on record.

### *4.2.6.6 Short levy of license renewal fee due to misclassification of category of hotels*

The grading and classification of hotels established in Goa is notified by the Ministry of Tourism, Government of India and that of the Department of Tourism, Government of Goa from time to time. The Excise License fees for the hotels are charged as per the category, notified by the Government from time to time. The rates for sale of liquor in the hotels are prescribed by the Excise Department by issue of notifications.

The licensees are required to file the declaration indicating the status of their hotels declaration at the time of registration that forms the basis for charging the license fee. Rule 122 of the Excise Duty Rules, 1964, provides for levy interest at the rate of two *per cent* of the license fee short paid.

A cross verification of records of the Excise Department with the information obtained from the Tourism Department of Goa revealed that 16 hotels were classified at lower grades in the records of Excise Department resulting in short

realisation of license fee of ₹ 73 lakh. Besides interest leviable on the same amounting to ₹ 39.94 lakh was also payable as mentioned in **Table 3:**

**Table 3**

*(₹ in lakh)*

| Total number of hotels | Category of hotel | | License fee | | Short realisation | | Total |
|---|---|---|---|---|---|---|---|
| | Tourism Department of Goa | Excise Department | Leviable | Levied | Fee | Interest | |
| 4 | A | 2-B<br>1-Bar<br>1-C | 50.00 | 7.11 | 42.89 | 23.01 | 65.90 |
| 12 | B | 9-C<br>3-Restaurant | 42.30 | 11.80 | 30.50 | 16.93 | 47.43 |
| 16 | | 16 | 92.30 | 18.91 | 73.39 | 39.94 | 113.33 |

Audit noticed that the Department had not put any system in place for obtaining the information/data from the Tourism Department of Goa and cross verifying the same with the information furnished by the licensees in the declaration forms to ensure correct payment of license fee. Thus, incorrect information given by the hotels in the declaration forms remained undetected.

After being pointed out, the Excise Inspector, Bardez stated (August 2014) that notices have been sent to all the hotels pointed out by Audit calling upon them to submit the category and star rating certificates and to pay the dues. The Excise Inspector of Pernem stated that the dealer has accepted to pay the short levied amount.

Similar cross-verification of records of all hotels in the State was required to trace out such false declarations. Further, the Department should have a fool proof system to ensure that the category are truthfully intimated by the licensees at the time of registration and updating any change in the categorisation taking place subsequently.

### *4.2.6.7 Short levy of license fee and interest thereon due to adoption of pre-revised rates*

The license fee was enhanced from ₹ one lakh to ₹ two lakh per annum with effect from April 2010 for retail sale of IMFL and CL for consumption within the premises for hotels with 5-Star having 'A' category issued by Tourism Department of Government of Goa.

Similarly, license fee for retail sale of IMFL/CL for consumption on the premises, for hotels with 3/4 star having 'A' category was increased from ₹ one lakh to ₹ 1.25 lakh and for Foreign Liquor ₹ 2.5 lakh to ₹ 2.75 lakh with effect from April 2012. The license fee for retail sale of foreign liquor for consumption on the premises for hotels with 2, 3 and 4 Star category issued by Government of India or having 'B' issued by Tourism Department of Goa was increased from ₹ 0.25 lakh to ₹ 0.40 lakh with effect from 01/04/2013.

Audit scrutiny revealed that four hotels licensed to sell IMFL/CL and FL had paid the license fee at the pre-revised rate, resulting in short levy of revenue of ₹ 3.30 lakh, as detailed below:

*(₹ in lakh)*

| Excise Station | Name of the hotel and license Number | Category | Year | License fee Payable (IMFL+FL) | License Fee paid | Short payment of license fee |
|---|---|---|---|---|---|---|
| Bardez, Mapusa | Riviera de Goa Resort IMFL/ 1763 | A (5 Star) | 2010-11 | 2.00 | 1.00 | 1.00 |
| Tiswadi, Panaji | Mandovi Hotel Pvt. Ltd. (IMFL/ 271, FL/43 | A (3 Star) | 2012-13 | 4.00 | 3.50 | 0.50 |
| | | | 2013-14 | 4.00 | 3.50 | 0.50 |
| | | | 2014-15 | 4.00 | 3.50 | 0.50 |
| | Aswin Resort Pvt.ltd (IMFL/634) | A | 2012-13 | 1.25 | 1.00 | 0.25 |
| | | | 2013-14 | 1.25 | 1.00 | 0.25 |
| Pernem | Papa Jolly (FL/012) | B | 2013-14 | 0.40 | 0.25 | 0.15 |
| | | | 2014-15 | 0.40 | 0.25 | 0.15 |
| **Total** | | | | | | **3.30** |

In addition to the amount of ₹ 3.30 lakh short levied, additional payment at the rate of two *per cent* till the date of payment, as provided under Rule 122 of the Goa Excise Duty Rules, 1964 was also recoverable from the concerned hoteliers.

The Excise Inspectors concerned informed (August 2014) that demands have been raised with the licensees to remit the short paid amounts with interest as applicable.

### *4.2.6.8 Loss of revenue due to non-levy of License fee*

As per rule 90(8) of the Goa Excise Duty Act and Rules, 1964 when the business is started in the course of the second semester of any year, only half of the annual license fee shall be payable. The rates of license fee for retail vendors of Foreign Liquor of hotels with 3 Star and above was ₹ 2.5 lakh for the year 2010-11.

It was observed that license for retail sale of Foreign Liquor for consumption on the premises was issued to M/s. "Mandovi Hotel Pvt. Ltd." on 31/01/2011. The hotelier was liable to pay half of the license fee. However, no license fee for sale of Foreign liquor was paid for the period from 31/01/2011 to 31/03/2011, resulting in loss of revenue to the extent of ₹ 1.25 lakh. Besides delayed payment charges at the rate of two *per cent* per month amounting to ₹ 0.93 lakh upto April 2014 was leviable. Thus, the dues recoverable as on April 2014 amounted to ₹ 2.18 lakh.

After this being pointed out the Excise Inspector, Tiswadi informed (September 2014) that an amount of ₹ 1.25 lakh alongwith interest up to August 2014 amounting ₹ 1.03 lakh has been demanded (August 2014) from the licensee.

### *4.2.6.9 Short levy of surcharge for additional time*

Government decided (April 2012) to levy a surcharge in addition to annual license fee from retail vendors of IMFL, Country Liquor and Foreign Liquor for consumption on the premises by keeping their licensed premises open for serving their clientele beyond 11 p.m. but not exceeding 5 a.m. The surcharge, in case of hotels with 5 Star and above having 'A' Category status issued by

the Tourism Department, Government of Goa, was enhanced from ₹ 1.5 lakh to ₹ five lakh with effect from 02 April 2012. The Surcharge, for hotels with 3 star or 4 star status issued by the Government of India Tourism Department with A category status issued by Tourism Department, Government of Goa and hotels with 2, 3 and 4 stars with B category issued by Tourism Department, Government of Goa, was fixed as ₹ three lakh and ₹ two lakh respectively.

Audit scrutiny revealed that in four cases the surcharge amount levied and collected was less than the prescribed rates, resulting in short levy of revenue of ₹ 10.50 lakh as mentioned in the following **Table 4:**

**Table 4**

*(₹ in lakh)*

| Excise Station | License number of the Hotel | Category | Year | Fee paid for additional time | Pay-able | Difference Payable |
|---|---|---|---|---|---|---|
| Bardez, Mapusa | IMFL 1869 | A | 2010-11 | 1.00 | 1.50 | 0.50 |
| | | | 2011-12 | 1.00 | 1.50 | 0.50 |
| | | | 2012-13 | 1.00 | 5.00 | 4.00 |
| | FCL/1581 | B | 2013-14 | 1.50 | 2.00 | 0.50 |
| | FCL 1953 | A | 2012-13 | 1.50 | 5.00 | 3.50 |
| | IMFL/1062 | B *w.e.f.* 17.08.12 | 2012-13 | 1.50 | 2.00 | 0.50 |
| | | | 2013-14 | 1.50 | 2.00 | 0.50 |
| | | | 2014-15 | 1.50 | 2.00 | 0.50 |
| | **Total** | | | | | **10.50** |

After this being pointed out the Excise Inspector stated (August 2014) that letters have been issued to all the licensees as pointed by Audit and one licensee has paid the amount. Reports on recovery in respect of the remaining licenses have not been received.

### *4.2.6.10 Non-levy of delayed payment (interest)*

As per Goa Excise Duty Act and Rules 1964, the Department issues various types of licenses. The license issued is valid for one year and needs to be renewed before it expires. Further as per Rule 122 of Goa Excise Duty Rule 1964, when any annual license fee or its installment as the case may be is not paid within the period prescribed *i.e.* 31 March of each year, it shall be lawful to collect from the licensee an additional amount equivalent to two *per cent* of such license fee or installment of each month of delay.

The scrutiny of records revealed that a hotel (IMFL/1869 and FL/110) had not paid the license fees within prescribed time. However, no interest/delayed payment charges was levied. That resulted in non-levy of interest to the extent of ₹ 4.89 lakh as shown in the **Table 5:**

**Table 5**

*(₹ in lakh)*

| Year | FL | | IMFL | | Difference Payable | | Difference paid on | | Delayed period | | Interest @ 2 *per cent* per month |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Payable | Paid on Time | Payable | Paid on Time | FL | IMFL | FL | IMFL | FL | IMFL | |
| 2010-11 | 2.50 | 0.25 | 1.00 | 0.40 | 2.25 | 0.60 | 28.03.13 | 25.02.13 | 34 months 27 days | 34 months 24 days | 1.99 |
| 2011-12 | 2.50 | 0.25 | 2.00 | 0.40 | 2.25 | 1.60 | 25.02.13 | 25.02.13 | 22 month 24 days | 22 month 24 days | 1.76 |
| 2012-13 | 2.50 | 0.25 | 3.00 | 0.40 | 2.25 | 2.60 | 25.02.13 | 25.03.13 | 11 month 24 days | 11 month 24 days | 1.14 |
| **Total** | | | | | | | | | | | **4.89** |

After this being pointed out, the Excise Inspector stated (August 2014) that demand has been raised (August 2014) for recovery of the interest.

### *4.2.6.11 Non-levy of additional fee on liquor having alcoholic strength above 42.8 per cent v/v*[11]

The Government notified (October 2012) an additional fee of (₹ 100 per bulk liter for whisky, rum, gin, vodka, brandy, other than wines with or without rectified spirit/milk punch/concentrates/malt spirit and the like manufactured outside India whose strength is above 42.8 *per cent* v/v but below 60 *per cent* v/v. The additional fee was enhanced to ₹ 200 with effect from April 2013.

Audit observed that two importers imported liquor whose alcoholic strength was more than 42.8 *per cent* v/v without paying the additional fee as shown below:

*(₹ in lakh)*

| Period of import | Names of Importers | Liquor Import Quantity (B.L.) | Alcoholic strength (in *per cent*) | Additional fee rate per B.L. | Total additional fee payable |
|---|---|---|---|---|---|
| 26 Oct. 2012 to March 2013 | M/s Royal Spirit, Pernem M/s Costa Spirit, Salcete | 6449.40 | 43 to 47 | 100 | 6.45 |
| 2013-14 | M/s Royal Spirit, Pernem | 3621 | 47 | 200 | 7.24 |
| **Total** | | | | | **13.69** |

Thus, the non-levy of additional fee resulted in less realisation of revenue of ₹ 13.69 lakh.

After this being pointed out the Excise Inspector, Pernem stated (October 2014) that the concerned parties have been asked to pay the amount short levied.

[11] Volume/Volume (Actual percentage of alcohol in the liquor)

### 4.2.7 Irregular allowance of wastage

***4.2.7.1*** The Act and the Rules do not provide for any wastage on production or storage of malt spirit by a distillery. Audit scrutiny of three distilleries engaged in the production of malt spirit revealed that one distillery had claimed and was allowed wastage of 6,32,363 BL on production of malt during the period from 2009-10 to 2013-14. The wastage claimed was irregular and resulted in revenue loss of ₹ 9.40 lakh as detailed in the following table:

*(₹ in lakh)*

| Period | Rate of Excise Duty per BL | Quantity (BL) | Amount of Excise Duty |
|---|---|---|---|
| 01.04.09 to 23.03.11 | 0.50 | 216389 | 1.08 |
| 24.03.11 to 31.03.14 | 2.00 | 415974 | 8.32 |
| **Total** | | **632363** | **9.40** |

***4.2.7.2*** A private Distillery was importing Extra Neutral Alcohol (ENA) and Rectified Spirit (RS), the wastages in transit claimed was much higher than the permissible limit of 0.25 *per cent*. It was observed that during May 2010 to December 2011 in import of 2.40 lakh BLs of ENA/RS, as against the permissible wastage of 600 BLs, a total quantity of 1,567 BLs were claimed by the unit and allowed, resulting in excess allowance of 967 BLs, *i.e.* 161 *per cent* in excess of the permissible limit. No action was taken by the Department to levy Excise duty as applicable.

After this being pointed out the Excise Inspector of the Unit stated that the Excise Duty on excess wastage will be worked out and collected.

### 4.2.8 Collection of arrears of revenue

Section 20 of the Goa Excise Duty Act, 1964, empowers the officer in charge to recover sums due to Government from any amounts due to the licensee. In case of non-payment of the amount specified in the demand notice these can be recovered as arrears of land revenue.

***4.2.8.1*** Audit noticed that either the licensees who had defaulted in payment of the Government revenue had applied for cancellation of licenses, or the Department had proposed for cancellation of their licenses but no action was taken to recover the same as arrears. A few cases are mentioned in the following paragraphs.

(i) A licensee M/s Acerock Developers Pvt. Ltd., Calangute had outstanding dues of ₹ 12.34 lakh (₹ 7 lakh license fee and ₹ 5.34 lakh interest) for the period 2010-11 to 2012-13.The licensee applied for cancellation of the Foreign Liquor license on 27/03/2014 from the year 2014-15 onwards. The same was cancelled on 16/06/2014. However, the above outstanding dues were not recovered.

After being pointed out, the Department recovered the above amount in July 2014.

(ii) Another licensee *viz*. Shri Atul Kumar Goyal (IMFL/1897, B Category Hotel) did not pay license fee for 2011-12 and 2012-13, despite the issue

of notices by the Excise Inspector. Though, the license was proposed for cancellation by the Excise Inspector no action was taken to recover the arrears pending collection.

***4.2.8.2*** M/s. Ashwin Resort Pvt. Ltd., a hotel registered with Tourism Department under 'A' category, had not paid fees amounting to ₹ 7.50 lakh pertaining for additional time for sale of liquor during the period 2001-02 to 2007-08. The demand was raised during 2012-13 by the Local Audit and the Excise officials issued instruction regarding payment for the same. However, it is observed that the above amount has not yet been realised and the Department has not taken any serious action for its realisation, though the license of the hotel had been regularly renewed.

### 4.2.9 Non-recovery of Establishment charges

There is no provision in the Excise Duty Act and Rules to levy fines or interest on establishment charges paid after due date. The lack of any punitive action on defaulters has resulted in rising trend of defaults as shown in the following paragraphs.

Scrutiny of records of Establishment charges payable by units where Excise personnel were posted revealed that an amount of ₹ 7.43 crore was demanded by the Department, from the units in which the Excise personnel were posted, for the period from 2009-10 to 2013-14. Out of the above amount, an amount of ₹ 1.27 crore (17.09 *per cent*) was outstanding as of June 2014, as shown below:

*(₹ in lakh)*

| Year | Establishment charges Payable | Outstanding |
|---|---|---|
| 2009-10 | 127.23 | 3.39 |
| 2010-11 | 137.67 | 3.97 |
| 2011-12 | 128.88 | 15.53 |
| 2012-13 | 166.81 | 30.73 |
| 2013-14 | 182.30 | 73.38 |
| **Total** | **742.89** | **127.00** |

***4.2.9.1*** M/s Cipla Limited paid the establishment charges for the period from August 2011 to February 2013 (19 months) totaling ₹ 2.86 lakh on 11 March 2013.

***4.2.9.2*** Similarly, M/s. Seabhal Mikelin Distillery Pvt. Ltd. has been in arrears for periods upto one year, but no interest/delayed payments were levied. They paid ₹ 2.34 lakh on 29 March 2011 for the period from April 2010 to March 2011 and ₹ 1.56 lakh on 30 March 2012 for the period April 2011 to March 2012.

In the above cases since there was no provision to levy the interest, it was not levied by the Department.

### 4.2.10 Non-demand of HRA and Leave salary contribution

As per provisions of Rule 49(2) and (3) of the Goa Excise Duty Rules, 1964, the Distillery, brewery or winery where the Excise staff are posted have to be

provided with such residential accommodation as the Commissioner may approve. If suitable accommodation cannot be made available within the premises of the unit, the same may be arranged in the neighbourhood or alternative arrangement has to be made.

It was observed that none of the units have provided residential quarters to the Excise staff posted in those units. The Department had not demanded the same from the 57 units with whom the excise staff was deployed. However, HRA was paid as per entitlement to the staff posted in M/s. Rhea Distilleries, Nuvem, Salcete since November 2012 and M/s. United Spirits Limited, Ponda since December 2013 by the concerned units.

Similarly leave salary component also was not demanded and recovered from the units, though it was recoverable in respect of all the staff members posted in the units.

As per the data of unit-wise posting of officials, periods of posting, their basic pay, grade pay *etc.* for the period from April 2009 to March 2014 obtained by Audit from the office of the Commissioner of Excise, a total amount of ₹ 1.06 crore was recoverable from 57 units on account of HRA and ₹ 0.58 crore was recoverable on account of leave salary contribution for the period 2009-10 to 2013-14.

***4.2.10.1*** Audit found delays in remittances of establishment charges by the concerned units where Excise staffs have been posted, the Department has not been demanding any additional amounts as delayed payment charges. Levy of interest/delayed payment charges on delayed remittances of establishment charges, would have fetched additional revenue of ₹ 10.85 lakh (calculated at the rate of two *per cent* chargeable for delayed payment of license fees) for the period from 2009-10 to 2013-14 as shown below:

***(₹ in lakh)***

| Year | No of Units considered | Total remittance received | Remittances received within due date | Amount of remittance received after due date | Interest leviable @ two *per-cent* per month |
|---|---|---|---|---|---|
| 2009-10 | 10 | 0.20 | 2.00 | 17.86 | 2.94 |
| 2010-11 | 12 | 0.20 | 0.42 | 18.92 | 2.20 |
| 2011-12 | 14 | 0.22 | 0.61 | 22.33 | 2.40 |
| 2012-13 | 11 | 0.30 | 2.88 | 26.52 | 1.68 |
| 2013-14 | 11 | 0.31 | 0.71 | 30.85 | 1.63 |
| **Total** | | **1.23** | **6.62** | **116.48** | **10.85** |

### 4.2.11 License fee concessions to Small Scale Industrial units

***4.2.11.1*** The license fee leviable from the liquor manufacturing units during the years 2009-10 to 2012-13 was ₹ one lakh per annum which was enhanced to ₹ two lakh from the year 2013-14. The Small Scale Industrial units were allowed concessional rates of license fee, which was ₹ 0.50 lakh per annum till 2012-13 and ₹ 0.70 lakh with effect from 2013-14. There were 60 manufacturing units in the State which have been availing the benefit of concessional rate of Excise License fee, being Small Scale Industrial Units.

It was observed that though powers to levy and grant of concession of State excise duty vests with the State Government, no notification issued by the state Government authorising such concession to liquor business was produced to audit. The benefits were allowed under a notification issued by Government of India in 1997. This notification was also rescinded in 2009 but the Department had made no efforts to take cognizance of this fact and disallow the concessions to such units or bring the units within the purview of the new notification as discussed in the following paragraph.

### 4.2.12 Incorrect grant of concession

The notification issued by the Central Government under No. SO 857(E) dated 10/12/1997 specifying the criteria for classifying an industrial undertaking as a small scale or as an ancillary industrial undertaking was rescinded by it by issue of another Notification No. SO 563(E) dated 27/02/2009.

During the intervening period (between 2007 and 2009) the Government of India, Ministry of Micro, Small and Medium Enterprises, replaced the erstwhile scheme of Small Scale Industries by enactment of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The Act came into force on 02/10/2006. With effect from 02 October 2006 the Small Scale Industry has been replaced with Micro and Small Enterprises under the above Act and the concept of SSI has been done away with.

The criteria for continuation of erstwhile SSI status were linked to investment in plant and machinery and also the turnover during the previous year, the criteria for the Micro and Small Enterprises stipulated only investment on plant and machinery/equipments, excluding land and building as under:

| Type of Enterprise | Investment in Plant and Machinery | Investment in Equipment |
|---|---|---|
| | Manufacturing Enterprise | Service Enterprise |
| **Micro Enterprise** | Does not exceed ₹ 25 lakh | Does not exceed ₹ 10 lakh |
| **Small Enterprise** | Exceeds ₹ 25 lakh, but does not exceed ₹ 5 crore | Exceeds ₹ 10 lakh but does not exceed ₹ 2 crore |
| **Medium Enterprise** | Exceeds ₹ 5 crore but does not exceed ₹ 10 crore | Exceeds ₹ 2 crore but does not exceed ₹ 5 crore |

A cross verification of records of the Department by Audit with Industries Department revealed that only five out of the sixty SSI units which have been availing the benefit of license fee concessions were under the new Act as Micro/Small Enterprise. Thus, concessions in license period from 2009-10 to 2013-14 amounting to ₹ 1.80 crore extended to the remaining 55 units on the ground of being an SSI unit was irregular.

Scrutiny of the records of Industries Department revealed that they had released only one advertisement in the month of March 2007 in the local newspapers, for implementation the MSMED Act, 2006 that did not mention about the abolition of the SSI scheme, indicating that the MSMED Act, 2006 lacked necessary publicity in the electronic and print media.

After the matter was brought to the notice by Audit (July 2014), the Director of Industries, Trade and Commerce which is the nodal Department for

implementing the Acts accepted (September 2014) the audit observation and stated that "the State Government Departments cannot rely on SSI certificate for any purposes, as it has been done away with".

The Directorate further stated that they are making efforts to give wide publicity to the provisions of the MSMED Act, 2006. A circular letter dated 23 September 2014 was issued by the Department informing all the Heads of Departments, Corporations, Semi Government and Autonomous bodies, Municipalities *etc.* about the non-existence of the SSI concept and the requirement to enroll under the MSMED Act to be eligible for any special treatment/privileges under any law after 02 October 2006.

It is recommended that the Government may give wide publicity of the MSMED Act, 2006 through electronic and print media indicating the abolition of the SSI scheme, implementation of the MSMED Act, 2006 and for enrolment of the units under the new Act.

### 4.2.13 Ineffective check post and dilapidated office building

The Goa Excise Rules provide for checking of the import and export of liquor for which check-posts are set up at the places as found necessary by the Commissioner.

- There are three check posts on the Goa-Maharashtra border, *viz.* Patradevi and Neibaug under the jurisdiction of Excise Inspector, Pernem and Dodamarg under the jurisdiction of Excise Inspector, Bicholim. As per procedure, the vehicles have to be stopped for checking. However, Audit found that the barrier gate at Patradevi Excise Check post was broken and as on date there was no barrier to stop the speeding vehicles, which rendered the check post ineffective.
- The building in which the Pernem Excise Station was housed had collapsed at one end. There were major cracks on the roof and in the walls of the building. For safe and healthy working environment the Government may take appropriate steps to house the office at an appropriate place.

### 4.2.14 Testing of samples

As provided under Goa Excise Duty Rules, 1964 the Commissioner shall draw samples of the excisable articles manufactured by the distillery, brewery or winery from time to time, and shall dispatch the samples duly sealed to the Public Health Laboratory specified by the Commissioner in this behalf for testing the contents of the excisable articles and to ensure that they conform to the specification and do not contain any noxious materials. However the Department had not specified the minimum percentage of sample to be drawn for testing purposes.

***4.2.14.1*** It was observed by Audit that percentage of conducting the test was very low as illustrated in the following table.

| Year | No of Units | Total batches Produced | Total batches tested |
|---|---|---|---|
| 2009-10 | 12 | 1705 | 17 |
| 2010-11 | 13 | 1835 | 31 |
| 2011-12 | 15 | 2007 | 71 |
| 2012-13 | 16 | 2079 | 109 |
| 2013-14 | 16 | 2083 | 224 |
| | **Total** | **9709** | **452** |

Thus, out of 9,709 batches manufactured by the above units, only 452 batches (4.65 *per cent*) were tested by the public laboratory.

Testing of the liquor in a laboratory is an important tool to know the quality and strength of the alcoholic contents declared on the labels of the bottles. It is also important from safety standards; the Department may specify the minimum percentage of samples to be drawn for testing purposes and ensure that the prescribed norms are strictly followed.

***4.2.14.2*** Audit found cases in which the liquor produced under the batch have been sold in the market before receipt of the test report from the laboratory. This was stated to be due to delays in receipt of the reports from the laboratory under Food and Drugs Administration (FDA) Department. Appropriate steps need to be taken to curtail the delays to ensure that liquor is sold only after the test reports are received from the Department.

### 4.2.15 Internal Audit

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

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

However, it was observed that out of 11 Excise stations and five check posts in the State where internal audits should have been conducted, internal audit was conducted only of three offices in the year 2009-10 and of two offices each in 2010-11 and 2011-12. This indicated considerable deficit in internal control mechanism in the Department.

### 4.2.16 Conclusion and Recommendations

There was no provision for realisation of excise duty in case of exports not supported by Excise verification certificates. This was fraught with the risk of illegal sale of liquor and short realisation of the Government revenue.

***The Government may put in place a system for timely collection of EVCs and frame provision in the Act/Rules to treat exports without proof as local sales and levy excise duty in the interest of revenue.***

As per Excise Duty Act Rules, 1964, there is no provision for levy of any additional charges/interest for delayed payments in respect of receipts other than license fee.

***The Government may enact suitable provision for levy of interest on delayed payment of all Government dues for timely collection of revenue.***

There was no system to obtain information and update the correct category/status of hotels (star ratings) each year for determination of the correct license fee payable by licensee.

***The Government may introduce a system for correct verification of status/category of hotels by obtaining information from the concerned Departments.***

Wide publicity to the provisions of the MSMED Act, 2006 was not given with the result that the concessions given to the SSI units continue though the SSI concept had been done away with.

***Suitable steps may be taken to ensure eligibility of the units under the MSMED Act.***

Wastages on excisable goods were either incorrectly allowed or were allowed in excess of the admissible limits.

***Norms for allowance of wastages fixed should be strictly adhered to and clear guidelines with respect to levy of duty on excess wastages should be issued with instructions for strict implementation.***

## FINANCE DEPARTMENT

### 4.3 Short levy of VAT due to misclassification of goods

**The Commercial Tax Officer short levied VAT to the tune of ₹ 1.11 crore due to incorrect classification of goods.**

Value Added Tax is leviable on the turnover of sales at the rates specified in Section 5 (1) of the Goa Value Added Tax Act, 2005. Mosquito mats/coils are liable to be taxed at the rate of 12.5 *per cent*.

Test check of assessment records of Commercial Tax Officer, Panaji (January 2014) revealed that a dealer, (TIN- 30850104967) had made sales of mosquito mats/coils valued at ₹ 13.49 crore during the year 2007-11. The Assessing Authority treated the goods incorrectly as insecticides and levied (March 2013) tax at the rate of 4 *per cent* instead of at 12.5 *per cent* resulting in short levy of tax of ₹ 1.11 crore as detailed below.

*(₹ in lakh)*

| Assessment year | Taxable turnover | Tax leviable | Tax levied | Short levy |
|---|---|---|---|---|
| 2007-08 | 280.92 | 35.11 | 11.24 | 23.88 |
| 2008-09 | 314.73 | 39.34 | 12.59 | 26.75 |
| 2009-10 | 334.76 | 41.85 | 13.39 | 28.46 |
| 2010-11 | 418.25 | 52.27 | 20.55 | 31.72 |
| **Total** | **1348.66** | **168.58** | **57.77** | **110.81** |

The matter was referred to Government (May 2014) and their reply is awaited (January 2015).

## 4.4 Short levy of Tax due to application of pre-revised Rules

**The Commercial Tax Officer, Vasco under assessed turnover of an assessee resulting in short levy of VAT amounting to ₹ 34.94 lakh.**

Rule 4 of the Goa Value Added Tax (GVAT) Rules, 2005 was amended by issue of a notification dated 30 December 2008. Prior to the issue of this notification the value of material consumed in any work during a year was to be considered as the contractor's turnover. However after the issue of the notification the contractor's total turnover *i.e.* entire sales turnover after deducting the permissible deductions of 33 *per cent* mentioned under Rule 4A were liable to be charged to tax. Further as per notification dated 9 July 2009, tax rate of eight *per cent* was fixed in respect of taxable work contract receipts.

A building work contractor, (TIN 30091203231), registered under the GVAT Act, 2005 was assessed by the Commercial Tax Officer, Vasco Ward, for taxable turnover amounting to ₹ 4.06 crore for the year 2008-09 and ₹ 1.39 crore for the year 2009-10. VAT of ₹ 20.78 lakh and ₹ 8.54 lakh respectively was levied on the above turnover.

Audit scrutiny (December 2013) of the purchase statement submitted by the contractor revealed that the value of materials purchased by the contractor for consumption in the works, for the first three quarter of 2008-09 was ₹ 2.20 crore and works contract receipts for the fourth quarter of the year 2008-09, was ₹ 7.64 crore. For the year 2009-10 the total turnover was ₹ 3.60[12] crore (sub-let work from M/s Vishal Infrastructure Ltd.). Thus the taxable turnover of the dealer after allowing permissible deduction of 33 *per cent* for the years 2008-09 and 2009-10 was ₹ 7.32 crore[13] and ₹ 2.42 crore[14]. This resulted in understatement of taxable turnover to the extent of ₹ 3.26 crore[15] (tax effect ₹ 25.50 lakh) during the year 2008-09 and ₹ 1.03 crore[16] (tax effect ₹ 9.44 lakh) during the year 2009-10. Thus, application of the pre-revised method resulted in short realisation of tax of ₹ 34.94 lakh.

After this was pointed out in audit, the Commercial Tax Officer accepted the audit observation and stated (June 2014) that the dealer was being re-assessed. Further progress made in the case has not been received (December 2014).

The matter was referred to the Government (March 2014) and their reply is awaited (January 2015).

[12] ₹ 19.24 lakh + ₹ 341.21 lakh
[13] ₹ 2,20,15,713 + ₹ 5,12,21,533 (being 67% of ₹ 7,64,50,049)
[14] 67% of ₹ 3,60,46,030
[15] ₹ 7.32 crore - ₹ 4.06 crore
[16] ₹ 2.42 crore - ₹ 1.39 crore

## 4.5 Short levy of Tax due to wrong assessment to the tune of ₹ 83.94 lakh

**Value Added Tax amounting to ₹ 83.94 lakh was short levied due to incorrect assessment by Commercial Tax Officer, Vasco.**

Rule 23(7) of the Goa Value Added Tax (GVAT) Rules, 2005 provides that if any dealer having furnished return under section 24 discovers any omission or incorrect statement, he may file a revised return before expiry of one year following the last date prescribed for furnishing the original return or before issue of assessment notice, whichever is earlier.

Input tax credit[17] is the amount of tax paid by a dealer on purchases for which the dealer is entitled to claim a credit. Thus ITC can't be claimed for which it has not been paid.

Section 70(1) of the GVAT Act, 2005 read with rule 42 of GVAT Rules 2005, provides that every dealer, whose turnover of sales exceed ₹ one crore or the amount of Input Tax Credit (ITC) exceeds ₹ 10 lakh in any year, will get his accounts for such year audited by a Chartered Accountant and submit to the Appropriate Assessing Authority the audited statement of accounts in Form VAT -XV within ten months after the end of the relevant year.

Audit scrutiny of a dealer registered with commercial tax officer, Vasco revealed (December 2013) the following:

- The dealer had not submitted VAT audit report for the year 2010-11 despite having turnover of more than ₹ one crore and ITC exceeding ₹ 10 lakh.
- The dealer filed all the quarterly returns for 2010-11 showing 'nil' turnover and claimed 'nil' tax liability.
- The dealer filed a revised return on 27 July 2012 for the fourth quarter of the year 2010-11 declaring a 'nil' turnover though the permissible time limit for filing of revised fourth quarter's return was up to 30 April 2012 only. The dealer had claimed ITC of ₹ 26.05 lakh on the purchases valued at ₹ 3.22 crore.

A dealer (TIN: 30811203708), was assessed (31 March 2013) by the Commercial Tax Officer (CTO), Vasco under GVAT Act 2005, for a taxable turnover of ₹ 3.57 crore on the sale value of assets for the year 2010-11. The tax levied on the sale of the assets by the CTO amounted to ₹ 18.49 lakh which included ₹ 3,000 being penalty for non-filing of returns and ₹ 60,500 being penalty for non-furnishing of VAT Audit Report. The dealer was allowed ITC of ₹ 18.90 lakh and an amount of ₹ 40,713 was refunded to the dealer after disallowing a portion of ITC claimed by the dealers. Since the dealer had shown nil sales turnover in his returns, no input tax credit was admissible to him. This ITC allowed by CTO on the sale of assets was not correct and resulted in incorrect grant of ITC refund of ₹ 18.90 lakh and ₹ 0.40 lakh respectively.

Further, audit scrutiny of the Balance sheet and Profit and Loss Account for the year 2010-11 of above dealers revealed that the dealer's actual taxable turnover

[17] Input tax credit = Tax payable-tax paid.

was ₹ 5.50 crore[18] instead of ₹ 3.57 crore assessed by the CTO. The tax payable was ₹ 27.51 lakh. Thus, net payable tax including penalties worked out to ₹ 28.52 lakh as shown below:

| Particulars | Amount *(₹ in lakh )* |
|---|---|
| Taxable turnover | 55.02 |
| Tax @ 5 *per cent* (Items under Schedule-B of GVAT Act, 2005) | 27.51 |
| Penalty imposed by Assessing Authority u/s 55 of the GVAT Act, 2005 for non-filing of returns | 0.03 |
| Penalty leviable u/s 70(3) of the GVAT Act, 2005 for non-submission of VAT Audit Report | 0.98[19] |
| **Total output tax leviable** | **28.52** |

In addition to the above, the dealer was liable to penalty amounting to ₹ 55.02 lakh in accordance with Section 59 of the Act which stipulates levy of penalty equal to double the amount of the excess tax so payable due to non-disclosure of the actual turnover by the dealer.

After this being pointed out the Commercial Tax Officer stated (June 2014) that the dealer was being re-assessed.

The matter was referred to the Government (March 2014) and their reply is awaited (January 2015).

## 4.6 Loss of revenue due to non-levy of penalty and interest on unpaid VAT dues of ₹ 1.37 crore

**Non-recovery of penalty and interest from a dealer delayed payment of VAT resulted in loss of revenue of ₹ 1.37 crore.**

As per Rule 24 of the Goa Value Added Tax (GVAT) Rules, 2005 the tax collected were to be remitted on a monthly basis within 20 days from the end of each month if the monthly tax liability exceeded ₹ one lakh and within 30 days for tax liability up to rupees one lakh. For any delay in payment after the due date, interest at the rate of 12 *per cent* per annum has to be levied as provided in Section 25(4) of the Act.

As per Section 59 of the Act, the dealers are liable for penalty equal to rupees one thousand or double the amount of the excess tax payable, whichever is higher, if he omits from a statement made to a taxation officer any matter or thing without which the statement is misleading in a material particular and the tax properly payable by the person exceeds the tax that would be payable if the person were assessed on the basis that the statement is true.

It was noticed that the Assistant Commissioner of Commercial Taxes (ACCT), Ponda determined (March 2013) the turnover of a dealer as ₹ 12.53 crore on the basis of TDS issued by the awardee instead of the turnover of ₹ 7.34 crore shown in the returns by the dealer for the year 2009-10. Thus, the dealer had

[18] Sale of barge: ₹ 3.75 crore + Barge Freight Income: ₹ 1.63 crore + Barge Repair Income: ₹ 0.12 crore

[19] For the delay of 424 days upto the date of assessment (1.2.2012 to 31.3.2013), the penalty leviable was ₹ 1,000 plus ₹ 100 per day for first sixty days and ₹ 250 per day thereafter, as per Sn. 70(3) of the GVAT Act, 2005.

not disclosed the turnover of ₹ 5.19 crore[20] in his returns. The dealer was liable to pay the penalty amounting to ₹ 1.17 crore[21] under the GVAT Act. Besides, interest[22] amounting to ₹ 20.41 lakh was leviable for short payment of the tax. However, the ACCT neither levied the penalty nor demanded interest in the demand notice[23] issued to the dealer. This resulted in short levy of Government revenue of ₹ 1.37 crore.

After this was pointed out (October 2013) the Assessing Authority stated that interest and penalty was not levied as the dealer had different interpretation about the taxation of works contract. The reply furnished by the Department is not correct as under the Act the penalty and interest is leviable and should have been demanded, interpretation of the dealer was in violation of the Act and should have been rejected.

The matter was referred to the Government in June 2014 and their reply is awaited (January 2015).

[20] ₹ 12.53 crore - ₹ 7.34 crore

[21] ₹ 58.43 lakh x 2

[22] calculated from the last due date (30 April 2010) to the date of assessment (28 March 2013)

[23] After allowing Input Tax Credit (₹ 9.61 lakh) and TDS deduction (₹ 18.70 lakh), net balance tax due arrived at ₹ 58.43 lakh.

# CHAPTER-V

# Government Commercial and Trading Activities

## 5.1 Overview of State Public Sector Undertakings

### Introduction

**5.1.1** The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Goa, the State PSUs occupy a moderate place in the State economy. The State PSUs registered a turnover of ₹ 652.18 crore for 2013-14 as per their latest finalised accounts as of September 2014. This turnover was equal to 1.33 *per cent* of State Gross Domestic Product (GSDP[1]) for 2013-14. Major activities of Goa State PSUs are concentrated in infrastructure development sector. All State PSUs earned an overall aggregate profit of ₹ 18.31 crore for 2013-14 as per their latest finalised accounts. They had employed 3,128 employees[2] as of 31 March 2014. The Departmental Undertakings (DUs) of Electricity Department and River Navigation Department, which carry out commercial operations, are not included in these 16 PSUs. Audit findings on these DUs have also been incorporated in this chapter.

**5.1.2** As on 31 March 2014, there were 16 State PSUs. The sector-wise summary of investment in the State PSUs is given below:

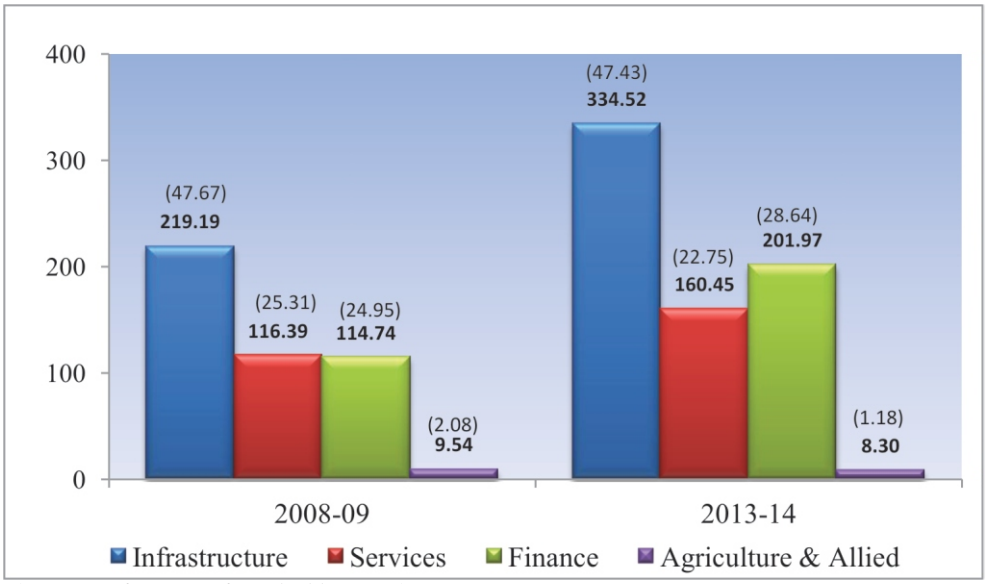
**Table 5.1 Sector wise summary of investment in the PSUs**

| Name of sector | Govt. Companies | | Statutory Corporations | | Total (number of Companies/ Corporations) | Invest-ment *(₹ in crore)* |
|---|---|---|---|---|---|---|
| | Working | Non-working | Working | Non-working | | |
| Infrastructure | 3 | - | 1 | 1 | 5 | 72.59 |
| Finance | 4 | - | - | - | 4 | 150.23 |
| Service | 3 | - | - | - | 3 | 114.09 |
| Agriculture & Allied | 3 | - | - | - | 3 | 8.30 |
| Misc. (Manufacturing) | - | 1 | - | - | 1 | 5.59 |
| **Total** | **13** | **1** | **1** | **1** | **16** | **350.80** |

**5.1.3** The investment in various important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2014 are indicated below in the bar chart. The share of investment in Finance sector increased from 24.95 *per cent* in 2008-09 to 28.64 *per cent* in 2013-14. There was absolute increase in the overall investment. However, the investment in Agriculture and Allied sector, Infrastructure sector and Service sector had marginally declined from 2.08, 47.67 and 25.31 *per cent* in 2008-09 to 1.18, 47.43 and 22.75 *per cent* in 2013-14 respectively.

[1]GSDP figure is provisional
[2]As per details provided by 16 PSUs

Due to disinvestment of one PSU (GAPL) and decision to wind up another PSU (GAAL) pertaining to Manufacturing Sector, there were no State PSUs under Manufacturing Sector as at 31 March 2014. Therefore, the figures pertaining to Manufacturing Sector of the year 2008-09 have not been considered for sector-wise comparison purpose in chart below.




*(Source: Information furnished by PSUs)*
*(Figures in bold show the amount of investment in crore and figures in parenthesis show the percentage of total investment)*

**5.1.4** During the year 2013-14, one Company[3] was disinvested and two non-working PSUs[4] were in the process of being wound up as detailed in paragraph 5.1.26.

## Accountability Framework

**5.1.5** The accounts of Government Companies/Statutory Corporations for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.* by 30 September.

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

[3] Goa Antibiotics and Pharmaceuticals Limited
[4] Goa Auto Accessories Limited and Goa Information Technology Development Corporation

## Statutory audit

**5.1.6** The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per the provisions of the Section 619(4) of the Companies Act, 1956.

**5.1.7** Audit of Statutory Corporations is governed by their respective legislations. C&AG is the sole auditor for both the Statutory Corporations *viz.,* Goa Industrial Development Corporation (GIDC) and Goa Information Technology Development Corporation (GITDC).

## Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs as an owner through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of CAG, in respect of State Government companies and Separate Audit Reports in case of statutory corporations are to be placed before the legislature within three months of their finalisation/as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

## Stake of Government of Goa

**5.1.8** As an owner, Government of Goa (GoG) has huge financial stake in these PSUs. This stake is of mainly three types:

- Share Capital and Loans- In addition to the Share Capital Contribution, GoG also provides financial assistance by way of loans to the PSUs from time to time.
- Special Financial Support- GoG provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- Guarantees- GoG also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

## Investment in State PSUs

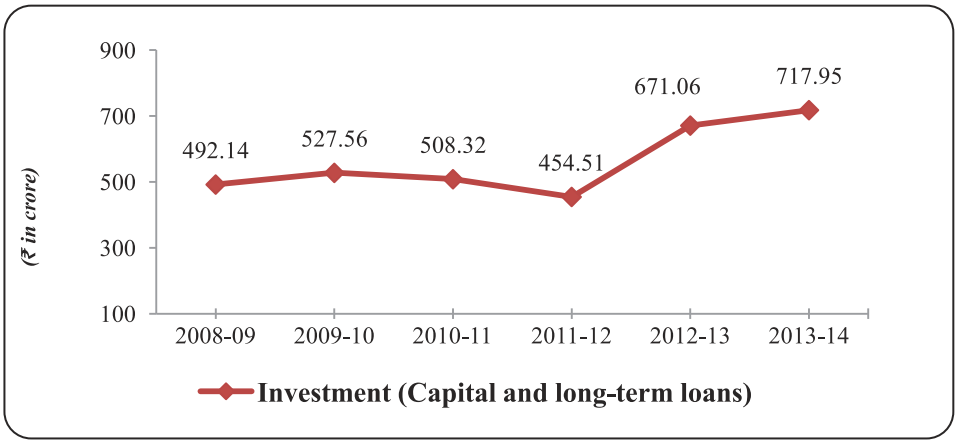
**5.1.9** As on 31 March 2014, the investment (capital and long-term loans) in 16 PSUs was ₹ 717.95 crore as per details given below:

### Table 5.2: Investment (Capital and Long term Loans) in PSUs

*(₹ in crore)*

| Type | Government Companies | | | Statutory Corporation | | | Grand Total |
|---|---|---|---|---|---|---|---|
| | Capital | Long term Loans | Total | Capital | Long term Loans | Total | |
| Working PSUs | 299.73 | 360.03 | 659.76 | 45.48 | 0.00 | 45.48 | 705.24 |
| Non-working PSUs | 5.59 | 7.12 | 12.71 | First Accounts awaited | | | 12.71 |
| **Total** | **305.32** | **367.15** | **672.47** | **45.48** | **0.00** | **45.48** | **717.95** |

**5.1.10** As on 31 March 2014, investment in State PSUs consisted of 48.86 *per cent* towards capital and 51.14 *per cent* in long term loans. The investment has increased by 45.88 *per cent* from ₹ 492.14 crore in 2008-09 to ₹ 717.95 crore in 2013-14 as shown in the graph below.




## Special support during the year

**5.1.11** The State Government provides financial support to PSUs in various forms through annual budget. During the year 2013-14, the Government extended budgetary support of ₹ 355.51 crore to 11 PSUs. The details of budgetary outgo towards equity, loans, grants/subsidies and guarantees issued in respect of State PSUs during the last three years are given below:

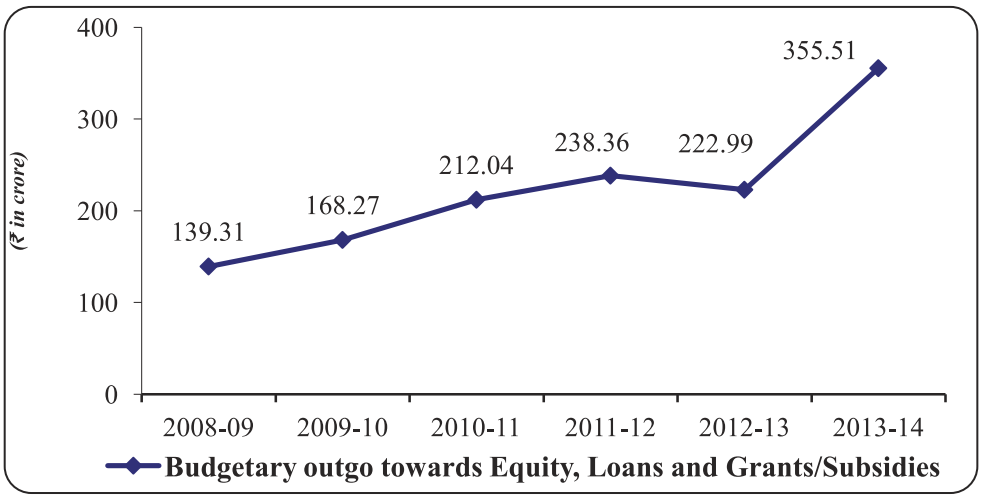
### Table 5.3: Details regarding budgetary support to PSUs

*(₹ in crore)*

| Sl. No. | Particulars | 2011-12 | | 2012-13 | | 2013-14 | |
|---|---|---|---|---|---|---|---|
| | | No. of PSUs* | Amount | No. of PSUs* | Amount | No. of PSUs* | Amount |
| 1 | Equity Capital outgo from budget | 5 | 34.43 | 4 | 40.16 | 0 | Nil |
| 2 | Loans given from budget | 1 | 0.72 | 1 | 4.39 | 1 | 2.58 |
| 3 | Grants/Subsidy received | 11 | 203.21 | 9 | 178.44 | 11 | 352.93 |
| 4 | Total Outgo(1+2+3) | 12 | 238.36 | 10 | 222.99 | 11 | 355.51 |
| 5 | Guarantee | - | - | 1 | 45.00 | 1 | 25.00 |
| 6 | Commitment | 3 | 69.00 | 3 | 80.72 | 3 | 85.43 |

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

**5.1.12** The details regarding budgetary outgo to the State PSUs towards equity, loans and grants/subsidies for past six years are given in a graph below:




The budgetary outgo of the State Government towards Equity contribution, Loans, Grants and Subsidies showed increasing trend over the years, increasing from ₹ 139.31 crore in 2008-09 to ₹ 355.51 crore in 2013-14, except in 2012-13.

**5.1.13** The guarantee/commitment by the State Government against the borrowings of State PSUs has increased marginally from ₹ 80.72 crore in 2012-13 to ₹ 85.43 crore at the end of 2013-14. The State Governments usually levy onetime guarantee fee of 0.5 *per cent* of the guaranteed amount. This was however, not levied in Goa.

## Reconciliation with Finance Accounts

**5.1.14** The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. Further, the State Governments loan to state PSUs are extended through the Government Departments. These Government Department re-allocated the loan funds to different PSUs. Hence, PSUs wise figure of State Government loans are not available in Finance Accounts. The position in regard to equity and guarantees as at 31 March 2014 is stated below:

**Table 5.4: Details of Equity and Guarantee outstanding as per Finance Account and records of PSUs**

*(₹ in crore)*

| Outstanding in respect of | Amount as per Finance Accounts | Amount as per records of PSUs | Difference |
|---|---|---|---|
| **Equity** | 289.92 | 292.86 | 2.94 |
| **Guarantees** | 99.27 | 83.47 | 15.80 |

**5.1.15** Audit observed that the differences occurred in respect of 10 PSUs and some of the differences were pending reconciliation since 2001-02. Though, the Government as well as PSUs concerned were apprised by audit about the need for reconciliation, considerable progress has not been achieved. The Government and PSUs should take concrete steps to reconcile the differences in a time bound manner.

## Arrears in finalisation of accounts of PSUs

**5.1.16** The accounts of the Companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230 and 610 of the Companies Act, 1956. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by PSUs in finalisation of accounts by September 2014.

**Table 5.5: Position relating to finalisation of accounts of working PSUs**

| Sl. No. | Particulars | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|
| 1 | Number of PSUs | 17 | 17 | 17 | 17 | 16 |
| 2 | Number of accounts finalised during the year | 16 | 11 | 13 | 13 | 20 |
| 3 | Number of accounts in arrears | 30 | 36 | 40 | 44 | 40 |
| 4 | Number of PSUs with arrears in accounts | 12 | 13 | 14 | 15 | 12 |
| 5 | **Extent of arrears** | **1 to 8 years** | **1 to 9 years** | **1 to 10 years** | **1 to 10 years** | **1 to 10 years** |

**5.1.17** The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. The concerned administrative Departments and officials of the Government were informed every quarter by the Audit about the arrears in finalisation of accounts; however, there was a marginal improvement in arrears of accounts which reduced from 44 accounts in 2012-13 to 40 accounts in 2013-14.

**5.1.18** The State Government had invested ₹ 280.03 crore (Equity ₹ 13.19 crore, loan ₹ 6.97 crore and grants/subsidies ₹ 259.87 crore) in nine PSUs[5] during the years for which accounts have not been finalised as detailed in ***Appendix 5.1.*** In the absence of accounts and their subsequent audit it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not and thus Government's investment in such PSUs

[5]Goa Forest Development Corporation Limited, Goa Meat Complex Limited, Goa State Horticultural Corporation Limited, Goa State Scheduled Castes and Other Backward Class Finance and Development Corporation Limited, Goa State Scheduled Tribes Finance and Development Corporation Limited, Goa State Infrastructure Development Corporation Limited, Info Tech Corporation of Goa Limited, Sewage and Infrastructural Development Corporation Limited and Goa Information Technology Development Corporation.

remained outside the scrutiny of the State Legislature.

To liquidate the arrears in finalisation of accounts of State PSUs, the C&AG had taken up the matter (September 2011) with the Ministry of Corporate Affairs (MCA) and suggested to devise special arrangements along with actionable issues to ensure enforcement of accountability. The MCA in turn devised (November 2011) a scheme, which allowed the PSUs with arrears in accounts to finalise the latest two years accounts and clear the backlog in five years. The Accountant General (AG) also addressed the Chief Secretary/Finance Secretary (November 2012, October 2013 and October 2014) to expedite clearance of backlog of arrears in accounts in a time bound manner. Delay in finalisation of accounts may lead to risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the C&AG on the accounts of Statutory Corporations in the Legislature by the Government.

**Table 5.6: Status of placement of SARs in Legislature**

| Sl. No. | Name of Statutory Corporation | Year up to which SARs placed in Legislature | Year for which SARs not placed in Legislature | | |
|---|---|---|---|---|---|
| | | | Year of SAR | Date of issue to the Government | Reasons for delay in placement in Legislature |
| 1 | Goa Industrial Development Corporation | 2008-09 | 2009-10 | 08.11.2011 | Information not furnished |
| | | | 2010-11 | 10.01.2013 | Information not furnished |
| | | | 2011-12 | 10.04.2014 | Information not furnished |
| 2 | Goa Information Technology Development Corporation | First accounts (2006-07) awaited | | | |

## Performance of PSUs

**5.1.19** Table below provides the details of PSUs turnover and State GDP for the period from 2008-09 to 2013-14.

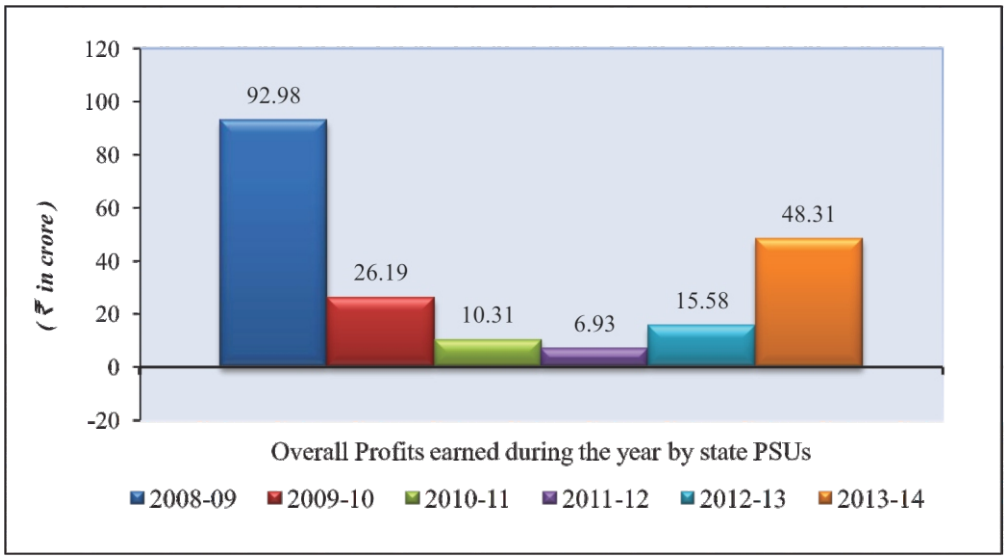
**Table 5.7: Details of PSUs turnover *vis a vis* State GDP**

*(₹ in crore)*

| Particulars | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|
| **Turnover** | 459.33 | 440.04 | 413.72 | 456.48 | 569.35 | 652.18 |
| **State GDP** | 25414 | 29126 | 33605 | 43255 | 42407 | 48897 |
| **Percentage of Turnover to State GDP** | **1.81** | **1.51** | **1.23** | **1.06** | **1.34** | **1.33** |

It could be seen from the above that the extent of PSU activities in the State economy which had shown a declining trend up to 2011-12 showed signs of revival since 2012-13.

**5.1.20** Profits earned by State PSUs during 2008-09 to 2013-14 are given below in a bar chart.




*(Figures show the amount of profit in 16 PSUs since 2008-09 to 2013-14)*

During the year 2013-14, out of 16 PSUs, eight PSUs earned a profit of ₹ 48.31 crore and seven PSUs sustained loss of ₹ 29.99 crore. One PSU had not finalised its first account. The major contributors to profit were EDC Limited (₹ 39.76 crore) and Sewage & Infrastructure Development Corporation Limited (₹ 4.65 crore). Heavy losses were sustained by Kadamba Transport Corporation Limited (₹ 24.05 crore), Goa Auto Accessories Limited (₹ 1.71 crore) and Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (₹ 1.91 crore).

**5.1.21** The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, operations and monitoring. A review of latest Audit Reports of C&AG shows that the State PSUs sustained losses to the tune of ₹ 43.93 crore which were controllable with better management. Year-wise details from Audit Reports are stated below.

**Table 5.8: Controllable losses commented in Audit Reports**

*(₹ in crore)*

| Particulars | 2011-12 | 2012-13 | 2013-14 | Total |
|---|---|---|---|---|
| **Net Profit** | 6.93 | 15.58 | 48.31 | 70.82 |
| **Controllable losses as per CAG's Audit Report** | 20.66 | 19.80 | 3.47 | 43.93 |

**5.1.22** The above losses pointed out in the Audit Reports of C&AG was based on test check of records of PSUs.

**5.1.23** Some other key parameters pertaining to State PSUs are given below:

**Table 5.9: Key parameters of State PSUs**

*(₹ in crore)*

| Particulars | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|
| **Return on Capital Employed (*per cent*)** | 21.64 | 10.01 | 7.25 | 6.68 | 8.94 | 9.21 |
| **Debt** | 224.73 | 242.69 | 212.48 | 139.27 | 314.07 | 367.15 |
| **Turnover** | 459.33 | 440.04 | 413.72 | 456.48 | 569.35 | 652.18 |
| **Debt/Turnover Ratio** | 0.49:1 | 0.55:1 | 0.51:1 | 0.31:1 | 0.55:1 | 0.56:1 |
| **Interest Payments** | 27.67 | 29.20 | 31.30 | 27.49 | 29.13 | 38.16 |
| **Accumulated Profits (losses)** | **(82.46)** | **(34.56)** | **(36.00)** | **(46.15)** | **(46.22)** | **(47.24)** |

**5.1.24** The percentage of return on Capital Employed showed a declining trend from 21.64 *per cent* in 2008-09 to 6.68 *per cent* in 2011-12 and thereafter increasing to 9.21 *per cent* in 2013-14. This was mainly due to improvement in return on Capital Employed of two companies namely Goa Meat Complex Limited and EDC Limited. The total debt position has gone up to ₹ 367.15 crore in 2013-14 from ₹ 314.07 crore in the previous year 2012-13 due to additional loan taken by EDC Limited. The outgo of PSUs towards payment of interest showed an increasing trend and stood at ₹ 38.16 crore as on 31 March 2014 showing an increase of ₹ 9.03 crore when compared to 2012-13. The turnover position increased from ₹ 569.39 crore in 2012-13 to ₹ 652.18 crore in 2013-14 mainly due to increase in turnover of Goa State Infrastructure Development Corporation Limited, EDC Limited and Kadamba Transport Corporation Limited. The accumulated losses had decreased from ₹ 82.46 crore during 2008-09 to ₹ 34.56 crore in 2009-10 but further increased to ₹ 47.24 crore in 2013-14.

**5.1.25** The State Government has not formulated any dividend policy for payment of any minimum return by PSUs on the paid up share capital contributed by the State Government. As per their latest finalised accounts, though eight PSUs earned an aggregate profit of ₹ 48.31 crore, only two PSUs (EDC Limited and Goa State Infrastructure Development Corporation Limited) declared a dividend of ₹ 1.38 crore.

The State Government may consider formulation of a dividend Policy regarding payment of reasonable return from the profit earning PSUs.

## Disinvestment, Privatisation and Restructuring of PSUs

**5.1.26** The position of disinvestment, privatisation and restructuring of PSUs during the year 2013-14 is as under:

- During the year 2013-14, the State Government had approved (February 2014) disinvestment of Goa Antibiotics & Pharmaceuticals

Limited (GAPL). Accordingly, GAPL, a subsidiary of EDC Limited (EDC) was disinvested by sale of 74 *per cent* of EDC's stake in favour of M/s HLL Life Care Ltd. (HLL), a Government of India Enterprise.

- Manufacturing operations of Goa Auto Accessories Limited (GAAL) have been stopped since 10 March 2014 after introducing Voluntary Retirement Scheme (VRS) to the Employees in accordance with decision of the Government of Goa.

- As apprised by the Department of IT, Goa Information Technology Development Corporation has become defunct/non-functional and there was a proposal before the State Government to wind-up the Corporation.

## Accounts Comments

**5.1.27** Fourteen[6] Companies forwarded their 20 accounts to Accountant General during the year 2013-14, of which 10 were selected for supplementary audit. The audit reports of Statutory Auditors appointed by the C&AG and the supplementary audit of C&AG indicate that the quality of maintenance of accounts needs to be improved. The details of aggregate money value of comments of Statutory Auditors and C&AG are given below.

**Table 5.10: Details of aggregate value of comments**

*(₹ in crore)*

| Sl. No. | Particulars | 2011-12 | | 2012-13 | | 2013-14 | |
|---|---|---|---|---|---|---|---|
| | | No. of accounts | Amount | No. of accounts | Amount | No. of accounts | Amount |
| 1 | Decrease in profit | 2 | 5.07 | 2 | 12.21 | 4 | 1.38 |
| 2 | Increase in loss | 1 | 0.20 | 2 | 1.95 | 3 | 18.53 |
| 3 | Non-disclosure of material facts | 2 | 12.68 | 5 | 2.50 | 2 | 0.64 |
| 4 | Errors of classification | 1 | 2.91 | 2 | 0.13 | 0 | - |

**5.1.28** During the year 2013-14, the Statutory Auditors had given qualified certificates for 14 accounts pertaining to 10 Companies. None of the PSUs were given adverse comments or disclaimer certificates for their accounts by the C&AG or Statutory Auditors. The compliance of Companies with the Accounting Standards remained poor as there were 21 instances of non-compliance in 20 accounts during the year.

## Departmentally managed Government commercial/quasi commercial undertakings

**5.1.29** There were two departmentally managed government commercial/quasi commercial undertakings *viz.,* the Electricity Department and the River Navigation Department in the State as on 31 March 2014. The Proforma accounts of the River Navigation Department were in arrears for the years from 2006-07 to 2013-14 and that of the Electricity Department for the years 2010-11 to 2013-14 (December 2014).

[6]Including accounts of one company *i.e.* GAPL, which was disinvested during 2013-14.

## Reforms in Power Sector

**5.1.30** The Power Sector in the State is managed by the Electricity Department of Goa. The Union Government had set up (May 2008) a "Joint Electricity Regulatory Commission for the State of Goa and for Union Territories", under the Electricity Act, 2003. Presently, the Commission is in the process of framing various regulations as mandated in the Electricity Act 2003, to facilitate its functioning.

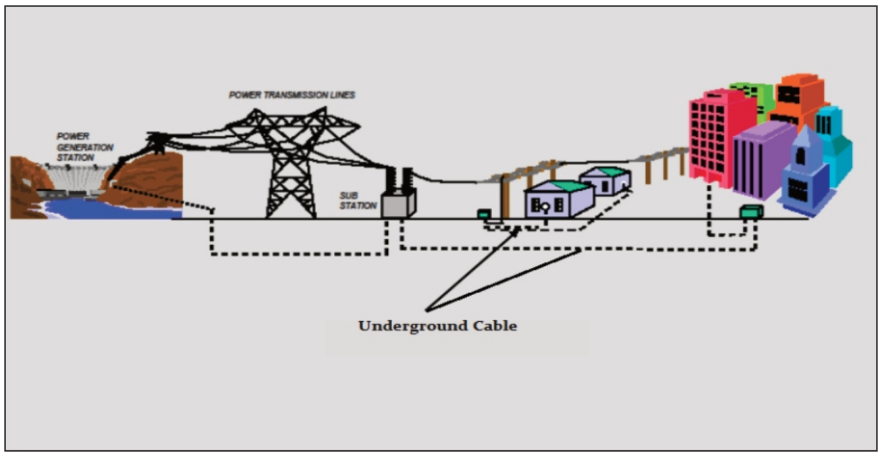
**5.1.31** A Memorandum of Understanding (MoU) was signed in October 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms in power sector with identified milestones. The progress achieved so far in respect of important milestones was satisfactory excepting the fact that State Government has not corporatised its Electricity Department so far though the same was due by 31 March 2002.

## ELECTRICITY DEPARTMENT

## 5.2 LAYING OF UNDERGROUND CABLING NETWORK

### 5.2.1 Introduction

Electricity is distributed through Overhead (OH) lines and Underground (UG) lines. The work of conversion and commissioning of OH lines to UG Cable distribution lines in Panaji City and some parts of Margao City were completed by Goa Electricity Department (GED) in 2007-08. The UG conversion works in Panaji and Margao improved the quality of service to the consumers and reduced the interruptions during the monsoon season.




*Schematic diagram showing transmission and distribution of power*

Following this, GED took up (2008-09) conversion of existing OH lines (33/11 kv) to UG lines and execution of new works using UG cables under Infrastructure Works, Tribal Sub Plan (TSP) schemes, Accelerated Power Development & Reforms Programme (APDRP) and Electricity Development Fund (EDF) to ensure reliability in power supply.

***Planning & Funding of Underground Cabling Projects***

The UG cabling projects are initiated by GED on the basis of:

- availability and demand for power;
- condition of the existing over head lines;
- commissioning of new substations; and
- also initiated on the directions of the State Government; requests/ proposals from industrial associations and elected representatives.

The State Government also constituted (September 2008) an Electricity Development Fund (EDF) in the Public Account of the State. The fund was planned to be raised through levy of electricity duty on consumption of electricity by consumers and utilised for the development and up-gradation of power infrastructure in the State of Goa. The fund was also being utilised for the execution of UG cabling projects in the State besides other power infrastructure development projects in the State.

***Preparation of Estimates and Selection/allotment of work***

The estimated cost of UG cabling project is prepared by GED division in whose jurisdiction the project is planned to be executed. The previous purchase rate of items is treated as the schedule of rates by GED and the estimated cost is calculated on this basis. The estimates so prepared is scrutinised and accorded administrative approval and technical sanction by the Chief Electrical Engineer of GED. Further, expenditure sanction is accorded by the Expenditure Finance Committee after ascertaining the availability of fund required for the project.

After the administrative approval, technical and expenditure sanctions are accorded to the estimates, a tender notice is published on Goa Government website inviting e-tenders and the tender notice is also published in leading newspapers. Tenders are invited in two parts (i) techno-commercial bid and (ii) Financial/Price bid. The tenders shall be valid for a period of 90 days from the date of opening of techno-commercial bid. A pre-bid conference is also conducted for clarifications/discussions with the contractors regarding the tendered work. According to paragraph 20.3.1(1) and Appendix 23 of CPWD Works Manual, a maximum time of 45 days is allowed for scrutiny and disposal of tenders. The tenders received are appraised by the Technical Advisory Committee of GED and approved by Goa State Works Board. The contractor whose bid is accepted is required to furnish performance guarantee of five *per cent* of the bid amount within 15 days from the issue of Acceptance letter. After receipt of the prescribed performance guarantee, the work order is issued.

### 5.2.2 Audit Coverage

Audit carried out a study of the planning, procurement of material and execution of UG cabling works. From 2008-09 to 2013-14, 35 UG Cabling works **(Table 5.11)** were initiated by GED in 9 Operating divisions.

**Table 5.11: Details of Operating Divisions undertaking UG cabling works**

| Operating Division | No. of works related to UG cabling | | | | | |
|---|---|---|---|---|---|---|
| | Supply | Execution | Turnkey | Turnkey (Joint Venture) | Work not awarded | Total |
| Division I, Panaji | 1 | 1 | 1 | 0 | 0 | 03 |
| Division III, Ponda | 0 | 0 | 0 | 0 | 1 | 01 |
| Division IV, Margao | 2 | 2 | 2 | 0 | 0 | 06 |
| Division V, Bicholim | 0 | 0 | 5 | 0 | 0 | 05 |
| Division VI, Mapusa | 2 | 2 | 3 | 0 | 0 | 07 |
| Division X, Ponda | 2 | 2 | 0 | 0 | 0 | 04 |
| Division XI, Vasco | 1 | 1 | 0 | 1 | 0 | 03 |
| Division XIV, Verna | 0 | 0 | 1 | 0 | 2 | 03 |
| Division XVI, Margao | 0 | 0 | 0 | 2 | 1 | 03 |
| **TOTAL** | **8** | **8** | **12** | **3** | **4** | **35** |

GED executed the works of UG cabling by three different methods as mentioned below through contractors selected by e-tendering process:

(i) On turnkey basis (including supply of materials and execution)

(ii) Splitting the work into two components namely *(a)* Procurement of the required quantity of UG Cable directly from manufacturers and *(b)* Execution of the work of laying/erection, testing and commissioning of UG cable supplied with accessories; and

(iii) Awarding of works to Joint Venture partners where the lead partner is the contractor responsible for laying the UG cable and Co-partner is the manufacturer of UG cable.

During the year 2008-09 to 2013-14, GED prepared estimates for 35 projects involving supply and execution of UG cabling works. Audit selected 33 projects for review; of these projects, eight supply orders; one execution work and three turnkey works were completed. Seven execution works; seven turnkey works and three turnkey works awarded to joint venture partners were in various stages of execution and tenders for four works were not awarded.

The important audit findings on various aspect of laying of UG cables are discussed in detail in subsequent paragraphs.

**Audit Findings**

### 5.2.3 Preparation of estimates at higher side

In Division V, Bicholim, three UG cabling works awarded during 2010-11 on turnkey basis were reviewed. Of these works, two works were connecting Sanquelim sub-station and four pole structures at Virdi and Bhupial respectively. We observed that both the works were awarded at approximately half the amount put to tender as detailed below:

**Table 5.12: Details of estimated rate and work award rate of two UG cabling work awarded in Division V, Bicholim**

*(₹ in crore)*

| Details of UG cabling Work commencing from Sanquelim substation connecting | Amount put to tender | Work Order Amount | *Percentage* variation |
|---|---|---|---|
| Virdi four pole structure | 2.82 | 1.30 | 54.04 below |
| Bhupial four pole structure | 2.45 | 1.27 | 48.02 below |

On a comparison of the estimates and the successful tender, it was revealed that the rate of 33 KV, 3 core x 240 Sq.mm UG cable planned for utilisation in both the works was estimated at ₹ 3,300 per metre. However the successful bid rate quoted for UG cable was ₹ 1,301 per metre (60.58 *per cent* below) and ₹ 1,200 meter (63.64 *per cent* below) for the work connecting four pole structure at Virdi and Bhupial respectively, indicating that the estimates prepared were on a higher side.

As cables constitute the main cost component of UG cabling works, it was imperative that GED should have ascertained the prevalent market rates before preparation of estimates.

### 5.2.4 Tendering process

***Delay in execution of connected works***

To ensure the satisfactory commissioning of a project, the inter-dependent/ connected works are to be completed. We observed in two cases that even though works were completed, the commissioning of the project was delayed due to non-completion of an interdependent/connected work.

Division XVI, Margao was unable to commission the 220/33 KV sub-station at Cuncolim completed and test charged in December 2013 at a cost of ₹ 58.25 crore[7], as the work of supply and laying of cable and accessories was not tendered and the estimate providing UG link lines was not approved (August 2014). Consequently, the estimated cost of laying UG cable had increased from ₹ 8.33 crore to ₹ 15.27 crore (83.31 *per cent*) and resulted in a cost overrun of ₹ 6.94 crore. The two 33KV feeders were charged (March 2014) and feeding supply to Cancona and Cuncolim area.

Similarly, 62 Kms of 33 KV, 3 Core x 400 Sq.mm XLPE UG cable procured (Division XI, Vasco) at a cost of ₹ 15.19 crore during January 2011 was kept idle for more than 11 months due to belated publication on July 2010 of notice inviting tenders for laying the cable and permission to excavate the road (NOC received in December 2011). Further the execution of work has not been completed so far (January 2015). This would lead to cost overrun besides blocking of Government funds on inventory/idle assets.

***Delay in finalisation of tender***

According to the provisions of the CPWD works Manual, a maximum time of 45 days is allowed for scrutiny and disposal of tenders. It was observed that GED did not finalise three tenders related to supply and laying of UG cable which were notified during the period from June 2011 to November 2011 **(*Appendix 5.2*).**

The Technical Advisory Committee meeting informed (May 2012) that the finalisation of tenders was delayed due to code of conduct of the Legislative Assembly elections held in March 2012. However, we observed that out of these three works, the acceptance of two tenders was due in the months of July 2011 and September 2011. Therefore, these tenders could have been finalised well before the model code of conduct was notified on February 2012. Further, no action has been taken to call for fresh tenders

[7] As per RA bill 32, Feb 2015, final bill yet to be submitted

(September 2014) to execute these works. As these works were not abandoned, the execution of these works later on would result in cost overrun.

### 5.2.5 Discrepancies in procurement of material

***Acceptance and utilisation of cheaper and substandard material***

The general terms and conditions of tender (Part-III) for supply of UG cables stipulate acceptance tests (clause 9.3) which state that acceptance tests on the manufactured cables shall be conducted at the manufacturer's works in the presence of the department's representatives on the randomly selected cable samples as per the sampling procedure. When the supplier intimates GED about the readiness to offer the materials for inspection, GED deputes its officers for inspection at the suppliers' premises and when the materials are found to conform to the specifications ordered, inspection certificates are issued for each lot and the materials are despatched to GED.

The Division VI, Mapusa procured (January 2012) about 17 Kms of 33 KV, 3 Core x 400 Sq.mm, XLPE insulated, armoured UG cable of type A2XWY from M/s Polycab Wires Pvt. Ltd. valued ₹ 3.78 crore without inspection of the material at the manufacturer's premises. We observed that the Asst. Engineer, Subdivision II had informed (February 2012) the Division that 400 Sq.mm lugs (Dowells make) fitted very loose to the UG cables supplied whereas 300 Sq.mm lugs could be fully inserted; expressing doubt about quality of the material supplied. This implied that the cross-section of the UG cable supplied was 300 Sq.mm instead of 400 Sq.mm ordered and therefore had a lower capacity to transmit electricity. This also inferred that the quality of UG cable supplied was cheaper than the quality of UG cable ordered. However, the Division took no action to get the UG cable tested to confirm the quality of UG cable supplied/get replacement from the manufacturer.

The supplied UG cable was planned to be utilised for Double Circuit (DC) UG line between Thivim substation and Porvorim substation. The work of laying DC UG line from Thivim substation to Porvorim substation including supply, erection, testing and commissioning of associated equipment at both the substations was awarded to M/s Nanu Engineers Pvt. Ltd. (NEPL). On a scrutiny of the bid quoted by NEPL, it was observed that NEPL selected recently approved jointing kits of Denson make which were cheaper compared to other makes of jointing kits.

The laying of UG cable between Thivim sub-station and Porvorim sub-station could be completed (February 2013) only after one year from the completion of supply of UG cable. The feeders tripped twice within a period of one week from the date of idle test charging. The contractor attributed the tripping to cable fault and was repaired subsequently. The Division did not furnish the details of charges incurred for repair and claims/recoveries made from the cable manufacturer (July 2014).

Further, the jointing kits also failed repeatedly and to resolve the problem all the 70 Nos. of Denson make jointing kits had to be replaced with 100 numbers of Raychem make jointing kits by utilising an extra quantity of 30 jointing kits and thereby an extra expenditure of ₹ 22.35 lakh was incurred as detailed below:

**Table 5.13: Statement showing excess expenditure incurred on replacement of substandard jointing kits.**

*(Amount in ₹)*

| Jointing Kits | | | | | | Extra Expenditure |
|---|---|---|---|---|---|---|
| Denson Make | | | Raychem Make | | | |
| Quantity | Rate | | Quantity | Rate | Amount | |
| 70 | 28925 | 2024750 | 100 | 42600 | 4260000 | 2235250 |

Failure of the Mapusa Division to get the materials inspected before acceptance in spite of the report of the Asst. Engineer resulted in the acceptance of substandard materials valued ₹ 3.99 crore (UG cable ₹ 3.78 crore + jointing kits - ₹ 20.25 lakh) and an additional expenditure of ₹ 22.35 lakh was incurred on replacement of jointing kits. As the UG cable supplied were of lower quality, the re-occurrence of cable fault cannot be ruled out in the future.

We observed that Division XI, Vasco had decided (October 2013) to get a randomly selected sample of 33 KV jointing kit tested by Central Power Research Institute before utilisation in the 33 KV UG cabling work between Verna substation and Vasco substation. Had Division VI, Mapusa done the same in case of jointing kits of Denson make, the extra expenditure, time and effort of replacing the substandard jointing kits could have been saved.

The GED accepted the facts in respect of the Joining kits (November 2014).

### 5.2.6 Execution of work

***Laying of UG cable along highway identified for widening.***

Electricity Division X, Ponda was executing works of laying of 33 KV, DC 3 core x 400 Sq.mm XLPE armoured UG cable from 110 KV Kadamba Sub-station to 33/11 KV Kundaim Sub-station via Corlim along highway NH 4A. We observed that the Highway authorities intimated (May 2011) the Division about the highway widening plans and requested to stop UG cabling work along the highway as the cables would require to be shifted during the widening and would be waste of funds to the GED. However, the Division did not consider the same and proceeded with the work of laying UG cables.

The work of widening of the NH has since been undertaken by the Authority. During the course of widening the highway, the UG cable would be excavated and shifted at the cost of GED, resulting in entire expenditure incurred on laying of UG cable becoming infructuous. Additional expenditure also would have to be incurred for re-laying of UG cable and also on repair of portions of UG cable damaged during excavation. The picture below shows UG cables removed and dumped in the course of the road widening work.



Thus, laying of UG cable along highways identified for widening ignoring the notice of the Highway authorities has resulted in avoidable loss of ₹ 2.69 crore[8] being expenditure incurred on laying charges besides damage to the UG cable.

***Lapse of guarantee period of UG cable due to delay in completion of works***

The general terms and conditions of the tender documents for supply of materials specify that the contractor should guarantee the performance for a period of twelve months from the date of commissioning or twenty four months from the date of supply, whichever is earlier. GED took up the execution of eight UG cabling works where the procurement of UG cable was tendered separately. The UG cable for each work was procured in bulk and stored in the respective Divisions and the contractor had to draw the required quantity of cable from the Divisions according to the progress of work. The time specified for completion of these UG cabling works were one year from the date of work order. However, the progress in execution of UG cabling works was relatively slow mainly due to 'Right of Way' problems. This resulted in non-completion of UG cabling works within the scheduled period of completion of work and extensions of time were granted for completion of the UG cabling works. The delay in completion resulted in lapse of guarantee period on cable valued ₹ 84.17 crore as detailed in ***Appendix 5.3***.

The above issues were brought to the notice of the Government (September 2014); their replies were awaited (January 2015).

### 5.2.7 Conclusion

The underground cabling in Goa was marred by a number of shortcomings. The estimates were not properly prepared resulting in works being awarded at much lesser than the estimated cost. Substandard materials were procured and utilised resulting in disruption of services. Cables were laid alongside roads which were due for widening inspite of sufficient notice by the highway authorities which led to avoidable expenditure on laying of cables. Inordinate delay in completion of works also resulted in lapse of guarantee period of underground cables procured.

[8] calculated on pro-rata basis from 110 KV Kadamba Sub-station to 33/11 KV Kundaim Sub-station via Corlim).

## DEPARTMENT OF INFORMATION TECHNOLOGY

### 5.3 Avoidable expenditure/loss due to awarding contract to United Telecoms Limited

**Awarding contract to United Telecoms Limited for setting up of Goa Broadband Network at higher rate without considering the more economical option of BSNL led to avoidable expenditure of ₹ 17.40 crore besides loss of interest of ₹ 5.22 crore on mobilisation advance.**

The Goa Broad Band Network (GBBN) project was initiated to provide internet and intranet connectivity to 2,864 offices of Government of Goa through the Department of Information Technology (DoIT), Government of Goa (GoG). The work was awarded (November 2006) to M/s United Telecoms Limited (UTL). UTL was to provide internet bandwidth of 47.5 Mbps per annum for the first three years and 161 Mbps per annum for the next seven years. The total expenditure was estimated at ₹ 466.86 crore at the rate of ₹ 2.52 lakh per Mbps per month for the first three years and ₹ 2.26 lakh per Mbps per month for the next seven years. As per time frame for completion of work, the UTIL had to complete the broadband connectivity with Government Departments/Panchayats, educational institutions and households by March/September 2007.

Due to failure of UTL in timely completion of the contract, a revised proposal was approved by the Cabinet in December 2008. A cap was placed on the number of buildings/location, limiting it to 414 and number of offices to 802. Internet band width was reduced to 22.48 Mbps per annum in the first three years and 51.97 Mbps per annum in the succeeding seven years. The expenditure thus reduced to ₹ 218.23 crore over a period of 10 years. A supplementary agreement was entered (February 2009) into with UTL by GoG.

The GBBN network was declared operational from 01August 2009 by the Third Party Audit agency, M/s. Software Technology Parks of India, a GoI organisation. During the period between August 2009 and August 2012, the DoIT has effected payment of ₹ 20.40 crore[9] towards internet bandwidth charges as per the Service Level Agreement with UTL.

It was observed that Bharat Sanchar Nigam Limited (BSNL), a Central Government Undertaking, with a view to promote e-governance through State Wide Area Network (SWAN) had offered (January 2005) to all States 90 *per cent* discount on prevailing TRAI rate for providing 2 Mbps bandwidth link which according to BSNL was quite sufficient for SWAN projects. Though the BSNL did not participate in the tender process, the department despite being aware of the fact did not consider the option of hiring BSNL for internet connectivity and limiting the scope of UTL's services to intranet connectivity alone. The BSNL rates for internet service was ₹ two crore per annum for a band width of 45 Mbps as against the rate of ₹ 13.61 crore[10] of

[9] ₹ 2.52 lakh per Mbps per month x 22.48 Mbps x 12 months x 3 years
[10] ₹ 2.52 lakh per Mbps per month x 45 Mbps x 12 months

UTL. Since the time of operationalisation of GBBN network from 01 August 2009, the department has paid UTL ₹ 20.40 crore for provision of internet bandwidth.

Thus, failure of DoIT to limit the scope of the PPP to providing intranet connectivity alone, resulted in an avoidable expenditure of ₹ 17.40 crore[11]. An additional expenditure of ₹ 82.49 crore[12] would be incurred for the remaining period of seven years. Thus, the department chose to disregard offer of lower charges by BSNL for internet connectivity and awarded the contract to UTL that led to increase in the project cost.

The original Agreement entered into between GoG and UTL did not contain provisions for advance payment to the contractor. However, based on the request made by UTL (October 2008), the DoIT incorporated a clause for making an on-account payment of ₹ 20 crore to UTL against appropriate Bank Guarantee to be adjusted in the future amount payable to them through Quarterly Guarantee Revenue. The DoIT did not incorporate suitable clause for recovery of interest as envisaged in section 32.5 of the CPWD works manual which states that mobilisation advance limited to 10 *per cent* of tendered amount at the rate of 10 *per cent* simple interest, could be sanctioned to the contractors on specific request as per terms of contract. The DoIT had released ₹ 20 crore (₹ five crore each in June/August/December 2009 and January 2010) against bank guarantee of equal amount. This resulted in loss of interest of ₹ 5.22 crore to the Government up to September 2013.

In reply the Department stated (July 2014) that:

- The savings in project cost was not only due to reduction in internet bandwidth requirement but was due to several techno commercial factors leading to revision of the scope of the project including reduction in number of intranet connections.
- The GBBN project was initiated based on a project report prepared by the National Institute of Smart Governance (NISG).
- The project requirement includes both internet and intranet requirements. The present BSNL rate for one Gbps intranet connectivity is ₹ 1.08 crore per year and hence the intranet charges of BSNL would have been more.
- The BSNL was not having ready infrastructure during 2006.
- Advance paid to UTL was not in the nature of mobilisation advance but was partly to compensate the loss of revenue due to delay in completion of the project.

The reply of the Department is not convincing as BSNL had the infrastructure for internet connectivity in 2006 when the GBBN project was taken up and DoIT itself had not ensured proper market assessment and commercial viability of its requirement of one Gbps connectivity. Further, the delay in

[11] ₹ 20.40 crore – (₹ 2 crore per annum for the bandwidth of 45 Mbps /45 Mbps x 22.48 Mbps x 3 years)
[12] (₹ 2.26 lakh per Mbps per month x 51.97 Mbps x 12 months x 7 years) – (₹ two crore per annum for the bandwidth of 45 Mbps /45 Mbps x 51.97 Mbps x 7 years)

completion of the project was on account of UTL, and hence there was no requirement to compensate UTL for loss of revenue.

Thus, there was a total loss of ₹ 22.62 crore to the Government on implementation of the GBBN project (avoidable expenditure of ₹ 17.40 crore due to not considering the option of BSNL and ₹ 5.22 crore due to non-recovery of interest on advance payment) with an additional committed expenditure of ₹ 82.49 crore.

## GOA ELECTRICITY DEPARTMENT

### 5.4 Excess payment of Consultancy Fees

**Excess payment of Consultancy Fees to POWERGRID in contravention to the agreement**

Clause 4.4 of two agreements[13] for works entered into by Government of Goa (GoG) with M/s Power Grid Corporation of India Limited (POWERGRID) envisaged payment of consultancy fees at the rate of 13.5 *per cent* of the estimated cost of the work. As per Clause 4.5 of the agreements, service tax on the consultancy fees at applicable rate shall also be paid by the Government. Further, all present and future taxes, duties levied by any Act/Notification of the State/Central Government arising out of the agreement between Government and POWERGRID and its contractor/suppliers shall be paid by the Government directly to the concerned authorities or to POWERGRID in case the same was paid by POWERGRID.

The above agreements for the works were awarded (March 2006) presuming that exemption of Central Sales Tax (CST) could be availed by producing D forms on procurement of materials used for the work. However, the practice of giving exemption of CST by accepting D forms was abolished with effect from 01 April 2007. Accordingly, based on a demand from POWERGRID, Goa Electricity Department paid differential sales tax of ₹ 3.70 crore[14] to them (March 2012). On this differential sales tax POWERGRID had also claimed (July 2010) consultancy fees (at the rate of 13.5 *per cent*) and service tax (at the rate of 12.36 *per cent*) thereon amounting to ₹ 56.06 lakh[15] and the same was paid by the Department.

In this regard, we observed that consultancy fees and service tax of ₹ 56.06 lakh paid on differential sales tax was in contravention to the clause 4.5 of the agreement (which prescribed reimbursement of additional taxes only) and hence resulted in loss to the Government.

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[13] i) Design, Supply, Erection, Testing and Commissioning of 2x50 MVA, 220/33 KV Sub Station at Amona along with associated equipments under Electrical Division IX, Thivim of Goa electricity Department for which, agreement was entered on 31 March 2006
ii) Design, Supply, Installation, Testing and Commissioning of new 1 X 40MVA, 110/33KV Power Transformer at Ponda Sub-station with associated equipments under Electrical Division III, Ponda for which, agreement was entered on 04 October 2005

[14] ₹ 345.73 lakh for the work of Amona and ₹ 24.31 lakh for the work of Ponda sub-station

[15] Consultancy fees of ₹ 46.67 lakh and service tax of ₹ 5.77 lakh on the work of Amona and Consultancy fees of ₹ 3.28 lakh and service tax of ₹ 0.34 lakh for the work of Ponda Sub-station

The matter was brought to the notice of the Chief Electrical Engineer (May 2013/January 2014) for which no reply has been received so far (January 2015).



**Panaji** **(ASHUTOSH JOSHI)**
**The** **Accountant General, Goa**

**Countersigned**



**New Delhi** **(SHASHI KANT SHARMA)**
**The** **Comptroller and Auditor General of India**

## APPENDIX–1.1

*(Referred to in paragraph 1.7.1)*

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

| Sl. No. | Name of the Department | Upto 2008-09 | | 2009-10 | | 2010-11 | | 2011-12 | | 2012-13 | | 2013-14 | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | IR | Para | IR | Para | IR | Para | IR | Para | IR | Para | IR | Para | IR | Para |
| 1. | Agriculture | 8 | 10 | - | - | 1 | 2 | 2 | 3 | 2 | 12 | - | - | 13 | 27 |
| 2. | Animal Husbandry and Veterinary Services | - | - | - | - | 1 | 1 | - | - | - | - | - | - | 1 | 1 |
| 3. | Archives, Archaeology and Museum | - | - | - | - | 1 | 8 | - | - | - | - | - | - | 1 | 8 |
| 4. | Art and Culture | 3 | 9 | - | - | 1 | 1 | - | - | 1 | 2 | 1 | 8 | 6 | 20 |
| 5. | Civil Supplies | - | - | - | - | 1 | 1 | - | - | - | - | - | - | 1 | 1 |
| 6. | Commercial Taxes | 1 | 1 | - | - | - | - | - | - | 2 | 8 | - | - | 3 | 9 |
| 7. | Co-operation | 3 | 8 | 1 | 5 | - | - | - | - | - | - | - | - | 4 | 13 |
| 8. | Education | 8 | 16 | 6 | 10 | 3 | 22 | 1 | 3 | 2 | 7 | 3 | 11 | 23 | 69 |
| 9. | Electoral office | - | - | - | - | - | - | - | - | - | - | 1 | 2 | 1 | 2 |
| 10. | Excise | - | - | - | - | - | - | - | - | 1 | 5 | - | - | 1 | 5 |
| 11. | Factories and Boilers | - | - | - | - | - | - | - | - | 1 | 5 | - | - | 1 | 5 |
| 12. | Finance | - | - | - | - | - | - | - | - | - | - | 2 | 3 | 2 | 3 |
| 13. | Fisheries | - | - | - | - | - | - | 1 | 2 | - | - | 1 | 3 | 2 | 5 |
| 14. | Forests | - | - | 1 | 4 | 3 | 9 | 1 | 1 | 4 | 26 | - | - | 9 | 40 |
| 15. | General Administration | 4 | 4 | - | - | 1 | 1 | - | - | 1 | 5 | - | - | 6 | 10 |
| 16. | Housing | - | - | 1 | 1 | - | - | 1 | 4 | - | - | - | - | 2 | 5 |
| 17. | Health | 7 | 11 | 3 | 4 | 2 | 7 | 4 | 19 | 7 | 31 | 6 | 30 | 29 | 102 |
| 18. | Higher Education | 3 | 3 | 1 | 1 | 1 | 12 | - | - | 1 | 2 | 1 | 8 | 7 | 26 |
| 19. | Home | 3 | 4 | - | - | 1 | 1 | 2 | 5 | 1 | 5 | 4 | 8 | 11 | 23 |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 20. | Information and Technology | - | - | - | - | - | - | - | - | 1 | 8 | 1 | 6 | 2 | 14 |
| 21. | Information and Publicity | 1 | 1 | 1 | 2 | 1 | 10 | 1 | 4 | 2 | 13 | - | - | 6 | 30 |
| 22. | Inland Water Transport | - | - | - | - | - | - | - | - | - | - | 1 | 6 | 1 | 6 |
| 23. | Industries, Trade and Commerce | - | - | - | - | 1 | 3 | 1 | 3 | - | - | 1 | 7 | 3 | 13 |
| 24. | Irrigation | 1 | 1 | 4 | 5 | 5 | 7 | 6 | 16 | 6 | 29 | 5 | 37 | 27 | 95 |
| 25. | Labour | - | - | - | - | - | - | - | - | 3 | 15 | - | - | 3 | 15 |
| 26. | Law | 6 | 6 | - | - | 1 | 1 | - | - | - | - | 2 | 4 | 9 | 11 |
| 27. | Legislature | 1 | 1 | - | - | 1 | 1 | - | - | - | - | 1 | 1 | 3 | 3 |
| 28. | Mines | 1 | 4 | - | - | - | - | - | - | - | - | - | - | 1 | 4 |
| 29. | Panchayati Raj | 2 | 6 | 1 | 2 | 1 | 7 | 4 | 17 | 2 | 8 | 1 | 5 | 11 | 45 |
| 30. | Printing and Stationary | - | - | - | - | 1 | 1 | - | - | - | - | - | - | 1 | 1 |
| 31. | Public Works | 3 | 4 | 13 | 29 | 9 | 18 | 8 | 33 | 14 | 80 | 5 | 17 | 52 | 181 |
| 32. | Revenue | 10 | 21 | 4 | 12 | 2 | 5 | - | - | 1 | 12 | 2 | 10 | 19 | 60 |
| 33. | Rural Development | 2 | 3 | 2 | 8 | 1 | 3 | - | - | 1 | 3 | - | - | 6 | 17 |
| 34. | Social Welfare | - | - | - | - | 1 | 3 | - | - | 2 | 14 | - | - | 3 | 17 |
| 35. | Sports and Youth Affairs | - | - | 1 | 1 | - | - | 1 | 2 | 1 | 11 | - | - | 3 | 14 |
| 36. | Technical Education | 3 | 5 | 3 | 6 | - | - | - | - | 3 | 7 | 3 | 4 | 12 | 22 |
| 37. | Transport | 1 | 1 | - | - | - | - | 1 | 2 | - | - | - | - | 2 | 3 |
| 38. | Town and Country Planning | - | - | - | - | - | - | - | - | 1 | 3 | - | - | 1 | 3 |
| 39. | Tourism | - | - | 1 | 1 | - | - | 1 | 7 | - | - | - | - | 2 | 8 |
| 40. | Urban Development | 6 | 18 | 12 | 39 | 8 | 47 | 13 | 87 | 16 | 149 | 2 | 32 | 57 | 372 |
| 41. | Vigilance | 1 | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| 42. | Women and Child Development | - | - | 1 | 1 | 1 | 2 | - | - | 2 | 10 | 1 | 5 | 5 | 18 |
| **Total** | | **78** | **138** | **56** | **131** | **49** | **173** | **48** | **208** | **78** | **470** | **44** | **207** | **353** | **1327** |

## APPENDIX-1.2

*(Referred to in paragraph 1.7.3)*

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

| Sl. No. | Name of Department | 2010-11 | 2011-12 | 2012-13 | Total |
|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | Forest | 2 | - | - | 2 |
| 2 | Corporation of City of Panaji | 1 | - | - | 1 |
| 3 | Health Department | 1 | 1 | 1 | 3 |
| 4 | Finance | 1 | - | 1 | 2 |
| 5 | Tourism | - | 1 | 1 | 2 |
| 6 | Public Works | - | 2 | 4 | 6 |
| 7 | Urban Development | - | 2 | - | 2 |
| 8 | Rural Development | - | 1 | - | 1 |
| 9 | Women and Child Development | - | - | 1 | 1 |
| **Total** | | **5** | **7** | **8** | **20** |

## Appendix – 2.1

***(Referred to in paragraph 2.2.7.2)***

**Count of applications received and services delivered online through e-services/e-forms or SSDG to citizens by the Department**

| Sl. No. | Name of the Department | Name of the Services | 2011-12 | | 2012-13 | | 2013-14 | |
|---|---|---|---|---|---|---|---|---|
| | | | Application Received | Services Delivered | Application Received | Services Delivered | Application Received | Services Delivered |
| 1 | Directorate of Woman and Child Development | Kanyadan Scheme | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Grant in Aid Scheme to provide Financial assistance to the Mahila Mandals | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Registration of Homes under Juvenile Justice Act | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Registration of Homes under Goa Children's Act | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Directorate of Fire and Emergency Services | 3 e-Services/ e-forms | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Director of Civil Supplies and Consumer Affairs | 1. Application for deletion of name from the ration card<br>2. Application for inclusion of name in the ration card<br>3. Application for issue of duplicate ration card<br>4. Application for issue of new ration card<br>5. Application for issue of separate ration card<br>6. Receipt of consumer complaints and processing the same<br>7. Application/renewal of retail kerosene license<br>8. Application/renewal of hawker kerosene license<br>9. Application/renewal of retail foodstuff license | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 4 | Labour and Employment Department | Registration Certificate under Goa, Daman and Diu Shops and Establishment Rules, 1975 | 0 | 0 | 0 | 0 | 850 | 497 |
| | | Renewal of Certificate under Goa, Daman & Diu Shops and Establishment rules, 1975 | 0 | 0 | 0 | 0 | 1138 | 715 |
| | | Registration Certificate under Motor Transport Workers Act 1961 | 0 | 0 | 0 | 0 | 12 | 5 |
| | | Renewal Certificate under Motor Transport Workers Act 1961 | 0 | 0 | 0 | 0 | 6 | 2 |
| 5 | Directorate of Agriculture | Assistance of Fencing | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Mechanization in Agriculture | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Assured Price for Agricultural crops Support Price | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Directorate of Fisheries | Registration of Fishing Nets | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Renewal of Fishing Nets | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Grant of a license for fishing vessel for use in a specific area | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Issuance of identity card for Indian fishermen | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Group Accident Insurance of Active Fishermen | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Renewal of a license for Fishing Vessel for use in a specified area | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Assistance under saving cum relief scheme | 0 | 0 | 0 | 0 | 0 | 0 |
| | | General Insurance Scheme for active fishermen | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Financial assistance for purchase of insulated ice box to engaged in fish sale or fishing activities | 0 | 0 | 0 | 0 | 0 | 0 |

## APPENDIX – 3.1

*(Referred to in Paragraph 3.4)*

**Short recovery due to non-enhancement of rent annually**

| Month and year | Monthly rent due on 10% increase per annum | Rent paid per month | Rent short recovered (col.2-col.3) | Total short recovery (col.4 x 12) |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 01.08.97 to 31.07.98 | 45681 | 45681 | 0 | 0 |
| 01.08.98 to 31.03.99 | 39239 | 39239 | 0 | 0 |
| 01.04.99 to 31.03.00 | 45681 | 45681 | 0 | 0 |
| 01.04.00 to 31.03.01 | 50249 | 45681 | 4568 | 54816 |
| 01.04.01 to 31.03.02 | 55274 | 45681 | 9593 | 115116 |
| 01.04.02 to 31.03.03 | 60801 | 45681 | 15120 | 181440 |
| 01.04.03 to 31.03.04 | 66882 | 45681 | 21201 | 254412 |
| 01.04.04 to 31.03.05 | 73570 | 45681 | 27889 | 334668 |
| 01.04.05 to 31.03.06 | 80927 | 45681 | 35246 | 422952 |
| 01.04.06 to 31.03.07 | 89019 | 45681 | 43338 | 520056 |
| 01.04.07 to 31.03.08 | 97921 | 45681 | 52240 | 626880 |
| 01.04.08 to 31.03.09 | 107713 | 45681 | 62032 | 744384 |
| 01.04.09 to 31.03.10 | 118484 | 45681 | 72803 | 873636 |
| 01.04.10 to 31.03.11 | 130332 | 45681 | 84651 | 1015812 |
| 01.04.11 to 31.03.12 | 143365 | 45681 | 97684 | 1172208 |
| 01.04.12 to 31.03.13 | 157702 | 45681 | 112021 | 1344252 |
| 01.04.13 to 31.03.14 | 173472 | 45681 | 127791 | 1533492 |
| 01.04.14 to 31.01.15 | 190819 | 45681 | 145138 | 1451380 |
| | | | **Total** | **10645504** |

## APPENDIX-5.1

*(Referred to in paragraph 5.1.18)*

**Statement showing investments made by State Government in PSUs whose accounts were in arrears as on 30 September 2014**

*(₹ in lakh)*

| Sl. No | Name of PSUs | Year upto which Accounts finalised | Paid up capital as per latest finalised accounts | Investment made by State Government during the years for which accounts are in arrears | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Year | Equity | Loans | Grants | Subsidy |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| A | **Working Companies** | | | | | | | |
| 1. | Goa Forest Development Corporation Limited (GFDCL) | 2012-13 | 268.91 | 2013-14 | - | - | 350.00 | - |
| 2. | Goa Meat Complex Limited (GMCL) | 2011-12 | 61.82 | 2012-13 | - | - | 234.00 | - |
| | | | | 2013-14 | - | - | 283.00 | - |
| 3. | Goa State Horticultural Corporation Limited (GSHCL) | 2009-10 | 499.50 | 2010-11 | - | - | - | 1017.89 |
| | | | | 2011-12 | - | - | 250.00 | 1113.06 |
| | | | | 2012-13 | - | - | - | 1774.33 |
| | | | | 2013-14 | - | - | - | 1878.77 |
| 4. | Goa State Scheduled Castes and Other Backward Class Finance and Development Corporation Limited (GSSCOBCFDCL) | 2003-04 | 263.43 | 2004-05 | 5.00 | - | - | 0.29 |
| | | | | 2005-06 | 5.00 | - | - | 0.26 |
| | | | | 2006-07 | 5.00 | - | - | - |
| | | | | 2007-08 | 5.00 | - | - | - |
| | | | | 2008-09 | 1.66 | - | 25.00 | - |
| | | | | 2009-10 | 1.66 | - | 25.00 | - |
| | | | | 2010-11 | 5.00 | - | 25.00 | - |
| | | | | 2011-12 | 250.00 | - | 30.00 | - |
| | | | | 2012-13 | 166.00 | 438.93 | 10.00 | - |
| | | | | 2013-14 | - | 258.00 | 50.00 | - |
| 5. | Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL) | 2011-12 | 2260.00 | 2012-13 | 800.00 | - | - | - |
| | | | | 2013-14 | - | - | - | - |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 6. | Goa State Infrastructure Development Corporation Limited (GSIDCL) | 2012-13 | 372.00 | 2013-14 | - | - | 15000.00 | - |
| 7. | Info Tech Corporation of Goa Limited (ITCGL) | 2006-07 | 1633.46 | 2007-08 to 2011-12 | - | - | - | - |
| | | | | 2012-13 | - | - | 114.46 | - |
| | | | | 2013-14 | - | - | 500.00 | |
| 8. | Sewage and Infrastructural Development Corporation Limited (SIDCL) | 2011-12 | 605.00 | 2012-13 | 50.00 | - | 3100.00 | - |
| | | | | 2013-14 | - | - | 205.00 | - |
| 9. | Goa Electronics Limited (GEL) | 2012-13 | 180.00 | 2013-14 | - | - | - | - |
| **B** | **Working Corporation** | | | | | | | |
| 1. | Goa Industrial Development Corporation (GIDC) | 2012-13 | 3860.91 | 2013-14 | - | - | - | - |
| **C** | **Non-Working companies** | | | | | | | |
| 1. | Goa Auto Accessories Limited (GAAL) | 2012-13 | 559.00 | 2013-14 | - | - | - | - |
| **D** | **Non-Working Corporations** | | | | | | | |
| 1. | Goa Information Technology Development Corporation (GITDC) | First Accounts yet to be furnished | Information for 2013-14 not furnished | 2006-07 | 25.00 | - | - | - |
| | | | | 2007-08 | - | - | - | - |
| | | | | 2008-09 | - | - | - | - |
| | | | | 2009-10 | - | - | - | - |
| | | | | 2010-11 | - | - | 1.10 | - |
| | | | | 2011-12 | - | - | - | - |
| | | | | 2012-13 | - | - | - | - |
| | | | | 2013-14 | - | - | - | - |
| | **Total** | | | | **1319.32** | **696.93** | **20202.56** | **5784.60** |

# Appendix-5.2

*(Referred to in paragraph 5.2.4)*

## Statement showing details of delay in finalisation of tender

| Sl. No. | Name of the work | Tendering Division | Tender No and date of tender notification | Estimated Cost (₹ in crore) | Last day for acceptance of tenders | Date by which tenders had to be finalised (45 days) | Present status |
|---|---|---|---|---|---|---|---|
| 1 | Supply of 33 KV, 3 Core x 400 Sq.mm Cable Aluminium conductor cable for the work of erection, testing and commissioning of cable accessories for 33 KV Double Circuit underground cables from Amona Sub-Station to Kundaim Sub-Station, alongwith associated switchgear bus extension and bay arrangements | Division III, Ponda | 01/2011 dated 20.06.2011 | 8.82 | 29.07.2011 | 12.09.2011 | Revised estimates yet to be approved |
| 2 | Supply of 54 km of 33 KV, 3 Core x 400 Sq.mm XLPE cable for the work of erection, testing and commissioning of cable accessories for 33 KV Double Circuit underground cables from Ponda Sub-Station to Verna Sub-Station via Borim Bridge and 2 Sets of 33 KV Outgoing and 2 Sets of Incoming Bay at Ponda and Verna Substation | Division XIV, Verna | 03/2011-12 dated 27.08.2011 | 13.07 | 19.09.2011 | 03.11.2011 | No action taken to finalise the tender, validity of offer expired |
| 3 | Erection, testing and commissioning of cable accessories for 33 KV Double Circuit underground cables from Ponda Sub-Station to Verna Sub-Station via Borim Bridge and 2 Sets of 33 KV Outgoing and 2 Sets of Incoming Bay at Ponda and Verna Substation | Division XIV, Verna | 04/2011-12 dated 15.11.2011 | 3.66 | 01.12.2011 | 15.01.2012 | No action taken to finalise the tender |

# Appendix-5.3

***(Referred to in paragraph 5.2.6)***

## Statement showing details of lapse of guarantee period on UG cables due to delay in completion of UG cabling work

| Sl. No | Executing Division | Tender No | Cable specifications | UG cable Supplier | Quantity Supplied in Km | Rate per Metre (in ₹) | Value of Cable supplied (₹ in lakh) | Month and year of supply | Date of Expiry of Guarantee Period | Details of works for which UG cable is being utilised | Tender / Work Order No. | Latest Status |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Division I, Panaji | 26(09-10) | 33 KV, 3 Core x 400 Sq.mm XLPE | M/s Hindustan Vidyut Products Ltd | 38.98 | 2450 | 955.01 | December 2010 | December 2012 | Laying Testing & Commissioning of 33KV Double Circuit XLPE cable 3 Core x 400 Sq.mm between Kadamba to Bambolim Sub-station, Bambolim I & II Line IN & Line out cable Kadamba to IT Park | 28/09-10 | work short closed in September 2013 |
| | | | 33 KV, 1 Core x 400 Sq.mm XLPE | M/s Hindustan Vidyut Products Ltd | 0.60 | 816 | 4.90 | | | | | |
| 2. | Division IV, Margao | 21(09) | 33 KV, 3 Core x 400 Sq.mm XLPE | M/s Polycab Wires Pvt. Ltd | 60.00 | 2450 | 1470.00 | May 2011 | May 2013 | laying of 33KV, 400 Sq .mm double circuit, Underground cables from (i) Ponda Sub-Station to Fatorda Sub-Station via Raia Sub-Station - 40 kms (ii) Xeldom Sub-Station to Cuncolim Sub-Station - 30 Kms and (iii) Xeldom Sub-Station to Aquem Sub-Station - 40 Kms | 22(09) | work under progress |
| | | | | M/s Torrent Cables Ltd. | 50.00 | 2450 | 1225.00 | May 2011 | May 2013 | | | |
| 3. | Division IV, Margao | 05/(11) | 33 KV, 3 Core x 400 Sq.mm XLPE | M/s KEI Industries | 40.00 | 2420 | 968.00 | March 2012 to June 2012 | March 2014 to June 2014 | laying of 33 KV 3 Core x 400 Sq.mm double circuit underground cable from Verna Sub-Station to | 06/(11) | work under progress |

| Sl. No | Executing Division | Tender No | Cable specifications | UG cable Supplier | Quantity Supplied in Km | Rate per Metre (in ₹) | Value of Cable supplied in ₹ in lakh | Month and year of supply | Date of Expiry of Guarantee Period | Details of works for which UG cable is being utilised | Tender / Work Order No. | Latest Status |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Montehill Sub-Station | | |
| 4. | Division VI, Mapusa | 08(10-11) | 33 KV, 3 Core x 400 Sq.mm XLPE | M/s Polycab Wires Pvt. Ltd | 25.00 | 2420 | 605.00 | August 2013 | August 2015 | laying of 33 KV 3 Core x 400 Sq.mm underground cable from Tivim Sub-Station to Mapusa Sub-Station | 09(10-11) | work under progress |
| 5. | Division VI, Mapusa | 10(10-11) | 33 KV, 3 Core x 400 Sq.mm XLPE | M/s Polycab Wires Pvt. Ltd | 35.00 | 2420 | 847.00 | January 2012 | January 2014 | laying of 33 KV 3 Core x 400 Sq.mm underground cable from Tivim Sub-Station to Porvorim Sub-Station | 11(10-11) | work not completed (March 2014) due to replacement of jointing kits |
| 6. | Division X, Ponda | 1/(11-12) | 33 KV, 3 Core x 400 Sq.mm XLPE | M/s Polycab Wires Pvt. Ltd | 34.00 | 2420 | 822.80 | May-2012 and May 2013 | May 2014 and May 2015 | laying of 33 KV 3 Core x 400 Sq.mm underground cable from 110 KV Kadamba Sub-Station to 33/ 11 KV Kundaim Sub-Station | 2/ 11-12 | work under progress |
| 7. | Division XI, Vasco | 06/09-10 | 33 KV, 3 Core x 400 Sq.mm XLPE | M/s Universal Cable Ltd. | 62.00 | 2450 | 1519.00 | January 2011 | January 2013 | Laying of underground 33KVdouble circuit cables by Horizontal Directional Drilling method from Sancoale Sub-station to Majorda Sub-station and from Verna Sub-station to Kadamba Sub-station, Vasco | 01/10-11 | work under progress |
| | **TOTAL** | | | | | | **8416.71** | | | | | |