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