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Audit Report of 2014-15 Government of Goa



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
for the year ended 31 March 2015**



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GOVERNMENT OF GOA



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**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2015

GOVERNMENT OF GOA

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2015 has been prepared for submission to the Governor of State of Goa. This Report contains three Chapters. Chapter I and II are to be submitted to State Legislature under Article 151(2) of the Constitution of India. Chapter III is to be submitted to State Legislature under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Chapter I of this report relates to audit of expenditure of the Social, General and Economic Sectors (Non-PSUs) of the Government Departments. This Chapter contains significant results of the performance audit and compliance audit of the Departments/Autonomous Bodies of the Government of Goa for the year ended 31 March 2015.

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

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

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2014-15 as well as those which came to notice in earlier years, but could not be dealt with in previous Audit Reports; instances relating to the period subsequent to 2014-15 but pertaining to the year 2014-15 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued (March 2002) by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

This Report comprises three chapters containing audit findings pertaining to Social, General and Economic Sectors (Non-Public Sector Undertakings); Revenue Sector; and State Public Sector Undertakings and Government Commercial and Trading Activities. There are three Performance Audits 'Functioning of Goa Medical College', 'Management of Alvara Land' and 'Estate Management of Goa Industrial Development Corporation'. The Report also contains 17 compliance audit paragraphs involving ₹ 388.88 crore. A follow up audit of the Performance Audit on 'Promotion of Tourism in Goa' which appeared in the Audit Report for the year ended 31 March 2012 is also included in the Report. Some of the major findings are mentioned below:

SOCIAL, GENERAL AND ECONOMIC SECTORS (NON-PSUs)

The total expenditure of the State increased from ₹ 7,347 crore to ₹ 9,013 crore during 2012-13 to 2014-15, the revenue expenditure of the State Government increased by 22 *per cent* from ₹ 6,061 crore in 2012-13 to ₹ 7,410 crore in 2014-15. The revenue expenditure constituted 82 *per cent* of the total expenditure during the past three years 2012-13 to 2014-15 and capital expenditure was 18 *per cent*. During this period, Revenue expenditure increased at an annual average rate of 11 *per cent* whereas revenue receipts grew at an annual average rate of 16 *per cent* during 2012-13 to 2014-15.

PERFORMANCE AUDITS

Goa Medical College

- Test check of procurements of high value equipment revealed that time taken for procurement of ICU Ventilators, Monitors and CT Scanner was more than one and a half years. The delay led to excess expenditure of ₹ 1.30 crore.

(Paragraphs 1.5.7.1(i) and (ii))

- The Central Sterile and Supply Development equipment installed in March 2011 at a cost of ₹ 4.35 crore had not been utilised till December 2015. New Mortuary cabinets installed at a cost of ₹ 2.59 crore and inaugurated in December 2013, had not been utilised till December 2015 due to failure of cooling system.

(Paragraphs 1.5.7.3 (i) and (iv))

- There was a need to streamline annual procurement of medicines as delay in finalisation of annual tenders (2011-12 and 2013-14) and non-tendering (2012-13 and 2014-15) for procurement of medicines have led to large local purchases at market rates entailing extra expenditure of ₹ 16.22 crore during 2010-15. There were shortage of orthopedic implants and patients had to supply the implants at their own cost during the period 2010-15.

(Paragraphs 1.5.7.5 and 1.5.7.6)

- The balance in stock of 46 to 79 *per cent* of the medicines in the central pharmacy was nil at the end of each year during the period 2010-15. Non-maintenance of the reserved stock limit, delays in placing indents and supply orders together with delays by suppliers resulted in shortage of medicines in the central pharmacy. The Food and Drug Administration did not sample medicines to the required extent for testing and even in the reduced testing, upto 33 *per cent* of the medicines in the central pharmacy failed tests.

(Paragraph 1.5.7.7)

- There were shortages of teaching staff, resident doctors and technicians. The patient-nurse ratio in GMC was 5.6:1 against the Medical Council of India standard of 3:1.

(Paragraph 1.5.9.2)

- GMC could not reap the full benefit of computerisation (cost ₹ 2.34 crore) due to incomplete network and lack of maintenance support. The entire system was non-functional since October 2013.

(Paragraph 1.5.7.4)

- Ten thousand square metre land allotted to M/s Elbit hospital for establishing a Super Specialty Hospital has remained unutilised for last five years and no action for reversion of land has been taken.

(Paragraph 1.5.8.5)

Management of Alvara Lands

Alvara lands are lands leased to people mainly for cultivation purpose by the Colonial Portuguese Government from the year 1917 onwards. Our scrutiny of records revealed that:

- In 104 out of 300 Record of Rights (RORs) of lease lands showed the name of private persons instead of Government of Goa.

(Paragraph 2.2.6.3)

- There was irregular sale of eleven parcels of lease held lands involving total area of 88.12 hectare.

(Paragraph 2.2.6.4)

- The Director of Settlement of Land Records did not update RORs of 15 lands involving 125.26 hectare which had reverted to Government.

(Paragraph 2.2.6.5 (i))

- In five cases, lease-held lands involving 43.62 hectare reverted to Government were found to have been sold to third parties.

(Paragraph 2.2.6.5 (iii))

- During the period 2008 to 2011 seven lease held lands were regularised and then reclassified as Class I occupancy under the Goa Land Revenue Code at a premium based on the market rates of year 1971 instead of prevailing market rates.

(Paragraph 2.2.6.6)

Estate Management in Goa Industrial Development Corporation

- There were cases of under recovery of infrastructure development cost amounting to ₹ 3.12 crore from the allottees of Tuem Industrial Estate.
(Paragraph 3.2.6.5(i))
- The Corporation did not convert land use and develop infrastructure for the allotted plots in Sanguem (4.99 lakh m²) and Amona-Navelim (2.11 lakh m²) Industrial Estates resulting in non-utilisation of plots by the allottees for 9 to 11 years.
(Paragraph 3.2.6.5(iii))
- The Corporation did not act against defaulting allottees identified by the Task Force Committee in 2011 for non-utilisation of plots. This resulted in 3.53 lakh m² land remaining unutilised besides non-levy of penalty of ₹ 20.36 crore.
(Paragraph 3.2.6.6)
- Sixty *per cent* of the plot rate recoverable as transfer fee on transfer of under-utilised plots were short-recovered resulting in loss of ₹ 6.99 crore. The Corporation failed to examine the ownership structure of Industrial units while approving the transfers resulting in loss of ₹ 1.83 crore.
(Paragraphs 3.2.6.7(i) and (iv))
- The Corporation failed to revise the plot rates periodically resulting in loss of revenue of ₹ 75.28 lakh.
(Paragraph 3.2.6.7)
- The Corporation had incurred a loss of ₹ 5.25 crore due to under billing of water charges to the industrial units in 15 estates. The water arrears from industrial units was ₹ 11.34 crore at the end of 2014-15.
(Paragraph 3.2.6.8)

FOLLOW-UP AUDIT

The follow up audit of the performance audit on 'Promotion of Tourism in Goa' (appeared in Audit Report 2011-12) shows some action has been initiated by the Department for implementing recommendations relating to (i) selection of advertising agencies and award of contracts for various promotional events (ii) construction of sewerage and solid waste management projects and (iii) commencement of tourism projects. The Department, however, is yet to implement recommendations regarding introduction of a new tourism policy. The amenities for tourists are still lacking.

(Paragraph 1.6)

COMPLIANCE AUDIT

Unfruitful expenditure on incomplete bridge work

The Public Works Department spent ₹ 3.16 crore on construction of Benaolim-Sinquetim Bridge across river Sal, which had to be abandoned due to lack of environmental clearance and stiff opposition from the local people. A recovery of ₹ 1.16 crore on Mobilisation advance was also pending.

(Paragraph 1.7)

Idle investment of ₹ 0.63 crore on construction of foot-bridge

The Public Works Department constructed a foot-bridge over Velus River at a cost of ₹ 0.63 crore without having any access/approaches, rendering the bridge unapproachable by the public.

(Paragraph 1.8)

Idle investment of ₹ 8.10 crore

Construction of bus stand without assessing the suitability of the locations at Shiroda and Honda resulted in idle investment of ₹ 8.10 crore.

(Paragraph 1.9)

Non-utilisation of Workers Welfare Fund of ₹ 57.43 crore

The Goa Building and Other Construction Workers Welfare Board did not utilise the accumulated fund of ₹ 57.43 crore for the benefit of construction workers. It also did not invest its un-utilised surplus funds in fixed deposits resulting in loss of interest ₹ 1.13 crore.

(Paragraph 1.10)

Faulty tendering under Laptop e-scheme

The tender conditions were such that the rates quoted by only five agencies were considered despite participation of 10 technically qualified tenders for procurement of laptops. The procurement rates were higher than the market rates assessed, resulting in extra expenditure of ₹ 9.66 crore.

(Paragraph 1.11)

REVENUE SECTOR

Short recoveries of mining revenue

- The penalty of ₹ 15.92 crore recoverable from a mining company, for excess extraction of ore over the Environment Clearance limit, was not recovered.

(Paragraph 2.3.5)

- The Director of Mines and Geology short levied stamp duty of ₹ 4.50 crore in respect of two mining lease deeds executed in May 2015 and June 2015.

(Paragraph 2.3.7)

- In case of two lessees, sale price for computation of royalty for iron ore fines and lumps for the respective months of production notified by Indian Bureau of Mines was not taken into account while levying the royalty resulting in short recovery of ₹ 1.43 crore.

(Paragraph 2.3.2)

Short levy of tax due to understatement of turnover

Value Added Tax amounting to ₹ 0.87 crore was short levied due to incorrect assessment of turnover by Commercial Tax Officer.

(Paragraph 2.6)

Short levy of road tax ₹ 98.29 lakh

The Assistant Director of Transport, Margao levied road tax on “new luxury motor cars” purchased by a firm as per rates applicable for individuals instead of a firm. This resulted in short levy of road tax to the tune of ₹ 98.28 lakh.

(Paragraph 2.10)

Short levy of Goa Rural Improvement and Welfare (GRIW) Cess on iron ore

The Director of Transport did not levy and collect GRIW Cess on Iron ore resulting in loss of revenue of ₹ 173.56 crore to State Exchequer.

(Paragraph 2.11)

PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Goa State Infrastructure Development Corporation

- The GSIDC did not carry out proper soil investigation and topographical survey before preparing estimate of construction of a bridge at village panchayat, Azzozim. This, along with non-acquisition of land resulted in non-completion of the bridge and idle investment of ₹ 7.20 crore

(Paragraph 3.3.3.2)

- The scope of construction of 400 bedded hospital at Margao was changed several times between years 2007 and 2012. The project remained incomplete and resulted in idle investment of ₹ 68.76 crore.

(Paragraph 3.3.3.3)

- Construction of Kala Bhavan at Sancoale was undertaken without taking concurrence from user department leading to idle investment of ₹ 28 crore.

(Paragraph 3.3.3.4)

- The GSIDC did not conduct site specific preliminary study but adopted design data of a nearby bridge for construction of bridge between Tharmas and Ozari. This resulted in huge variation in actual execution with avoidable expenditure of ₹ 2.70 crore and delay in completion of bridge.

(Paragraph 3.3.4.1)

Extra expenditure of ₹ 4.52 crore on procurement of energy meters by Goa Electricity Department.

The energy meters were procured by the Goa Electricity Department from the open market without considering the prevailing Director General of Supplies and Disposal rates. This resulted in extra expenditure of ₹ 4.52 crore to the Department.

(Paragraph 3.4)

CHAPTER – I

Social, General and Economic Sectors (Non-PSUs)

CHAPTER-I

SOCIAL, GENERAL AND ECONOMIC SECTORS (NON-PSUs)

1.1 Trend of Expenditure

The comparative position of expenditure incurred by the Government during the year 2014-15 and in the preceding two years is given in **Table 1.1** below:

Table 1.1: Comparative position of expenditure

(₹ in crore)

Disbursements	2012-13			2013-14			2014-15		
	Plan	Non - plan	Total	Plan	Non - plan	Total	Plan	Non - plan	Total
Revenue expenditure									
General services	13.23	1846.74	1859.97	29.08	2046.54	2075.62	33.56	2336.35	2369.91
Social services	737.10	788.57	1525.67	1000.59	862.90	1863.49	979.79	949.55	1929.34
Economic services	290.30	1622.61	1912.91	394.87	1528.27	1923.14	406.94	1684.52	2091.46
Grants-in-aid and contributions	209.73	553.06	762.79	287.01	654.02	941.03	281.16	738.38	1019.54
Total	1250.36	4810.98	6061.34	1711.55	5091.73	6803.28	1701.45	5708.80	7410.25
Capital Expenditure									
Capital outlay	940.88	1.39	942.27	998.14	10.08	1008.22	1235.60	-1.49	1234.11
Loans and advances disbursed	1.21	2.77	3.98	0.16	4.09	4.25	0.19	2.73	2.92
Repayment of public debts	-	339.06	339.06	-	385.06	385.06	-	365.86	365.86
Total	942.09	343.22	1285.31	998.30	399.23	1397.53	1235.79	367.10	1602.89
Grand total	2192.45	5154.20	7346.65	2709.85	5490.96	8200.81	2937.24	6075.90	9013.14

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

The total expenditure of the State increased from ₹ 7,347 crore to ₹ 9,013 crore during 2012-13 to 2014-15, the revenue expenditure of the State Government increased by 22 *per cent* from ₹ 6,061 crore in 2012-13 to ₹ 7,410 crore in 2014-15. The revenue expenditure constituted 82 *per cent* of the total expenditure during the past three years (2012-13 to 2014-15) and capital expenditure was 18 *per cent*. During the period, Revenue expenditure increased at an annual average rate of 11 *per cent*.

1.2 Authority for Audit

The authority for audit by the Comptroller and Auditor General (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 of the C&AG's (DPC) Act. The C&AG is the sole auditor in respect of 12 Autonomous Bodies which are audited under the provisions of sections 19 and 20 of the C&AG's (DPC) Act. In addition the C&AG also conducts audit of bodies/authorities under section 14 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.

1.3 Planning and conduct of Audit

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.

Audit process starts with the assessment of risk 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 audit observations within one month of receipt of the Inspection Reports. Whenever replies are received, audit observations 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 the State under Article 151 of the Constitution of India.

During 2014-15, in the Social and General Sector Audit Wings, 852 party-days were used to carry out audit of 137 units and one Performance audit. The Economic Sector-I Audit Wing conducted audit of 13 units utilising 331 party days and the General Sector-II Audit Wing audited 33 units utilising 284 party days. The audit plan covered those units/entities which were vulnerable to significant risk as per our assessment.

1.4 Lack of responsiveness of Government to Audit

1.4.1 Inspection reports outstanding

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

As of June 2015, 376 IRs (1,416 paragraphs) were outstanding for want of compliance. Year-wise details of IRs and paragraphs outstanding are detailed in *Appendix 1.1*.

1.4.2 Response of Departments to the draft paragraphs

The draft paragraphs and performance audit reports were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned departments between May and November 2015 with the request to send their responses

within six weeks. Replies on the observations in respect of two draft paragraphs (paragraphs 1.7 and 1.8) have been received from the Government.

1.4.3 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.

Ten Administrative Departments as detailed in *Appendix 1.2* did not comply with these instructions and had not submitted EM for 24 paragraphs pertaining to Audit Reports for the period 2010-11 to 2013-14 even as of September 2015.

PUBLIC HEALTH DEPARTMENT

1.5 Performance Audit of functioning of Goa Medical College

Executive Summary

Goa Medical College is the only medical college in the State which provides tertiary level medical care to the public. A performance audit to assess utilisation of financial resources, procurement mechanism, utilisation of equipment procured and medicine inventory and academic activities during the period 2010-15 was conducted between April 2015 to July 2015. Some of the significant audit findings of the performance audit are as follows.

- **Test check of procurements of high value equipment showed that average time taken was more than one and a half years. The delay led to excess expenditure of ₹ 1.30 crore.**

(Paragraphs 1.5.7.1(i) and (ii))

- **The Central Sterile and Supply Development equipment installed in March 2011 at a cost of ₹ 4.35 crore had not been utilised till December 2015. New Mortuary cabinets installed at a cost of ₹ 2.59 crore and inaugurated in December 2013 had not been utilised till December 2015 due to failure of cooling system.**

(Paragraphs 1.5.7.3 (i) and (iv))

- **There is a need to streamline annual procurement of medicines as delay in finalisation of annual tenders (2011-12 and 2013-14) and non-tendering (2012-13 and 2014-15) have led to large local purchases at market rates entailing extra expenditure of ₹ 16.22 crore during 2010-15. There were shortage of orthopedic implants and patients had to supply the implants at their own cost during the period 2010-15.**

(Paragraph 1.5.7.5 and 1.5.7.6)

- **The balance in stock of 46 to 79 per cent of the medicines in the central pharmacy was nil at the end of each year during the period 2010-15. Non-maintenance of the reserved stock limit, delays in placing indents and supply orders together with delays by suppliers resulted in shortage of medicines in the central pharmacy. The Food and Drug Administration did not sample medicines to the required extent for testing and even in the reduced testing, upto 33 per cent of the medicines in the central pharmacy failed tests.**

(Paragraph 1.5.7.7)

- **There were shortages of teaching staff, resident doctors and technicians. The patient-nurse ratio in GMC was 5.6:1 against the Medical Council of India standard of 3:1.**

(Paragraph 1.5.9.2)

- **GMC could not reap the full benefit of computerisation (cost ₹ 2.34 crore) due to incomplete network and lack of maintenance support. The entire system is non-functional since October 2013.**

(Paragraph 1.5.7.4)

- **Ten thousand square metre land allotted to M/s Elbit hospital for establishing a Super Specialty Hospital has remained unutilised for last five years and no action for reversion has been taken.**

(Paragraph 1.5.8.5)

1.5.1 Introduction

Goa Medical College is the only medical college in the State which provides tertiary level medical care to the public. It was established by the Portuguese in the year 1842 and was upgraded to Goa Medical College (GMC) in 1963. GMC admits 150 students for MBBS course; 85 Post Graduate students (59 Degree students and 26 Diploma students) and there are two seats for super specialty course in neurosurgery. Apart from the 1,052 bedded GMC Hospital at Bambolim, there are three peripheral hospitals, viz., the 190 bedded Institute of Psychiatry and Human Behaviour (IPHB), a 80 bedded TB and Chest Disease Hospital at St. Inez, a 20 bedded Primary Health Centre at Mandur and an Urban Health Centre at Santa Cruz attached to GMC. It also provides super specialty service through its cardio vascular and thoracic surgery department.

GMC also provides clinical services through its out-patient, indoor patient and emergency/trauma care departments and diagnostic services through its central laboratory; microbiology, pathology, biochemistry laboratories; radio diagnosis and blood bank. A chain of 17 operation theatres provide surgery facilities through various departments. GMC provided clinical and para-clinical services to a total of 2.91 lakh in-patients, 26.51 lakh out-patients and performed 0.72 lakh surgeries during 2010-15.

A super-specialty Cardio Vascular and Thoracic Surgery Unit (CVTS) was established (February 2014) at a capital cost of ₹ 13.26 crore. Specialists surgeons and physicians were appointed on contract basis and they had treated 2,319 patients and conducted 477 surgeries up to March 2015 at the cost of

treatment ₹ 8.97 crore¹ (excluding capital expenditure) incurred by GMC during the year 2014-15. As per the information made available by GMC, if these procedures were carried out at a private recognised hospital under Mediclaim scheme² the amount payable by the Government would have been ₹ 18.64 crore. We also observed that the yearly reimbursement claim under Mediclaim scheme for cardiac ailments came down to ₹ 1.62 crore in the year 2014-15 from the average of ₹ 9.70 crore during the previous years.

1.5.2 Organisation

Principal Secretary (Health) is the administrative head of the Health Department. The Dean heads the Goa Medical College and is supported by a Medical Superintendent, Director (Administration), Joint Director of Accounts and heads of various departments. The organisational chart of the Goa Medical College is given in *Appendix 1.3*.

1.5.3 Scope and Audit Objectives

The objective of the performance audit was to assess the following

1. Mechanism for procurement and utilisation of equipments and medicines and inventory management;
2. Adequacy and management of infrastructure; and
3. Academic and research facilities.

In order to achieve the above objectives, the performance audit covered GMC and its hospital and related peripheral hospitals (IPHB, TB Hospital, St. Inez and Primary Health Centre, Mandur) and the records maintained in the Health Department. We analysed the position of infrastructure improvement, procurement and utilisation of equipment, procurement and issue of medicines, academics and new facilities provided during the period 2010-15.

1.5.4 Audit criteria

The criteria adopted for evaluation were derived from;

- Guidelines issued by Medical Council of India (MCI), Government of India (GoI) and guidelines and procedure set by State Government;
- Plan documents/procedures, various instructions issued by the State Government from time to time;
- Accepted best practices prevailing in the field of tertiary medical care and medical education; and
- Budget allotment/expenditure and General Financial Rules.

1.5.5 Audit methodology

An entry conference was held with the Secretary (Health), Government of Goa and the Dean and Medical Superintendent, GMC on 08 April 2015. An exit

¹ ₹ 3.80 crore on salaries and ₹ 5.17 crore on consumables and other expenses

² A State Scheme under which the State Government reimburses medical expenses incurred by the people domiciled in Goa (excluding Government servants and employees of public sector undertaking) in recognised private hospitals within and outside the State

conference was held on (23 December 2015) with them to discuss the audit observations and recommendations. The response of the GMC to audit has been incorporated while finalising this report.

1.5.6 Finance and Budget

GMC and its peripheral hospitals are funded out of State budget. The budgetary grant and actual expenditure incurred during 2010-15 are given in **Table 1.5.1**.

Table 1.5.1: Budgetary provision and actual expenditure

(₹ in crore)

Year	Total grant			Expenditure incurred		
	Revenue	Capital	Total	Revenue	Capital	Total
2010-11	157.29	11.95	169.24	155.99	3.82	159.81
2011-12	180.55	24.21	204.76	166.72	16.30	183.02
2012-13	188.22	9.97	198.19	183.17	2.43	185.60
2013-14	184.56	11.32	195.88	190.09	8.37	198.46
2014-15	225.96	29.45	255.41	222.69	8.66	231.35
Total	936.58	86.90	1023.48	918.66	39.58	958.24

(Source: Finance and appropriation accounts of the State)

In addition, the State Government spent ₹ 70.52 crore through Goa State Infrastructure Development Corporation (GSIDC) for creation of infrastructure and maintenance and ₹ 11.24 crore from the centrally sponsored scheme of 'Upgradation and Strengthening of State Government Medical Colleges' during 2010-15.

Almost 95 per cent of the expenditure is revenue expenditure mainly on salaries and allowances, procurement of medicines and surgical items. The total capital expenditure on creation of infrastructure and procurement of equipment during the period 2010-15 was ₹ 121.34 crore³.

In accordance with the audit objectives, the audit findings are discussed in the succeeding paragraphs:

1.5.7 Procurement mechanism of equipment and medicines; their utilisation and inventory management

To provide quality healthcare, a hospital requires in addition to skilled manpower, equipment and medicines. Equipment were procured according to targets fixed in the five year plan and annual plans. In addition, the procurement was also made from grants sanctioned directly to GMC by GoI under the scheme for Upgradation and Strengthening of State Government Medical Colleges (USSGMC). During the period 2010-15, the GMC procured equipment worth ₹ 31.84 crore⁴ and medicines worth ₹ 130.55 crore. Our test check revealed the following:

³ ₹ 39.58 crore + ₹ 70.52 crore + ₹ 11.24 crore = ₹ 121.34 crore.

⁴ ₹ 14.60 crore through GMC budget + ₹ 8.23 crore through GSIDC+ ₹ 9.01 crore through central fund of USSGMC scheme

1.5.7.1 Delay in procurement of equipment

We observed that procurement was marred by the inordinate delays at GMC level and also at Government level. These delays not only resulted in delay in providing better diagnostic services to the public but also caused escalation in cost due to revision of equipment prices and exchange rate variations for imported equipment. Some instances noticed during the audit are discussed in the succeeding paragraphs.

(i) Delay in procurement of ventilators and multi-parameter monitors leading to excess expenditure

GMC floated (July 2010) tenders for procuring 12 ICU ventilators and multi-parameter monitors (monitors). In response, four tenders were received for ventilators and three for monitors. The technical bids for ventilators were opened (August 2010) and two tenderers⁵ were short listed after seven months in March 2011. Three months later, the financial bids were opened (June 2011) and the offer of M/s Life Care Pvt. Ltd. for \$ 23,185 per ventilator (Avea Standards) and \$ 14,275 per ventilator (T Bird Vela) was the lowest⁶.

Subsequently, on verbal directives of the Secretary, Health (July 2011), the Associate Professor (in charge of ICU) re-scrutinised the bids and furnished (July 2011) some discrepancies in the comparative chart prepared by the Head of Department (HoD) earlier. Hence, the Health Department instructed (March 2012) the GMC to retender by calling short tender notice and complete the work within two to three months.

Fresh tender for 13 ventilators was floated (April 2012) and six tenders were received (June 2012). Two tenders (M/s Life Care and M/s Goa Surgico and Medical Agency) were shortlisted after technical scrutiny. On opening financial bids (September 2012), the lowest offer for ventilators were from M/s Life Care for T Bird Vela model at \$18,515. The Government accorded (January 2013) Administrative Approval and Expenditure Sanction (AA & ES) and issued (January 2013) the supply order for ₹ 2.50 crore.

We observed that in earlier tender (July 2010), M/s Life Care had quoted for two models of ventilators at \$ 23,185 for Avea Standards and \$ 14,275 for T-Bird Vela. Subsequently, on retendering M/s Life Care offered the same two models at the increased rates for the Avea Standards model by \$ 2,640 and for T-Bird Vela by \$ 4,240. In the first round, GMC considered only Avea Standards. In the second round, however, GMC considered and procured the T-Bird Vela model ventilator as being the lowest one meeting their requirements. Had the model been considered in the first round, the GMC could have saved a total of ₹ 53.69 lakh⁷ due to lower price quote and prevailing lower exchange rate.

⁵ M/s Life Care and M/s Maquet

⁶ M/s Lifecare quoted two models both meeting the tender specifications

⁷ ₹ 44 per Dollar on the date of submission of first round bid and ₹ 56.23 per Dollar on the date of submission of second round bid. (First bid \$14275 x 13 ventilator x ₹ 44 (exchange rate) = ₹ 81.65 lakh) - (second bid \$ 18515 x 13 ventilator x ₹ 56.23 (exchange rate) = ₹ 135.34 lakh) = ₹ 53.69 lakh

In respect of tender for monitors which were called (July 2010) along with ventilators and opened in August 2010 the lowest offer⁸ was ₹ 3,22,625 per monitor. GMC, however, did not issue work order but retendered monitors (April 2012) along with the ventilators. On retendering, four offers were received for 13 monitors. After technical scrutiny and demonstration, the financial bids were opened four months later in September 2012. The offer of M/s Nihon Kohdon at ₹ 6,42,251 per monitor was the lowest. The Government accorded AA & ES after one year (August 2013) and supply order was placed. The company supplied (January 2014) the equipment and installed in March 2014.

We observed that on first tendering the lowest offer received for monitors was ₹ 3,22,625 per monitor. In the second call the lowest offer received was ₹ 6,42,251 per monitor. Thus, there was increase in the rate per monitor by ₹ 3,19,626 in re-tender. This not only resulted in delay in installation but also in additional expenditure of ₹ 41.55 lakh for 13 monitors.

Besides, the ventilators were installed in May 2013 and the monitors needed were installed only in March 2014. Thus, due to delay of over one year in obtaining administrative approval for monitors, the ventilators installed at a cost of ₹ 1.88 crore remained under utilised for 11 months. GMC took nearly four years from July 2010 to March 2014 to procure and operationalise the equipment.

The GMC replied that the earlier tender was cancelled due to discrepancies observed in the comparison chart prepared by the then HoD. The delay in placing supply order for Monitors was due to time taken for obtaining relaxation for drawing AC bills as many other AC bills were pending settlement.

The reply was not convincing since the huge extra expenditure occurred on account of avoidable delays, specially as the ventilators purchased finally were the same as were on offer in the first round.

(ii) Delay in procurement of CT Scan machine leading to avoidable expenditure

The Radiology department GMC, proposed to procure a new CT Scan machine to replace the old machine to cater to increased load of patients. A sum of ₹ 4.17 crore was earmarked out of amount allocated under the scheme USSGMC.

GMC floated (June 2011) tenders for procurement of whole body Multislice CT Scanner. Three offers were received (August 2011) and the offer of M/s Siemens Ltd., Mumbai was the lowest at \$ 6,69,000. At the prevailing rate of ₹ 45.75 per USD, the total cost worked out to ₹ 3.06 crore plus ₹ 15 lakh for site preparation (Turnkey). The Purchase Committee accepted the offer and submitted (November 2011) the proposal to Health Department for AA & ES. The Government accorded (May 2012) AA & ES for ₹ 4.17 crore and issued (June 2012) the work order. The Company supplied

⁸ M/s Larson & Toubro

and installed (November 2012) the CT Scanner and the total payment made was ₹ 3.86 crore.

We observed that the process of tendering took almost 10 months between opening of bids and issue of purchase order. Though the amount sanctioned under the USSGMC scheme was available with the GMC, the Government took six months to accord the AA & ES after finalising the tenders. Consequently M/s Siemens requested (June 2012) for revision of rate due to variation in the exchange rate of dollar as on 06 June 2012 (1 USD= ₹ 55.45). Accordingly, GMC revised (August 2012) the supply order to ₹ 3.86 crore and paid in two instalments of ₹ 3.47 crore (September 2012) and ₹ 39 lakh (November 2012). The inordinate delay of six months in issuing AA & ES and two months for issue of work order resulted in an additional expenditure of ₹ 35 lakh (at the exchange rate prevailing in the month of November 2011⁹ ₹ 50.29).

GMC replied that the delay in issue of work order was due to belated sanction of AA & ES by Government. In case of occurrence of downward revision of exchange rate the Department would have benefited. The reply was not acceptable in view of the facts that the undue delay had resulted in extra expenditure for GMC.

(iii) Delay in procurement of Colour Dopplers

The HoD, Radiology, GMC proposed (September 2013) purchase of four Colour Dopplers, against a buy-back offer for existing black and white ultra sound machines, with USSGMC fund. The GMC submitted (October 2013) the proposal to the Health Department for Administrative Approval which was accorded in November 2013. GMC floated the tender (December 2013) and three firms responded. All the firms were qualified and demonstration was held in February 2014. The financial bid was opened (June 2014) and the lowest offer was of M/s Siemens Ltd. for ₹ 50.40 lakh. The Dean, GMC submitted (November 2014) the proposal for obtaining AA & ES to Health Department which was accorded in January 2015. The supply order was issued (March 2015) and the equipments were supplied in September 2015. Thus, there was inordinate delay in procuring Colour Dopplers.

GMC replied (December 2015) that the delay was due to some doubt on whether to consider Annual Maintenance Contract or Comprehensive Annual Maintenance Contract for financial comparison. The reply was not convincing in view of the fact that the GMC took nine months after technical qualification and demonstration to open and process financial bids and the State Government took two months to accord AA & ES, after which the GMC took over a month to place supply orders. The patients were deprived of the latest superior technology for two years despite availability of financial resources with GMC under USSGMC.

⁹ The month of submission of proposal for AA & ES

1.5.7.2 Irregular tendering process

Comprehensive maintenance contract of Bio Medical Waste Treatment plant

GMC invited (July 2010) tenders for supply and installation of bio-medical waste disposal system by non-burn technology. In response, three tenders were received and two agencies shortlisted on technical scrutiny. The financial bids were opened (August 2010) and the lowest offer of M/s Lifeline Pharma Ltd. for ₹ 4.99 crore was recommended (September 2010) to the Purchase Committee. The Purchase Committee accepted the recommendation and submitted the proposal to the Government. Government accorded (March 2011) AA & ES and issued work order. The machine was installed and commissioned in January 2013.

According to clause 5 B of the general conditions of the tender, the tenderer had to certify that they would undertake/enter into a five years comprehensive annual maintenance contract (CAMC) after expiry of the compulsory guarantee period of two years. The amount quoted for CAMC was to be considered for comparing the financial bid. We observed that the company had not quoted their rate for the CAMC while submitting the tender. GMC also did not consider this factor during technical scrutiny or financial comparison. The GMC proposed (August 2014) for entering into CAMC with the company on completion of the guarantee period and the Government approved the CAMC for three years from January 2015 to January 2018 at the rate of ₹ 1.36 crore offered by M/s Lifeline Pharma. Non-obtaining of rates of CAMC at the time of procuring the equipment had thus resulted in award of CAMC to the same company without ascertaining the competitiveness of the rates quoted.

GMC stated that both companies did not quote for CAMC but despite this the then Purchase Committee recommended the tender to Government and Government approval was obtained. The reply of the GMC thus indicated a lapse in observing the NIT provision which led to not obtaining competitive rates for CAMC.

1.5.7.3 Under-utilisation of equipment

The State Government has procured costly medical equipment for the benefit of the patients and it is the duty of the GMC to utilise these equipment optimally. Idling and under utilisation of equipment would result in poor service delivery to the patients despite having the means. We observed that equipment worth ₹ 9.82 crore were either idle or only partially utilised as indicated in the succeeding paragraphs.

(i) Non-utilisation of Central Sterile and Supply Development equipment

The Central Sterile and Supply Development (CSSD) equipment procured/delivered in 2010 at a cost of ₹ 4.35 crore has not been utilised so far (December 2015). Installation of the machine was delayed as GMC could not provide a suitable place for opening container boxes carrying the machine parts. The installation process started in October 2010 was completed by January 2011. All required connections were completed by PWD in March 2011 and trials were taken in May 2011. Even though a steriliser was inoperative due to damage during transportation, it was declared functional

from April 2011. We observed that the machine could not be utilised due to pending repairs for rectifying damage in transportation, wiring damage caused by rats and damaged electrical couplers. The representative of the manufacturer visited the hospital only in November 2013 (after warranty period) and suggested general maintenance, calibration and repairs. The company distributor submitted (December 2013) a quotation of ₹ 18.44 lakh for repair which was, approved by the Government only in January 2015. The repair work was still pending (December 2015) for want of spare parts to be imported from abroad.

GMC stated (January 2016) that the CSSD was presently used partly. The equipment was expected to be fully functional within next two months. The facts however remained that the CSSD equipment worth ₹ 4.35 crore procured in April 2010 were unutilised for the last five years.

(ii) Non-utilisation of cold storage

A new cold storage for blood was purchased (August 2011) for the blood bank through PWD at a cost of ₹ 6.96 lakh. This walk-in cold storage room has not been made functional so far (December 2015) due to non-fixing of shelf/racks for storing blood. The thermograph required to measure the temperature in the cold room was also not installed. As the old cold room has outlived its utility and apprehending its breakdown any moment the HoD of blood bank has been repeatedly requesting (from May 2012 onwards) the GMC to make arrangement for fixing the racks and thermograph but the work has not been carried out till date (December 2015). When the matter was reported (October 2013) to the PWD, they stated that the maintenance activities had been handed over to the Goa State Infrastructure Development Corporation (GSIDC) and requested GMC to take up the matter with GSIDC. Though GSIDC inspected the site in October 2013 it did not take up the work. Finally GMC issued supply order in November 2015 for racks but these were yet to be installed (December 2015).

GMC stated that the thermograph unit was fixed in July 2015 and partial use of new cold room had been initiated without racks from September 2015. The reply was not convincing in view of the facts that, the cold storage could not be fitted properly and made functional over a span of four years. As the GMC is the mother blood bank for district hospitals in the State, such delays need to be prevented.

(iii) Under utilisation of Arthroscopy unit

GMC procured (June 2012) an Arthroscopy unit (unit) at a cost of ₹ 46.69 lakh and it was installed (October 2012) in the Orthopedic department. Within first three months of installation, the unit's camera got burnt due to lack of earthing facility in operation theatre and had to be replaced. Again from July 2013 onwards, the camera of unit developed problems. On inspection (August 2013), it was found that the camera head was broken due to dropping/misuse and therefore, was not covered by warranty. After pursuit over 12 months by GMC, as a gesture of goodwill, the supplier replaced (August 2014) the damaged camera head. Subsequently, two days later (August 2014) the light source of the unit stopped working. This was repaired (October 2014) at a cost of ₹ 0.73 lakh. The camera further stopped working (February 2015) and on inspection (February 2015) it was reported that the

camera head needed replacement as it had some scratches and damage to internal parts due to either dropping or an accidental hit. In the mean time the warranty ended (October 2014) and GMC is yet to finalise the replacement of the camera and the AMC for the machine (December 2015).

GMC stated that the Arthroscopy unit was now being utilised with respective surgeons bringing their own camera head from personal sources. Thus, in the past 33 months since installation, the equipment could not be utilised for almost 24 months due to damage on account of repeated mishandling. To use the equipment, GMC is forced to utilise services of only those surgeons who are in a position to bring the camera in a private capacity.

(iv) Inability to utilise new Mortuary Cabinets

The GMC proposed (February 2007) establishing a new morgue with capacity of 90 bodies, having a conference display hall to provide good research facilities for post graduate/super speciality courses and for medico-legal cases. The Government approved (March 2008) the proposal and awarded work to GSIDC. GSIDC estimated the cost at ₹ 14.93 crore for setting up a new mortuary building with 108 mortuary cabinets covering a total built up area of 4,146 square metre. GSIDC executed the work as 12 sub-works through 12 different contractors at a total cost of ₹ 17.71 crore and the new Forensic block and Mortuary was inaugurated in December 2013.

During the inaugural function itself, the mortuary cabinets (cost ₹ 2.59 crore) began showing error. The Forensic department started using the mortuary cabinets, but owing to failure of cabinets leading to decomposition of dead bodies, use of new mortuary cabinets was stopped (February 2014). GSIDC repaired the new cabinets but the GMC could not start using it due to non-finalisation of the technical maintenance contract by GSIDC. GSIDC awarded (January 2015) the maintenance contract for 21 months to a firm and the technical glitches detected by the firm were under review by GSIDC (December 2015).

GMC stated that GSIDC had commissioned Morgue C with 36 cabinets and 11 cabinets in Morgue A and B in September 2015. The remaining cabinets needed repairs and would be handed over by GSIDC at the earliest. The facts, however, remained that 108 new mortuary cabinets costing ₹ 2.59 crore had remained unutilised since December 2013 without achieving the intended purpose.

1.5.7.4 Idle investment on computerisation of Goa Medical College

As a part of the XIth State Five Year Plan, the Government commenced introduction of a computer based Hospital Management System (HMS) in GMC. This was to facilitate smooth functioning of patient administration; bed management; better pharmacy management by providing real time stock position and its expiry; laboratory services; maintenance of records; medical research *etc.* thereby improving the overall efficiency in service delivery. The total cost including hardware, software and networking was ₹ 2.87 crore of which the GMC paid a total of ₹ 2.34 crore during the period from April 2006 to March 2011. Actually, the implementation was hampered due to

several infrastructural changes¹⁰ in GMC and the networking remained incomplete. As of June 2011, 13¹¹ modules were functional and live and the other 11¹² modules were not live due to lack of networking, damaged networking, renovation works, shifting to NIC software *etc.*

The suppliers of HMS continued to provide maintenance support till September 2012, thereafter the subsequent renewal of AMC was put on hold by Government due to the objections such as non-calling tenders for the earlier AMC and non-functioning of the computerisation to a satisfactory level. As a result the agency withdrew support (October 2013) and the entire HMS system became non-functional. The GMC had to revert to the manual operations as existed in the year 2006. This led to negation of ₹ 2.34 crore expenditure besides losing the opportunity for enhancing overall efficiency of service delivery.

GMC stated that 13 modules of HMS were used hence could not be considered as negation of ₹ 2.34 crore. The reply was not convincing as the GMC could never benefit from a fully functional HMS and over a period even the partly functioning system fell into disuse due to lack of maintenance.

There is a need to re-establish computerisation for hospital management and to extend it to all departments and activities for the benefit of patients, doctors and overall improvement in GMC's hospital management.

1.5.7.5 Delay in finalisation of tenders for procurement of medicines and surgicals

The GMC, in consonance with Government policy, provides free medicines, surgicals and chemicals required for all in-house patients. The medicines are procured through annual tendering and distributed to wards by its central pharmacy. The annual requirements assessed by the central pharmacy are ratified by a purchase committee and after obtaining approval from the Government, tenders are called and finalised by the purchase committee. After working out the final cost of procurement, GMC obtains AA & ES from the Government. On receipt of AA & ES purchase orders are issued by GMC. The details of medicines, chemicals and surgical items procured by GMC during 2010-15 are given in **Table 1.5.2** below.

¹⁰ Microbiology department which was networked shifted from the Dean's office block to the old medicine ward, OPD 13 (Laboratory block) which was networked and live underwent renovation and cables were damaged, the casualty and operation theatres were under renovation, the department of medicine and allied departments shifted to the new block, the private wards and the new mortuary were under construction

¹¹ OPD registration; material management; pharmacy management; blood bank; security and access controls for users; inpatient registration; radiology; admission, discharge and transfer, patient relationship; PACS; library; medical records and OPD billing modules

¹² Ward management, linen/laundry management, diet management, obstetrics & gynecology, OT scheduling, laboratory reporting, inpatient billing, mortuary, ambulance management, payroll, finance, birth and death registry modules

Table 1.5.2: Expenditure on purchase of medicine during 2010-15

(₹ in crore)

Year	Payments against tender quantity items	Payments for additional purchase orders	Payments against local purchases	Payments against emergency purchases	Total expenditure
2010-11	1.03	16.42	2.56	0.94	20.95
2011-12	0.01	11.56	3.49	2.64	17.70
2012-13	31.18	11.20	4.78	2.49	49.65
2013-14	0	3.43	3.15	0.89	7.47
2014-15	0	27.75	6.09	0.94	34.78
Total	32.22	70.36	20.07	7.90	130.55

(Source: furnished by GMC)

It could be seen that out of the total procurement of medicines of ₹ 130.55 crore, only 25 per cent (₹ 32.22 crore) of the medicines were procured through tendering process against the assessed requirement. Almost 54 per cent (₹ 70.36 crore) of the medicines were procured in excess of the quantity tendered and another 21 per cent (₹ 27.97 crore) of the expenditure was incurred through local and emergency purchases.

The delays/deficiencies noticed in the procurement of medicines and other ancillary items are discussed below:

(i) We observed that GMC initiated (January 2011) tender process for the year 2011-12 with the preparation of a list of medicines and other items at an estimated cost of ₹ 26 crore and submitted (February 2011) the proposal to Government. The approval of Government for floating tenders was received in June 2011. Tenders were floated in July 2011; technical bids/financial bids were opened in August 2011/February 2012. The Pharmacology department GMC, prepared (March 2012) a comparative chart and GMC submitted (June 2012) request for AA & ES to Government. The Government accorded (September 2012) AA & ES for ₹ 32.81 crore. In respect of those items for which no quotations were received or no agencies were shortlisted in the tender, separate tenders were floated in March 2012. Technical bids were opened in May 2012 and financial bids in July 2012. The request for AA & ES was submitted to Government in August 2012 and AA & ES was accorded by the Government in April 2013.

Thus, the process of tendering for the procurement of medicines for the year 2011-12 started in January 2011 was completed after two years in April 2013 with considerable delay on the part of GMC and Government. Due to this delay, the requirements for the years 2012-13 were not assessed and tendered.

(ii) For the year 2013-14 the Government constituted (November 2012) a Common Drugs Purchase Committee¹³ (CDPC) for common purchase of drugs, medical and surgical items required for GMC, hospitals under Directorate of Health Services, Institute of Psychiatry and Human Behaviour

¹³ Director of Food and Drugs Administration (Chairman), Dean of GMC, Dean of Goa Dental College, Director/Dean of Institute of Psychiatry and Human Behaviour, Director of Health Services, Additional/Joint Secretary (Health), Additional/Joint Secretary (Finance), Joint Directors of Accounts of GMC and DHS, Assistant Accounts Officers of Goa Dental College and IPHB, Dr Chandrakant Shetye (Director of Vision Multispeciality Hospital, Duler, Mapusa) and Dr. Ian Pereira (Lecturer in Pharmacology, GMC) the Member Secretary Duler, Mapusa) and Dr. Ian Pereira (Lecturer in Pharmacology, GMC) the Member Secretary

(IPHB) and Goa Dental College and Hospital. The Government instructed (July 2013) to procure and supply only medicines listed in the National List of Essential Medicines (NLEM) of India 2011. As the NLEM medicines were not sufficient to provide tertiary level treatment in GMC, the CDPC prepared lists of NLEM and non-NLEM separately and the proposal for tendering NLEM medicines costing ₹ 24.16 crore was submitted (November 2013) to Government.

The Government conveyed approval (December 2013) for tendering of NLEM medicines and CDPC floated (February 2014) the tenders. Owing to representation from Chemists and Druggists Association, inclusion of medicines required for more departments *etc.*, the date of opening of tenders was postponed 13 times. In the final corrigendum, the year of purchase was modified from 2013-14 to 2014-15 thereby halting the tender process for the year 2013-14. The technical bids and financial bids were opened together in July 2014 and Government conveyed (March 2015) the AA & ES of ₹ 32.66 crore (GMC ₹ 24.98 crore) for procurement of medicines for the year 2014-15. Thus, entire process for the second tender consumed one and three quarters of a year to complete.

The CDPC finalised (January 2014) the list of non-NLEM medicines costing ₹ 47.50 crore (GMC portion ₹ 28 crore) and administrative approval of Government was received in April 2014. However, due to revision in list for inclusion of requirements for newly set up cardiothoracic surgery unit, issues relating to change in CDPC and issuing separate tenders for GMC, the non-NLEM for the year 2014-15 was yet to be tendered (December 2015).

(iii) Pending finalisation of tenders, GMC procured medicines and surgical items costing ₹ 70.36 crore by issuing additional orders to the previous tenderers during 2010-15. As the tenderers were reluctant to supply additional quantity at the same rates and also to fulfill the requirement for new medicines, GMC purchased medicines worth ₹ 20.07 crore directly from the two medical stores at MRP¹⁴ rates during 2010-15. They also purchased medicines worth ₹ 7.90 crore by calling local quotations for the stock of the central pharmacy during the period 2010-15. Thus, GMC procured medicines worth ₹ 27.97 crore (₹ 20.07 crore + ₹ 7.90 crore) without calling tenders during the period 2010-15.

We test checked 119 tendered items which were locally purchased at MRP rate in the year 2012-13 and found that on an average the MRP was higher by 58 *per cent* over tender rates leading to approximate excess expenditure of ₹ 16.22 crore (₹ 27.97 crore x 58/100).

GMC accepted that the delay in finalisation of tender for 2010-11 had resulted in non-tendering for subsequent years. It further stated that most of the items purchased at MRP were the items not in the tendered list hence, argument of 58 *per cent* excess over the tendered rate was not correct.

The reply is not acceptable as we had worked out the difference in tendered rate and MRP only on items which were tendered but purchased at MRP from

¹⁴ Maximum retail price

local market. During 2010-15, against the requirement of medicines and surgicals, the actual quantities were tendered only for 2011-12 and 2013-14. Thus, there was need to review of annual tendering process and to adopt a time bound approach for procurement of medicine.

1.5.7.6 Delay in finalisation of tenders for procurement of Orthopedic implants

Orthopedic implants are important consumable items required in orthopedic operations. The Government policy requires GMC to supply implants free of cost to in-patients and in all trauma cases. Accordingly, the Government directed (August 2008) GMC to float open tender for purchase of orthopedic implants. The tenders were floated (September 2008) and the total cost as per the lowest offers was ₹ 2.63 crore. GMC procured implants worth ₹ two crore during 2009-10. During the period 2010-15, it carried out 13,304 major and 18,272 minor operations and procured orthopedic implants worth ₹ 3.26 crore.

In 2010-11, GMC floated (December 2010) tender for the year with an estimated cost of ₹ 2.25 crore. The bids were opened (January 2011) and the purchase committee accepted (March 2011) the lowest tenders worth ₹ 2.25 crore. The request for AA & ES was not submitted to Government till July 2012 due to time taken to resolve a complaint received from a party whose tender was disqualified on technical scrutiny.

The Government, instead of according AA & ES, ordered (October 2012) the GMC to procure only 25 *per cent* of the quantity estimated to ₹ 0.56 crore at the quoted lowest rates. The balance 75 *per cent* (₹ 1.68 crore) was to be procured through e-tender which was issued (June 2013) and opened in July 2013. After demonstration by the tenderers, the financial bids were opened in March 2014. The total of the lowest offers received were ₹ 81 lakh against the estimated cost of ₹ 1.68 crore and the supply order was issued in August 2014.

During 2010-15, the average annual procurement of implants was ₹ 65 lakh against ₹ two crore purchased for year 2009-10. We observed that during the period 2010-15, 40 Hip and 52 Knee replacement surgeries and 472 other surgeries were conducted for which the patients were constrained to procure the implants as the same were not available with GMC.

The GMC stated that less expenditure during 2010-15 was due to procedural delays for tendering. As all the implants procured were exhausted, the patients were asked to buy implants for conducting emergency operations.

The reply corroborates the fact that there is a need to streamline the procurement process to provide free supply of implants in accordance with the Government policy. Thus, non-availability of implants violated the Government policy and caused financial burden for the patients.

1.5.7.7 Management of medicines and surgicals in central pharmacy

The central pharmacy of GMC receives stores and issues medicines, chemicals and surgicals to all departments/wards/ICUs/OTs of GMC and its attached hospitals¹⁵. The central pharmacy maintains stock registers for recording medicines, chemicals and surgical items received from various agencies through annual tendering. Local purchases made by wards were not entered in the stock register as these materials are directly issued to the wards, a separate register was maintained for recording local purchases.

We analysed the stock position of various items with stock ledgers at the end of every year during the period 2010-15 and observed that 46 *per cent* to 79 *per cent* of the ledgers showed 'Nil' balance at the end of March every year as detailed in **Appendix 1.4**.

The GMC had fixed (October 2002) a reserved stock limit (RSL) of two months requirement. The tenderers are required to supply medicines within a period of 45 days from the date of receipt of supply order. After considering supply time and a maximum of 15 days time lag between placing indents and issue of supply orders by GMC and the reserved stock limit, the pharmacy has to place its requirements four months before the expected date of stock becoming nil. We test checked a sample of five *per cent* of the items in stock register with a view to analyse the turnover of the medicines. The results are as under:

(i) Of the 172 ledgers test checked, the materials were not available in the store for 8 days to 365 days in respect of 103 cases as given in **Table 1.5.3**.

Table 1.5.3: Details of medicines not available in Central Pharmacy

Year	Total number of items in the stock register	Number of items checked	Number of medicines not available in store	Non-availability of medicines in number of days	
				8 days to 100 days	101 days to 365 days
2010-11	535	27	20	15	5
2011-12	729	36	22	13	9
2012-13	758	38	29	11	18
2013-14	546	27	18	12	6
2014-15	870	44	14	4	10
Total	3438	172	103	55	48

(Source: Stock register and sample study result)

- a. In respect of 66 items, the central pharmacy did not place indents for supply of materials even after the balance became nil.
- b. In respect of 49 items, the indents were placed after delay ranging from 15 days to 300 days after reaching the RSL of two months' requirements.
- c. In cases where indents are placed, the suppliers did not supply medicines in 15 instances and whenever supplied against indents (34 instances) the suppliers took 10 days to 190 days after placing indents.

¹⁵ Urban Health Centre, Santa Cruz; Rural Health Centre, Mandur and TB & Chest Disease Hospital, St. Inez

The sample check indicated that the pharmacy authorities did not report the shortage of medicines well in advance before reaching the RSL which consequently resulted in delay in placing of supply orders/additional supply orders by the GMC. We also observed that the purchase section was not placing supply orders against all the indents/requests made by the pharmacy. As a result, most of the medicines were not available in the central pharmacy and required medicines for the wards were procured locally at MRP rates.

GMC stated that for new super specialty departments, which were medicine consuming departments, no previous data was available and the purchase section took more than six months to place additional orders. Further, many slow moving items were not purchased as they were not being prescribed by GMC doctors. In respect of items, where there was a delay in placing indents, some were available in the sub-store/ward stock or supply against the earlier orders was pending or were not available with the manufacturing company, hence not supplied. Besides delay in supply by agencies, the other reasons for non-availability of stock in the pharmacy were non-payment of bills, non-supply by GAPL¹⁶ pharmacy where there was no second lowest tenderer, no quotations for some items and the delay in approval of tenders for NLEM medicines by Government.

The reply of the GMC corroborates the fact that the assessment of quantity of medicines for annual tendering needs a relook and long delays in placing supply orders needs to be checked.

(ii) Failure of GMC pharmacy medicines during FDA testing

The Food and Drug Administration (FDA) is responsible for periodic testing of drugs and chemicals kept in GMC pharmacy. According to the tender conditions, the FDA is to analyse samples of each batch of items supplied. We observed that the FDA carried out sample analysis only occasionally and not regularly. The GMC pharmacy also did not send samples or intimate the FDA to take samples as and when new batch materials arrived for checking the quality specifications of medicines supplied during 2010-15. The year wise break-up of number of times the FDA authorities inspected the central pharmacy and took samples for testing are given in **Table 1.5.4**.

Table 1.5.4: Details of inspection by FDA

Year	Number of medicines under supply	Number of times samples taken	Number of items taken	Number of items where the medicines have been reported as sub-standard	Percentage of sub-standard medicines
2010-11	535	5	25	1	4
2011-12	729	7	21	1	5
2012-13	758	7	27	1	4
2013-14	546	1	3	1	33
2014-15	870	4	23	4	17

(Source: Audit scrutiny of test results)

Against mandatory requirement of testing all batches of medicines of 535 to 870 items in stock, the FDA sample test covered only three to 27 items. Lack of testing to the prescribed extent by FDA, failure of samples even within this diminished testing was a concern requiring attention.

¹⁶ The medicines that can be supplied by GAPL factory at Tuem were not tendered but directly purchased from them

We also observed that the FDA took 22 days to 176 days to submit the test reports to the pharmacy, by then most of the medicines had already been issued to the patients. If the medicines were completely issued to the patients, there was no scope for punitive action to be taken against the companies for supplying below standard medicines. In cases, where the balance of stock existed, the pharmacy froze the stock and the cost of un-issued medicines was recovered from the companies. The details of 10 such cases including two cases of the period 2009-10 are given in *Appendix 1.5*. The issue of sub-standard quality medicines to patients would not only result in ineffective treatment but also hazardous to patients. Reduced testing, delayed reporting of test results and release of payment without testing results could also create a perverse incentive for the suppliers.

Similar inadequate monitoring of quality of medicines was observed in the central pharmacy of IPHB as well. The percentage of sub-standard medicines detected in the sample selected by the FDA were four *per cent*, 67 *per cent* and 50 *per cent* during the years 2011-12, 2012-13 and 2014-15 respectively. During the years 2010-11 and 2013-14, no sample test was conducted by FDA. It was further observed that the FDA took 35 days to 169 days to submit the test reports to the central pharmacy by that time most of the sub-standard medicines had already been issued to the patients as detailed in *Appendix 1.6*.

The GMC replied that the FDA had taken 20 samples on an average in a year out of 800 to 900 items available in stock of which only one sample had been found of sub-standard. It was also replied that in most of times the stock had been consumed by the time the analytical report was received from FDA. The IPHB also replied (July 2015) that the percentage of sub-standard medicines against the total medicines received in the pharmacy was only one to four *per cent*.

The replies were not convincing since the FDA did not test check medicines to extent required. Even under this reduced testing, results showed that up to 33 *per cent* of the medicines test checked in central pharmacy of GMC and up to 67 *per cent* of medicines test-checked in the central pharmacy of IPHB failed quality tests during the last five years. In the absence of adherence to the prescribed extent of testing, the GMC could not derive the assurance that it had supplied proper quality medicines to the patients.

1.5.8 Availability, adequacy and management of infrastructure

1.5.8.1 Inadequate beds in some departments

For providing in-patient services, GMC has a total of 1,152 beds spread in 40 wards under various departments. Between 2010 and 2015, 73 beds were added due to opening of six new departments¹⁷. The year wise position of number of in-patients and average bed occupancy rate in various departments of the GMC is given in *Table 1.5.5*.

¹⁷ Neurosurgery, plastic surgery, pediatric surgery, CVTS, cardiology and private ward

Table 1.5.5: Number of in-patients and average bed occupancy of various departments for the period 2010-15

Sl. No.	Department/ Service	Number of in-patients (2010-15)	Bed occupancy rate in percentages					Number of months where bed occupancy exceeded 100 per cent
			2010	2011	2012	2013	2014	
1	Neurology	2526	29	31	50	110	101	17
2	Neurosurgery	10605	124	132	103	109	106	53
3	Ortho surgery	20938	95	92	93	86	81	6
4	Obstetrics & Gynaecology	41776	91	92	83	77	82	4
5	Surgery	40331	92	84	93	79	77	1
6	Ophthalmology	13774	69	80	83	90	83	8
7	Medicine	62676	77	67	74	88	92	1
8	CVTS (from June 2014)	1005	-	-	-	-	87	1
9	Paed. Surg. (from Jan 2013)	890	-	-	-	63	73	0
10	Urology	13996	64	72	63	67	67	0
11	Paediatrics	18650	69	75	71	61	61	0
12	ENT	6201	70	68	66	65	62	0
13	Plastic Surgery (from Jan 2013)	390	-	-	-	41	74	1
14	Cardiology (from June 2014)	431	-	-	-	-	57	0
15	Skin & VD	2142	66	57	51	41	46	0
16	OMFS (from Jan 2012)	2036	-	-	29	51	44	0

It could be seen from the above that;

- The average bed occupancy of neurosurgery department was above 100 per cent throughout the last five years. In neurology department it was above 100 per cent during the last two years. The bed occupancy in ophthalmology, ortho-surgery and obstetrics and gynecology also exceeded 100 per cent for a few months.
- We further observed that bed occupancy of neurosurgery department exceeded 100 per cent in 53 of the 60 months during 2010-15 and recorded average bed occupancy in the range of 103 to 132 per cent during this period.

The neurosurgery department stated that due to shortage of beds they had to accommodate up to 10 patients in floor beds/folding beds and sometimes the patients were shifted to other surgery wards. Thus, there was shortage of beds in these departments of GMC.

GMC stated that patients of neurosurgery needed close monitoring and had to be kept in close proximity of neurosurgery ward hence, could not use beds of other departments. The problem would be solved after commencement of the proposed super specialty block.

The reply and the above described position shows that there is an urgent need to augment the bed capacity in the departments where the average occupancy has been crossing the 100 per cent limit in the last few years.

1.5.8.2 Shortage of bed strength in IPHB

The IPHB has a bed strength of 190 divided into four closed wards for male patients and three closed wards for female patients. An open ward each for male and female patients also exists. The bed strength and average occupancy rate during the period 2010-15 are given in **Table 1.5.6**.

Table 1.5.6: Details of bed strength and bed occupancy at IPHB

Year	Bed strength	Bed occupancy rate (in percentage)
2010	190	84
2011	190	87
2012	190	96
2013	190	101
2014	190	108
2015 (upto June)	190	115

We observed that the bed occupancy crossed the 100 *per cent* mark since 2013. Due to unavailability of separate wards, child patients were also accommodated along with adults.

IPHB had proposed (November 2006) to construct a 100 bedded hospital by availing financial assistance (₹ 30 crore) from GoI under National Mental Health Programme (NMHP) during the X plan period. This did not materialise despite extending the benefit during the XI plan period as well. Only an expenditure of ₹ 0.85 lakh was incurred by PWD for clearing the site for construction of a 100 bedded hospital. As no proposal was submitted during the XIth plan period, no benefit under the NMHP scheme could be availed.

The IPHB attributed the delay to the delay in finalisation of plans and drawings by the PWD. The work of construction of 100 bedded hospital was initially awarded to PWD in year 2003 with detailed requirement. The PWD submitted the requirements to an architect to prepare sketch designs of plan in the year 2006. After going through the sketch design further requirements were added to the plan and provided to PWD in year 2008. In year 2012, it was decided to add a children's ward also and the PWD was yet to furnish drawings (December 2015).

GMC stated that the Government had approved (September 2015) the project and 100 bedded hospital would be constructed through GSIDC.

1.5.8.3 Inadequate infrastructure for storage of medicines

During our joint visit to godown of the pharmacy along with the pharmacy officials, we observed that the glass window of the store room where the cancer drugs were kept was broken. Wild bushes around the pharmacy were not cleared to prevent insects, rodents and snakes from entering the pharmacy. The central pharmacy doors remained open resulting in rise in room temperatures and resultant extra energy consumption for air conditioning. The Intra-Venous fluids (IV fluids) and medicine cartons were kept in the corridors and even outside the door of the pharmacy. The cold room in the pharmacy was without racks and vaccines and other drugs were stacked in 9 to 10 layers in the cold room which could result in damage to drugs kept in the lower layer. Flammable materials such as Spirit, Isofluvane, Servoflufane and Turpentine were stored along with old records and the fire extinguisher was outdated. Some of the photographs taken by audit during the visit at pharmacy are shown below.



(1) Waste dumped behind the pharmacy (2) Broken window glass in the storage room of cancer drugs (3) Vaccines and other medicines stacked one above others in layers in the cold room (4) Medicines kept outside the pharmacy door in the corridor (5) Old records kept in the room of flammable chemicals (6) Fire extinguishers kept in a corner without date of refill.

We further observed that the pharmacology department had been reporting (May 2008/August 2009/December 2013) about the shortage of storage space. It was also reported that the hospital required around 1,000 boxes of IV fluids every fortnight and these IV fluids were kept in the corridors of the pharmacy blocking the passage. In the case of an untoward incident, the blocked passages would cause problems in evacuation of employees working inside.

The Pharmacology department stated (August 2015) that the proposal to fix wooden windows in place of glass windows and requirements for additional store rooms were submitted to Dean in December 2013. However, no action had been taken by the concerned authorities till date. The GMC replied that the corrective steps on all the lacunae reported would be taken.

1.5.8.4 Land management

GMC has land admeasuring 12.94 lakh square metre (m²) spread over five villages¹⁸. Out of this, the area utilised so far for the construction of buildings for GMC was 1,14,690.36 m² consisting of Medical college (22,601.01 m²), Hospital (81,314.75 m²), Mandur Rural Health Centre (1,145 m²), Santa Cruz Urban Health Centre (624 m²) and Santa Cruz TB Hospital (9,005.50 m²). GMC has not constructed a compound wall around all the land belonging to it. Several areas were not fenced and in several parts fencing had been breached. About 12 illegal constructions in GMC property were noticed (March 2015) during the inspection by Director (Admn). Similar encroachments were also noticed during the Chief Minister's visit (May 2015) and the District Collector directed (May 2015) GMC to get the land demarcated, which was yet to be done (December 2015).

GMC transferred (April 2011) possession of land admeasuring 6,500 m² for construction of approach road towards the land belonging to education department for construction of integrated school complex at Cujira village, Bambolim. GMC transferred 24,050 m² of land to Sports Authority of Goa for construction of an athletic stadium for Lusofonia Games in September 2012. An area of 1,414 m² was utilised by PWD for widening of the road from GMC, Bambolim to Dona Paula. GMC also gave possession of 10,000 m² land to M/s Elbit Hospitals for establishment of a super specialty hospital. Thus during the last five year period GMC surrendered possession of land measuring 41,964m². GMC did not have any master plan for utilisation of its land *vis-a-vis* the future upgradation of facilities, increase in student intake capacity *etc.* Incidentally GMC could not identify the suitable land for a period of four years for construction of RMO hostel.

GMC assured that the work of demarcation of land would be completed and action to construct a pucca boundary wall would be initiated. However, the assurance was silent on preparation of a master plan for future requirements.

1.5.8.5 Allotment of 10,000 m² land to M/s Elbit Hospitals

The Government planned (November 2006) a super specialty hospital on PPP basis within the GMC premises. The proposal of M/s Elbit hospitals was accepted (October 2009) by the Government. Accordingly the Government and M/s Elbit India Hospitals Ltd. entered (December 2009) into a project development and implementation agreement for a 150-200 bedded super specialty hospital. As per the draft agreement, the Government would hold 15 *per cent* of shareholding in the Joint Venture Company (JVC) and in consideration of transfer of 15 *per cent* share the Government would lease the possession of the project site for a period of 30 years. The JVC was also liable to pay annual lease rent of ₹ 0.51 crore to ₹ 1.21 crore for a period of 30 years commencing from year 2010.

The Government directed (January 2010) the GMC to hand over the possession of land admeasuring 10,000 m² to M/s Elbit India Hospital Ltd. Accordingly, GMC issued (March 2010) no objection certificate to Government and the land was demarcated in August 2010.

¹⁸ Bambolim, Cujira, Calapur, Mandur and St Inez

We observed that the company had neither commenced any work for establishing the super specialty hospital on the land allotted nor paid the lease rent payable (up to 31 March 2015) amounting to ₹ 2.68 crore. Despite this, GMC did not initiate action for repossessing the allotted land.

1.5.9 Academic and Research facilities

1.5.9.1 Medical Education

GMC admits 150 students for MBBS, 59 for post graduate courses and 26 for diploma courses and two students for super specialty course every year. Considering the intake capacity, about 770¹⁹ students are pursuing their courses every year in various disciplines. The admissions are made through a test conducted by the Director of Technical Education, Government of Goa. GMC has hostel facilities for 277 boys and 178 girls, against this number of students on the rolls of hostels are 141 and 206 respectively.

1.5.9.2 Shortage of teaching doctors and nurses

The sanctioned strength (SS) and men in position (MIP) of doctors (teaching and non-teaching) nurses, technicians and attendants during the period 2010-15 in the GMC are as detailed in **Table 1.5.7**.

Table 1.5.7: Manpower position of Doctors, Nurses, Technicians and Attendants

(Figures in numbers)

Types	2010-11		2011-12		2012-13		2013-14		2014-15	
	SS	MIP	SS	MIP	SS	MIP	SS	MIP	SS	MIP
Doctors (Teaching)	271	210	288	202	281	208	281	214	281	215
Resident Doctors	217	187	223	187	259	234	264	247	258	223
Technician	202	173	245	163	251	163	251	164	251	165
Nurses	730	619	730	665	729	645	730	624	730	620
Attendants/Group-D staff	924	843	967	856	967	818	1158	818	1227	852
Total	2344	2032	2453	2073	2487	2068	2684	2067	2747	2075

At the end of the year 2014-15, there was shortage of 23 *per cent* of teaching staff (doctors) against the sanctioned strength, 13 *per cent* and 15 *per cent* shortages were in respect of resident doctors and nurses respectively throughout the period 2010-15. The shortage in technicians' cadre was 34 *per cent* in 2014-15. Despite 20 *per cent* increase in the number of in-patients, there was no increase in the sanctioned strength of nurses' cadre. Considering 1,152 bed capacity and availability of 206 nurses (total nurses 620/3 shifts =206) the patient nurses ratio in GMC was 5.6:1 against the standards of 3:1 prescribed by the MCI.

GMC stated that as far as MCI requirements were concerned, there was no shortage of teaching doctors as of date. The nurses' vacancies would be filled in by their recruitment on contract basis. The reply was not borne out of facts as MCI in its inspection reports regularly pointed out shortages in teaching staff over the period.

¹⁹ MBBS 150 seats for four years = 600, PG 59 seats for two years = 118, Diploma 26 seats for two years = 52

1.5.9.3 Non-availing the benefit of centrally sponsored scheme for increase in MBBS seats

The GoI introduced (October 2014) a centrally sponsored scheme for strengthening/upgradation of existing State Government/Central Government Medical Colleges to increase MBBS seats. Under the scheme, grants-in-aid were to be released to the State/UT Governments for infrastructure development and equipment required for desired and viable increase in intake capacity, which would be shared between the Central and State/UT Governments. The upper ceiling of the cost for creation of an MBBS seat was pegged at ₹ 1.20 crore, to be shared between Central and State Governments in the ratio of 70:30.

The State Government sought (October 2014) the comments of GMC on an increase in MBBS seats from 150 to 200 under this scheme. The GMC stated that current 150 seats of MBBS were not permanent until minimum standards laid down by the MCI were fulfilled. Further, it was also mentioned that MCI had pointed out several deficiencies in fulfilling the requirements of existing 150 MBBS seats and increased PG Degree seats. Therefore, the proposal for further increase in MBBS seats to 200 per year may be withheld at least for the next three years.

We observed that the MCI had approved (June 2012) the increase in MBBS seats from 100 to 150 seats. This approval was subject to renewal on annual basis on creation of additional infrastructure (additional lecture halls, auditorium, hostel facilities for girls and resident medical officers) and recruitment of sufficient teaching staff, equipments *etc.* Further the Government also gave assurance (May 2012) that it would provide the additional facilities required for 150 MBBS seats. However, the additional infrastructure and faculty requirements for the additional seats were yet to be created²⁰.

Thus, delay in providing required facilities, as promised by the Government, resulted in loss of opportunity to avail the benefits under the centrally sponsored scheme for further increase in MBBS seats.

1.5.9.4 Additional 70 PG seats under USSGMC

Under the Centrally Sponsored Scheme of USSGMC, GoI sanctioned (March 2011) a total grant of ₹ 22.14 crore to GMC for starting/increasing PG seats from existing 59 to 124 in 22 disciplines. The funds were to be specifically utilised for development of infrastructure, purchase of equipment and recruiting faculty without diversion. The medical colleges were to ensure increase in postgraduate seats after receiving permission from MCI. In case there was non-creation of stipulated number of PG seats, the State Government/Institute was required to return the unutilised funds along with interest.

²⁰ The girls hostel, lecture hall and auditorium which were stipulated to be complete by September 2014, March 2015 and March 2015 respectively but these works were yet to be completed and handed over (December 2015). The work of RMO hostel was yet to commence (December 2015) being delayed on account of non-availability of land. The commencement (February 2014) of work on auditorium was delayed due to delay in finalisation of site/location plan

During 2011-13, GMC received a total amount of ₹ 20.12 crore from Central and State Governments and spent ₹ 11.24 crore during the period from February 2012 to March 2015. As of March 2015, an unspent balance of ₹ 10.26 crore was lying with GMC. The major expenditure incurred being procurement of CT Scan (₹ 3.86 crore), Cath lab (₹ 3.25 crore), Colour Doppler (₹ 0.70 crore), CR System (₹ 0.47 crore) and Arthroscope (₹ 0.47 crore). We observed that the procurement process for various equipment were not finalised due to equipment cost exceeding allocation of funds to individual departments, no response to tenders, pending Government approval, pending new proposal and awaited Government permission for opening financial bid.

As against proposed 70 additional PG seats from academic year 2015-16 under the scheme, MCI approved (February 2015) only 21 additional seats.

The MCI did not approve other 49 PG seats due to various shortages²¹. Thus, GMC could not succeed in getting 49 additional PG seats proposed for year 2015-16 under the centrally sponsored scheme.

1.5.10 Conclusion and recommendations

- *There is a need for the GMC to streamline procurement of equipments as time taken for procurement in selected cases was between one and a half to four years. Substantial time has been taken up by procedural delays, decision making and therefore the GMC should consider steps to reduce delays at different stages.*
- *The GMC should consider steps to improve equipment utilisation. Several assets like the CSSD, mortuary cabinets and cold storage have not been operationalised in time and to the fullest. Repeated damage to arthroscopy equipment is not expected in an environment with highly skilled specialists.*
- *The medicine procurement and testing also need to be streamlined to ensure maximum procurement through tendering to attain best possible economies. A drug testing schedule should be drawn up and enforced so that the GMC could derive proper assurance that the patients always receive appropriate quality medicines.*
- *All needed steps should be taken on priority for creating the infrastructure and recruiting the manpower required for meeting the MCI requirements for protecting the interest of the students enrolled in the medical college.*

The matter has been reported (September 2015) to Government and their reply is awaited (January 2016).

²¹ Non availability of faculty, non-availability of Journals beyond year 2012, non-obtaining approval of Atomic Energy Regulatory Board for Radiology, non-conduct of clinic pathological conferences, inadequate academic parameters, improper bed capacity ratio, shortage of departmental publications, non-availability of Thoracoscope, incorrect statistical reporting, same professor for two departments and non-availability of Gastroenterology speciality clinic

DEPARTMENT OF TOURISM

1.6 Follow up audit of 'Performance Audit of Promotion of Tourism in Goa'

1.6.1 Introduction

The Department of Tourism (Department), Government of Goa is responsible for promoting and regulating tourism in Goa. The Goa Tourism Development Corporation Limited (GTDC), a State Government commercial undertaking, provides facilities and organises events for promotion of tourism in the State.

1.6.2 Scope and objective

We conducted a follow up study of the Performance Audit (PA) Report on 'Promotion of Tourism in Goa' during the period from May 2015 to June 2015. This PA Report appeared in the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2012, Government of Goa. The Report was tabled (October 2013) in the Legislative Assembly.

The objective of follow up study was to review the steps taken by the State Government for implementing the recommendations given in the performance audit and action taken on other major audit findings. During our scrutiny, the records of the Department, GTDC, Goa Coastal Zone Management Authority (GCZMA), Police Department and Water Resources Department were scrutinised. The audit commenced with a meeting (May 2015) with the Director, Tourism Department and the Managing Director, GTDC and the observations were communicated (September 2015) to the Government. The replies of the Government were awaited (January 2016).

1.6.3 Recommendations of the Performance Audit for the Audit Report 2011-12

The performance audit had made six recommendations which are discussed in succeeding paragraphs with the status of action taken thereon.

1.6.4 Status of implementation of recommendations

1.6.4.1 *Formulation of a tourism policy demarcating roles of agencies and Departments for effective convergence*

Promotion of tourism requires convergence of several services ranging from civic amenities to transport to maintenance of law and order. In this context we had recommended that a contemporary tourism policy should be formulated which clearly outlines the roles of different Departments and agencies for promotion of tourism. Responding to the recommendations, the State Government informed (March 2013) that the formulation of a comprehensive tourism policy and tourism master plan was in progress and was expected to be completed by April 2015.

We observed that the Department entrusted (July 2014) the work of formulating the new policy and the master plan to a consultant (M/s KPMG) but they commenced the work only in July 2015 due to delay in finalisation of

contract clauses. This was because the Law Department had initially (December 2012) instructed the Department to insert clauses regarding performance guarantee and liquidated damages which were missing in the draft tender conditions. The Department however inadvertently uploaded the tender on website without incorporating these clauses and also did not incorporate the same during the pre-bid meeting held in May 2013. The tender evaluation committee recommended (October 2013) the successful bidder which was accorded (February 2014) administrative approval by Government and the work order was issued (July 2014). When the draft agreement was submitted for vetting, the Law Department observed (December 2014) that their earlier suggestions to incorporate clauses relating to performance guarantee and liquidated damages was still not incorporated in the agreement. Subsequently, the Department had to request (February 2015) the consultant to make necessary changes in the general conditions and the agreement was finalised only in June 2015.

The Department admitted (September 2015) delayed commencement of the work due to differences with the Law Department.

1.6.4.2 Improving selection of advertising agencies and the process of awarding contracts for promotional events

We had observed that in 2010 three advertising agencies had been empanelled for handling international events and road shows without fulfilling all criteria. While awarding contracts, requests for proposals were not issued to all empanelled agencies and the deliverables were not quantified and documented in the work orders. Hence, we had recommended ensuring transparency in selection of advertising agencies and award of contracts for various tourism promotional events.

In February 2013, the GTDC was designated as a Special Purpose Vehicle (SPV) by the Government for undertaking comprehensive marketing and promotional activities for tourism in Goa. The Government also constituted (May 2013) a State Level Marketing and Promotion Committee (SLMPC) with a mandate to finalise the calendar of events, allocate marketing budget for promotions, view presentations, empanelment of agencies and setting of procedures and standards for expenditure. The contracts for participation in international travel marts, organisation of events and road shows were to be awarded on the recommendation of SLMPC. Thus, the GTDC had initiated as per recommendation.

The Department stated that the organisation had complied with the recommendations and deliverables of the agencies were quantified and presentations viewed before award of contract (September 2015).

1.6.4.3 Integrating Environment Impact Assessment (EIA) at feasibility stage of tourism projects

The Tourism Master Plan recommends integration of environment impact analysis in all stages of the project life cycle. This was especially relevant as large parts of Goa lie in eco-sensitive zones. There were ten projects undertaken with the Central Financial Assistance (CFA) and EIA was not conducted in any of these projects. We had observed that four projects

(i) Integrated Development of Infrastructure for Heritage and Hinterland Tourism in Goa (IDIHHT), (ii) State Institute of Hotel Management (iii) Development of Baga Circuit and (iv) Development of Colva Coastal Circuit have already taken up with CFA without EIA. Implementation of other six projects had not commenced (November 2015).

The GTDC apprised (June 2015) that the EIA was not required in usual government projects. The reply was not acceptable on the ground of inordinate delays in execution of CFA projects owing to public agitations (Hotel Management Project), coastal zone management issues (IDIHHT, Coastal Circuits) and dropping of two projects (Goa Haat and Convention Centre).

1.6.4.4 Ensuring early commencement of projects held up for want of approvals

At the time of performance audit ten tourism infrastructure projects had been approved for execution with CFA. Of these one was under execution, three were yet to be approved and the remaining six were held up for want of approvals/permissions. Thus, it was recommended that the projects held up for want of approvals should be commenced soon.

We observed that at present, of these ten projects, four had commenced, two were dropped and four were under consideration for implementation. The details of the total outlay, CFA component and CFA utilisation are given in *Appendix 1.7*. The progress of four projects under implementation was as under:

- ***Integrated Development of Infrastructure for Heritage and Hinterland Tourism (IDIHHT) in Goa:*** Out of four components of the project, two components such as Panaji Hub and Development of Churches were completed up to 90 *per cent* but no expenditure was incurred on two other components namely Mandovi and Zuari Circuits (January 2016).
- ***State Institute of Hotel Management and Catering Technology:*** Work commenced in February 2014 and was completed up to an extent of 36 *per cent* (January 2016).
- ***Tourism Infrastructure Development for Colva Coastal Circuit:*** The work order was issued in February 2014 and was expected to be completed in six months but commencement of work was delayed due to a court case (January 2016).
- ***Baga Beach Tourism Destination Development:*** Work of the project commenced in April 2013 and was expected to be completed in six months. But the work was completed only up to 70 *per cent* (January 2016). The GTDC attributed the delay to encroachments on land, high water table and other onsite difficulties.

Therefore, the progress of the projects under execution continued to be slow. The four projects (i) Colvale Circuit (ii) Miramar Tourism Circuit (iii) Green Belt project and (iv) Heli Tourism were stated to be under consideration and yet to receive approval of the regulators. The project of Convention Centre was dropped due to inability of the Department to identify suitable land and the project of Goa Haat was dropped as suggested by High Level Task Force.

Out of ₹ 73.58 crore received as CFA for seven projects, the amount utilised so far was ₹ 29.52 crore (three projects). The Department continued to retain ₹ 8.00 crore of CFA received on dropped projects. Work on other two projects was yet to start (CFA ₹ 36.06 crore).

1.6.4.5 Promoting Monsoon Tourism with special packages

As the growth rate of tourist arrivals during the monsoon period in Goa was much lower when compared to the growth rate of tourist arrivals during monsoons in Kerala, we had recommended promotion of Monsoon Tourism through special packages.

We observed that the figures of the domestic and the foreign tourists' arrivals in Goa during the three months period of monsoon, from 2011 to 2014 showed increasing trend. Arrivals of domestic tourists increased by 70 *per cent* and foreign tourists by 103 *per cent* (2014) compared to position four years ago. The Department and the GTDC made efforts to attract tourists with new schemes like commencement of river rafting and promotion of Sao Jao festival.

The GTDC stated that a number of measures were advertised in the social media and on the website by offering overall attractive choices as well as specific choice in monsoon like traditional festivals.

1.6.4.6 Establishing a solid waste management programme for the coastal belt

We recommended that a solid waste management programme for the coastal belt be established, as the solid waste generated at the tourist beaches exceeded the waste generated in the large towns of Goa.

A High Level Task Force (HLTF) has been in existence since November 2012 to decide on all administrative as well as financial matters related to solid waste management. It was decided (August 2013) to construct three solid waste management facilities of 100 tons per day capacity at Calangute/Saligao, Cacora and Bainguinim for North Goa, South Goa and Central Goa respectively. Of these three plants, land was acquired for two plants of Calangute/Saligao and Cacora and transferred (February 2014 and June 2014) to Goa State Infrastructure Development Corporation (GSIDC) for construction of plants. Work orders in respect of both the plants were issued in March 2014 for a project cost of ₹ 145.95 crore each. The expenditure incurred on construction of solid waste management plant at Calangute/Saligao was ₹ 118.00 crore and the work progressed up to 70 *per cent* (September 2015). In respect of other two plants the works were yet to commence. The construction of sewerage networks in northern coastal belt commenced in March 2013 and was completed to an extent of 57 *per cent* by October 2015.

1.6.5 Other major audit findings of the performance audit

1.6.5.1 Availability of amenities for tourists at beaches and cleanliness of beaches

We had reported inadequate amenities for tourists like parking, toilets, changing rooms and access roads on major beaches and that the monitoring of the work of beach cleaning contractors in North Goa was inadequate.

During follow up audit we verified the provision of tourist amenities in the same set of beaches which were scrutinised in the performance audit. Except for construction of a parking lot at Baga and toilets and changing rooms in Calangute, there were no changes in the infrastructure facilities like parking, toilets, changing rooms, access roads *etc.* as compared to the status earlier reported. Seven beaches out of thirteen verified by the audit team along with department personnel did not have identified parking lots, eight did not have toilets and 12 were without changing rooms. The tender for development of these facilities on Public Private Partnership mode floated in December 2013 could not be finalised due to poor response from the bidders.

Contracts for beach cleaning were awarded (September 2014) to two beach cleaning contractors for two sectors *i.e.* North Goa and South Goa. The Department constituted two Committees²² for inspections and monitoring of the beach cleaning works, beach safety and shacks. We observed that the beach cleaning works by the contractors was unsatisfactory due to non-deployment of adequate manpower, non-placing of adequate dust bins and non-removal of garbage. The mechanical cleaning envisaged in the contract was yet to commence (December 2015). It was also seen that the Department had not initiated any measures to penalise persons who litter at tourist places.

1.6.5.2 Adequacy of measures to ensure safety of the tourists

We had observed that the Tourists Security Force (TSF) formed in September 2011 suffered from shortage of staff. The Principal Secretary had informed (March 2013) that 500 policemen would be deployed for the purpose after creating posts. We observed that, at present TSF continued to be understaffed with effective strength of only 14 wardens. Only five vehicles out of twelve available were being utilised for the patrolling. Further, only 92 policemen of India Reserve Battalion were deployed on tourist places and no action was initiated to create the additional 500 posts.

1.6.6 Effectiveness of tourism promotional measures

We had reported that Department's planning for electronic and print media was poor, website of the Department was lacklustre, private participation in the promotional activities was lacking and there were no tie-ups with other State Tourism Development Corporations.

During follow up audit we noticed that promotion of the tourism was vested with GTDC and SLMPC since May 2013. Observations noticed in the test check of six events of participation in ITMs are as follows.

²² Monitoring Committee headed by Tourism Minister formed in September 2014 and two Departmental committees under respective Deputy Directors for North Goa and South Goa formed in October 2014

- **Participation of private stakeholders in promotions:** SLMPC deliberated upon the issue of participation of private stakeholders in the road shows and travel marts and approved the guidelines in May 2014. The GTDC apprised that the private participation in road shows and travel marts were now ensured.
- **Planning for website:** We observed that the contents of the Department's website were updated using the services of the Public Relations Agency appointed in April 2013 with an expenditure of ₹ 1.83 crore during the period from April 2013 to March 2015.
- **Campaign in electronic media:** Three promotional campaigns on 16 channels of Zee Television network (₹ 1.71 crore), associated campaign with a Hindi Movie (₹ 1.75 crore) and BBC International Television (₹ 1.60 crore) were conducted during 2013-15 through empanelled agencies.

We observed that the Department has not framed any plan, policy or guidelines for the electronic and print media campaigns, advertisements and promotional activities. Further, GTDC's effort to enable mutual marketing of hotel accommodation in cooperation with other State Tourism Development Corporations (STDC) have been scaled down as five out of eight Memorandum of Understandings (MoU) made in 2010-13, were not renewed.

The GTDC stated (September 2015) that the SLMPC was formed with an objective to expedite the award of contracts while ensuring the best designs and strategies. In respect of MoUs with other STDCs, it was informed that the MoUs were not renewed due to lack of response.

1.6.7 New tourism products

As regards the observations on inadequate promotion of other tourism products such as festival tourism, health tourism and cruise activities and regulation of water sports operators, the follow up audit showed that:

- (i) The Goa Registration of Tourist Trade Act was not amended so far to facilitate the registrations of the health units with the Tourism Department.
- (ii) The Government continued to sponsor festivals like Shigmotsava and Carnival with full funding (₹ 20.37 core during 2013-15), with additional locations and also added more festivals (coco-cashew festival and kite festival) at an expenditure of ₹ 1.92 core during 2014-15.
- (iii) The River Navigation Department completed the dredging of Sal river in February 2015 but cruise tourism activities were yet to start (January 2016). Thus, the Department continued to concentrate State's cruise tourism activities on Mandovi River.
- (iv) The policy for the regulation of water sports notified (2012) by the Department envisage appointment of an agency for management of Water Sports Operators (WSOs). We observed that the agency was yet to be appointed (January 2016). The policy also provided for

appointment of competent agency or National Institute of Water Sports (NIWS) to specify the safety norms and create separate fund for insurance of passengers. However, the Department has neither identified the agency nor entrusted the work to NIWS so far (January 2016).

There were 1,000 registered WSOs with the Department in 2014-15 as against 1,148 registered with the Captain of Ports. Further, the Department sent notices to 37 unregistered operators in 2014-15 and initiated action on 15 operators after reports from marine police and levied penalty of ₹ 0.60 lakh from them.

1.6.8 Sustainable tourism and environmental impact

Corrective measures taken in areas concerning sustainable tourism and environmental impact of tourism was assessed during the follow up audit.

We observed that;

- (i) Water Resource Department (WRD) has started registering (April 2013) the ground water wells and billing commercial usage of water including in those areas where tourist reside in commercial establishments. The policy for ground water utilisation was also adopted by the Government in March 2015.
- (ii) Out of 645 complaints on violations of the Coastal Regulation Zone (CRZ) reported during the period January 2012 to May 2015, the Goa Coastal Zone Management Authority investigated 593 cases. It finalised action in 41cases (including demolition of 11 structures), 66 cases were pending in courts and the authority was yet to finalise its course of action on the balance 486 cases.
- (iii) Ship stranded for 12 years at Sinquerim beach has been removed in October 2014, the Department is ascertaining whether the removal is completed with the help of IIT, Mumbai, National Institute of Hydrology, Vasco and Goa Biodiversity Board.

1.6.9 Conclusion

The Follow up audit of promotion of tourism in Goa shows some action has been initiated by the Department for implementing recommendations relating to (i) selection of advertising agencies and award of contracts for various promotional events (ii) construction of sewerage and solid waste management projects and (iii) commencement of tourism projects. However, the Department is yet to implement recommendations regarding introduction of a new tourism policy. The cleanliness and amenities for tourists are still lacking.

The matter has been reported (September 2015) to Government and their reply is awaited (January 2016).

PUBLIC WORKS DEPARTMENT

1.7 Unfruitful expenditure on incomplete bridge work

The Public Works Department spent ₹ 3.16 crore on construction of Benaulim-Sinquetim Bridge across river Sal, which had to be abandoned due to lack of environmental clearance and stiff opposition from the local people.

The Public Works Department (PWD) awarded (August 2009) the work of construction of Benaulim-Sinquetim Bridge across river Sal in Navelim Constituency to a contractor at a tendered cost of ₹ 9.55 crore. A mobilisation advance of ₹ 0.96 crore recoverable with interest²³ was released in September 2009. The scope of construction of bridge consisted of a 30 metre main span (river span) and 15 metre land span each on either side. The contractor completed the work of main span and was paid ₹ 2.89 crore for the work done up to February 2012 and the consultant was paid ₹ 0.28 crore. The PWD had recovered ₹ 0.35 crore against the mobilisation advance (including interest of ₹ 0.23 crore) up to February 2012. The work was stopped in February 2012 due to stiff opposition from the local people.

We observed that the local public of nearby villages opposed the construction of bridge from the very beginning and subsequently filed (October 2010) a petition before the High Court on the grounds that environmental clearance was not taken before commencement of the project. It was also contended that the bridge was not required as there were alternative bridges existing in nearby areas. The High Court directed (October 2010) the PWD to keep the work on hold until the Coastal Regulation Zone (CRZ) clearance was obtained. The CRZ clearance was received (August 2011) from Goa Coastal Zone Management Authority (GCZMA). The permission granted was again challenged by local public in the High Court and the High Court referred (October 2013) the matter to National Green Tribunal (NGT), Pune. The NGT nullified the CRZ permission granted by GCZMA and instructed (September 2014) the PWD to prepare the Environmental Responsibility Policy Framework (ERPFW) in the next six months to avoid such environmental non-compliances. The PWD intimated (August 2015) that the ERPFW had been prepared and the compliance report was kept pending for completion of study report on survival rate of mangroves.

Meanwhile, in order to settle the dispute with local people as suggested (January 2013) by the MLA of the constituency, the consultant proposed (September 2014) to convert the motorable bridge as a foot over-bridge by providing staircase on either side. PWD accepted (September 2014) the proposal but the work on staircase had not yet been commenced pending disposal of NGT case (January 2016). The present position of the incomplete bridge is given in the photograph below:

²³ At the rate of 10 per cent per annum



Thus, executing the construction of a bridge without obtaining necessary clearances in advance and even objected by the local people resulted in unfruitful expenditure of ₹ 3.16 crore on a full-fledged bridge. Further, the mobilisation advance with interest amounting to ₹ 1.16 crore²⁴ was also not recovered (January 2016).

The Government accepted the facts. However, the work is stand still pending approval of NGT and the Department is yet to recover the mobilisation advance (January 2016).

1.8 Idle investment of ₹ 0.63 crore on construction of foot-bridge

The Public Works Department constructed a foot-bridge over Velus river at a cost of ₹ 0.63 crore without having any access/approaches, rendering the bridge unapproachable by the public.

The Government accorded (February 2008) Administrative Approval and Expenditure Sanction (AA & ES) of ₹ 0.39 crore for construction of a foot-bridge over Velus river. Technical sanction was accorded for ₹ 0.37 crore. The work was tendered (March 2008) and awarded (October 2008) to a contractor for ₹ 0.48 crore (40.50 *per cent* above the estimated cost) with stipulated date of commencement and completion as October 2008 and October 2009 respectively.

A revised AA & ES was accorded (June 2011) by the PWD for ₹ 0.70 crore to make provision for laying of two 450 mm pipe line through the foot-bridge, the estimate was revised based on the contractor's quoted rate.

The contractor was granted extension upto February 2012 due to change in scope of work. The contractor completed the work in May 2012 and was paid the bill amounting to ₹ 0.63 crore. However, the final bill was not drawn and settled till January 2016.

²⁴ Unrecovered mobilisation advance ₹ 83.58 lakh. Interest from March 2012 to January 2016 (47 Months) = 83.58 lakh x 10% x 47/12 = ₹ 32.73 lakh. ₹ 83.58 lakh + ₹ 32.73 lakh = ₹ 1.16 crore

We observed (June 2015) that the bridge had been constructed in the middle of a private property and approach road to the bridge was not considered in the estimate. Thus public use of the bridge remained subject to goodwill of private parties. Further, the bridge at present was not connected to land on both sides of the river and hence not useable.

The failure of the Department to link both sides of the bridge to land and provide access/approach road for the bridge thus, had resulted in idle investment of ₹ 0.63 crore and deprived the local people the intended benefits of shorter approach to Valpoi town.

The PWD stated (July 2015) that no vehicular traffic could be allowed as the design was only for a foot bridge and hence no approach road was considered in the sanctioned estimate and pedestrians were using this bridge to cross the river. The Government stated (October 2015) that earthen ramps on one side could not be completed due to objections from the land owners and it had proposed to construct steps on priority.

The Government accepted the facts. However, the work of construction of steps was yet to be commenced (January 2016).

TRANSPORT DEPARTMENT

1.9 Idle investment of ₹ 8.10 crore

Construction of bus stands without assessing the suitability of the location resulted in idle investment of ₹ 8.10 crore

Transport Department (Department), Goa requested (May 2006) GSIDC to take up construction of bus stands on priority at Shiroda and Honda. Accordingly, GSIDC took up the work of construction of bus stands at the above mentioned places as shown in *Table 1.9.1* below:

Table 1.9.1: Details of bus stands at Shiroda and Honda

Name of the bus stand	Area of land in square metre	Expenditure incurred (₹ in crore)	Date of Completion	No. of shops/ canteen	Date of inauguration
Shiroda bus stand	6383	3.14	July 2008	12/1	August 2008
Honda bus stand	15500	4.96	May 2009	21/1	October 2009
Total		8.10			

The bus stands at Shiroda and Honda were handed over to Kadamba Transport Corporation Limited (KTCL) for operation in January/December 2009. Our scrutiny revealed that the bus stands and facilities within, were under-utilised during the past six years.

In respect of Honda bus stand, 72 buses were running in the route with 240 trips but were not reporting to the bus stand as it was situated away from the market place and passengers avoided going to bus stand. Out of 21 shops and one canteen in the bus stand complex, only two shops were functioning due to low volume of business.

Similarly, the facilities in the Shiroda bus stand were also under-utilised. The shops and canteen were not functioning as passengers avoided entering the bus stand. Due to under-utilisation for a long period the bus stand was in a bad condition and filled with wild bushes. Out of 12 shops and a canteen, six shops were vacant and in respect of remaining six shops, the allottees were not paying rent due to their inability to get business because of non-utilisation of bus stand by passengers.

The photographs of both bus stands are given below:



Honda Bus Stand



Shiroda Bus Stand

The Department stated (June 2015) that only 38 of 72 buses were utilising the Honda bus stand and non-utilisation was due to its situation away from the market place. Efforts to shift the road side market to new place next to bus stand had not materialised so far. With regard to Shiroda bus stand, the private bus operators were reluctant to use the same due to a bus stop with better market proximity just 100 metre away.

A further verification on the buses entered in these bus stands between 01 October 2015 and 09 October 2015 revealed that the present percentage utilisation of Honda and Shiroda bus stands were only 22 *per cent* and five *per cent* respectively. There was a need to construct a culvert to enter the Shiroda bus stand so as to make it convenient to the public. Thus, the construction of bus stands at non-viable locations and inability of the Department to enforce utilisation of bus stands resulted in expenditure of ₹ 8.10 crore remaining idle besides deterioration of facilities created and thereby reducing their effective life.

The matter was referred to Government in July 2015; their reply was awaited (January 2016).

LABOUR AND EMPLOYMENT DEPARTMENT

1.10 Non-utilisation of workers Welfare Fund of ₹ 57.43 crore

Non-utilisation of workers Welfare fund of ₹ 57.43 crore and loss of interest of ₹ 1.13 crore due to poor financial management

The Government of India (GoI) enacted the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act (Act), 1996 to regulate the employment and conditions of service of the workers engaged in the building and other construction activities and to provide safety, health and welfare measures and other matters connected therewith or incidental thereto. Under the Act, the State Government constituted (December 2004) Goa Building and Other Construction Workers Welfare Board (Board). The Board was reconstituted in July 2008.

GoI for the purpose of augmenting the resources of the Board, enacted the Building and Other Construction Workers Welfare Cess Act, 1996 which provided for levy and collection of a cess not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by an employer. Accordingly, the State Government issued (December 2008) orders for compliance by all Government departments, local bodies, public undertakings and other Government bodies for levy and collection of one *per cent* cess on the cost of construction while executing construction works through contractors. The cess so collected was required to be remitted to the Board within 30 days, after appropriating not more than one *per cent* of the amount so collected towards cost of collection.

We observed that the Board had received remittances of cess amounting to ₹ 38.66 crore during the period 2009-14. As against this, the expenditure incurred was only ₹ 0.47 crore on administrative expenses and none for welfare of the workers as envisaged in the Act. The balance had been idling without serving the purpose for which the fund was intended.

The Board stated (August 2014) that the pre-condition of minimum employment of 90 days, for registration was the main hurdle in the process of enrollment of beneficiaries. This was further compounded by mobility of workers.

Rule 295 of the Goa Building and Other Construction workers (Regulation of Employment and Conditions of Service, Rules 2008 stipulates that all money belonging to the fund should be invested in nationalised banks or schedule banks or in securities referred under Indian Trust Act, 1882. Further, State Government had also instructed (March 2008) that investment decision should be based on sound judgment. The fund availability should be worked out based on cash flow estimates considering working capital requirements and other foreseeable demands.

We observed that out of the accumulated fund of ₹ 38.66 crore, the Board had invested ₹ 25 crore in fixed deposits (FDs) in nationalised banks on four

occasions²⁵ up to the year 2013-14. The balance amount of ₹ 13.40 crore was retained in the Savings Bank (SB) account as on 31 March 2014. Considering the trend of annual expenditure over the past five years, after retaining a balance of ₹ 10 lakh for immediate disbursement, the Board could have transferred the remaining funds to FDs and it would have earned ₹ 1.96 crore as interest as against ₹ 0.83 crore actually received from the saving bank account as worked out up to December 2015.

The Government replied (October 2015) that the Board had collected cess totaling ₹ 57.43 crore as on March 2015. The Board has also invested ₹ 56.80 crore on a total ten occasions as on May 2015. The reply is not tenable as despite these investments, the Board continued to retain huge cash balances between ₹ 35 lakh to ₹ 5.14 crore during the year 2015 and had not made any arrangement with the bank to transfer the balances in excess of the monthly requirement to FD. Thus, poor financial management resulted in loss of interest of ₹ 1.13 crore to the Board.

Despite the fact that the Board had collected funds to the extent of ₹ 57.43 crore, as of March 2015, it could not utilise the funds for the purpose of the welfare of construction workers under the Act. The Board must take adequate action to create awareness among the workers by ensuring registration through the employers so that the funds could be utilised for the welfare of the workers.

The matter was referred to the Government in May 2015 and their reply was awaited (January 2016).

EDUCATION DEPARTMENT

1.11 Faulty tendering under Laptop e-scheme

The tender conditions were such that the rates quoted by only five agencies were considered despite participation of 10 technically qualified tenders for procurement of laptops. The procurement rates were higher than the market rates assessed, resulting in extra expenditure of ₹ 9.66 crore.

The Government of Goa implemented LAPTOP e-scheme 2011-12, under which, the students of 11/12th classes were to be provided with a laptop. The scheme recommended that laptops equipped with at least 14" or 15" monitors with dual core processor, 2 GB DDR3 RAM, 320 GB HDD and standard ports with pre-loaded windows-7 starter specifications.

The Education Department invited (October 2011) tenders classifying the tenderers under three categories with certain pre-conditions.

Category I- Open category from whom up to 45 *per cent* of the total requirement would be procured provided that the tenderer/bidder/partner had executed at least one single Government order of not less than 1,000 computer

²⁵ ₹ 3 crore in June 2011, ₹ 2 crore in November 2011, ₹ 10 crore in November 2012 and ₹ 10 crore in August 2013

systems in the last financial year ending March 2011 or in the current financial year as on the date of issue of NIT;

Category II - Successful suppliers of cyberage student scheme of the previous two years (2009-10 and 2010-11) from whom the next 45 *per cent* of the total requirement would be procured and;

Category III - Suppliers of Goa origin from whom the balance 10 *per cent* of the total requirement would be procured respectively.

The tender condition also specified that out of the category I (Open category) to whom 45 *per cent* of the total requirement was to be awarded, only 17 *per cent* would be awarded to L1 tenderer and the balance 28 *per cent* equally among L2 to L5 provided they match the price of L1 tenderer. Category II was reserved exclusively for the successful tenderers of the previous year among whom the entire 45 *per cent* would be distributed in equal shares to all provided they could match the offer of L1 in Category I.

As per clause 6(c) of the General Conditions, commercial bids in respect of those tenders who fulfill the eligibility criteria under Category I only shall be opened for price comparison. The tender allowed manufacturers to quote through one or more agents and the bidders could submit quotes on behalf of more than one manufacturer.

A total of 12 firms submitted their bids. All the bidders quoted for multiple brands (Acer, Lenovo, HCL, Dell, HP, Wipro, Toshiba, Samsung and Sony). Of these bidders, five firms applied in category I, II and III; four bidders quoted only in Category II and III and three quoted only in category III. The technical bids were opened (November 2011) and out of 12 bidders, five firms who quoted in all three categories; qualified in all three categories, three firms who quoted in category II and III qualified and two who quoted only in category III also qualified.

The commercial bid in respect of Category - I, was opened (November 2011) and M/s ACES was selected as the lowest (L1) with their quoted rate of ₹ 21,990. Orders were placed on all ten participants and the Department procured (November 2011) 17,286 laptops at the rate of ₹ 21,990. Another lot of 14,580 laptops at ₹ 20,990 was also added to this order later.

We observed that the tender conditions were such that every bidder who qualified technically was assured of an order provided they were willing to supply at the rate of L1 of Category I. As the bidders were dealers (not manufacturers) quoting for multiple brands therefore, matching L1 simply means adjusting their margins to meet the L1 price. As every technically qualified bidder was assured of an order there was little incentive among the participants to compete and reduce prices.

We further observed that Department did not consider the price bids of bidders who submitted bids in Category II and III only. As price bids of five of the ten qualified bidders were considered it could not be construed that lowest price had been discovered. Thus, prices were set according to quotes of the five dealers who applied under Category I.

The lack of incentive to compete was corroborated from the fact that Joint Secretary, Finance Department had reported (July 2011) that market inquiry had revealed that laptops with the specifications required would cost about ₹ 18,500 and considering the bulk requirement, this rate would definitely be less than ₹ 16,000. Considering the bulk purchase and if the window 7 starter was preloaded by the original manufacturer themselves, the laptops would roughly cost ₹ 18,000 per unit. However, the price offered by L1 bidder was ₹ 21,990.

Thus, by floating a tender with conditions that did not provide incentive for the participants to compete, the Education Department accepted higher rates for supply of laptops for distribution to school children. The market survey by the Joint Secretary (Finance) indicated that the expenditure could have been lower by ₹ 9.66²⁶ crore approximately.

The matter was referred to the Government (August 2015). Their reply was awaited (January 2016).

²⁶ $\{(17,286 \times ₹ 21,990) + (14,580 \times ₹ 20,990)\} - \{31,866 \times ₹ 18,500\} = ₹ 68,61,53,340 - ₹ 58,95,21,000 = ₹ 9,66,32,340$

CHAPTER – II

Revenue Sector

CHAPTER-II

REVENUE SECTOR

2.1 Trend of Revenue Receipts

2.1.1 The Tax and Non-Tax revenue raised by the Government of Goa during the year 2014-15, 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 2.1.1*.

Table 2.1.1: Details of total revenue receipt of State Government

(₹ in crore)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Revenue raised by the State Government					
	• Tax revenue	2139.57	2551.02	2939.66	3582.48	3895.92
	• Non-tax revenue	2268.60	2313.54	1832.90	1661.55	2325.63
	Total	4408.17	4864.56	4772.56	5244.03	6221.55
2	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	584.21	680.59	777.21	848.53	900.58
	• Grants-in-aid	449.56	235.58	295.66	357.21	566.56
	Total	1033.77	916.17	1072.87	1205.74	1467.14
3	Total revenue receipts of the State Government (1 and 2)	5441.94	5780.73	5845.43	6449.77	7688.69¹
4	Percentage of 1 to 3	81	84	82	81	81

(Source: Finance Accounts of the State)

The above table indicates that during the year 2014-15, the revenue raised by the State Government (₹ 6,221.55 crore) was 81 *per cent* of the total revenue receipts. The balance 19 *per cent* of the receipts during 2014-15 was from the Government of India.

2.1.2 The details of the Tax revenue raised during the period from 2010-11 to 2014-15 are given in *Table 2.1.2*.

¹ For details, please see Statement No. 11 Detailed accounts of revenue receipt by minor heads in the Finance Accounts of the Government of Goa for the year 2014-15. 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 - Tax revenue have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement

Table 2.1.2: Details of tax revenue receipt of the State Government

(₹ in crore)

Sl. No.	Head of revenue		2010-11	2011-12	2012-13	2013-14	2014-15	Percentage increase (+) or decrease (-) in 2014-15 over 2013-14
1	Taxes on sales, trade etc.	BE	1495.00	1705.00	1955.00	1766.00	2303.85	
		Actual	1380.05	1652.92	1577.42	1708.05	1859.86	8.89
2	Stamps Duty	BE	130.39	151.11	408.98	547.36	544.39	
		Actual	151.79	183.79	524.42	396.10	659.84	66.58
3	State excise	BE	129.99	159.99	211.23	246.28	290.00	
		Actual	139.16	182.03	212.90	235.76	268.00	13.67
4	Taxes on goods and passengers	BE	147.01	177.00	283.00	285.11	260.23	
		Actual	171.98	210.09	257.50	386.41	404.19	4.60
5	Land Revenue	BE	9.72	10.96	9.42	388.43	253.19	
		Actual	8.33	8.38	11.13	454.36	25.38	-94.41
6	Other taxes	BE	825.57	1024.57	1198.19	1297.70	1350.92	
		Actual	288.26	313.81	356.29	401.80	678.64	68.90
	Total	BE	2737.68	3228.63	4065.82	4530.88	5002.58	
		Actual	2139.57	2551.02	2939.66	3582.48	3895.91	8.74

It would be seen from 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 Estimates (BE) framed by the Government. We recommend that the Government may review the trend analysis and basis for the preparation of budgetary receipts.

There was a steep increase in revenue collection under the Stamp Duty (67 per cent) during the year 2014-15 over 2013-14 mainly due to increase in collection under Stamps (Non-Judicial) fees. In the Land revenue head there has been a constant growth in revenue during the last five years except during 2013-14 when the revenue had increased substantially due to more collections under 'Land Revenue Tax' and 'Survey and Settlement Operations'. However, the collections under the land revenue decreased by 94 per cent during 2014-15 as compared to previous year.

2.1.3 Details of the Non-Tax revenue raised during the period 2010-11 to 2014-15 are indicated in **Table 2.1.3**.

Table 2.1.3: Details of non tax revenue receipt of the State Government

(₹ in crore)

Sl. No.	Heads of revenue		2010-11	2011-12	2012-13	2013-14	2014-15	Percentage increase (+) or decrease (-) in 2014-15 over 2013-14
1	Power	BE	1072.23	1060.77	1231.75	1331.85	1367.94	-
		Actual	969.06	1000.49	1139.97	1187.95	1321.66	11.26
2	Non-Ferrous Mining and Metallurgical Industries ²	BE	701.91	886.88	401.00	18.54	400.24	-
		Actual	983.73	953.29	339.26	46.12	530.35	1049.93
3	Other Non-tax receipts ³	BE	116.16	127.21	112.32	117.02	197.76	-
		Actual	115.71	128.29	86.61	125.07	125.33	0.21
4	Other Administrative Services	BE	44.65	47.86	72.67	102.19	157.54	-
		Actual	40.63	42.09	64.89	88.01	123.45	40.27
5	Water Supply and Sanitation	BE	71.79	75.64	90.57	102.07	129.89	-
		Actual	69.60	86.11	97.99	103.97	101.91	-1.98
6	Miscellaneous General Services	BE	19.02	28.17	32.90	35.93	40.52	-
		Actual	19.45	27.46	32.52	35.27	39.02	10.63
7	Interest Receipts	BE	2.28	5.21	24.85	9.93	17.65	-
		Actual	17.88	26.36	18.37	14.12	17.18	21.67
8	Education, Sports, Art and Culture	BE	8.02	9.66	17.74	21.40	16.25	-
		Actual	12.75	16.17	26.94	22.78	17.17	-24.63
9	Major and Medium Irrigation	BE	9.45	3.26	3.28	20.26	13.20	-
		Actual	23.67	14.70	7.04	12.11	15.81	30.55
10	Medical and Public Health	BE	7.33	5.99	10.34	9.79	23.21	-
		Actual	8.31	11.00	7.71	11.49	11.82	2.87
11	Tourism	BE	0.60	1.25	1.25	2.00	2.23	-
		Actual	0.83	1.51	3.18	3.94	8.47	114.97
12	Police	BE	1.44	1.52	6.11	6.65	8.09	-
		Actual	1.84	1.26	3.37	4.52	5.89	30.31
13	Forest and Wild Life	BE	2.80	2.26	2.07	2.49	3.48	-
		Actual	3.10	2.46	3.18	3.15	4.30	36.51
14	Public Works	BE	2.05	2.44	2.37	2.44	2.44	-
		Actual	2.04	2.35	1.87	3.06	3.27	6.86
Total		BE	2059.73	2258.12	2009.22	1782.56	2380.44	
		Actual	2268.60	2313.54	1832.90	1661.56	2325.63	39.97

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

The Non-tax receipts increased from ₹ 1,662 crore in 2013-14 to ₹ 2,326 crore in 2014-15 (39.97 per cent). This was mainly due to increase in revenue under Non-Ferrous mining and metallurgical industries which rose from ₹ 46 crore to ₹ 530 crore and Power from ₹ 1,188 crore to ₹ 1,322 crore over the previous year.

² Includes major minerals – iron ore, manganese and bauxite, minor minerals, basalt (Granite), laterite stones, ordinary sand, river pebbles, murrum and laterite boulders

³ Urban Development, Roads, Minor Irrigation, Port and Light House and Social Security and Co-operation etc.

2.1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 in respect of some principal heads of revenue as furnished by the Departments amounted to ₹ 1,351.23 crore as indicated in **Table 2.1.4**.

Table 2.1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Name of the Department	Total amount outstanding as on 31 March 2015	Amount outstanding for more than five years	Replies of the Department
1	Commercial Taxes	910.57	303.30	<p>In respect of the arrears relating to Sales tax/Value Added Tax amounting to ₹ 910.57 crore, the Department intimated that 1,268 cases involving ₹ 35.05 crore are pending in Revenue Recovery Court (RRC).</p> <p>In respect of the remaining amount, the Department stated that the visits were made constantly by the officers of the Department. Besides, issuing reminders, the dealers were being persuaded to pay the dues.</p>
2	Chief Electrical Engineer, Electricity Department	310.88	93.06	<p>In respect of the energy charges amounting to ₹ 310.88 crore, the Department intimated that 8,757 cases involving ₹ 12.66 crore are pending with the RRC as on 31 March 2015.</p> <p>It was further stated that following efforts were being made to recover the outstanding dues other than those mentioned above.</p> <ol style="list-style-type: none"> 1. Director of Accounts was requested to pay the arrears amount through Book Adjustment and various Government departments were issued notices to clear the outstanding dues. 2. Dispute cases were being addressed to Dispute Redressal Committee for settling the disputed bills. 3. Notices were being issued to the customers for payment of outstanding dues and wherever arrears are not cleared the installations are placed under temporary disconnection.
3	Chief Engineer, Public works Department. (Arrears of rent ₹ 53.78 lakh and arrears of water charges ₹ 51.91 crore)	52.44	9.32	<p>In respect of cases relating to arrears of rent amounting to ₹ 53.78 lakh the Department stated that no case is pending with the RRC. However in all cases demand notices are being sent to the consumers.</p> <p>In respect of water charges, meter rent and sewage charges amounting to ₹ 51.91 crore, the Department stated that cases involving ₹ 11.78 crore are pending in RRC as on 31 March 2015. In remaining cases demand notices have been served to the defaulters/consumers and disconnection of water connections wherever necessary is in progress.</p>
4	Chief Engineer, Water Resources Department	51.06	35.31	<p>In respect of water tax charges involving ₹ 4.76 crore pending against the cultivators, the Department stated that no cases are pending in RRC as on 31 March 2015. Notices are served to the defaulters and</p>

	(Water tax ₹ 4.76 crore, water charges ₹ 42.95 crore, hire charges ₹ 0.33 crore and rent from shops and halls ₹ 3.02 crore)			<p>personal instructions are issued to the staff for speedy recovery of the arrears.</p> <p>In respect of the arrears amounting to ₹ 42.95 crore relating to water charges the Department stated that no case is pending with RRC. It further stated that though reminders are being sent to Executive Engineer of concerned divisions to settle the bills, the same is still outstanding.</p> <p>In respect of hire charges of machinery amounting to ₹ 32.74 lakh, the Department stated that no case is pending with RRC as on 31 March 2015. The entire amount has been outstanding for more than five years. It was further stated that though the beneficiaries were asked to pay the principal amount in six monthly instalments as the interest payment was waived by the Government, yet no amount has been recovered.</p> <p>In respect of rent from shops and halls amounting to ₹ 3.02 crore, the Department stated that three cases involving ₹ 1.14 lakh are pending with RRC. It further stated that notices have been served to the defaulters for effecting the payment.</p>
5	Directorate of Transport	18.15	1.51	<p>In respect of motor vehicle tax involving ₹ 18.15 crore, the Department stated that 345 cases involving ₹ 82.46 lakh are pending in RRC as on 31 March 2015.</p> <p>It further stated that notices were being served to the registered vehicle owners by the respective Assistant Director of Transport for payment of their dues. The executive staff were also deputed for recovery of arrears.</p>
6	Others	8.13 ⁴	1.04	<p>The Director General Police stated that two cases involving ₹ 5.16 lakh are pending in RRC. The Tourism Department stated that seven cases involving ₹ 0.42 lakh are pending in RRC. The concerned departments stated that necessary steps were being taken by them for recovery of arrears.</p>
Total		1351.23	443.54	

(Source: Information furnished by concerned departments)

It would be seen from the above that 32.16 per cent of the arrears have been pending for more than five years. Since with the passage of time, the chances of recovery become bleak, it is recommended that the Government may instruct the concerned departments to make extra efforts for settlement of the arrears.

2.1.5 Pendency of Refund Cases

The details of refund cases pending at the beginning of the year 2014-15, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2014-15 as reported by the Commercial Taxes Department and State Excise is given in **Table 2.1.5**.

⁴ Agriculture ₹ 1.51 crore, Printing and Stationary ₹ 0.58 crore, Tourism ₹ 0.73 crore, Director General of Police (DGP) ₹ 3.37 crore, River Navigation Department ₹ 0.06 crore, State Excise ₹ 1.18 crore

Table 2.1.5: Details of pending refund cases

Sl. No.	Particulars	Sales tax/VAT		State excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in lakh)
1	Claims outstanding at the beginning of the year	132	54.23	-	-
2	Claims received during the year	412	23.98	4	0.82
3	Claims rejected	1	0.01	-	-
4	Refunds made during the year	373	6.78	4	0.82
5	Balance outstanding at the end of the year	170	71.42	-	-

It could be seen from the above table that 170 cases of refunds in Commercial Tax Department involving ₹ 71.42 crore was outstanding as on 31 March 2015. Out of 412 claims received during the year, 374 cases (including outstanding claims of previous years) involving ₹ 6.79 crore were settled during the year. In case of State Excise Department no claims were pending for refund at the end of the year.

Section 33 (2) of Goa Value Added Tax 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.

2.1.6 Response of the Government/Departments towards Audit

Inspection reports issued up to December 2014 disclosed that 479 observations involving ₹ 242.98 crore relating to 130 IRs remained outstanding at the end of June 2015 as mentioned below along with the corresponding figures for the preceding two years in **Table 2.1.6**.

Table 2.1.6: Details of pending inspection Reports

	June 2013	June 2014	June 2015
Number of IRs pending for settlement	102	126	130
Number of outstanding audit observation	289	460	479
Amount of revenue involved (₹ in crore)	90.25	70.40	242.98

2.1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2015 and the amounts involved are mentioned in the **Table 2.1.7**.

Table 2.1.7: Details of pending inspection reports

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	Finance	Sales tax/VAT	26	129	124.01
		Entry tax	21	68	55.62
		Luxury tax	14	83	3.21
		Entertainment tax	12	27	8.52
2	Excise	State excise	5	8	0.07
3	Revenue	Land revenue	13	41	0.70
4	Transport	Taxes on motor vehicles	19	72	48.78
5	Stamps and Registration	Stamp duty and registration fee	20	51	2.07
6	Mines and Geology	Non-ferrous mining and metallurgical industries	-	-	-
Total			130	479	242.98

The increase in 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 11 IRs issued upto December 2014.

2.1.7 Response of the Departments to the draft audit paragraphs

Nine draft paragraphs and one Performance Audit were sent to the Secretaries of the respective Departments by name between May to November 2015. Replies to these draft paragraphs have not been received from the Government despite repeated reminders (January 2016).

2.1.8 Analysis of the mechanism for dealing with the issues raised by Audit in State Registrar-cum-Head of Notary Services

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, the 'State Registrar-cum-Head of Notary Services' was selected, evaluated and included in this Audit Report.

The succeeding paragraphs 2.1.9 and 2.1.10 discuss the performance of the State Registrar cum Head of Notary Services Department under revenue head 0030 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 2004-05 to 2013-14.

2.1.9 Position of Inspection Reports

The summarised position of the inspection reports pertaining to State Registrar cum Head of Notary Services Department issued during the last five years, paragraphs included in these reports and their status as on 31 March 2015 are tabulated below in **Table 2.1.8**.

Table 2.1.8: Details of IRs issued to State Registrar cum Notary Services

(money value-₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			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	2010-11	14	27	7.53	6	24	0.51	4	8	0.48	16	43	7.56
2	2011-12	16	43	7.56	4	17	1.73	3	12	6.83	17	48	2.46
3	2012-13	17	48	2.45	6	36	0.45	1	15	0.16	22	69	2.74
4	2013-14	22	69	2.75	1	2	0.04	-	3	0.09	23	68	2.70
5	2014-15	23	68	2.70	-	-	-	-	-	-	23	68	2.70

The Government arranges Audit Committee meetings between the Department and AG's office to settle the old paragraphs. One audit committee meeting was held during the year. The Department has settled 38 observations involving ₹ 7.56 crore during 2014-15.

2.1.10 Recovery of accepted cases of Audit Report

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 2.1.9*.

Table 2.1.9: Details of recovery on accepted cases of Audit Reports

(₹ 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 31.03.2015
2004-05 to 2008-09	Nil	Nil	Nil	Nil	Nil
2009-10	02	34.02	34.02	2.69	31.33
2010-11	01	17.81	Nil	Nil	31.33
2011-12	Nil	Nil	Nil	Nil	31.33
2012-13	06 ⁵	625.89	51.28	Nil	82.61
2013-14	Nil	Nil	Nil	Nil	82.61

The above table indicated that out of eight accepted cases involving ₹ 82.61 lakh, the Department could recover only ₹ 2.69 lakh. The recovery of accepted cases was to be pursued as arrears recoverable from the parties concerned by the Department/Government. This was not done. 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.

2.1.11 Action taken on the recommendations accepted by the Departments/Government

During the last five years five performance audits were conducted in which 26 recommendations were made by audit for improving the system of collection of the revenue. However, a Report on Action Taken on these recommendations has not been received from the Government. None of the PAs have been discussed by the PAC (December 2015).

2.1.12 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 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, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2014-15, all the 25 units planned for audit were audited.

2.1.13 Result of Audit

Test check of the records of 25 units of Sales Tax/Value Added Tax, State excise, Motor Vehicles, Goods and Passengers, Forest Receipts and other Departmental offices conducted during the year 2014-15 showed under

⁵ Paragraph pertaining to PA on Levy and Collection of Stamp Duty and Registration fee

assessment/short levy/loss of revenue aggregating ₹ 75.12 crore in 195 cases. During the course of the year, the departments concerned recovered under assessment and other deficiencies of ₹ 0.72 crore involved in 30 cases.

2.1.14 Coverage of this Report

This Chapter contains a Performance Audit on “Management of *Alvara* Lands”, and nine 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).

REVENUE DEPARTMENT

2.2 PERFORMANCE AUDIT ON MANAGEMENT OF *ALVARA* LANDS

Executive Summary

The Colonial (Portuguese) Government had passed a decree (No.3602) in 1917 under which land could be leased to persons mainly for agriculture. The decree was repealed with the enactment of the Goa Land Revenue Code, 1968 but without affecting anything done under the decree. In 2007 the land revenue code was amended to provide for regularisation of the leases as class-II grants. The Audit test checked the records relating to such lands with an objective to ascertain its management. Following are the highlights of the audit findings.

- In 104 out of 300 Record of Rights (RORs) of lease lands, the name of private persons was incorrectly shown instead of Government of Goa.

(Paragraph 2.2.6.3)

- Audit noticed irregular sale of 11 of lease held lands involving total area of 88.12 hectare.

(Paragraph 2.2.6.4)

- Audit noticed that the Government did not update RORs of 15 reverted lands involving 125.26 hectare.

(Paragraph 2.2.6.5 (i))

- In five cases of lease-held lands involving 43.62 hectare reverted to Government were found to have been sold to third parties.

(Paragraph 2.2.6.5 (iii))

- Class-I occupancy rights to the grantees for lease held lands were given at low premium. During the period 2008 to 2011 seven lease held lands were regularised and then reclassified as Class I occupancy under the Goa Land Revenue Code at a premium based on the market rates of year 1971.

(Paragraph 2.2.6.6)

2.2.1 Introduction

The Colonial (Portuguese) Government had promulgated Decree No. 3602 dated 24 November 1917, for allotment of lands on lease mainly for agricultural purposes called in the Decree as ‘Alvara’ and ‘Title deeds’. The lease agreement provided for cancellation of the lease for non-compliance of the conditions such as the land being kept fallow without cultivation, non-payment of the land rent called ‘foro’ fixed in each case, etc. Though the Decree was repealed by the Land Revenue Code, 1968 on 01 March 1971, the code provided that the repeal was not to affect anything done or any action taken, including leases granted under the Decree No. 3602 of 1917.

As per Section 20 of the Land Revenue Code, 1968, the land granted shall be held by the grantees as (i) Occupants - Class-I (ii) Occupants - Class-II and (iii) Government lessees.

Occupants – Class-I, are persons who shall be entitled to hold land in perpetuity and without any restrictions on the right to transfer;

Occupants- Class-II, are persons who shall be entitled to hold land in perpetuity, but subject to such restrictions on the right to transfer;

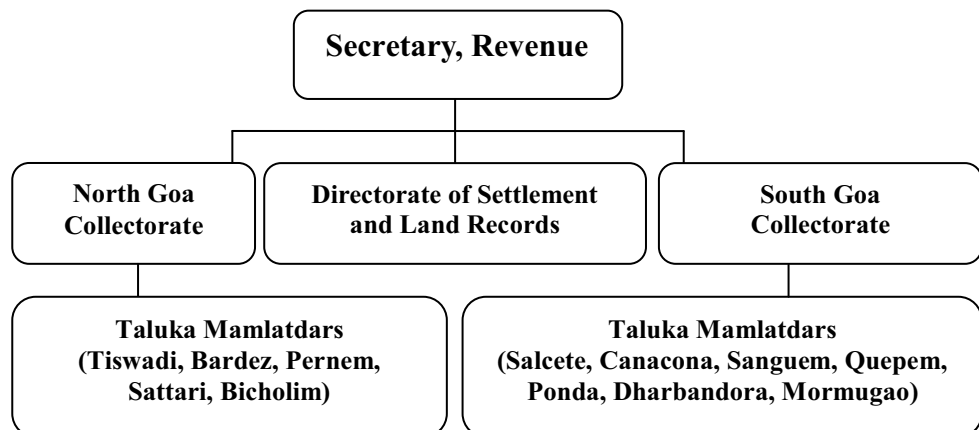
Government lessees are persons who are entitled to hold the land for a fixed period under a lease from Government.

Thereafter “The Goa Land Revenue (Modification and Regularisation of Grants under Decree No. 3602 dated 24.11.1917) Act, 2007”, was enacted which came into force on 25 April 2007. Under the Act all grants under the Decree No. 3602 from 01 March 1971, were deemed to be Class-II occupancy grants under the Goa Land Revenue (GLR) Code, 1968. Section 38 of the GLR Code was amended to empower the Collector to regularise such cases.

2.2.2 Organisational Setup

Land Administration vests with the Revenue Department headed by the Secretary, Revenue (Chief Secretary, Goa holds charge of the Revenue Department), the District Collectors of North and South Goa districts, 12 Taluka Mamlatdars assisted by Village Talathis and the Directorate of Settlement and Land Records (DSLRL).

Organogram



2.2.3 Scope and Audit Objectives

The performance audit was conducted with a view to ascertain whether:

- the records were properly maintained and were reliable ;
- the ownership right of the Government on leased lands was safeguarded; and
- the collection of revenue realised on reclassification of land was safeguarded.

In order to achieve the above objectives the performance audit was conducted in the Revenue Department. This also included the test check of records of two Collectorates, Directorate of Settlement and Land Records (DSLRL), and 12 Mamlatdars for lands granted under Decree No. 3602 of 1917.

2.2.4 Audit criteria

The provisions of the Acts and Rules with regard to:-

- (i) Goa Land Revenue Code, 1968 with amendments and rules made there under;
- (ii) Decree No. 3602 dated 24.11.1917; and
- (iii) The Goa Land Revenue (Modification and Regularisation of Grants under Decree No. 3602 dated 24.11.1917) Act, 2007 and rules and amendments made there under.

2.2.5 Audit methodology

The audit commenced with an entry conference held on 27 August 2015 with the Chief Secretary of Goa, Collectors of both districts and the DSLR. Audit observations were communicated to the Government on 11 December 2015. An exit conference to discuss the Audit findings was held on 22 January 2016 with the Chief Secretary of Goa wherein the findings of the audit were discussed. The replies received during the exit conference and at other points of time have been appropriately incorporated in respective paragraphs.

The lease records available with the Department were not linked with the current record of rights (RORs). However, with the assistance of DSLR, we matched 420⁶ cases on the basis of comparison of old planta (pictorial survey plan prepared during the Portuguese period for each parcel of *Alvara* land) and new survey plans. Thereafter the related land records were examined according to the audit objectives.

⁶ 420 *Alvara* cases also includes 120 reverted *Alvara* lands

2.2.6 Audit findings

2.2.6.1 Need to integrate the current RORs with the records of Alvara lands

The records relating to grant of lease deeds under Decree No. 3602 of 1917 hereinafter called as *Alvara* lands⁷, are maintained by the DSLR. These records are in the shape of scanned soft copies containing planta for each *Alvara* and Title deeds. A software called “Dharani” is maintained by the Department and is available online for the whole State. The software contains taluka name, village name, survey number, area, name of the occupant, name of tenant and other right holders, on the basis of which RORs are issued.

During the process of creation of RORs and the survey plans there under during 1968-81, the details of *Alvara* lands should have been recorded in all the relevant RORs linking them to lease deed records. We noticed that the records of *Alvara* lands were not linked with the RORs issued. The survey number of the parcel of the land was neither recorded on the *Alvara* lease deeds nor could it be traced in the software by means of ROR.

Under the circumstances, the DSLR informed that linking of these lease records with survey number in RORs would have to be done by physical comparison of the planta with the new survey plans. Since the State has chosen to confer only class-II occupancy on lease holders by the Amendment Act, 2007, absence of indication of the status of the occupant in RORs coupled with the absence of a ready database linking the lease records to the new RORs creates difficulty in smooth management of the leased lands today.

As per information furnished by the DSLR there are 7,871 *Alvara* cases involving land admeasuring 16,617 hectares. Taluka wise details of land granted under Decree No. 3602 are given in following **Table 2.2.1**:

Table 2.2.1: Details of *Alvara* land granted under decree No. 3602

Taluka	No. of leases	Total area involved (Hectares)
Sattari	3080	7107.141
Tiswadi	582	164.815
Pernem	742	2541.427
Bicholim	55	10.108
Ponda	70	82.089
Sanguem	1383	6148.690
Salcete	1387	374.494
Quepem	51	20.4262
Canacona	169	91.563
Mormugao	259	50.826
Bardez	93 ⁸	25.258
Total	7871	16616.837

(Source: information furnished by DSLR)

⁷ *Alvara* lands are mentioned for convenience henceforth, however it also cover Title deeds granted under decree No. 3602

⁸ Information furnished by DSLR includes 83 cases (North Goa) in which the area involved is not known

However, these *Alvara* lands have not been linked with the software. As such the name of the grantee *vis-a-vis* the parcel of land was not readily traceable. It is recommended that these deeds may be linked with the Dharani software by means of survey numbers as it would help the Department to manage the *Alvara* lands efficiently and issue correct RORs accordingly when required.

2.2.6.2 Maintenance of records by Mamlatdar and non-sharing of information between Mamlatdar and DSLR

As per Section 95(3) of the Goa, Daman and Diu Land Revenue Code, 1968, read with section 96, the Mamlatdars of concerned Talukas shall be responsible for maintenance of the RORs. While for Panaji, Mapusa, Vasco and Margao cities the City Surveyors are responsible for the same.

Audit cross checked the taluka-wise information of *Alvara* lands obtained from 12 Talukas with the information furnished by the DSLR. We observed that the information furnished by the Mamlatdars varied from the information furnished by the DSLR, indicating lack of sharing of the information between the DSLR and the Mamlatdars as described below:

- Mamlatdar, Bicholim reported 63 cases of *Alvara* lands and Mamlatdar, Canacona reported 31 cases of *Alvara* lands. However, as per information furnished by DSLR there are 55 cases for Bicholim and 169 cases for Canacona Taluka.
- Six Mamlatdars (Pernem, Sattari, Salcete, Tiswadi, Sanguem and Dharbandora) stated that they have not maintained records of *Alvara* lands though as per information furnished by DSLR there are 7,174 cases of *Alvara* lands in these six talukas.
- Four Mamlatdars (Ponda, Mormugao, Bardez and Quepem) stated that they do not have any *Alvara* lands. However, as per information furnished by DSLR there are 473 *Alvara* lands in these talukas.

Though Mamlatdars were responsible for issuing certified RORs and the mutation of lands, they had not made any efforts to reconcile the *Alvara* lands in their custody, with that of DSLR. Thus, there is a need for sharing the information between the Mamlatdars and the DSLR.

2.2.6.3 Classification of leased land as private land

Section 95 of the Land Revenue Code, 1968 provides for maintenance of RORs. ROR is a statement in Form I and XIV containing the details like taluka name, village name, survey number, area, name of occupant, name of tenant and other rights holder.

In the absence of a ready database, we requested DSLR to link RORs with the lease held lands under the Decree 3602 of 1917 by matching with the survey maps, village maps, area of land, name of lease holder *etc.* With

DSLRL's assistance we matched⁹ 300 cases. Out of these cases, we have shortlisted 104 cases for detailed scrutiny. Of these 104 cases involving a total area of 952.96 hectare of *Alvara* lands, the name of the occupant column was filled with the name of the lease holder/private persons instead of Government of Goa. Their name should have been entered in the column "Other rights". Inclusion of individual lease holders' name in the "name of occupant" column can allow *Alvara* land holder to transfer these lands to third parties and thus the safety of the Government lands cannot be ensured.

It is recommended that the Government may instruct the Department to ensure that the title of the Government, on the *Alvara* land is recorded uniformly on the RORs in the column meant for name of occupant. The name of the leaseholder may be shown in the column "Other rights" and a uniform format may be followed for the whole State.

We found in a number of cases, *Alvara* lands were sold without any authority of the Government. A few instances noticed are mentioned in the following paragraphs.

2.2.6.4 Sale of lease held lands

As per section 4 of the Goa Land Revenue (Modification and Regularisation of Grants under Decree No.3602 dated 24-11-1917) Act, 2007 published on 25 April 2007, all lands granted under decree No.3602 were classified as class-II occupancy lands. It was stipulated that the grantee of these lands shall not mortgage, sell, assign or otherwise transfer the land or any portion thereof except with the prior sanction of the Collector. Prior to promulgation of the Act as per section 255 of decree No.3602 the rights inherent in any of these title-deeds of assignment could be transferred by endorsement with the authorisation of the Governor General. The *Alvara* lands were primarily granted for agricultural purposes and could not be diverted for any other purpose without the authority of the Government.

We found that out of the 104 cases of *Alvara* lands selected for audit check, in 11 cases involving 88.12 hectare, lands were sold without the permission of the Government. The details of these sales are shown in following **Table 2.2.2**.

⁹ Since survey numbers were not available on the deeds, the matching was done with help of DSLRL on the basis of comparison of the planta with the village map. Only those lands were taken where the planta matched perfectly with the village map

Table 2.2.2: Details of *Alvara* lands sold without Government permission

Sl. No	Taluka	Village	Lease No.	Name of lease holder	Survey No.	Year of Commencement of Sale	Area Sold (m ²)
1	Salcete	Talvorda	T-1810	Srinivasa Pai Anglo	137/1 and 138/0 and 140/1-A	2007	197507
2	Salcete	Talvorda	T-959	Custodio Morais	5/1 to 47	2001	31250
3	Dharbandora	Codli	A-219	Francisco Antao	158/1 and 19/1	2010	54092
4	Dharbandora	Codli	T-437	Maria Ritinha Paciecica Dias	53/1	1999	232100
5	Dharbandora	Cormonem	T-135	Damadora Tilu Xete	8/1	2005	46625
6	Dharbandora	Sigao	T-2016	Caxibai Morascarina	112/1 part	1997	46326
7	Sattari	Sonus - Vonvoliem	T-837	Narayan Parshiram Prabhu	18/1	1983	131700
8	Sattari	Compordem	T-888	Babi Bhiva Sawant	39/4	1971	28900
9	Sattari	Valpoi	A-1540	Mariambi Adam Aga	47/2	1974	2540
10	Sanguem	Muguli	T-1193	Vamona Sadassiva Sinai Sanvordencar	7/3	2013	27183
11	Sattari	Buimpal	T-1418	Mohammad Khan Sultan	16/1	2008	83000
Total							881223

An analysis of the above table shows the following:

- Audit checked the ROR of the deeds and found that in six cases of the *Alvara* lands, at Serial No.1,2,3,5,6 and 10 the name of private persons was mentioned as occupant and not that of the Government, which could have prevented mutation. In all these cases the *Alvara* land was partitioned and sold as plots. In one case, a complaint was received on the sale of *Alvara* land (at Sl. No. 10). During enquiry the Mamlatdar stated that he had allowed mutation because the RORs did not indicate that the land was held on lease. Thus there is a need for correcting RORs for lands given under leases during colonial period to prevent its misuse.
- In RORs of four cases, at Serial No.4, 8, 9 and 11 the names of private persons were mentioned in the column for “Name of occupant” but in the column “Other rights” the name was mentioned as *Alvara* lands indicating therein the lands were Government land. However, the Mamlatdar incorrectly mutated the records in favour of the buyers.
- In one case, at Serial No.7, we noticed that sale deed was executed (1983) in respect of an *Alvara* land. The ROR of this land indicates the name of the Government of Goa as occupant and the name of the private persons who sold the property in “Other rights”. Despite this, the land was sold to private party and sale deed registered.

Thus, in view of the above paragraph it could be seen that there is a need to identify all lands granted on lease under Decree No.3602 of 1917 and create database of the records linking lease records with current RORs and survey maps.

The RORs wherever necessary need to be modified to indicate Government ownership of these lands and revenue authorities need to be sensitised, not to allow mutation of such lands or allow registry of such sales.

2.2.6.5 Reverted Lands

(i) Maintenance of records of Reverted lands by the Mamlatdars

Articles 36 and 76 of the Decree 3602 of 1917 provided for reversion of the lease held land to the Government under various circumstances, such as the assignee’s death without having a legal heir, non-payment of rent, leaving the land abandoned or fallow etc. The District Collector is empowered to get *Alvara* lands reverted by issue of an order, the copy of which is forwarded to various offices including concerned Mamlatdars.

Audit test checked 120 cases of reverted *Alvara* lands and found the following discrepancies.

- We noticed that in Pernem Taluka four cases involving 21.44 hectare in Tuem village were reverted in September 1969 on the ground of non-cultivation by the Collector, North Goa. However the name of the *Alvara* leaseholders was not deleted from RORs. The land records were mutated in favour of Government only in January 2015 after being pointed out by IT Director to DSLR.
- We observed that in 15 cases involving 125.26 hectare in three Talukas which were reverted during the period from August 1937 to June 1976, the names appearing in the “name of occupant” column continues to be in the name of private parties instead of Government of Goa even today. Though the Mamlatdars were responsible for updation of ROR, it was not done.

Since all the rights of grantees ceased to exist on reversion of the leased lands, it is recommended that once the leased land is reverted, the RORs may be updated and the name of the grantee should be deleted.

(ii) Status of reverted lease lands

We observed that the Deputy Collector (Revenue), North Goa had furnished a list of 334 cases of reverted land in October 1994. However DSLR on November 2015 stated that there were only 204 cases involving 1,311.74 hectare land pertaining to grants which were reverted as mentioned in the following **Table 2.2.3**.

Table 2.2.3: Details of reverted lease lands

Taluka	No. of cases	Total area reverted (Hectare)
Sattari	115	591.97
Pernem	38	158.04
Sanguem	50	559.24
Canacona	1	2.49
Total	204	1311.74

(Source: Furnished by DSLR)

Thus, there was a variation in the number of cases of reverted *Alvara* lands.

After this was pointed out by audit (December 2015), the DSLR furnished (January 2016) another list of reverted cases indicating the number of cases as 322 involving 1,267.04 hectares. Though the list has been modified still there is a variation of 12 cases. The Department may consider reconciling figures at regular intervals of time so that the records are updated timely.

(iii) Sale of reverted *Alvara* land

Audit noticed that the records relating to the reverted *Alvara* lands were not being maintained by the Mamlatdars, consequently the RORs of reverted *Alvara* lands were not updated. We observed that *Alvara* land in five cases involving an area of 43.62 hectare which were reverted during the period March 1973 to February 1981 were sold between 1992 to 2011. The details are as shown in following **Table 2.2.4**:

Table 2.2.4: Details of sale of reverted *Alvara* lands

Sl. No.	Taluka	Village	Grant Ref. No.	Name of lease holder	Survey No.	Date of reversion	Year of commencement of Sale	Area sold (m ²)
1	Dharbandora	Sangod	T-1973	Ramabai Sripada Sinai Sancordencar	33/1	07.02.1977	1993	189339
2	Dharbandora	Sigao	T-2016	Caxibai Morascarina	112/1 (part)	23.08.1975	1997	51315
3	Sanguem	Dudal	A-1261	Mogrem ChanfemChedun	45/0	28.03.1973	1992	39225
4	Sanguem	Muguli	T-1193	Vamona Sadassiva Sinai Sanvordencar	38/0	20.08.1974	1993	128294
5	Pernem	Mandrem	A-673	Vasudev Balaji Dessai	201/0	27.01.1981	2011	28117
Total								436290

Analysis of the cases is mentioned as under:

- In one case at serial No.1, the ROR as on September 2015 indicated that the reverted *Alvara* land bearing survey number 33/1 was in the possession of 40 persons including the original grantee.
- In another case at serial No.2, bearing survey number 112/1 the reverted *Alvara* land was in the possession of 16 persons and the name of the original grantee was not mentioned in ROR.
- In another case at serial No.4, bearing survey number 38/0 the reverted *Alvara* land was in possession of two persons and the name of the original grantee was not mentioned in ROR.

As these lands were reverted to Government, the ownership and occupancy rights as per section 25 of GLR Code vested with the Government. The possession of this reverted *Alvara* land should have been taken by the Government and steps for preventing their unauthorised sale should have been taken.

It is recommended that the Government may update their RORs and strengthen their monitoring mechanism to ensure that reverted *Alvara* lands are not sold.

2.2.6.6 *Granting Class-I occupancy rights to the grantees for lease held lands at low premium*

As per Section 201 of the Goa Land Revenue Code, 1968 which came into force on 01 March 1971, the Decree 3602 of 1917 was repealed. However, as provided under the Act, the repeal was not to affect anything done or any action taken, including leases granted. The Government enacted “The Goa Land Revenue (Modification and Regularisation of Grants under Decree No. 3602 dated 24.11.1917) Act, 2007” (Act), which came into force on 25 April 2007.

Under the Act, all grants under the Decree 3602 of 1917, shall on and from 01 March 1971, be deemed to be class-II occupancy grants under the Goa Land Revenue (GLR) Code, 1968 and the provisions of the GLR Code, 1968 shall apply to such grants. The Act also amended the provisions of the GLR Code for regularisation of the grants as class-II occupancy on payment of market value prevailing on the appointed day (01 March 1971). Under the provisions of Section 38 of the GLR Code the Collector may regularise such cases and enter the name of the concerned persons in the land records.

The office of Collector, North Goa intimated that in six cases, class-II occupancy was re-classified as class-I occupancy. This consisted of five cases of Pernem taluka and one case of Tiswadi taluka. Scrutiny of records maintained by Mamlatdar of Pernem taluka revealed that in addition to the five cases, in one more case class-I occupancy was granted. This indicates that there is a need to reconcile and update information in this regard.

Further, we observed that the District Collector, North Goa regularised 1,94,484 lakh m² area held by six lease holders at Mandrem village in Pernem Taluka and 971 m² area in Panaji City in Tiswadi Taluka by collecting five times the market value prevailing in March 1971 (₹ 3 per m² at Mandrem and ₹ 159 per m² at Panaji). These lands were further re-classified as Class-I occupancy during August 2008 to November 2011 under the provisions of Section 24 (4) of GLR Code which empowers District Collector to re-classify the occupancy to Class-I on payment of a premium fixed under the provisions of the Rules made under the Code.

While the minimum prescribed rate by the Government of Goa of the land prevailing on the date of re-classification of these lands were ₹ 400 in Mandrem village and ₹ 25,000 in Panaji City the premium fixed by the Collector for re-classification of the above lands to Class I were only five times of the value of land prevailing in March 1971 (₹ 15 per m² at Mandrem and ₹ 795 per m² at Panaji). Thus the premium charged for grant of full rights to the land bore no relation to the prevailing current value of the land.

Within four months of re-classification all the seven lands were sold by the lease holders for a total value of ₹ 13.53 crore. The details of the transactions are given in the following **Table 2.2.5**.

Table 2.2.5: Details of sale of *Alvara* lands after re-classification

Sl. No.	Grant No.	Taluka/Village	Survey No.	Total Area involved (m ²)	Date of re-classification as class I	Date of actual sale	Amount remitted on reclassification as class-I (₹ in lakh)	Total sale value (₹ in crore)
1	786	Panaji city	Chalta No. 41 of PTS 76, Panaji city.	971	07.09.2010	18.11.2010	7.72	8.62
2	673	Pernem, Mandrem	201/0	28117	29.08.2011	12.09.2011	4.22	0.65
3	649	Pernem, Mandrem	217/0	20678	12.09.2011	20.09.2011	3.10	0.86
4	670	Pernem, Mandrem	218/0	33852	16.09.2011	03.10.2011	5.08	0.57
5	676, lote No-31	Pernem, Mandrem	209/0	28753	26.08.2011	07.10.2011	4.31	0.58
6	12084	Pernem, Mandrem	219/0	30596	21.11.2011	28.11.2011	4.59	1.07
7	638	Pernem, Mandrem	204/0	52488	07.08.2008	15.12.2008	7.87	1.18
Total				195455			36.89	13.53

It was found that:-

- in one case at serial No.2 Mandrem village, bearing survey number 201/0 admeasuring 28,117 m² was earlier reverted to Government on 27 January 1981. On reversion the title of the land belonged to Government alone and its subsequent regularisation and re-classification (August 2011) to Class I status was irregular;
- the entire land in six cases at serial numbers 2 to 7 situated at Mandrem village was sold to M/s Mandrem Hotels Pvt. Ltd. for a total value of ₹ 8.45 crore during September 2011 to November 2011. Of these in one case at serial number 7 situated at Mandrem village was sold to M/s Mahaseer Hotel and Resort Pvt. Ltd. in December 2008 for ₹ 1.18 crore which was further sold to M/s Mandrem Hotels Pvt. Ltd. for ₹ 4.72 crore in January 2013; and
- the land in Panaji city at serial number 1 was sold to M/s. Gomantak Estates and Projects Pvt. Ltd. for ₹ 8.62 crore in November 2010.

The land is a premium asset, the value of which almost always shows increasing trend due to which it has an impact on economy of the State. Due to this, the State Government has an important role to play in the land management to ensure safe custody of the land for future use. It is recommended that levying premium at the market rates prevailing on the date of reclassification as class-I land, if granted may be considered.

2.2.7 Conclusion and recommendations

According to records made available by DSLR, government owned land admeasuring 16,617 Hectare had been leased to private persons under Decree 3602 of 1917. Records of the lease-held lands have not been integrated with the RORs created after liberation of the State from Portuguese rule. The RORs do not depict the ownership rights of the

Government and occupational rights of the leaseholders clearly. This has been exploited in some cases to sell lands held on lease and the buyers have got mutations done in their favour. In some cases the leased lands/parts thereof have been reverted. However, a comprehensive database incorporating all such cases with present RORs and survey numbers has not been prepared. Instances have been noticed where the RORs still indicate private parties as occupants despite reversion. This has enabled private persons to sell reverted government lands. The premium charged for granting class-I occupancy did not bear any relation with the market value of the land.

Therefore it is recommended that;

- *all leased lands granted under Decree No.3602 of 1917 may be identified and a database created linking lease records with current RORs and survey maps,*
- *the RORs need to be modified to indicate Government ownership of these lands and revenue authorities need to be sensitised not to allow mutation of such lands,*
- *the Department may be advised for taking action for identifying reverted lands and updating all related records and*
- *the premium at the market rate may be considered for granting class-I occupancy.*

In the exit conference Chief Secretary to the Government of Goa accepted the fact that a database linking leased lands to current RORs was needed and appropriate action would be taken on this aspect and on the findings and recommendations mentioned above.

The matter has been reported (December 2015) to Government and their reply is awaited (January 2016).

DEPARTMENT OF MINES AND GEOLOGY

2.3 Short recoveries of mining revenue

The mining belt of Goa covers an area of 700 sq. km. approximately and is mostly concentrated in four talukas¹⁰. The major minerals found are iron, manganese and bauxite/aluminum. The minor minerals mined include laterite stones, basalt stones, laterite rubbles, ordinary earth, sand *etc.* The grant of lease for mining of major minerals is governed by Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act)¹¹ enacted by the Parliament and Mineral Concession Rules, 1960 (MCR) framed thereunder. Under the MMDR Act, State Government is empowered to make rules to regulate the grant of mining leases in respect of minor minerals. Accordingly, the Goa Minor Minerals Concession Rules (GMMCR) 1985 was framed. The Secretary (Mines) is the administrative head of the Department. The Director of Mines and Geology (DMG) looks after the works of mineral administration of major and minor minerals

¹⁰ Bicholim, Quepem, Sanguem and Sattari

¹¹ Amended by MMDR Amendment Act, 2015

which involves grant, renewal of reconnaissance permits, prospecting licenses and mining leases and is assisted by three Assistant Directors.

2.3.1 Scope of Audit

Audit test checked the records of Director of Mines and Geology for the period 2009-10, with a view to ascertain the correctness of the levy and collection of royalty, interest, penalty and collection of stamp duty for renewal of mining licenses.

We observed short levy and short recovery of royalty, interest, penalty totaling ₹ 17.73 crore and short levy of stamp duty and registration fee ₹ 4.73 crore as detailed in the following paragraphs.

2.3.2 Short recovery of royalty

Section 9(2) of MMDR Act, 1957 stipulates that the holder of a mining lease shall pay royalty in respect of iron ore removed or consumed from the lease area at the rate of 10 *per cent* of sale price. State wise sale price published by Indian Bureau of Mines (IBM) shall be the basis for levy of royalty. Further during the period from 13 August 2009 to 09 December 2009, 20 *per cent* over and above the value published by IBM had to be taken as sale price of the mineral. With effect from 10 December 2009 IBM sale price only was to be adopted.

Audit test checked records of 15 leases for the year 2009-10. Out of these, 13 lessees paid the royalty correctly while in respect of two leases, sale price for computation of royalty for Iron Ore Fines and Lumps for the respective month of production as notified by the IBM was not taken by the lessee while levying the royalty. Royalty of ₹ 5.90 crore was to be recovered for the 4.19 lakh MT of iron ore extracted by them during 2009-10. However, the DMG recovered only ₹ 4.47 crore leading to a short recovery of ₹ 1.43 crore as detailed in the following *Table 2.3.1*.

Table 2.3.1: Details of short recovery of royalty

(₹ in crore)

T.C. No.	Name of Lessee	Quantity (MT)	Royalty recovered	Royalty to be recovered	Short recovery of royalty
45/52	Sociedade De Formento Pvt. Ltd.	286321	2.97	4.18	1.21
02/51	M.S. Talaulicar & Sons	132181	1.50	1.72	0.22
Total		418502	4.47	5.90	1.43

After this was being pointed out the DMG replied (February 2016) that the lessees paid the royalty as per rates declared by IBM at the time of payment of royalty for the particular month which were later adjusted when the rates for the concerned month were declared by IBM in their subsequent payment of royalty.

The reply of the Department was not acceptable as in these two cases the DMG did not produce any records indicating the details regarding adjustment of short recovered royalty.

2.3.3 Short recovery of royalty due to arithmetic error

There was an arithmetic error in calculating the amount of royalty payable by a leaseholder under T.C No: 45/1952 in one Challan. We observed that the rate of royalty mentioned in the Challan No. 2756 dated 09.02.2010 for fines and lumps was ₹ 136 per MT and ₹ 96 per MT respectively. The royalty calculated and paid for 98,827 MT Fines and 42,235 MT Lumps was ₹ 1.49 crore. However, the royalty actually payable works out to ₹ 1.75 crore as per royalty rates notified by IBM for the month of October 2009¹² mentioned in the challan. The failure of the Department to detect the arithmetical inaccuracy resulted in short recovery of ₹ 0.26 crore.

DMG replied (February 2016) that the lessee was asked to pay the difference of ₹ 26.36 lakh.

2.3.4 Non-recovery of interest due to late payment of surface rent/dead rent

Rule 64-A of Mineral Concession rules 1960, stipulates levy of interest at the rate of 24 *per cent* per annum on dues unpaid from the 60th day after the due date fixed for payment of such dues. As per notification dated 10 July 2007 issued by Government of Goa under Rule 27(2)(a) of MCR, 1960, due date of payment of Surface rent/Dead rent was fixed as first of April, following the previous financial year.

We observed delay in 90 cases ranging from two to 16 months in payment of Surface Rent/Dead Rent for the year 2009-10. However, the Department did not levy interest on such delay in payment of dues by leaseholders and consequential non-realisation of interest amounted to ₹ 11.74 lakh.

DMG replied (February 2016) that notices have been issued in respect of 67 mining leases out of 90 leases. The remaining 23 leases have been declared as lapsed with effect from 22 November 2007.

2.3.5 Unauthorised excavations

Section 21(5) of the Mines and Minerals (Development and Regulation) Act, 1957 envisages that whenever, any person raised without any lawful authority, any mineral from any land, the State Government may recover from such person the mineral so raised, or where such mineral has already been disposed off, the price thereof along with royalty.

In test check of records of 15 leases for the year 2009-10, we observed (July 2015) from the challans relating to T.C. No. 55/51 that a leaseholder had excavated 11.49 lakh MT of iron ore in 2009-10. As per Environment Clearance issued by Ministry of Environment and Forest (MoEF) vide letter No. J-11015/85/2008-IA.II (M) dated 12 December 2008, Environment Clearance limit was fixed for excavation of 10 lakh MT of iron ore annually. We also observed that the quantity excavated shown in the returns filed by the leaseholder was 9.95 lakh MT. The Department issued the challans and accepted the royalty for iron ore, which was in

¹² {(98,827MT x ₹ 136/MT) + (42,355MT x ₹ 96/MT)}

excess of limits prescribed in the Environment Clearance limit. The excavation of 1.49 lakh MTs over and above the approved quantity was unauthorised. The sale value of the excess quantity based on the average rate applicable during December 2009 to March 2010¹³ worked out to ₹15.92 crore as detailed in the following *Table 2.3.2*.

Table 2.3.2: Details of over excavated ore and sale value

Challan No.	Date	Month of production	Quantity extracted/ produced in excess of EC limit (in MT)	Monthly rate of iron ore prescribed by IBM (per tonne in ₹)	Total sale value as per IBM rates prescribed (₹ in crore)
2349	23.12.09	Nov 2009	10996 ¹⁴	868	0.95
2781	09.02.10	Jan 2010	46800	1069	5.00
3116	08.03.10	Feb 2010	91000	1095	9.97
Total			148796		15.92

DMG replied (February 2016) that the additional quantities covered by challans were related to the old dump rejects. No specific proof was furnished to establish this contention.

Reply of DMG is not tenable as the limit of 10 Lakh MT was fixed including re-handling of excavated mineral being waste *i.e.* dump vide EC dated 12 December 2008. Further, the additional quantities covered by challans are of grade less than 60 *per cent*¹⁵ lumps and fines, this grade of iron ore is unlikely to be retrieved from dumps.

2.3.6 Absence of mechanism for an independent check over ore grade and quantity of ore declared by the lessee for recovery of royalty

As per MMDR Act, 1957 Royalty on iron ore lumps or fines or concentrates are to be recovered based on iron content. The rates of royalty for the period from 14 October 2004 to 12 August 2009 ranged from ₹ four to ₹ 27 per MT and from 13 August 2009 onwards were on the sale value published by the IBM. The sale value published by IBM varies according to the iron content of the extracted material. As per section 24(1) of MMDR Act, 1957 any person authorised by the State Government may enter and inspect any mine, survey and take measurements, weigh or measure the stocks of minerals lying at any mine.

We observed that assay¹⁶ reports or third party test reports of the samples were neither insisted by the Department nor furnished by the exporter/producer of iron ore. Royalty paid on the quantity and iron content declared by the dealer was not verifiable from the records maintained by the Department. No supporting documents in this regard were available either in royalty challans or in any other documents available with the Department. Thus, in the entire process the quantity and iron content

¹³ The excavation exceeded the limit from December 2009 onwards

¹⁴ Total excavated = 15,930 MT. Within limit = 4,934 MT. Excavated in excess of limit = 10,996 MT

¹⁵ Average sale value for the grade less than 60 *per cent* is fixed on all India basis

¹⁶ Testing of ore to determine its ingredients and quality

declared by the dealers, which is the basis of levy of royalty was not independently verified by the Department.

DMG replied (February 2016) that a proposal for checking grade of ore through independent analytical laboratory was already moved to the State Government.

2.3.7 Short recovery of stamp duty and registration fee due to non-application of revised rates

The DMG renewed¹⁷ 88 leases between 06 November 2014 to 12 January 2015 under section 8(3) of MMDR Act, 1957. As per notification dated 19 July 2013, stamp duty shall be paid in the Government treasury by demand draft or pay order drawn in favour of DMG. Challans are issued by DMG after assessing the stamp duty.

As per notification dated 16 November 2012 issued by the Government of Goa, instrument of grant or renewal of a mining lease shall be chargeable with stamp duty. Stamp duty chargeable shall be equivalent to 15 *per cent* of the amount of royalty that would accrue out of the annual extraction of minerals permitted under environmental clearance issued for such mining lease under the relevant law in force, multiplied by the period of lease. Further, as per explanation given under the section 3A, stamp duty payable shall not exceed the amount in rupees arrived by applying a rate of ten times annual extraction of mineral permitted under the environmental clearance issued for such mining lease under the relevant law in force, multiplied by the period of the lease. Further, as per notification dated 18 December 2014, stamp duty payable was revised from 10 times to 15 times with effect from the date of notification. As per notification dated 14 May 2015, Registration fee at the rate of five *per cent* of stamp duty paid shall be paid for registration of mining leases.

Out of 88 lease deeds that were renewed, only three lease deeds were executed and registered as on July 2015. In these three lease deeds executed and registered we observed that the Directorate worked out the stamp duty erroneously in respect of two¹⁸ mining leases executed during the period from 18 May 2015 to 08 June 2015. The stamp duty collected by DMG was ₹ 9.75 crore instead of ₹ 14.25 crore to be collected. This has resulted in short levy of stamp duty of ₹ 4.50 crore as mentioned in the following **Table 2.3.3**.

¹⁷ The validity of the lease renewals and the process followed for renewal has been challenged before the Hon'ble Supreme Court of India under a Public Interest Litigation (PIL) WP 711 of 2015 and is sub-judice at present (December 2015)

¹⁸ T.C. No. 8/61 and 8/41

Table 2.3.3: Details of short levy of stamp duty

Lease No.	Date of execution of lease deed/ transfer of deed	Period of Lease (in years)	EC limit (in MT)	Stamp Duty collected 10 X EC limit X Period (as per old rate) upto 17.12.14	Stamp Duty to be collected 15 X EC limit X Period (as per revised rate) w.e.f. 18.12.14	Short recovery (₹ in crore)
8/61	07.01.15	20	25000	0.50	0.75	0.25
8/41	07.01.15	15	600000	9.25	13.50	4.25
Total				9.75	14.25	4.50

The Registration fee collected by Civil Registrar-cum-Sub-Registrar amounted to ₹ 0.49 crore instead of ₹ 0.71 crore. This resulted in short realisation of Registration Fee of ₹ 0.22 crore. Total short recovery of stamp duty/registration fee in respect of two mining leases was ₹ 4.73 crore.

DMG replied (February 2016) that as per instruction of the Government the Department facilitated advance collection of stamp duty as the rates applicable on the date of passing of order. The exact stamp duty and registration fee were to be levied and collected by Civil Registrar-cum-Sub-Registrar of respective talukas. There was a proposal pending with Revenue Department for granting relaxation under Stamp Duty Act from payment of additional stamp duty.

The reply is not tenable since stamp duty was payable as per prevailing rates as on date of entering into lease agreement/renewal of lease agreement. The Department may take up the matter with the Civil Registrar-cum-Sub-Registrar for realisation of Stamp duty paid short so that the revenue of the Government is safeguarded.

2.3.8 Non-monitoring of quantity of minor minerals and royalty collected by other departments

As per circular issued by the then Department of Industries and Labour (Now Department of Mines and Geology) on 23 March 1985, the work executing departments such as Public Work Department, Water Resources Department, Municipalities *etc.*, were required to deduct royalty in respect of minor minerals used by the contractors in construction work from the running account bills and the amount so recovered should be remitted to the government account.

We observed that the work executing departments/organisations were sending the copies of royalty payment challans only, without furnishing any details of quantity and type of minor minerals consumed/used, rate at which royalty recovered *etc.* A test check (August 2015) of 58 Running Account bills of two work executing units¹⁹ for the year 2013-14 and 2014-15, showed short/non-recovery of Royalty amounting to ₹ 1.07 lakh in respect of 18 running account bills. The Department also did not monitor the deduction of royalty and its remittance to government account.

¹⁹ Water Resource Department(WRD) II and WRD IX, Margao

DMG stated (February 2016) that a proposal is moved to State Government for monitoring of transportation, storage and trade of minor minerals on real time basis.

2.3.9 Conclusion and Recommendations

The Department did not collect revenue totaling ₹ 17.73 crore on account of royalty, interest, surface rent, dead rent and penalty from mining lease holders. The Department also did not recover stamp duty at revised rates applicable for registration of lease deeds resulting in short recovery of ₹ 4.50 crore and also consequent under recovery of registration fee of ₹ 22.50 lakh. The quality/grade of iron ore declared by the lessees was accepted without verification.

It is recommended that the Department may strengthen its internal control mechanism to ensure correct and prompt collection of the royalty etc., and also ensure existence of an independent check to ascertain the quality/grade of the Iron ore for levy of royalty at the appropriate rates.

The matter was reported (November 2015) to Government and their reply is awaited (January 2016).

FINANCE DEPARTMENT

2.4 Short recovery of tax due to incorrect exemption of turnover

The Commercial Tax Officer, Vasco did not confirm the EOU status of the purchaser company before allowing exemptions from turnover of the assessee. The total short levy was ₹ 0.42 crore.

The Dealer 'A' (TIN: 30131202336), manufacturer of brass, copper strips and foils, an Export Oriented Unit (EOU) was re-assessed (May 2013) by the Commercial Tax Officer (CTO), Vasco under Section 29(2) of the Goa Value Added Tax (GVAT) Act, 2005 for the year 2008 -09.

Audit scrutiny of the re-assessment revealed that the company had claimed exemption for sales (Form A²⁰) worth ₹ 6.56 crore to Dealer 'B' from its total turnover, under Section 5 (2) (b) of the GVAT Act, 2005 applicable for sales to EOU. Accordingly, the CTO, Vasco allowed exemption without verifying the EOU status of Dealer 'B'.

We observed that Dealer 'B' had mentioned in their Form A that the purchases made from Dealer 'A' were intended to be used for manufacturing, processing or assembling within the State of Goa. Therefore, the exemption given was incorrect and resulted in short recovery of tax of ₹ 0.26 crore. Further, the short paid tax attracted interest under Section 25(4) of the GVAT Act, 2005. The interest so recoverable worked out to ₹ 0.16 crore. Thus, ₹ 0.42 crore was recoverable from Dealer 'A'.

²⁰ Form A is the declaration form to be submitted by the purchaser stating their classification as EOU

The matter was referred to the Government in May 2015. Their reply is awaited (January 2016).

2.5 Short levy of Interest on delayed payment of luxury tax

The Luxury Tax officer, Vasco short levied interest on delay in payment of tax by ₹ 25.03 lakh due to incorrect assessment of tax liability.

Section 20 (1) of the Goa Tax on Luxuries (Hotels and Lodging Houses) Act, 1988 read with Rule 11 of Goa Tax on Luxuries (Hotel and Lodging Houses) Rules, 1988 required every registered hotelier having monthly luxury tax liability exceeding ₹ one lakh, to pay the tax within 15 days from the expiry of each month. If the tax is not paid within 15 days from the expiry of each month, he shall be liable to pay by way of simple interest, in addition to the amount of tax payable, a sum equal to one and half *per cent* of the amount of such tax for each month, for the first three months after the last date by which he should have paid such tax and two *per cent* of such amount for each month subsequent to the first three months thereafter.

A Dealer (VSC/GTL/003) was assessed for their taxable turnover of ₹ 11.45 crore for the year 2008-09 by the Luxury Tax Officer (LTO), Vasco, and the total tax payable was assessed as ₹ 1.14 crore. As the party failed to pay taxes regularly within due date, the LTO, Vasco levied interest of ₹ 46.05 lakh, under section 20(1) of the Act for delayed payment of tax payable. Audit scrutiny (January 2014) revealed that the interest liability worked out to ₹ 71.08 lakh as against ₹ 46.05 lakh assessed by the LTO, Vasco. There was thus a short levy of interest of ₹ 25.03 lakh.

After this being pointed out by Audit, the LTO, Vasco re-assessed the party and re-calculated the interest due as ₹ 67.91 lakh. However, we observed that the re-calculation of interest by the LTO, Vasco was again wrong as they calculated interest on tax liability of ₹ 10.40 lakh and ₹ 4.57 lakh for the months of April and May 2008 respectively instead of actual tax liability of ₹ 12.96 lakh and ₹ 5.71 lakh respectively. This resulted in short calculation of interest to the extent of ₹ 3.17 lakh.

The matter was referred to Government (June 2015) and their reply is awaited (January 2016).

2.6 Short levy of tax due to understatement of turnover

Value Added Tax amounting to ₹ 0.87 crore was short levied due to incorrect assessment by Commercial Tax Officer.

As per entry No. 4 in Schedule 'B' of Goa Value Added Tax (GVAT) Act, 2005 sale of intangible goods like rep license, import and export license, credit of Duty Entitlement Pass Book (DEPB) *etc.*, are taxable at the rate of four *per cent*.

A Dealer (TIN No 30660202120), having its principal place of business in Marcel, Goa was dealing in sales and export of fresh fish and surmi (fish paste). The dealer's total income for the year 2009-10 was ₹ 174.97 crore comprising of ₹ 152.59 crore as sales and ₹ 22.38 crore as other income. As the turnover pertained to sales from Goa and Maharashtra, the bifurcated turnover of sales of Goa was considered as ₹ 56.51 crore based on the books of accounts and the quarterly returns filed by the dealer.

Our scrutiny (October 2013) revealed that out of the receipts of ₹ 22.38 crore classified as other income, ₹ 21.85 crore pertained to revenue earned on sale of license and DEPB credits (₹ 12.14 crore being proceeds of sale of license and ₹ 9.71 crore being proceeds of DEPB credits). The CTO failed to add this receipt to the turnover of Goa State, being the principal place of business, as receipt against intangible goods. Escapement of the above receipts from the taxable turnover resulted in short levy of tax to the extent of ₹ 0.87 crore²¹.

The Commissioner of Commercial Taxes accepted (May 2015) that there was short levy of tax and notice under Section 31 of Goa Value Added Tax Act, 2005 for re-assessment had been issued to the dealer.

The matter was referred to Government (June 2015) and their reply is awaited (January 2016).

2.7 Short levy of VAT due to understatement of Turnover

The assessee short-disclosed work contract gross receipts in his return which resulted in short levy of tax ₹ 8.51 lakh by the Assistant Commercial Tax Officer, Panaji.

Rule 4 (A) of Goa Value Added Tax (GVAT) Rules, 2005 (inserted vide notification dated 31 December 2008), provided that in case of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract, the sale price of such goods shall be determined by making deductions to the extent as specified in the Rules. In the case of construction of new buildings and erection of civil structure, the deduction allowed was 33 *per cent* of the gross receipts. The rate of Value Added Tax (VAT) for works contracts was eight *per cent*²² of the taxable turnover.

Our scrutiny of assessment records of Assistant Commercial Tax Officer (ACTO), Panaji (January 2015) revealed that in the case of a works contractor (TIN – 30500107536), gross receipts during the year 2010-11 was considered as ₹ 6.92 crore. A deduction of ₹ 2.28 crore (32 *per cent* of ₹ 6.92 crore) was allowed and balance turnover of ₹ 4.64 crore was held taxable @ eight *per cent* and VAT of ₹ 0.37 crore was payable by the dealer. The Assessing Authority allowed Input Tax credit of ₹ 0.29 crore and adjusted ₹ 0.08 crore being Tax Deducted at Source (TDS) against the tax payable. Audit scrutiny of the TDS certificate submitted by the

²¹ Four *per cent* of ₹ 21.85 crore = ₹ 0.87 crore

²² Vide notification dated 09.07.2009

contractor revealed that their Gross Turnover for 2010-11 was ₹ 8.01 crore and not ₹ 6.92 crore resulting in short assessment of ₹ 1.09 crore.

After this being pointed out (January 2015) by audit a rectification order was issued (June 2015) by the ACTO, Panaji for recovery of ₹ 3.63 lakh as shown in **Table 2.7.1** below.

Table 2.7.1: Details of recovery of VAT after re-assessment

(₹ in crore)

	Original assessment order	Re-assessment order
a. Gross Turnover	6.92	8.01
b. Less deduction 33 per cent	2.28	2.64
c. Taxable turnover	4.64	5.37
d. Tax payable at the rate 8 per cent	0.37	0.43
e. Penalty u/s 55	0*	0*
f. Interest u/s 25 (4)(a)	0	0.01
g. Total tax with penalty and interest	0.37	0.44
h. Less ITC	0.29	0.32
i. Less TDS	0.08	0.08
j. Balance to be recovered (g-(h+i))	0*	0.04

*value less than one lakh.

It was further observed from the rectification order that the ACTO did not levy penalty of ₹ 4.88 lakh under section 59 of the Act for furnishing false statement which led to incorrect levy of tax. The additional tax liability including interest and penalty amounted to ₹ 8.51 lakh²³.

The matter was referred to the Government in June 2015 and their reply has not been received (January 2016).

2.8 Non-recovery of entry tax of ₹ 4.61 lakh

The Commercial Tax Officer, Mapusa did not levy entry tax on the plant and machinery brought by the company resulting in short recovery of entry tax.

Section 3 of the Goa Tax on Entry of Goods (GTEG) Act, 2000 provided that there shall be levied and collected a tax on entry of any goods specified in Schedule I, into a local area upon use of any facilities/infrastructures or any other amenities belonging to or provided by the State for consumption, use or sale therein.

We observed during the scrutiny of VAT assessment records and audited accounts of 2010-11 of a dealer (TIN: 30370304372) registered in Entry Tax Office, Mapusa that the dealer had purchased plant and machinery worth ₹ 9.10 crore from outside the State which was liable for tax at the rate of two per cent under Entry Tax Act. However, the dealer neither submitted the return in Form 28 nor submitted the Form 27 (Challan) as proof of payment of Entry Tax under Section 14 of GTEG Act, 2000.

²³ Recoverable amount = ₹ 2,43,765 + ₹ 4,87,532 + ₹ 3,000 + ₹ 1,16,443 = ₹ 8,50,740

After this was pointed out the Commercial Tax Officer assessed (September 2015) and worked out the dues as ₹ 4.61 lakh after excluding the plant and machinery pertaining to other State branches of the dealer.

The matter was referred to the Government in July 2015 and their reply has not been received (January 2016).

TRANSPORT DEPARTMENT

2.9 Non-recovery of cess on Coke

The Director of Transport allowed unauthorised concession to a company on recovery of cess and delayed action to recover GRIW Cess due to Government.

The Goa Rural Improvement and Welfare (GRIW) Cess Act, 2000, provided for recovery of a Cess from the owners of all carriers transporting material and at such rates as specified in Schedule I appended to the Act. The Cess leviable from 01 September 2009 on transportation of coke was ₹ 250 per metric ton (MT).

A company²⁴ had imported 25,229 MT coke through Mormugao Port, Goa in August 2010 and transported it to their factory at Sanguem in South Goa. Cess amounting to ₹ 63.07 lakh @ ₹ 250 per MT was to be collected from them. In October 2011, the company sought reduction in payment of cess to ₹ 50 per MT on the ground that the rate of cess for indigenous use was reduced to ₹ 50 per MT in February 2011. However, the Department rejected the request as the import/transportation of coke was prior to reduction of the rates. Thereafter the company requested (January 2012) for payment of the dues in six equal instalments. Despite having no provision in the Act for payment of cess in instalments, the Director of Transport allowed the company to make payment in instalments. We further observed that the company had paid a total of ₹ 22 lakh (in four instalments) during May 2012 to January 2013 and the balance amount of ₹ 41.07 lakh was not recovered.

After this was pointed out by audit in December 2013, the Director of Transport issued a notice for recovery of ₹ 41.07 lakh only in May 2015.

The matter was referred to the Government in June 2015 and their reply has not been received (January 2016).

2.10 Short levy of road tax ₹ 98.29 lakh

The Assistant Director of Transport, Margao levied road tax on “new luxury motor cars” purchased by a firm as per rates applicable for individuals instead of a firm. This resulted in short levy of road tax to the tune of ₹ 98.28 lakh.

The Goa Motor Vehicles Tax Act, 1974 provided for levy of road tax from vehicles plying in the State as per the rates specified in the Schedules to the

²⁴ M/s Aparant Iron and Steel Pvt. Ltd.

Act. Different rates have been prescribed for vehicles owned by private individuals and for those owned by Company/Institution/Corporation *etc.*

Audit scrutiny of records maintained by the Assistant Director of Transport (ADT), Margao revealed that M/s XYZ enterprises had purchased four vehicles (Two Ferraris, one Aston Martin Lagonda and one Audi) during the period November 2011 to August 2013. However, these vehicles were registered in the names of individuals who had the same addresses as that of the firm by paying road tax at the rate payable by individuals instead of the rates applicable to non-individuals leading to short levy of ₹ 98.28 lakh as shown in **Table 2.10.1** below:

Table 2.10.1: Details of short levy of road tax

(₹ in lakh)

Sl. No.	Reg. No.	Reg. Date	Vehicle make	Name of the Registered owner	Value	Tax levied	Tax Leviable	Short levy
1	GA.08 K.2811	16.11.2011	Audi	X	87.57	5.25 at the rate 6 per cent	13.13 at the rate 15 per cent	7.88
2	GA.08 M.2011	9.2.2012	Ferrari	Y	355.76 (Including Entry tax 38.74)	21.34 at the rate 6 per cent	53.36 at the rate 15 per cent	32.02
3	GA.08 AA.2211	29.3.2012	Aston Martin	Z	301.94 (Including Entry tax 33.94)	18.12 at the rate 6 per cent	45.29 at the rate 15 per cent	27.17
4	GA.08 R.2011	10.7.2013	Ferrari	X	346.80 (Including Entry tax 38.53)	24.28 at the rate 7 per cent	55.49 at the rate 16 per cent	31.21
Total						68.99	167.27	98.28

The matter was referred to the Department in March 2015. The ADT, Margao replied (April 2015) that the process of recovery of the short levied tax has been initiated.

The matter was referred to the Government in June 2015 and their reply is awaited (January 2016).

2.11 Short levy of Goa Rural Improvement and Welfare Cess on iron ore

The Director of Transport did not levy and collect GRIW Cess on Iron ore resulting in loss of revenue of ₹ 173.56 crore to State Exchequer.

The Government of Goa notified (16 October 2000), the Goa Rural Improvement and Welfare Cess (GRIWC) Act, 2000, intended to provide additional resources for improvement of infrastructure and health, with a view to promote the welfare of the people residing in rural areas affected by the use of plastic, dumping of garbage and spillage of materials. This Act came into force on 01 February 2006. The GRIWC Rules was also notified in January 2006. Schedule I, appended to Section 3 of the Act *inter alia* provided that GRIWC shall be levied on iron ore where royalty is paid to the Government at the rate of ₹ two per metric tonne (MT). This was

further enhanced to ₹ 20 per MT *w.e.f.* 13 May 2008. The GRIWC Rules designated the Officer attached to the enforcement wing of the Directorate of Transport (DoT) as the assessing officer for assessment of Cess under the Act. For assessment of the GRIW cess the Directorate of Mines and Geology (DMG) forwards the list of royalty paid on Iron ore to the DoT who in turn is responsible for assessment and collection of the cess.

We observed that during the period from April 2006 to September 2012 the DMG collected royalty on 25.57 crore MT Iron ore comprising of processed ore, dump workings, tailings/concentrates and dump handled outside mining areas and forwarded (October 2014) the list of lessees to DoT for levy and collection of GRIWC. The Cess leviable by the DoT on 25.57 crore MT Iron ore was worked out to be ₹ 390.65 crore as detailed in **Table 2.11.1** below.

Table 2.11.1: Details of short levy of GRIW cess

Sl. No.	Items of iron ore	2006-07 and 2007-08		2008-09 to September 2012	
		Quantity (in crore MT)	Amount to be levied @ ₹ 2 per MT (₹ in crore)	Quantity (in crore MT)	Amount to be levied @ ₹ 20 per MT (₹ in crore)
1	Processed ore	5.38	10.75	14.37	287.33
2	Dump working	0.38	0.76	0.96	19.20
3	Tailings/concentrates	0.28	0.57	0.43	8.59
4	Dump handled outside mining	0.66	1.33	3.10	62.12
Total		6.70	13.41	18.86	377.24

Audit found that DoT had raised demand notices amounting to ₹ 217.09 crore upto April 2015 on processed ore, but omitted to levy the Cess on dump workings, tailing/concentrates, dump handled outside mining lease areas. Thus, there was a short levy of cess amounting to ₹ 173.56 crore. There was nothing on record to indicate that the correctness of the amounts payable on account of cess was checked at any stage after the assessments were made by the DoT. Even the Cess recoverable on the processed ore was not fully²⁵ raised.

After this was pointed out (July 2015) the DoT intimated that necessary steps has been taken to issue demand notices to the defaulters towards the recovery of dump working, tailings, concentrate and dump handled outside the mining lease. The DoT further intimated (January 2016) that an amount of ₹ 50.68 crore have been recovered and efforts are being made to recover the remaining amount from the defaulters and the same shall be credited to the Government.

The matter was referred to the Government in July 2015. Their reply is awaited (January 2016).

²⁵ Against the total amount of cess of ₹ 298.08 crore payable on processed ore, demands of ₹ 217.09 crore were raised. Reasons for short raising of demand was not found on record

CHAPTER – III

Public Sector Undertakings and Government Commercial and Trading Activities

CHAPTER-III

Public Sector Undertakings and Government Commercial and Trading Activities

3.1 Overview of State Public Sector Undertakings

Introduction

3.1.1 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 keeping in view the welfare of people and also occupy an important place in the State economy. As on 31 March 2015, in Goa there were 16 State Government Companies including two Statutory Corporations. Of these, no company was listed on the stock exchange(s). During the year 2014-15, no PSUs were incorporated or closed down. This Chapter also covers observations on two departmentally managed Government commercial and trading activities *i.e.* Goa Electricity Department and River Navigation Department.

The details of the State PSUs in Goa as on 31 March 2015 are given in **Table 3.1.1** below.

Table 3.1.1: Total number of PSUs as on 31 March 2015

Type of PSUs	Working PSUs	Non-working PSUs ¹	Total
Government Companies ²	13	1	14
Statutory Corporations	1	1	2
Total	14	2	16

The working PSUs registered a turnover of ₹ 714.08 crore as per their latest finalised accounts as of September 2015. This turnover was equal to 1.36 *per cent* of Gross State Domestic Product (GSDP) for 2014-15. The working PSUs earned aggregate profit of ₹ 6.73 crore as per their latest finalised accounts as of September 2015. They had employed 3,241 employees at the end of March 2015. As on 31 March 2015, there were two non-working PSUs existing for more than two years and having investment of ₹ 5.59 crore.

Accountability Framework

3.1.2 The process of audit of Government companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013. According to Section 2 (45) of the Act, Government company means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments or partly by the Central Government and partly by one or more

¹ Non-working PSUs are those which have ceased their operations

² Government PSUs includes other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013

State Governments, and includes a company which is a subsidiary company of such a Government company.

Further, as per sub-section 7 of section 143 of the Act, the C&AG may, in case of any company covered under sub-section (5) or sub-section (7) of Section 139, if considers necessary by an order, cause test audit to be conducted of the accounts of such company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the C&AG. An audit of the financial statements of a company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory Audit

3.1.3 The financial statements of Government companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by statutory auditors, who are appointed by C&AG as per the provisions of Section 139 (5) or (7) of the Act which shall submit a copy of the audit report to the C&AG which, among other things including financial statements of the company under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by C&AG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Audit of statutory corporations, is governed by their respective legislations. C&AG is the sole auditor for the two statutory corporations *viz.*, Goa Industrial Development Corporation and Goa Information Technology Development Corporation.

Role of Government and Legislature

3.1.4 The State Government exercises control over the affairs of these PSUs 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 the C&AG, in respect of State Government companies and separate audit reports in case of statutory corporations are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The audit reports of C&AG are submitted to the Government under Section 19A of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Goa

3.1.5 The Government of Goa 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, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

Investment in State PSUs

3.1.6 As per latest finalised accounts (30 September 2015), the investment (capital and long-term loans) in 16 PSUs was ₹ 675.72 crore as per details given in *Table 3.1.2* below.

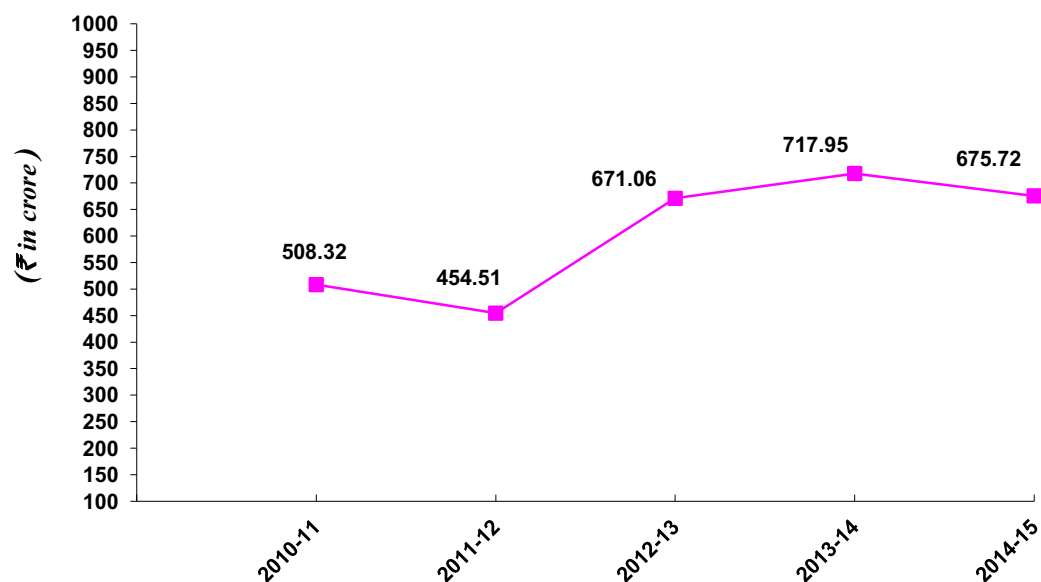
Table 3.1.2: Total investment in PSUs

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	295.20	329.45	624.65	45.48	0	45.48	670.13
Non-working PSUs	5.59	0	5.59	0	0	0	5.59
Total	300.79	329.45	630.24	45.48	0	45.48	675.72

(Source: Information furnished by the PSUs)

As on 31 March 2015, of the total investment in State PSUs, 99.17 per cent was in working PSUs and the remaining 0.83 per cent in non-working PSUs. This total investment consisted of 51.24 per cent towards capital and 48.76 per cent in long-term loans. The investment has grown by 32.93 per cent from ₹ 508.32 crore in 2010-11 to ₹ 675.72 crore in 2014-15 as shown in the graph below.

Chart 3.1.1: Total investment in PSUs

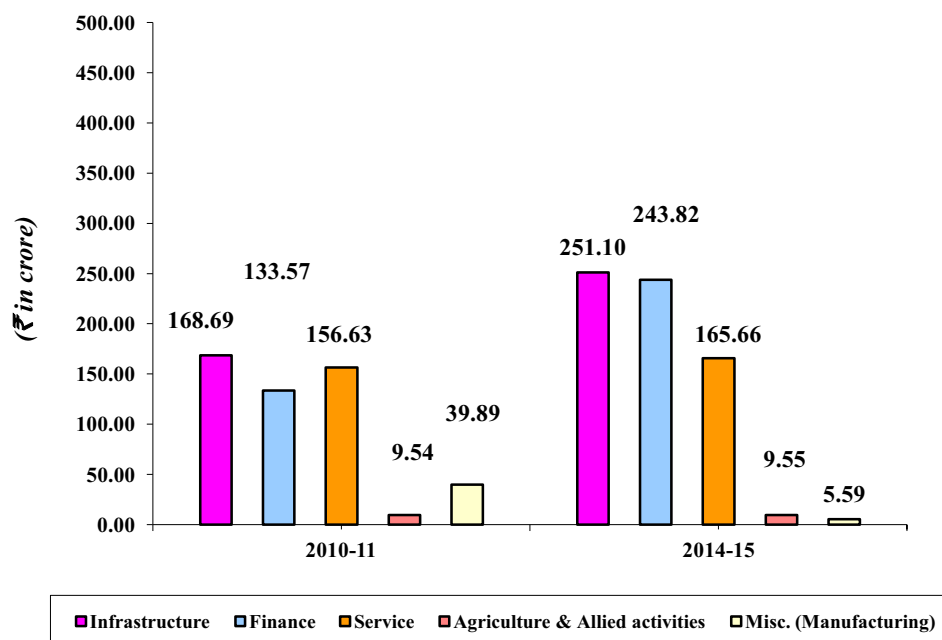


3.1.7 The sector wise summary of investments in the State PSUs as on 31 March 2015 is given in **Table 3.1.3** below:

Table 3.1.3: Sector-wise investment in PSUs

Name of Sector	Government companies		Statutory corporations		Total	Investment (₹ in crore)
	Working	Non-Working	Working	Non-Working		
Infrastructure	3	-	1	1	5	251.10
Finance	4	-	-	-	4	243.82
Service	3	-	-	-	3	165.66
Agriculture and Allied activities	3	-	-	-	3	9.55
Misc. (Manufacturing)	-	1	-	-	1	5.59
Total	13	1	1	1	16	675.72

The investment in the above sectors and percentage thereof at the end of 31 March 2011 and 31 March 2015 are indicated below in the chart.

Chart 3.1.2: Sector wise investment (capital and long term loans) in PSUs

The thrust of PSU investment was mainly in infrastructure and finance sectors. The infrastructure sector increased from 33.19 *per cent* to 37.16 *per cent* and in finance sector from 26.28 *per cent* to 36.08 *per cent* of total investment during 2010-11 to 2014-15.

Special support and returns during the year

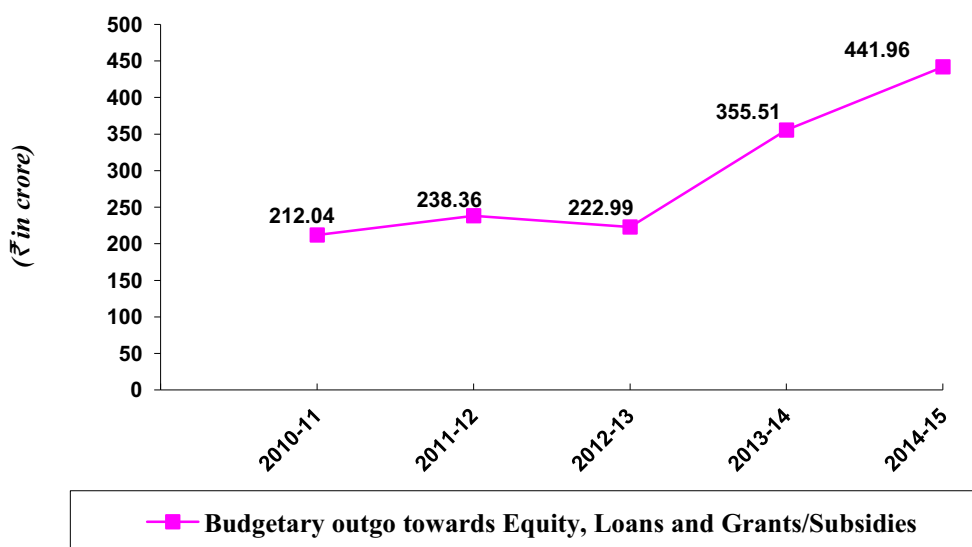
3.1.8 The State Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs are given below for three years ended 2014-15.

Table 3.1.4: Details regarding budgetary support to PSUs

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	4	40.16	0	0	1	0.50
2.	Loans given from budget	1	4.39	1	2.58	1	1.68
3.	Grants/Subsidy from budget	9	178.44	11	352.93	8	439.78
4.	Total Outgo (1+2+3)	10	222.99	11	355.51	10	441.96
5.	Waiver of loans and interest	0	0	0	0	1	0.01
6.	Guarantees issued	1	45	1	25	1	25
7.	Guarantee Commitment	3	80.72	3	85.43	3	131.95

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in a graph below:

Chart 3.1.3: Budgetary outgo towards Equity, Loans and Grants/ Subsidies



Even though the outgo was almost same upto 2012-13, it has increased by 59.43 per cent in 2013-14 and 24.32 per cent in 2014-15.

In order to enable PSUs to obtain financial assistance from banks and financial institutions, State Government gives guarantee subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. This fee varies from 0.25 per cent to one per cent as decided by the State Government depending upon the loanees. The guarantee/commitment increased 57.63 per cent from ₹ 83.71 crore in 2010-11 to ₹ 131.95 crore during 2014-15.

Reconciliation with Finance Accounts

3.1.9 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. The position in this regard as at 31 March 2015 is stated below.

Table 3.1.5: Equity, guarantees outstanding as per finance accounts³ vis-a-vis records of PSUs

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts (2014-15)	Amount as per records of PSUs	Difference
Equity	321.14	346.27	25.13
Guarantees	147.64	131.95	15.69

Audit observed that the differences occurred in respect of 14 PSUs and some of the differences were pending reconciliation since 2001-02. The Government and the PSUs should take concrete steps to reconcile the

³ As per finance accounts, company wise loans were not separately provided, hence loans were not worked out

differences in a time-bound manner. The matter was reported to the PSUs during the audit of annual accounts but the figures are yet to be reconciled.

Arrears in finalisation of accounts of PSUs

3.1.10 The financial statements of companies for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.* by September end in accordance with the provisions of Section 96 (1) of the Act. Failure to do so may attract penal provisions under Section 99 of the Act. 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 as of 30 September 2015.

Table 3.1.6: Position relating to finalisation of accounts of PSUs

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of PSUs/other companies	17	17	17	16	16
2.	Number of accounts finalised during the year	11	13	13	20	15
3.	Number of accounts in arrears	36	40	44	40	41
4.	Number of Working PSUs with arrears in accounts	13	14	15	12	14
5.	Extent of arrears (number of years)	1 to 9 years	1 to 10 years	1 to 10 years	1 to 10 years	1 to 11 years

It could be seen that State PSUs had arrears of accounts which had increased to 41 during 2014-15. Among the above one non-working PSU namely Goa Information Technology Development Corporation (GITDC) has not submitted accounts since its inception (2006-07).

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 stipulated period.

3.1.11 The Government of Goa had invested ₹ 511.59 crore in 15 PSUs (equity: ₹ 5.19 crore in three PSUs, loans: ₹ 8.65 crore in one PSU, grants ₹ 374.86 crore in 10 PSUs and subsidy ₹ 122.89 crore in four PSUs) during the years for which accounts have not been finalised as detailed in *Appendix 3.1*.

3.1.12 In addition to above, one non-working PSU GTIDC had not submitted its accounts since its inception (2006-07) and as such 9 accounts of this company were pending. The data regarding investment made by Government in this PSU was not made available to Audit.

In addition to quarterly intimation to the concerned Department/Ministry, the Deputy Accountant General/Accountant General took up the matter with the State Government/Departments/Ministry for liquidating the arrears of accounts every 6 months. However, no improvement has been noticed in submission of accounts for audit. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments

and expenditure incurred have been properly accounted for and the purpose for which the amount invested was achieved or not. Thus, Government's investment in such PSUs remained outside the scrutiny of State Legislature.

Placement of Separate Audit Report

3.1.13 The position depicted below shows the status of placement of Separate Audit Reports (SARs) issued by the C&AG (up to 30 September 2015) on the accounts of Statutory Corporations in the Legislature.

Table 3.1.7: 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
1	Goa Industrial Development Corporation	2008-09	2009-10	08.11.2011
			2010-11	10.01.2013
			2011-12	10.04.2014
			2012-13	01.05.2015
2	Goa Information Technology Development Corporation (GITDC)	First accounts awaited		

Impact of non-finalisation of accounts

3.1.14 As pointed out above, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2014-15 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is therefore recommended that the administrative department should strictly monitor and issue necessary directions to liquidate the arrears in finalisation of accounts. The Government may also look into the constraints in preparing the accounts of the company and take necessary steps to liquidate the arrears in accounts.

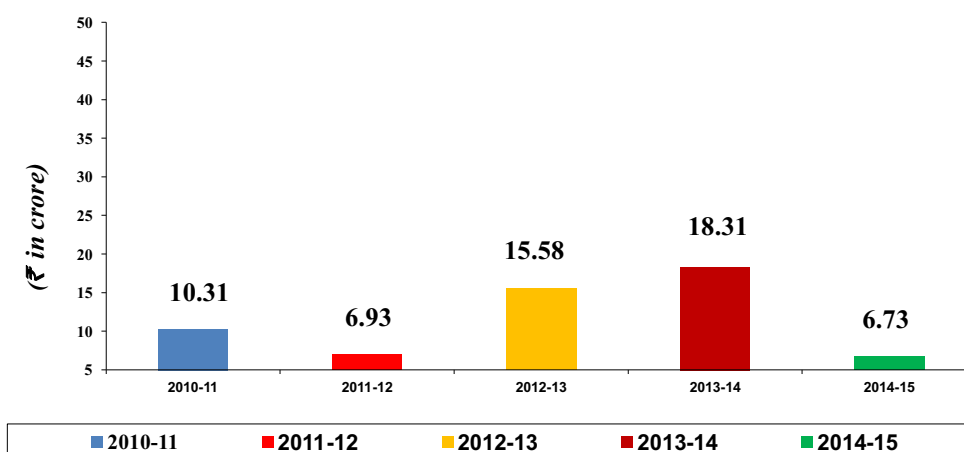
Performance of PSUs as per their finalised accounts

3.1.15 The financial position and working results of working Government companies and Statutory Corporations are detailed in *Appendix 3.2*. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for a period of five years ending 2014-15.

Table 3.1.8: Details of working PSUs turnover vis-a vis State GDP

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover ⁴	413.72	456.48	569.35	652.18	714.08
State GDP	33605	43255	42407	48897	52673
Percentage of Turnover to State GDP	1.23	1.06	1.34	1.33	1.36

3.1.16 Overall profits earned by State working PSUs during 2010-11 to 2014-15 are given below in a bar chart.

Chart 3.1.4

Overall profits earned during the year by working PSUs

During the year 2014-15, out of 14 working PSUs, eight PSUs earned profit of ₹ 35.72 crore, six PSUs incurred loss of ₹ 28.99 crore, one non working Company (GAAL) incurred loss of ₹ 0.78 crore and one non-working PSU (GITDC) has not submitted their accounts since inception. The major contributors to profit was from EDC (₹ 25.11 crore). The heavy losses were incurred by KTCL (₹ 24.05 crore).

3.1.17 Some other key parameters of PSUs are given below.

Table 3.1.9: Key Parameters of State PSUs

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed (Per cent)	7.25	6.68	8.94	9.21	7.49
Debt	212.48	139.27	314.07	367.15	329.45
Turnover ⁵	413.72	456.48	569.35	652.18	714.08
Debt/Turnover Ratio	0.51:1	0.31:1	0.55:1	0.56:1	0.46:1
Interest Payments	31.30	27.49	29.13	38.16	34.75
Accumulated Profits (losses)	(36.00)	(46.15)	(46.22)	(47.24)	(37.99)

As per latest finalised accounts, during the last five years, the turnover of PSUs recorded compounded annual growth of 11.57 per cent. However, the

⁴ Turnover of working PSUs as per the latest finalised accounts as of 30 September of respective years

⁵ Turnover of working PSUs as per the latest finalised accounts as of 30 September

compounded annual growth of debt was 9.47 per cent which was slower than the turnover. It can be seen that debtor/turnover ratio has decreased from the previous year, indicating decreased borrowing compared to turnover by PSUs.

Winding up of non-working PSUs

3.1.18 There were two non-working PSUs (One Company and one Statutory Corporation) as on 31 March 2015. Of these, the holding PSU of the company (GAAL) had commenced liquidation process. The status of liquidation process of non-working Corporation was not made available.

The numbers of non-working PSUs at the end of each year during past five years are given below.

Table 3.1.10: Non working PSUs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
No. of non-working companies	0	0	0	1	1
No. of non-working corporations	1	1	1	1	1
Total	1	1	1	2	2

Since the non-working PSUs are not contributing to the State economy and meeting the intended objectives, these PSUs may be considered either to be closed down or revived. During 2014-15, one non-working PSU incurred an expenditure of ₹ 1.88 crore towards cost of material consumed, employee benefits expenses, finance cost and other expenses. This expenditure was financed by sale of products; job works receipt, sale of scraps and short term borrowing from the holding company.

3.1.19 During the year 2014-15, no companies/corporations were finally wound up. In respect of GAAL the holding Company (EDC) had advertised for sale of assets of GAAL but winding up was not taken up.

Accounts Comments

3.1.20 Fifteen PSUs forwarded 15 audited accounts to Accountant General during the year 2014-15. Of these, eight accounts of six companies were selected for supplementary audit. The audit reports of statutory auditors appointed by C&AG and the supplementary audit of C&AG indicate that the quality of maintenance of accounts needs to be improved substantially.

The details of aggregate money value of comments of statutory auditors and C&AG are given below.

Table 3.1.11: Impact of audit comments on working Companies

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	12.21	4	1.38	1	0.61
2.	Increase in loss	2	1.95	3	18.53	2	5.74
3.	Non-disclosure of material facts	5	2.50	2	0.64	2	0
4.	Errors of classification	2	0.13	0	0	0	0

(₹ in crore)

During the year, the statutory auditors had given unqualified certificates for seven accounts, qualified certificates for four accounts, adverse certificates (which means that accounts do not reflect a true and fair position) for one accounts and disclaimers (meaning the auditors are unable to form an opinion on accounts) for two accounts. The compliance of companies with the Accounting Standards remained poor as there were nine instances of non-compliance in five accounts during the year.

Response of Government to Audit

3.1.21 For the Report of the C&AG for the year ended 31 March 2015, a performance audit and three audit paragraphs involving ₹ 134.57 crore were issued to the Additional Chief Secretaries/Principal Secretaries of the respective departments with request to furnish replies within six weeks. However, replies were awaited from the State Government (January 2016).

Follow up action on Audit Report

3.1.22 The Report of the C&AG of India represents the culmination of the process of audit scrutiny. It is therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Goa issues instructions every year to all administrative departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the C&AG of India within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

However, out of 61 paragraphs, 8 performance audits, the explanatory notes to five performance audits and 29 paragraphs incorporated in the Audit Reports for the period from 2004-05 to 2013-14 have not been received as detailed in the table below:

Table 3.1.12: Explanatory notes not received (as on 30 September 2015)

Year of the Audit Report (Commercial/ PSU)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2004-05	12 July 2006	2	2	1	0
2005-06	30 July 2007	1	7	1	2
2006-07	19 August 2008	1	8	0	4
2007-08	24 March 2009	1	10	0	7
2008-09	25 March 2010	1	8	1	3
2009-10	17 March 2011	1	5	1	1
2010-11	20 March 2012	0	8	0	2
2011-12	10 October 2013	0	5	0	3
2012-13	23 July 2014	1	5	1	4
2013-14	14 August 2015	0	3	0	3
Total		8	61	5	29

Discussion of Audit Reports by COPU

3.1.23 The status as on 30 September 2015 of Performance Audits (PAs) and paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) was as under.

Table 3.1.13: PAs/paragraphs appeared in Audit Reports vis-a-vis discussed as on 30 September 2015

Period of Audit Report	Number of PAs/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2004-05	2	2	0	0
2005-06	1	7	0	2
2006-07	1	8	0	0
2007-08	1	10	0	0
2008-09	1	8	0	0
2009-10	1	5	0	5
2010-11	0	8	0	0
2011-12	0	5	0	0
2012-13	1	5	0	0
2013-14	0	3	0	0
Total	8	61	0	7

Compliance to Reports of COPU

3.1.24 Action Taken Notes (ATNs) to four paragraphs pertaining to a Report of the COPU presented to the State Legislature on 04 February 2011, had not been received (September 2015) as indicated below:

Table 3.1.14: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	No. of recommendations where ATNs not received
2003-04	1	4	4

This Report of COPU contained recommendations in respect of paragraphs pertaining to three departments/PSUs, which appeared in the Report of the

C&AG of India for the year 2003-2004.

The Government may ensure sending of replies to draft paragraphs/ performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule and recovery of losses/outstanding advances/ overpayments within the prescribed period.

Disinvestment, Restructuring and Privatisation of PSUs

3.1.25 No disinvestment or privatisation of PSUs had taken place during 2014-15.

Reforms in power sector

3.1.26 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 Union Territories”, under the Electricity Act 2003. Presently, the commission is in the process of framing various regulations as mandated in Electricity Act, 2003 to facilitate its functioning.

A Memorandum of Understanding (MoU) was signed in October 2001 between the 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 except the State Government was yet to corporatise Electricity Department which was due on 31 March 2002.

Coverage of this Audit Report

3.1.27 This chapter contains a Performance Audit on GIDC and three paragraphs involving financial effect of ₹ 134.57 crore.

DEPARTMENT OF INDUSTRIES

3.2 PERFORMANCE AUDIT OF ESTATE MANAGEMENT OF GOA INDUSTRIAL DEVELOPMENT CORPORATION

Executive Summary

The Goa Industrial Development Corporation was established in February, 1966 under the provisions of Goa, Daman and Diu Industrial Development Act, 1965 with the objective of securing and assisting rapid and orderly establishment of industries in Industrial Areas and Industrial Estates (IEs) in Goa. The main activity of the Corporation is development of industrial estates and includes acquisition and development of land, maintenance of trunk infrastructure and allotment of plots to industries. A performance audit of estate management by the Corporation covering the period 2010-15 was conducted. The significant audit findings are stated below:

- The Corporation did not prepare annual plans for development and allotment activities detailing the physical and financial targets to be achieved. There was neither a database on industrial units

existing nor inventory details of plots to facilitate macro analysis and proper planning for optimal estate management.

(Paragraph 3.2.6.1)

- Inconsistencies in scrutiny of applications for plot allotments.

(Paragraphs 3.2.6.2)

- There were cases of under recovery of infrastructure development cost amounting to ₹ 3.12 crore from the allottees of Tuem Industrial Estate.

(Paragraph 3.2.6.5(ii))

- The Corporation did not convert land use and develop infrastructure for the allotted plots in Sanguem Industrial Estate (4.99 lakh m²) and Amona-Navelim (2.11 lakh m²) resulting in non-utilisation of plots by the allottees for 9 to 11 years.

(Paragraph 3.2.6.5(iii))

- The Corporation did not act against defaulting allottees identified by the Task Force Committee in 2011, for non-utilisation of plots. This resulted in 3.53 lakh m² land remaining unutilised besides non-levy of penalty of ₹ 20.36 crore.

(Paragraph 3.2.6.6)

- There was under-charging of transfer fee by ₹ 6.99 crore and the Corporation failed to examine the ownership structure of transferors resulting in loss of ₹ 1.83 crore.

(Paragraph 3.2.6.7(i) and (iv))

- The Corporation failed to revise the plot rates periodically resulting in loss of revenue of ₹ 75.28 lakh.

(Paragraph 3.2.6.7)

- The Corporation had incurred a loss of ₹ 5.25 crore due to under billing of water charges to the industrial units in 15 estates. The water arrears from industrial units was ₹ 11.34 crore at the end of 2014-15.

(Paragraph 3.2.6.8)

- Corporate governance suffered due to poor participation by state representatives in the Board and its sub-committees.

(Paragraph 3.2.6.10)

3.2.1 Introduction

The Goa Industrial Development Corporation (Corporation) was established in February, 1966 under the provisions of Goa, Daman and Diu Industrial Development Act, 1965 with the objective of securing and assisting rapid and orderly establishment of industries in Industrial Areas and Industrial Estates (IEs) of Goa. The main activities of the Corporation are acquiring land for industrial purposes, providing basic infrastructure facilities like roads, power, water, drainage *etc.* and allotting plots to entrepreneurs for setting up industries. The Corporation has so far established 22 IEs⁶ in Goa, Daman and Diu.

⁶ Corlim, Margao, Sancoale, Daman, Mapusa, Tivim, Bicholim, Kakoda, Honda, Bethora, Canacona, Kundaim, Diu, Tuem, Verna, Cuncolim, Pilerne, Madcaim, Pissurlem, Colvale, Shiroda and Sanguem

The Corporation has two crore square metre (m²) of land acquired through purchase and lease, of which 4.82 lakh m² plot area was acquired during the period 2010-15. The land acquired for establishing IEs has been developed into 3,459 plots of which 3,312 have been allotted.

3.2.2 Organisation

The management of the Corporation is vested in a Board of Directors (Board) consisting of 12 members. The Managing Director (MD) is the Chief Executive and also Ex-Officio Secretary to the Corporation. He is assisted by respective divisional heads of the Corporation. A Land Acquisition Officer (LAO) has been deputed by the State Government for acquisition of land for the Corporation. The Corporation has a sanctioned staff strength of 322 against which the men-in-position (March 2015) were 199.

3.2.3 Scope and Audit Objectives

The performance audit was conducted with a view to ascertain as to whether the Corporation had;

- formulated plans for development of IEs in line with industrial policies of the State/Centre;
- allotted plots to industries after due appraisal and created requisite infrastructure in an economic and efficient manner;
- monitored the land utilisation for authorised usage within prescribed time frame; and
- established effective internal controls.

The performance audit covered transactions during the five years ending 31 March 2015 to evaluate the effectiveness of estate management by the Corporation. Land acquisition, plot allotment, plot transfer, infrastructure development, plot utilisation and revision of plot rates and lease rent were reviewed.

3.2.4 Audit Criteria

The audit criteria adopted for assessing the achievement of audit objectives were derived from the following;

- The GIDC Act, 1965 and Regulations notified by the State Government (Transfer and Sub-lease regulations, Allotment Regulations *etc.*) and other specific directives;
- Industrial policy of the State Government and directives issued;
- Resolutions of the Board and approved budgets and accounts;
- Laid down procedures of the Corporation for allotment and transfer of land; and
- Terms and conditions contained in lease agreement and Rules framed for fixation of lease premium, lease rent, levy of penalty, recovery *etc.*

3.2.5 Audit Methodology

The audit objectives and scope of performance audit were communicated to the Principal Secretary and other representatives of the State Government/Corporation in the entry conference held on 18 May 2015. The records kept in the GIDC, Panaji and administrative offices at seven⁷ IEs were test checked. The plot allotment and transfer process was examined by selecting a sample of four⁸ out of 22 IEs where maximum number of transactions had taken place during the review period. The preliminary replies of the Corporation had been incorporated at appropriate places in this Report. The recommendations emanating from the audit were discussed in an exit conference held (January 2016) with Secretary, Industries. The replies of the Corporation and Government to the draft Performance Audit Report are awaited (January 2016).

3.2.6 Audit Findings

3.2.6.1 Planning

The Industrial Policy 2003 of Goa provided for an overall approach towards economic growth of the State through accelerated industrial development with high quality infrastructure to enable optimum utilisation of the State's resources. The identified thrust areas for focussed attention include pharmaceuticals, drugs and bio-tech industries, food processing and agro based industries, IT & IT enabled services, tourism and entertainment industry.

We observed that:

(i) The Corporation did not prepare annual plans for development and allotment activities detailing the physical and financial targets to be achieved by various functional divisions and the operational/financial need forecast for land development, creation and upgradation of infrastructure/utilities and maintenance activities.

(ii) Neither the Corporation nor the Department of Industries, Trade and Commerce maintains a database of various kinds of industrial units existing in the State, industry-wise plots allotted, employment created in the IEs and viability of the industries *etc.*, to review the gaps in accordance with the thrust areas identified in the Industrial Policy 2003 and to plan for the allotment of plots in accordance with the State's industrial policy. Though, an allottee was required to mention the employment potential in his application, no systematic review and compilation of actual employment statistics was done.

(iii) Undeveloped land and developed plots form the core inventory of the Corporation. An updated inventory database containing primary details like plots under allotment, plots allotted but not utilised, plots partially utilised, plots without approach roads, plots under transfer, plots mortgaged with banks, categorisation on the basis of nature of plot area (hilly, rocky,

⁷ Verna, Bicholim, Canacona, Betoda, Kundaim, Madcai and Corlim

⁸ Kundaim, Verna, Pissurlem and Kakoda for plot allotments and Verna, Pilerne, Cuncolim and Madkaim for examining transfer cases

marshy *etc.*) and categorisation on the basis of land use (agricultural, orchard, industrial, forestry *etc.*) was not maintained by the Corporation. Maintenance of basic inventory details would have facilitated macro analysis and proper planning for optimal estate management and to set criterion for allotment of plots and development of IEs at par with the Industrial policy 2003.

3.2.6.2 Allotment of Plots

The Corporation framed (September 2012) Allotment Regulations 2012 (Regulations) for plot allotment. The Regulations were further revised in August 2014. Till the introduction of the Regulations, allotment of plots was made to interested parties after approval of the Board. The Corporation allotted 4.36 lakh m² land in 11 IEs to 163 units during 2010-15.

(i) Inconsistencies in evaluation of applications for plot allotments

The Regulations 2012 required that the applications received be verified by a Scrutiny Committee constituted by the Managing Director so as to ensure their completeness in all respects. The Scrutiny Committee was required to submit all the applications to the Screening Committee (SC) with a check-list indicating the shortcomings in the applications. Incomplete applications were to be considered only, if complete applications were not sufficient to fill the vacancies of plots. These incomplete applications could be considered only after submission of all necessary documents and payment of fees as required, after extending the time of receipt of applications through an advertisement following the procedures similar to inviting fresh applications.

3.2.6.3 Allotments made in 2012

In September 2012 the Corporation advertised for allotment of plots in three IEs of Tuem (43 plots), Pissurlem (18 plots) and Kakoda (9 plots). We examined the procedure followed for allotment and the observations are discussed below:

(i) The SC decided to categorise the applications into six groups *viz.*, applications complete in all respect; applications with minor non-conformity; applications with major non-conformity; old pending applications; applications for purpose other than manufacturing and applications for setting up liquor industry.

As per the criterion framed by the SC for applications with minor non-conformity, letters were required to be sent to individual applicants stating their respective non-conformities and giving a time period of 10 days for submission of the balance documents/information. The applications were required to be scrutinised afresh after ten days and the complying applicants were to be called for personal interview for evaluating the project feasibility and the justification for the area applied. In case of major non-conformity, the applications were recommended for rejection after deducting the processing fee. We observed that 37 out of 66 persons whose applications were classified as having minor non-conformities were called for interviews and even allotted plots without getting the applicants to submit the requisite documents.

(ii) The SC had not predetermined major or minor non-conformity leading to inconsistencies in evaluating applications. In its absence, it was observed that in respect of 25 applicants non-submission of aadhar card, PAN card, entrepreneur memorandum, proof of financial strength, technical education, birth certificate *etc.*, were treated as minor non conformities and plots were allotted in Tuem, Pissurlem and Kakoda IEs. Eighteen other applications were rejected due to non-submission of these documents, treating them as a major non-conformity. Thus, there was a lack of consistency in evaluating applications.

(iii) Applicants were selected even when they had made short payment of processing fee and security deposit, while at the same time some of the applicants were rejected on the same grounds as illustrated in the **Table 3.2.1** below:

Table 3.2.1: Applicants selected in spite of short payment of processing fee and security deposit

Sl. No.	Industrial Estate	Applicants selected for allotment of plot	Applicants rejected showing major non-conformity
1	Pissurlem	<ul style="list-style-type: none"> • M/s Desai Concrete Casting (short payment of Processing fee and security deposit: ₹ 57,000) • M/s Om Ventures (short payment of security deposit: ₹ 4,000) • M/s Mauli Industries (short payment of security deposit: ₹ 18,000) 	<ul style="list-style-type: none"> • M/s VIC Industries (short payment of security deposit: ₹ 7,000) • M/s Naik Udyog (short payment of security deposit: ₹ 10,000)
2	Kakoda	<ul style="list-style-type: none"> • M/s Shiv Shakti Industries (short payment of Processing fee and security deposit: ₹ 28,000) • M/s Ansuya Traders (short payment of Processing fee and security deposit: ₹ 43,000) 	<ul style="list-style-type: none"> • M/s Goa Packaging (short payment of security deposit: ₹ 10,000)

(iv) As per rule 8 (vii) of Regulations, the applicant was required to enclose proof of financial strength/support certified by a Chartered Accountant (CA) or Bank/financial institution. We observed that allotments were made to M/s Desai Concrete Casting, M/s Goa Engineering Works and M/s. Omni Impex Pvt. Ltd. who had not submitted any proof of financial strength.

We also observed that in 66 test checked cases, the CA certificates on financial strength, where submitted, did not clearly list out documents/records examined to give assurance about the soundness of the financial strength of the applicant. The Corporation also did not insist for attaching any collateral document (applicant's asset valuation, bank statement *etc.*) along with the application to review the financial capability of the applicant. We noticed that the applicants were submitting letters from banks stating that the bank had agreed to consider their proposal favourably. Such letters from banks submitted by applicants do not reflect financial strength of the applicants especially when the applicants mortgage the plot allotted, to avail loans from banks for their projects.

(v) As per clause 8 (vi) of Regulations, the SC was required to scrutinise applications and detailed project report (DPR) furnished by the applicants. DPRs submitted by applicants who were allotted plots in Tuem, Pissurlem and Kakoda IEs were examined and noticed as under:

- The scrutiny committee did not disclose the non-submission of DPR with the application form by M/s. Omni Impex. The SC also recommended the plot allotment without calling for and evaluating the DPR as per the procedure laid down in Regulations.
- 20 applicants were allotted plots though they had not provided information on source of finance, employment generation, projected production capacity, financing cost, projected operating cost, working capital, projected sales turnover and market demand, return on investment, implementation schedule, fixed assets and capital expenditure, assumption for production and profitability *etc.*, in their DPRs.
- None of the DPRs were evaluated by any competent agencies *e.g.* CAs/financial institution.
- The SC had not kept on record its evaluation remarks relating to any of the DPRs assessed by them.

Such inconsistent evaluation of applications could lead to allotment of plots to the ineligible parties. It was also observed that out of the 25 allotments made in 2012, 12 parties had not submitted their construction plans (January 2016). The Corporation, assured to examine on case to case basis.

3.2.6.4 Allotments of 2014

The Corporation advertised (June 2014) for allotment of seven plots at Kundaim, nine plots at Pissurlem, four plots at Cuncolim and one shed and one plot at Honda IE on the basis of Allotment Regulation, 2014 (Regulations 2014). It further advertised (27 June 2014) for allotment of eight plots at Shiroda IE.

A three member scrutiny committee scrutinised the applications and categorised them into complete and incomplete applications. As per Regulations 2014, the committee was required to reject applications that were not accompanied with a project report, proof of financial strength, prescribed security deposit and processing fee. Applicants with incomplete details were required to be granted additional seven working days for submitting the remaining details after which the scrutiny committee was to submit all complete applications along with a checklist and documents to the Screening Committee (SC). The SC was required to screen the completed applications with an objective to establish the genuineness of the applicant, the viability of the project and assess employment and revenue generation to the State. For this purpose, SC was required to form a set of guidelines and take assistance of any expert in the field.

- We observed that in some cases, the applications for plot allotment at Pissurlem were categorised as ‘complete applications’ though the concerned applicants had not furnished the required documents stipulated in the Regulations 2014.
- No correspondence with the applicants to remove the non-conformities was noticed.

Criteria namely priority ranking⁹ (110 marks), genuineness/credentials (20 marks), viability and category of project (20 marks), employment and revenue generation (30 marks) and investment potential (20 marks) were fixed for the evaluation of the applications. However, there were no parameters, fixed for assessing ‘genuineness and credentials’. We observed that the Corporation assigned varying marks to the same applicants at different locations as indicated in **Table 3.2.2** below:

Table 3.2.2: Marks assigned for Genuineness and Credential of the applicant

Applicants	Industrial Estates	Marks assigned for genuineness/credentials	Industrial Estates	Marks assigned for genuineness/credentials
Talak Developers Pvt. Ltd. (TDPL)	Shiroda	14	Pissurlem	11
Yashashri Polyplast	Shiroda	18	Kundaim	14
Glazetek System	Shiroda	10	Cuncolim	18
Talak Construction	Shiroda	17	Cuncolim	10

We also observed inconsistencies in assignment of marks for employment generation and investment potential. A few of these cases are presented in **Table 3.2.3 and 3.2.4** below:

Table 3.2.3: Marks assigned for employment generation

Sl. No.	Applicant Name	Persons to be employed (in number)	Marks assigned
1	Talak Developers Pvt. Ltd.	24	3.33
2	Esmeralda Metals	16	4.72
3	Kovelenco Industries	16	6.00
4	Krishna aqua	6	1.80
5	Ganesh Engineering	6	2.25
6	Akruti Enterprises	8	3.00
7	Vic Industries	9	2.66

Table 3.2.4: Marks assigned for investment potential

Sl. No.	Applicant Name	Investment Potential (₹ in lakh)	Marks assigned
1	Kovelenco Industries	41.72	10.43
2	Ganesh Engineering	55.25	13.81
3	Krishna Aqua	62.50	12.50
4	Nityay Water	68.00	17.00
5	SMR Engg. Works	75.50	6.99
6	Paras Metal Industries	85.00	7.87
7	Prabhakar R. Sadekar	150.00	14.00

As could be seen from above the marks assigned had no relation to number of people employed or investment committed. The Corporation assured that it would instruct the Scrutiny Committee and Screening Committee to examine the audit findings in detail. From the facts borne out in the preceding paragraphs the arbitrariness in allotment of plots based on the marks assigned to applications was evident.

⁹ To cater to the needs of local people, existing industrial units in need of expansion/ diversification and villagers whose land was acquired for development of industrial estate

3.2.6.5 Creation and maintenance of facilities in IEs

(i) Loss due to non-recovery of infrastructure development cost

The Corporation advertised (September 2012) for allotment of 43 plots with area between 1,000 m² and 3,000 m² at Tuem IE (Phase II) and allotted 41 plots (March 2015) at ₹ 1,000 per m² at tentative rates.

We observed that the cost of infrastructure development and various other costs were not considered while fixing the plot rate. The Corporation issued offer of allotment to 41 applicants without stipulating its terms for subsequent recovery of the infrastructure development cost. Even before the advertisement of the plot allotment, its field manager¹⁰ had submitted the cost of plot ₹ 1,305 per m² in order to recover the infrastructure development cost including land conversion cost and other related expenditure. Thus, due to fixation of lower lease premium rate, the differential amount of the plot rate worked out to ₹ 359.45 per m² culminated in a loss of ₹ 3.12 crore approximately.

Besides, the Corporation had advertised for allotment of plots even before receipt of NOC from the Town and Country Planning Department and Forest Department for conversion of land from agricultural to non-agricultural for Tuem IE Phase II. Repeated revision in plans delayed the plot allotment by three years and it also did not provide necessary infrastructure facilities like road construction, laying of water supply pipelines, street lighting, etc., before going for plot allotment to the industrial units. The Corporation awarded (February 2015) the work of road construction at a cost of ₹ 3.24 crore. The other works were still in the stage of cost estimation and have not been approved by the Board.

Thus, the Corporation weakened its own position to recover the differential plot rates on account of its own failure, by unduly delaying the issue of allotment orders and non-creation of infrastructure facilities even till date.

(ii) Non-creation of approach roads leading to non-utilisation of plots

As per clause 19 of the terms and conditions for allotment of plots, the building construction plans should be submitted to the Corporation for approval within three months from the date of issue of allotment order. Construction of the building should be started within six months and production should be started within two years from the date of allotment of plot. Failure to comply with this condition, the allotment was liable for cancellation and any loss occurred to the Corporation had to be recovered from the allottee.

During April 2010 to 2012, 79 allotments were made in Verna, Kundaim, Pissurlem and Kakoda IEs. Our scrutiny of 65 of these allotments showed that though 23 allottees had not submitted construction plans, the Corporation issued show cause notices to only two of them. In another 39

¹⁰ Field Manager is in-charge of the Industrial Estate and looks after the preparation of preliminary/detailed estimates of various infrastructure projects to be taken within the IE, drafting of notice inviting tender and other notices for payment of water bills, lease rent etc., supervision of building, road works etc. scrutiny of drawing/plans submitted by entrepreneurs etc.

cases where the plans were submitted and approved by the Corporation, construction activities had not been completed in 23 cases.

We further observed that that the Corporation had allotted plots without creating proper approach road and land development to make it suitable for taking up factory construction work by the allottees. In eight plot allotments made in 2010-12 in Verna IE and one at Kundaim IE, the allottees¹¹ did not start any construction due to lack of approach road to their allotted plots.

The Corporation accepted (November 2015) the facts.

(iii) Allotment of plots without development or land conversion led to idling of land acquired in Sanguem (4.99 lakh m²) and Amona-Navelim (2.11 lakh m²)

The Corporation acquired (December 2001) 4,98,850 m² of land in Sanguem for the purpose of setting up an IE. The Corporation decided (March 2004) to allot plots (total area of saleable plots 4,00,850 m²) at ₹ 63 per m² without any infrastructure development or land conversion to applicants. Accordingly, six plots measuring 1,84,120 m² were allotted to applicants during the period 2004-08. Balance plots measuring 2,16,730 m² were not allotted till date (January 2016). The utilisation status of the six allottees are indicated in **Table 3.2.5** below:

Table 3.2.5: Details of plot utilisation status in Sanguem Industrial Estate

Name	Plot No.	Allotment date	Area in m ²	Utilisation	Percentage of Utilisation	Remarks
M/s Srithik Ispat Pvt. Ltd.	P-3	13.04.2004	90000	1867.62	2.08	Production commenced; Very low utilisation
M/s Mahadev Agencies	P-5	13.06.2007	5005	38.31	0.77	Very low utilisation
M/s Madhu K Naik	U-3	29.07.2008	718	-	-	Vacant
M/s Samapriya Holistic Healing	2A	04.05.2006	25297	-	-	Repossessed on December 2014
M/s Asia Pacific Breweries	4A	04.04.2008	38000	-	-	Surrendered on February 2014
Dinesh K N Desai	U-1	07.04.2008	25100	-	-	Show Cause Notice issued December 2014

Similarly, the Corporation also acquired (June 2004) 2,10,653 m² of land in Amona-Navelim (Bicholim Taluka) for the purpose of setting up an IE. The Corporation allotted plots (2005 and 2006) at ₹ 50¹² per m² to three parties (total area of saleable plots 1,74,753 m²) without any infrastructure development or conversion. The allottees were required to ensure conversion

¹¹ M/s Tycon Medical Devices Pvt. Ltd., M/s GEF Logistics, M/s Arjun Travels, M/s G.P. Enterprises, M/s Punjab & Sind Dairy Products, M/s Priority Automobiles, M/s Ferns Infrastructure, M/s Lokmat Media and M/s Nakoda Flour Mills Pvt. Ltd.

¹² the prevalent rate in Bicholim IE was ₹ 100 per m² till February 2006 and ₹ 225 per m² thereafter

and infrastructure development at their own cost. The utilisation status of the three allottees is mentioned below:

Table 3.2.6: Details of plots utilisation status in Amona-Navelim

Name	Plot No.	Allotment date	Area in m ²	Utilisation in m ²	Percentage of Utilisation	Remarks
M/s Mohit Ispat Ltd.	P-1	17.10.2005	50000	5427.37	10.85	Very low utilisation
M/s West Coast Ingots Pvt. Ltd.	P-2	03.11.2005	40000	-	-	Unutilised
M/s Marmagoa Sponge Pvt. Ltd.	P-3, 4	23.05.2006	84753	-	-	Unutilised; cancellation initiated in June 2013

We observed in both cases that allotment of plots to entrepreneurs without development and conversion was the prime reason for industrial inactivity. The allotments were made despite the directions (March 2002) of State Government not to allot land before conversion from agricultural to industrial use. Thus, the land acquired in 2001 (Sanguem IE) and 2004 (Amona-Navelim) did not result in any meaningful industrial development, employment generation, commercial activity *etc.*, defeating the very purpose of allotment to industrial units.

3.2.6.6 Non-utilisation of Plots

(i) Inaction against defaulting plot allottees identified by the Task Force Committee

The Task Force Committee (TFC) constituted (August 2010) by the Government to identify under-utilised and un-utilised plots in various IEs highlighted (November 2011) 244 un-utilised plots belonging to 146 allottees involving 6.37 lakh m² (allotted between 1989 and 2009). The TFC recommended time bound action on the highlighted cases through a 'Screening and Review Committee' (SRC). The Government notified (October 2011) a 10-member SRC for reviewing these cases. The SRC supervised issue of show cause notices (January 2012) to the defaulting allottees and considered their replies. The SRC was, however, dissolved (July 2012) before it could make any final recommendations on defaulting allottees.

Subsequently, a sub-Committee¹⁴ of the Board was formed (March 2013) to review the cases pointed out by TFC. The sub-Committee recommended (April 2013) withdrawal of the show cause notices to enable the allottees to commence construction in 30 *per cent* plot-area (within 6 months of withdrawal of notice) and commence production within 2 years. The plots were to be repossessed in case of continuing default by the allottees after the stipulated period. With regard to the excess area remaining unutilised in respect of plots measuring over 2,000 m², these were recommended to be taken back after expiry of six months period.

¹⁴ Comprising of Managing Director as Chairman, President - GCCCI, President - GSIA and other two independent Directors

We observed that the decision of the Corporation to withdraw (on case-to-case basis) the show cause notices issued under supervision of SRC on defaulting allottees after 15 months of notice period lacked any justification considering that all the defaulting allottees had kept their land unutilised from four to 24 years (with most plots lying vacant for seven years and above) as against stipulated period of two years. The Corporation did not levy penalty of 30 *per cent* of the plot premium as per the Regulations, 2012. The non-levy of penalty totalling ₹ 20.36 crore in 126 cases (excluding repossessed plots) was an undue favour to the defaulting allottees.

The present status of action on the defaulters *vis-a-vis* the recommendations of the sub-committee (April 2013) which was accepted by the Board is indicated in the table below:

Table 3.2.7: Status of action on defaulting allottees

Sl. No.	Recommendation of sub-committee	Present status	Implication
1.	Show cause notice to be withdrawn immediately subject to submitting an undertaking to construct at least 30 <i>per cent</i> of the plot area and commence construction within six months and production within a period of two years, failing which plot allotment to be cancelled.	<ul style="list-style-type: none"> 69 allottees with 2.05 lakh m² area had not achieved the minimum utilisation of 30 <i>per cent</i> of the plot area. The plots remained unutilised due to no construction or construction abandoned by 31 more allottees (1.48 lakh m²). No action of plot cancellation initiated till date. 	Failure to repossess 31 plots of 1.48 lakh m ² remaining unutilised has deprived the Corporation of land worth ₹ 23.93 crore which were idle for a period of 05-25 years. (Allotments from 1989 to 2009).
2.	Plots measuring 2,000 m ² and above wherein excess area remains unutilised be taken back.		This would have enabled partial repossession of 28 plots from defaulting allottees holding plots of area 1.68 lakh m ² . The value could not be worked out as the excess area was not available in the records.
3.	In case the defaulting allottees do not surrender then steps to be taken to repossess the plots.	As on March 2015, the Corporation had repossessed plots of only 16 allottees and no action against 100 defaulters.	As in serial No. 1 above
4.	No transfer to be allowed at least for a period of five years initially.	9 allottees (whose name appeared in the TFC report) with area measuring 0.18 lakh m ² were allowed to transfer the plots. Four more allottees with plot area of 0.08 lakh m ² had applied to the Corporation for transfer and were under consideration.	By permitting transfers, the Corporation had sent a wrong message to the defaulting allottees to transfer plots to third parties and escape any action for violation of allotment conditions and non-utilisation of plots. Thus, while the defaulting allottees made a gain by transferring the plots at market rate, at the same time evades all penalties encouraging unaccountability for non-utilisation of plots.

The sub-committee met only twice since its formation, had not taken any initiative to review the progress made by the allottees as per the assurances given by them and the show cause notices were withdrawn without (a) payment of all outstanding dues, (b) payment of penalty for non-utilisation in the past period and (c) legally enforceable undertaking from allottees to smoothen the process of repossession by the Corporation.

The Corporation assured (September 2015) to examine on a case to case basis.

(ii) Inability of the Corporation to act against defaulting plot allottees due to mortgage of plots to banks/financial institutions

The Corporation permits the allottees to mortgage the plots to Banks/Financial Institutions (Bank) for the purpose of availing loan after the execution of lease deed. This practice was formally ratified by making a provision in the Transfer and Sub-lease Regulations, 2013. As per the laid down procedure, the Corporation issues a No-Objection Certificate (NOC) to the bank for creating first charge on the plot in favour of the concerned bank. The bank in turn extend loan to the allottees against the mortgage of the leasehold rights of plot. In case of default in repaying the loan, the plot is attached by the bank and auctioned at market rates to recover the loan. The transfer of leasehold rights through auction (from defaulting allottee to a new allottee) is ratified by the Corporation through levy of prescribed transfer fees (15 *per cent* of plot premium) as per clause 7(e) of the said Regulations. Prior to the Transfer Regulation, 2013 the Corporation charged 20 *per cent* of the plot premium as its transfer fee. Our scrutiny revealed that;

- The condition numbers 11¹⁵ and 12¹⁶ of the allotment order enabled the Corporation to cancel the allotment in case of default. However, by allowing creation of first charge of plot leasehold rights in favour of bank, the Corporation had lost its right to repossess the plot in case of violation by the allottee/allottees.
- To illustrate with a case, M/s Erica Life Sciences Pvt. Ltd., an allottee (2006) of 37,240 m² of plot at Verna IE did not utilise the plot. The Corporation had not even served a show cause notice to the allottee since the bank had informed (2012) the Corporation of its decision to attach the plot. There was no progress in the past three years on auction/repossession of the plot. However, the Corporation was left with no option except waiting for plot getting auctioned by the bank.
- Similarly, M/s Shesh Power an allottee (2003) of 500 m² of plot at Canacona IE did not utilise the plot till 2011, which was pointed out by the TFC. The Corporation could not attach/repossess the plot from the allottee for violations of the allotment order. The plot was eventually auctioned by the bank in 2014.

As per Transfer Regulation, 2013 an allottee has to pay transfer fee of 10 to 60 *per cent* of prevailing plot rates based on the extent of utilisation of the plots, the transfer fee is restricted to only 15 *per cent* of the plot rate if the plot is mortgaged to the bank. Under these conditions, the allottee is encouraged to mortgage the plot since he has to pay only 15 *per cent* fee whatever is the nature of his default annulling the provisions of the Regulation/Allotment order on utilisation of plots.

¹⁵ The allottee shall start construction of the building within six months and commence production within two years from date of allotment

¹⁶ No construction shall be allowed till the plans are approved by the Corporation

Even in case of those IEs where the Corporation does not have ownership rights, the Corporation continued to issue NOC in favour of bank for creation of first charge on lease hold assets. In Kundaim IE, land was obtained (1982) on 30 year lease by the Corporation from the Government of Goa. Consequently, the plots of two allottees namely M/s Nandan Pharma (700m²) and M/s Royal Inks (1,190m²) were auctioned by the bank in 2014 which was accepted by the Corporation through a transfer order even though the Corporation did not have any ownership rights on the plots.

In view of the fact that several allottees have mortgaged the plots allotted to banks/financial institutions for availing loan, the implication of the above observations seriously affects the control of the Corporation over the plots and the defaulting allottees and accordingly remedial measures required to be taken to safeguard the interest of the Corporation.

(iii) Loss to the Corporation due to non-cancellation of the plot

As per the procedure in vogue in 2009-10 for allotment of plot, an applicant was required to submit documents *viz.*, financing the project, manpower requirement, project report, memorandum and articles of association of the company along with incorporation certificate and its shareholding pattern, list of Directors, Board resolution to acquire the plot, PAN card, NOC from Environmental Pollution Cell and Goa State Pollution Control Board *etc.*, for considering the admissibility. Earmarking letter was issued to the applicant after verification of eligibility of the applicant, based on the application and submission of necessary documents and giving a three months extension for submission of any remaining documents. After complying with all basic conditions the matter had to be placed before the Board for a decision on allotment of plot. After the Board's approval, allotment was to be made after payment of either the entire amount of lease premium or 20 *per cent* of the premium amount along with one year annual lease rent within 15 days.

M/s Tonia Estate and Resort Pvt. Ltd. was allotted (April 2011) a total area of 21,716 m² at Kundaim IE for setting up warehousing and logistic services after receiving payment of ₹ 21.72 lakh towards first instalment of lease premium and ₹ 1.59 lakh towards lease rent for the first year. The Corporation subsequently cancelled (October 2014) the plot allotment since the party did not take possession. The Corporation refunded the first instalment of lease premium amounting to ₹ 21.72 lakh to allottee.

We observed that the Corporation had allotted the plot (April 2011) without evaluating the capability of the applicant to commence the proposed industrial activity and also without submitting the basic documents. The applicant did not take possession of the plot even after series of reminders (September 2011, July 2012 and August 2012) and finally communicated (September 2013) his disinterest to take possession of allotment. The allotment was cancelled (October 2014) by the Corporation and it did not levy any fine as per the allotment order for failing to take possession of the plot and execute the lease deed.

The inaction of the Corporation had blocked the prospects of allotment of plot to another applicant from 2011 to 2014 that would have generated ₹ 59.59 lakh revenue. Instead, the Corporation refunded first instalment of the premium amount ₹ 21.72 lakh paid by the allottee at the time of earmarking of the plot. The Corporation has, however, assured to take care in future.

3.2.6.7 Transfer of Plots

The leasehold rights of the plot allottees/lessees were transferable to third parties subject to payment of prescribed transfer fee and approval of the Corporation. During the review period, there were 210 cases of plot transfer involving an area of 5.78 lakh m². The transfer of plots by allottees/lessees to third parties is governed by Transfer Regulations of 2013 (retrospectively applicable from June 2012) and Transfer Regulations of 2014. The transfer of plots prior to notification of Regulations was governed by Board decisions. The regulations required the Corporation to examine the transfer application so as to determine the eligibility to transfer the plot, applicable transfer fee, penalty for unauthorised transfer and approve the transfer through a tripartite lease deed. Our scrutiny of 40 transfer cases involving total area of 1.45 lakh m² from four IEs revealed the following.

(i) Under-charging of transfer fee

Schedule III of the Regulations prescribed transfer fee between 10 to 60 *per cent* of prevailing plot rates based upon the extent of utilisation of plots¹⁷. The transfer fee applicable was to be determined after evaluation of the utilisation of the plot. We observed in 14 cases that at the time of transfer the allottee had not even constructed the minimum utilisation of 30 *per cent* of plot area prescribed and hence could not be classified as having achieved substantial construction. This attracted a transfer fee at the rate of 60 *per cent* of plot rate. However, the transfers were made with a fee ranging from 10-40 *per cent* of plot rates resulting in loss of revenue of ₹ 6.99 crore.

(ii) Non-levy of penalty for unauthorised transfer of plots

Regulation 7(d) prescribed a penalty of 10 *per cent* per annum on the value of prevailing plot area where the allottee transfers or hands over the possession without prior permission of the Corporation. Unauthorised transfer can be detected from the documents furnished by allottee and transferee (*e.g.*, ownership details, share transfer agreement, possession handover agreement *etc.*). We observed that in four unauthorised transfer of plots, the penalty of ₹ 62.72 lakh was not levied.

(iii) Absence of mechanism to detect unauthorised transfer of plots

The allottees may transfer plots through sale of shares/change of ownership. In order to detect the unauthorised transfer of plots it was necessary to periodically call for the ownership structure of the allottee. There was no

¹⁷ 10 *per cent*, 20 *per cent* and 30 *per cent* for allottees who carried out commercial production for over 10 years, 5-10 years, less than 5 years respectively; 40 *per cent* transfer fee for allottees who had completed substantial construction in the plot; 60 *per cent* for allottees who had completed partial construction but not substantial construction

such mechanism in place to detect unauthorised transfer of plots. We observed a case where an allottee¹⁸ had changed the partnership deed to incorporate new partners in place of previous partners. This remained unnoticed till they applied to acquire adjoining plot and submitted their revised partnership deed (which was different from their original ownership structure at the time of allotment). The Corporation however, did not levy transfer fee and penalty of ₹ 15.75 lakh.

(iv) Failure to examine the ownership structure of transferors

The Corporation, while processing the plot transfer application, was required to examine the present share holding of the transferor in order to ascertain any unauthorised transfer of plot in the past. This was not done in five transfer cases with plot area of 62,870 m². In case of a transferor¹⁹ the shareholding of the transferor had changed substantially from date of allotment (April 1994) to date of transfer (May 2015). This unauthorised transfer, without permission of the Corporation, attracted the levy of additional transfer fee of ₹ 1.57 crore²⁰ and a penalty of at least ₹ 0.26 crore.

The Corporation accepted the facts and agreed to take corrective action. However, the information in respect of other four cases were not submitted.

(v) Non-revision of Plot Rates

The Corporation allotted plots on lease for a lumpsum premium based on the prevailing plot rate per m² and a fixed percentage on the premium as annual lease rent. Revenue from transfer fee was also based on the prevalent lease premium of the plots. In order to protect the revenue interests of the corporation and to recover the cost escalation on administration and maintenance of IEs, periodic revision of plot premium rates was essential.

Prior to Regulations 2012, there was no policy on periodic revision of plot premium. Rates were revised on ad-hoc basis with the approval of Board. The last major plot premium revision was made on February 2006. Clause 6 of Regulations 2012, prescribed market-based revision of plot premium and lease rent every year in March. Accordingly, the first rate revision was effected in November 2012. However, there was no follow-up on rate revision.

Till 2013, annual lease rent ranged between 0.5 to two²¹ *per cent* of total premium irrespective of the quantum of area allotted. In 2013, the annual lease rent was revised to two *per cent* of the prevailing premium rate per m² for new allotments and in respect of old leases, it was decided to increase the lease rent to 3.33 *per cent* per annum from the date of allotment.

¹⁸ M/s Churi Electromech of Madkaim IE

¹⁹ M/s Inter Gold India Pvt. Ltd.

²⁰ Working based on Transfer Regulation 2013 (plot area 17,450 m² x prevalent rate ₹ 1500/m² x 60 *per cent* transfer fees)

²¹ Two *per cent* of total premium up to 10,000 m² plot area and one *per cent* thereafter in case of IEs where infrastructure was provided. Where the land had been allotted directly after acquisition without providing infrastructure, annual lease rent at 0.5 *per cent* on the premium amount

Our scrutiny of the rules, procedures followed and decision taken by the Corporation with regard to revision of plot rates and annual lease rent revealed the following.

- In 2012, the plot premium rates ranging from ₹ 150 to ₹ 1,500 per m² was revised to ₹ 600 to ₹ 3,000 per m² after categorising various IEs. The regulations prescribed rate revision was based on prevailing market rates. The Corporation, however, did not conduct any analysis of the actual costs (maintenance and administrative cost, infrastructure development cost *etc.*) incurred and prevailing market rates before revising the rates. As a result, the adequacy of revision of rates could not be verified in audit.
- The Corporation under the Regulation 2012 fixed the validity of the revised premium rates for two years (*i.e.* from November 2012 up to December 2014) instead of one year without considering the direct impact on revenue of the Corporation. The Board did not deliberate on the issue between March 2013 and April 2015.

Notably, every rate revision applied only to the new allotments and hence delays in revision benefitted the new allottees who had been allotted plots at the pre-revised rate resulting in loss to the Corporation. This is demonstrated from the data presented in the **Table 3.2.8** below:

Table 3.2.8: Plot rate revision after the allotments

Date of advertisement	Date of offer of allotment	Date of allotment order	Date when revision due as per regulation	Date of actual revision
05 June 2014 (22 plots having total area of 28,501 m ² in four IEs)	March 2015	June 2015	December 2013 and December 2014	Not revised yet (January 2016)
27 June 2014 (8 plots having total area of 10,207 m ² in Shiroda IE)				

The State Government had leased out 24 lakh m² land for setting up of Kundaim IE for an initial period of 30 years up to March 2012 on nominal rent of ₹ one per annum which was further renewed (March 2013) for a subsequent period of 30 years on payment of ₹ 2.23 crore per annum (₹ nine per m²) as lease rent. The Board decided (July 2013) to pay the amount.

The Board subsequently requested (February 2014) the Government to reconsider charging rent of ₹ 2.23 crore per annum since it had already under-recovered the development/maintenance cost incurred by it to the tune of ₹ 6.04 crore during the past 30 year period. Thus, it was evident that Corporation did not work out the rate to cover the maintenance cost incurred by it or charging maintenance cost separately to the industrial units and take necessary measures to recover the cost from the industrial units.

During review period, 13 instances of enhancement in land acquisition rates were granted by court/appellate authority. The total outgo of the Corporation

on account of enhancement of land rate was ₹ 12.23 crore. This formed part of the land acquisition cost and should ideally be transferred to the allottees proportionately by way of suitable terms and conditions in the lease deed. However, it was observed that the Corporation did not apportion this land acquisition cost to the allottees. The Corporation had also not considered this aspect at the time of fixing the validity of the revised rates in November 2012 for two years.

Thus, the decisions of the Board were detrimental to the financial interests of the Corporation and State Government.

The Corporation assured (July 2015) to place the observations before the Board for consideration and take suitable decisions in the matter.

3.2.6.8 Poor Recovery Mechanism

(i) Under-recovery of water charges from IEs

The Corporation purchases water from the Public Works Department and supplies it to the Industrial units. The industrial units are required to specify their water requirement for manufacturing/processing and domestic use at the time of making application for plot allotment. The requirement as well as availability of water is examined and decision is taken by the SC before earmarking the plot.

Our scrutiny of the system of billing and recovery of water charges from the industrial units revealed that the Corporation had not formulated policies and procedures to take care of issues like handling water leakages, faulty meters, monitoring and cost recovery relating to water supply through alternative sources, replacement of faulty water meters installed in the industrial units and levying fine for tampering water meters, etc.

The State Public Works Department (PWD) bills the Corporation on monthly basis for supplying water to the IEs and in turn the Corporation bills the individual industrial units based on reading of the water meter installed at each of these units. We analysed that the Corporation had incurred a loss of ₹ 5.25 crore due to under-billing of water charges to the industrial units in the 15²² estates as detailed in *Table 3.2.9*.

Table 3.2.9: Comparison of billing by Corporation to IEs vis-a-vis PWD billing

Year	Units billed by PWD (in cubic metre)	Bill amount of PWD (₹ in crore)	Units billed to Industrial Units (in cubic metre)	Amount billed to Industrial Units (₹ in crore)	Difference in Units	Difference in Amount (₹ in crore)
2010-11	1410080	3.10	1103217	2.52	306863	0.57
2011-12	1647609	4.04	1225440	3.11	422169	0.93
2012-13	1756048	4.39	1136830	3.20	619218	1.20
2013-14	1713593	5.05	1253031	3.72	460562	1.33
2014-15	1657518	4.95	1245107	3.72	412411	1.22
Total	8184848	21.53	5963625	16.27	2221223	5.25

²² Only those IEs which consume PWD water supply were considered

We also observed that the percentage of short-billing in Sancoale, Pilerne and Margao IEs were abnormally high to the extent of 43 *per cent*, 55 *per cent* and 39 *per cent* respectively. The losses had increased over the years. This indicated that the Corporation had no control/remedial measure over the water losses till date.

The Corporation also did not recover from the industrial units the cost totalling ₹ 8.63 crore incurred for operating the pump house and the water tankers used to supply water to the industrial units during 2010-15.

The Corporation did not place a system for recovering the water charges, as there were arrears of ₹ 11.34 crore up to 2014-15 from the industrial units.

(ii) Lease rent recovery

The Corporation revised (July 2013) the annual lease rent to two *per cent* of the prevailing lease premium rate per m² for new allotments. In respect of old leases, it was decided to increase the lease rent by 10 *per cent* every three years from the date of allotment. Till 2013, annual lease rent was fixed at two *per cent* of total premium up to 10,000 m² plot area, one *per cent* for the next 40,000 m² and 0.5 *per cent* thereafter in IEs where infrastructure was provided. Where the land had been allotted directly after acquisition without providing infrastructure, annual lease rent at one *per cent* on the premium amount, irrespective of the quantum of area allotted, was being charged. The Corporation earns its revenue through lease rent collection that helps it to meet its recurring operating and administrative expenses at its IEs.

The age-wise dues position in respect of 22 IEs revealed that ₹ 11.82 crore was outstanding from industrial units, of which ₹ 5.84 crore was due for more than three years. This indicated weak debt recovery mechanism. Our scrutiny of 199 invoices in 10 invoice books (each consisting of 1,000 invoices) showed that invoices were raised for a combined periods of two to 14 years. It was also observed that the Estate Division was not recording the lease rent amount on due date but were entering only when paid by the allottees. This incomplete recording of details did not provide the actual outstanding amount from any allottee.

As stated earlier, the steady flow of revenue towards lease rent was necessary to meet the infrastructure maintenance and administrative cost borne by the Corporation at the IEs. Analysis of lease rent receipts *vis-a-vis* the expenditure incurred during the five year period indicated that the expenditure had exceeded the revenue earned as detailed in **Table 3.2.10**.

Table 3.2.10: Details indicating expenditure *vis-à-vis* revenue

		(₹ in lakh)				
		2010-11	2011-12	2012-13	2013-14	2014-15 (provisional)
Administrative cost incurred	(A)	360.92	416.73	445.48	463.65	505.67
Repairs to Building, street light	(B)	118.58	73.12	71.72	73.25	77.27
Road maintenance	(C)	901.43	1273.07	--	222.47	1507.71
Total Cost	(D)	1380.93	1762.92	517.20	759.37	2090.65
Source of revenue						
Lease rent	(E)	498.29	379.46	335.51	581.66	N.A.
Building rent	(F)	27.08	26.20	30.98	30.99	31.31

Total revenue (E)+(F)	(G)	525.37	405.66	366.49	612.65	--
Amount spent from Corporation's own fund	(D) - (G)	855.56	1357.26	150.71	146.72	
Impact						
Fixed Deposits & Cash-in-hand		14001.66	12703.20	12870.19	13917.96	15548.02
Interest		1034.55	1555.31	1796.18	1198.40	1693.27
Accumulated Surplus		5605.62	5189.51	5119.35	5543.82	N.A.

(N.A–Not available)

Note : In 2012-13 and 2013-14, the expenditure was comparatively lower due to Board directions to put on hold all civil maintenance works contracts.

This indicated that the maintenance and administrative cost at the IEs were being met from the accumulated surplus and lease owners are unduly benefitted by the subsidisation.

3.2.6.9 Management Reporting

The field offices at each of the 22 IEs were required to submit monthly progress reports covering information relating to production activity carried on by the industrial units, whether functioning, closed or under construction, employees hired, water consumption, illegal construction if any and action taken, *etc.* We observed that field offices of many of the IEs skipped the submission for more than a year. The reports were not being submitted to the executive by the concerned Estate division for review and corrective action. Besides, the field offices were expected to collect the details from the industrial units whereas the field offices had been circulating the prescribed format to the industrial units for submission by them. This completely defeated the purpose of monitoring the progress.

There was absence of regular generation and submission of Management Information System (MIS) reports depriving the executive of timely information on key performance indicators such as status of plot allotment cases, plot transfer cases, compliances by allottees, position of revenue arrears and progress of action against defaulting allottees *etc.*

Budgets were prepared without any inputs from the functional divisions in the Corporation. The figures were not only unrealistic but were not subjected to scrutiny. (*e.g.*, the actual revenue collection was 56 *per cent* of the budgeted revenue in 2010-11 and 2011-12). Budgetary controls like obtaining financial clearance before taking up any infrastructure project was not followed.

Internal Audit was required to examine and evaluate the level of compliance to the Corporation's rules and procedures and provide reasonable assurance to the Corporation on the adequacy or otherwise of the existing internal controls. The Corporation outsourced its internal audit task to a private Chartered Accountants firm. We observed that the internal audit reports had no observations/assurance on the core functions of the Corporation. The Corporation also did not follow the practice of submitting the internal audit reports to the top management for review and directions.

3.2.6.10 Corporate Governance

The Corporation is a body corporate with perpetual succession and consist of 12 Directors comprising Secretary (Industries), Secretary (Finance), Chief Electrical Engineer (CEE), Director of Industries, President of Goa Chamber of Commerce and Industries, President of Small Scale Industries Association, Architect/Environment Expert, an expert in Industry/Commerce, three experts in field of Biotech/Pharma/Agriculture and Managing Director. One of the above Directors is nominated as Chairman of the Corporation. The responsibility of good governance vests with the Board, and it has the primary duty of ensuring that principles of Corporate Governance expected by the stake holders are scrupulously and voluntarily complied with and the stake holders' interests are safeguarded. For this purpose, active participation of nominated Government officers in the Board to present the perspective of the State is essential.

The Government ensures its role and responsibility in achieving the objectives of the Corporation through the official Directors representing the Government on the Board. The Government directors, however, did not attend most of the meetings and were granted leave of absence. Their continued absence indicated lack of active participation of Government. The absence of official Directors was 85 *per cent* in respect of Finance Secretary (22 out of 26 meetings), 81 *per cent* in respect of CEE (21 out of 26 meetings), 38 *per cent* with regard to Industries Secretary (10 out of 26 meetings) and 15 *per cent* in respect of Director of Industries (four out of 26 meetings). Moreover, none of these official Directors nominated any officer as their representative to attend the Board meetings as prescribed in the Government notification of June 2009.

The composition of the sub-committees formed to advise the Board on matters related to plot allottees were not balanced to represent official and non-official Directors as illustrated below:

Table 3.2.11: Composition of sub-committees

Committee	Members	Ratio of official/non-official Directors
Sub-committee for action against defaulting allottees of TFC report	Managing Director, Chairman, GCCI President, GSIA and two Directors	1:4
Committee for framing the policy on open space, towers, kiosk <i>etc.</i>	Three Directors	No official director
Committee for studying the Regulations and amendments thereof	Four Directors	No official director

The practice of pursuance of action on decisions taken in the Board meetings had been discontinued since 2012 without any reasons on record.

The management noted the observations and assured to place before the Board for deliberation.

3.2.6.11 Other issues of significance

(i) Inaction of the management in weeding out the vulnerability due to employees' interests in the Corporation's plots

We observed that 17 employees of the Corporation had acquired the plots in various IEs (totaling 56,550 m²) in their names or in the name of their family members. The matter was deliberated in Board's meeting (June 2012 and August 2012) and decided not to initiate disciplinary action against those employees who surrendered the plots on or before August 2012. The services of one employee was terminated (November 2013) and another employee was under suspension. However, in respect of remaining 15 employees, the Corporation had not taken any action despite these employees had allotment in their name or in relatives' name.

We further observed that:

- Prior to the year 2001, the delegation of powers to allot plots of any size vested with the Board. Between 2001 and 2012, the Chairman was delegated the powers to allot plots of area 10,000 m² and below. It was noticed that 42 out of 46 plots were allotted to these employees during the period 2001-12.
- Two of the 17 employees who had obtained the plots in their or relatives' names were working in Estate Division since 1997 and were directly involved in the allotment process. These employees were still working in the Estate Division although the management was fully aware of the above facts.
- The Corporation had not incorporated suitable provisions in its Regulation to mandate the disclosure of relationship if any, of an applicant for plots with the employees.
- A sub-committee was constituted (November 2012) to examine and submit a report on the issue and the report was submitted (April 2014) recommending cancellation of plot allotments and invocation of disciplinary action against the employees. However, till date (January 2016), no action has been contemplated by the Corporation.

(ii) Clause 9(e)(i) of the Allotment Regulations, 2012 prescribed a penalty²³ if the allottee failed to execute the lease deed with the Corporation within a period of 30 days of allotment order. We observed that the Corporation had not levied penalty of ₹ 33.25 lakh on 24 allottees though there were delays ranging from 20 to 706 days in execution of lease deed of plots. The Corporation had not taken any steps for cancellation of allotment in case of three²⁴ allottees who had not executed lease deed till date since February 2013. Moreover, the Corporation suffered a loss of ₹ 7.92 lakh on account of failure to deposit cheques relating to 35 applicants towards processing fee.

²³ ₹ 20/m² per month for a maximum period of 180 days and thereafter was liable for cancellation of allotment with 10 per cent of the land cost and forfeiture of application money

²⁴ M/s Desai Concrete Casting, M/s Om Venture and M/s Goa Engineering Works (Pissurlem IE)

(iii) Open spaces in the Industrial Estate

As per clause 12.4 of the Goa Land Development and Building Construction Regulation, 2010 when a plot is to be sub-divided for development, certain areas shall be set apart as usable open space area in the proportion of 15 *per cent* of the land. Further such open space provided in any sub-division of land shall not be further sub-divided under these regulations.

Scrutiny of data on open spaces in the 22 IEs revealed that Corporation did not follow the above rules and regulation at the time of sub-division of plots. Eleven out of 22 IEs have less than 15 *per cent* of the total area for open space. The Corporation had also not obtained the approval of the Town and Country Planning Department which was the controlling authority for such matters.

3.2.7 Conclusion and Recommendations

- The performance audit had revealed absence of systematic planning, sound internal control mechanism and robust management reporting which led to idling of vacant industrial plots, low revenue generation and non recovery of costs incurred by the Corporation on behalf of the industrial units.

Company should maintain a comprehensive up-to-date database of plots inventory to enable macro analysis and planning; discourage allottees holding land without any/partial development and fix lease and other charges to ensure full recovery of operation and maintenance expenses of the industrial estates.

- While rules for allotment of plots have been framed and evaluation criteria defined the actual application of criteria for evaluating applications has been inconsistent.

Company should take measures to ensure consistency in evaluation of applications for processing plot allotments.

- Several allottees have mortgaged the plots allotted to banks/financial institutions which dilute the control of the Corporation over the plots.

Immediate remedial measures are required to be taken to safeguard the interest of the Corporation.

- The Corporate governance suffered on account of non-participation of Government nominees to the Board.

Company should ensure improved participation by Government nominees in the top management.

FINANCE DEPARTMENT

3.3 Execution of works by Goa State Infrastructure Development Corporation for Government Departments

3.3.1 Introduction

The Goa State Infrastructure Development Corporation (GSIDC) was incorporated (2001) under the Companies Act, 1956 as a ‘Special Purpose Vehicle’ to execute infrastructure development works for departments of Government of Goa. All the expenditure on projects undertaken for projects is reimbursed to GSIDC by the Government. In addition, GSIDC charges ‘development fees’ to meet its administrative expenses. The GSIDC also undertakes deposit works entrusted to them by various Government Departments.

GSIDC is under the administrative control of the Finance department. The Board of Directors of GSIDC consists of a Chairman, Vice-Chairman, Managing Director and three Directors²⁵. The Managing Director (MD) is the head of the organisation and is assisted by various divisional heads.

The GSIDC executes work based on proposals received from client departments after obtaining approval of the Board and the Government. The works are executed through consultants who prepare the estimates along with the detailed project report (DPR). A Memorandum of Understanding (MoU) is processed with the client department. The estimates are scrutinised and approved by the Estimate Scrutiny Committee²⁶ (ESC) and then the work is tendered and contractor appointed through tendering.

3.3.2 Scope and methodology

The process adopted by GSIDC for execution of works to ensure timeliness, quality and procedures adopted for assignment of work were examined through test check of records pertaining to the period 2010-15. Our audit observations were communicated (June-August 2015) to the GSIDC and their preliminary response (October 2015) have been considered and suitably incorporated.

3.3.3 Audit findings

During the period 2010-15, GSIDC completed 101 works. Of these, 27 *per cent* (27 works) were completed on time and the remaining 73 *per cent* (74 works) were completed with delays ranging from one to 66 months²⁷. Of the ongoing 118 works 49 *per cent* (57 works) had already exceeded the stipulated date of completion, by three to 45 months (June 2015).

²⁵ Finance Secretary, Secretary PWD and an Independent Director

²⁶ Chief General Manager and eight members of GSIDC

²⁷ 43 projects delayed by 1 to 12 months, 10 projects delayed by 13 to 24 months, 8 projects delayed by 24 to 36 months, 13 projects delayed over 36 months

We observed that the delays were mainly due to lack of funds, delay in land acquisition, delays in providing needed approvals and statutory clearances and foreclosure of work. We observed that there were cases where work execution was taken up without acceptance of the relevant client department leading to assets lying idle and in cases putting the burden of maintenance on GSIDC.

Our observations on four²⁸ considerably delayed projects are discussed in the following paragraphs.

3.3.3.1 Development of Infrastructure for Panaji Minor Ports

As a part of the upgradation of Ports, it was proposed to reconstruct the jetties at Panaji, Britona and Old Goa. This was to be carried out for the Captain of Ports²⁹ (CoP) by GSIDC. The initial estimate prepared and approved (2004) was for ₹ 6.53 crore which was revised to ₹ 15.30 crore (2007). The work, however, did not progress well because the CoP did not provide funds timely to GSIDC; construction plans were not cleared timely by the CoP and GSIDC; delay in obtaining necessary clearances from the Goa State Pollution Control Board (GSPCB), Goa Coastal Zone Management Authority (GCZMA) and the Archeological Survey of India (ASI).

Further, the Environment Impact Assessment (EIA) was to be conducted for Panaji and Old Goa jetties. The Old Goa Jetty required NOC from ASI. The clearance from GCZMA was obtained (March 2007) for Britona Jetty and the work was completed (October 2010) at a cost of ₹ 3.49 crore and handed (January 2011) over to CoP.

(i) The EIA was conducted (March 2008) for Panaji Jetty. Due to delay in receipt of NOC from GCZMA and GSPCB, the work of Panaji and Old Goa jetties could not commence. The clearances were received in June 2008. Meanwhile the consultant expressed his inability to execute work and the GSIDC terminated (October 2008) the contract. The GSIDC also decided (September 2009) to shelve the project till receipt of funds from the CoP. The funds worth ₹ 8.02 crore were received (December 2011) from the CoP and a new consultant was appointed (March 2012).

Tender for Panaji jetty was floated (April 2012) and the work was awarded (October 2012) to a contractor for ₹ 14.22 crore (1.69 *per cent* below the estimated cost). Though the work was scheduled to be completed by August 2013, it was completed in December 2015 and total payment of ₹ 14.29 crore had been made to the contractor and consultants (January 2016).

(ii) In respect of Old Goa jetty, clearance from ASI and CoP were received by March 2013 and the work was awarded (February 2014) to a contractor at a cost of ₹ 17.84 crore (13.82 *per cent* above the estimated cost). The work was scheduled to be completed by May 2015 however, was yet to be

²⁸ Construction of jetties; single lane bridge at Village Dongrim, Azzosim, Construction of 400 bedded hospital at Margao and construction of Kala Bhavan

²⁹ CoP is responsible for ports and inland navigation matters in the State

completed and the payment made to contractor and consultant was ₹ 11.98 crore (January 2016).

Thus, of the three jetties (Panaji, Old Goa and Britona) only two, one at Britona and one at Panaji (December 2015) has been completed and the last is yet to be completed even after ten years of conception.

The GSIDC stated that the reasons for delay were escalation of cost of works due to revision in Goa Schedule of Rates (GSR), additional requirements from the client department and the time taken in obtaining approvals from the various Statutory Authorities.

Though there were delays in approval from the concerned Statutory Authorities, we observed lack of coordination between the consultant, client department and GSIDC regarding their respective roles and responsibilities as another major factor for delay.

3.3.3.2 Idle investment on construction of bridge in Village Panchayat Azzosim

The GSIDC Board approved a proposal for construction of a single lane bridge in village Dongrim, Azzosim in July 2007. The work was awarded (June 2008) for ₹ 9.46 crore to be completed by September 2009. Later the contract was extended till 15 December 2012.

After award of work, the consultant proposed (November 2009) stone column embankment for the approaches in place of sand drains in the original estimate due to low safe bearing capacity of the embankment. The GSIDC appointed (July 2010) a soil specialist and finalised an estimate of ₹ 1.91 crore for stone column embankment.

This work of constructing stone column was awarded (October 2011) separately to another contractor. The stone column work was to be completed by May 2012 but was extended to January 2013.

The first contractor had completed the foundation and super structure of the bridge by March 2011 (72 *per cent* of work). He was asked (April 2012) to continue the balance work (other than awarded to the second contractor). However, the first contractor expressed (April 2012) inability to continue further at the quoted rates of 2008. The proposal for foreclosure of the work was approved and ₹ 6.05 crore was paid (March 2013) to the first contractor.

The second contractor also sought (October 2012) foreclosure after completing 50 *per cent* of the stone column work. This was because the balance work could not be taken up on account of inaccessibility from Carambolim side and also due to pending land acquisition proceedings. Thus after spending ₹ 79.45 lakh this work was also foreclosed.

We observed that the consultant had not carried out proper soil investigation, topographical survey and condition survey before preparing the estimate for the work. Land acquisition was not completed before commencement of the project. Besides, there was hindrance in the acquisition of land due to

obstruction created by the local people and no public hearing was conducted before commencement of the project. As a result, the project could not be completed even after passage of eight years resulting in idle investment of ₹ 7.20 crore.

The GSIDC stated that the consultant prepared the estimate based on soil exploration report carried out by PWD on a nearby location. The work could not be completed as the project was located in weak soil terrain, foundation work for approach road was difficult and inaccessible on either side of the bridge. The project remained incomplete mainly due to technical reasons such as poor soil conditions and other factors which were totally beyond the control of the company.

The reply is not acceptable as it would have been better if the preliminary survey of soil was done at the site proper, land needed estimated properly and acquired in time for the project, to prevent idle investment.

3.3.3.3 Construction of 400 bed hospital at Margao

The GSIDC decided (June 2006) to construct a 400 bedded hospital at Margao. The Government approved (November 2006) the project and the GSIDC appointed (January 2007) a consultant who prepared (February 2007) a block estimate of ₹ 64.23 crore. Further, for using the hospital for medical tourism on Built Operate Transfer (BOT) basis a fresh estimate of ₹ 145.80 crore was prepared (July 2008) by increasing the bed capacity to 800. The work of Phase I was awarded (October 2008) for ₹ 92.66 crore to be completed by November 2011.

We observed that, the scope was changed three times between 2007 and 2012. Firstly, 100 beds were sought to be added on Public Private Partnership (PPP) model (2008). Subsequently, the PPP model was discarded in March 2011 and thereafter conversion of the hospital partly into a medical college was contemplated. The ongoing work was stopped (June 2012) after 67 per cent completion of the work. The Government, thereafter, revised (January 2014) the project to a 500 bedded hospital cum nursing college. However, the contractor expressed his inability to continue at the rates of 2008 due to periodic interruptions. Hence, the work was foreclosed in 2014 after spending ₹ 68.76 crore.

The GSIDC stated that the number of beds increased from 400 to 800 as per the directives of Director of Health Services (DHS). The plans were accordingly revised by the consultant and approval for the same obtained from the client department. The decision for converting the district hospital partly into medical college was taken by the Government (March 2012). The changes suggested by the DHS/Government from time to time had also delayed the project. However, action had been initiated for completing the project within two years by retendering the balance work with modification.

The facts borne out from the above thus made it clear the project was incomplete (January 2016) after passage of nine years from inception and idling of investment of ₹ 68.76 crore besides loss of interest. In addition, inability of clients to freeze requirements hindered GSIDC compromising its objective of timely completion of infrastructure.

3.3.3.4 Construction of Kala Bhavan at Sancoale

The GSIDC resolved to take up the proposal to construct the Kala Bhavan at Sancoale (July 2007). The approval of the Government was communicated by the Finance Department (October 2010) with the condition that funds should be provided by client department and all codal formalities including signing MoU to be completed by GSIDC before taking up the work. The Director of Art and Culture conveyed (September 2007) the administrative approval by the Government and asked GSIDC to initiate the work with their own funds. The Art and Culture Department also did not sign the MoU as the client department. GSIDC, instead of resolving the matter, took up (November 2008) the construction with own funds even though the Art and Culture department had refused (July 2008) to approve the plans for the building. The awarded cost of the work was ₹ 30.49 crore and was scheduled for completion by April 2010.

Since there was no identified end user, the GSIDC had to search for one. Efforts were made to utilise the project by getting the National School of Drama, New Delhi to start a school of theatrical education on the premises. Finally, after seven years, the Art and Culture Department agreed (November 2014) to take over the project which would function as the South Goa branch of the Kala Academy on completion. This work was incomplete (88 per cent work completed as on January 2016) even after eight years and incurring an expenditure of ₹ 28 crore.

The GSIDC stated that the client department took an adamant stand though administrative approval was conveyed by them. The project as a whole was not foreclosed and though the amount of ₹ 28 crore remained idle, this was a good investment for Government if taken up now.

The reply indicated that the project was undertaken without acceptance from the identified user department and has led to idling of investment ₹ 28 crore and without any benefits till date (January 2016).

3.3.4 Execution of works

3.3.4.1 Avoidable expenditure and delay in completion of Tharmas- Ozari bridge

The proposal to construct the bridge between Tharmas to Ozari in Dhargal constituency was taken up (July 2007) by GSIDC to facilitate overall development of Pernem taluka. A consultant was appointed in September 2007 and the execution of the work was awarded (April 2010) to a contractor for ₹ 18.59 crore. The project was to be executed with its own funds. The work was completed (June 2013) at a total cost of ₹ 20.32 crore.

We observed that the consultant took the help of design data of nearby bridge constructed for pile foundation with a provision in the estimate to carry out detailed soil investigation by the contractor and modify the location and design of pile, if necessary. We also observed that the consultant included items of road work which had already constructed by the PWD while preparing estimate. On execution, the contractor changed the design of the

project from two 20 metre span RCC bridge to a 40 metre steel bridge to avoid pier in the river and did not execute a major part of the road work.

We further observed that the difference between the offers of L1 tenderer and L2 tenderer was only ₹ 1.15 crore, with the L1 tenderer quoting higher than the L2 for items other than road works. The L1 tenderer had quoted ₹ 4.61 crore compared to ₹ 7.46 crore by L2 in respect of road works. During actual execution, the quantities of the items increased due to change of design were those for which the L1 tenderer had quoted much higher rates than the L2 tenderer. If the consultant/GSIDC had excluded the road work, constructed by PWD and estimated the quantity of various items to be executed realistically, the L2 tenderer would have become L1 tenderer with a difference of ₹ 2.70 crore. Thus, incorrect estimation and subsequent change of design resulted in avoidable extra expenditure of ₹ 2.70 crore.

The GSIDC stated that changes were mainly effected during actual execution stage which was not anticipated during estimation/tendering process and exact details regarding execution could not be envisaged prior to award of work. There was saving in road work as PWD had carried out asphaltting of most of connecting road except approach road work of bridge, to which the GSIDC and the consultant were not aware. The decision to change the design to superstructure steel bridge was taken due to difficulty encountered while piling/boring which was not encountered during soil investigation. The GSIDC had no control on the hindrance resulting in delay, though the consultant was fully responsible for detailed site survey and these practical problems were not envisaged during tendering of the work and was totally beyond their control.

The reply was not acceptable in view of the facts that the consultant did not conduct site specific preliminary study, however, adopted design data of a nearby bridge. Thus, the change during execution could not be attributed to factors GSIDC had not anticipated during estimation and tendering. As an agency involved in constructing public works, coordination with other agencies like PWD doing similar works, should have been done. The variation in actual execution was to the extent of 80 *per cent* reduction in road works and 55 *per cent* increase in bridge work leading to cost inversion between L1 and L2 tenderers.

3.3.4.2 Awarding work without competitive bidding

The work of 'Widening of road in Calangute-Baga' was taken up as per the direction (November 2013) of the Collector (North Goa) as an urgent measure by calling short tender notice. The work was awarded (November 2013) to a contractor for ₹ 1.71 crore (3.86 *per cent* above estimate ₹ 1.65 crore).

Meanwhile, another estimate of ₹ 5.84 crore had been prepared (December 2013) for five works³⁰ as part of a package "Improvement of road network in Saligao-Calangute constituency". Of these five works, the GSIDC removed one work (improvement of road from Arpora to Nagoa Junction) costing

³⁰ Arpora Junction to Nagoa Junction costing ₹ 2 crore, Nagoa Junction to St. Alex Church costing ₹ 93 lakh, St. Alex Church to Calangute Police Station costing ₹ 39 lakh, Calangute Police Station to Ambrekar Devastan costing ₹ 2.15 crore and Ambrekar Devastan to PWD water tank costing ₹ 37 lakh

₹ two crore and assigned (December 2013) to the same contractor without tendering by adding to the scope of work of ‘widening of road in Calangute-Baga’, citing urgency of work and peak tourist season during Christmas. Assigning a separate work estimated at ₹ two crore without tendering was inappropriate. The total payments on both the works were ₹ 3.21 crore (August 2015).

The GSIDC stated that the additional work was taken up due to urgency and peak tourist season during Christmas and separate tender would have delayed the award of work.

The plea of GSIDC that work was awarded without tendering on grounds of urgency and avoiding delay was not acceptable. This was because that need for road works did not arise suddenly; the work was a part of a package being processed for last five months. Short tender for Calangute-Baga road took only 15 days and a similar short tender could have been done for this project also in the interest of transparency rather than adding a near 100 *per cent* deviation to the scope of an ongoing work.

3.3.4.3 Appointment of consultants without competitive bidding

The GSIDC executes projects through the empanelled consultants under four categories³¹ according to their specialisation and four classes³² according to the volume of works. As per Rules 171 to 176 of the General Financial Rules (GFR), the consultant should be appointed after inviting requests for proposals among the shortlisted consultants. The consultant by nomination could be resorted to only under special circumstances which should be recorded and approval obtained from competent authority. We observed that during 2010-15 the GSIDC appointed consultants for 40 works³³ estimated at ₹ 195.09 crore without competitive bidding.

The GSIDC stated that works were awarded to these consultants on specific requests (six works), removing the original consultants without extra cost (Three works), on the ground of urgency (one work), at minimum prescribed fee (22 works) and for project management alone (two works).

The fact remains that consultants for almost 20 *percent* of the total 192 works taken up during 2010-15 were appointed on nomination basis. We are of the opinion that appointments on nomination basis should be minimised and used under exceptional circumstances recording a detailed justification for the nomination.

³¹ Category I for bridges and roads, Category II for building works, Category III for international convention centre, IT parks, Malls, Sports complexes, Bus stands and Category IV for planning, city planning and traffic planning

³² Class A for works costing above ₹ 150 crore, Class B for above ₹ 50 crore up to ₹ 150 crore, Class C for above ₹ 10 crore up to ₹ 50 crore and Class D for up to ₹ 10 crore

³³ M/s Frischmann Prabhu (I) Pvt. Ltd. (five works ₹ 87.76 crore), M/s LKS India Pvt. Ltd. (six works ₹ 9.66 crore), M/s Creative Abode (two works ₹ 3.61 crore), M/s Nitin Arolkar (eight works ₹ 6.22 crore), M/s Prabhugaonkar & Associates (one work ₹ 5.58 crore), M/s Bhaskar Wagle & Associates (five works ₹ 14.66 crore), M/s Madhav Kamat & Associates (two works ₹ 10.77 crore), M/s Datta Kare Associates (eight works ₹ 25.85 crore), M/s Oracle Structural Consultants (two works ₹ 7.33 crore) and M/s Rahul Desphande and Associates (one work ₹ 23.65 crore)

3.3.4.4 Hot-mixing and improvement of internal roads in Velim

The estimates for three road works in Velim constituency were prepared (August 2013) by the PWD. These works were taken up by GSIDC and appointed (February 2014) M/s Datta Kare & Associates as the consultants at a fee of 3.50 *per cent* of the cost of the work. The works were awarded (February 2014) to three contractors. The works were completed (May 2014) at a total cost of ₹ 6.12 crore.

We observed that M/s Datta Kare was not empanelled by the GSIDC for providing consultancy for road works. They were appointed on nomination basis without entering into agreement with them. All the items of work included in the estimate were not executed but completion certificates were issued. The measurement made by the consultant available in soft copy did not include the date of measurement and signature of official who measured the works.

The GSIDC stated that M/s Datta Kare Associates were good consultants, proved his capabilities with GSIDC and the work being small the consultancy was awarded to them. Though there was slight deviation from normal procedure the intention was to complete the work. The regular procedure of appointment of consultant was avoided in order to expedite and execute the work before monsoon. The consultant recorded the measurements and prepared the RA Bill promptly. Certain items considered in the estimate were not executed due to encumbrance at site.

The reply itself indicates that the work was executed in a non-transparent manner.

3.3.4.5 Manual for executing works

The objective of any public contracting is to get the proposed work executed as per bid specifications with a given time schedule and at the most competitive prices. To achieve this objective, it is essential to have well documented and customised policy guidelines in each organisation so that this vital activity is executed in a well coordinated manner with transparency and least time and cost overruns. The absence of a proper work manual constitutes a significant weakness in the system and not only leads to arbitrariness in decision making but also results in lack of quality supervision as bench mark standards are not available.

The GSIDC, though established in 2001 and awarding contracts for the past 15 years, has been unable to adopt a 'Work Manual' of its own.

The GSIDC apprised that preparation of 'Work Manual' was entrusted (November 2006) to the Construction Industry Development Council (CIDC), New Delhi. The manual prepared (May 2008) based on the CPWD manual and approved by the Board (June 2008) was however, still awaiting Government approval (January 2016).

3.3.4.6 Lack of quality control/assurance mechanism through specialised external agency

Extensive testing of the materials used for construction was a pre-requisite for attaining high quality of the work. This should also require specialised tests, physical, chemical, ultrasonic, X-ray and various other type of tests which could not possibly be carried out in an onsite laboratory. As per CPWD manual, the Chief Technical Examiners Organisation (CTEO) conducts inspection of works of CPWD. The PWD also entrusts the duty of inspection of its project to RITES³⁴ being the external agency for quality certification.

We observed that the works carried out by the GSIDC were not subjected to any quality testing by an external agency. No evidence existed in the records that the consultants conducted any specialised tests on the quality of material used for the works.

The GSIDC stated that there was no procedure in place for inspection of works by an external agency. Only in 2005-06, RITES were appointed for quality check for road work carried out by the GSIDC without the help of consultant. To achieve quality, GSIDC was willing to appoint external agency as and when required, however, if external agencies were engaged for all projects it would have to incur avoidable additional expenditure besides slow down the progress of work.

Since there was no inbuilt mechanism for quality checks and the GSIDC fully relied on the consultant without any quality check certificate from external agencies, the reply of the GSIDC was not convincing.

3.3.5 Works executed by GSIDC for which PWD was the concerned State Government Department

The GSIDC since its inception has undertaken 57 works on bridges and roads for which PWD was the concerned State Government department. Of these 57 works the MoUs in respect of only 28 works had been executed so far (January 2016). Since the MoUs in respect of all the works had not been executed, the PWD disowned the responsibility of taking over the infrastructure from GSIDC.

As a result, the GSIDC decided (October 2013) to take up maintenance of all the bridges constructed by GSIDC for a period of five years. The maintenance of 22 bridges was awarded (March 2014) to two contractors at a total cost of ₹ 10.75 crore. The total payments so far made to contractors and consultant were ₹ Four crore (January 2016).

The GSIDC stated that the client departments had been taking over the works in general from GSIDC after completion of the works. In respect of PWD the issue was different as the PWD was not pleased that the works of some bridges and roads were taken up by GSIDC since the PWD had good number of engineers and wide office network all over the State. However, it was up to the Government to allot the works. Maintenance of infrastructure was taken up at the request of the Government and was also covered in their

³⁴ Rail India Technical and Economic Services

Memorandum of Association. The MoU could not be signed due to poor response from PWD. The 28 MoUs were executed by the Secretary, PWD on a single date (16 March 2007).

In view of the factual position stated by GSIDC, we are of the opinion that there was a need to resolve the deadlock between PWD and the Corporation for handing over the completed infrastructure.

3.3.6 Conclusion and Recommendation

The GSIDC has gradually evolved from an organisation constructing a few infrastructure works to an organisation charged with several works both large and small. In addition it is also being charged with maintenance of projects. Delays in completion of works have also crept in and have in many cases become significant. Land acquisition, preliminary site surveys, coordination with user departments and reluctance of the user departments to takeover assets are some of the reasons. The last issue is a major one for works related to PWD. On a number of occasions consultants have been awarded works on nomination basis rather than as an exception. The organisation has not yet put in place a works manual and arrangements for external quality assurance.

Recommendation:

- *Delays in completion of projects need to be arrested to ensure completion of the projects in timely manner.*
- *Deadlock between PWD and the Corporation for handing over of the completed infrastructure should be resolved.*
- *Works manual for decision making and quality supervision based on the available bench mark standards should be implemented.*
- *Appointment of consultants should be done in a fair and transparent manner on competitive basis. In exceptional circumstances, the appointment of consultants on nomination has to be backed by sufficient justification and with the approval of competent authority.*

The matter was reported (November 2015) to Government and their reply is awaited (January 2016).

ELECTRICITY DEPARTMENT

3.4 Extra expenditure on procurement of energy meters by Goa Electricity Department ₹ 4.52 crore

The energy meters were procured by the Goa Electricity Department from the open market without considering the prevailing Director General of Supplies and Disposal rates. This resulted in extra expenditure of ₹ 4.52 crore to the Department.

Goa Electricity Department (GED) invited (November 2011) tenders for supply of 40,000 single phase and 20,000 three phase electronic energy

meters at an estimated cost of ₹ 5.74 crore³⁵ and ₹ 5.76 crore³⁶ respectively. Out of three tenders received, the lowest quoted rates were ₹ 838.50 per single phase meter and ₹ 2,419 per three phase meter. These rates were excluding Value Added Tax (VAT) of 12.5 per cent and final rates arrived at were ₹ 943.31 per single phase meter and ₹ 2,721.38 per three phase meter. Accordingly, the division issued supply orders for 40,000 single phase meters (September 2012) and 20,000 three phase meters (December 2012) at these rates.

We observed that the notified rates of Director General of Supply & Disposal (DGS&D) prevailing at the time of procurement of the electronic meters were ₹ 500.32 per single phase meter and ₹ 957.40 per three phase meter. Even by providing an additional 20 per cent for VAT and transportation, the DGS&D rate would have been ₹ 600.38 per single phase meter and ₹ 1,148.88 per three phase meter which were much lower than the procurement rates. The GED did not consider the prevailing DGS&D rate either while preparing the estimates or evaluating/accepting the tender. The GED procured 39,997 numbers of single phase and 19,997 numbers of three phase electronic energy meters at this higher rate which resulted in extra expenditure of ₹ 4.52 crore³⁷.

The GED stated (February 2014) that the specifications of meters procured included parameters with regard to energy display register, anti-tamper features, meters which were suited to their requirements and the parameters offered by DGS&D were not known to them.

The reply was not convincing as the energy meters in the DGS&D list conforms to the requirements of the Central Electricity Authority. The comparison with the specifications of meters procured and that of DGS&D specification are shown below:

Comparison of features and specifications of single phase meters		Comparison of features and specifications of 3 phase meters	
Procured by GED	DGS&D	Procured by GED	DGS&D
Single phase LT static whole current kWh meters 2 wire AC, class 1, with back lit liquid crystal display of capacity 05-30A	Item model No T-124, AC static watt hour meters (ISI marked) with LCD display, No. of phase SP,1(b) in Amp:5, I(max) as % of 1(b):600, V(ref):204	Three phase LT static whole current kWh meters 3 phase 4 wire 3x240 volts AC, class 1, with back lit liquid crystal display of capacity 10-60A	Item model No T-125, AC static watt hour meters (ISI marked) with LCD display, No. of phase 3P4W, 1(b) in Amp:10, I(max) as % of 1(b):600, V(ref):415 CT:No
Single phase	Single phase	3 phase	3 phase
2 wire	2 wire	4 wire	4 wire
Class 1	Class 1	Class 1	Class 1
LCD	LCD	LCD	LCD
Capacity 05-30A	Capacity 05-30A	Capacity 10-60A	Capacity 10-60A
		Optical port to retrieve data	Optical port to retrieve data

³⁵ At the rate of ₹ 1,434 per meter

³⁶ At the rate of ₹ 2,882 per meter

³⁷ On Single phase meters for 39,997 numbers x (₹ 943.31 - ₹ 600.38) = ₹ 137.16 lakh. On three phase meters for 19,997 numbers x (₹ 2,721.38 - ₹ 1,148.88) = ₹ 314.45 lakh

The GED, however, neither enquired about the specifications of the ISI certified energy meters in the DGS&D rate list nor followed the fundamental principle of efficiency and economy in public procurement envisaged in Rule 137 of the General Financial Rules. Further Section 37.6 of the CPWD Manual also states that the departments should follow the rate contracts of DGS&D to the maximum extent possible.

The matter was referred to Government in June 2015; their reply was awaited (January 2016).

ELECTRICITY DEPARTMENT

3.5 Failure to take timely action to prevent invocation of letter of credit and delay in settlement of overdraft

Failure of the Goa Electricity Department to settle overdraft in bank promptly resulted in avoidable payment of interest of ₹ 26.79 lakh.

The Goa Electricity Department (GED) had entered into an agreement (April 2011) with M/s Ratnagiri Gas and Power Pvt. Ltd. (RGPPL) for supply of power. Conforming to clause 7.1 of the Agreement, the GED opened (July 2013) a revolving letter of credit (LC) for ₹ 3.41 crore in the State Bank of India, Ponda (Bank) as payment security in favour of RGPPL. The LC was payable, if any monthly bills of RGPPL remains unpaid beyond the due date.

The RGPPL had defaulted in supply of power during the months of April to December 2013 due to issues not attributable to the GED. However, RGPPL raised bills for ₹ 7.90 crore claiming Capacity/Fixed charges which the GED refused to pay. On this, the RGPPL began communicating (November 2013 onwards) their intention to encash LC. To prevent encashment of the LC, the GED requested (December 2013) the Bank not to accept any claim against the LC. The Bank informed (15 January 2014) the GED that payment against LC could be stopped only with a court order. The Bank further informed (23 January 2014) GED that a claim has been lodged by the RGPPL for encashment of LC. The Bank again informed (27 January 2014) that they were processing the case for encashment. As the GED could not produce any court order, the Bank encashed the LC and paid (28 January 2014) ₹ 3.41 crore to the RGPPL by allowing an overdraft of equal amount to GED.

We observed that, despite being informed (15 January 2014) by the Bank that a court order was needed to stop the encashment, the GED did not bring this fact to the notice of Government for action. This was evident from fact that the note moved by the Secretary (Power) for action to be taken, consequent to RGPPL communicating its intention to invoke LC, obtaining court order for blocking LC was not mentioned at all. After encashment, the GED approached (24 February 2014) the Hon'ble District Court, North Goa with a request for restraining RGPPL from further encashment of LC and was granted the relief on the same day. Therefore, if the GED had promptly conveyed the relevant information to the Government in the 13 days window

from 15 January 2014 to 27 January 2014, the encashment of the LC could have been stayed by obtaining the necessary court order.

Further, the GED requested (February 2014) the Government for cash assignment to liquidate the overdraft of ₹ 3.41 crore. The matter was held up for examination at Government level and the overdraft was settled only in July 2014 by which time the accumulated interest had mounted to ₹ 26.79 lakh.

Thus, failure in prompt reporting of vital information needed for decision making by GED to Government resulted in avoidable encashment of LC of ₹ 3.41 crore. Further, failure to liquidate the overdraft for five months resulted in avoidable payment of interest of ₹ 26.79 lakh.

The matter was referred to the Government in July 2015; their reply was awaited (January 2016).

Panaji
The 30 May 2016



(ASHUTOSH JOSHI)
Accountant General, Goa

Countersigned



New Delhi
The 02 June 2016

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

APPENDIX- 1.1

(Referred to in paragraph 1.4.1)

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

Sl. No.	Name of the Department	Upto 2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1	Agriculture	7	9	1	2	2	3	2	8	-	-	1	3	13	25
2	Animal Husbandry and Veterinary Services	-	-	1	1	-	-	-	-	-	-	-	-	1	1
3	Archives, Archaeology and Museum	-	-	1	8	-	-	-	-	-	-	-	-	1	8
4	Art and Culture	2	8	1	1	-	-	1	2	4	20	-	-	8	31
5	Civil Supplies	-	-	1	1	-	-	-	-	1	3	-	-	2	4
6	Commercial Taxes	1	1	-	-	-	-	2	5	-	-	1	3	4	9
7	Co-operation	4	13	-	-	-	-	-	-	-	-	-	-	4	13
8	Education	14	26	3	21	1	3	2	7	6	17	2	7	28	81
9	Electoral office	-	-	-	-	-	-	-	-	1	1	-	-	1	1
10	Excise	-	-	-	-	-	-	1	5	-	-	-	-	1	5
11	Finance	-	-	-	-	-	-	-	-	-	-	4	10	4	10
12	Fisheries	-	-	-	-	1	2	-	-	1	3	-	-	2	5
13	Forests	1	4	3	9	1	1	4	22	-	-	2	8	11	44
14	General Administration	1	1	-	-	-	-	1	1	-	-	-	-	2	2
15	Housing	-	-	-	-	1	4	-	-	-	-	-	-	1	4
16	Health	3	6	2	5	4	10	5	17	10	39	1	1	25	78
17	Higher Education	3	3	1	2	-	-	1	2	1	2	-	-	6	9
18	Home	2	2	-	-	1	2	-	-	5	9	2	7	10	20
19	Information and Technology	-	-	-	-	-	-	1	5	1	4	-	-	2	9

20	Information and Publicity	1	2	1	6	1	4	2	12	1	6	-	-	6	30
21	Inland Water Transport	-	-	-	-	-	-	-	-	1	4	-	-	1	4
22	Industries, Trade and Commerce	-	-	1	2	1	3	-	-	1	7	2	5	5	17
23	Irrigation	5	6	5	7	5	9	6	23	5	32	3	23	29	100
24	Labour	-	-	-	-	-	-	2	10	-	-	2	7	4	17
25	Law	2	2	1	1	-	-	-	-	3	5	2	4	8	12
26	Legislature	1	1	1	1	-	-	-	-	1	1	-	-	3	3
27	Mines	1	2	-	-	-	-	-	-	-	-	1	4	2	6
28	Panchayati Raj	3	6	1	4	3	10	2	8	2	17	5	36	16	81
29	Printing and Stationary	-	-	1	1	-	-	-	-	1	1	-	-	2	2
30	Public Works	9	15	5	8	6	16	13	46	8	29	11	70	52	184
31	Revenue	14	31	2	5	-	-	1	12	2	8	2	9	21	65
32	Rural Development	2	2	1	2	-	-	1	1	-	-	-	-	4	5
33	Social Welfare	-	-	1	1	-	-	2	13	-	-	-	-	3	14
34	Sports and Youth Affairs	1	1	-	-	-	-	1	3	2	16	2	13	6	33
35	Technical Education	4	9	-	-	-	-	2	3	3	5	3	9	12	26
36	Transport	1	1	-	-	1	2	-	-	-	-	1	6	3	9
37	Town and Country Planning	-	-	-	-	-	-	1	2	-	-	1	3	2	5
38	Tourism	-	-	-	-	1	4	-	-	-	-	-	-	1	4
39	Urban Development	16	41	7	44	13	70	14	126	5	42	8	94	63	417
40	Vigilance	1	1	-	-	-	-	-	-	-	-	-	-	1	1
41	Women and Child Development	1	1	1	2	-	-	2	12	2	7	-	-	6	22
Total		100	194	42	134	42	143	69	345	67	278	56	322	376	1416

APPENDIX-1.2

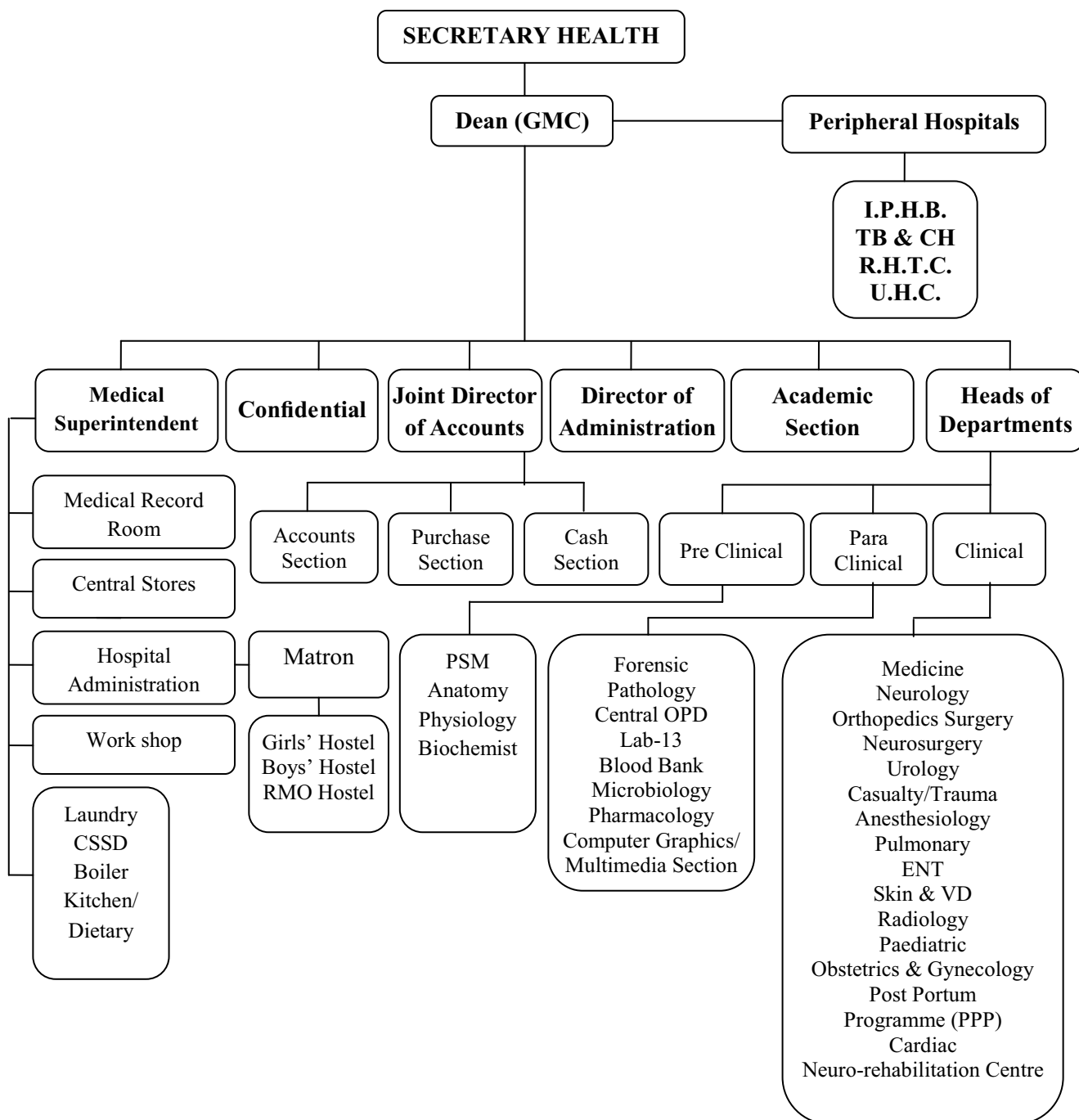
(Referred to in paragraph 1.4.3)

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

Sl. No.	Name of Department	2010-11	2011-12	2012-13	2013-14	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Forest	2	-	-	-	2
2	Health Department	1	-	1	3	5
3	Finance	1	-	1	-	2
4	Tourism	-	1	1	-	2
5	Public Works	-	-	4	-	4
6	Urban Development	-	2	-	1	3
7	Rural Development	-	1	-	-	1
8	Women and Child Development	-	-	1	1	2
9	Information Technology	-	-	-	1	1
10	Sports and Youth Affairs	-	-	-	2	2
Total		4	4	8	8	24

Note: Audit Report of 2013-14 was tabled in the State Assembly on 14.08.2015

APPENDIX-1.3
(Referred to in paragraph 1.5.2)
Organisational Chart



APPENDIX-1.4

(Referred to in paragraph 1.5.7.7)

Details of ledgers showing 'Nil balances' at the end of every year

Sl. No.	Type of medicine	2010-11		2011-12		2012-13		2013-14		2014-15	
		Total No.	Nil medicine	Total No.	Nil medicine	Total No.	Nil medicine	Total No.	Nil medicine	Total No.	Nil medicine
1	Injection	173	84	173	81	178	74	174	109	174	133
2	Infusion fluids /plasma Exp.	42	29	42	28	40	31	40	36	40	38
3	Vaccines/Sera/Immunizers	19	14	19	14	17	10	17	15	17	13
4	Diagnostic Agents	6	4	6	5	5	2	3	2	3	2
5	Tablet/Capsule	160	77	160	71	169	59	164	88	164	105
6	Syrup/Suspension	22	12	22	7	32	16	32	15	32	23
7	Ear/Eye/Nasal drops	19	16	19	13	17	9	16	9	16	12
8	Creams/Ointments/Jellies/Gels	21	10	21	10	23	7	22	16	22	15
9	Surgicals	42	21	42	24	48	25	48	28	48	39
10	Antiseptic/Disinfectants	17	7	17	6	19	6	19	11	19	16
11	Chemicals	14	3	14	4	11	3	11	5	11	4
12	Miscellaneous (surgical-II)	NA	NA	194	141	199	104	NA	NA	324	285
Total		535	277	729	404	758	346	546	334	870	685
Percentage of nil medicines			52		55		46		61		79

(Source: Compiled by audit from Store Accounts)

APPENDIX – 1.5
(Referred to in paragraph 1.5.7.7(ii))

Details of sample checking of medicines carried out by FDA

Sl. No.	Name of medicine/ Batch No.	Date of taking sample	Date of letter intimating test result	No. of days taken for intimating test result	Total quantity issued to patients up to date of taking sample	Quantity issued from the date of taking sample to date of receipt of test report	Action taken on balance stock	Name of manufacturer	Action taken against the manufacturer/ supply agency
1	CARDEM-30 Tablet (DILTIAZEM) Batch No. 03401P	15/10/2014	06/02/2015	110	17600	8535	Stock Frozen	AFD Laboratories Pvt. Ltd.	Recovered cost of unissued medicines
2	AMITRIPTYLINE TAB. IP- DEPLINE -10 Batch No. 22481	12/03/2015	13/05/2015	61	30600	8527	Stock Frozen	R.K.G Pharma Pvt. Ltd	Recovered cost of unissued medicines
3	Tab.LEVODOPA+CARBIDOPA 110mg Batch No.BSN 1056	02/06/2014	08/12/2014	189	52750	52750	Nil dated 10/09/2014	Sun Pharma Laboratories Ltd.	No action
4	S.N.130.Inj. NEOSTIGMINE METHYLESULPHAT 0.5 mg/ml. Batch No. NE 40301.	20/09/2014	29/10/2014	39	9800	24	9776	Sara Pharmaceuticals	Recovered cost of unissued medicines
5	Tab. GLIMRPIRIDE 1MG. Batch No. 2913005	16/09/2013	21/11/2013	66	18160	18160	Nil dated 28/09/2013	Sanofi India. Ltd.	No action
6	BALCOFEN Tab. IP. LIOFEN-10 Batch No. BSL 0694	08/11/2012	18/02/2013	102	6710	6710	Nil dated 02/03/2013	Sun Pharma Sikkim	No action
7	BUPIVACAINE 0.5 % heavy in Dextrose (Inj. Sensorcaine Heavy) Batch. SCK075	--	16/08/2011	--	1201	1	Stock Frozen dated 16/08/2011	Astra Zencca Pharma India Ltd.	No action
8	Amoxyclin & Potasium Clvulanate Inj. Batch No. GZC901	19/11/2010	22/06/2011	215	4240	4240	Nil	Goa Antibiotic & Pharmaceuticals Ltd.	No action
9	Inj. Menadione Sodium Bisulphate Batch No. MBA 112	22/03/2010	27/09/2010	189	630	248	Nil dated 27/09/2010	S.P.M. Drug Pvt. Ltd.	No action
10	Atrovastain Tablet I.P Batch No. STA 9013	22/3/2010	11/10/2010	203	96100	3660	Nil	Piramal healthcare	No action

(Source: Compiled by Audit from the records of GMC)

APPENDIX – 1.6

(Referred in Paragraph 1.5.7.7(ii))

Details of sample checking of medicines carried out by FDA in IPHB

Sl. No.	Name of medicine/ Batch No.	Date of taking sample	Date of letter intimating test result	No. of days taken for intimating test result	Total quantity issued to patients up to date of taking sample	Total quantity issued from the date of taking sample to date of receipt of test report	Action taken on balance stock	Name of manufacturer	Action taken against the manufacturer supply agency
1	LITHIUM CARBONATE G08-01	21.12.2011	14.2.2012	54	19937	0	Destroyed	Theo	No action was taken
2	SODIUM VOLPORATE SVL-34	27.8.2012	16.11.2012	80	77000	39553	Destroyed	CI LAB	No action was taken
3	RESPERIDONE RPD-54	27.8.2012	18.2.2013	169	0	80500	Destroyed	CI LAB	No action was taken
4	SODIUM VOLPORATE T-2307	19.6.2014	24.7.2014	35	75000	146653	Not destroyed	LINCON	No action was taken

(Source: Compiled by Audit from the records of IPHB)

APPENDIX – 1.7

(Referred in Paragraph 1.6.4.4)

Details of CFA projects, total outlay, CFA component and its utilisation

(₹ in crore)

Sl. No.	Name of the project	Month of approval of GoI	Total outlay	CFA released	CFA utilised	Total expenditure	Date of commencement	Remarks
1	Integrated Development of Heritage and Hinterland Tourism	February 2009	81.44	21.54	21.54	43.60	26.10.2012	Construction is underway. There is delay in completion.
2	Development of Green Belt	March 2011	39.72	30.00	Nil	0.66	NA	Project is under consideration.
3	Development of Goa Haat	March 2011	24.76	4.00	Nil	0.41	NA	Project is dropped. Surrender of CFA is awaited
4	Development of Baga Circuit	July 2011	9.35	3.98	3.98	7.48	15.05.2013	Construction is underway. Delay of three months (June 2015)
5	Development of Colva Circuit	September 2010	17.42	6.06	Nil	0.71	NA	Project is stalled due to litigation.
6	Auditorium cum Convention Centre	March 2010	8.89	4.00	Nil	0.14	NA	Project is dropped. Surrender of CFA is awaited
7	State Institute of Hotel Management and Catering Technology	March 2010	14.43	4.00	4.00	4.81	15.03.2014	Project is 36 per cent complete as on June 2015. Delay of more than six months
8	Heli Tourism	Not yet approved	NA	NA	NA	0.09	NA	Project is under consideration.
9	Miramar Tourism Circuit	Not yet approved	NA	NA	NA	0.09	NA	Project is under consideration.
10	Colvale Tourism Circuit	Not yet approved	NA	NA	NA	0.12	NA	Project is under consideration.
Total			196.01	73.58	29.52	58.11		

APPENDIX-3.1

(Referred to in paragraph 3.1.11)

Statement showing investments made by State Government in PSUs whose accounts were in arrears as on 30 September 2015

(₹ 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 Meat Complex Limited	2013-14	61.82	2014-15	-	-	345.00	-
2.	Goa State Horticultural Corporation Limited (GSHCL)	2010-11	499.50	2011-12	-	-	250.00	1113.06
				2012-13	-	-	-	1774.33
				2013-14	-	-	-	1878.77
				2014-15	-	-	-	2265.74
3.	Goa State Scheduled Castes and Other Backward Class Finance and Development Corporation Limited (GSSCOBCFDCL)	2003-04	268.43	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	-
2014-15	-	168.07	-	-				
4.	Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL)	2013-14	3360.00	2014-15	50.00	-	-	-
5.	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2013-14	372.00	2014-15	-	-	28000.00 ¹	-

¹ Expenditure reimbursed by the Government for executing Government works.

6.	Info Tech Corporation of Goa Limited (ITCGL)	2007-08	1633.47	2008-09 to 2011-12	-	-	-	-
				2012-13	-	-	114.46	-
				2013-14	-	-	500.00	-
				2014-15	-	-	880.00	-
7.	Sewage and Infrastructural Development Corporation Limited (SIDCL)	2013-14	755.00	2014-15	-	-	5500.00	-
8.	Kadamba Transport Corporation Limited (KTCL)	2013-14	8964.33	2014-15	-	-	1220.43	5195.77
9.	Goa Forest Development Corporation Limited (GFDCL)	2013-14	268.91	2014-15	-	-	50.00	-
10.	Goa Tourism Development Corporation (GTDC)	2013-14	2264.69	2014-15	-	-	-	-
11.	Goa Electronics Limited (GEL)	2013-14	180.00	2014-15	-	-	-	-
12.	Economic Development Corporation (EDC)	2013-14	10092.50	2014-15	-	-	-	-
13.	Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2013-14	800.00	2014-15	-	-	460.00	60.55
B	Working Corporation							
1.	Goa Industrial Development Corporation (GIDC)	2013-14	4548.25	2014-15	-	-	-	-
D	Non-Working Corporations							
1.	Goa Information Technology Development Corporation (GITDC)	First Accounts Awaited	-	2006-07	25.00	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	-
				2009-10	-	-	-	-
				2010-11	-	-	1.10	-
				2011-12	-	-	-	-
				2012-13	-	-	-	-
				2013-14	-	-	-	-
2014-15	-	-	-	-				
Total			33268.90		519.32	865.00	37485.99	12288.77

Appendix-3.2
(Referred to in paragraph 3.1.15)

Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts
(Figures in columns 5 to 12 are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year (\$)	Accumulated profit (+) /loss (-)	Turn-over	Net profit (+) loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Man power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	A. Working Companies												
	AGRICULTURE AND ALLIEED												
1.	Goa Forest Development Corporation Limited (GFDCL)	2013-14	2015-16	2.69	0.00	1.13	5.03	-0.02	Accounts to be revised	15.47	-0.02	-0.13	77
2.	Goa Meat Complex Limited (GMCL)	2013-14	2015-16	0.62	0.00	0.68	3.22	-0.71	Prov. Comments issued	5.67	-0.71	-12.52	68
3.	Goa State Horticultural Corporation Limited (GSHCL)	2010-11	2015-16	5.00	1.24	-1.41	38.35	0.14	NRC issued	4.83	0.14	2.90	23
	Sector wise total (A)			8.31	1.24	0.40	46.60	-0.59		25.97	-0.59	-9.76	168.00
	FINANCE												
4.	EDC Limited (EDCL)	2013-14	2015-16	100.92	94.61	122.27	85.19	25.11	Commented but No impact	374.58	44.74	11.94	87
5.	Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2013-14	2014-15	8.00	0.00	-8.92	22.52	-2.91	NRC issued	-0.92	-2.91	315.38	64
6.	Goa State Scheduled Castes and Other Backward Class Finance and Development Corporation Limited (GSSCOBCFDCL)	2003-04	2015-16	2.68	3.33	-0.24	0.46	-0.05	NRC issued	6.19	0.09	1.45	15
7.	Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL)	2013-14	2015-16	33.60	0.68	-0.02	1.67	0.40	NRC issued	35.09	0.42	1.20	22
	Sector wise total (B)			145.20	98.62	113.09	109.84	22.55		414.95	42.34	329.97	188.00

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year (\$)	Accumulated profit (+)/loss (-)	Turn-over	Net profit (+)/loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Man power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	INFRASTRUCTURE												
8.	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2013-14	2014-15	3.72	178.02	14.71	313.34	5.99	Commented but No impact	150.03	26.43	17.62	91
9.	Info Tech Corporation of Goa Limited (ITCGL)	2007-08	2015-16	16.33	0.00	0.87	52.68	1.27	NRC issued	15.46	1.27	8.22	47
10.	Sewage and Infrastructural Development Corporation Limited (SIDCL)	2013-14	2015-16	7.55	0.00	9.07	5.52	1.94	Under finalisation	16.62	1.94	11.68	13
	Sector wise total (C)			27.60	178.02	24.65	371.54	9.20		182.10	29.64	37.51	151.00
	SERVICE												
11.	Goa Electronics Limited (GEL)	2013-14	2014-15	1.80	11.68	-21.28	7.36	-1.25	NRC issued	-10.40	-1.15	11.05	150
12.	Goa Tourism Development Corporation Limited (GTDCL)	2013-14	2014-15	22.65	4.93	-8.14	26.88	0.86	0.44	18.63	0.86	4.62	327
13.	Kadamba Transport Corporation Limited (KTCL)	2013-14	2014-15	89.64	34.96	-185.16	124.64	-24.05	-0.60	-20.48	-18.31	89.42	2054
	Sector wise total(D)			114.09	51.57	-214.58	158.88	-24.44		-12.25	-18.60	105.09	2531.00
	B. Working Corporation												
	INFRASTRUCTURE												
14.	Goa Industrial Development Corporation (GIDC)	2013-14	2015-16	45.48	0.00	55.44	27.22	0.01	Prov SAR issued	100.92	0.01	0.01	203
	Sector wise total (E)			45.48	0.00	55.44	27.22	0.01		100.92	0.01	0.01	203.00
	C. Non-working Companies												
	MANUFACTURING												
15.	Goa Auto Accessories Limited (GAAL)	2014-15	2015-16	5.59	0.00	-16.99	1.10	-0.78	NRC issued	-8.92	-0.14	1.57	5
	Sector wise total (F)			5.59	0.00	-16.99	1.10	-0.78		-8.92	-0.14	1.57	5.00
	D. Non-working Corporation												
	INFRASTRUCTURE												
16.	Goa Information Technology Development Corporation (GITDC)	First account awaited	0	0.00	0.00	0	0	0	0.00	0.00	0.00		
	Sector wise total (G)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Grand Total (A+B+C+D+E+F+G)			346.27	329.45	-37.99	715.18	5.95	-0.16	702.77	52.66	7.49	3246.00