

CHAPTER-III
Performance Reviews

PUBLIC WORKS DEPARTMENT

3.1 Review on Water supply and Sanitation programmes

Highlights

The water supply demand in the State is met through seven regional water supply schemes and sanitation in urban areas is provided through urban sewerage schemes being implemented by the Public Health Engineering Wing of the State Public Works Department (PWD). A review of the Regional Water Supply and Urban Sanitation programmes revealed that against the present demand (March 2005) of 568 MLD (Million Litres per Day) of water for the existing population, the Department could supply only 394 MLD leaving a gap of 174 MLD which adversely affected the public needs of sufficient water supply.

It was seen that the augmentation of two regional water supply schemes out of the three schemes taken up were not completed resulting in non-achievement of the intended benefit of augmentation. Though 85 per cent areas of Panaji, 40 per cent of Margao and 80 per cent of Vasco municipalities were provided with sewerage network, the percentage of households connected to the sewerage network in Panaji capital area was 95 per cent, whereas in the towns of Margao and Vasco in South Goa, the Department could provide only seven and 19 per cent household connections respectively due to poor public response. The salient highlights of the Review are:

➤ In the absence of a comprehensive and consistent plan to keep pace with the demand for water supply, there existed a shortfall of 174 MLD against demand of 568 MLD as of March 2005.

(Paragraph 3.1.7)

➤ Delays in land acquisition, finalization of alignment, supply of pipes hampered completion of the Opa Water Supply scheme resulting in non-achievement of the intended benefits of the scheme to the full extent.

(Paragraph 3.1.11)

➤ The work of Sewerage Treatment Plant in Panaji was awarded to a single bidder for Rs.13.33 crore without competitive offers as the Department had not finalised the technology while calling for the financial bids.

(Paragraph 3.1.14)

➤ **A Detailed Project Report for Sewerage system in Margao town prepared at a cost of Rs.29.50 lakh by the Sewage and Infrastructure Development Corporation Ltd, was not found useful by the PWD, rendering the expenditure unfruitful.**

(Paragraph 3.1.17)

➤ **The revenue from water charges was not only stagnant over the period 2002-05 but also showed a downward trend despite the augmentation schemes. The arrears of revenue, which stood at Rs.22.82 crore as of March 2005 constituted 43 per cent of the revenue from water charges.**

(Paragraphs 3.1.18 & 3.1.19)

➤ **Non-recovery of actual cost of supply of water through tankers exclusively arranged for the ONGC resulted in a loss of Rs.42.63 lakh to the Government.**

(Paragraph 3.1.21)

3.1.1 Introduction

The water supply demand in the State is met through seven regional water supply schemes¹ with a total installed capacity of 394 MLD (million litres per day) against the State's existing demand of 568 MLD. In order to improve the service level of water supply in the villages and towns to meet the increasing industrial, commercial as well as domestic demand, and in view of the shortage of water supply against present demand and the envisaged increase in future demand, the Government took up augmentation of three supply schemes. Similarly the urban sanitation schemes were also taken up in three towns² with a view to improving public hygiene and for creating sanitary awareness among the public. The schemes were implemented by the Public Health Engineering Divisions of the Public Works Department under the supervision of three circle officers and one Chief Engineer under the overall guidance and supervision of the Principal Chief Engineer and the Secretary (PWD).

3.1.2 Scope of Audit

The review covered schemes taken up for augmentation of Regional Water Supply and urban sewerage and the expenditure incurred there under for a period of three years from 2002-03 to 2004-05. The review was conducted during July to September, 2005 by test checking the records of Chief Engineer I, two Circle Offices³ out of three, Superintending Engineer (Monitoring & Evaluation) and six⁴ divisions out of seven divisions.

¹ Opa, Assonora, Sanquelim, Salaulim, Canacona, Dabose and Chandel.

² Panaji, Margao and Vasco.

³ Circles-VI and VIII.

⁴ Divisions III, IX, XII, XVII, XX, XXI

3.1.3 Audit objectives

The review was conducted to assess whether;

- The programmes for augmentation of Regional Water Supply Schemes and the Urban Sewerage Schemes were properly planned;
- The schemes were implemented as planned, with due consideration to economy and efficiency;
- The revenue of water and sewage charges were demanded correctly and collected.

3.1.4 Audit Criteria

The following audit criteria for achievement of audit objectives were adopted.

- Project feasibility reports;
- Work estimates and tendering procedures;
- Economy in execution of schemes;
- Coordination amongst agencies for inter-related works; and
- Collection and accounting of water charges and sewage charges.

3.1.5 Audit methodology

An entry conference was held with the Secretary (PWD), Principal Chief Engineer, PWD alongwith other officers of the Department. Records relating to planning and execution of the schemes covered under review maintained in the offices of Chief Engineer, Superintending Engineers and Executive Engineers were examined and data collected and analyzed with reference to Manuals, Codes, Act and Rules and Government orders and instructions. Discussions/interactions were also held with the executing authorities during the course of the review and their views have been taken into account while finalizing the review.

Audit Findings

3.1.6 Financial Management

The details of the budget provisions and expenditure incurred on Regional Water Supply and Urban Sewerage and Sanitation programmes for the period 2002-05 are given below:

(Rupees in crore)

Year	Budget provision		Expenditure		Savings		Percentage of savings	
	Water supply	Sanitation	Water supply	Sanitation	Water Supply	Sanitation	Water Supply	Sanitation
2000-01	113.19	18.54	97.86	16.29	15.33	2.25	14	12
2001-02	100.02	25.94	85.49	6.23	14.53	19.71	15	76
2002-03	142.25	28.41	112.97	3.57	29.28	24.84	21	87
2003-04	132.74	8.95	115.09	5.00	17.65	3.95	13	44
2004-05	126.50	16.80	124.66	3.78	1.84	13.02	1	78

(Source: Appropriation Accounts of Govt. of Goa)

The savings in Sanitation Programme were mainly due to non-taking up of major works, changes in scope of works on technical as well as administrative grounds and envisaged share capital investment aggregating to rupees seven crore in Sewage and Infrastructural Development Corporation not being made by the State Government.

In addition to the expenditure indicated above, the Department incurred an expenditure of Rs.11.14⁵ crore (March 2005) through Goa Coastal Zone Management Authority (GCZMA), Department of Science Technology and Environment (STE) for the Scheme of “Environmental upgradation of Panaji City, Phase-I”, a joint project of the Government of India (GOI) and the State Government, for which the State Government contributed Rs.5.81 crore and GOI contributed Rs.7.56 crore upto April 2005. The scheme consisted of sewage treatment plant of 12.50 MLD capacity, renovation and remodeling of existing 5.7 MLD STP at Tonca, laying of under-water effluent disposal pipeline in Mandovi estuary, extension of sewerlines to Tambdi Matti, Patto Colony and other left out areas of Panaji city.

Water Supply Programmes

3.1.7 Planning

The existing total capacity of the Water Supply schemes in the State in the year 2001 was 314 MLD (Million Litres per Day) as against the present demand of 568 MLD, and a futuristic demand of 775 MLD for the year 2030. The Department planned for augmentation of three schemes totalling 80 MLD only during the five year plan period, and augmentation of four schemes by a total of 275 MLD is under various stages of planning.

The fact that augmentation of 80 MLD only was taken up as against a shortfall of 254 MLD between the existing capacity (314 MLD) and present demand (568 MLD) shows that the planning itself has not been consistent with the demand in the State.

The planned augmentation of 275 MLD was to be achieved through seven⁶ water supply schemes and out of these only in three schemes the work has

⁵ Balance amount of Rs.2.23 crore is lying with the Goa Coastal Zone Management Authority.

⁶ Opa, Assonora, Sanquelim, Salaulim, Canacona, Dabose and Mhadei.

actually commenced involving plant augmentation of 80 MLD as given in the table below:

Name of the scheme and source of water	Objective/Purpose of the scheme	Month & Year of commencement	Estimated cost (Rs. in crore)	Period of completion as per project report	Progress of work	Expenditure incurred (Rs. in crore)
						MLD supply actually augmented as of Sept. 05.
Augmentation of Sanquelim Water Supply Scheme. (River Volvant)	Augmentation of Water supply in Bicholim Taluka and six villages of Sattari & Tiswadi Talukas by 25 MLD and providing 15 MLD treated water to Assonora Water Supply Scheme.	April, 2001	34.91	3 Years	Water treatment plant at Padocem and conveying main from Padocem to Assonora completed in April, 2003. Laying of pipeline from Sanquelim WTP to Surla, Pale and Usap Dumacem completed in December 2004.	30.06
						25 MLD
Augmentation of Assonora Water Supply scheme (River Volvant)	Augmentation of Water Supply in Bardez Taluka by 15 MLD and improving the network.	March 2001	76.85	3 Years	Laying of main pipeline, Construction of 3000 cu.m. Master balancing Reservoir (MBR) and 650 cu.m. Overhead Reservoir (OHR) at Porvorim completed. Pumping installation and Rising main from MBR to OHR not completed.	63.22
						15 MLD
Augmentation of Opa Water Supply scheme (River Khandepar)	Augmentation of Water Supply in Ponda and Tiswadi Talukas by 40 MLD	March 2001	83.83	2 Years	40 MLD Water treatment plant at Curti and Laying of pipeline upto Banastarim (Ch. 0-16) completed. Laying of pipeline from Banastarim to Altinho/ Panaji (Ch.16-33) yet to be done.	44.82
						10 MLD

Augmentation of water supply not achieved due to improper planning

As of March 2005, thus the Department could achieve 394 MLD capacity by these three commissioned augmentation schemes, still leaving a gap of 174 MLD of water supply on the present demand. Even in these three schemes where the work have been commenced, despite incurring an expenditure of Rs.138.10 crore the actual augmentation that has been carried out as of September 2005 is only 50 MLD. Thus, against existing demand of 568 MLD, the capacity that had been created as of September 2005 is 364 MLD resulting in a gap of 204 MLD with reference to demand. Further, the balance four⁷ augmentation schemes involving plant augmentation of 275 MLD, no work has commenced and even Detailed Project Reports (DPRs) for these

⁷ Salaulim, Canacona, Dabose and Mhadei

schemes have not been finalized. Consequently, the chances of completion of these schemes by the end of the X five year plan appears remote and therefore the planned augmentation of 275 MLD would be difficult.

Further, under the Accelerated Urban Water Supply Programme an additional provision for supply of 2.88 MLD was being planned. The progress of the work under the AUWSP was also tardy as discussed below.

3.1.8 Accelerated Urban Water Supply Programme

Delay in implementation of Centrally sponsored Accelerated Urban Water Supply programme

The Centrally sponsored scheme "Accelerated Urban Water Supply Programme (AUWSP)" was launched (1993-94) through the Ministry of Urban Development (MOUD). The scheme envisaged providing safe and adequate water supply in smaller towns with population of less than 2000, as per 1991 census. The programme was to be funded by the Central Government and the State Government on 50:50 basis.

Selection of towns/Urban Agglomeration for implementation of the scheme was to be done by the State Level Selection Committee constituted for the purpose by the State Government as per guidelines of the programme, after considering the DPRs proposed in respect of individual towns.

During 2001-05, out of four towns⁸ planned for augmentation of water supply, schemes in Ponda and Pernem were taken up, and works were commenced only in Pernem. The DPRs submitted for Cuncolim and Benaulim towns were returned (June 2002) by the GOI for modification as per AUWSP guidelines which were not resubmitted by the Department as of August 2005. The details of schemes taken up were as below:

(Rupees in lakh)

Name of town	Estimated cost sanctioned by GOI	Targetted year of completion as envisaged in DPR	Month & year in which scheme sanctioned by State Govt.	Funds released		Upto-date expenditure	Present position
				Central share	State share		
Ponda	144.00	2002-03	March 2004	72.00	72.00	Nil	Detailed estimates under finalisation
Pernem	157.72	2002-03	December 2003	78.60	78.86	112.13	Works in progress.

Thus, schemes sanctioned in 2001-02 and required to be completed by 2002-03 were yet to be taken up/completed (September 2005). The delay in taking up the scheme by the Department resulted in delay in extending the intended benefits of improved water supply to the population of two towns of Ponda

⁸ Ponda, Pernem, Cuncolim and Benaulim

and Pernem, while as the DPRs for Cuncolium and Benaulim towns not being approved, these two works have not been sanctioned by GOI. Thus, the envisaged benefit on additional supply of 2.88 MLD through AUWSP could not be availed as works on these schemes have been delayed.

Execution of Schemes

3.1.9 Augmentation of Sanquelim Water Supply scheme - Extra expenditure to be recovered from contractor

Non recovery of extra expenditure of Rs.44 lakh from contractor on work terminated at his risk and cost

The work of laying of pipeline from Sanquelim Water Treatment Plant to Surla and Usap Dumacem, a component work of Augmentation of Sanquelim Water Supply scheme, was awarded in June 2001 to a contractor for Rs.1.42 crore to be completed in January 2002. The agreement was terminated in May 2003 at the risk and cost of the contractor due to undue delay on the part of the contractor, and the balance work estimated to cost Rs.1.19 crore was awarded to another contractor in February 2004 for Rs.1.68 crore to be completed by August 2004. As the work was terminated at the risk and cost of the original contractor, the extra expenditure was recoverable from the original contractor. The extra expenditure recoverable from the first contractor on the basis of the original tendered cost (Rs.142 lakh), the work completed and paid (Rs.20 lakh) and the tendered cost of the balance work (Rs.168 lakh), amounted to Rs.44 lakh⁹ after adjusting the security deposit (Rs.2 lakh) available. The Department has not claimed the above amount from the contractor so far, though the balance work was tendered in February 2004, for which no reason was furnished.

3.1.10 Augmentation of Assonora Water Supply scheme

Delay in taking up works resulted in non-achievement of augmentation of water supply and idling infrastructure

Though the laying of pipeline from Water Treatment Plant at Assonora to Porvorim was completed by August 2003, and construction of Master Balancing Reservoir (MBR) and Overhead Reservoir (OHR) at Porvorim was completed by March 2004, however the works of rising main from MBR to OHR and pumping installations at MBR were not completed.

Audit scrutiny revealed that though all the above works were inter related, and were to be taken up simultaneously, tenders for the work of rising main from MBR to OHR and pumping installation were invited only in July 2004 and the works (tendered cost Rs.65.26 lakh) commenced only in November 2004, seven months after completion of MBR and OHR. The delay in taking up of these works resulted in not achieving the intended benefit of augmentation of water supply in three villages¹⁰ of Bardez Taluka and idling of the MBR and OHR constructed at a cost of Rs.1.01 crore.

3.1.11 Augmentation of Opa Water Supply schemes

The major part of the scheme 40 MLD Water Treatment Plant at Curti, laying of pipeline from Curti to Banastarim (16 KMs) have been completed by

⁹ Rs.168 lakh minus (Rs.142 lakh – 20 lakh) = Rs.46 lakh

¹⁰ Soccoro, Salvador-do-Mundo and Penha-de-franca.

April 2003 and October 2004 respectively and the total expenditure incurred on the scheme upto May 2005 was Rs.44.82 crores. However, the laying of pipeline from Banastarim to Altinho/Panaji (Ch. 16 to 33 KMs) was yet to be completed due to delays in land acquisition, finalisation of alignment from Chimbhel to Panaji, supply of pipes and getting clearance for cutting of trees and roads, etc. As a result, though the scheme is designed for augmentation by 40 MLD, augmentation of 10 MLD only could be achieved (October 2004) so far, even after four years of commencement of the scheme which was planned for completion within two years, and even after incurring more than 50 percent of the sanctioned expenditure (Rs.44.82 out of 83.83 crores).

3.1.12 Extra expenditure recoverable from the contractor

Audit scrutiny revealed that the work of laying of pipeline from Curti to Kundaim, under augmentation of Opa Water Supply Scheme, awarded to a contractor for Rs.4.43 crore was terminated (May 2004) at the risk and cost of the contractor for slow progress of work. The contractor was paid Rs.2.73 crore upto October 2003. The balance work was tendered in July 2004 and awarded (October 2004) to another contractor for Rs.3.34 crore, and the contractor was paid Rs.3.11 crore upto October 2005, and minor works such as construction of some chambers for sluice valves, refilling trenches at some places etc. were yet to be completed. The approximate extra expenditure recoverable from the original contractor was Rs.1.64 crore taking into account the original tendered amount (Rs.4.43 crore), cost of work done by the original agency (Rs.2.73 crore), and the tendered cost of the balance work (Rs.3.34 crore). The Department had not taken any action to recover the excess cost although termination of the work of the original contractor was carried out with invocation of risk and cost clause.

*Non-recovery
of Rs.1.64 crore
from
contractor
against work
terminated at
his risk and
cost*

3.1.13 Environmental upgradation of Panaji city

In Panaji city 85 percent area was covered under the sewerage network, and 95 percent of the households of the seweraged areas were connected to the network. As the existing sewage system in Panaji city installed in 1967 was inadequate, the Department proposed to augment the sewage treatment system by 12.50 MLD capacity. The proposed project included, additional sewage treatment plant of 12.50 MLD capacity, renovation and remodeling of existing 5.70 MLD Sewage Treatment Plant at Tonca, laying of under water effluent disposal pipelines in Mandovi estuary, conditioning the secondary effluent for gardening, extension of sewer lines to Tambdi matti, and Patto colony and other left out areas of Panaji city. The project was proposed to be implemented during 2002-2005 out of State Govt. funds (Rs.4.50 crore) and availing assistance (Rs.10.50 crore) from the GOI.

The GOI sanctioned (May, 2002) the scheme of Environmental upgradation of Panaji city, Phase-I, under National River Conservation Plan, for Rs.14.10 crore, on cost sharing (70:30) basis and subject to completion by July, 2004.

The Executive Engineer, Division III invited (October, 2002) tenders in two sealed cover system, namely technical and financial bids, for the main and

ancillary components of the scheme estimated to cost Rs.12.11 crore. The following irregularities were noticed in awarding and execution of the work:

3.1.14 Acceptance of single tender

*Acceptance of
single tender of
Rs.13.33 crore*

Though tenders were initially invited (October 2002), *inter-alia*, for 12.50 MLD Sewage Treatment Plant based on Activated Sludge Process specified in the NIT, the concept of alternate offer was brought in (December 2002) before submission of tenders and alternate designs were called from the bidders. The Department deputed a technical committee (June 2003) to study the technologies available in foreign countries (Germany and Austria) after receipt of tenders, and accepted their recommendation to adopt the C-Tech process for which only one agency M/s. H.N. Bhat & Co. had quoted (Rs.14.79 crore), thus vitiating the tendering process. As the Department had not invited tenders for STP based on C-Tech process, and M/s. H.N. Bhat & Co. only had quoted for the C-Tech Process, the tender accepted was not competitive as it was a single tender. Besides, the rates cannot be considered as reasonable as the Department did not prepare an estimate for STP based on C-Tech process. On directions of the Goa State Works Board (August 2003) negotiations were done by the Chief Engineer with M/s. H.N. Bhat and the single tenderer was awarded the work for Rs.13.33 crore (October 2003). An expenditure of Rs.11.14 crore was incurred upto March 2005.

3.1.15 Margao Sewerage Scheme

*Under utilization
of sewerage
scheme in
Margao city*

The project of underground drainage scheme to Margao town (revised estimated cost: Rs.18.68 crore) was taken up in 1986. The scheme was broadly divided into three drainage zones, namely North, Central and South Zone, covering 876 hectare area to be sewered. Infrastructure comprising a network of 22 Kms. sewerline in North Zone, 23 Kms. sewerline in Central Zone, covering 40 percent area of Margao, and a 7.5 MLD Sewage Treatment Plant at Navelim were completed and commissioned in the year 2000 at a cost of Rs.18.30 crore as of July, 2005.

The infrastructure created had capacity to provide sewerage connections to 12900 households. However only 906 households (7 percent) were connected upto March 2004 due to lack of response from the public in taking domestic connections as they had already invested in construction of septic tank and soak pits. The Government introduced a pilot scheme to provide house connection Departmentally charging a nominal fee of Rs.2000 for single house unit and Rs.1000 per flat in apartments. The scheme to provide 100 house connection was sanctioned by the Government in January 2004 and 53 connections involving 419 households were provided upto March 2005, at a cost of Rs.21.86 lakh. Thus only 1325¹¹ households were connected to the network as of March 2005 and 5008 households were yet to be connected.

¹¹ 906 plus 419 households.

Considering the response to the pilot scheme, the Government decided (January 2005) to extend the benefits to all the residents of Margao, Vasco and Panaji wherever sewerage network is covered, on a nominal charge between Rs.500 to Rs.3000 per household¹², for which applications were accepted during April to 1 August, 2005.

The Department assessed the total cost of 1008 connections to individual houses and 4000 flats (assessed through a survey conducted by the Department) in Margao at Rs. six crore out of which Rupees one crore will be recovered as connection charges from the consumers and subsidy would be Rs. five crore.

A preliminary estimate of Rs.2.27 crore for subsidized sewerage connection for North and Central Zone of Margao was approved by the Government (February 2005) and the work was divided into six parts, tendered and awarded (July 2005) to six different agencies for Rs.1.92 crore. The work was in progress (August 2005).

The Department's belated attempts to convince the consumers as well as Government's failure to enforce the powers available under the Health Act, for providing individual household sewage connections compulsorily, resulted in underutilization of the existing infrastructure created at a cost of Rs.18.30 crore.

3.1.16 Vasco Sewerage Scheme

Vasco Sewerage Scheme covering 240 hectares drainage area consisting of a 14 MLD Sewerage Treatment Plant, seven drainage zones, six sewage pumping stations and 41 Kms. sewer lines was commissioned at a cost of Rs.5.09 crore, in 1985 in Baina, Sada and Mangore areas and in 1992 in Vasco area covering 80 percent area of Vasco city.

The infrastructure created had a capacity to provide sewerage connections to approximately 23000 households. However, 4414 households (19 percent) only were connected to the sewerage network as of 31 January 2005, and major part of the sewerage network remained unutilized and did not serve the purpose for which the huge expenditure was incurred.

Though the Department has prepared (March 2005) an estimate of Rs.1.24 crore, under the subsidized scheme for providing concessional house sewer connection to 583 households, further action to commence the work was yet to be taken (August 2005).

3.1.17 Unfruitful expenditure on Project Report

Audit scrutiny revealed that on directions of the Government the Department had transferred (December 2001) the unexecuted work of sewerage system of South Drainage Zone, Margao, to a newly created corporation, Sewerage and Infrastructure Development Corporation Limited (SIDC), Panaji for execution.

Under utilization of sewerage network in Vasco city

Project report prepared at a cost of Rs.29.50 lakh was not useful

¹² Rs. 3000 for individual house, Rs.2000 per flat in apartments; Rs.1000 per shop provided for house connection in apartment and Rs.500 per shops without house connection in apartments.

The Corporation had prepared (June 2002), a detailed project report (DPR) for the work through MECON LTD, a Government of India Undertaking at a cost of Rs. 29.50 lakh. As directed (August 2002) by the Chief Secretary, the Department obtained (September, 2002) the project proposal from the Corporation. On verifying the DPR, the Department noticed that there was no detailed hydraulic design for sewer network, the cost estimate was on a lump sum basis without indicating the quantity and basis of rates adopted. Area-wise length and diameter of pipelines, details of types of manholes at various locations were also not shown in the project report. In the absence of these details, the project report was not considered useful by the Department as mentioned above.

Government subsequently empanelled (November, 2004), 11 firms as consultants for water supply, sewerage and sanitation projects, and sought (December 2004) financial offers for providing consultancy for preparation of DPR for the above mentioned project. The offers received were opened in February, 2005 and the S.E. Circle VI, accepted (May, 2005) the lowest offer of M/s Ramky Enviro Engineers Ltd. for Rs.10.28 lakh and awarded the consultancy for preparation of DPR to them. The work order was issued in June 2005 with stipulation to complete it by October 2005. The work was commenced in June 2005 and was in progress (August 2005). Thus another consultancy for the same project was awarded for Rs.10.28 lakhs, rendering the expenditure of Rs.29.50 lakh incurred for preparation of the DPR to MECON unfruitful.

3.1.18 Revenue receipts

The Department fixes water tariff based on the classification of consumers as domestic, Small hotels, Industries and Commercial categories. The current tariff which was revised in April 2002 and modified in August 2003 was Rs.2.50 per cu.mtr. for domestic, Rs.10 per cu.mtr. for small hotels and certain other establishments, Rs.20 per cu.mtr. for Industries and Rs.30 per cu.mtr. for commercial category consumers. The sewerage charge was 50 percent of the water charges. The year-wise revenue collected from water supply and sewerage charges was as under:-

(Rupees in crore)

Year	Budget estimates		Actual receipts		Excess(+)/Shortfall(-)	
	Water Supply	Sanitation	Water Supply	Sanitation	Water Supply	Sanitation
2002-03	69.19	0.81	55.20	0.51	(-) 13.99	(-) 0.30
2003-04	69.11	0.89	50.41	4.25 ¹³	(-) 18.70	(+) 3.36
2004-05	76.02	0.98	54.41	0.40	(-) 21.61	(-) 0.58

The shortfall of revenue from water supply against budget estimates ranged from 20 to 28 *per cent* during the period under review. The actual revenue

¹³ Includes amount received as deposits for new connections

from water supply indicated a declining trend despite augmentation of water supply schemes, as well as new consumers. The reasons for shortfall in water supply revenue with reference to budget estimates as well as downward trend in revenue collections were awaited.

3.1.19 Arrears of Revenue

Slow progress in recovery of arrears of revenue

The arrears of revenue of water charges, pending recovery as of 31 March 2005 were Rs.22.82 crore which was 43 *per cent* of the average annual revenue of the Department from water supply and sanitation. It was noticed that though arrears amounting to Rs.17.39 crore were more than a year old, only Rs.5.59 crore pertaining to 1623 cases were referred to the Revenue Recovery Courts as on 31 March 2005, revealing severe slackness in actions against defaulters.

The mounting arrears and slow progress in its recovery was mainly due to timely action not taken against the defaulters, by disconnecting the water supply as required under water supply bye-laws, laxity in referring the overdue cases to Revenue Recovery Courts and its pursuance, and lack of proper internal control systems to monitor all aspects of demand, collection and accounting of revenue including prompt action for speedy recovery of revenue arrears, by the Chief Engineer's office.

3.1.20 Short billing against Raw water supply

Short billing of Rs.43.06 lakh due to non-fixation of minimum contract demand

As per Article-6 of the water supply bye-laws a minimum contract demand has to be fixed for each consumer and water charges leviable should not be less than the minimum contract demand, even when the meter is not working.

A consumer, M/s. Aparant Iron and Steel Ltd. has been drawing raw water since July 2000 from Salaulim dam for industrial purpose, as per an agreement entered into with the Government in July 1996, and further renewed in March 2001. Though the demand of the consumer was supply of 4000 to 12000 cu.m. of water per day, the Department did not indicate the minimum contract demand and the billing has so far been done on actual consumption as per meter readings, which was less than 1.20 lakh cu.m. per month.

Audit scrutiny revealed that though the Government had approved (Dec. 2001) a proposal of the Department to fix minimum contract demand, the Department did not fix such minimum contract demand. Thus, due to non-fixation of contract demand at least at the minimum quantity of 4000 cu.m. per day as demanded by consumer, and billing done on actual consumption basis, resulted in short billing of Rs.43.06 lakh on the basis of minimum demand of 4000 cu.m. per day for the period from April 2002 to July 2005.

On this being observed by audit, the Executive Engineer replied (September 2005) that action has since been initiated to issue revised bills for recovery of revenue on the basis of minimum demand of 4000 cu.m. per day, and a report has been submitted to Government for amending the agreement with the consumer to fix up minimum contract demand.

3.1.21 Loss due to non-recovery of cost of water supplied through water tankers

Non-recovery of Rs.42.63 lakh towards cost of water supply

In order to supply drinking water to the areas such as Balli, Adnem, Fatorpa Khananginim and ONGC Complex at Betul from Salaulim Water Supply Scheme, the Department had commissioned a water supply scheme in 1998. The ONGC's minimum demand of water per day was 100 cu.m.

Based on the complaints of ONGC on short supply of water during November/December 2001, and due to inadequate pressure at the tapping point of the scheme, the Executive Engineer Division-XX, supplied water to ONGC from April 2002 to March 2005 through water tanker by engaging a contractor, incurring an expenditure of Rs.48.01 lakh.

Audit scrutiny (December 2004) revealed that against this expenditure of Rs. 48.01 lakh the Division had billed and collected water charges of Rs. 5.38 lakh only from the ONGC during the period from April 2002 to March 2005. As the Department had no obligation to supply water to ONGC through tanker at the cost of the Department, the additional cost for supply of water through tanker exclusively arranged for ONGC should have been recovered from them. The non-recovery of the additional cost of water supply resulted in a loss of Rs. 42.63 lakh to the Department.

The Department stated that water supply through tanker was discontinued from April 2005 and water supply position would improve after laying a pipeline from Ambaulim to Bali for which work was in progress (July 2005).

3.1.22 Delay in installation of metering equipment

Loss of Rs.11.26 lakh due to non-timely installation of water meter.

A water supply connection was released (February 2005) to M/s. Sesa Industries Ltd. with supply of water to be made at the rate of Rs.20 per cubic metre and a minimum contracted demand of 3000 cu.m. per month. As the billing was to be made out on the basis of actual consumption it was important for the Department to have ensured early installation of the metering equipment. It was however observed that the meter was installed only after a delay of more than two months on 5 May 2005. Resultantly the billing for the period of March and April 2005 was made on the minimum contracted demand in the absence of meters although consumption for the subsequent months commencing from May (when the meter was installed) reflected average monthly consumption of 31,155 cu.m. per month. Consequently due to non timely installation of meters the Department had to forego an amount of Rs.11.26 lakh as the billing in the absence of meters was restricted to minimum contracted demand while the actual as revealed from the scrutiny of bills of the subsequent months reflects a much higher consumption.

3.1.23 Conclusion

As against the existing demand of 568 MLD of water, the Department could achieve 394 MLD capacity by the commissioned augmentation schemes, leaving a gap of 174 MLD of water supply. Although four augmentation projects were selected to be completed by the end of X five year plan, no work has commenced as these projects are in the planning stages only. The

execution of schemes suffered from deficiencies in implementation of the various terms of contract, absence of phased planning to ensure co-ordinated completion of various components of work. The sewerage treatment plants in the major towns were under utilized as individual sewage connections have not been obtained by the residents. The system of collection of revenue suffered from mounting arrears, losses on account of delays in installation of meters, and defects in contract conditions.

3.1.24 Recommendations

- A comprehensive plan consistent with the forecasted demand should be made for phased commencement and implementation of various augmentation schemes.
- Funds made available by GOI under Accelerated Urban Water Supply Schemes should be utilized by expeditious action in preparation of DPRs and focused attention towards early implementation of these schemes.
- The infrastructure created in terms of Sewerage Treatment Plant should be put to optimum utilization by ensuring release of individual sewerage connections to the households.
- System to ensure liquidation of outstanding dues against water and sewerage charges should be put in place.
- The clause pertaining to risk and cost as provided for in the contracts should be invoked and enforced.

CIVIL SUPPLIES & CONSUMER AFFAIRS DEPARTMENT

3.2 REVIEW ON ‘IMPLEMENTATION OF ACT AND RULES PERTAINING TO CONSUMER PROTECTION’

Highlights

The Consumer Protection Act, 1986, which is a socio-economic legislation, has been enacted to provide speedy and inexpensive redressal of grievances of consumers. A review of the implementation of the Act and Rules in the State revealed that the adjudicatory mechanism comprising of the State Commission and District Forums created under the Act were understaffed and the Presidents/Members of the Commission and Forums were appointed on part time basis, resulting in delay of disposal of cases. It was seen that the Department of Civil Supplies and Consumer Affairs had not taken effective measures for enhancing general awareness amongst the consumers of the rights available under the Act and also for the procedure to be followed for redressal of grievances/complaints.

- **The delay in setting up District Forums and State Commission was 25 and 42 months respectively.**

(Paragraph 3.2.7)

- **Infrastructure in terms of office buildings, furniture, equipment, other facilities and staff were inadequate.**

(Paragraph 3.2.9)

- **The posts of Presidents/Members of State Commission/District Forums were vacant for periods ranging from two to nine months.**

(Paragraph 3.2.10.1)

- **As of March 2005, the State Commission had 158 cases outstanding, of which 85 were pending for more than two years, 14 for more than one year and 24 cases for more than six months.**

(Paragraph 3.2.12)

- **Dissemination of awareness of the Consumer Protection Act was not ensured because District Consumer Information Centres were not established.**

(Paragraph 3.2.13)

3.2.1 Introduction

The Consumer Protection Act, 1986 (Act) was enacted by the Parliament in 1986 to provide simple, speedy and inexpensive redressal for consumers' grievances. The provisions of this "Act" give the consumer an additional remedy besides those that may be available under other existing laws. The Act came into effect from 1987 after Government of India (GOI) framed the Consumer Protection Rules, 1987. The Act is applicable to all goods and services, covers all sectors – whether private, public and co-operative and

provides for establishment of a three tier quasi-judicial consumer dispute redressal machinery at the national, state and district levels. These forums are also referred to as consumer courts. The courts are empowered to give relief of specific nature and award compensation to consumers. The Act was amended in 2002 to discourage adjournments, making provision for the senior most member to preside over the forum in the absence or vacancy of the President and empowering courts to punish those not obeying its orders in order to facilitate quicker disposal of complaints. The State Government had notified the Goa Consumer Protection Rules 1987 as required under the Act.

3.2.2 Scope of Audit

A test check of the records of the Department of Civil Supplies and Consumer Affairs and of the redressal agencies viz. the State Commission and both the District (North and South) Forums, relating to the implementation of the Act and Rules for the period from 2000-2005, was conducted during September to October 2005.

M/s. ORG-MARG was engaged by the Comptroller and Auditor General of India, under intimation (November 2005) to the State Government, to survey and assess the awareness of the consumers and other stake holders like manufacturers/service providers, non government organisation (NGOs) and appropriate laboratories and also to assess the impact of implementation of the Act on them and this was also intimated to the State Government in November 2005. This survey was conducted between mid-July and mid-August 2005, and covered both the districts. The agency contacted 1250 consumers and analysed 36 complaints. The findings of the survey are incorporated in the review and an Executive Summary (**Annexure A**) is also attached to this review. The results of review are contained in the succeeding paragraphs.

3.2.3 Audit objectives

The main objectives of the review were to examine:

- The policy/programmes enunciated and evolved for establishment of an adjudication mechanism;
- The efficacy of the mechanism for speedy redressal of cases;
- The functioning of the Consumer Protection Councils at the State/District levels;
- Staffing and governance issues in the State Commission/District Forums and
- Initiatives taken by the State Government towards creation of awareness of the Act amongst consumers.

3.2.4 Audit criteria

The audit criteria adopted to test and achieve the objectives were:

- Examination of the Government Gazette, Policy and Programme documents;

- Setting up of the State Commission and District Forums and adequacy of infrastructure;
- Data, reports, returns regarding disposal of complaints;
- Methodology adopted for promoting and protecting the rights of Consumers.

3.2.5 Audit Methodology

Documents at the Government as well as the State Commission and its lower formations relating to the implementation of the Act and the Rules were studied. The budget and the expenditure incurred were examined. Information on requirement and availability of infrastructure was collected. Physical targets and achievements were also studied at the level of the State Commission and the two district forums. The survey conducted by the consultant was based on structured questionnaire and interviews with consumers at large, complainants and other stakeholder. An exit conference was held (November 2005) with the Secretary (Consumer Affairs), Government of Goa and their views were taken into account while finalizing this review.

3.2.6 Organisational set-up

The Government in the Civil Supplies and Consumer Affairs Department is responsible for the establishment of the State Commission and the District Forums, their smooth functioning, grant of budget and sanctioning of the posts. The District Forums are functioning under the administrative control of the State Commission with headquarters at Panaji. The latter is under the control of the National Consumer Disputes Redressal Commission (National Commission), New Delhi, for implementation of the Act and Rules. The State Commission and the District Forums have the quasi-judicial composition of one President and two Members each, besides the ministerial staff.

3.2.7 Implementation

Creation of adjudication mechanism

The State Government was to set up a State Commission and one District Forum in each district. The Act came into force in July 1987 and the North (Porvorim) and South (Margao) District Forums in the State were set up with effect from August 1, 1989 and the State Commission was established in January 1991. Thus there was a delay of 25 months in setting up of District Forums and 42 months in setting up of the State Commission since the Act came into force.

How the consumers perceive Government's inaction to increase the capacity of the State Commission and the district forums to deal with more cases came out in the survey conducted by the ORG MARG. They reported that almost 65 *per cent* of the consumers responded either that the Government was not doing enough to safeguard consumer rights or that they were not aware of such efforts by the Government.

3.2.8 Formulation of policy and notification of rules

It was seen that the State Government did not frame any separate policy outlining the measures to be taken for the purpose of creation and strengthening of infrastructure of adjudication mechanism, involvement of NGOs for the purpose of strengthening of consumer groups, media policy for dissemination of information pertaining to awareness about the Act and mechanism for filing of complaints and procedure of adjudication.

Consumers were unaware of the procedure for filing complaints

Results of the ORG MARG survey highlighted that though the complaint can be filed at the District Forum on plain paper with relevant documents attached, all the complainants reportedly filed the complaint on stamp paper. About 83 per cent of these respondents reported that they were told to do so by the agents or the lawyers. Another 17 per cent used the stamp paper on their own.

As such the State Government need to frame a policy declaring the objectives to be achieved through the consumer welfare programmes with a uniform procedure for processing of complaints.

3.2.8.1 The State Government notified (April 2004) in the Official Gazette (OG) the fee structure for registration of complaints in the District Forums (DFs) in Goa, effective from date of publication in OG. The DFs commenced levy of fee in April 2004 (North Forum) and May 2004 (South Forum). Fees of Rs.33,400 and Rs.23,500 were collected upto 30 September 2005 in respect of 190/133 complaints respectively at the two forums.

Audit scrutiny revealed that the State Government circulated (December 2004) to the DFs the Consumer Protection (Amendment 2003) Rules prescribing the procedure whereby every copy of the complaint filed under relevant clause shall bear embossment of the rubber stamp certifying the receipt of the necessary court fee to be paid by the complainant to the DF according to the notification issued by the Central Government; and whereby the Asst. Registrar shall give a receipt towards the fees paid to the complainant. It was seen that the DFs did not acknowledge receipt of fee either by way of embossment of the rubber stamp nor by issue of a receipt voucher (T R 5 receipt). Thus the prescribed procedure for registration of complaints/collection of fees was not adhered to and the Government also did not take any action. The Government replied (November 2005) that the existing procedure will be examined vis-à-vis the amendment and action would be taken as deemed fit.

3.2.9 Adequacy of infrastructure

Ready built office premises (two flats) for housing the South District Forum at Margao and North District Forum at Porvorim, were acquired in 1996-97 and 1998-99 at a cost of Rs.34.25 lakh and Rs.17.48 lakh respectively, from the one time grant of Rs.70.00 lakh released by the Government of India (1995-1997). The balance of Rs.18.27 lakh was utilised on supporting infrastructure like office furniture, computer system etc. The State Commission is housed in old Government accommodation at Panjim. It was seen that all the three premises did not have a waiting room for the complainants while the District Forums did not have adequate facilities by way of drinking water and a

Inadequate infrastructure hampered efficient discharge of functions

library. Absence of a proper building also makes it more difficult for the consumer's in general to become aware of the existence and the location of the redressal agency.

Results of the ORG survey highlighted that only 14 *per cent* of the sample covered reported to be aware of the existence of any redressal agency whereas 36 *per cent* aware of the redressal mechanism, claimed that they did not know the location of the district forum in their respective district.

3.2.10 Personnel Management

3.2.10.1 Vacant posts of Presidents and Members

Government of India, Ministry of Consumer Affairs, Food and Public Distribution intimated (December 2001) the State Government that as per the directives (November 2001) of the Supreme Court, the local Government had to frame a comprehensive scheme with regard to the structuring of the Consumer Forums giving emphasis on the service conditions of the members and staff of the DFs and State commission. It had also been recommended in the meeting (March 2004) organized by the Institute of Public Administration, New Delhi for the Presidents and members of the DFs that measures had to be taken in advance for filling up the posts falling vacant as soon as the vacancies arose, so that the functioning of the forums would not suffer.

Audit scrutiny revealed that the posts of President and Members of the State Commission and District Forums were lying vacant as detailed below:-

Category of post lying vacant	State Commission	North District Forum	South District Forum
President	10 May 2000 to 25 February 2001	19 July 2000 (on expiry of term) to 18 April 2001	September 2000 (on expiry of term) to 18 April 2001
	February 2005 to September 2005	9 August 2003 (on resignation) to 7 June 2004	27 June 2002 (on resignation) to 7 June 2004
Members	8 January (on resignation) to 2 April 2000 (one member)	1 January 2000 (on resignation) to 7 May 2000 (one member)	September 2000 (on expiry of term) to 18 April 2001 (Both members)
	9 February 2000 (on resignation) to 1 May 2000 (one member)	31 August 2000 (on expiry of term) to 22 April 2001 (one member)	

It can thus be seen from the above that the post of President of the State Commission was lying vacant for a period of approximately nine months during 2000-01 and for eight months in 2005, while the posts of Members in the State Commission were vacant for over two months, contributing to the delay in disposal of cases and accumulation of arrears. Similarly the posts of President/one Member (North Forum) and President/both Members (South Forum) were vacant for over seven months. The non-availability of key

personnel for the disposal of complaints resulted in delays in redressal of grievances of the consumers. Though there was high pendency of cases, the State Government did not take timely action to fill the post of President. Reasons for non-filling up of posts of President/Member on time were not available on records. Though the Act provides for appointment of full time President/Members, only part-time President/Members were being appointed in State Commission/District Forums in the State.

3.2.10.2 Support staff

Failure in timely filling up of the posts of President/ Members and support staff

It was seen that despite the Supreme Court's directives as above and the Bagla Commission's recommendations for providing adequate support staff in the State Commission and the District Forums, the DF (South) did not have a Registrar/Assistant Registrar and a Bailiff during 2000-2005 while a stenographer was not posted during 2000-2002. At the DF (North), the posts of stenographer and bailiff were vacant during 2000-2002.

The Department of Consumer Affairs had replied (January 2002) to the GOI that necessary staff members had been provided to the State Commission/District Forums and that they did not consider it necessary to provide more staff taking into account the monthly cases being filed there. The fact remains that the non-availability of support staff delayed the registration of complaints and proceedings on these complaints.

3.2.11 Functioning of the State/District Consumer Protection Councils

Recommendations of the State Council were not implemented by the Government and there were delays in setting up of District Consumer Protection Councils

Sections 7 and 8A of the Act provides for the setting up of a State and District Consumer Protection Council in the State and each District (referred to as Council hereafter), with the object to promote and protect the rights of Consumers. The Act prescribed two meetings in a year. The State Government established the State Council in September 1992, five years after the Act came into force, reconstituting it five times¹⁴ upto September 2004. The Minister in charge of the Consumer Affairs is the Chairman of the Council with 45 members (2004). It was seen that the Council did not hold any meeting for over six years between August 1994 and January 2001 and in 2002, while it held only one meeting subsequently in February 2003 and November 2004. Scrutiny of records revealed that despite recommendations of the State Council (January 2001), no action was taken by the State Government to implement them particularly in respect of strengthening of the redressal forum so as to ensure execution of orders passed by the State Commission/Forums and setting up of a Consumer Grievance Cell in the Department of Consumer Affairs (September 2005).

The State Government constituted the North and South District Consumer Protection Councils (DCPCs) in September 2004 with the Collector as the Chairman, after a delay of two years.

The Councils were meant for promoting and protecting the right of consumers by dissemination of information and through consumer education. These were

¹⁴ January 1993, February 1994 March 1995, February 2000 and September 2004

also supposed to ensure that the consumer interests would receive due consideration at appropriate forum. Results of the survey revealed that out of those aware about consumer rights, 75 per cent acquired such knowledge from electronic media, 39 per cent from print media and only 0.2 per cent of the aware consumers came to know about the Act from the NGOs. Thus the basic purpose of legislative enactment was not really addressed as Consumer Protection Councils established for promoting and protecting the rights of consumers by dissemination of information through consumer education were not functioning in an effective manner.

3.2.12 Delay in disposal of cases

The age-wise analysis of the cases pending as on 31 March 2005 in respect of State Commission and District Forums is as given below:-

Sr. No.		Number of cases (since inception)		
		State Commission (since 1991)	North Forum (since 1989)	South Forum (since 1989)
i)	Total cases admitted	1615	3571	1343
ii)	Total cases outstanding (March 2005)	158	559	397
iii)	Cases outstanding for more than six months upto one year	24	97	59
iv)	Cases outstanding for more than one year upto two years	14	111	87
v)	Cases outstanding for more than two years	85	284	195

Note: Returns of DFs to SC and by SC to National Commission

From the above it can be seen that 158 cases out of 1615 and 956 cases out of 4914 cases filed since inception i.e 1991 (State Commission) and 1989 (District Forums) were pending for settlement as on 31 March 2005 of which, 85 and 479 cases were pending for over two years at the State Commission/District Forums respectively. It was seen that the State Government had intimated the GOI (January 2002) that appointment of full time Presidents was not justified as the number of cases in Goa was small. This contention is not tenable as the pendency of cases at the District Forums had increased from 647 in 2000-01 to 956 in 2004-05.

Pendency of cases at the District Forums had increased from 647 in 2000-01 to 956 cases in 2004-05

Prolonging of the cases works against the basic objectives of the Act and increases the cost of litigation, which also is against the basic tenet of the Act. Results of ORG MARG survey revealed that on an average 5.3 hearings were required to resolve the case. Around 67 per cent of the cases were still unresolved even after about 7.2 hearings and most of these cases were against banking services (38 per cent). To resolve a case on an average 20 months were spent. Hiring of lawyers was very common as 61 per cent of the complainants hired lawyers. Results of the survey further revealed that, on an average the complainant had to spend Rs.2176 to resolve a case.

3.2.13 Awareness and empowerment of consumers

Non establishment of District Consumer Information Centres

The scheme of setting up of one District Consumer Information Centre (DCIC) in each district with the help of Zilla Parishad (ZP) and Voluntary Consumer Organisation (VCOs) was launched by GOI in October 2000 with the object of creating awareness of consumer rights among people. As envisaged in the scheme, 20 *per cent* of the districts in the State were to be covered each year. A financial assistance of Rs. 5 lakh per centre over a period of three years was to be given by GOI. The proposals for setting up DCIC by ZP were to be sent by the State Government to the GOI for approval and release of grants. Although the State Government asked (October 2001 and May 2002), ZP (North) to send proposal for setting up DCIC, no proposal was received from ZP (N). ZP (South) was not requested to send a proposal for setting up DCIC. Thus, DCIC are not functioning in either of the two districts and funds to the extent made available by the Central Government have also not been availed, besides not creating awareness among the people of their Consumer rights.

Non setting up of DCICs delayed dissemination of awareness on Consumer Protection Act

3.2.13.1 Similarly, GOI released (October 2003) Rs.0.50 lakh to the State Government under the scheme of Jagruti Shivir Yojana for the purpose of enhancing awareness on the consumer redressal machinery. The amount was credited to State account in December 2003 and remained unutilised. (31 March 2005). The reasons for non-utilisation of the amount were awaited (September 2005).

3.2.13.2 The Goa Consumer Protection Rules (Amendment 2003) required the State Government to set up a Consumer Welfare Fund (CWF) for which Government of India would provide Rs.5 lakh as seed money. The grants received from the Government of India towards Jagruti Shivir Yojana, setting up of Consumers Clubs in colleges and, funds received towards fees on complaints registered, copies of documents etc., were to be credited to the CWF. The State Government set up a Fund only in September 2005, made a budget provision of Rs.5 lakh in Supplementary demand for grants (2005-06) and have sent (October 2005) the proposal to GOI for their contribution of Rs.5 lakh. ORG MARG survey revealed that 60 *per cent* of the consumers were not aware of the Act, however 47 *per cent* were aware of the consumer rights. The Act is envisaged to benefit all the consumers in urban and rural areas but only 36 *per cent* of the rural population had heard about it. The analysis further showed that among those who were aware of the Act, most belonged to the Government service (60 *per cent*), student (73 *per cent*), self-employed (45 *per cent*) and retired (48 *per cent*). This was despite the fact that ORG MARG survey revealed that 97 *per cent* of the consumers at large gave importance to knowing the Act.

Due to delay in setting up of Consumer Welfare Fund, the benefit of enhancement of consumer awareness was not achieved

3.2.14 Conclusion

The legislative intent of the Parliament to empower the consumer has only been partially achieved in Goa. This is mainly attributable to the delay in creating the adjudication mechanism and inability of the Government to

provide adequate infrastructure. There were also delays in appointment of President and Members of the State Commission and the District Forums. Implementation and compliance of the recommendations of the State and District Councils was tardy. The consumers at large were not aware of the system and procedures of redressal machinery. There was delay in setting up of District Consumer Protection Councils, to promote awareness in the districts.

3.2.15 Recommendations

- The President at the State Commission and District Forums should be appointed on full time basis to ensure speedy redressal of complaints.
- Infrastructure and other facilities should be strengthened to make the Consumer courts really effective.
- Government should streamline the system to ensure compliance of recommendations of the Council and execution of orders of the Commission and Forums.
- The Department should take concrete measures for enhancing awareness of the Act amongst the consumers, the rights available to them and the procedures to be followed for redressal of grievances. District Consumer Information Centres should be set up immediately.

ANNEXURE 'A'

EXECUTIVE SUMMARY OF ORG - MARG

In order to gain an understanding of the functional status of the Consumer Protection Act Consumers at large, complainants, manufacturers/service providers, NGOs and appropriate laboratories were covered under the survey. In state of Goa, a total of 1250 consumers spread across urban and rural areas were contacted. Besides 26 complainants, 10 manufacturers/ service providers and one NGO were also interviewed. The survey was conducted during the 2nd week of July to 4th week of August 2005.

FINDINGS OF THE SURVEY

- Overall 97 *per cent* of the consumers at large gave importance to knowing the Consumer Protection Act (CPA). Nearly 47 *per cent* not aware of consumer rights and 60 *per cent* still unaware of Consumer Protection Act.
- The act is envisaged to benefit all the consumers in urban and rural areas, but only 36 *per cent* of the rural population has heard about it.
- In response to, whether the government is making any effort in safeguarding the consumer rights, only 35 *per cent* replied positively remaining either carrying negative opinion or have no idea of the same.
- Formal source of awareness - electronic and print media stand at 75 and 39 *per cent* respectively and only 0.2 *per cent* of the aware consumers came to know about CPA from the NGOs.
- Nearly 49 *per cent* of the aware Consumers at large have come to know about the Act only in the last four years whereas the Act has been in existence for past 19 years.
- Overall, only 14 *per cent* reported to be aware of the existence of any redressal agency. Awareness on this among those aware of rights and CPA was higher.
- Around 36 *per cent* aware of redressal agency did not know the location of the district forum in their respective districts.
- Nearly 94 *per cent* of the complainants were literate. Their average monthly household income was Rs.6000/-. This implied that facilities provided by redressal agencies were availed by educated residents of urban areas and that too by the middle/lower middle strata of the community.
- Majority of the complaints (94 *per cent*) were against services such as banking (44 *per cent*), housing and construction (32 *per cent*) other financial services (18 *per cent*) and insurance (6 *per cent*).
- Majority of the complainants came to know about the redressal agencies through electronic media (25 *per cent*), print media (75 *per cent*) and other i.e friends/relatives (33 *per cent*), NGOs were not a popular source of awareness (2.8 percent overall).

- All the complainants used stamp paper to file the case and in majority of cases (83 *per cent*) the lawyers/agents advised them to do so.
- None of the complainants interviewed reported to have deposited court fee.
- An analysis of time taken at various stages of the cases show that on an average 7 days were spent for registering a case and 30 days were taken for serving the notice, first hearing was held after 27 days of serving the notice.
- On an average 5.3 hearings were required to resolve the case. Around 67 *per cent* of the cases were still unresolved even after about 7.2 hearings and most of these cases were against banking services (38 *per cent*).
- To resolve a case on an average 20 months were spent.
- There were 2 cases where the decree was passed and compensation was yet to be received. On an average the compensation was due for about one month. For those received compensation the same was received within an average period of 1 month.
- On an average 5.3 hearings were required to resolve the case. Around 67 *per cent* of the cases were still unresolved even after about 7.2 hearings and most of these cases were against banking services (38 *per cent*).
- On an average the complainant had to spend Rs.2176/- to resolve the case. The complainants who hired advocates personally, the average cost incurred on advocate fee was Rs.3100/-
- The manufacturers and service providers were well aware of the CPA on the contrary not many consumers at large were aware of the Act or the redressal system.
- The complainants found the redressal system to be simple but not speedy. However the manufacturers and service providers opined the process to be simple but not simple and inexpensive.

EDUCATION DEPARTMENT

3.3 CYBERAGE STUDENTS SCHEME

3.3.1 Introduction

The State Government had introduced the “Computer Literacy Programme (CLP)” in all the Government and the Government aided High Schools from the financial year 2000-01 for the students of VIIIth to Xth standards with an aim to achieve 100 *per cent* Computer Literacy. Under this programme the State Government had introduced the “Cyberage Students Scheme” from 2002-03 whereby Government supplied one computer to each of the student consisting of one monitor, Multimedia P.C. along with uninterrupted power supply (UPS) and necessary accessories with requisite software and one modem, for internet use was supplied to the students. The scheme which was initially started for Class XI students of Science stream was extended to the students of other streams of Eleventh standard and also to the students of polytechnic, degree courses, including professional courses/post graduates etc. from 2003-04. The Departments of Education and Higher Education together had distributed 28,586 computers by the end of March 2005 on which Rs.77.39 crore was spent during the period 2002-05. The scheme was a 100 *per cent* State Budget Scheme.

The configuration of the computers was decided by the Education Department. The equipment had a warranty of one year and beyond one year the maintenance was to be carried out by the parents/guardians of the students. The Goa Electronics Ltd (GEL), state owned company was the agency nominated for the procurement and maintenance of the computer systems.

3.3.2 Financial /Physical Performance

During the period 2002-05 the State Government made budget provision of Rs.11.12 crore, Rs.27.02 crore and Rs.51 crore against which expenditure incurred was Rs.6.13 crore, Rs.20.29 crore and Rs.50.97 crore respectively. During the period 2003-05 the Department supplied 28,586 computers to the students as under:

Year	Schools/Colleges	Target	Achievements
		No. of students	
2002-03	XIth Science	2806	2806
2003-04	XIth (all Streams)	10,629	10,629
2004-05	Degree and Professional courses	15,151	15,151
	Total	28,586	28,586

3.3.3 Scheme Implementation

3.3.3.1 Supply of more than one computer to a family

Guidelines issued by the Government to the Educational Institutions did not contain any clause to restrict the supply of one computer per family. The Director of Education had supplied 2806 and 10629 computers to the students of Eleventh Standard Science/All streams in the year 2002-03 and 2003-04 respectively. Similarly the Director of Higher Education had supplied 15151 computers to the students of 42 colleges in Goa such as Graduates, Diploma holders, Professionals etc. during 2004-05. A test check in audit revealed, 59 families of students in 44 Higher Secondary Schools and 29 families of the students of 19 colleges were supplied with two computers to these families. Thus the Government decision to give computers to all the students without restricting one computer to each family had resulted in avoidable expenditure of Rs.20.09 lakh on 88 computers and further additions of such cases was also not ruled out. The Department stated (September 2005) that a clause has now been included in the Guidelines of the Scheme for 2004-05 restricting supply of computers to the family of the students who do not possess computers.

3.3.3.2 Non-provision of Educational CDs

Though supply of software, 'CD', Internet connectivity and training on computers was also envisaged in the Scheme, the Department did not provide Educational CDs as per Goa Board Curriculum, and connecting to Internet was also not ensured. In the absence of Educational CDs, internet connectivity and training, the complete benefit that was envisaged under the scheme was not extended to the students and the Scheme objectives of enabling students to become technology savvy was also not fulfilled. Further modems provided to 25,780 computers at a cost of Rs.1.28 crore remained idle as Internet connectivity was not ensured. The Department stated (September 2005) that under this scheme Government had provided basic hardware and software and other requirements like electrical connections and Internet connectivity are to be procured by the students at their own cost. The reply is not tenable as modem was supplied without ensuring capability of the students to incur the expenditure in obtaining the Internet connectivity resulting in the uncertainty in utilization of modems on which expenditure of Rs.1.28 crore had been made.

3.3.4 Procurement of computers

3.3.4.1 Undue Benefit to Suppliers due to defective agreement

The Director of Education placed (November 2003) an order on the GEL for supply of 10,000 computers through the identified suppliers, to the students of the XI Standard at the rate of Rs.18,900 inclusive of all taxes and delivery charges. An agreement was entered into with GEL in January 2004 for this supply. The supply order/agreement did not provide for clause for restricting payment of statutory duties and taxes to the actuals paid. Such a clause was important in a scheme of such a nature as the computer industry prone to several changes, both as regards to technology and prices. The Government of

India announced where reduction of excise duty on parts and components of computers from 16 *per cent* to 8 *per cent* and also removed 4 *per cent* special additional duty on personal computers with effect from 8 January 2004. Government of India further reduced the excise duty on the parts of the computer from 8 *per cent* to Nil with effect from 15 January 2004. In view of reduction of excise duty Director of Education took up (February 2004) the matter of reduction of prices of computers supplied with GEL. The Company only reduced the price of 537 computers for Rs.17508 and balance 9463 computers were charged at the original rate of Rs.18900. The failure of the Department in providing suitable clause in the supply order/agreement for levy of duties and taxes, prevailing at the time of delivery resulted in non availment of benefits of Rs.34.28 lakh due to reduction of duties and consequent extra expenditure to that extent. The Department stated (Sept 2005) that the clause on decrease in taxes and duties was not made in the agreement to claim the benefit of reduction in the duties. It was further stated that GEL had passed on the benefit of reduction in excise duties to the Government after the announcement in the Union Budget. The reply of the Department was not tenable as GEL had given excise duty benefit only of Rs.7.47 lakh on 537 computers instead of benefit of Rs.34.28 lakh that was to be passed on 1463 additional computers.

3.3.4.2 *Non-invitation of tenders*

The State Government extended the Cyberage Students scheme to the students of the aided colleges, Polytechnics, Engineering colleges etc. in February 2004 and accordingly the Director of Higher Education Department had placed a supply order for 15000 computers to M/s Goa Electronics Ltd. i.e. 4500 Pentium IV and 10500 AMD Athlon on the same terms and conditions as negotiated by the Director of Education for purchases made by them in the year 2003-04. Goa Electronics Ltd., the procuring agency placed the supply orders for 15000 computers on the same nine suppliers (proportionately) who had supplied to the Education Department in 2003-04 at the old rates agreed as per contracts for 2003-04 supplies. Since there was a fall in the prices of the computers due to reduction in Excise duty the Government should have advised the GEL to invite fresh tenders for the year 2004-05 to get better quality computers and at a much lesser cost or should have renegotiated the prices. This resulted in depriving the Government in obtaining better rates/better configuration within the same funds that were expended.

3.3.4.3 *Funds drawn to avoid lapse of budget provision*

Though the GEL had invited tenders in December 2004 for the year 2004-05 for the supply of computers to the class XI students, Government delayed finalisation of the bids and in March 2005 ordered fresh invitation of tenders to take advantage of reduction in duties. To avoid lapse of budget provisions the Directorate of Education sanctioned Rs. 23.43 crore for the procurement of 11000 computers and Rs. 15.09 crore were withdrawn from the Treasury on contingent bills. Till July 2005, payments had not been made to GEL as Government had not finalized the tenders. The Department stated (September 2005) that based on the preliminary estimates, Government decided to draw 70

per cent of the estimated expenditure on the basis of advance bills from GEL in view of paucity of time for implementing the Scheme. The reply is not acceptable since funds were drawn even before the finalization of the contract for supply of computers.

3.3.5 Poor Maintenance of Computers

3.3.5.1 Non-attendance of complaints

The Department had awarded the maintenance contract for the computers under the scheme to GEL since 2003-04. Scrutiny of the records of the GEL revealed that GEL had not attended the complaints relating to computers lodged by students, promptly. It was seen that 1127 complaints registered by 97 Higher Secondary Schools (H.S.S) between April 2004 to August 2004 were attended to after a delay ranging from seven days to more than two months. These complaints were of the nature of keyboard not functioning, CPU/Monitor/Mouse/Speakers not working, computers not booting, UPS not functioning and application software not working.

Though the Monitoring Cell of the Director of Education had attended about 7100 complaints registered in the cell and about 6000 in GEL it was noticed that no returns were prescribed by the Director of Education for GEL and its suppliers, to monitor the efficiency and problems in handling of the complaints. The Department stated (September 2005) that complaints were later rectified in due course of time. The reply was not acceptable as the complaints were rectified in a period ranging from seven days to two months from the date of lodging of complaint.

Further the monitoring cell which was constituted in January 2004 in the Department of Education with one officer-in-charge and eight engineers/technicians on contract basis, became non functional as the services of eight engineers/technicians were terminated between May 2005 to June 2005.

3.3.5.2 Preventive Maintenance of Computers

As per clause 34 (g) of agreement made in November 2003 by GEL with the Government, GEL had to carry out preventive maintenance of the computers once in a quarter and submit the report for each computer system in the prescribed format to the Director of Education/Higher Education. No such reports were rendered by the GEL to the Department. It was also noticed that GEL and their suppliers had not carried out preventive maintenance of 13433 Computers and 15151 Computers supplied by Director of Education/Directorate of Higher Education, during 2003-05. The Department has also not initiated any action for such lapses against GEL. The Department stated (September 2005) that the preventive maintenance for 2004-05 was carried out by GEL. The reply is not tenable as GEL had admitted (September 2005) that they have not carried out preventive maintenance as they have found the process cumbersome due to non-availability of students at the locations and on account of large number of installations.

3.3.6 Evaluation

The evaluation of the scheme was also not carried out by the Government at any stage to assess the performance of the programme. The scheme was extended to the College students also without getting any feed back from the existing beneficiaries. The Department stated (September 2005) that the Government was working upon the modalities to give the task of evaluation to either Goa University or Goa Institute of Management and the proposals received from them were under scrutiny and the feed back received after evaluation would be made applicable to the scheme from the next academic year.

3.3.7 Conclusion

The State Government had introduced the scheme of supplying computers to the students of Higher Secondary Schools and colleges in 2002-05, with the objective of making the students computer literate. Despite issue of computers to 28,586 students, the impact of the scheme was not measurable as Government had not obtained any feedback or carried out an evaluation, even after three years of its commencement. Deficiencies in the contract resulted in the department being deprived of competitive and better rates and the benefit of reduction in excise duty. The system of preventive maintenance and attendance of complaints was deficient.

3.3.8 Recommendations

- The State Government should carry out evaluation of the scheme and fine tune it based on the results of the evaluation and feedback obtained.
- Agreement with suppliers should be redrafted to ensure the department avails of the benefit due to decrease in duties and taxes.
- A complete review of the system of maintenance of computers should be carried out with a view to ensure sustained availability of the assets to beneficiaries on a long term basis.