

OVERVIEW

This report includes two chapters on the Finance and Appropriation Accounts of the Government of Goa for the year 2000-2001 and six other chapters comprising 4 Reviews and 23 Paragraphs based on the audit of certain selected programmes and activities and financial transactions of the Government. A synopsis of the important findings contained in the report is presented in this overview.

1. Finance of the State Government

The liabilities of the State Government increased from Rs.2332.10 crore in 1999-2000 to Rs.2747.52 crore, an increase of 18 *per cent* compared to the previous year; whereas assets increased from Rs.1928.81 crore in 1999-2000 to Rs.2093.22 crore in 2000-2001, an increase of 9 *per cent* only. This shows an overall deterioration in the financial condition of the Government.

The revenue expenditure (Rs.1709.24 crore) during the year exceeded the revenue receipts (Rs.1483.23 crore) resulting in a revenue deficit of Rs.226.01 crore.

The revenue expenditure accounted to 90 *per cent* of the expenditure of the State Government and increased by 8 *per cent* during 2000-2001. The non-plan expenditure (Rs.1568 crore) constituted 92 *per cent* of the revenue expenditure.

Revenue receipts increased from Rs.1227.90 crore in 1999-2000 to Rs.1483.23 crore an increase of 21 *per cent* compared to previous year. While 54 *per cent* of the revenue receipt comprised of non-tax revenue (Rs.796.14 crore) tax revenue mobilised was 35 *per cent* only (Rs. 514.80 crore).

The flow of funds from Government of India towards State's share of Union Taxes and Duties decreased from Rs.95.92 crore in 1999-2000 to Rs.105.34 crore. Further, the amount of Central Grant also increased from Rs.40.12 crore in 1999-2000 to Rs.66.95 crore in 2000-2001.

Interest payment increased steeply by 110 *per cent* from Rs.101 crore in 1996-97 to Rs.212 crore in 2000-2001.

The financial assistance to the local bodies increased from Rs.93.27 crore in 1996-97 to Rs.162.94 crore in 2000-2001, an increase of 75 *per cent* during the period of five years.

Government made further investment of Rs.1.57 crore in the Statutory Corporations, Government Companies and Co-operative institutions, increasing total investment to Rs.133.51 crore. However, the dividend/interest

received on this investment in all these years was negligible and ranged between 0.19 *per cent* and 0.52 *per cent* of total investment.

The arrears of revenue increased from Rs.72 crore in 1996-97 to Rs.205 crore in 2000-2001 an increase of 185 *per cent* during the five year period. The arrears of revenue constituted 14 *per cent* of the total revenue receipts of the State Government.

The fiscal deficit ranged between Rs.104.01 crore in 1996-97 and Rs.412.87 crore in 2000-2001 showing an increase of 297 *per cent*. The recurrence of fiscal deficit led to borrowings and increase in liability of the Government.

The internal debt of State Government increased by 262 *per cent* during 1996-2001 from Rs.140.42 crore in 1996-97 to Rs.508.36 crore in 2000-2001. The outstanding loans and advances also increased by Rs.414.93 crore during the period 1996-2001.

The indicators of financial performance of the State shows that the interest payment has gone up to nearly 50 *per cent* of net capital borrowings and this has an adverse implication for sustainability. The application of a large share of the borrowing on revenue expenditure has made the State finance vulnerable to source of funding outside its control, mounting revenue deficit including heavy interest has left little for investment.

2. Appropriation audit and control over expenditure

Against the total budget provision of Rs.2904.70 crore (including supplementary) actual expenditure was Rs. 2454.88 crore. The overall savings of Rs.449.82 were the result of savings of Rs.464.61 crore in 75 grants and appropriation offset by excess of Rs. 14.79 crore in 5 grants and appropriations.

Supplementary provision of Rs. 30.79 crore made in 29 cases during the year proved unnecessary.

The excess expenditure of Rs. 14.79 crore under 4 grants and 1 appropriation require regularisation.

3. Audit Reviews

3.1 National Programme for Prevention and Control of Diseases

3.1.1 National Tuberculosis Control Programme

National Tuberculosis Control Programme introduced in Goa since 1963 and implemented as a 100 per cent centrally sponsored scheme. The state had not spent Rs.66.34 lakh received as grant during 1996-97 to 2000-01. The targets

prescribed were unrealistic and not based on survey/prevalence of disease. About 70 beds in T B Hospital, Margao were utilised against 160 bed strength available during 1996-2001. The percentage of T B patients discontinuing regular treatment was extremely high and the expenditure of Rs. 3.82 crore (approx.) on these patients was infructuous. Evaluation of the programme was not carried out to ensure effective implementation.

Paragraph 3.1.1 to 3.1.16

3.1.2 National Programme for Control of Blindness

The National Programme for Control of Blindness (NPCB) was introduced in Goa in 1981, as a 100 per cent centrally sponsored scheme. The targets prescribed were not realistic and based on assessment/survey during 1996-2001. The programme did not cover a population of 1.63 lakh due to shortage of staff. NPCB training was not given to the ophthalmic staff during 1996-2001. Evaluation of the programme was not carried out to ensure effective implementation.

Paragraph 3.2.1 to 3.2.15

3.2 Rural Water Supply and Accelerated Urban Water Supply Programme

The Accelerated Rural Water Supply programme (ARWSP) and Accelerated Urban Water Supply Programme (AUWSP) envisaged providing safe drinking water supply to the rural population and the urban population in small towns respectively. Out of 95 villages which had remained to be provided with safe drinking water as of April 1997, 52 villages were yet (April 2001) to be covered. The AUWSP was implemented only in 2 towns and central allocation of Rs.97.93 lakh was not availed.

The Department incurred excess expenditure of Rs.8.35 crore over the budget provision under State Sector Minimum Needs Programme (MNP) during the year 2000-01 even while central grants amounting Rs.104.64 lakh remained unutilised.

Slow progress in utilization of grants released by Central Government resulted in non-release of allocated grants to the extent of Rs.11.73 crore under ARWSP.

Inordinate delay in making payment to the contractor resulted in rescinding and retendering of a contract and consequent avoidable expenditure of Rs.18.56 lakh.

Paragraph 4.1.1 to 4.1.33

3.3 Review of Irrigation Department (Water Resources Department)

The Irrigation Department (Water Resources Department) is responsible for optimum integrated development and utilisation of the water resources of the

state in a scientific and perspective manner. As against the expected irrigation potential of 89,660 Ha to be created under major, medium and minor irrigation projects, the irrigation potential created was 29,423 Ha and the potential actually utilised was 22,140 Ha only as on 31 March 2001.

The inadequate provisions of funds for the Tillari Irrigation Project (a joint venture of Government of Goa and Government of Maharashtra) by the Government of Goa has resulted in time overrun of 5 years in completion of the project and cost overrun of Rs.94.34 crores as of March 2001. Besides, the intended benefits of irrigation in an area of 16978 Ha in Goa as envisaged, were also not achieved.

The failure of the department in making available the hindrance free site for construction of a minor irrigation tank at Chapoli and consequent delay in completion of the work resulted in litigation and depositing Rs.13.35 crore in the Court. Further as against the total area of 550 ha to be irrigated only 50 ha of command area was brought under irrigation as on 31 March 2001, after incurring expenditure of Rs.5.72 crore.

Paragraph 4.2.1 to 4.2.29

3.4 Review of Stores and Stock of Power Department

The procurement, custody and issue of material required for transmission and distribution of power is rested with the Stores Division of Power Department.

A review relating to procurement, custody of Stores and Stock for the period from 1996-97 to 2000-01 revealed that annual reserve stock was not fixed by the department.

Rs.44.46 crore were pending recovery from various divisions of the departments for supply of materials for execution of various electrical works.

Physical verification of Stores was not conducted annually as required under the General Financial Rules.

Paragraph 5.1.1 TO 5.1.25

4. Avoidable/unfruitful/infructuous expenditure

- i) Delay in placing adequate funds and frequent revision of architectural drawings of the work of construction of outpatient department of Institute of Psychiatry and Human Behaviour, Bambolim resulted in delay in completion and consequent avoidable expenditure of Rs.9.59 lakh on escalation charges.

Paragraph 3.4

- ii) Lack of proper co-ordination between the Health Department and Public Works Department for completion of residential quarters for the

staff of Primary Health Centre, Casarvarnem resulted in idle investment of Rs.29.13 lakh for about two years.

Paragraph 3.5

- iii) Training infrastructure created at a cost of Rs.15.92 lakh remained largely unutilised due to failure of the department to assess the need for training and demand for leather goods in the market before establishment of the centre.

Paragraph 3.6

- iv) The award of work of cleaning the Legislative Assembly Complex at Porvorim to a higher tenderer resulted in avoidable expenditure of Rs.7.80 lakh for a period of one year.

Paragraph 3.7

- v) Execution of a bund work at Government cost instead of cost sharing basis between Government and beneficiaries resulted in additional liability of Rs.10.51 lakh.

Paragraph 4.3

- vi) The decision of the Government to stop the process of privatisation of transmission and distribution in the power sector rendered the expenditure of Rs.107.01 lakh incurred on consultancy etc. infructuous.

Paragraph 4.4

- vii) Failure of the Public Works Department, in making available hindrance free site, delay in supplying drawings and excessive variation in quantities for the Construction of Operation Theatre and Radio Diagnostic Department for 750 bedded Hospital Complex at Bambolim, resulted in avoidable expenditure of Rs.2.39 crore towards compensation and escalation payment to the contractor.

Paragraph 4.6

- viii) The revision of drawings by the Public Works department after partial execution of work of extension of Government Polytechnic at Mayem delayed the execution of the work, consequent litigation and avoidable payment of escalation of Rs. 116.82 lakh.

Paragraph 4.7

- ix) Failure of the Public Works Department in accepting the lowest offer within the validity period of the tender resulted in retendering and avoidable expenditure of Rs.85 lakh on manufacture and supply of 1422 mm M S pipes for laying 4.35 Km pipeline from Xelpem to Sirvoi.

Paragraph 4.8

- x) Delay on the part of the Public Works Department in supplying drawings and shifting water pipeline for the work of construction of Sub-Jail cum Judicial Lockup, Vasco resulted in litigation and consequent avoidable payment of Rs.26.15 lakh.

Paragraph 4.9

- xi) Non-procurement and supply of C I pipes departmentally for the work of replacement of A C pipeline rising main of rural water supply scheme of Vaddem Colony resulted in an avoidable expenditure of Rs.9.70 lakhs.

Paragraph 4.11

5. Non-achievement of objectives

- i) Failure of the Public Works Department in supplying C I pipes to the contractor in time and procurement of D I pipes for the work of Improvement of Water Supply to Mond-de-Guirim and suburbs in Guirim Village Panchayat resulted in an idle expenditure of Rs.23.95 lakh for more than three years and in denial of intended benefits to the villagers due to non-completion of the work.

Paragraph 4.10

6. Other points of interest

- i) Irregular release of payment of Rs.21.06 lakh for sub-standard Semi Organic Manure resulted in unauthorised benefit to the supplier.

Paragraph 3.3

- ii) Release of Rs.50 lakh from the contingency fund of the State without any urgency, for paying to a private organisation for the purpose of acquiring land for construction of a cricket stadium, resulted in retention of Government money outside Government account and also in interest cost of Rs.11 lakh to the Government.

Paragraph 3.8

- iii) Failure of the Public Works Department to specify the monthly minimum quantity of water to be billed in the water supply agreement with an industrial concern and non-execution of a water supply contract with a hotel resulted in loss of revenue of Rs.4.31 crore to the Government.

Paragraph 4.5

- iv) Public Works Department made an irregular on account payment of Rs.9.48 lakh on a defective work.

Paragraph 4.12

- v) An amount of Rs.7.04 lakh towards pay and allowances and contribution towards pension and leave salary of the excise staff posted at distilleries/breweries/wineries recoverable from these units were not recovered.

Paragraph 6.6

- vi) There was loss of revenue of Rs.2.62 lakh due to non-inclusion of Rs.17.46 lakh in the turnover of receipts for assessment of luxury tax.

Paragraph 6.7

- vii) Non-depositing of demand drafts in the bank within the validity period resulted in non-realisation of revenue of Rs.2.15 lakh.

Paragraph 6.8

- viii) The Goa University leased 10,000 Sq.m. land to a Registered Society and two Government of India Departments for a period of 99 years at a nominal rent of rupee one per annum, without approval of the Government.

Paragraph 7.5

- ix) Construction of duplex bungalow at Davorlim, Margao by the Goa Housing Board without proper assessment of demand resulted in idle investment of Rs.33.37 lakh on 6 duplex bungalows for over two years.

Paragraph 7.6

- x) The State Government had 13 companies and one Statutory Corporations with total investment of Rs.467.79 crore (equity Rs.104.40 crore; long term loans Rs.363.39 crore) as on March 2001.

Paragraph 8.2.1

- xi) Of the 13 Government companies only six companies had finalised their accounts for the year 200-01 and accounts other companies were in arrears for periods ranging from one year to two years as on 30 September 2001

Paragraph 8.2.14 & 8.2.15

- xii) According to the latest finalised accounts of 13 Government companies and one statutory corporation, nine companies and one corporation had incurred an aggregated loss of Rs.14.27 crore and Rs.1.44 crore respectively and remaining four companies earned an aggregate profit of Rs.1.67 crore.

Paragraph 8.2.18

- xiii) The Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited suffered a loss of Rs.0.15 crore due to purchase of steel without assessing the demand from the State Public Works Department and its subsequent sale in the open market on discount.

Paragraph 8.13