



सत्यमेव जयते

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

FOR THE YEAR ENDED 31 MARCH 2012

GOVERNMENT OF GOA

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PREFACE

1. This Report has been prepared for submission to the Governor of Goa under Article 151 of the Constitution.
2. Chapter I of this report indicates audited entity profile, authority for audit, organizational structure of the office of Accountant General, Goa, planning and conduct of audit, response of the Departments to the draft paragraphs *etc.* Significant audit observations included in this Report have also been brought out in this Chapter.
3. Chapter-II deals with the findings of performance audit of 'Promotion of tourism in Goa' while Chapter-III covers audit of transactions in the Public Health Department, Water Resources Department, Public Works Department, Goa Housing Board, Urban and Rural Development Departments.
4. Performance Audit of 'Computerisation in Motor Vehicles Department' and observations arising out of audit of revenue receipts of the State in the various Departments are included in Chapter-IV of this Report.
5. The observations arising out of audit of commercial and trading activities of the Government are included in Chapter-V of this Report.
6. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2011-12 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2011-12 have also been included, wherever necessary.

CHAPTER-I

Introduction

1.1 About this Report

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

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

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

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected activities, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter-II of this report contains findings arising out of performance audit of a selected Department. Chapter-III contains observations on audit of transactions in Government Departments. Chapter-IV contains one performance audit on ‘Computerisation in Motor Vehicles Department’ and observations on audit of revenue receipts. Chapter-V contains observations on commercial and trading activities of the Government.

1.2 Audited entity profile

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

The comparative position of expenditure incurred by the Government during the year 2011-12 and in the preceding two years is given in **Table-1** below.

Table 1: Comparative position of expenditure

(₹ in crore)

Disbursements	2009-10			2010-11			2011-12		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
Revenue expenditure									
General services	12.09	1338.82	1350.91	17.75	1469.29	1487.04	14.69	1617.89	1632.58
Social services	65.46	897.08	962.54	456.32	654.50	1110.82	499.46	750.42	1249.88
Economic services	248.02	1079.80	1327.82	228.46	1185.73	1414.19	270.42	1501.11	1771.53
Grant-in-aid and contributions	432.98	153.22	586.20	224.58	547.15	771.73	325.64	503.87	829.51
Total	758.55	3468.92	4227.47	927.11	3856.67	4783.78	1110.21	4373.29	5483.50
Capital expenditure									
Capital outlay	1078.38	5.70	1084.08	1215.14	6.06	1221.20	1182.21	1.56	1183.77
Loans & advances disbursed	3.99	33.23	37.22	3.73	12.19	15.92	5.51	3.91	9.42
Repayment of public debt (including transactions under ways and means advances)	---	177.69	177.69	---	207.99	207.99	---	278.29	278.29
Contingency Fund	---	---	2.99	---	---	---	---	---	---
Public Account disbursements	---	---	5471.44	---	---	6535.32	---	---	7057.22
Total	1082.37	216.62	6773.42	1218.87	226.24	7980.43	1187.72	283.76	8528.70
Grand total	1840.92	3685.54	11000.89	2145.98	4082.91	12764.21	2297.93	4657.05	14012.20

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

1.3 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the Departments of Government of Goa under Section 13¹ of the C&AG's (DPC) Act. The C&AG is the sole auditor in respect of 12 autonomous bodies which are audited under sections 19(2)², 19(3)³ and 20(1)⁴ of the C&AG's (DPC) Act. In addition the C&AG also conducts audit of bodies/authorities under Section 14⁵ of the C&AG's (DPC) Act which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the C&AG.

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

² Audit of the accounts of Corporations (not being companies) established by or under law made by the Parliament in accordance with the provisions of the respective legislations

³ Audit of accounts of a Corporation established by law made by the Legislature of a State on the request of the Governor, in public interest

⁴ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government

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

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

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

1.5 Planning and conduct of Audit

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

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

During 2011-12, in the Civil Audit Wing, 674 party-days were used to carry out audit of 78 units and one performance audit. The Commercial Audit Wing conducted audit of 31 units utilising 380 party days and the Revenue Audit Wing conducted audit of 32 units utilising 186 party days. The audit plan covered those units/entities which were vulnerable to significant risks as per our assessment.

1.6 Significant audit observations

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

1.6.1 Performance audits of programmes/activities/Departments

The present report contains two performance audits. The highlights are given in the following paragraph.

1.6.1.1 Performance Audit of promotion of tourism in Goa

- Tourism policy formulated in 2001 was not revised. It did not spell out the role of various departments, agencies and organisations and indicate timelines for carrying out the tasks outlined in action plan.

(Paragraph 2.1.6.2)

- A single consultant was appointed without calling of tenders in May 2008 for providing consultancy services for various tourism projects. Out of 10 infrastructure projects proposed for execution with Central Financial Assistance at a total estimated cost of ₹ 238.24 crore, only one was under execution, three were yet to be sanctioned by GoI and execution of the remaining six projects was held up for want of various approvals/permissions.

(Paragraphs 2.1.7.1 and 2.1.7.2)

- Amenities at tourist places like parking lots, toilets and changing rooms were inadequate and poorly maintained, wherever they existed. The Department's control over irregularities by beach shack owners was found to be inadequate and weak.

(Paragraphs 2.1.9.1 and 2.1.9.3)

- Poor management of waste in North Goa coastal belt resulted in contamination of water in the Salmona spring. The excessive drawal of ground water in the coastal belt due to tourism related activities resulted in lowering of ground water table at an alarming rate. Due to mining of iron ore in the vicinity of Harvalem waterfall, the place was losing its identity as a religious and tourist spot.

(Paragraphs 2.1.13.2, 2.1.13.3 and 2.1.13.8)

- The Department took 12 years to dispose of a grounded ship near Sinquerim beach resulting in erosion of land valued at ₹ 21 crore and loss of ₹ 17 crore to business and other establishments.

(Paragraph 2.1.13.10)

1.6.1.2 Performance Audit of Computerisation in Motor Vehicles Department

- There were delays in the implementation of *Vahan* and *Sarathi* applications. Out of eight modules, the registration and taxation modules were being partially utilised and fitness and enforcement modules were not being utilised.

(Paragraphs 4.2.7.2, 4.2.7.3 and 4.2.13.1)

- Check posts were working with the legacy system which was not integrated with *Vahan* and therefore they could not access the National and State registers to enhance the efficiency of checking of forged documents *etc.*

(Paragraph 4.2.8.2)

- Due to absence of the permit module and the refund module, the Department had to utilise the legacy system for issue of permits and calculate refund manually.

(Paragraphs 4.2.8.3 and 4.2.8.5)

- Digitisation of manual database and porting of electronic legacy database was incomplete, which affected the correctness of National and State Registers.

(Paragraph 4.2.9)

1.6.2 Compliance audit of transactions

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

- Failure of Goa Medical College to scrutinise the bills of a supplier correctly on account of supply of reagents and consumables led to an overpayment of ₹ 65.35 lakh.

(Paragraph 3.1.1)

- The Public Works Department failed to ensure availability of land for construction of pump house, ground level reservoir and sump leading to delay of more than five years in commissioning of a Regional Water Supply Scheme at Canacona and an unfruitful expenditure of ₹ 3.27 crore.

(Paragraph 3.3.1)

- Failure of the Department to complete the acceptance procedure with a contractor within the validity period led to an avoidable extra expenditure of ₹ 1.29 crore on re-tendering.

(Paragraph 3.4.1)

- Three Municipal councils failed to adopt the revised plinth area rates for assessing the construction license fee, leading to loss of revenue of ₹ 51.59 lakh during the period May 2009 to April 2012.

(Paragraph 3.6.1)

- Grants-in-aid sanctioned to Goa State Urban Development Agency and 14 Municipal Councils for development purposes were parked in bank accounts. The interest on such deposits was treated as revenue of the grantees. Out of the total accrued interest of ₹ 11.44 crore during 2006-11, ₹ 8.12 crore was adjusted and the balance interest of ₹ 3.32 crore remained unadjusted as of August 2012.

(Paragraph 3.6.2)

- Sampoorana Grameen Rozgar Yojana funds amounting to ₹ 94.74 lakh (out of ₹ 95.18 lakh available) were expended in the month of March 2008 by payment to individuals instead of as wages to labourers. No

evidence of utilisation of ₹ 27.04 lakh drawn through self cheques for distribution of wages was available.

(Paragraph 3.6.3)

1.6.3 Audit of Revenue Receipts

Short levy of Tax

- Short levy of tax under Central Sales Tax on invalid declaration forms resulted in loss of revenue to the tune of ₹ 66.15 lakh.

(Paragraph 4.4)

- Failure of the Assessing authority to levy Entry Tax on two dealers as per specified rates for goods brought/delivered into the local area resulted in short levy of ₹ 21.86 lakh.

(Paragraph 4.5)

- Incorrect allowance of concession on turnover of Interstate sales and inadmissible allowance of Input Tax Credit on exempted sales resulted in short levy of ₹ 31.26 lakh under the Central Sales Tax Act, 1956 and the Goa Value Added Tax Act, 2005.

(Paragraph 4.6)

1.6.4 Audit of commercial and trading activities of the Government

- Contribution to 'Employees' Contributory Provident Fund' disregarding the ceiling fixed for salary, resulted in extra expenditure of ₹ 3.11 crore by eight state PSUs during 2009-10 to 2011-12.

(Paragraph 5.2)

- EDC Limited disbursed loan of ₹ 4 crore in October 2008/February 2010 by relaxing prescribed norms of obtaining collateral security which led to insufficient security. Resultantly, dues of ₹ 5.52 crore could not be recovered.

(Paragraph 5.3)

- Execution of community development works by Infotech Corporation of Goa Limited for the proposed IT park even after the High Court had stayed the acquisition of land meant for the project, resulted in avoidable expenditure of ₹ 10.65 crore.

(Paragraph 5.4)

1.7 Lack of responsiveness of Government to Audit

1.7.1 Inspection reports outstanding

The Accountant General (AG) arranges to conduct periodical inspections of Government Departments to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with IRs which are

issued to the heads of the offices inspected with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned Departments to facilitate monitoring of action taken on the audit observations included in these IRs.

As of June 2012, 285 IRs (893 paragraphs) were outstanding for want of compliance. Year-wise details of IRs and paragraphs outstanding are detailed in *Appendix 1.1*.

1.7.2 Response of Departments to the draft paragraphs

The draft paragraphs and performance audit reports were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned Departments between June and August 2012 with the request to send their responses within six weeks. Reply of the Government to one performance audit report and 13 out of 17 paragraphs (Civil, Commercial and Revenue Receipts) featured in this Report have not been received.

1.7.3 Follow-up on Audit Reports

As per the provisions contained in the internal working rules of the Public Accounts Committee of the Goa Legislative Assembly, Administrative Departments were required to furnish Explanatory Memoranda (EM) duly vetted by Audit to the State legislature within three months of tabling of the Audit Reports. Eight Administrative Departments as detailed in *Appendix 1.2* did not comply with these instructions and had not submitted EMs in respect of 17 paragraphs pertaining to Audit Reports for the period 2008-09 to 2010-11 even as of September 2012.

1.7.4 Paragraphs to be discussed by the Public Accounts Committee

The Audit Paragraphs (excluding General and Statistical) pending discussions by the Public Accounts Committee as of September 2012 are detailed in *Appendix 1.3*.

CHAPTER-II

TOURISM DEPARTMENT

2.1 Performance Audit of promotion of tourism in Goa

Goa is a popular tourist destination, famous especially for its beaches. The Goa tourism policy while outlining several measures to promote tourism in the State did not establish roles, responsibilities, organisations, agencies to assist in the execution of the action plan. Execution of new tourism projects suffered due to delay in obtaining various regulatory and other mandatory permissions/approvals. Amenities like parking and toilets were not adequately provided and maintained at popular tourist destinations. Ineffective monitoring by the Department resulted in violations and irregularities by beach shacks and water sports operators. Planning for advertisements and campaigns was not conducted by formulating a well designed strategy and the impact of advertising efforts was not assessed. Community participation in development of tourism was found lacking. Solid waste management in coastal areas was ineffective due to lack of treatment facilities. There is a possibility of one beach becoming unsuitable for tourism due to environmental damage inflicted by a ship which ran aground but could not be removed for 12 years. Some of the key findings are highlighted below.

Highlights

- Tourism policy formulated in 2001 was not revised. It did not spell out the role of various departments, agencies and organisations and indicate timelines for carrying out the tasks outlined in action plan.

(Paragraph 2.1.6.2)

- A single consultant was appointed without calling of tenders in May 2008 for providing consultancy services for various tourism projects. Out of 10 infrastructure projects proposed for execution with Central Financial Assistance at a total estimated cost of ₹ 238.24 crore, only one was under execution, three were yet to be sanctioned by GoI and execution of the remaining six projects was held up for want of various approvals/permissions.

(Paragraphs 2.1.7.1 and 2.1.7.2)

- Amenities at tourist places like parking lots, toilets and changing rooms were inadequate and poorly maintained, wherever they existed. The Department's control over irregularities by beach shack owners was found to be inadequate and weak.

(Paragraphs 2.1.9.1 and 2.1.9.3)

- The selection of advertising agencies and award of contracts for various promotional events were not transparent. The Department was not able to measure the outcome of the various promotional events undertaken by the agencies, in the absence of clear deliverables. Electronic campaigns of the Department were found to be expensive by ₹ 5.63 crore when compared with the rates offered by the Directorate of Advertising and Visual Publicity, GoI, during the similar period and for similar time slots.

(Paragraphs 2.1.11.1, 2.1.11.2 and 2.1.11.4)

- New tourism products like festival tourism, health tourism and monsoon tourism were not adequately promoted. The Government did not make any additional arrangements to start cruise activities in other parts of the State. A number of water sports operators carried out business without valid registration with the Department.

(Paragraph 2.1.12)

- Poor management of waste in North Goa coastal belt resulted in contamination of water in the Salmona spring. The excessive drawal of ground water in the coastal belt due to tourism related activities resulted in lowering of ground water table at an alarming rate. Due to mining of iron ore in the vicinity of Harvalem waterfall, the place was losing its identity as a religious and tourist spot.

(Paragraphs 2.1.13.2, 2.1.13.3 and 2.1.13.8)

- The Department took 12 years to dispose of a grounded ship near Sinkerim beach resulting in erosion of land valued at ₹ 21 crore and loss of ₹ 17 crore to business and other establishments.

(Paragraph 2.1.13.10)

2.1.1 Introduction

Goa situated on the West coast of India has an area of 3,702 sq km with 105 km long stretch of seashore. Goa has over the years attracted tourists, both national and international, on account of its scenic beauty. In terms of topography, Goa falls into three distinct areas of Western Ghats, the midland region and the coastal region.

Most of the Tourism in Goa is concentrated on the coastal stretches. There are a total of 34 important beaches, 16 in the North Goa and 18 in the South Goa. Beaches in the North Goa like Calangute, Vagator, Anjuna and Baga are more popular and crowded than beaches in the South Goa. Some of the popular beaches in South Goa are Colva and Palolem.

2.1.2 Organisational set-up

Department of Tourism

The Secretary, Department of Tourism (Department), Government of Goa is the administrative head of the Department. Policy formulation, planning and its implementation, development of infrastructure are executed through the Directorate of Tourism. The management of hotels established by the Department and other commercial revenue generating activities are carried out by the Goa Tourism Development Corporation (GTDC).

The Directorate of Tourism with its headquarters at Panaji is headed by a Director who is assisted by two Deputy Directors, five Assistant Deputy Directors and one Assistant Accounts Officer. The Director is designated as the competent authority for administration of Goa Registration of Tourist Trade Act (GRTTA), 1982 and Rules made there under and the Goa Tourist Places (Protection and Maintenance) Act, 2001.

Goa Tourism Development Corporation

GTDC was incorporated on 30 March 1982 as a wholly owned company of the erstwhile Union Territory of Goa, Daman and Diu. On formation of the State of Goa, the company became a State Government company in 1987. The main objectives of the GTDC was to acquire and take over from the Government of Goa all assets related to tourism together with liabilities, if any, and to run and manage the assets with a view to promote and develop tourism in the State.

2.1.3 Scope of audit and methodology

The audit commenced after an entry conference held on 14 June 2012 with the Secretary, Tourism and the officials of the Directorate of Tourism and GTDC. Audit checked the records for the period 2007-08 to 2011-12 maintained at Directorate of Tourism, GTDC and Pollution Control Board. Site visits were conducted at popular beaches for verification of physical infrastructure. Audit observations were initially issued to the Director of Tourism and Managing Director of GTDC and their replies have been incorporated in the performance audit, wherever feasible. The findings of the audit were discussed with the Principal Secretary, Tourism and Director of Tourism in the exit conference held on 01 March 2013. Audit acknowledges the cooperation extended by the Department of Tourism and GTDC in conduct of audit by providing information, records and replies to the audit observations.

2.1.4 Audit objectives

The objectives of the performance audit were to seek an assurance whether:

- policy making, planning and implementation were realistic, time bound and effective;
- physical infrastructure existed and were properly maintained;
- measures adopted to ensure safety of the tourists were adequate;
- promotional measures were effective and efficient;
- development of new tourism products had received due attention and resources; and
- issues relating to environmental impact of tourism were adequately addressed.

2.1.5 Audit criteria

Performances of the entities were audited against criteria set out in the following documents:

- Goa Tourism Policy and Tourism Master Plan, 2001;
- Provisions of Goa, Daman and Diu Trade Registration Act, 1982;
- GTDC Act, 1982 and Companies Act, 1956; and
- Provisions of Government Accounting Rules, General Financial Rules, Receipt and Payment Rules and other regulations in force.

Audit findings

2.1.6 Policy making, planning and implementation

2.1.6.1 Trend of tourist arrivals

Domestic as well as foreign tourists prefer to visit Goa during the months of October to March and the four months of monsoon from June to September witness lesser number of both categories of tourists. The details of tourist arrivals in the State were as under:

Table 1: Number of tourist arrivals in Goa*(figures in lakh)*

Year	FTA (India)	FTA (Goa)	DTA (India)	DTA (Goa)	Total (Goa)	FTA %	DTA %
2007	50.81	3.88	5265.64	22.08	25.96	7.64	0.42
2008	52.82	3.51	5629.82	20.20	23.71	6.65	0.36
2009	51.67	3.76	6688.00	21.27	25.03	7.28	0.32
2010	57.75	4.41	7477.03	22.01	26.42	7.64	0.29
2011	62.90	4.45	8508.56	22.22	26.67	7.07	0.26

*(FTA: Foreign Tourist Arrivals; DTA: Domestic Tourist Arrivals)**(Source: Statistical Bulletins, 2008 and 2012 published by the Department of Tourism)*

Out of the total FTA in India, only 7 *per cent* visited Goa. United Kingdom, Russia and Germany were the major countries contributing to FTA in Goa with their nationals accounting for more than 60 *per cent* of the foreign tourists. FTA witnessed negative growth in the year 2008 but during 2007-11, there was growth in tourists arrivals compared to the previous year. This growth however was not significant in the year 2011 as compared to the year 2010 indicating stagnation in the FTA. The State did not figure in the top 10 States of the country in attracting foreign tourists during the years 2009 and 2011.

Share of domestic tourists was less than half a *per cent* of the total tourist arrivals in the country. However, for Goa, domestic tourists comprised more than 80 *per cent* of the total tourist arrivals which seemed to be stagnating from 2009 onwards.

During exit conference, the Principal Secretary, Tourism stated (March 2013) that arrivals in Goa had been understated and the statistics was not properly collected in respect of tourists arriving through road/rail and staying in unregistered accommodations. He further stated that measures were being taken to improve the statistics collection.

2.1.6.2 Goa tourism policy and tourism master plan

A policy is a principle or rule to guide decisions and achieve rational outcome. It is focused on action, stating what is to be done and by whom. Scrutiny of Goa's tourism policy was carried out in Audit to study the framework designed for the development of tourism in the State. The scrutiny revealed the following:

- The Goa tourism policy was formulated way back in 2001 which had not been revised subsequently despite the fact that tourism in Goa was a major economic activity having direct and indirect co-rrrelation with all other sectors.
- The policy does not spell out the agencies and organisations within the Government and outside, responsible for carrying out the tasks

outlined in action plan, such as identification of potential tourist destinations, launching entrepreneurship development and self-employment schemes, focusing on development of eco-tourism, cultural heritage tourism and adventure tourism, improving the efficacy of tourist facilitation services, imposing regulatory measures on developers/operators/tourists/local communities *etc.* No timelines were established for implementation of the action plan.

- The policy also does not recognise the need to develop effective linkages and close co-ordination with other Departments like Police, Transport, Railways, Aviation and Environment in order to promote tourism in an effective and efficient manner. Thus, the objectives were not supported by initiatives across the Departments.
- The policy does not delve into crime prevention strategy and visitor protection program. In the absence of any strategy, crime against tourists had shown a continuous increasing trend during 2007-10 as discussed in paragraph 2.1.10.
- The State does not have a Tourism Board though envisaged in the policy of 2001.
- The Department had a Tourism Master Plan (TMP) prepared in February 2001 by a private consultant which formed the basis for implementation of various tourism related activities in the State. However, the TMP had not been revisited by the Department considering the emerging requirements and the challenges thrown up by this sector in the intervening period.

During exit conference, the Principal Secretary, Tourism stated that formulation of new comprehensive tourism policy and Tourism Master Plan was in progress and expected to be completed by April 2015.

2.1.6.3 Budgetary provisions and expenditure

The budget provisions and expenditure of the Department during the period 2007-12 is given below.

Table 2: Budget provisions and expenditures

(₹ in crore)

Year	Revised estimate		Actual expenditure		Savings		
	Non plan	Plan	Non plan	Plan	Non plan	Plan	Total
2007-08	3.08	30.00	2.45	28.58	0.63	1.42	2.05
2008-09	3.88	40.14	2.79	32.20	1.09	7.94	9.03
2009-10	4.53	57.66	3.74	49.80	0.79	7.86	8.65
2010-11	4.58	81.25	4.17	49.56	0.41	31.69	32.10
2011-12	9.03	86.40	4.99	59.75	4.04	26.65	30.69
Total	25.10	295.45	18.14	219.89	6.96	75.56	82.52

(Source: Appropriation accounts)

As against the total budgetary provision for plan expenditure of ₹ 295.45 crore the Department could utilise only ₹ 219.89 crore as on March 2012. During the years 2010-11 and 2011-12 allocation of ₹ 7.75 crore was not utilised since no claims were received under the Tribal Area Sub-plan. Allocation of ₹ 4.08 crore for participation in International Travel Marts (ITM) was surrendered during the years 2008-09, 2010-11 and 2011-12. During the period 2008-12 the Department received a total Central Financial Assistance (CFA) of ₹ 73.59 crore for seven¹ infrastructure development projects in the State. The detailed audit findings on implementations of the central projects are incorporated under paragraph 2.1.7.

2.1.7 Execution of projects under central financial assistance

Under the central scheme of 'Product/Infrastructure Development for Destinations and Circuits', financial assistance is provided by GoI based on the project plan and estimates submitted by State Governments. As per the revised guidelines issued by GoI in September 2006, the State Governments were required to submit Detailed Project Reports (DPR) for availing of CFA. The DPRs prepared by the State agencies in Goa for five² tourism products at ₹ 81.44 crore were however returned (October 2007) by the GoI for not being in tandem with the revised CFA guidelines for schemes under 'Product/Infrastructure Development for Destinations and Circuits'.

2.1.7.1 Appointment of a single consultant

Audit scrutiny revealed that GoI advised (January 2007) the State Government to maintain a panel of qualified architects and project consultants for conceptualisation and preparation of DPRs. However, the Department *suo-motu* submitted (December 2007) to the State Government, the offer of M/s Lotus Environments (M/s Lotus) to provide consultancy services for tourism projects. M/s Lotus was appointed as consultant in May 2008. The process of appointing consultant without calling of tenders deprived the State of competitive, qualified offers besides being in violation of GoI directives. The selection was further justified to the Council of Ministers of the State citing the inclusion of M/s Lotus in the panel approved by the India Tourism Development Corporation (ITDC). However, the Department failed to disclose that the panel by ITDC had been approved in April 2009, a full year after M/s Lotus had been appointed in Goa. *Ex post facto* approval of the Cabinet was obtained in August 2011 for appointment

¹ (i) Integrated development of infrastructure for Heritage and Hinterland tourism, (ii) Development of Green belt, (iii) Development of Goa Haat in Panaji, (iv) Development of Baga coastal circuit, (v) Development of Colva coastal Circuit, (vi) Convention Centre, and (vii) State Institute of Hotel Management and Catering Technology

² (i) Development of infrastructure/upgradation of access of tourist destinations in Goa, (ii) Beach safety management system in Goa, (iii) Development of eco-tourism project in Goa, (iv) Construction of Paryatan Bhavan at Patto, Panaji, and (v) Development of tourism jetty and parking lot at Panaji

of M/s Lotus in May 2008 for a consultancy fee of ₹ 9.53 crore at the rate of four *per cent* of the project cost (₹ 238.24 crore).

2.1.7.2 Delay in implementation of CFA projects

The consultant, M/s Lotus, prepared (December 2008) the DPR for the project of Integrated Development of Infrastructure for Heritage and Hinterland Tourism in Goa (IDIHHT) at a cost of ₹ 74.42 crore. The GoI approved the project with CFA of ₹ 43.10 crore and the first installment of financial assistance of ₹ 21.55 crore was released in February and June 2009. Further, nine projects costing ₹ 163.82 crore were entrusted (between July 2009 and November 2010) by the Department to M/s Lotus. The State's share of the cost of 10 projects constituted ₹ 106.47 crore (45 *per cent*) and the GoI share at ₹ 131.77 crore. The GoI released ₹ 73.59 crore on seven projects until July 2011. The details of the projects, the cost involved and the progress of the work are detailed in *Appendix 2.1*.

The CFA conditions stipulated commissioning of projects within 24 months. However, any cost escalation on account of delay would have to be borne by the State. Further, as per the agreement, the consultant was to prepare the plans, specifications and drawings in connection with the works and secure all sanctions and approvals from the concerned Government departments, local or central or other authorities. The consultant was also responsible for preparing the DPR after considering the provisions of coastal zone regulation, town and country plans, available floor area ratios *etc.* Audit scrutiny revealed that the consultant and the Department were collectively responsible for delays in execution of these projects due to delay in obtaining various regulatory permissions, tendering and award of work. Three such cases are discussed below.

Convention Centre project

CFA of ₹ 4 crore was released in March 2010 for the construction of a convention centre. M/s Lotus prepared the DPR considering high Floor Area Ratio (FAR) than the permissible FAR of the location at Campal, Panaji. The Department approached the North Goa Planning and Development Authority (NGPDA) and the Chief Town Planner (October 2010) for relaxing the FAR regulations. As the NGPDA has not approved the proposals, the Department proposed (October 2011) to shift the location of convention centre to Margao. The DPR was not approved by the South Goa Planning and Development Authority as of August 2012. The preparation of DPR without considering the FAR of the location proposed for the project, thus, resulted in non-utilisation of CFA amounting to ₹ 4 crore for more than two years.

Goa Haat project

Under the CFA scheme for destination development, M/s Lotus prepared (December 2010) DPR for construction of Goa Haat to serve as a platform to promote the handicrafts from local and other states. Goa Haat was sanctioned by the State Government at a cost of ₹ 24.76 crore with the CFA of ₹ 5 crore and the balance with State fund. The GoI approved (March 2011) the proposal of the State Government and also released ₹ 4 crore. The construction work projected to start from the year 2010-11 was yet to begin as tender schedules and drawings were not approved by various authorities.

Audit observed that the Government had approved the project on the basis of an annual revenue generation of ₹ 11 crore as projected in the DPR. The Department neither obtained any minimum guarantee for revenue generation from the consultant nor conducted any third party assessment on the feasibility of revenue generation. The consultant was paid ₹ 40.97 lakh (April 2011) at the approval stage itself.

Development of green belt

M/s Lotus submitted the DPR at a total project cost of ₹ 39.72 crore for the development of green belt with a central component of ₹ 30 crore and state component of ₹ 9.72 crore. The project was approved by GoI in March 2011. Except for payment of ₹ 65.72 lakh to the consultant (July 2011), the selection of agencies or issue of work orders for execution of work was yet to be initiated. Further, NOC/approvals from Goa Coastal Zone Management Authority (GCZMA), NGPDA, Public Works Department (PWD) and Corporation of City of Panaji (CCP) were also pending.

As on September 2012, the Department spent ₹ 5.34 crore only on one³ out of the seven approved projects. In addition, the Department paid a total consultancy fee of ₹ 3.86 crore to M/s Lotus (October 2012) for 10 projects. Works on six out of seven approved projects remained non-starters. The second installment of GoI funds would be further delayed due to non-utilisation of the first installment. As the fee payable to the consultant was based on the actual expenditure incurred, delays in execution of projects and consequent cost escalation would not only increase the State's share of costs but also benefit the consultant in the absence of any capping on his fees.

During exit conference, the Principal Secretary, Tourism admitted the delay in implementation of Centrally Sponsored projects and stated that the process of empanelling Project Management Consultants had started and the projects would commence soon.

³Tourist Information Plaza ₹ 4.81 crore, pathway under Patto bridge ₹ 0.21 crore and open bus parking ₹ 0.32 crore (Sl. No. of Appendix 2.1)

2.1.8 Collection and publication of statistical information

Goa Tourism policy, 2001 called for an action plan to strengthen the statistical machinery, reporting system and development of a comprehensive data base to quantify and evaluate the socio-economic benefits of tourism.

One of the tasks assigned to the planning section in the Department is to publish the statistical bulletin. The Department had published the statistical bulletin in the year 2009. Audit observed that after the year 2009 the bulletin was not published upto the year 2012. It was also observed that general information pertaining to tourism sector like accommodation-wise details of tourists, distribution of domestic tourist visits by state of origin, *etc.* which was an indicator of tourism trends and economic trends indicating earnings from tourism, foreign exchange earnings from tourism, tourism's contribution to State's GDP, average per day expenditure of a foreign and domestic tourist *etc.*, were not being collected and published.

2.1.9 Adequacy of physical infrastructure

The audit findings are discussed below:

2.1.9.1 Provision and maintenance of basic amenities at tourist places

Audit conducted an inspection with Departmental authorities (September 2012) on the provisions of basic tourist facilities like adequacy of parking, toilets, changing rooms, cleanliness and access roads at 13 popular beaches out of total 34 beach destinations in Goa. Summarised findings are indicated in *Appendix 2.2*.

Audit noticed that signages were present in all the beaches except in Arambol Beach and public transport was available to all the sites. Further, scrutiny of DPR of IDIHHT showed that out of the 14 destinations considered for development, four did not have organised parking, eight did not have parking provision at all and there was a need for improved connectivity of roads in the case of 13 destinations. At the same time due to non-availability of changing rooms in beaches, the tourists were forced to change in the open.

2.1.9.2 Cleanliness of beaches

Cleanliness of beaches is vital where beaches form the prime tourist attraction. Tenders were invited for beach cleaning in September 2008 for the period October 2008 to June 2009 extendable up to September 2009. The beach stretch was divided into seven strips for the purpose of cleaning contracts. The lowest bidders were selected and work orders were issued in November 2008 to selected bidders. The work orders for all the beach stretches were then extended six times during the period from July 2009 to November 2011. The total expenditure incurred was ₹ 1.48 crore towards

beach cleaning by seven contractors. Fresh tender notice was issued in June 2011 and work orders were issued to the selected bidders in December 2011.

Deficiencies in appointing agencies

Audit observed that no agreements were executed by the Department with the contractors. Extension of work for all the beach stretches was given retrospectively, between two and nine months after expiry of the validity period of the contract. The bank guarantees furnished by the contractors expired in June 2009 but no action was taken by the Department to revalidate the bank guarantees. In the absence of agreements, the Department was not in a position to safeguard its interest in the event of deficient performance by the contractor.

The Department agreed (September 2012) that the agreements were not executed with the beach cleaning contractors due to delay in administrative and financial approvals.

Beach inspections

Monitoring of the performance of the beach cleaning contractors was to be carried out by the Departmental inspectors and information assistants who were to submit regular inspection reports to the Director of Tourism. The inspections were carried out on a regular basis for South Goa beaches and reported on monthly basis. However, site inspection reports for North Goa beach stretches (N-1 to N-4) comprising 16 beaches were submitted to the Head Office only two⁴ to five times during the period from July 2009 to November 2011 (40 months). The ineffective monitoring of beach cleaning resulted in dirty beaches.

The Department agreed (July 2012) that the reports of inspections had not been received and the inspections were carried out randomly.

2.1.9.3 Regulation of beach shacks

Beach shacks are temporary structures which are allowed to be raised on the beaches during October till May of the following year. Shacks provide tourists with food, relaxation on beach decks. They are allotted every year in accordance with the directives issued by the High Court of Bombay at Goa and with the approval of the GCZMA. The shack policy is formulated every year at the onset of the tourism season. The selection is done by draw of lots from the eligible applicants where 90 *per cent* of the shacks are allotted to applicants having past experience. The allottees have to obtain further clearances from other departments such as Excise, Health, Food & Drugs

⁴ Two times for N-1 and N-2 stretches and five times for N-3, N-4 stretches

Administration, Electricity and Fire Services. The yearly allotments of shacks during the last five years were as follows:

Table 3: Allotment of Shacks

Year	No. of Shacks allotted		Total No. of Shacks allotted
	North Goa	South Goa	
2007-08	168	90	258
2008-09	199	106	305
2009-10	240	106	346
2010-11	234	106	340
2011-12	230	106	336

(Source: Beach shack policies for the period 2007-11)

Audit observed that in the year 2007-08 the GCZMA and the Department carried out a joint inspection of the site and approved allotment of 148 shacks in North Goa and 83 shacks in South Goa. However, the Department allotted 168 shacks in North Goa and 90 shacks in South Goa. Thus, 27 shacks in 2007-08 were allotted in excess in violation of the directives. The GCZMA recommended three pairs of deck beds and three umbrellas. However, the shack policy of Department allowed five pairs of deck beds with five umbrellas in the year 2007-08. In the years 2008-09, 2009-10 and 2010-11, the deck beds allowed rose to 10 pairs with 10 umbrellas except in Calangute and Baga where five pairs of deck beds and five umbrellas were permitted. The excess allowance of deck beds and umbrellas was in violation of recommendations of GCZMA. This resulted in restricting open space on the beaches for recreational activities of tourists.

As no permanent structures are allowed in the beaches as per the Coastal Zone Regulations these shacks were to be dismantled at the end of the season. It was however noticed that many shacks were operating even after the season ended. These violations were not checked by the Department and no action was taken against the shack owners.

The inspection of the shacks at five⁵ beaches carried out by Health Officers in February 2011 revealed that out of 31 shacks, 13 shack licensees did not obtain 'No Objection Certificate' (NOC) from the Health Department, eatables were kept in the open, drinking water was provided without filtration, garbage was not collected on daily basis and sewerage was released into the sand causing environmental pollution on the beaches. There was no monitoring of garbage disposals by shack owners, although beach shack policy had provisions for maintenance of log book by the licensee to record date and time of collection of garbage. GCZMA noticed violations of coastal zone regulations by 433 shacks during the period 2007-11. The

⁵ Mobor, Cavelossim, Zalor, Fatarde and Varca

Department however blacklisted only four shack owners separately, which was independent of violations noticed by GCZMA.

The Department while admitting lack of adequate manpower, monitoring and regulatory mechanism, accepted (September 2012) that there were irregularities and violations in operations of shacks. It further stated that a Tourist Police cum Enforcement Cell of around 400 policemen would be proposed for monitoring activities of shacks and other illegalities on beaches. Two flying squads would be formed to detect and act swiftly against illegal operations in beaches.

The Principal Secretary, Tourism accepted the facts during exit conference. The Director of Tourism further informed that regulation of beach shacks had started. The beaches would be cleaned with mechanical cleaners so that environmental impact on beaches would be within the tolerable limits.

2.1.9.4 Management of properties

The Department acquired 8,52,825.60 sqm area of land through purchase and transfer from other departments during the period 1968 to 2010 for the purposes of development of parking grounds, bus stands, public amenities, wayside facilities, recreational facilities, environmental parks, tourist cottages, tourist hostels *etc.* Besides, it leased out 30 shops on the Colva beach. Scrutiny of records of land acquisition, its management and management of leased shops revealed the following.

Delay in mutation and encroachment of land

The mutation process of 1,76,873.21 sqm area of land was not completed from the date of taking over possession during the period 1971 to 2010 due to delay on the part of the Revenue department in identifying plots with corresponding survey numbers and non-traceable documents. The land area measuring 98,616 sqm valued at ₹ 27.35 lakh was encroached upon and illegal structures were constructed on the land under the Department's possession.

The Director stated that notices have been served (July 2012) for eviction from the land measuring 61,116 sqm, issue of eviction notice was pending in respect of 20,900 sqm land and in respect of 16,600 sqm land, the party had proved tenant rights hence mutation is held up.

Thus, the Department failed to take adequate measures to secure the land in its possession.

Non-development of tourist facilities on properties transferred to GTDC

The Government of Goa transferred five properties of the Department to GTDC during the period 2003 to 2008. The status of development of properties as on July 2012 was as under:

Table 4: Status of land/properties transferred to GTDC

Location	Property	Status
Selaulim	Rest House and Cottages	Property is not utilised or rented out.
Kesarval	Restaurant	Abandoned for more than eight years.
Pomburpa	Cafetaria	Development expenditure of ₹ 87.67 lakh (2010) incurred by GTDC was unfruitful as the property was not utilised or rented out (July 2012).
Baga	Land	Properties faced problems like encroachment, unauthorised construction, trespassing and illegal collection of parking fees.
Vagator	Land and Restaurant	

On being pointed out by audit, GTDC demolished seven illegal structures in Baga and appointed a contractor to collect parking fees pending completion of tender procedure which was initiated (July 2012). A proposal was also moved to the Government for utilisation of property at Vagator in July 2012.

Leasing of shops

Thirty shops belonging to the Department were leased out at Colva Tourist complex since the year 1981. Three shops⁶ were selling alcoholic drinks without license from State Excise authorities. The licenses of these stalls were terminated in the year 2010, however, even after lapse of two years from termination of the lease agreement the possession of the shops were not taken over by the Department. During inspections (December 2010 and April 2011) by the Departmental authorities, another stall licensee was found operating illegal gambling business on two occasions.

Inspections (December 2010) by the Department further revealed that the licensees were running businesses of readymade garments, gambling, bar and restaurant and using the shop as a kitchen. Though the Department was aware that the shops were carrying out illegal businesses and not providing facilities to tourists, yet it did not take action as per the agreement to stop irregular activities from its properties.

2.1.10 Adequacy of measures to ensure safety of the tourists

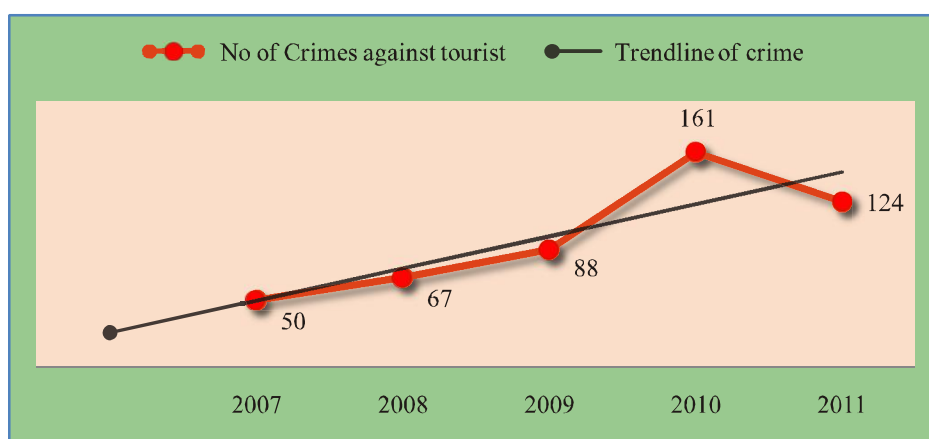
GoI adopted the Code of Conduct for Safe and Honourable Tourism in July 2010. The guidelines focused on the need to promote a safe experience to tourists. Hence, all parties connected with Tourism such as hotels, rest houses were expected to sign the Code of Conduct for safe and honourable tourism, prevention of sex tourism and prostitution and use of drugs and

⁶ Stall No. 6, 14 and 19

social and cultural intolerance. However, records of rising crimes especially against children and women on the contrary, were an indication of ineffectiveness of crime control mechanisms in place to implement the spirit of the code.

It was seen that violent crimes against children and women like rape, kidnapping and abduction, immoral trafficking, sexual harassment and molestation showed an increasing trend in Goa during the period 2007 to 2009⁷. During the years 2010 and 2011 the crimes marginally decreased. However, during the same period *i.e.*, from 2007 to 2011, the crime against tourists had shown a continuous increasing trend except in the year 2011. Graphical representation of statistics of crime reported against the tourist is depicted below:

Chart 1: Number of crimes against tourist



(Source: Information Published by Goa Police)

2.1.10.1 Formation of Tourist Security Force

Ministry of Tourism, GoI issued (March 2008) guidelines on safety and security of tourist which *inter alia* included formation of Tourist Security Force (TSF). The Department prepared a comprehensive scheme in September 2008 for formation of TSF in the State which aimed at ensuring safety and security of tourists, provide information network to facilitate smooth visit of tourists, liaison with the Police Department, Health Department and prevent illegal hawkers and traders. Personnel for the force were to be drawn from ex-servicemen and would comprise one Chief Tourist Executive and six Taluka Tourist Officers and 57 Tourist Wardens.

⁷ Crime statistics published in Annual reports of National Crime Records Bureau, Ministry of Home Affairs, Government of India

Audit observed that the TSF was formed in the State only in September 2011. The force was understaffed with only 24 Tourist Wardens, which adversely affected patrolling and safety of tourists. Complaints received from shack owners, village panchayats and citizens could not be attended to due to shortage of manpower.

The Department stated that the response from ex-servicemen was not enough and all the candidates shortlisted for interview were selected.

Functioning of the force

Audit observed that the wardens were deployed only on beaches and inland locations were ignored. Basic requirements of a Force like uniforms and caps were not provided due to which there was no unique identity to the personnel of TSF, enabling tourists to distinguish/identify them. There was lack of proper monitoring system to observe the functioning of Force and incidences handled by the wardens.

The Department received 14 four wheelers and seven motorcycles in donation from World Travel and Tourism Council in May 2010 as a goodwill gesture to facilitate smooth functioning of the Force. Out of the 14 vehicles, only three vehicles were deployed on the beaches for patrolling and remaining 11 vehicles were lying idle.

The Department admitted that the force had not been given any distinct uniform and the vehicles and drivers were being deployed in rotation due to limited fuel availability.

During exit conference, the Principal Secretary, Tourism informed that the Indian Reserve Battalion Police Force had been deployed to ensure the safety and security of tourists and that an additional strength of 500 Policemen would be deployed after creation of such posts.

2.1.10.2 Appointment and functioning of beach safety management agency

Tourists in Goa are drawn to the beaches. Recreational activities such as swimming and water sports are fraught with the risk of drowning. Death by drowning at beaches occurs due to lack of knowledge of sea and tide conditions, disregard of warnings and inability to cope, once in difficulty. To overcome the risks faced by the tourists, M/s Drishti Adventure Sports Pvt. Ltd. was appointed by the Department in June 2008 to provide Beach Safety Management Services. The initial agreement for coverage of 12 beaches was extended to 27 beaches in September 2009. The agency was also awarded contract for Night Safety Patrol. The total payments made to the agency during 2008-12 was ₹ 72.47 crore. The incidences of drowning touched its peak in year 2007 with 91 deaths. However, after the appointment of the agency, the numbers of deaths by drowning came down from 72 in 2008 to 22 in 2011.

2.1.11 Effectiveness of tourism promotional measures

The Department markets Goa as a tourist destination through the print media, electronic media, road shows, travel market *etc.* The Department also participates at the international fora such as WTM-London, ITB-Berlin and MITT-Russia. Expenditure incurred on promotional events during 2007-12 was as follows:

Table 5: Expenditure on promotional measures

(₹ in crore)

Year	Print Media	Electronic Media	Other modes	Road shows	ITM
2007-08	1.61	6.01	0.31	0	1.87
2008-09	4.35	4.51	0.36	0	2.21
2009-10	2.17	5.62	0.43	3.43	1.99
2010-11	3.86	1.97	1.13	2.39	2.71
2011-12	7.28	3.54	1.99	2.44	2.40
Total	19.27	21.65	4.22	8.26	11.18

(Source: Tourism Department)

2.1.11.1 Empanelment of advertising agencies

The Department in June 2010 called for empanelment of agencies for handling international events and road-shows. The criteria specified handling five international road-shows in the last six years. A total of 29 agencies responded for category 'A' agency⁸ and 14 were short-listed. Audit observed that out of the eight agencies finally selected for empanelment, three did not fulfill the requirement of experience in international road-shows. Further, three other short-listed agencies though fulfilling all the criteria, were rejected after presentation.

2.1.11.2 Award of contract for promotional events

The agencies were asked to quote against a predetermined budgeted figure for any promotional event. However, the budget was not backed by detailed working of expenses. The requests for proposals were not always issued to all the empanelled agencies. Moreover, the Department did not select the agencies based on the design, concept brochures *etc.* No technical screening to ensure quality of presentation was conducted. The lowest quoted cost was the only criteria for issue of work orders. In 27 test-checked cases, the lowest quoted cost was only marginally lower than the budgeted cost of the event.

The Department extended 80 *per cent* of the amount of work order as advance to successful agencies. The deliverables were not quantified,

⁸ Category 'A' agencies were selected to undertake bigger campaigns like organising overseas road-shows, participating in travel marts and national and international media coverage

documented and drawn. Performance criteria remained absent leading to no action capable of being taken in case of failure.

During exit conference the Director of Tourism stated that quality of presentations would be ensured along with cost-effectiveness and an agency would be appointed to oversee the brand-building exercise.

2.1.11.3 Road-shows and International Travel Marts

During the period 2007-12, Department participated in 38 ITMs and organised 15 road-shows⁹ worldwide. The expenditure on account of hiring services of agencies for ITMs and road-shows during the period was ₹ 19.47 crore as indicated in Table 5. Audit observed that no visitor books were maintained at ITM and Domestic Travel Marts so as to ascertain the number of visitors, their recommendations and to measure the impact of the Goa stall on the global and domestic audience. All the reports submitted by the agencies invariably included a few photographs but did not discuss how many persons/agencies were contacted and how many attended. No MoUs were signed during any of these road-shows or ITMs. Website¹⁰ of WTM, London, gave exclusive online access all the year to exhibiting companies to cater to WTM audience. However, after incurring an expenditure of ₹ 2.77 crore during 2007-12 for participation in the WTM-London, the Department did not avail of the opportunity to advertise Goa via website to the WTM audience.

GTDC conducted 14 road-shows incurring an expenditure of ₹ 4 crore between August 2010 to November 2011. The Event Management Companies (EMC) were expected to contact 150 major tour operators/travel planners for participation in the events and showcase Goa as a brand. The EMCs managed to ensure a mere 25 to 64 participants¹¹. The road-shows conducted by GTDC also did not result in any trade contract, business agreement or MoUs with any of major tour operators.

The Department and GTDC also did not rope in private participation in the road-shows. Participation in road shows by private players from Goa's hospitality, tour and travel, art and culture sectors would have facilitated valuable exchange of knowledge and strengthening of tourism products.

The Department admitted (June 2012) that private participation in road-shows was lacking.

⁹ Promotional event in foreign country where presentation is made before travel agents and tour operators in that city/country

¹⁰ www.wtmlondon.com

¹¹ Participants include private tour operators, travel agents and journalists/photographers

2.1.11.4 Poor planning for electronic media

The Department conducted an electronic campaign through M/s AMO Communications Pvt. Ltd. (one of the empanelled agencies) on Zee TV and BBC in September-October 2007, November 2009 and August 2010. It was observed that the Department did not formulate its own media plan. Several deciding factors for the rates of commercials on the television *i.e.* time of the day, original broadcast, repeat broadcast, status of broadcast were not considered and the lump sum quotes were requested from the empanelled agencies and accepted. The rates charged by the agency in respect of Zee TV were compared to rates offered by the DAVP¹² during the similar period and it was observed that for similar campaign where Central Government Departments would have spent only ₹ 1.18 crore, the Department ended up spending ₹ 6.81 crore. The campaign of the Department was concentrated in few months of the year. The entire budget meant for the electronic campaign during the year was spent in one campaign (Zee TV and BBC) which was proposed by the agency (M/s AMO Communications Pvt. Ltd.).

2.1.11.5 Advertisement in multimedia

M/s Vinsan Graphics (one of the empanelled agencies) proposed in October 2010 a multimedia campaign for a total cost of ₹ 1.80 crore. The campaign centred on a micro site showcasing Goa. The micro site www.experience-go.com was designed and used for three months. The website lacked sufficient information. There were only four tour operators listed in it and no list of private or GTDC hotels was displayed. The absence of a visitor's counter left the Department unable to assess the number of visitors to the site.

Audit observed that as a part of the multimedia campaign, the agency claimed ₹ 25 lakh (@ ₹ 8.33 per message) for sending three lakh text messages. However, the Department was totally unaware of the message recipients. Further, the agency as a part of multimedia campaign, also advertised through a TV channel, Times Now, at rates higher than that offered by DAVP leading to an extra expenditure ₹ 44.37 lakh¹³.

2.1.11.6 Website of the Department

The Department's website did not contain updated information on hotels, packages *etc.* There was no location finder, route map. Unlike the Tourism website of other States such as Kerala and Gujarat, the website of Goa

¹²Directorate of Advertising and Visual Publicity (DAVP) is office of the Government of India for overseeing campaigns and release of advertisements of Government of India

¹³Expenditure via DAVP route = ₹ 1.22 lakh; Actual expenditure = ₹ 45.59 lakh

Tourism was deficient in content and lackluster. The website did not serve as a focal information point for the operators in the tourism sector such as travel agents, tour operators, hotels, chartered flight operators *etc.*

The Department admitted (June 2012) that the information was not updated and agreed that photographs and films would be uploaded. During exit conference, the Principal Secretary, Tourism also accepted that information on Department's website was deficient.

2.1.11.7 Duplication of advertising strategy in new media

The Department had been publishing a monthly e-newsletter since November 2011 on a separate website www.goatourismdept.com through M/s Goldmine Advertising Ltd. (one of the empanelled agencies). The idea behind publishing the newsletter was to address a targeted audience keeping them abreast of the happenings in Goa and the activities and promotions conducted by the Goa tourism. The targeted audience comprised tour agents, tour operators, officials of tourism industry and various stakeholders. The proposed amount of the project was ₹ 24 lakh.

Audit observed that the newsletter included an address by the Director, news, one recipe *etc.*, in eight pages. The newsletter was not available for subscription to any visitor of the site which meant it was only available for that set of audience which was selected by the agency. The Department's website did not provide any link to subscribe to the newsletter. Audit observed that the Department's new website was also being developed around the same period when the newsletter website was developed. The Department could have considered launching from same website which would have saved an expenditure of ₹ 24 lakh and avoided duplication of efforts.

2.1.11.8 Advertisements through publications of limited readership

The Department spent ₹ 62.01 lakh during the period 2007-12 on 446 advertisements in publications of small and limited readership. On scrutiny of 40 advertisements it was observed that these publications were not registered with Registrar of Newspapers in India and did not comply with the requirements of Press and Registration of Books Act, 1867. Nature of the publications was that of house magazines, house journals and souvenirs *etc.* These publications were patronised by religious bodies, caste based organisations, linguistic and cultural bodies, parents teachers associations, residents associations, trusts, clubs, political parties and individuals.

Test-checked cases revealed that the publishers approached the Department with their respective proposals. The Department by using its discretion arbitrarily chose the proposals to be approved. Most of the approvals were granted either by the Minister of Tourism directly or through Officer on Special Duty or by the Director of Tourism.

2.1.11.9 Ineffective business tie-up with other State Tourism Development Corporations

In order to create new revenue channels, the GTDC decided in April 2010 to tie-up with other State Tourism Development Corporations of India. GTDC entered into six MoUs with other Tourism Development Corporations. The key features of the MoUs was mutual marketing of hotel accommodation, providing marketing space mutually at respective sale counters, providing of hyperlinks in respective websites *etc.*

Audit observed that none of the commitments and activities was operationalised during the period 2010-12. The websites of other Corporations did not advertise any links of GTDC and vice-versa. Free marketing counters and dedicated user-ID and passwords were not provided resulting in non-achievement of the intended benefits.

The GTDC admitted that difficulties were experienced due to non-adoption of internet booking technology, technology assimilation and constant change of management in the Corporations.

Thus, the Department's marketing efforts lacked defined strategy to promote Goa as a tourist destination. The Department also failed to measure the impact of its promotional efforts.

2.1.12 Promotion of other tourism products

The Ministry of Tourism, GoI had identified several tourism products which have the potential to attract more tourists. Among these are Heritage Tourism, Wellness, Wildlife, Eco-Tourism, Medical Tourism *etc.* Audit scrutinised the efforts made by the Department to broad base the basket of tourism products. The findings are indicated in the succeeding paragraphs.

2.1.12.1 Festival tourism

The Goa Carnival is an essential part of the Portuguese heritage of the State symbolizing fun and gaiety. The Department's role has been limited to financing the local organisations who participate in the Carnival and Shigmo festivals held during February/March every year in various towns.

During 2007-12 the Department spent ₹ 7.05 crore for conducting Carnival and Shigmo festivals. The Government sponsored the entire festival expenditure barring the year 2010. The performances of local festival committees were dependent on Government funding. In 2010, the GTDC roped in an EMC to showcase the Carnival which netted the Corporation ₹ 45 lakh in sponsorship.

The employment of EMCs and aggressive marketing of Goa's Carnival and Shigmo festivals in a professional and sustainable manner would have added to Goa's tourist potential.

During exit conference, the Principal Secretary, Tourism stated that events like Carnival and Shigmo festivals were well advertised this year and the response was exceptional.

2.1.12.2 Health tourism

Health Tourism has a strong portfolio in India due to the presence of traditional alternative systems of healing and medicine such as Ayurveda, Siddha and Unani.

TMP identified health tourism to be capitalised by opening health parlours similar to those in Kerala. While FTA in Ayurveda centres has crossed 34,000 per year (2010) in Kerala and Chhattisgarh is promoted as the herbal State, Goa has been unable to make inroads in this sector. The Department had no statistics about the number of Ayurveda centres functioning in the State. The Director, however, stated (August 2012) that there were four Ayurveda centres in operation in the State by five star hotels. Ayurvedic spas and treatment centres abound in the State and are very popular among tourists. The lack of information with the Department of these mushrooming health and massage parlours leaves these centres unregulated. The Director further stated (September 2012) that the Tourist Trade Act is being suitably amended under which registration will be made compulsory for super specialty hospitals/private dental hospitals, ayurveda centres and massage parlours and the amendment will be properly drafted to avoid illegal activities in spas/parlours.

The TMP proposed (February 2001) to set up a health tourism centre near Salaulim in Sanguem taluka and near Anjunem in Sattari taluka. The activity mix in the centres proposed were health resort on six hectare land having 200 rooms, botanical garden-cum-nature park on 100 hectare land, tourist information centre of 500 sqm area and world class hospital of 300 bed capacity. The work of development of botanical garden cum eco-recreational park at Salaulim taken up by the Goa Forest Development Corporation in the year 2003-04 at an estimated cost of ₹ 15.47 crore was not completed as of February 2013 for want of sufficient funds. The total expenditure incurred so far had been ₹ 4.85 crore. Further, the GTDC had not utilised (October 2012) the rest house and five cottages at Salaulim valuing ₹ 1.10 crore.

2.1.12.3 Monsoon tourism

Attracting tourists in the monsoon season, which was considered to be the lean season, was one of the objectives identified in the TMP for sustainable development of tourism in the State. The months of June to August are periods of low tourist activity. The focus of tourism in Goa being beach tourism, monsoon season attracts far less tourists.

Kerala tourism promotes monsoon tourism by creating different packages. The tourist arrivals during the three month period of June to August for the last six years in Goa and Kerala were as below:

Table 6: Tourist arrival during monsoon period (June, July and August)

Year	Domestic		Foreign	
	Goa	Kerala	Goa	Kerala
2006	287224	1457778	10998	68608
2007	234862	1516314	12069	79024
2008	308698	1741206	12305	97908
2009	232265	1707444	10536	87492
2010	244041	1867227	11608	110391
2011	249038	NA	11887	NA

(Source: Tourist statistics of Goa 2008 and 2012 and Kerala tourism statistics 2010)

Through innovative promotion of monsoon tourism, FTA in Kerala during the monsoon period had increased by 60 *per cent* and DTA increased by 28 *per cent* over the five year period (2006-10). The rate of growth of FTA and DTA during monsoon period over the same five year period was only 5 *per cent* and (-) 15 *per cent* in Goa. Kerala and Goa, both located on the Arabian Sea coast, share common characteristics. Apparently, the Tourism Department in Goa had not been able to capitalise on monsoon tourism unlike Kerala.

2.1.12.4 Cruise tourism

Cruise tourism is one of the most important facets of tourism in the State. A large number of national and international tourists enjoy the river cruise organised from the Santa Monica Jetty in Mandovi river at Panaji. The number of tourists who used river cruise and other boating facilities at Santa Monica Jetty during the last five years was as under:

Table 7: Cruise Tourism

(Figures in numbers)

Activities	2007-08	2008-09	2009-10	2010-11	2011-12
River Cruise (One Hour)	96118	56078	81003	111220	131483
River Cruise (more than one hour)	11211	9112	10889	6048	7591
Special cruises	2891	6311	6842	5234	5881
Total	110220	71501	98734	122502	144955

(Source: provided by GTDC)

Audit observed that the Mandovi river is congested with a number of cruise boats, casinos and floating restaurants and the barges operating through the river. Besides, a number of fishing boats are also anchored in the river on the bank opposite to Santa Monica Jetty. Considering the increase in the tourists

in river cruise, the Government proposed to start river cruise activities in other parts of the State in the 11th five year plan. The Government made a budgetary provision of ₹ 2 crore during 2011-12 for de-silting of river Sal. As the work of de-silting could not be completed by the Captain of Ports, the amount was surrendered and no fresh provision was made in budget 2012-13.

2.1.12.5 Water sports operators

The Department issues registration certificates under GRTT Act to the water sports operators subject to furnishing of documents regarding insurance, NOCs from Captain of Ports, Fisheries Department, Directorate of Health Services, license to operate boat and printed tariff card. The registration certificate is valid for one year from the date of issue and is renewable before its expiry on payment of fees.

Audit observed that the Department issued registration certificates without obtaining copies of the printed tariff. Some operators renewed their registration certificates after one to three years of expiry of the validity period of the certificate by paying arrears. The operators carried out the business in the intervening period without valid registration with the Department. While 251 operators were registered with the Captain of Ports, those registered with the Department were only 148 during the year 2011-12.

The operators, who were operating without valid registration of the Department, were not detected and acted upon. This also indicated the lack of co-ordination between the Department and Captain of Ports.

2.1.13 Sustainable tourism and environmental impact

Tourist activities must be managed in a responsible manner. Otherwise, it can have socio-cultural consequences and negative environmental impact on soil, water and air due to solid waste accumulation, contamination of soil and water due to absorption of sewerage water, lowering of ground water table, degradation of air quality due to vehicular/speed boats emissions *etc.*

Audit attempted to ascertain the impact of tourism on the environment on account of the inadequate management of tourist traffic, creation of infrastructure facilities for tourism and some external factors such as grounding of a ship, mining and tar ball deposits on beaches. The audit findings are discussed in the succeeding paragraphs.

2.1.13.1 Lack of sewerage networks in coastal belt

The North Goa coastal belt covers beaches of Baga, Candolim, Calangute and Sinquerim. As a focal tourist centre, a large number of hotels and restaurants are concentrated in this coastal belt. There is no underground sewage system or any waste water disposal arrangements in the area. Due to

sandy soil and high water table in the beach areas the effluent of septic tanks is not adequately absorbed in the soak pits and overflows to open spaces.

The Calangute and Baga beaches of North Goa coastal belt was identified as the first priority project for implementation of the sanitation projects. Accordingly, the waste water collection and treatment system for Mapusa town and North Goa coastal belt of Calangute and Baga area was taken up (September 2007) with the loan assistance of ₹ 268.80 crore from Japan International Co-operation Agency (JICA). The project aimed to cater a population of 30,358 with the sewerage treatment plant capacity of 5.60 million litre per day. Though the agreement with JICA for loan assistance was executed in September 2007 and the administrative approval for the project was accorded by the Government in March 2008, the works for sewer network were awarded for ₹ 152.79 crore only in September 2012. The sewer treatment plant was not tendered as of October 2012.

2.1.13.2 Lack of solid waste management in coastal belt

In view of numerous petitions filed by individuals regarding solid waste disposal sites, the High Court of Bombay at Goa, on 18 April 2012 passed an order directing the Goa State Pollution Control Board (GSPCB) to conduct inspection of all Municipal Councils and 26 coastal Village Panchayats (VP). Accordingly, the GSPCB conducted inspections in May 2012 and submitted its report to the High Court. According to the report, two VPs of coastal belt of North Goa viz., Candolim and Calangute-Baga having three beaches together had a population of 18,033 with an estimated waste generation capacity of 6.3 tonnes per day.

In order to cater to a large number of tourists visiting these three beaches, 426 hotels and restaurants and 1,114 other commercial establishments were operating within the limits of two VPs. Due to the concentration of tourist activities, these two VPs together were generating approximately 97 tonnes¹⁴ of solid waste per day (80 tonnes in Calangute-Baga, 17 tonnes in Candolim). The waste, thus, generated by tourism related establishments in these two VPs worked out to 90.7 tonnes per day (97 tonnes – 6.3 tonnes) which was much higher than the waste generated by the most populated municipal towns (Margao, Panaji, Vasco) in the State.

It was further observed that due to inadequate and non-operative composting units, the Calangute-Baga VP dumped un-segregated waste at the garbage disposal site in the adjoining Saligao plateau which is the catchment area of Salmona spring in Saligao. The GSPCB conducted (July 2009) an analysis of the water in Salmona spring and found the spring water to be contaminated and unsuitable for drinking. The Water Resources Department (WRD) also

¹⁴ Includes waste generated by the local population, visiting tourists, hotels and other establishments

confirmed (September 2009) that dumping of garbage in the catchment area of the spring resulted in contamination along the drainage line to the location where the spring was located. Further, water testing by WRD hinted at the presence of biodegradable organic and oxidisable inorganic matters.

As most of the VPs in the State have limited staff and resources, the Government should have taken immediate steps to mitigate the situation.

2.1.13.3 Diminishing ground water level in coastal villages

The provision of more infrastructure like hotels, restaurants *etc.*, to cater to large number of tourist arrivals is fraught with the danger of drawal of excessive ground water by these establishments. It was observed from the records of the PWD that water consumption of the hotels situated in some of the villages of North Goa beaches showed decreasing trend despite increase in the number of tourists, as indicated below:

Table 8: Water Consumption in Hotels

Villages	Water consumption in cubic meters by hotels/motels		Water consumption in cubic meters by domestic and other users	
	2006	2011	2006	2011
Calangute	26002	20588	207087	325461
Candolim	77281	25365	417283	448270
Anjuna	11572	9144	56863	765137
Baga	5085	5769	176316	213149
Total	119940	60866	857549	1752017

(Source: Public Works Department)

The decrease in the consumption of water despite increase in tourists was an indication that these hotels were drawing water from sources other than PWD such as, open wells, tube wells *etc.* A further scrutiny of the ground water table/data generated by the WRD in 11 coastal area villages revealed that ground water level in Calangute village had gone down to 8.97 meter below ground level in May 2009 from the level of 8.30 meter recorded in May 2008 and in Anjuna village to 7.74 meter in May 2012 from 6.69 meter recorded in May 2010. In respect of other nine villages, the change of ground water level was within the range of -0.21 meter to +0.17 meter.

The Chief Engineer, WRD attributed (August 2012) the depletion of ground water table in Calangute and Anjuna to the tourism infrastructure development. He further stated that the ground water in coastal areas had been stressed. In view of the pressure on ground water, some areas in the coastal belt had been declared as Scheduled Areas under Section 4 of the Ground Water Regulation Act, 2002 in November 2007 itself, and in April 2012, the entire State had been declared as Scheduled Area. The declaration of scheduled area would result in restrictions on digging new wells and drawing and transporting water from the existing wells. The WRD, however,

did not have any statistics of the number of wells dug and number of violations *etc.*

2.1.13.4 Poor monitoring by regulatory agencies

Under the provisions of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, the State Directorate of Food and Drug Administration (DFDA) conducts annual food safety inspection of the registered establishments. Audit observed that the State DFDA failed to conduct annual inspections and there was shortfall to the extent of 85 *per cent.*

Despite requirement of mandatory clearances from GSPCB, only 432 hotels, resorts and spas were registered with the GSPCB. The remaining 2,219 hotels were functioning without obtaining required permissions from the GSPCB. The GSPCB stated (January 2013) that the enforcement was hampered due to shortage of staff.

2.1.13.5 Violations of coastal regulation zones

The GoI under the provisions of Environment Protection Act, 1986 issued (February 1991) Coastal Regulation Zone (CRZ) notification imposing restrictions on industries, operations and processes within the coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action up to 500 meters from the High Tide Line (HTL) and the land between the Low Tide Line (LTL) and the HTL. During 2007-12, total 1,172 coastal zone violations were reported, of which, the GCZMA removed/demolished the encroachments in 105 cases and in six cases, action was pending due to court stay orders. The remaining 1,111 violations related to repairs and reconstruction works carried out by the traditional coastal community without the prior approval of GCZMA.

The High Court of Bombay at Goa issued (March 2008) directions to identify the open plots in CRZ-III zone which were available for construction of hotels and to frame appropriate policy/regulation for utilisation thereof before they were being allowed to be utilised for such construction activities. Audit observed that the work of identifying and delineating the open vacant plots in CRZ-III zone along the coastline of the State was already entrusted to M/s Remote Sensing Instruments (RSI), Hyderabad in March 2007 by GCZMA at a cost of ₹ 1.92 crore. RSI carried out the task of identification of structures existing as on 1991 when the CRZ notification came into force and the structures that came up subsequently between 1991 and 2006. RSI submitted its report in April 2011. In the meanwhile, the Ministry of Environment and Forests (MoEF), GoI issued the new CRZ notification, 2011 in January 2011, defining the requirements and guidelines for development of beach resorts or hotels in the designated areas of CRZ-III and CRZ-II for occupation of tourists or visitors, with prior approval of the Ministry. However, even after a time lapse of two years from the issue of the

new notification and an expenditure of ₹ 1.92 crore incurred on the remote survey, the GCZMA has not framed any policy/regulation for utilisation of CRZ-III zones along the coastline of the State of Goa.

2.1.13.6 Non-conduct of environment impact assessment

Environmental Impact Assessment (EIA) procedures are designed to identify environmental problems which may be caused by a development project and determine the magnitude of change in the environment. With reference to the tourism projects, the TMP of February 2001 recommended that environmental analysis had to be integrated with all stages of the tourism project life cycle to facilitate incorporation of the findings into selection of sites, designs and implementation plans. Further, in most cases, an EIA should form part of the overall feasibility study for a project.

Audit observed that 10 tourism infrastructure projects (*refer Appendix 2.1*) sanctioned by the Department with CFA at a total cost of ₹ 238 crore involving construction of jettys, development of tourism circuits, recreational facilities, construction of viewing towers *etc.*, did not have an integrated EIA. As the tourism projects were aimed at development of hinterland, EIA was essential as the Western Ghats is ecologically sensitive and development of tourism in these areas should have taken this factor into account. The Director admitted that no EIAs were made by the Department.

Further, despite the fact that pressure on river Mandovi was increasing due to cruise operations, casinos, floating restaurants and barges, the Department did not take any action to conduct any study to ascertain the carrying capacity of the river for sustaining such operations.

2.1.13.7 Lack of community participation in planning for projects

One of the policy proposals envisaged in Goa tourism policy, 2001 was to ensure that the local community was involved and the benefits of tourism accrue to them. Audit however, observed that the Department did not ensure community participation in the process of planning of various projects undertaken by them. Three such cases are highlighted below:

- The Department initiated a project (February 2011) for establishment of PGA¹⁵ standard golf course and allied tourism and hospitality related activities through a consortium or as an individual entity. The project involved acquisition of 300 acres of land at Tiracol village in Pernem Taluka and an investment of ₹ 707 crore. The land purchased by the selected company (M/s Leading Hotels Pvt. Ltd.) in 2007 for the golf course was a tenanted property and the owner of the land

¹⁵ Professional Golfers' Association

sold it to the company without taking permission of the tenants. Consequently, the tenants opposed setting up of golf course fearing that the land under cultivation by them would be lost and the VP also passed a resolution (April 2009) opposing the development of golf course.

- The initial location at Bandora village, Ponda selected for setting up of State Institute of Hotel Management and Catering Technology (SIHMCT) did not materialise due to objection by VP and agitation by local people. The Government decided (April 2011) to shift the institute to Farmagudi plateau on the land belonging to Goa Engineering College. The change in the location was necessitated on account of the concerns raised by surrounding residents about the institute preparing non-vegetarian food.
- The work on extension of jetty in Mandovi river under the IIDHT(*refer Sl. No. 1 of Appendix 2.1*) could not be started due to agitation by the cruise operators due to fear of losing business owing to change in location to the opposite side of the river where business was minimal.

The Director stated (June 2012) that since the company constructing the golf course had made huge investment into the project, ensuring participation of local community as well as EIA and mandatory public hearings was the responsibility of the company. The Director did not furnish any specific replies in the other two cases.

The reply is not acceptable as being the nodal agency for the tourism sector development in the State, the Department was accountable for addressing the citizens' concerns.

2.1.13.8 Environmental degradation caused by mining

Harvalem in North Goa with its waterfall, caves, ancient temple and scenic view attracts a number of pilgrims and tourists both domestic and foreign. Audit observed that the local residents and villagers represented (April 2010 and February 2011) to the Department that due to rigorous iron ore mining activity in the vicinity, the Harvalem waterfall was running thin day by day besides causing noise and dust pollution round the clock. As a result, few tourists visit the waterfall and the place was losing its identity as a religious and tourist spot.

Audit further observed that the representations of the locals and villagers were simply forwarded, without highlighting the seriousness of the matter, to the Director of Mines (May 2010) and the Director of Mines and Geology (February 2011).

2.1.13.9 Degradation of beaches due to tar ball deposits

The Goa coast is always congested with many merchant ships coming to Mormugoa Port, vessels of Indian Navy, Coast Guard and the barges operating in the rivers and sea. Tar ball deposits are seen on beaches every year after the high tide during the beginning of the monsoon season. The illegal pumping of polluted oily water from the segregated tank and bilges of the ships into the sea, and pumping of polluted water by off shore casinos are the cause for the tar deposits.

Tar ball deposits were noticed in a number of beaches between July 2004 and December 2008. In 2006, the Department removed 20 truckloads of tar balls from the Cavelossim-Cansaulim beaches and buried them near the beach. An exceptionally large quantity of tar ball deposits were also noticed in August 2010 on various beaches of South Goa district which were removed by the fire and emergency services personnel, local panchayats and the beach cleaning contractors.

The State Disaster Management Authority (SDMA) requested (May 2011) the Department of Science, Technology and Environment, Government of Goa to ascertain the root cause of the tar ball deposits and the GSPCB also collected samples for analysis. Reports from both the agencies were still awaited.

Tar ball deposits affect beach tourism. The inability of the State to determine the root cause of tar ball deposits for so long and book the offenders was a matter of concern.

2.1.13.10 Environmental impact of prolonged grounding of a ship

A carrier ship named “River Princess” chartered by M/s Salgaocar Mining Industries Ltd., Goa got stranded at Sinquerim beach in June 2000. The stranded vessel was considered an environmental hazard affecting the beach stretch from Sinquerim to Calangute (Approx 6 kms). Audit scrutiny of the handling of the issue of removal/breaking of the ship by the Department and the environmental impact on account of prolonged grounding of the ship revealed the following:

- Though the ship was stranded since June 2000, yet it took nine years for the SDMA to declare the grounded ship as a State disaster (March 2009);
- Though the ship was forfeited by the State Government in January 2002, the Department could not arrange to tow away the ship despite awarding the related work thrice between March 2001 and October 2006;
- After three failed attempts to tow away the ship, the ship could be finally broken and removed from the beach in 2012 at a cost of ₹ 99 crore with CFA of ₹ 70 crore;

- During the intervening period of 12 years, the natural process of sand formation in monsoon was blocked by the grounded 250 meter long ship. As a result, the shoreline of Sinquerim beach was severely eroded by constant bashing of the waves due to which sand dunes had been washed away;
- As the sand dunes, which formed a protective cover to the land, were washed away, the land measuring 5,000 sqm along the beach stretch valuing approximately ₹ 21 crore was eroded;
- The Sinquerim beach became almost desolate for beach tourism during the intervening period and the reported financial losses on account of reduced occupancy in hotels and reduction in tourist arrivals was estimated at ₹ 17 crore.

As a permanent measure to protect the land from sea erosion, the PWD finalised a tender for construction of revetments at a cost of ₹ 38.87 crore which was not awarded as of August 2012. The revetments consisting of heavy boulders, concrete blocks and tetrapods would kill the aesthetic beauty of Sinquerim beach and there is a possibility of it becoming unsuitable for tourism.

During exit conference, the Principal Secretary, Tourism stated that steps would be taken to mitigate the effects of damage caused due to stranding of ship.

2.1.14 Conclusion

The reliance of the State and its economic activities on tourism, notwithstanding, the tourism policy of Goa was found to be deficient. The State's monitoring and regulatory mechanism could not ensure effective beach inspections, cleanliness of beaches, availability of basic amenities in the beaches and regulation of beach shacks, hotels, spas, water sports operations *etc.* There was shortfall to the extent of 85 *per cent* in annual food safety inspections of registered establishments by the State Directorate of Food and Drug Administration. In spite of depletion of ground water table in Calangute and Anjuna, the Water Resources Department did not have any statistics on number of wells dug and number of violations *etc.* The sewerage network and solid waste management in the coastal belt was not effective. Environmental degradation caused by mining to tourist spots and degradation of beaches due to tar ball deposits had not been effectively addressed. The Department was yet to address the adverse fall out of a ship stranded for about 12 years in Sinquerim beach. Of the 10 tourism infrastructure projects proposed to be executed with Central assistance, only one was under execution, three were yet to be approved and the remaining six were held up for want of approvals/permissions. The Department had no media plan. Empanelment of agencies was not transparent. Environmental

Impact Assessment was not part of the 10 tourism infrastructure projects under Central Financial Assistance. Both, the Department and the GTDC were unable to secure their land and properties.

2.1.15 Recommendations

The Government may:

- Formulate a tourism policy which is contemporary, clearly demarcating the role of other agencies and departments for effective convergence;
- Ensure that the selection of advertising agencies and award of contracts for various promotional events are transparent;
- Integrate environment impact assessment at the feasibility stage of the tourism projects;
- Ensure that tourism infrastructure projects which are held up for want of various approvals/permissions are commenced soon;
- Promote monsoon tourism with special packages to capitalise on the advantages of visiting Goa during the monsoon; and
- Establish a solid waste management programme for the coastal belt which attracts a large number of tourists.

The matter was referred to the Government in October 2012; their reply was awaited as of February 2013.

CHAPTER-III

AUDIT OF TRANSACTIONS

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

3.1 *Incorrect payment to contractor*

PUBLIC HEALTH DEPARTMENT

3.1.1 Overpayment to a supplier

Failure of Goa Medical College to scrutinise the bills of a supplier correctly on account of supply of reagents and consumables led to an overpayment of ₹ 65.35 lakh.

Due to non-availability of facilities for several pathological investigations in Goa Medical College (GMC), the Minister of Health instructed the Dean, GMC to explore the possibility of setting up a centralised pathological laboratory where all the tests for GMC, Hospicio and Asilo Hospitals could be carried out to provide quick and reliable reports.

Accordingly, the Dean of GMC proposed (July 2007) to start a Central pathology lab and use new technology available for blood tests for various investigations. As the equipments under the new technology were found to be expensive, it was decided (July 2007) to explore the possibility of obtaining these equipments on long term lease from the interested companies instead of outright purchase. Tenders for supply, installation and operation of a Fully Automated Integrated Biochemistry and Immunochemistry Random Access Analyser and Fully Automatic 5-part Hematology Counter at the cost of the provider and conducting the required tests with required reagents to be supplied by the party on payment, were called for (September 2007).

Though four tenders were received, they were rejected as two of them did not qualify and the other two had quoted only partly. Tenders were re-invited in December 2007 and five offers were received. Only the tender of M/s Abbott Health Care Private Limited, Mumbai was found to be technically acceptable. Therefore, the financial bid of M/s Abbott was accepted by the Government in April 2008 and the work entrusted to M/s Abbott in April 2008.

The work order stipulated that an agreement be executed between the Company and the Government before commencement of operations which

would be valid for five years. Though the laboratory was functional from June 2008, the Government did not conclude any formal agreement with M/s Abbott as of September 2012.

M/s Abbott supplied the reagents from April 2008 to November 2008 and thereafter, appointed M/s Tapascharya Enterprises, Goa as their distributor. Subsequent supplies of reagents and consumables were made by M/s Tapascharya. Accordingly, the GMC placed 58 supply orders on M/s Tapascharya for supply of reagents and other consumables valuing ₹ 7.64 crore during the period from December 2008 to April 2012.

Audit scrutiny of the payment bills submitted by M/s Tapascharya revealed that the rates charged by them were higher than the rates agreed by M/s Abbott in their tender. The Dean took up (January 2009) the matter with the Government and asked (February 2009) for a clarification from the supplier. M/s Tapascharya contended that their rates were less than the rates of M/s Abbott as the department would have to pay 12.50 *per cent* Central Sales Tax (CST) over and above the basic rate quoted by M/s Abbott if it was billed by M/s Abbott. It appeared that this contention of M/s Tapascharya was accepted by the GMC and the GMC continued to pass and pay the bills of M/s Tapascharya at their rates instead of rates agreed to in the tender of M/s Abbott.

Audit observed that the Central Government had reduced CST rates to two *per cent* with effect from June 2008 on all goods transferred to the dealers from manufacturers. The GMC furnished 107 invoices amounting to ₹ 4.02 crore for 130 number of reagents and consumables purchased in varied quantities between February 2009 and March 2012, for verification by audit. Verification of these invoices revealed that the amount payable after considering the two *per cent* CST (excluding VAT, as the amount paid as VAT was remitted to the Government) on the tender rate was ₹ 344.10 lakh. As against this, the amount actually paid to M/s Tapascharya was ₹ 378.51 lakh. Thus, there was an excess payment of ₹ 34.41 lakh. In respect of the remaining purchases valuing ₹ 3.62 crore, the invoices were not furnished by the GMC for verification, despite a written request submitted by Audit in July 2012. Considering the proportionate excess payment at the rate of 8.55 *per cent* made on ₹ 4.02 crore, the overpayment on the remaining purchase of ₹ 3.62 crore would work out to at least ₹ 30.94 lakh.

Thus, failure of GMC to scrutinise the bills of the supplier correctly led to an overpayment of ₹ 65.35 lakh.

The matter was referred to the Government in August 2012; their reply was awaited as of February 2013.

3.2 Extra expenditure

WATER RESOURCES DEPARTMENT

3.2.1 Extra expenditure on procurement of DI pipes

The decision to procure DI pipes separately for two lift irrigation schemes to be implemented simultaneously by the same Works Division resulted in extra expenditure of ₹ 36.87 lakh.

The Government accorded Administrative approval and Expenditure sanction (March 2008) for works of supply and laying of ductile iron (DI) pipelines for the two lift irrigation schemes at Vaddem and Valkini rehabilitation sites in Sanguem Taluka at a cost of ₹ 1.81 crore and ₹ 80.56 lakh respectively. Both the works were to be implemented by the Executive Engineer (EE), Works Division X, Water Resources Department (Department), Sanguem. As the procurement of pipes was expected to cost around 60 to 72 *per cent* of the total estimated cost of the works, the Chief Engineer decided (July 2009) to split the works for supply of DI pipes and their laying, in respect of both the works.

The EE, Division X invited two separate tenders for supply of DI pipes of various dimensions for the Vaddem and Valkini rehabilitation sites in October 2009 and November 2009 respectively. Three offers¹ were received in November 2009 for the Vaddem site and two² for Valkini in December 2009. The offer of M/s Jindal Saw Limited, (manufacturer of pipes) being the lowest at ₹ 144.47 lakh was accepted for the Vaddem site. In respect of Valkini site, M/s Dukle Associates (dealer of pipes) quoted ₹ 115.54 lakh and was lower than the rates offered by the only other tenderer *viz.*, Jindal Saw Limited, who quoted ₹ 117.46 lakh. Though the Department attempted to negotiate the prices with Dukle Associates, but the supplier refused to reduce the rates citing increase in price of steel, non-availability of excise duty exemption, *etc.* as the reasons. The offer of Dukle Associates was finally accepted in January 2010. An abstract of the rates finally accepted by the Department for supply of DI pipes for Vaddem and Valkini sites is indicated below.

¹ M/s Jindal Saw Ltd., Pune; M/s Prasad Sheth, Goa; and M/s Dukle Associates, Goa

² M/s Jindal Saw Ltd., Pune and M/s Dukle Associates, Goa

Diameter of pipe (in mm)	Accepted rates of Jindal Saw for Vaddem site			Accepted rates of Dukle Associates for Valkini site		
	Qty. in meter	Rate per meter (in ₹)	Total amount	Qty. in meter	Rate per meter (in ₹)	Total amount
500	1769.35	5509	9747349.15	-	-	-
450	449.90	4728	2127127.20	334.20	9950	3325290
400	-	-	-	240.00	9000	2160000
350	776.80	3293	2558002.40	484.60	7300	3537580
300	-	-	-	418.00	6000	2508000

As may be seen from the table above, the rates quoted by Jindal Saw Limited for 450 mm and 350 mm pipes at ₹ 4,728 per meter and ₹ 3,293 per meter respectively for the Vaddem site was substantially lower than the rates of ₹ 9,950 per meter and ₹ 7,300 per meter quoted by Dukle Associates for similar pipes for the Valkini site, resulting in an extra expenditure of ₹ 36.87 lakh³ in procurement of 450 mm and 350 mm pipes for the Valkini site.

Thus, the decision of the Department to float separate tenders for procurement of DI pipes for two lift irrigation schemes in a space of one month to be implemented by the same Works Division resulted in extra expenditure of ₹ 36.87 lakh.

The matter was referred to the Government in August 2012; their reply was awaited as of February 2013.

3.3 Idle investment

PUBLIC WORKS DEPARTMENT

3.3.1 Unfruitful expenditure

The Public Works Department failed to ensure availability of land for construction of pump house, ground level reservoir and sump leading to delay of more than five years in commissioning of a Regional Water Supply Scheme at Canacona and an unfruitful expenditure of ₹ 3.27 crore.

Under the Regional Water Supply Scheme at Canacona, the Public Works Department (Department), Division XX proposed (March 2005) to augment the existing capacity of the water treatment plant at Canacona from five million liters per day (MLD) to 10 MLD. The additional capacity of five

³ (₹ 9,950 – ₹ 4,728) * 334.20 m + (₹ 7,300 – ₹ 3,293) * 484.60 m = ₹ 36.87 lakh

MLD of treated water was proposed to be extended to Poinguinim and Loliem Villages, where the supply was unsatisfactory and unhygienic.

The Department accorded (November 2005) administrative approval and expenditure sanction for the work of “Providing, laying and jointing of DI rising and conveying main for water supply to Poinguinim and Loliem villages” at an estimated cost of ₹ 3.48 crore. The work was awarded (October 2006) to a contractor¹ at the tendered cost of ₹ 3.28 crore. The work also included installation of a pumping unit at Maxem by the contractor in a pump house which was to be made available by the Department. The stipulated date of completion of work was October 2007.

Audit scrutiny revealed (July 2011) that the contractor completed the work of laying of DI pipes belatedly in July 2009² for which a payment of ₹ 3.16 crore was made up to September 2009 (8th Running Account Bill). However, the contractor could not install the pumping unit, as the Department failed to acquire the land for construction of pump house. Consequently, the Regional Water Supply Scheme for supply of treated water to Poinguinim and Loliem villages could not be commissioned as of September 2012. The augmentation of the existing capacity of water treatment plant at Canacona was completed and commissioned in January 2010.

Audit observed that construction of a pump house, 800 cum Ground Level Reservoir (GLR) and 400 cum sump at Maxem was proposed under the same Scheme but in a separate estimate which was approved by the Department way back in December 2003. However, during execution of work of laying of pipelines, the department realised that installation of pumping unit at Maxem would not serve the purpose as the required level at Maxem was not sufficient to pump the water to Loliem village. The Department, therefore, decided to shift the location of the pump house, GLR and sump from Maxem to Partagal. Incidentally, the land/site identified by the Department at Partagal fell under private forest land and required ‘No Objection Certificate’ which was not forthcoming from the land owner. The work for construction of pump house, GLR and sump was not tendered as of September 2012, due to non-acquisition of land by the Department.

Meanwhile, the Department decided (October 2011) to commission the Scheme by installing booster pumps. The work for procurement and installation of booster pumps was awarded (April 2012) to another contractor³ at a tendered cost of ₹ 16.67 lakh for completion by August 2012. However, the Department was not able to acquire land admeasuring 30 sqm from any of the land owners in the area for fixing of booster pumps. A

¹ M/s Sheth and Sura Engineers, Pune

² Extension of time was granted up to 30 September 2009

³ M/s P.K. Sheth, Goa

payment of ₹ 10.50 lakh was made to the contractor only towards procurement and supply of booster pumps.

Thus, failure of the department to ensure *ab initio* availability of land for construction of pump house, GLR and sump led to delay of more than five years in commissioning of a Regional Water Supply Scheme at Canacona and an unfruitful expenditure of ₹ 3.27 crore. Besides, the delay also deprived the beneficiaries of the facility of treated water supply for prolonged period.

The matter was referred to the Government in June 2012; their reply was awaited as of February 2013.

3.4 Avoidable expenditure

PUBLIC WORKS DEPARTMENT

3.4.1 Avoidable extra expenditure

Failure of the Department to complete the acceptance procedure with a contractor within the validity period led to an avoidable extra expenditure of ₹ 1.29 crore on re-tendering.

The Principal Chief Engineer, Public Works Department (Department), Government of Goa accorded Administrative approval and Expenditure sanction in March 2003 for the work of “Improvement of water supply to village Arambol and Morjim of Mandrem constituency” for ₹ 4.55 crore. Tenders were invited in December 2006 and the work⁴ was awarded to M/s Welma Constructions, Porvorim, in March 2007 for ₹ 2.55 crore. The stipulated dates for commencement and completion of work were 13 April 2007 and 07 March 2008 respectively.

Due to the slow progress of the work and the contractor’s refusal to execute the work at the quoted rates, the contract was terminated by the Department in September 2010. The value of work done till then by the contractor was ₹ 1.23 crore.

Tenders for the balance work, estimated at ₹ 1.16 crore, were re-invited in March 2011. Out of the two offers received, the offer of M/s Wibro Construction Company was the lowest at ₹ 1.44 crore. The offer of the contractor was valid up to 05 October 2011. Audit observed that the Department failed to complete the acceptance procedure within the period of validity and the contractor thereafter, also refused to extend the validity. Consequently, fresh tenders had to be invited in November 2011.

⁴ Construction of 650 cum GLR, conveying and distribution main, providing chain link fencing for GLR

Of the two offers received on re-tendering (November 2011), the offer of M/s Lecon Engineers and Contractors Private Limited was the lowest at ₹ 2.78 crore. M/s Lecon was awarded the balance work in April 2012 at a negotiated cost of ₹ 2.73 crore, with scheduled date for completion of work as 17 April 2013.

Thus, delay on the part of the department to complete the acceptance procedure with M/s Wibro Construction Company within the validity period led to an avoidable extra expenditure of ₹ 1.29 crore on re-tendering. Also, the work of “Improvement of water supply to village Arambol and Morjim of Mandrem constituency” scheduled for completion in March 2008 will now be completed by April 2013 at a cost of ₹ 3.96 crore (partial work done for ₹ 1.23 crore plus committed liability of ₹ 2.73 crore for balance work).

The matter was referred to the Government in June 2012; their reply was awaited as of February 2013.

3.5 Loss of revenue

GOA HOUSING BOARD

3.5.1 Loss of revenue

The Goa Housing Board lost ₹ 68.79 lakh in revenue on allotment of 35 Row Houses due to belated decision to revise the rates of land downwards from ₹ 3,500 per square meter to ₹ 2,000 per square meter.

The Goa Housing Board (GHB) invited applications through an advertisement in March 2007 for construction of 16 Row Houses (RHs) at Ambaji, Fatorda. The advertisement indicated the proposed cost⁵ of A, B and C type of RHs as ₹ 15.53 lakh, ₹ 15.12 lakh and ₹ 16.67 lakh respectively. For units more than the minimum plot area, additional payment at the rate of ₹ 2,000 per square meter was to be made. As against 16 units initially offered for sale, 43 applications were received. In view of the good response, the GHB in its 395th meeting held on 17 December 2007 decided to construct 20 more RHs and increase the cost of minimum plot area from ₹ 1,600 to ₹ 3,500 per square meter. The Board also resolved to send letters to all the intending purchasers informing them about the increase in price of houses (due to this increase in cost of land) and obtain their willingness.

The work of construction of the RHs was awarded in November 2008 and completed in April 2011. Out of the 43 applicants, 36 were requested on first-come-first serve basis in March 2008 to select the RHs of their choice.

⁵ The Row Houses had a minimum plot area of 95.15 sqm @ ₹ 1,600 per sqm

Allotment orders were issued in April 2008, indicating the house number allotted and a provisional statement of cost along with terms of payment. The provisional cost of each RH was calculated at ₹ 3,500 per square meter as fixed in December 2007.

Audit observed that the allottees raised objections to the differential rates being charged over the notified/advertised rates. The issue was considered by the Housing Minister, who observed (July 2011) that, the GHB officials had failed to convey and obtain acceptance of the intending purchasers for the revised rates as decided by the GHB in December 2007. Hence, the revised rates of ₹ 3,500 per square meter were not maintainable. With the approval of the Chief Minister, it was decided to reduce the rate of land to ₹ 2,000 per square meter. Accordingly, the revised costs of the units were calculated and excess amount deposited refunded to the allottees in December 2011.

Thus, the failure of the GHB to convey its decision to revise the rate of land upwards from ₹ 1,600 per square meter to ₹ 3,500 per square meter without intimating the allottees and thereafter, restoring it to ₹ 2,000 per square meter upon Government intervention, resulted in a loss of ₹ 68.79 lakh in allotment of 35 RHs on 4,586.32 square meter of land (one house was kept by GHB for staff allotment). Further, fixation of a lower rate of ₹ 2,000 per square meter by the Government after a time lag of four years (December 2007 to November 2011) did not appear to be based on any market assessment, as audit observed that GHB auctioned (March 2008) two plots of land in Ambaji-Fatorda at ₹ 8,400 and ₹ 8,500 per square meter against the minimum reserve price of ₹ 3,500 per square meter.

The matter was referred to the Government in June 2012; their reply was awaited as of February 2013.

3.6 Regularity issues

URBAN DEVELOPMENT DEPARTMENT

3.6.1 Short assessment of construction license fee leading to loss of revenue

Three Municipal councils failed to adopt the revised plinth area rates for assessing the construction license fee, leading to loss of revenue of ₹ 51.59 lakh during the period May 2009 to April 2012.
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In order to regulate the construction activities, Government of Goa notified (January 1988) the Municipal Council Building Bye-laws and Regulations, 1987 and the Goa Land Development and Building Construction Regulations, 2010. The Municipal Councils (MCs) are required to follow the provisions of the bye-laws and the regulations while issuing the construction licenses.

The Municipal Councils levy fee while issuing construction licenses at certain percentage on the estimated cost of the building. As the estimated cost of the buildings vary, the MCs arrive at the estimated cost based on the plinth area rates published by the Public Works Department, Government of Goa.

The plinth area rates published by the PWD in August 1997 were revised in May 2009, to be effective from 05 May 2009. Audit scrutiny revealed that three MCs⁶ did not implement the revised plinth area rates effective from 05 May 2009.

A test check of 135 out of 288 new licenses issued during the period May 2009 to April 2012 revealed short assessment of ₹ 51.59 lakh due to non-adoption of the revised plinth area rates as detailed below:

(₹ in lakh)

Sl. No.	Name of the Municipality	Period	Total licenses issued	Licenses test checked	Short assessment
1.	Curchorem-Cacora	May 2009 to April 2012	175	99	43.22
2.	Sanguem	August 2009 to October 2011	57	27	2.70
3.	Ponda	May 2009 to July 2009	56	9	5.67
Total			288	135	51.59

On being pointed out in audit, the MCs Ponda, Curchorem-Cacora and Sanguem stated (September 2012) that the revised plinth area rates for assessing the construction license fee were adopted from 19 August 2009, 21 May 2012 and 16 March 2012 respectively. The MCs Curchorem-Cacora and Sanguem further stated that recoveries of short-collection of license fee were made when the licensees came for renewals. MC Ponda added that efforts would be made to recover the arrears.

The matter was referred to the Government in July 2012; their reply was awaited as of February 2013.

⁶ Curchorem-Cacora, Sanguem and Ponda

3.6.2 Idling of Government funds

Grants-in-aid sanctioned to Goa State Urban Development Agency and 14 Municipal Councils for development purposes were parked in bank accounts. The interest on such deposits was treated as revenue of the grantees. Out of the total accrued interest of ₹ 11.44 crore during 2006-11, ₹ 8.12 crore was adjusted and the balance interest of ₹ 3.32 crore remained unadjusted as of August 2012.

The Government of Goa releases grants-in-aid annually to the Municipal Councils (MCs) and the Goa State Urban Development Agency (GSUDA⁷) for implementing the developmental/infrastructure works in the urban areas.

The Goa Delegation of Financial Powers Rules, 2008 provided that grants are to be released either on monthly basis or quarterly basis restricting to 1/12th or 1/4th of the budget provision.

Audit scrutiny revealed that the Directorate of Municipal Administration (DMA), released ₹ 84.99 crore as grants to GSUDA and ₹ 156.76 crore to the 14 MCs from April 2006 to March 2011. Despite the provision to release the grants in installments, the DMA released full amounts for every work in lump sum to the MCs and GSUDA resulting in idling of funds with them. These funds parked in banks by the grantees earned interest income which instead of being refunded to the Government was taken as revenue in the Municipal accounts and utilised for general purposes.

Audit observed that the DMA sanctioned ₹ 20.71 crore to GSUDA during 2011-12. Out of this, only ₹ 12.65 crore was released after adjusting ₹ 8.06 crore from ₹ 8.82 crore earned as interest on grants sanctioned during 2006-11. Further, out of ₹ 2.62 crore earned as interest from grants by 14 MCs/CCP⁸ during 2006-11, only ₹ 5.58 lakh was adjusted from the grants sanctioned to one MC⁹ during 2011-12. The balance interest of ₹ 2.56 crore was not adjusted as of August 2012.

Thus, of the total interest of ₹ 11.44 crore that accrued to grantees during 2006-11, an interest amounting to only ₹ 8.12 crore was adjusted and the balance interest of ₹ 3.32 crore¹⁰ remained unadjusted as of August 2012. Release of grants-in-aid in lump sum contrary to the Goa Delegation of Financial Rules, 2008 also resulted in idling of Government funds in banks thereby depriving the development works.

The matter was referred to the Government in July 2012; their reply was awaited as of February 2013.

⁷ A Society registered under the Societies Registration Act, 1860

⁸ City Corporation of Panaji

⁹ Mapusa MC

¹⁰ ₹ 0.76 crore (GSUDA) + ₹ 2.56 crore (14 MCs)

RURAL DEVELOPMENT DEPARTMENT

3.6.3 Irregular utilisation of funds allotted for Sampoorna Grameen Rozgar Yojana

Sampoorna Grameen Rozgar Yojana funds amounting to ₹ 94.74 lakh (out of ₹ 95.18 lakh available) were expended in the month of March 2008 by payment to individuals instead of as wages to labourers. No evidence of utilisation of ₹ 27.04 lakh drawn through self cheques for distribution of wages was available.

The Government of India (GoI) launched the Sampoorna Grameen Rozgar Yojana (SGRY) Scheme in September 2001. The Primary objective of the Scheme was to provide additional and supplementary wage employment and thereby provide food security and improve nutritional levels in all rural areas. The works to be taken up under the Scheme was to be labour intensive. The secondary objective was the creation of durable community, social and economic assets and infrastructural development in rural areas. The SGRY Scheme was later replaced by the National Rural Employment Guarantee Act, 2005. However, the scheme continued in Goa till 31 March 2008.

The District Rural Development Agency (DRDA) South, the implementing agency for the Yojana/Act in South Goa, placed funds received from the GoI with the South Goa Zilla Panchayat (SGZP) for implementing the scheme in South Goa. The amounts so received were deposited by the SGZP in a separate account (A/c.No.1800) in the Corporation bank, Arlem branch, opened in October 2002. As per the pass book furnished to audit, the opening balance as on 01 April 2007 was ₹ 92,07,393. After accounting for bank interest amounting to ₹ 3,10,667, the total availability of funds at the beginning of March 2008 was ₹ 95,18,060.

Audit scrutiny revealed that while there were no transactions between December 2004 and February 2008, the SGZP issued 70 cheques valuing ₹ 94,74,393 in March 2008 for various payments. Out of this, 29 cheques for ₹ 26,11,365 were drawn to transfer funds to a new account (Account No. 3451) opened in the same bank on 31 March 2008. Further, the SGRY guidelines provided that wages shall be paid in cash on a fixed day in a week in the presence of the Village Pradhan or Sarpanch. However, in contravention of the guidelines, 35 cheques valuing ₹ 65,62,783 were issued to individuals as payments for materials supplied, labour charges, etc. The remaining six cheques for ₹ 3,00,245 were drawn for cash disbursements.

Audit scrutiny of the bank scroll for Account No. 3451 further revealed that during April 2008 to October 2008, ₹ 27,03,578 (including interest) was

withdrawn through 24 self cheques. However, no entries for such withdrawals were available in the cash book. As the counterfoil of these cheques and vouchers were stated to be not traceable, Photostat copies of 22 cheques were obtained from the bank. It was seen that the Chief Accounts Officer had signed on the back of 17 cheques, a peon on four cheques and one Junior Engineer on one, acknowledging receipt of cash on encashment. Though these withdrawals were stated to be for distribution as wages to labourers, the SGZP was unable to produce any evidence of distribution of the amount as wages and expressed inability to identify the person who distributed the amount to the workers. The questionable transfer of funds to a new account on the last day of the financial year through 29 cheques, withdrawal of the whole amount within seven months from the new account through self cheques and absence of records to prove proper utilisation of the amounts withdrawn indicated misappropriation of funds.

On being pointed out in audit (June 2011), the SGZP conducted an inquiry into the discrepancies. The Chief Executive Officer of the SGZP furnished (June 2012) a copy of the inquiry report to the Directorate of Panchayats and to Audit in July 2012. It was seen that the inquiry was merely a record of statements made by various officials and no conclusive findings had emerged.

The matter was referred to the Government in July 2012; their reply was awaited as of February 2013.

CHAPTER-IV

REVENUE RECEIPTS

4.1 Trend of revenue receipts

4.1.1 The tax and non-tax revenue raised by the Government of Goa during the year 2011-12, the State's share of net proceeds of divisible Union taxes and duties assigned to States 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 crore)

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1	Revenue raised by the State Government					
	Tax revenue	1358.91	1693.55	1762.34	2139.57	2551.02
	Non-tax revenue	1042.82	1236.16	1731.20	2268.60	2313.54
	Total	2401.73	2929.71	3493.54	4408.17	4864.56
2	Receipts from the Government of India					
	Share of net proceeds of divisible Union taxes and duties	393.72	415.44	427.42	584.21	680.59
	Grants-in-aid	148.45	183.12	179.31	449.56	235.58
	Total	542.17	598.56	606.73	1033.77	916.17
3	Total revenue receipts of the State Government (1 and 2)	2943.90	3528.27	4100.27	5441.94	5780.73¹
4	Percentage of 1 to 3	82	83	85	81	84

The above table indicates that during the year 2011-12 the revenue raised by the State Government (₹ 4,864.56 crore) was 84 *per cent* of the total revenue receipts against 81 *per cent* in the preceding year. The balance 16 *per cent* of receipts during 2011-12 was from the Government of India.

¹ For details see Statement No. 11-Detailed accounts of revenue by minor heads in the Finance Accounts of Goa for the year 2011-12. Figures under the major heads 0020-Corporation tax, 0021-Taxes on income other than corporation tax, 0028-Other taxes on income and expenditure, 0032-Taxes on wealth, 0037-Customs, 0038-Union excise duties, 0044-Service tax and 0045-Other taxes and duties on commodities and services-Share of net proceeds assigned to states booked in the Finance Accounts under A-Tax revenue have been excluded from revenue raised by the State and included in the State's share of divisible Union taxes in this statement

4.1.2 The following table presents the details of tax revenue raised during the period from 2007-08 to 2011-12:

(₹ in crore)

Sl. No.	Head of revenue	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase (+) or decrease (-) in 2011-12 over 2010-11
1	Sales Tax/VAT / Central Sales Tax	879.28	1131.64	1142.13	1380.05	1652.92	(+) 19.77
2	State Excise	75.94	88.70	104.46	139.16	182.03	(+) 30.80
3	Stamp duty and registration fees						
	Stamps - Judicial	1.29	1.18	1.28	1.60	2.75	(+) 71.88
	Stamps - Non-Judicial	65.90	67.11	67.66	89.13	105.22	(+) 18.05
	Registration fees	50.40	47.08	42.31	61.07	75.82	(+) 24.15
	Total	117.59	115.37	111.25	151.80	183.79	(+) 21.07
4	Luxury Tax	66.94	66.32	65.33	88.30	97.02	(+) 9.88
5	Taxes on vehicles	81.96	90.15	105.12	130.40	140.45	(+) 7.71
6	Entertainment Tax	11.17	19.65	33.56	43.70	60.18	(+) 37.71
7	Land revenue	7.19	9.39	10.61	8.32	8.38	(+) 0.72
8	Taxes on goods and passengers	8.50	9.80	10.37	10.94	12.76	(+) 16.64
9	Entry Tax	104.22	147.65	150.36	161.03	197.33	(+) 22.54
10	Other taxes and duties on commodities and services	6.12	14.88	29.15	25.87	16.16	(-) 37.53
	Total	1358.91	1693.55	1762.34	2139.57	2551.02	

The following reasons for variation were reported by the concerned departments:

- Sales Tax/Central Sales Tax/VAT increased by 19.77 *per cent* mainly due to more tax collection under ‘Central Sales Tax Act’ and Value Added Tax.
- State Excise increased by 30.80 *per cent* mainly due to more receipts under Malt liquor, Foreign liquor and spirits, Medicinal and toilet preparation containing alcohol, opium *etc*, Indian Made Foreign liquor, Spirits *etc*.
- Registration fees increased by 24.15 *per cent* due to growth in collection of stamps duty and registration fees.
- Other taxes and duties on commodities and services decreased by 37.53 *per cent* mainly due to less receipts from cess under other acts.

4.1.3 The following table presents the details of the major non-tax revenue raised during the period 2007-08 to 2011-12:

(₹ in crore)

Sl. No.	Head of revenue	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase (+) or decrease (-) in 2011-12 over 2010-11
1	Power	796.26	986.70	941.30	969.06	1000.49	(+) 3.24
2	Non-ferrous mining and metallurgical industries	36.40	36.35	292.25	983.73	953.29	(-) 3.09
3	Water Supply and Sanitation	61.23	65.76	70.38	69.60	86.11	(+) 23.72
4	Interest receipts	16.70	20.45	13.64	17.88	26.36	(+) 47.42
5	Major and Medium Irrigation	3.56	8.51	10.57	23.67	14.70	(-) 37.89
6	Minor Irrigation	0.58	7.54	6.69	9.95	10.79	(+) 8.44
7	Medical and Public Health	8.33	8.30	5.98	8.31	11.00	(+) 32.37
8	Ports and Light houses	14.39	16.04	20.13	33.17	40.06	(+) 20.77
9	Miscellaneous General Services	40.38	--	259.88	19.45	27.46	(+) 41.18
10	Other Administrative Services	22.16	37.46	40.50	40.63	42.09	(+) 3.59
11	Education, Sports, Art and Culture	9.40	9.24	10.96	12.75	16.18	(+) 26.90
12	Others	33.43	39.81	58.92	80.40	85.01	(+) 5.73
Total		1042.82	1236.16	1731.20	2268.80	2313.54	

The following were the reasons reported by the concerned departments for the variations:

- Receipts under non-ferrous mining and metallurgical industries decreased by 3.09 *per cent* mainly due to less receipts from mineral concession fees and royalties.
- Receipts from Major and Medium Irrigation decreased by 37.89 *per cent* mainly due to less receipts under 'Salauli' and 'Anjunem' projects.
- Receipts from Miscellaneous and General Services increased by 41.18 *per cent* mainly due to more sale proceeds of State Lotteries.

- Receipts from Interest Receipts increased by 47.42 *per cent* due to more receipts on interest receipts on investment of cash balances and deposit towards Land Acquisition.
- Receipts from Medical and Public Health increased by 32.37 *per cent* due to more receipts of fees under ‘Medical Education, Training and Research’.

4.1.4 Variation between budget estimates and actual receipts

The variation between the budget estimates of revenue receipts and the actual receipts under the principal heads of tax and non-tax revenue for the year 2011-12 is given in the following table:

(₹ in crore)

Sl. No.	Revenue head	Budget estimates	Actual receipts	Variations increase(+) shortfall (-)	Percentage
Tax revenue					
1	Sales Tax/VAT	1705.00	1652.92	(-) 52.08	(-) 3.05
2	State Excise	159.99	182.03	(+) 22.04	(+) 13.77
3	Stamp duty and registration fees	151.11	183.79	(+) 32.68	(+) 21.62
4	Taxes on vehicles	147.75	140.45	(-) 7.30	(-) 4.94
5	Entertainment Tax	50.00	60.18	(+) 10.18	(+) 20.36
6	Land revenue	10.96	8.38	(-) 2.58	(-) 23.54
7	Luxury Tax	110.00	97.02	(-) 12.98	(-) 11.80
8	Taxes on goods and passengers	12.00	12.76	(+) 0.76	(+) 6.33
9	Entry Tax	165.00	197.33	(+) 32.33	(+) 19.59
Non-tax revenue					
1	Non-ferrous mining and metallurgical industries	886.88	953.29	(+) 66.41	(+) 7.48
2	Power	1060.77	1000.49	(-) 60.28	(-) 5.68
3	Water Supply and Sanitation	75.64	86.11	(+) 10.47	(+) 13.84

The reasons for variations wherever significant though called for (February 2013) have not been received (March 2013).

4.1.5 Cost of collection

The gross collection of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2009-10 to 2011-12 along with the relevant All-India average

percentage of expenditure on collection to gross collections are given in the following table:

(₹ in crore)

Sl. No.	Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year
1	Sales Tax/VAT	2009-10	1142.13	7.15	0.63	0.88
		2010-11	1380.05	7.99	0.58	0.96
		2011-12	1652.92	9.17	0.55	0.75
2	State Excise	2009-10	104.46	8.17	7.82	3.66
		2010-11	139.16	7.75	5.57	3.64
		2011-12	182.03	8.85	4.86	3.05
3	Stamp duty and registration fees	2009-10	111.25	4.45	4.00	2.77
		2010-11	151.79	5.17	3.41	2.47
		2011-12	183.79	4.53	2.46	1.60
4	Taxes on vehicles	2009-10	105.12	2.21	2.10	2.93
		2010-11	130.40	2.48	1.90	3.07
		2011-12	140.45	2.49	1.77	3.71

During the last three years, the percentage of cost of collection to gross collection was below the All India average in respect of Sales Tax/VAT and Taxes on vehicles. However, the percentage of cost of collection in respect of State Excise and Stamp duty was higher than the All India average.

The Government may explore possibilities for reduction in the collection charges particularly in respect of State Excise.

4.1.6 Failure of senior officials to enforce accountability and protect the interest of the State Government

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

A review of IRs issued up to December 2011 disclosed that 177 paragraphs involving ₹ 230.05 crore relating to 76 IRs remained outstanding at the end

of June 2012 as mentioned below along with the corresponding figures for the preceding two years.

	June 2010	June 2011	June 2012
Number of outstanding IRs	73	66	76
Number of outstanding audit observations	154	163	177
Amount involved (<i>₹ in crore</i>)	13.98	5.82	230.05

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2012 and the amounts involved are mentioned below.

(₹ in crore)

Sl. No.	Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (<i>₹ in crore</i>)
1	Finance	Sales Tax/VAT	9	26	50.60
		Entry Tax	11	21	1.02
		Luxury Tax	3	5	0.15
		Entertainment Tax	6	7	0.02
2	Excise	State Excise	14	30	0.56
3	Revenue	Land revenue	9	20	0.89
4	Transport	Taxes on motor vehicles	7	20	174.39
5	Stamps and Registration	Stamp Duty & Registration fee	17	48	2.42
Total			76	177	230.05

Even the first replies required to be received from the heads of offices within one month from the date of issue of the IRs were not received for 10 IRs issued up to December 2011. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and heads of the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

It is recommended that the Government takes suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as taking action against officials/officers who did not send replies to the IRs/paragraphs as per the prescribed time schedules and also did not take action to recover loss/outstanding demand in a time-bound manner.

4.1.7 Departmental audit committee meetings

Year	Department	No. of Audit Committee Meetings held	No. of paras discussed	No. of paras dropped/ finalised
2011-12	Transport	1	9	3
	Stamps and Registration	1	46	10
	State Excise	1	24	5
	Total	3	79	18

4.1.8 Response of the departments to the draft audit paragraphs

The draft paragraphs/Performance Audit Reports proposed for inclusion in the Audit Report are forwarded by the AG to Secretaries of the concerned Departments through demi-official letters. All Departments are required to furnish their remarks on the draft paragraphs/reviews within six weeks of their receipt. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Four paragraphs and one Performance Audit Report proposed for inclusion in the Report of the Comptroller and Auditor General of India (Revenue Receipts Chapter) for the year ended 31 March 2012 were forwarded to the concerned Secretaries during April-October 2012.

As no replies were furnished by the Government, the draft paragraphs were included in this Report without their replies.

4.1.9 Follow up on Audit Reports – summarised position

According to the instruction issued by the Goa Legislature Secretariat in July 2004, administrative Departments are required to furnish explanatory memoranda (EMs), vetted by the Office of the Accountant General, Goa, within three months from the date of tabling of the Audit Report in the State Legislature in respect of the paragraphs included in the Audit Reports. EMs was not received as of September 2012 in respect of 12 paragraphs ranging from the 4 to 27 months from the administrative departments, as detailed below:

Department	Year of Audit Report	Date of presentation to the Legislature	Last date by which departmental notes were due	Number of paragraphs for which departmental notes were due	Delay* (months)
Finance	2008-09	March 2010	June 2010	3	27
Transport	2008-09	March 2010	June 2010	1	27
Revenue	2008-09	March 2010	June 2010	1	27
Finance	2009-10	March 2011	June 2011	3	15
Revenue	2009-10	March 2011	June 2011	1	15
Finance	2010-11	February 2012	May 2012	2	4
Revenue	2010-11	February 2012	May 2012	1	4

* Excluding the months in which these were due

4.1.10 Compliance with the earlier Audit Reports

In the Audit Reports 2006-07 to 2010-11, 1,345 cases of non-assessments, non/short levy of taxes *etc.*, were included involving an amount of ₹ 158.35 crore. Of these, as of June 2012, the Departments concerned have accepted 248 cases involving ₹ 22.70 crore and recovered ₹ 24.56 lakh in 242 cases. Audit Report-wise details of cases accepted and amounts recovered are as under:

(₹ in lakh)

Audit Report	Included in the Audit Report		Accepted by the Department		Recovered	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2006-07	8	3391.63	3	37.69	-	-
2007-08	184	2509.11	1	2134.00	-	-
2008-09	1098	9291.83	236	7.42	236	7.42
2009-10	10	96.58	6	76.77	4	2.69
2010-11	45	546.13	2	14.45	2	14.45
Total	1345	15835.28	248	2270.33	242	24.56

Action to recover the amounts involved in the remaining cases accepted by the Departments needs to be expedited.

4.1.11 Analysis of the mechanism for dealing with the issues raised by Audit

In order to analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Department/Government, the action taken on the paragraphs and reviews included in the Audit Reports of the last five years in respect of one Department is evaluated and included in each Audit Report.

The succeeding paragraphs 4.1.12 to 4.1.13 discuss the performance of the Transport Department to deal with the cases detected in the course of local audit conducted during the last five years and also the cases included in the Audit Reports for the years 2001-02 to 2010-11.

4.1.12 Position of Inspection Reports

The summarised position of inspection reports issued during the last five years, paragraphs included in these reports and their status as on 31 March 2012 are tabulated below:

(₹ in lakh)

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
2007-08	9	12	113.74	5	25	27.28	6	8	29.58	8	29	111.44
2008-09	8	29	111.44	0	0	0	0	0	0	8	29	111.44
2009-10	8	29	111.44	7	16	38.28	6	28	109.95	9	17	39.77
2010-11	9	17	39.77	7	23	17429.06	5	9	11.79	11	31	17457.04
2011-12	11	31	17457.04	6	36	76.76	8	27	41.45	9	40	17492.35

4.1.13 Assurance given by the Department/Government on the issues highlighted in the Audit Report

4.1.13.1 Recovery of accepted cases

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

(₹ in lakh)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted including money value	Money value of accepted paragraphs	Amount recovered	Cumulative position of recovery of accepted cases
2001-02	1	122.00	1	122.00	122.00	122.00
2002-03	-	-	-	-	-	122.00
2003-04	-	-	-	-	-	122.00
2004-05	-	-	-	-	-	122.00
2005-06	-	-	-	-	-	122.00
2006-07	-	-	-	-	-	122.00
2007-08	1	43.50	-	-	-	122.00
2008-09	1*	9215.67	2	25.69	7.42	129.42
2009-10	-	-	-	-	-	129.42
2010-11	-	-	-	-	-	129.42

*this includes six sub-paras of a Performance Audit report.

Periodical reminders were issued to the Secretary (Legislature/Finance) for the compliance of paragraphs featured in the Audit Reports and for Action Taken Reports wherein there are Public Accounts Committee recommendations.

4.1.13.2 Action taken on the recommendations accepted by the Department/Government

The draft performance reviews conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These reviews are also discussed in an exit conference

and the Department's/Government's views are included while finalising the reviews for the Audit Reports.

The following table depicts the issues highlighted in the reviews on the Transport department featured in the Audit Reports including the number of recommendations made and the recommendations accepted by the Department as well as the Government.

Year of Audit Report	Name of the review	Number of recommendations made	Details of the recommendations accepted
2007-08	Working of e-RTA and e-Transport software in Transport Department	Six	Replies awaited
2008-09	Receipts of Transport Department	Four	Replies awaited

4.1.14 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 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, White Paper on state finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years *etc.*

During the year 2011-12, the audit universe comprised of 173 auditable units, of which 32 units were planned and audited during the year 2011-12 which is 18.50 *per cent* of the total auditable units.

Besides the compliance audit mentioned above, a Performance Audit of "Computerisation in Motor Vehicles Department" was conducted to examine the efficacy of the system in the Transport Department.

4.1.15 Arrears in assessments

There were no arrears in VAT assessments at the end of 2011-12 as informed by the Commercial Taxes Department.

4.1.16 Arrears in appeals

According to the information furnished by the Commercial Taxes Department, the number of pending appeals at the beginning of the year 2011-12, number of appeals filed and disposed of and number of cases pending with appellate authorities as on 31 March 2012 are as follows:

Opening balance	No. of appeals filed during 2011-12	Total	No. of appeals disposed of during the year	Balance as on 31 March 2012	Percentage of cases disposed of to total number of cases
1206	186	1392	201	1191	14

The Department needs to take proactive steps to reduce the pendency in appeals.

4.1.17 Frauds and evasion

The Commissionerate of Commercial Taxes and Director of Transport reported that there were no cases of frauds and evasion detected during the year.

The number of cases booked for the year 2011-12, cases finalised during the year as reported by the Commissionerate of Excise are as follows:

(₹ in lakh)

	Number of cases
A. (i) Cases pending as on 01 April 2011	62
(ii) Cases detected during the year 2011-12	509
B. Cases in which investigations/assessments were completed during the year	282
C. Cases pending as on 31 March 2012	289

4.1.18 Internal audit

Internal audit is an effective tool in the hands of the management of an organisation to assure itself that the organisation is functioning in an efficient manner and in terms of its stated objectives and the financial and administrative systems and control procedures are functioning effectively. Internal audit of all the departments and offices in the State is the responsibility of the internal inspection cell (IIC) under the administrative control of the Director of Accounts. The Government, in August 1996, decided that major departments, having a post of Senior Accounts Officer/Accounts Officer would be responsible for internal inspection of their subordinate offices.

The details of the number of offices due for audit and number of offices audited during the year 2011-12 are as follows:

Department	No. of offices due for audit	No. of offices audited	Shortfall	Reasons for shortfall
Transport	7 offices and 4 check posts	10	1	Due to inadequate staff
Registration	13	Nil	13	Accountant post vacant
Excise	Nil	2	Nil	-

The Commissionerate of Commercial Taxes stated that no internal audits were conducted by the Department.

No observations were pending in the above mentioned departments pertaining to the year 2011-12.

4.1.19 Results of local audit conducted during the year

Test-check of records of Sales Tax/VAT, Land Revenue, State Excise, Motor Vehicles Tax and Stamp Duty and Registration Fees conducted during 2011-12 revealed under assessment/short levy/loss of revenue amounting to ₹ 64.80 crore in 152 cases. The Department accepted under assessment in 21 cases pointed out in earlier years and recovered ₹ 32.23 lakh and short assessment of ₹ 6.16 lakh in one case pointed out during the year and recovered ₹ 38.39 lakh as of June 2012 in 22 cases. No replies have been received in respect of the remaining cases.

4.1.20 This chapter

This chapter contains one performance audit of 'Computerisation in Motor Vehicles Department' of Government of Goa and four paragraphs (selected from the audit detections made during the local audit referred to above) involving financial effect of ₹ 1.32 crore.

4.2 PERFORMANCE AUDIT OF COMPUTERISATION IN MOTOR VEHICLES DEPARTMENT

The Department of Transport, Government of Goa, adopted two softwares viz., Vahan and Sarathi, developed by National Informatics Centre for computerisation of activities of the Department. Performance Audit of implementation of these two applications was conducted to ascertain whether the overall objectives of computerisation had been achieved. Major observations are highlighted as below.

Highlights

- There were delays in the implementation of *Vahan* and *Sarathi* application systems. Out of eight modules, the registration and taxation modules were being partially utilised and fitness and enforcement modules were not being utilised.

(Paragraphs 4.2.7.2, 4.2.7.3 and 4.2.13.1)

- Check posts were working with the legacy system which was not integrated with *Vahan* and therefore they could not access the National and State registers to enhance the efficiency of checking of forged documents etc.

(Paragraph 4.2.8.2)

- Due to absence of the permit module and the refund module, the Department had to utilise the legacy system for issue of permits and calculate refund manually.

(Paragraphs 4.2.8.3 and 4.2.8.5)

- Digitisation of manual database and porting of electronic legacy database was incomplete, which affected the correctness of the National and State Registers.

(Paragraph 4.2.9)

- Website did not provide real time information due to non-integration with the *Vahan* server and static contents of the same were not updated.

(Paragraph 4.2.12)

4.2.1 Introduction

Road Transportation is a concurrent subject under the Indian Constitution. While the legislation and co-ordination in respect of road transportation among States is done by the Central Government, the implementation of the various provisions of the Motor Vehicles Act is done by the States. The Goa Motor Vehicles Department (GMVD) is governed by Section 213 of the Motor Vehicles (MV) Act, 1988. The Directorate of Transport (DoT) is the authority for implementing the provisions of the Act and rules made there

under which *inter alia* includes the collection of taxes and fees, issue of driving licenses, certificate of fitness to transport vehicles, registration of motor vehicles and grant of regular and temporary permits to the vehicles.

The Department started the work of computerisation in 2003 and developed two web based systems called e-RTA and e-Transport in 2006. e-RTA provided the facility of registration and taxation while e-Transport provided the facility of cash collection, challan generation (also called HO module), prosecution and issue of permits by State Transport Authority (STA) and Regional Transport Authority (RTA).

However, the Department in 2010 felt that the systems could not be ported to the higher configuration server and therefore chose to adopt two softwares viz., *Vahan* and *Sarathi* developed by National Informatics Centre (NIC)². NIC had developed these softwares on the request of Ministry of Road Transport and Highways (MoRTH). They were developed in order to have standardised software across all the states, a uniform format for issue of Registration Certificates (RC) and in order to have a national registry of motor vehicles and Driving Licenses (DL).

Vahan: The system provided for registration, levy and collection of taxes on vehicles, issue of certificates relating to fitness of vehicles *etc.*

Sarathi: The system provided for issue of learners licenses, permanent driving licenses, conductor's licenses, driving school licenses *etc.*

These softwares also provided for issue of RCs and DLs in electronic form *i.e.* smart cards. Besides, a Data Transformation Service (DTS) was developed by NIC for transferring database of *Vahan* and *Sarathi* from the State database to Central database and ensuring data security.

Implementation of *Vahan* and *Sarathi* commenced in February 2010 to replace e-RTA and e-Transport. NIC provided two data base servers, nine application servers, 70 desktops, 21 printers and other accessories for implementation of systems. *Vahan* and *Sarathi* had a three-tier application architecture involving database, client and application servers. Necessary modifications and customisations were made to the application software depending on the requests made by DoT.

4.2.2 Organisational set up

The Secretary, Transport is the administrative head of the Department. The Director of Transport is responsible for implementation of statutory provisions and is assisted by two Deputy Directors and nine Assistant Directors of Transport (ADT)³. There were two enforcement wings in two

² National Informatics Center (NIC) is an organisation of Government of India for developing and maintaining e-governance softwares and other IT assets

³ Panaji, Margao, Mapusa, Bicholim, Ponda, Vasco, Pernem, Cancona and Quepem

districts, each headed by an ADT. Four border check posts⁴ were functioning under Enforcement Wings (EW).

4.2.3 Audit objectives

The review was conducted to ascertain whether:

- The computerised systems implemented were complete (module wise);
- the overall objectives of the computerisation through the NIC developed computer applications of *Vahan* and *Sarathi* were achieved and;
- reliable general and security controls were in place to ensure data security.

4.2.4 Audit criteria

The criteria for this Performance Audit were derived from the provisions and rules of Central and State laws as follows:

Central Laws:

- The Central Motor Vehicles Act, 1988
- The Central Motor Vehicles Rules, 1989

State Laws:

- The Goa Motor Vehicles Rules, 1991
- The Goa, Daman and Diu Motor Vehicles Tax Act, 1974
- The Goa, Daman and Diu Motor Vehicles (Taxation on Passenger and Goods) Act, 1974.

In addition, criteria were derived from the notifications/orders issued from time to time by the Government.

4.2.5 Scope of audit, reasons for selection of topic and methodology

The records relating to implementation of *Vahan* and *Sarathi* for the years 2010-11 and 2011-12 were scrutinised in the office of the Director of Transport. Four offices⁵ of ADT, out of nine, were visited to scrutinise the records, check for general controls and application controls. Out of four offices, two offices were selected from North Goa and two from South Goa. The database generated was analysed using Computer Assisted Audit

⁴ Pollem, Mollem, Dhargal and Dodamarg

⁵ Mapusa, Bicholim, Margao and Quepem

Techniques (CAAT)⁶ to evaluate the effectiveness of computerised activities of the Department with reference to the stated objectives.

The objectives, scope and methodology were explained to the Department in an entry conference (July 2011) and the findings were discussed in the exit conference held in March 2013.

The replies received in the exit conference and at other points of time have been incorporated in the relevant paragraphs.

4.2.6 Acknowledgement

Audit acknowledges the co-operation extended by Department of Transport and National Informatics Center, in conduct of the audit by providing timely information, records and compliance of the audit observations.

Audit findings

4.2.7 Vahan application system

4.2.7.1 Implementation of application systems

A committee comprising members drawn from DoT, Goa Electronics Limited (GEL)⁷ and NIC was formed for the implementation of *Vahan* and *Sarathi* in February 2010. The Department held regular monthly meetings for the year 2010-11. However, during the period 2011-12, only four meetings were held. The Department in its reply stated that the applications *Vahan* and *Sarathi* were successfully implemented in all the sub offices (Offices of ADT's) and it had directed the ADT's, that in case of any doubt, the matter should be referred to NIC directly, for clarification.

Audit, however noticed a number of deficiencies like non-utilisation and under utilisation of modules of *Vahan* and *Sarathi* and other problems like slow progress in integration of enforcement functions with *Vahan*, commencement of online services and digitisation and porting of legacy data. These deficiencies had not been addressed in the monthly meetings also. A few of these are discussed in the following paragraphs.

4.2.7.2 Delay in implementation of the Vahan application system

The erstwhile e-RTA, e-Transport system were developed by GEL. GEL was also involved in the implementation of *Vahan* and *Sarathi*. The proposals for implementation were approved by the Government in February 2010. NIC in its project report had stated that duration of six months would be required for implementation of these systems.

⁶ Interactive Data Extraction and Analysis (IDEA) and Microsoft Excel

⁷ GEL – Goa Electronics Limited is a company owned and run by Government of Goa, specialised in computer system development and maintenance

Audit found that the implementation of *Vahan* had been delayed by one to two months in six offices. The Department agreed that there were delays in implementation (December 2011) and attributed the same to customisation of requirements of the Department, data cleansing, data porting and training.

4.2.7.3 Status of implementation

Vahan consisted of eight modules. The Status of implementation of the modules, as intimated by the Department, was as follows (as on February 2013):

Sr. No.	Name of module	Function	Status of utilisation
1	Administration	Configuration and regulation of passwords of users, management of sessions and configuration of roles assigned by the administrator.	The module has been customised and is in operation.
2	Fee	Fee leviable on new registration, temporary registration, fitness test, conversion of vehicles from one class to another class and compounding fee.	The module has been customised and is in operation.
3	Fitness	Entry and updation of fitness status of vehicles, generation, cancellation, suspension and restoration of fitness certificates.	The module has not been customised and the fitness certificates are being issued manually.
4	Registration	Registration of vehicles including temporary registration, entries of hypothecation, issue, modification, surrender, cancellation and updating registration certificates, transfer of vehicles, issue of no objection certificate, maintaining pollution, theft and insurance data.	Partially implemented. Smart card based RCs were not being issued through the system.
Remarks: After this was pointed out, the Department intimated that the agency for issuing smart card based RCs is being finalised by inviting tenders (February 2013). Since it is an important function of the Transport Department, immediate steps needs to be taken for issue of Smart card based RCs.			
5	Taxation	Determination of taxes and installments of recurring taxes.	Partially implemented i.e. recurring taxes for transport vehicles were not being collected and business rules like differential tax on conversion and onetime tax were not made applicable. The demand and collection register was not maintained, and therefore the arrears of taxes could not be ascertained.

Remarks: After this was pointed out, the Department stated (February 2013) that the data which is in manual form needs to be digitised and that the digitisation of taxation had commenced.			
6	Enforcement	Vehicle check reports and disposal of challans.	Not been customised and not in operation.
Remarks: On Audit point, the Department replied in December 2011 that the Enforcement module in Vahan would be operationalised by March 2012. However, it was seen (February 2013) that the module had not been made operational.			
7	Pending transaction module (Verify/ Approve)	A facility relating to verification and approval of pending transactions.	The module has been customised and is in operation.
8	Reports	Generation of reports like registration, tax, fees, specific vehicle report and miscellaneous reports.	Partially used.

4.2.8 Deficiencies

4.2.8.1 Gaps in the allotment of the registration mark

Section 41(6) of the Motor Vehicle Act, 1988 provides that every vehicle should have a unique registration mark. Allotment of registration mark is done in a sequential order unless applicants demand a specific registration mark (choice number), which can be allotted against payment of additional fees. Government of Goa (GoG) has notified the types of choice numbers to be allotted against additional fees. However, unreleased choice numbers were required to be allotted without payment of additional fees after the series to which these belonged had been completely exhausted.

Audit noticed that *Vahan* was not programmed to allot registration numbers of vehicles in a sequential order. Audit found that in four⁸ offices during the period 2010 to 2012, out of a total of 79,992 numbers available in eight series 22,369 numbers were found to be unallotted. The non-allotment of numbers was due to non-allotment of the choice numbers, data entry mistakes, absence of applicants on the day of registration *etc.* Besides, it was seen that a fresh series had been opened before exhausting all numbers of a particular series, including choice numbers, as was stipulated in the Notification.

After this being pointed out, the Department stated (February 2013) that the instructions had been given to ADTs for allotment of unclaimed choice number free of cost. The Department further stated that the gaps pointed out by audit would be verified and corrective action taken.

4.2.8.2 Computerisation of check posts

It was mentioned in the NIC's project report for *Vahan*, that connectivity to the State Register (SR) and National Register (NR) at the check posts would help enforcement agencies to verify documents such as RC, DL, permit to

⁸ Panaji, Mapusa, Vasco and Margao

enter the state or the national permit, pollution under control certificate, insurance documents and delivery documents *etc.*

Audit observed (September 2011) that *Vahan* software had not been adopted for utilisation in the computerised system available with the check posts. The check posts were still working with the e-Transport system. The e-Transport system was neither integrated with *Vahan* or with any other centralised database. As such, no consolidated data base was available with the Department so as to act as a check against false/forged documents.

After this was pointed out, the Department replied (February 2013) that the check posts were being connected by Goa Broad Band Network (GBBN) and the proposed software for implementation was being customised by NIC at the request of the Department.

4.2.8.3 Absence of “Permit Module” in Vahan

Section 66 of the Motor Vehicles Act, 1988 stipulates the requirement of obtaining a permit to ply transport vehicles. The Director of Transport, who is the State Transport Authority, issues Goa tourist permits, inter-state permits, special permits, passenger permits, goods permits and rent-a bike permits. Further, two Regional Transport Authorities issue contract carriage permits, goods’ permits, stage carriage permits and temporary permits for utilisation within the State.

Audit noticed that the permit module was not developed in *Vahan*, though transport departments of the neighbouring states like Maharashtra have such a module in their respective systems. It was found that the permit module of e-Transport system was being used for processing of various permits. All the particulars of the permit application were filled manually in the system and the permits were generated and approved. The receipts for the permit fees were also prepared manually. In addition to these, the permits for stage carriage and temporary permits were also being issued manually and not through e-Transport module.

After being pointed out, the Department admitted in December 2011, that *Vahan* system did not have a permit module and that the permit module of e-Transport software would be integrated with *Vahan*. It was noticed that though the Department had stated that the old module would be integrated with *Vahan*, no integration had taken place till date (February 2013).

4.2.8.4 Calculation of differential tax and onetime tax

The rate of road tax of non-transport vehicles for individuals was 5 per cent in respect of vehicles with a sale value of less than six lakh and 6 per cent in respect of others. However, for commercial use of vehicles, the rate of tax ranged between 8 and 12 per cent depending upon the sale value. Further, with effect from August 2012, the GoG introduced a onetime tax in lieu of annual tax for goods vehicles.

Audit observed that the *Vahan* system did not have a provision to calculate and record the receipt of differential tax at the time of change in the ownership from individual to other categories (company/firm etc.). The calculation and receipt of the differential tax was done manually. Besides, onetime tax for goods vehicles introduced in lieu of recurring tax was not mapped in *Vahan* and the calculations had to be done manually.

The Department admitted that this deficiency existed in the application of *Vahan* (March 2013).

4.2.8.5 Absence of refund module

Audit noticed that the system did not have a refund module though the refunds are to be issued as provided in Part⁹ C, D, E and F of the schedule appended to the Goa, Daman, Diu Motor Vehicles Tax Act, 1974.

4.2.8.6 Absence of fields of Form No. 20 in the system

Rule 47 of the Central Motor Vehicle Rules provide that an application for registration of motor vehicles shall be made in Form 20 to the registering authority within a period of seven days from the date of taking delivery of such vehicle. The form contains 34 fields. A comparison of the fields of the Form 20 posted into the *Vahan*, revealed that the following fields were not mapped in the system.

Sr. No.	Column no. of Form 20	Particulars of the field
1	2	Age of the person to be registered as owner
2	5	Duration of stay at present address
3	6	Annual income
4	7	Place of birth
5	8	Date of migration to India, if place of birth is outside India
6	9	Declaration of citizenship status

The Department may investigate the non-mapping of these fields into *Vahan* and issue necessary directions in this regard.

⁹ Parts of schedule annexed to the Act which described system of refunds

4.2.9 Digitisation of legacy data

The date prior to the date of implementation of *Vahan* i.e. the legacy data falls in two categories - data prior to computerisation in the year 2003 and data of the pre-existing systems i.e. e-RTA and e-Transport

- The work of data entry of 3.20 lakh vehicles, whose records were not available in the legacy database (i.e. data prior to the year 2003), was awarded to GEL at an amount of ₹ 11.68 lakh. The work was completed during the period December 2005 to September 2010. Though, the work of digitisation was completed, the data entries were neither taken to the legacy system nor to *Vahan*, rendering the expenditure unfruitful.
- The data generated after computerisation i.e. after 2003, was migrated onto *Vahan*, however the tables imported were not integrated with *Vahan*. These were kept as back log tables. The Department stated in December 2011 that the data was not reliable, as such, its integration would affect the correctness of the SR and NR.

Thus, the work of digitisation of the manual legacy data and porting of the electronic legacy data did not yield the desired results.

After this being pointed out, the Department replied in December 2011 that due to non-verification of data by Departmental officers, data digitised could not be utilised. Further, the Department agreed to take time bound measures including inviting public to verify data. It was however observed in February 2013, that no measures had been taken to verify and authenticate the data that had been digitised till now.

4.2.10 National register and state register

According to the provision of Section 63 of Motor Vehicles Act, 1988, each State Government should maintain a register of Motor Vehicles, containing particulars *inter alia*, registration mark and year of manufacture. As per the project documents, the SR was to be created in the *Vahan* database as per the data structure and standards provided by the MoRTH. Further, application servers and the database servers were to be accessed by the concerned clients i.e. ADT offices and data entries made by them were to be captured and replicated in the server. The data from SR was to be converted/aggregated and transferred to the NR. Data transfer to different registers was an automatic and scheduled activity. Tables in NR database were automatically populated as the structure of the database was similar. Lateral connectivity to a sub-office to the database of other ADT offices was made available by developing a facility called e-*Vahan*.

The information furnished by the Department in February 2013, revealed that out of 9,26,537 vehicles, only 1,92,771 vehicles were taken to *Vahan* database. The balance of 7,33,766 vehicles remained out of access through

NR to other stakeholders¹⁰. Non-availability of information was mainly due to non-porting of data by the implementing agency. The data not ported was generated in the previous system during the period 2006 to 2010. Thus, the NR was incomplete defeating the very purpose of computerisation.

4.2.11 Rectification of errors

In a computerised environment it is imperative that errors are rectified through a proper system of hierarchical approvals.

Audit found that the errors noticed during day to day data entries were being rectified by making entries in the backend database¹¹. The approach of rectifying the errors in the database by backend corrections/changes is incorrect and is fraught with the risk of data integrity. Test check revealed that the backend entries were made for exempting tax in cases of re-registration, deletion of registered vehicles, transfer of ownership, cancellation of hypothecation, cancellation of receipts generated and entered, confirmation of NOC for transfer of Vehicles/NOC details and changing of Class of Vehicles (COV) *etc.*

After this being pointed out, the Department admitted the lapse (December 2011) and modified menu e-*Vahan*. Options for cancellation of receipts, modification of details in registration *etc.* were included and operationalised. The powers of modification were given to the respective ADTs.

4.2.12 Deficiencies noticed in the website

The Department has developed a website “goatransport.gov.in”. Audit noticed that the website had not been updated since June 2011. It was not linked to *Vahan/Sarathi* for providing necessary information to the public. The static contents of the website also did not offer current information.

After this was pointed out, the Department stated in December 2011 that they would take measures to keep the website up-to-date and web server would be integrated with *Vahan* server to provide real time information to citizens. It was seen in February 2013 that the website was not fully modified and was still sourcing its data from a separate server.

¹⁰ Law enforcement agencies like Police, members of public *etc.*

¹¹ Backend database stores data but does not include end user applications elements like stored queries, forms, macros and reports

4.2.13 Sarathi application system

4.2.13.1 Delay in implementation

The Department estimated that the implementation of the *Sarathi* system would be completed within six months from the date of approval of the project. Proposals for implementation of the systems were approved in January 2010.

There were delays in implementation of *Sarathi* at seven locations ranging from one month to eight months.

On this being pointed out in Audit, the Department admitted the delay in December 2011, but stated that implementation was delayed since it commenced after the completion of the implementation of *Vahan*.

4.2.14 Other implementation issues

4.2.14.1 Language options in Sarathi

The application software *Sarathi* facilitated testing of candidates through a module called 'Screen Test Aid for Learner's License'. This tested the applicant's minimum knowledge of the Act and Rules that govern driving. To make it user friendly the possibility of converting its examination menus in prevalent state languages like Konkani and Marathi was not explored.

On this being brought out, the Department agreed in December 2011 to take remedial measures in consultation with NIC. Further, the Department admitted in February 2013 that the menu continued to be only in English.

4.2.14.2 Regulation of driving schools

Section 12 of Motor Vehicles Act contains provisions for making rules in respect of Licensing and regulation of schools or establishments for imparting instruction in driving of motor vehicles. The rules may provide for matters like licensing of such schools, supervision of such schools, fee to be paid *etc.*

From the scrutiny of the database it was observed that data in respect of driving schools was not contained in the tables provided for the purpose. The administration and regulation of driving schools has remained outside the purview of computerisation.

After this being pointed out, the Department admitted in December 2011 that the master entries were not created and agreed to take corrective measures.

4.2.15 Conclusion

The main objective of the implementation of *Vahan* and *Sarathi*, to create computerised State and National register, was not achieved fully. Modules of *Vahan* were not being fully utilised and the data was found disbursed on different servers, which were not integrated with *Vahan*. The website neither provided updated information on real time basis nor provided e-services effectively.

4.2.16 Recommendations

The Department may:

- take immediate steps to issue Smart card based Registration Certificates through *Vahan* module;
- customise the module of *Vahan* so that allocation of registration numbers is system driven and is in a sequential order. The allotment of left over registration numbers and gaps may be exhausted before opening the new series;
- link the Enforcement Wing of the Department directly with the *Vahan* server so that the checking report/challans made by the Enforcement Wing are automatically uploaded onto the *Vahan* server;
- develop modules for issue of permits in *Vahan* and ensure that the permits and reports relating thereto are generated through the system;
- populate National and State registers fully after porting the legacy data;
- update the website and link the *Vahan* server for providing real time information.

FINANCE DEPARTMENT

4.3 Irregular exemption of tax

Luxury tax amounting to ₹ 12.93 lakh was irregularly exempted to a hotelier.

Goa Tax on Luxuries Act 1988, (GTLA) stipulated that tax at the rate of 10 *per cent* be levied on turnover of receipts of accommodation of a hotel having swimming pool and classified as 'A' or 'B' grade issued under the Goa, Daman and Diu Registration of Tourist Trade Act 1982. The Government vide notification issued in March, 2004 exempted luxury tax in excess of three paise in a rupee during March to November with effect from 1.4.2004 subject to fulfillment of the conditions that –

- (i) The hotelier providing these luxuries should hold registration/renewed registration certificate under the said Act;
- (ii) The hotelier should pay the tax in time and should clear all the undisputed arrears and other dues.

Audit scrutiny of the assessment records of Hotel Fidalgo, Panaji for the year 2006-07 revealed that exemption to the extent of ₹ 12.93 lakh was allowed on taxable turnover of ₹ 184.69 lakh for the period from April to September, 2006. Audit observed that the assessee did not comply with the conditions of the exemption notification as given below:

- The assessee did not remit the renewal of registration fees within the stipulated period of September/October 2006 (remitted only in November 2006);
- There was undue delay in payment of undisputed dues amounting to ₹ 0.45 lakh pertaining to the year 2000-01 (paid together with interest only in March 2008); and
- There was delay in payment of taxes for April and May, 2006 (paid only in July 2006 instead of May and June 2006, *i.e.* within one month).

Thus, despite non-fulfillment of the conditions, the assessing authority allowed exemption of tax for the period from April 2006 to September 2006 to the tune of ₹ 12.93 lakh to the above assessee, resulting in irregular exemption of tax and non-levy of tax to the tune of ₹ 12.93 lakh.

After being pointed out, the Assessing Authority reviewed its earlier assessment and issued a Review order (June 2012) and a Demand notice for ₹ 12.93 lakh.

The matter was referred to the Government in June 2012; their reply was awaited as of February 2013.

4.4 Short recovery of Central Sales Tax

Short levy of tax under Central Sales Tax (CST) on invalid declaration forms resulted in loss of revenue to the tune of ₹ 66.15 lakh.

Section 8 (i) of the Central Sales Tax Act, 1956 provides that if the selling dealer in the course of Interstate trade or commerce furnishes to the prescribed authority in the prescribed manner a declaration duly filled in and signed by the registered dealer to whom the goods are sold, tax is leviable at the reduced rate of 4% for the year 2005-06 and 3% for the year 2007-08 failing which tax will be applicable at full rate of 10% for the year 2005-06 and 4% for the year 2007-08.

M/s Teracom Ltd., Ponda, Goa a manufacturer of optical fibre cables and other IT products was levied tax at reduced rates on the sale of goods worth ₹ 6.59 crore and ₹ 6.85 lakh to Bharat Sanchar Nigam Ltd., Jammu and Kashmir during the years 2005-06 and 2007-08 respectively on the production of 'C' forms which were issued in the name of M/s Teracom Ltd. Noida. As the 'C' forms were issued in the name of M/s Teracom Ltd. Noida and not in the name of M/s Teracom Ltd. Goa, the levy of tax at reduced rates was irregular. Tax should have been levied at the applicable rate of 10% for the year 2005-06 and @ 4% for the year 2007-08. This resulted in short realisation of tax of ₹ 66.15 lakh.

The Department stated in November 2011 that Interstate sales made against 'C' form referred in the audit observation were made by M/s Teracom Ltd., Goa only and that the mistake was with the records of the purchasing dealer. The reply is not tenable as the benefit of reduced rates of tax should have been granted only if the 'C' forms were issued in the name of the dealer claiming the benefit. The failure of the Assessing Authority to verify the correctness of the claim made on 'C' forms submitted by the dealer resulted in non-realisation of revenue of ₹ 66.15 lakh.

The matter was referred to the Government in July 2012; their reply was awaited as of February 2013.

4.5 Short levy of Entry Tax

Short levy of Entry Tax to the tune of ₹ 21.86 lakh.

Section 3(1) of the Goa Tax on Entry of Goods Act, 2000, stipulates that, tax should be levied and collected on the entry of any goods into the local area for consumption, use or sale as per the rate specified in Schedule I. Section 25 of the Act also empowers the State Government to exempt or reduce any specified class of persons/dealers from payment of tax in respect of any goods or class of goods.

Audit scrutiny (January 2011) of the assessment records of the Commercial Tax Office, Vasco, revealed that, the Assessing Authority failed to levy Entry Tax on two dealers as per specified rates for goods brought/delivered into the local area in respect of the following cases:

- i) M/s Hindustan Lever Ltd., manufacturer of Soaps and Detergents was assessed under the Goa Tax on Entry of Goods Act for purchase of Machinery spares costing ₹ 4.16 crore during the year 2005-06 and paid Entry tax at the rate one *per cent* instead of two *per cent* as specified in the Schedule to the Act resulting in short levy of tax to the tune of ₹ 4.17 lakh for the year 2005-06.

In reply to the audit query the Assessing Authority stated that one *per cent* tax was levied on the dealer M/s Hindustan Lever Ltd., as per Notification dated 19 May 2003. The reply is not tenable as levy of tax at the rate of one *per cent* is subject to the condition that the goods brought or caused to be brought into the local area should be for being consumed or used as a raw material in the manufacturing process whereas the machinery spares purchased by M/s Hindustan Lever Ltd., were spares for machinery and not used as a raw material for manufacturing of soaps and detergents.

- ii) M/s Gemini Distilleries (Goa) Pvt. Ltd., manufactures IMFL for sale. The Dealer purchased raw material valued at ₹ 1.63 crore and ₹ 1.91 crore from outside the local area and was liable to pay Entry tax at the rate of five *per cent* for the years 2005-06 and 2006-07 respectively. However, no tax was levied for the years 2005-06 and 2006-07. This resulted in non-levy of tax to the tune of ₹ 8.16 lakh and ₹ 9.53 lakh for the years 2005-06 and 2006-07 respectively.

In the case of M/s Gemini Distilleries (Goa) Pvt. Ltd. the Assessing Authority re-assessed the case at the instance of Audit and raised an additional demand of ₹ 17.69 lakh in April 2011. The realisation particulars were awaited.

The matter was referred to the Government in July 2012; their reply was awaited as of February 2013.

4.6 Short levy of Tax

Incorrect allowance of concession on turnover of Interstate sales and inadmissible allowance of Input Tax Credit on exempted sales resulted in short levy of tax under the Central Sales Tax Act, 1956 and the Goa Value Added Tax Act, 2005.

Notification, dated 30 March 2007, issued under Section 8 (5) of the Central Sales Tax Act, 1956, by the Government stipulated that no tax under the Act would be payable by any dealer in the State of Goa in respect of Sales effected by him in the course of Interstate trade or Commerce on Information Technology products as notified by the Government under entry 54 of Schedule B of the Goa Value Added Tax Act, 2005 subject to the production

of declaration form. Further, vide Notification dated 13 December 2007, such goods were taxable at the rate of 0.25 *per cent* of the turnover subject to the production of declaration in Form 'C'. Section 9(2) of the Goa Value Added Tax Act, 2005 also provides that Input Tax Credit (ITC) is not admissible on exempted goods sold in the course of Interstate trade and Commerce.

During verification of the Assessment records of the dealers in Mapusa ward, audit noticed (October 2011) that M/s Bhagyanager India Ltd., a manufacturing dealer of JFT cables and CDMA phones was allowed excess exemption of ₹ 11.44 crore from the levy of tax under the Central Sales Tax Act, 1956 on the Interstate sale of goods not supported by declaration in Form 'C' as also on sales after the crucial date of the notification *i.e.* 13 December 2007 which was liable for 0.25 *per cent* levy of tax by the Mapusa Ward Assessing Authority. The Company had made sales worth ₹ 12.14 crore during the period 14 December 2007 to 31 March 2008 and was liable to pay tax of ₹ 3.04 lakh. As against this, only ₹ 2.74 lakh was paid. For sales worth ₹ 4.94 crore not supported by 'C' forms tax of ₹ 19.76 lakh was recoverable. Further, under Section 9(2) of the Goa Value Added Tax Act 2005, Input Tax Credit was not admissible on goods exempted from payment of tax by special notification issued under the Central Sales Tax Act, 1956 where such goods are sold in the course of Interstate trade and commerce. As against ₹ 3.40 lakh ITC allowable, the ITC allowed was ₹ 10.51 lakh.

After this being pointed out, the Assessing Authority re-assessed the dealer in July 2012 and an additional tax of ₹ 16.70 lakh under the Central Sales Tax Act, 1956 and of ₹ 14.56 lakh under the Goa Value Added Tax, 2005 was levied. Demand notice was sent to the dealer in July 2012.

The matter was referred to the Government in July 2012; their reply was awaited as of February 2013.

CHAPTER-V

Government Commercial and Trading Activities

5.1 Overview of State Public Sector Undertakings

Introduction

5.1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Goa, the State PSUs occupy a moderate place in the state economy. The State PSUs registered a turnover of ₹ 456.48 crore for 2011-12 as per their latest finalised accounts as of September 2012. This turnover was equal to 1.03 *per cent* of State Gross Domestic Product (GDP) for 2011-12. Major activities of Goa State PSUs are concentrated in Infrastructure development sector. All State PSUs are working and earned an overall aggregate profit of ₹ 6.93 crore for 2011-12 as per their latest finalised accounts. They had employed 3,212 employees[†] as of 31 March 2012. There were 17 PSUs at the end of March 2012 consisting of 15 Government companies and 2 Statutory Corporations. The State PSUs do not include two prominent Departmental Undertakings (DUs) of Electricity Department and River Navigation Department, which carry out commercial operations. Audit findings on these DUs have also been incorporated in this chapter.

Audit Mandate

5.1.2 Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government Company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government Company includes a subsidiary of a Government Company.

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

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

[†] As per the details provided by 17 PSUs

Investment in State PSUs

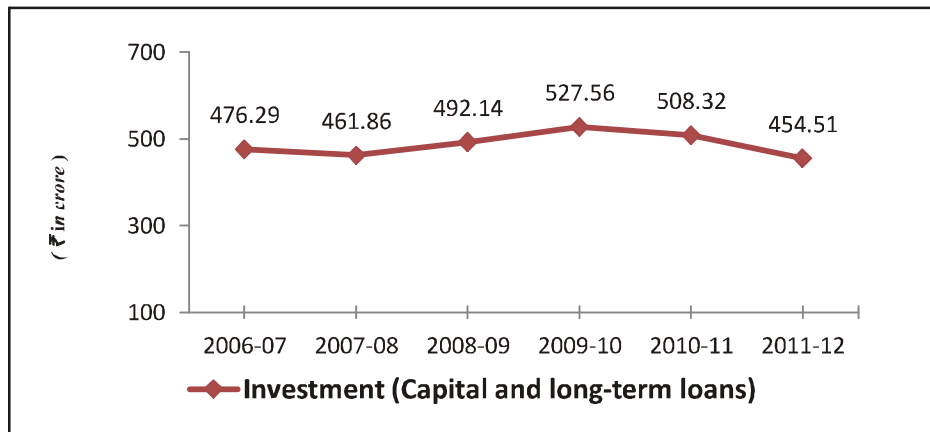
5.1.5 As on 31 March 2012, the investment (capital and long-term loans) in 17 PSUs was ₹ 454.51 crore as per details given below.

(₹ in crore)

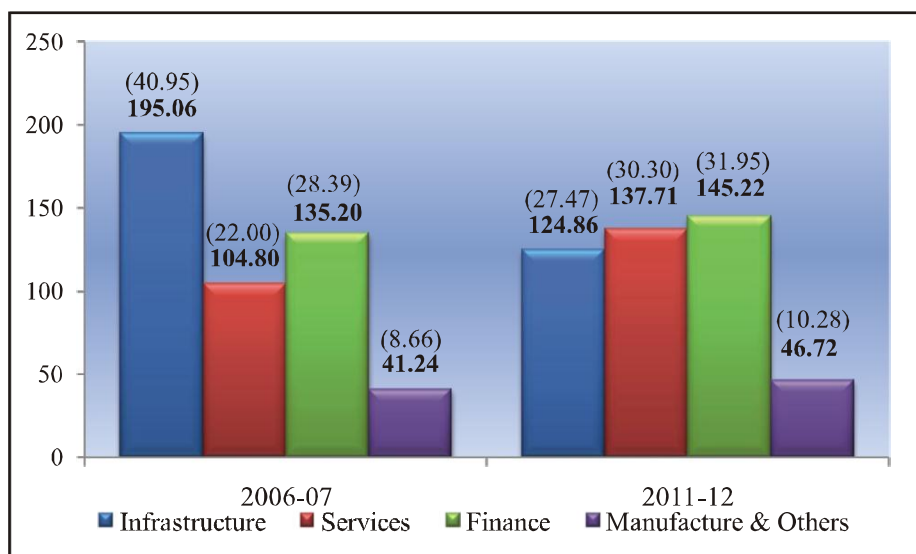
Government Companies			Statutory Corporations			Grand Total
Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
283.58	139.27	422.85	31.66	-	31.66	454.51

A summarised position of Government investment in State PSUs is detailed in **Appendix 5.1**.

5.1.6 As on 31 March 2012, investment in State PSUs consisted of 69.36 *per cent* towards capital and 30.64 *per cent* in long-term loans. The investment has dropped by 4.57 *per cent* from ₹ 476.29 crore in 2006-07 to ₹ 454.51 crore in 2011-12 as shown in the graph below.



5.1.7 The investment in various important sectors and percentage thereof at the end of 31 March 2007 and 31 March 2012 are indicated below in the bar chart. The share of investment in Infrastructure sector was reduced from 40.95 *per cent* in 2006-07 to 27.47 *per cent* in 2011-12. However, investment in Service sector, Finance sector and Manufacturing & Other sector increased from 22.00, 28.39 and 8.66 *per cent* in 2006-07 to 30.30, 37.95 and 10.28 *per cent* in 2011-12 respectively.



(Figures in bold show the amount of investment in crore and figures in brackets show the percentage of total investment)

Budgetary outgo, Grants/subsidies, guarantees and loans

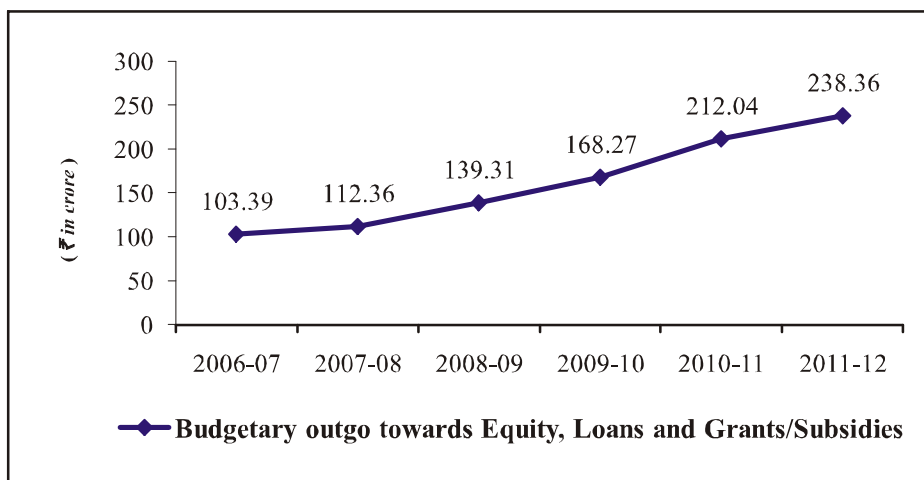
5.1.8 The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Appendix 5.3**. The summarised details are given below for three years ended 2011-12.

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs*	Amount	No. of PSUs*	Amount	No. of PSUs*	Amount
1	Equity Capital outgo from budget 5.3.(a)	6	11.70	3	12.47	5	34.43
2	Loans given from budget	-	NIL	-	NIL	1	0.72
3	Grants/Subsidy received	7	156.57	10	199.57	11	203.21
4	Total Outgo (1+2+3)	10	168.27	10	212.04	12	238.36
5	Guarantee Commitment	3	86.00	3	83.71	3	69.00

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

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



The budgetary outgo of the State Government towards Equity contribution, Loans, Grants and Subsidies showed increasing trend from ₹ 103.39 crore in 2006-07 to ₹ 238.36 crore in 2011-12.

5.1.10 The guarantee commitment by the State Government against the borrowings of State PSUs was showing a declining trend. Guarantees for ₹ 86 crore were outstanding as at the end of 2009-10 which came down to ₹ 69 crore at the end of 2011-12. The State Government usually levies a onetime guarantee fee of 0.5 *per cent* of the guaranteed amount. This however, was not levied in some cases.

Reconciliation with Finance Accounts

5.1.11 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 2012 is stated below.

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	249.26	315.24	65.98
Loans	₹	139.27	-
Guarantees	109.00	69.00	40.00

State Governments loan to state PSUs are extended through the Government Departments. These Government Departments re-allocated the loan funds to different PSUs. Hence, PSU wise figure of State Government loans are not available in Finance Accounts

5.1.12 Audit observed that the differences occurred in respect of 11 PSUs and some of the differences were pending reconciliation since 1998-99. Though, the Director of Accounts, Government of Goa as well as PSUs concerned was apprised by audit about the need for reconciliation, considerable progress has not been achieved. The Government and PSUs should take concrete steps to reconcile the differences in a time bound manner.

Performance of PSUs

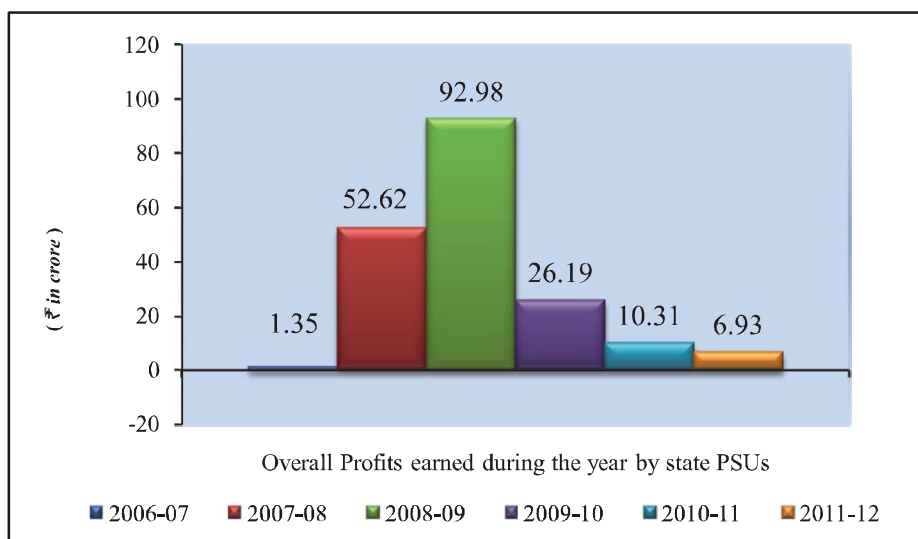
5.1.13 The financial results of PSUs, financial position and working results of Statutory Corporations are detailed in *Appendix 5.2, 5.5 and 5.6* respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of PSU turnover and State GDP for the period from 2006-07 to 2011-12.

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover	221.11	350.86	459.33	440.04	413.72	456.48
State GDP	15023	16901	19014	22512	22062	44460
Percentage of Turnover to State GDP	1.47	2.08	2.42	1.95	1.88	1.03

It can be seen from the above that the extent of PSU activities in the State economy showed declining trend since 2009-10.

5.1.14 Profits earned by State PSUs during 2006-07 to 2011-12 are given below in a bar chart.



(Figures show the amount of profit ₹ in crore; 16 PSUs in 2006-07 and 17 PSUs in 2007-08 to 2011-12)

During the year 2011-12, out of 17 PSUs, six PSUs earned a profit of ₹ 29.18 crore and 10 PSUs incurred loss of ₹ 22.25 crore. One PSU had not finalised its first account. The major contributors to profit were EDC Limited (₹ 21.35 crore) and Goa State Infrastructure Development Corporation Limited (₹ 3.25 crore). Heavy losses were incurred by Kadamba Transport Corporation Limited (₹ 15.70 crore), Goa Industrial Development Corporation (₹ 2.78 crore) and Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (₹ 1.32 crore).

5.1.15 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of latest Audit Reports of C&AG shows that the State PSUs incurred losses to the tune of ₹ 28.20 crore which were controllable with better management. Year-wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	Total
Net Profit	26.19	10.31	6.93	43.43
Controllable losses as per CAG's Audit Report	1.90	5.64	20.66	28.20

5.1.16 The above losses pointed out by Audit Reports of C&AG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the overall profits of the PSUs can be enhanced substantially. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

5.1.17 Some other key parameters pertaining to State PSUs are given below.

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Capital Employed (<i>per cent</i>)	8.49	15.23	21.64	10.01	7.25	6.68
Debt	256.01	216.54	224.73	242.69	212.48	139.27
Turnover	221.11	350.86	459.33	440.04	413.72	456.48
Debt/Turnover Ratio	1.16:1	0.62:1	0.49:1	0.55:1	0.51:1	0.31:1
Interest Payments	34.15	27.63	27.67	29.20	31.30	27.49
Accumulated Profits (losses)	(222.53)	(171.70)	(82.46)	(34.56)	(36.00)	(46.15)

5.1.18 The percentage of return on Capital Employed showed an increasing trend from 8.49 *per cent* in 2006-07 to 21.64 *per cent* in 2008-09 and declined thereafter to 6.68 *per cent* in 2011-12. The total debt position showed improvement as total debts declined from ₹ 256.01 crore in 2006-07 to ₹ 139.27 crore in 2011-12. The outgo of PSUs towards payment of interest

had shown a declining trend up to 2007-08 and stood at ₹ 27.49 crore as on 31 March 2012 showing a declining of ₹ 0.14 crore when compared to 2007-08. The turnover position showed improving trend up to 2008-09 but declined thereafter and stood at ₹ 456.48 crore in 2011-12. The debt turnover ratio improved from 1.16:1 in 2006-07 to 0.31:1 in 2011-12. The accumulated losses decreased gradually during 2006-07 to 2009-10 from ₹ 222.53 crore to ₹ 34.56 crore in 2009-10 but again increased to ₹ 46.15 crore in 2011-12.

5.1.19 The State Government has not formulated any dividend policy for payment of any minimum return by PSUs on the paid up share capital contributed by the State Government. As per their latest finalised accounts, though six PSUs earned an aggregate profit of ₹ 29.18 crore, only two PSUs declared a dividend of ₹ 1.38 crore.

Arrears in finalisation of accounts of PSUs

5.1.20 The accounts of the Companies for every financial year are required to be finalised within six months from the end of the relevant financial year under the Companies Act, 1956. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by PSUs in finalisation of accounts by September 2012.

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1	Number of PSUs	17	17	17	17	17
2	Number of accounts finalized during the year	15	16	16	11	13
3	Number of accounts in arrears	28	29	30	36	40
4	Average arrears per PSU (3/1)	1.65	1.71	1.76	2.12	2.35
5	Number of PSUs with arrears in accounts	14	13	12	13	14
6	Extent of arrears	1 to 7 years	1 to 7 years	1 to 8 years	1 to 9 years	1 to 10 years

It can be seen from the above that the quantum of arrears in accounts was high and the average stood at more than one account per PSU in the last five years.

5.1.21 The State Government had invested ₹ 228.36 crore (Equity ₹ 19.56 crore and grants/subsidies ₹ 208.80 crore) in eight PSUs during the years for which accounts have not been finalised, as detailed in *Appendix 5.4*. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not

and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature.

5.1.22 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by the Audit about the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit.

5.1.23 As the position of arrears in finalisation of accounts of State PSUs was alarming, the C&AG took up the matter (September 2011) with the Ministry of Corporate Affairs (MCA) and suggested to devise special arrangements along with actionable issues to ensure enforcement of accountability. The MCA in turn devised (November 2011) a scheme, which allowed the PSUs with arrears in accounts to finalise the latest two years accounts and clear the backlog in five years. The Accountant General (AG) also addressed the Chief Secretary/Finance Secretary (November 2012) to expedite the backlog of arrears in accounts in a time bound manner. 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 Companies Act, 1956.

Accounts Comments and Internal Audit

5.1.24 Ten Companies forwarded their audited thirteen accounts to AG during the year 2011-12, of which five were selected for supplementary audit. The audit reports of Statutory Auditors appointed by the C&AG and the supplementary audit of C&AG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and C&AG are given below.

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	2	0.46	2	15.71	2	5.07
2	Increase in loss	3	2.13	2	0.21	1	0.20
3	Non-disclosure of material facts	7	11.03	2	98.91	2	12.68
4	Errors of classification	3	0.03	5	17.93	1	2.91

5.1.25 During the year 2011-12, the Statutory Auditors had given qualified certificates for twelve accounts pertaining to eleven Companies. None of the PSUs were given adverse comments or disclaimer certificates for their accounts by the C&AG or Statutory Auditors. The compliance of Companies with the Accounting Standards remained poor as there were eleven instances of non-compliance in five accounts during the year.

5.1.26 Some of the important comments in respect of accounts of Companies are stated below:

Goa State Infrastructure Development Corporation Limited (2010-11)

- Non-disclosure of material fact of ₹ 6.94 crore being the expenditure incurred for a work (construction of subway across NH-17 at Bambolim), executed during 2007-09 on behalf of a client Department (PWD, GoG), but not taken over/accepted by them.
- Excess amount of ₹ 6.10 crore received from PWD towards repayment of a loan given by the Company was unilaterally (August 2010) adjusted by the Board of Directors and accounted for the same as “Contribution from Government”, in the year 2009-10. In the absence of specific Government orders, the excess money collected from PWD should have been shown under “Current Liabilities”.
- Interest of ₹ 1.54 crore realised on the mobilisation advance given to contractors was wrongly accounted for as Company’s income which had resulted in overstatement of profit for the year to the same extent.
- Construction and related expenses was understated by ₹ 1.98 crore due to non-creation of provisions for the works done and certified prior to 31 March 2011.

Kadamba Transport Corporation Limited (2010-11)

- The statement in the Notes on Accounts (Social cost) that the Corporation had estimated an amount of ₹ 22.50 crore on account of various concessions and operations of uneconomical transport services for which the Company received ₹ 17.21 crore only from the Government and balance of ₹ 5.29 crore was to be absorbed by the Corporation as Social cost was factually incorrect to the extent that the Corporation had not made any estimates of the Social cost due to operation of uneconomic schedules and there was no supporting working sheets/calculation for the estimated figure of ₹ 22.50 crore.

Goa Tourism Development Corporation Limited (2010-11)

- Sundry Debtors included ₹ 2.10 crore receivable from different parties (other than Government) on account of accommodation, tours, cruise *etc.* Credit facility to these parties was extended without any credit policy approved by the Board. The Company held no security for the amount and most of the parties have no further business transactions with the Company. Since the Company could not recover the dues, adequate provision for bad and doubtful debts should have been made in the account. Despite the repeated comments issued by C&AG since 2008-09, no provision has been created.

- Loans and Advances included ₹ 0.54 crore being the expenditure for ‘Promotion of Tourism’ incurred over and above the amount of Grants-in-Aid received from Government and the same was not included in the Utilisation Certificate. The amount should have been written off as expenses in the Profit & Loss Account. This has resulted in overstatement of profit and understatement of expenses by ₹ 0.54 crore each.

Goa State Scheduled Tribes Finance and Development Corporation Limited (2009-10)

- Reserves and Surplus represented ₹ 0.83 crore received as Grants-in-Aid in 2004-05 from Government of Goa and utilised during 2005-06 for providing loans under various schemes. Since no repayment was envisaged in the grant order, the amount should have been classified as “Capital Reserve”, as required in Accounting Standard-12.

5.1.27 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit systems in the Companies audited in accordance with the directions issued by the C&AG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of 3 Companies[†] for the year 2010-11 and 11 Companies^u for the year 2011-12 are given below:

[†] Sr. No. 4,11&13 of Appendix – 5.2

^u Sr. No. 1 to 15 (except Sr.No.3,5,6&11) of Appendix – 5.2

Sl. No.	Nature of comments made by Statutory Auditors	2010-11		2011-12	
		Number of Companies where recommendations were made	Reference to serial number of the Companies as per Appendix 5.2	Number of Companies where recommendations were made	Reference to serial number of the Companies as per Appendix 5.2
1	Auditors Report & Comments/Draft paras/Mini Reviews not discussed in Audit Committee	-	-	3	A-9,10,14
2	No system of making a business plan/short/long term plan	1	A-13	5	A-8,9,13,14, 15
3	No clear credit policy	1	A-13	5	A - 2,7,13,14, 15
4	No delineated fraud policy	1	A-4,13	10	A-2,4,7,8,9, 10,12,13,14,15
5	No separate vigilance department	1	A-13	10	A-1,2,4,7,9,10 12,13,14,15
6	Non prescribing of Maximum/Minimum level of stock	1	A-13	1	A-13
7	No ABC analysis adopted to control the inventory	-	-	-	-
8	Inadequate scope of Internal Audit	-	-	1	A-14
9	Absence of proper maintenance of Fixed Asset Register	-	-	1	A-14

5.1.28 Similarly, one Statutory Corporation (GIDC) forwarded the annual accounts for 2009-10 to the Accountant General during 2010-11. This was subjected to sole audit by the C&AG. Some of the important comments are given below:

- Capital works-in-progress amount of ₹ 31.63 crore was overstated due to inclusion of capital works amounting to ₹ 4.31 crore which were completed in 2009-10. This has also resulted in understatement of Fixed Assets by the same amount.
- Administrative expenses- Establishment amount of ₹ 7.58 crore was understated by ₹ 2.20 crore as the corporation has not provided for demand made by LIC for Group Gratuity Scheme. This has resulted in overstatement of surplus by ₹ 2.20 crore.

Status of placement of Separate Audit Reports

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

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1	Goa Industrial Development Corporation	2008-09	2009-10	08 November 2011	Report under print
2	Goa Information Technology Development Corporation	First accounts (2006-07) awaited			

Departmentally managed Government commercial/quasi commercial undertakings

5.1.30 There were two Departmentally managed Government commercial/quasi commercial undertakings viz., the Electricity Department and the River Navigation Department in the State as on 31 March 2012. The Proforma accounts of the River Navigation Department were in arrears for the years from 2006-07 to 2011-12 and that of the Electricity Department for the years 2007-08 to 2011-12 (November 2012).

The summarised financial results of the Electricity Department and River Navigation Department for the last three years for which their proforma accounts are finalised are given in *Appendix 5.7*.

Recoveries at the instance of audit

5.1.31 During the course of propriety audit in 2011-12, recoveries of ₹ 60.63 lakh were pointed out to the Divisional Offices of Goa Electricity Department, which were admitted by the Department and recoveries effected during the year was ₹ 21.60 lakh. In respect of one Company (Goa State Scheduled Tribe Finance Development Corporation), recovery of ₹ 1.76 lakh was pointed out by audit.

Disinvestment, Privatisation and Restructuring of PSUs

5.1.32 During the year 2011-12, no exercise was undertaken by the Government of Goa for Disinvestment, Privatisation and Restructuring of PSUs.

Reforms in Power Sector

5.1.33 The Power Sector in the State is managed by the Electricity Department of Goa. The Union Government had set up (May 2008) a “Joint Electricity Regulatory Commission for the State of Goa and for Union Territories”, under the Electricity Act, 2003. Presently, the Commission is in the process of framing various regulations as mandated in the Electricity Act 2003, to facilitate its functioning.

5.1.34 A Memorandum of Understanding (MoU) was signed in October 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below:-

Sl. No.	Milestone	Achievement
1	Government of Goa will Corporatise its Electricity Department by 31 March 2002.	Necessary studies were carried out and final report obtained. Decision for corporatisation not yet taken by the State Government.
2	Government of Goa will set up SERC by 31 December 2001 and file tariff petitions.	Joint Electricity Regulatory Commission (JERC) set up and full support is being provided.
3	Government of Goa will undertake Energy audit and Energy Accounting at all levels to promote accountability and reduce transmission and distribution losses and bring them to the level of 18 <i>per cent</i> and achieve breakeven in current distribution operations in two years and positive returns thereafter. This will be achieved by taking following measures: - Install meters on all 11 KV feeders by 31 December 2001. - 100 <i>per cent</i> metering of all consumers by 31 December 2001. - Computerised billing at towns by December, 2002. - Development of Distribution Management Information System.	Losses reduced to below 18 <i>per cent</i> . The Department is achieving substantial operating surplus. Achieved (March 2003) Achieved (March 2004) In process in some towns and balance under implementation. Will be implemented under Re-structured APDRP during XI Plan.
4	Goa would achieve 100 <i>per cent</i> electrification of villages by 2002.	Achieved (December 1988)
5	Government of Goa will securitise outstanding dues of CPSUs and ensure that CPSU outstanding does not cross the limit of two months billings.	Achieved
6	Goa will maintain grid discipline, comply with grid code and carry out the directions of Regional Load Despatch Centre	Maintains Grid discipline.
7	Goa will constitute district level committees to undertake resource planning monitoring of distribution reforms and rural electrification.	DRC constituted.
8	Government of Goa will follow the guidelines on captive power policy as issued by Government of India on 11 July 2001.	Following Ministry guidelines.

TRANSACTION AUDIT OBSERVATIONS

GOVERNMENT COMPANIES

5.2 Payment of excess contribution to 'Employees Contributory Provident Fund'

Contribution to 'Employees Contributory Provident Fund' disregarding the ceiling fixed for salary, resulted in extra expenditure of ₹ 3.11 crore by eight state PSUs during 2009-10 to 2011-12.

As per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (Act) and the Employees' Provident Fund Scheme, 1952 every employer has to pay a matching contribution @ 12 per cent of salary¹ towards the Employees Provident Fund in respect of employees drawing salary of ₹ 6,500 per month. In respect of employees drawing salary of more than ₹ 6,500 per month, the employer's contribution shall be restricted to the amount payable on a monthly salary of ₹ 6,500. Further, for any sick industrial establishment², the rate of employer's contribution shall be 10 per cent of salary.

The contribution made by ten State Government companies during the three year period (2009-12) were examined by Audit and it was found that :

- Eight companies (*as per Appendix 5.8*) had been contributing their share based on the full salary in respect of all employees who had been drawing salary of more than ₹ 6,500 per month. The restriction of ₹ 6,500 per month per employee were not applied in these cases.
- One of the eight companies³, which had been declared sick, had been contributing to the Fund at the rate of 12 per cent instead of 10 per cent as envisaged in the scheme.

On being pointed out (December 2009) by Audit, two companies⁴ stopped (KTCL in December 2009 and GTDC in April 2010) practice of making excess payment. However, the remaining eight Companies continued to make the excess payment which amounted to ₹ 3.11 crore for years 2009-10 to 2011-12. Thus, these companies incurred an extra expenditure of ₹ 3.11 crore during 2009-10 to 2011-12 in violation of the Act.

The Companies stated (EDCL in September 2012 and GSIDCL in November 2012) that the said Act did not restrict making of additional contribution beyond the stipulated limit and that the requisite approval of the Board had been obtained. The reply is not acceptable since the contribution made was more than stipulated in the Act and the Board was not competent to revise the limits.

The matter was reported to the Government in May 2012; their reply was awaited as of February 2013.

¹ Salary includes basic pay, dearness allowance and cash value of food concession

² Establishment declared as such by the BIFR, which had, accumulated losses equal to or exceeding its entire net worth

³ Goa Antibiotics and Pharmaceuticals Ltd.

⁴ Kadamba Transport Corporation Ltd. (KTCL) and Goa Tourism Development Corporation Ltd. (GTDC)

EDC Limited

5.3 Improper/Irregular sanctioning of term loan

The Company disbursed loan of ₹ 4.00 crore in October 2008/ February 2010 by relaxing prescribed norms of obtaining collateral security which led to insufficient security. Resultantly, dues of ₹ 5.52 crore could not be recovered.

The Company sanctioned (July 2008) a term loan of ₹ 4.00 crore to M/s Giovanni & Zibronni Shipping Pvt. Ltd. (GZSPL) for acquiring a new 2,200 tonne barge. As per the security norms of the Company, the loan was to be secured by a principal/collateral security of not less than 150 *per cent* of the loan exposure. For this purpose, the barge was to be hypothecated to the extent of 50 *per cent* of its value and the remaining portion was to be secured by a collateral security. Accordingly, the above loan was sanctioned with condition to secure the loan by hypothecation of the barge (₹ 3.25 crore being 50 *per cent* value) and the remaining portion of ₹ 2.75 crore by way of a collateral security of urban immovable property of the loanee with a clear and marketable title.

Audit observed that the Board of Directors of the Company reduced the amount of collateral security from ₹ 2.75 crore to ₹ 1.38 crore as per the borrower's request (October 2008) and disbursed ₹ 2.00 crore without obtaining any collateral security with the contention that the same would be obtained subsequently. The collateral security was offered by the borrower later on but as its title was defective it could not be mortgaged. Further, on the request of the borrower, the Company released the balance loan amount of ₹ 2.00 crore also in February 2010. Thus, the security available with the Company was 81.25 *per cent* of the loan amount as against the norms of 150 *per cent*.

The borrower defaulted in payment of principal as well as interest. Accordingly, the Company recalled the loan in November 2010 and directed the borrower to clear the entire outstanding dues of ₹ 4.49 crore (including interest). As no dues were remitted by the borrower, notice for attachment of the barge was issued (June 2011). However, the Company could neither attach the barge nor realise the dues which increased to ₹ 5.52 crore (May 2012). The loan has now been classified as a doubtful debt and the amount has not been realised so far. Thus, by relaxing the conditions governing the loan the company extended undue benefit to the loanee.

The management stated (June 2012) that the disbursement was made considering the 'realistic value of the barge' as well as the net worth of the promoters. The reply is not convincing since there was no justification for relaxing any of the basic terms and conditions governing the sanction of loan.

The matter was reported to the Government in July 2012; their reply was awaited as of February 2013.

InfoTech Corporation of Goa Limited

5.4 Avoidable expenditure on proposed IT Park

Execution of community development works for the proposed IT park even after the High Court had stayed the acquisition of land meant for the project, resulted in avoidable expenditure of ₹ 10.65 crore.

The Board of Directors of the Company approved (November 2005) the proposal to set up an IT Park at Socorro/Salvador-do-Mundo Village in North Goa for which 8.73 lakh square metres of land was to be acquired. The State Government also approved (April/October 2006) the proposal to acquire 8.73 lakh square metres of land for the IT Park. Accordingly, the Company deposited (May 2006) ₹ 86.42 lakh towards the cost of land and Notification for the acquisition of land was published in June 2006. A writ petition was filed by the 'Goa Foundation' in October 2006 stating that a part of the proposed land was under forest area and a stay order was issued in April 2007 by the Hon'ble High Court of Bombay at Goa. Therefore, the land acquisition process could not be completed.

Audit observed that the Company went ahead and executed (October 2006 onwards) various community development works which were not at all connected with the proposed IT Park. The works costing ₹ 7.69 crore were completed by March 2008 on unrelated activities *viz.*, development of gardens, cricket grounds, widening of road, paving of church steps *etc.*

The Company stated that these works were necessary to attract investment at the proposed IT park and continued to incur expenditure on these works till May 2009 which amounted to ₹ 10.65 crore.

Subsequently, in May 2012, the State Government communicated its decision to withdraw the proposal to set up the IT Park. Thus, expenditure of ₹ 10.65 crore on community development works, without vacation of the stay order, was not in the best interest of the Company and was avoidable.

The matter was reported to the Company and the Government in July 2012; their reply was awaited as of February 2013.

DEPARTMENTAL COMMERCIAL UNDERTAKINGS

River Navigation Department

5.5 Non-levy of rent on a cruise operator

The Department did not collect rent of ₹ 93.77 lakh from a Cruise operator for using Betim jetty on river Mandovi since July 2009.

The River Navigation Department of Government of Goa has two boat jetties, one on the southern side of river Mandovi (Panjim boat jetty) and the other on the opposite side (Betim boat jetty). These jetties were being used by four private cruise/casino operators to board their passengers.

Considering the strategic/favourable location and economic value of the Panjim boat jetty, the Department decided (March 2009) to collect rent from the three cruise/casino operators with retrospective effect. Accordingly, a valuation report was obtained from the PWD for levying a monthly rent for the boat jetty. The rent as evaluated at ₹ 1,705 per metre was considered abnormally low by the Department and so it decided in June 2009 to levy rent from the existing cruise/casino operators at three times of the PWD rates from April 2009 onwards, with 10 *per cent* increase every year. It was also decided to collect rent for the past period (July 2007 to March 2009) at PWD rates. All cruise/casino operators paid the entire dues as per the demand raised by the Department.

Audit observed (June 2011) that Betim boat jetty (35 Metres length) was being exclusively used since August 2002 by one cruise operator (M/s Swastik Cruises) with the permission of the Department. However, the Department did not claim any rent from this cruise operator by applying the same criteria by which rent was levied for the Panjim boat jetty. Audit observed that had the same criteria been adopted for levying rent then the Department would have earned ₹ 93.77 lakh for the period from July 2007 to March 2012.

The Department stated (October 2011) that rent would be collected on sorting out ownership issues of the Betim jetty. The reply is not acceptable as the Department itself had permitted M/s Swastik Cruises in August 2002 to use the Betim jetty and, therefore, the ownership records should be available with the Department.

Goa Electricity Department

5.6 Avoidable expenditure on the construction of 11 KV supply line

In violation of codal provisions the Electrical Division XI at Vasco executed the work of 'line strengthening' at its own cost for providing an additional load to an existing consumer and incurred avoidable expenditure of ₹ 38.69 lakh during August 2008 to January 2012.

As per clause 4(1) of the Conditions of Supply of Electrical Energy, in case a consumer requires an additional load and the service line requires to be strengthened for giving the additional load, the entire cost of such line strengthening shall be borne by the consumer on the basis of actual estimated cost plus 15 *per cent* supervision charge. Birla Institute of Technology, Sancoale, an existing HT consumer with a connected load of 2000 KVA requested (October 2007) the Electrical Division XI (Vasco) of the Goa Electricity Department for an additional electrical connection with a load of 1000 KVA. The consumer, in view of the urgency, offered to undertake the line strengthening work on its own or to bear the entire cost of drawing the feeder in case the Department executes the work. The formal application for the additional load was made by the consumer in January 2008. Accordingly, the Division prepared (March 2008) an estimate of ₹ 38.48 lakh for carrying out the line strengthening work. The scope of work was erection of 11 KV Single Circuit lines (4 Kms), installation of 11 KV metering structure and laying of underground cable.

Audit observed (July 2011) that the Department issued (August 2008) the work order for the line strengthening work to a contractor at a cost of ₹ 36.72 lakh with a stipulation to complete the same by November 2008. Subsequently, deviations/certain additional works were considered for further extension of the line for meeting the requirements of the Department. Accordingly, the estimate was revised (July 2009) to ₹ 77.54 lakh and the work was completed by January 2012. The cost of erection of 11 KV line up to Birla Institute of Technology worked out to ₹ 38.69 lakh and by adding supervision charges, the total recoverable amount worked out to ₹ 44.20 lakh. However, the Department did not recover any amount from the consumer. The reasons for not collecting the cost of line strengthening work despite the willingness of the consumer to bear the cost were not on record.

The Department in its reply stated (July 2012) that the connection was a new one and hence the provisions under clause 4(1) of the Conditions of Supply of Electrical Energy would not apply. It was also stated that the cost of the line strengthening work incurred on behalf of the consumer would be recovered in the form of fixed charges through the monthly bill within a period of seven years.

The reply is not acceptable since the connection was an additional/standby one which is evident from the fact that during the interim period, the entire

requirement of the consumer including the additional 1000 KVA were being met from their existing 2000 KVA connection. Further, the contention that recovery of the construction cost would be made by way of fixed cost is not correct as fixed cost is recovered from all the consumers in a routine manner as a part of the tariff. Thus, additional cost incurred on line strengthening work would still remain unrecovered.

Panaji
The

(DEVIKA)
Accountant General, Goa

Countersigned

New Delhi
The

(VINOD RAI)
Comptroller and Auditor General of India

APPENDIX-1.1

(Referred to in paragraph 1.7.1)

Statement showing year-wise position of inspection reports and paragraphs pending settlement

Sr. No.	Name of the Department	Up to 2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1	Agriculture	1	1	1	1	6	9	-	-	3	15	2	3	13	29
2	Animal Husbandry & Veterinary Services	-	-	-	-	-	-	-	-	1	3	-	-	1	3
3	Archives, Archaeology & Museum	-	-	-	-	1	1	-	-	1	8	-	-	2	9
4	Art & Culture	2	3	2	3	2	8	-	-	2	10	-	-	8	24
5	Civil Supplies	-	-	-	-	1	1	-	-	-	-	-	-	1	1
6	Co-operation	-	-	-	-	3	10	1	6	-	-	-	-	4	16
7	Education	1	4	1	1	6	11	6	11	3	22	2	5	19	54
8	Forests	1	1	3	3	-	-	4	7	3	13	1	1	12	25
9	General Administration	3	4	-	-	1	1	-	-	1	1	-	-	5	6
10	Housing	2	2	-	-	-	-	1	3	-	-	-	-	3	5
11	Health	4	7	2	3	9	16	3	6	4	18	4	22	26	72
12	Higher Education	1	1	1	1	2	2	1	1	1	13	-	-	6	18
13	Home	2	2	3	3	2	7	3	3	1	2	2	12	13	29
14	Information & Technology	2	3	-	-	-	-	-	-	-	-	-	-	2	3
15	Information & Publicity	1	1	2	2	1	1	2	5	1	12	-	-	7	21
16	Inland Water Transport	1	2	1	1	-	-	-	-	1	1	-	-	3	4
17	Irrigation	2	2	1	2	-	-	5	8	7	28	3	12	18	52
18	Labour	-	-	-	-	2	2	-	-	1	1	1	1	4	4
19	Law	2	3	2	2	3	8	2	2	1	2	-	-	10	17
20	Legislature	-	-	-	-	1	1	-	-	1	6	-	-	2	7
21	Mines	-	-	1	4	-	-	-	-	-	-	-	-	1	4
22	Panchayati Raj	6	9	-	-	3	10	2	5	1	9	5	50	17	83
23	Printing & Stationery	-	-	-	-	-	-	-	-	1	1	-	-	1	1
24	Provedoria	-	-	1	1	-	-	-	-	-	-	-	-	1	1
25	Public Works	5	5	3	4	3	6	17	51	13	46	1	9	42	121
26	Revenue	2	6	1	2	1	1	1	5	2	10	-	-	7	24
27	Rural Development	2	3	1	1	1	2	2	10	1	6	-	-	7	22

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28	Social Welfare	-	-	2	5	-	-	1	1	1	7	-	-	4	13
29	Sports & Youth Affairs	-	-	1	1	-	-	1	1	-	-	-	-	2	2
30	Technical Education	1	1	-	-	2	4	4	12	-	-	-	-	7	17
31	Town & Country Planning	3	12	1	1	-	-	1	4	-	-	-	-	5	17
32	Tourism	-	-	-	-	1	1	1	1	-	-	-	-	2	2
33	Urban Development	4	9	3	9	4	20	5	31	2	19	6	91	24	179
34	Vigilance	-	-	-	-	1	1	-	-	1	1	-	-	2	2
35	Women & Child Development	-	-	1	1	1	1	1	2	1	2	-	-	4	6
Total		48	81	34	51	57	124	64	175	55	256	27	206	285	893

APPENDIX-1.2

(Referred to in paragraph 1.7.3)

Statement showing number of paragraphs/reviews in respect of which Government explanatory memoranda had not been received

Sl. No.	Name of Department	2008-09	2009-10	2010-11	Total
(1)	(2)	(3)	(4)	(5)	(6)
1	Urban Development	1	1	1	3
2	Forest	1	-	2	3
3	Home	1	-	-	1
4	Rural Development	-	1	-	1
5	Health	-	1	3	4
6	Public Works	-	1	-	1
7	Water Resources	-	-	2	2
8	Finance	-	-	2	2
Total		3	4	10	17

APPENDIX-1.3

(Referred to in paragraph 1.7.4)

Statement showing Paragraphs (excluding General and Statistical) yet to be discussed by PAC as of September 2012

Sl. No.	Name of the Department	2008-09	2009-10	2010-11	Total
1	Art & Culture	2	-	-	2
2	Civil Supplies	1	1	-	2
3	Finance	4	3	4	11
4	Fisheries	1	-	-	1
5	Forests	1	-	2	3
6	Housing	1	-	-	1
7	Health	-	1	3	4
8	Home	1	-	-	1
9	Public Works	1	2	-	3
10	Revenue	1	2	1	4
11	Rural Development	-	1	-	1
12	Transport	1	-	-	1
13	Urban Development	3	3	1	7
14	Water Resources	-	-	2	2
Total		17	13	13	43

APPENDIX- 2.1

(Referred to in paragraph 2.1.7.2)

Details of infrastructure projects with Central Financial Assistance

(₹ in crore)

Sl. No.	Name of the project	Project Cost			Date of appointment of consultant	Date of approval of GoI	Date of receipt of CFA	CFA received from GoI	Expenditure incurred		Status of the projects
		Central share	State share	Total					On works	Consultant fee	
1	Integrated development of infrastructure for Heritage and Hinterland tourism	43.10	31.32	74.42	May 2008	February 2009	February 2009 and June 2009	21.55	5.34	1.75	Out of four ¹ components (A to D), two works under component 'A' completed and one work in progress. In respect of other components, approvals from Captain of Ports, Goa Coastal Zone Management Authority (GCZMA), Project cell, Forest department, Agriculture department, ASI and NOCs from committees of Rudreshwar Devasthan/Surla Masjid/ various Churches were awaited.

¹ A- Panaji Hub, B- Mandovi circuit, C-Zuari circuit and D- Development of churches

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2	Development of Green belt	30.00	9.72	39.72	July 2009	March 2011	March 2011	30.00	0	0.66	NOC from GCZMA, North Goa Planning and Development Authority, PWD, City Corporation of Panaji were pending.
3	Development of Goa Haat	5.00	19.76	24.76	June 2010	March 2011	March 2011 May 2011	4.00	0	0.41	Approval of Tender schedules and drawings pending.
4	Baga coastal circuit	4.98	4.37	9.35	June 2010	July 2011	July 2011	3.98	0	0.15	Approvals from GCZMA awaited.
5	Colva coastal Circuit	7.58	5.89	13.47	June 2010	September 2010	September 2010	6.06	0	0.23	Approvals from GCZMA awaited.
6	Convention Centre	5.00	3.89	8.89	September 2009	March 2010	March 2010	4.00	0	0.14	Approval from South Goa Planning and Development Authority awaited.
7	State Institute of Hotel Management and Catering Technology	12.00	2.59	14.59	July 2009	December 2009	March 2010	4.00	0	0.22	Town and Country Planning Department approval awaited.
8	Heli tourism	8.02	7.77	15.79	November 2010	Approval awaited	NA	0	0	0.09	Approval of DPR by GoI awaited.
9	Miramar circuit	8.11	8.05	16.16	November 2010	Approval awaited	NA	0	0	0.09	Approval of DPR by GoI awaited.
10	Colvale Circuit	7.98	13.11	21.09	November 2010	Approval awaited	NA	0	0	0.12	Approval of DPR by GoI awaited.
Total		131.77	106.47	238.24				73.59	5.34	3.86	

(Source: Tourism department)

APPENDIX- 2.2

*(Referred to in paragraph 2.1.9.1)***Status of amenities available at tourist places**

Beach/ Tourist places	Parking facility	Toilet facility	Changing rooms	General cleanliness	Access road
North Goa					
Calangute	Open and sufficient free parking is available, parking area is unclean	Pay and use toilet facility available, toilets are unclean and broken	Not available	Not clean, garbage found dumped near entrance	Access road is congested due to projections from shops from sides of roads
Baga	Pay parking by GTDC, parking area is unclean	Pay and use toilet facility is available, toilets are unclean and without proper Sewerage	Not available	No proper cleanliness on beach. Waste water was released into beach area	Narrow access road congested due to shops from both sides
Anjuna	Open free parking is available	Toilet facility is available but without proper sewerage	Not available	Not clean, waste water from restaurants is released to beach	No proper approach road
Morjim	Not available	Not available	Not available	No proper cleanliness on beach. Plastic waste and empty liquor/beer bottles were lying on the beach.	Access road is in bad condition near beach
Arambol	Not available	Not available	Not available	No proper cleanliness in the beach. Waste water from nearby locality is released to the beach. Waste water was running on approach road.	Narrow access road
Sinquerim	Not available	Not available	Not available	Not clean, waste water from restaurants is released to beach	Access road is in bad condition
Candolim	Free parking is available	Not available	Not available	Not clean	No proper approach Road

South Goa					
Palolem	Pay parking available	Available	Not available	Clean	Available
Colva	Free Parking available	Available	Not available	Clean	Available
Betalbatim	Not available	Not available	Not available	Clean	Available
Majorda	Not available	Not available	Not available	Clean	Available
Agonda	Not available	Not available	Not available	Clean	Undeveloped approach road
Galjibag	Not available	Not available	Not available	Clean	Available

APPENDIX-5.1

(Referred to in paragraph 5.1.5)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2012
in respect of Government Companies and Statutory Corporations

(Figures in column 5(a) to 6(d) are ₹ in lakh)

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital*				Loans outstanding at the close of 2011-12#				Debt Equity Ratio for 2011-12 (Previous Year)	Manpower (No. of employees as on 31.3.2012)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A.	Working Government Companies												
	AGRICULTURE & ALLIED												
1	Goa Forest Development Corporation Limited (GFDCL)	Forest	April 1997	268.91	-	-	268.91	-	-	-	-	-	60
2	Goa Meat Complex Limited (GMCL)	Animal Husbandry	March 1971	25.00	23.96	12.86	61.82	-	-	-	-	-	68
3	Goa State Horticultural Corporation Limited (GSHCL)	Agriculture	August 1993	499.50	-	-	499.50	-	-	-	-	-	32
	Sector wise total			793.41	23.96	12.86	830.23	-	-	-	-	-	160
	FINANCE												
4	EDC Limited (EDCL)	Finance	March 1975	8620.26	-	1472.22	10092.48	-	-	-	-	-	91
5	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	Industries, Trade & Commerce	November 1980	783.00	17.00	-	800.00	-	-	-	-	-	62
6	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	Social Welfare	April 1990	446.33	158.21	-	604.54	-	399.42	-	399.42	0.66:1 (1.12:1)	15
7	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	Tribal Welfare	March 2004	2500.00	-	-	2500.00	25.00	-	100.51	125.51	0.05:1 (0.1:1)	11
	Sector wise total			12349.59	175.21	1472.22	13997.02	25.00	399.42	100.51	524.93	0.04:1	179

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Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital*				Loans outstanding at the close of 2011-12#				Debt Equity Ratio for 2010-11 (Previous Year)	Manpower (No. of employees as on 31.3.2012)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
	INFRASTRUCTURE												
8	Goa State Infrastructure Development Corporation Limited (GSIDCL)	Finance	February 2001	366.00	-	6.00	372.00	-	-	6660.00	6660.00	17.9:1 (29.82:1)	63
9	Info Tech Corporation of Goa Limited (ITCGL)	Information Technology	April 1990	1314.56	-	318.90	1633.46	-	-	-	-	-	40
10	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	Public Works	February 2001	655.00	-	-	655.00	-	-	-	-	-	13
	Sector wise total			2335.56	-	324.90	2660.46	-	-	6660.00	6660.00	2.5:1	116
	MANUFACTURING												
11	Goa Auto Accessories Limited (GAAL)	Finance	September 1976	-	-	559.00	559.00	-	-	90.00	90.00	0.16:1 (0.29:1)	80
12	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	Finance	December 1980	-	-	1902.00	1902.00	-	-	1290.98	1290.98	0.68:1 (0.72:1)	208
	Sector wise total			-	-	2461.00	2461.00	-	-	1380.98	1380.98	0.56:1	288
	SERVICES												
13	Goa Electronic Limited (GEL)	Finance	March 1976	-	-	180.00	180.00	-	-	907.46	907.46	5.04:1 (11.24:1)	9
14	Goa Tourism Development Corporation Limited (GTDCL)	Tourism	March 1982	2264.69	-	-	2264.69	545.84	-	-	545.84	0.24:1 (0.30:1)	338
15	Kadamba Transport Corporation Limited (KTCL)	Transport	January 1980	5964.33	-	-	5964.33	-	-	3908.09	3908.09	0.66:1 (0.99:1)	1,889
	Sector wise total			8229.02	-	180.00	8409.02	545.84	-	4815.55	5361.39	0.64:1	2236
Total A (All sector wise working Government companies)				23707.58	199.17	4450.98	28357.73	570.84	399.42	12957.04	13927.30	0.49:1	2979

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital *				Loans outstanding at the close of 2011-12#				Debt Equity Ratio for 2009-10 (Previous Year)	Manpower (No. of employees as on 31.3.2012)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
B.	Working Statutory Corporations												
	INFRASTRUCTURE												
1	Goa Industrial Development Corporation (GIDC)	Industries, Trade & Commerce	1966	1802.18	1339.21	-	3141.39	-	-	-	-	-	233
2	Goa Information Technology Development Corporation (GITDC)	Information Technology	November 2006	25.00	-	-	25.00	-	-	-	-	-	-
	Sector wise total			1827.18	1339.21	-	3166.39	-	-	-	-	-	233
Total B (All sector wise working Statutory corporations)				1827.18	1339.21	-	3166.39	-	-	-	-	-	233
C.	Non Working Government Companies	NIL											
D.	Non Working Statutory Corporations	NIL											
Grand Total (A + B + C + D)				25534.76	1538.38	4450.98	31524.12	570.84	399.42	12957.04	13927.30	0.44:1	3212

* Paid up capital includes share application money

Loans outstanding at the close of 2010-11 represent long term loans only

APPENDIX-5.2

(Referred to in paragraphs 5.1.13 and 5.1.27)

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

(Figures in column 5(a) to (11) are ₹ in lakh)

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments #	Paid up Capital @@	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/Loss ^							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A.	Working Government Companies													
	AGRICULTURE & ALLIED													
1	Goa Forest Development Corporation Limited (GFDCL)	2010-11	2011-12	(-)54.04	-	5.49	(-)59.53	233.73	Nil comment	268.91	(+)108.47	468.20	(-)59.53	-
2	Goa Meat Complex Limited (GMCL)	2009-10	2011-12	(-)3.20	-	21.61	(-)24.81	194.30	Non Review	61.82	(+)95.71	559.00	(-)24.81	-
3	Goa State Horticultural Corporation Limited (GSHCL)	2006-07	2010-11	1.10	-	2.67	(-)1.57	345.63	(-)20.58	499.50	(-)134.53	488.97	(-)1.57	-
	Sector wise total			(-)56.14	-	29.77	(-)85.91	773.66	(-)20.58	830.23	(+)69.65	1,516.17	(-)85.91	-
	FINANCE													
4	EDC Limited (EDCL)	2010-11	2011-12	2634.40	455.83	43.81	2134.76	4062.22	(-)111.00	10092.48	7049.13	21319.40	2590.59	12.15
5	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2011-12	2011-12	(-)121.71	1.44	9.01	(-)132.16	3,683.87	Under finalisation	800.00	(+)443.25	800.00	(-)130.72	-
6	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2001-02	2008-09	6.97	10.52	3.93	(-)7.48	25.04	-	231.76	(-)23.09	435.13	3.04	0.70
7	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	2009-10	2011-12	(-)3.49	4.18	3.86	(-)11.53	32.61	-	743.00	(-)73.74	728.99	(-)7.35	-
	Sector wise total			2516.17	471.97	60.61	1983.59	7803.74	(-)111.00	11867.24	(+)7395.55	23283.52	2455.56	10.55

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments #	Paid up Capital @@	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/Loss ^							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	INFRASTRUCTURE													
8	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2010-11	2011-12	1,982.87	1,639.42	18.19	325.26	18,965.51	(-)396.26	372.00	(+)718.61	14,200.34	1,964.68	13.84
9	Info Tech Corporation of Goa Limited (ITCGL)	2005-06	2007-08	(-)30.71	0.11	7.55	(-)38.37	946.99	(-)2.69	1633.46	(-)195.56	1449.19	(-)38.26	-
10	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2009-10	2011-12	157.37	-	2.42	154.95	237.54	Non Review	485.00	(+)143.82	446.08	154.95	34.74
	Sector wise total			2109.53	1639.53	28.16	441.84	20150.04	(-)398.95	2490.46	(+)666.87	16095.61	2081.37	12.93
	MANUFACTURING													
11	Goa Auto Accessories Limited (GAAL)	2011-12	2012-13	(-)59.65	26.07	15.52	(-)101.24	921.09	Non Review	559.00	(-)1,113.18	(-)108.10	(-)75.17	-
12	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	2010-11	2011-12	292.86	66.80	37.62	188.44	2,333.50	-	1,902.00	(-)2,173.87	1,159.36	255.24	22.02
	Sector wise total			233.21	92.87	53.14	87.20	3254.59	-	2461.00	(-)3287.05	1051.26	180.07	17.13
	SERVICES													
13	Goa Electronic Limited (GEL)	2011-12	2011-12	77.44	8.90	5.35	63.19	990.86	Non Review	180.00	(-)1,990.61	1,515.25	72.09	4.76
14	Goa Tourism Development Corporation Limited (GTDCL)	2010-11	2011-12	241.31	-	189.53	51.78	2,116.81	33.69	2,264.69	(-)144.52	2,907.76	51.78	1.78
15	Kadamba Transport Corporation Limited (KTCL)	2010-11	2011-12	(-)640.00	535.49	394.85	(-)1570.34	8,291.47	(-)19.54	4,889.23	(-)12,930.17	5,180.03	(-)1034.85	-
	Sector wise total			(-)321.25	544.39	589.73	(-)1455.37	11399.14	14.15	7333.92	(-)15065.30	9603.04	(-)910.98	-
Total A (All sector wise working Government Companies)				4481.52	2748.76	761.41	971.35	43381.17	(-)516.38	24982.85	(-)10220.28	51549.60	3720.11	7.22

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Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments #	Paid up Capital @@	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre- ciation	Net Profit/Loss ^							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B.	Working Statutory Corporations													
	INFRASTRUCTURE													
1	Goa Industrial Development Corporation (GIDC)	2010-11	2011-12	797.139	-	1075.12	(-)277.99	2266.39	Under finalisation	3141.39	(+)5605.62	-	(-)277.99	-
2	Goa Information Technology Development Corporation (GITDC)	First Accounts awaited		-	-	-	-	-	-	-	-	-	-	-
	Sector wise total			797.13	-	1075.12	(-)277.99	2266.39	-	3141.39	(+)5605.62	-	(-)277.99	-
Total B (All sector wise working Statutory corporations)														
C.	Non Working Government Companies			Nil										
D.	Non Working Statutory Corporations			Nil										
Grand Total (A + B + C + D)				5278.65	2748.76	1836.53	693.36	45647.56	(-)516.38	28124.24	(-)4614.66	51549.60	3442.12	6.68

^ Net profit/loss is net profit/loss before tax

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) for 'increase in profit/decrease in losses' and by (-) for 'decrease in profit/increase in losses'

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance)

\$ For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss account

@@ Paid up capital including Share application money

APPENDIX-5.3

(Referred to in paragraph 5.1.8)

Statement showing Equity, Loans, Grants and Subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted in to equity during the year and guarantee commitment at the end of March 2012

(Figures in column 3(a) to 6(d) are ₹ in lakh)

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year ^				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
				Central Government	State Government	Others	Total			Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
		Equity	Loans					Received	Commitment				
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A.	Working Government Companies												
	AGRICULTURE & ALLIED												
1	Goa Forest Development Corporation Limited (GFDCL)	-	-	30.93	350.00	-	380.93	-	-	-	-	-	-
2	Goa Meat Complex Limited (GMCL)	-	-	-	381.07	-	381.07	-	-	-	-	-	-
3	Goa State Horticulture Corporation Limited (GSHCL)	-	-	-	250.00 (1113.06)	-	250.00 (1113.06)	-	-	-	-	-	-
	Sector wise total	-	-	30.93	981.07 (1113.06)	-	1012.00 (1113.06)	-	-	-	-	-	-
	FINANCE												
4	EDC Limited (EDCL)	-	-	-	-	-	-	-	400.00	-	-	-	-
5	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	-	-	-	459.00 -	-	459.00 -	-	-	-	-	-	-
6	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	250.00	71.75	- -	30.00 -	- -	30.00 -	-	-	-	-	-	-
7	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	940.00	-	- -	- -	- -	-	-	-	-	-	-	-
	Sector wise total	1190.00	71.75	- -	489.00 -	- -	489.00 -	-	400.00	-	-	-	-

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year ^				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
				Central Government	State Government	Others	Total			Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
		Equity	Loans					Received	Commitment				
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
	INFRASTRUCTURE												
8	Goa State Infrastructure Development Corporation Limited (GSIDCL)	-	-	-	14500.00	-	14500.00 -	-	3500.00	-	-	-	-
9	Info Tech Corporation Limited (ITCGL)	-	-	-	-	-	- -	-	-	-	-	-	-
10	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	50.00	-	-	21.00	-	21.00 -	-	-	-	-	-	-
	Sector wise total	50.00	-	-	14521.00	-	14521.00	-	3500.00	-	-	-	-
	MANUFACTURING												
11	Goa Auto Accessories Limited (GAAL)	-	-	-	(2.17)	-	(2.17)	-	-	-	-	-	-
12	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	1503.00	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	1503.00	-	-	(2.17)	-	(2.17)	-	-	-	-	-	-
	SERVICES												
13	Goa Electronics Limited (GEL)	-	-	-	-	-	-	-	-	-	-	-	-
14	Goa Tourism Development Corporation Limited (GTDCL)	-	-	-	450.00	-	450.00 -	-	-	-	-	-	-
15	Kadamba Transport Corporation Limited (KTCL)	700.00	-	-	- (2635.61)	-	- (2635.61)	-	3000.00	-	-	-	-
	Sector wise total	700.00	-	-	450.00 (2635.61)	-	450.00 (2635.61)	-	3000.00	-	-	-	-
Total A (All sector wise working Government companies)		3443.00	71.75	30.93 (NIL)	16441.07 (3750.84)	-	16472.00 (3750.84)	-	6900.00	-	-	-	-

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year ^				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
				Central Government	State Government	Others	Total			Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
		Equity	Loans					Received	Commitment				
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
B.	Working Statutory corporations												
	INFRASTRUCTURE												
1	Goa Industrial Development Corporation (GIDC)	-	-	* 98.45	-	-	98.45	-	-	-	-	-	-
2	Goa Information Technology Development Corporation (GITDC)	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	-	-	98.45	-	-	98.45	-	-	-	-	-	-
	Total B (All sector wise working Statutory corporations)	-	-	98.45	-	-	98.45	-	-	-	-	-	-
C.	Non-Working Government Companies	-	-	-	-	-	-	-	-	-	-	-	-
D.	Non-working Statutory Corporations	-	-	-	-	-	-	-	-	-	-	-	-
	Grand Total (A + B + C + D)	3443.00	71.75	129.38	16441.07	-	16507.45	-	6900.00	-	-	-	-
				-	(3750.84)	-	(3750.84)						

* This amount represents unspent balance of ₹ 98.45 lakh out of total sanction of Grant of ₹ 270.50 lakh, being Grant received from central government under ASIDE scheme for financial year 2010-11

^ Figures in bracket indicate subsidy

@ Figures indicate total guarantees at the end of the year

APPENDIX-5.4

(Referred to in paragraph 5.1.21)

Statement showing investments made by State Government in PSUs whose accounts were in arrears as on 30 September 2012

(₹ in lakh)

Sl. No.	Name of PSUs	Year up to 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 State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2001-02	231.76	2002-03	31.67	-	-	-
				2003-04	5.00	-	-	-
				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	-
2	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2009-10	485.00	2010-11	0.50	-	21.00	-
				2011-12	0.50	-	21.00	-
3	Goa Meat Complex Limited (GMCL)	2009-10	61.82	2010-11	-	-	172.00	-
				2011-12	-	-	381.07	-

Sl. No.	Name of PSU	Year up to 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
4	Goa State Horticultural Corporation Limited (GSHCL)	2006-07	499.50	2007-08	-	-	35.00	-
				2008-09	-	-	99.45	-
				2009-10	-	-	-	177.52
				2010-11	-	-	-	1017.89
				2011-12	-	-	250.00	1113.06
5	Goa Forest Development Corporation Limited (GFDCL)	2010-11	268.91	2011-12	-	-	350.00	-
6	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	2009-10	743.00	2011-12	940.00	-	-	-
A. Working Companies								
7	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2010-11	372.00	2011-12	-	-	14500.00	-
8	Kadamba Transport Corporation Limited (KTCL)	2010-11	4889.23	2011-12	700.00	-	-	2635.61
Total A					1955.99	-	15934.52	4944.63

APPENDIX-5.5

(Referred to in paragraph 5.1.13)

Statement showing financial position of Statutory Corporations (Goa Industrial Development Corporation)

(₹ in crore)

Financial Position				
Particulars		2008-09	2009-10	2010-11
LIABILITIES				
A	Amount payable to Government	32.91	31.41	32.40
B	Reserves and Surplus	52.85	58.88	56.06
C	Deposits	-	-	
i	From Govt. for Schemes undertaken and/or on behalf of Govt. and others	0.01	0.01	0.01
ii	From private parties (for lease of plots etc.)	9.94	11.79	12.47
D	Current Liabilities, provisions and refunds	348.44	357.45	366.70
	TOTAL	444.15	459.54	467.64
ASSETS				
A	Fixed Assets	8.23	9.18	9.43
	<u>Less</u> : Depreciation (Cumulative)	5.28	5.73	6.34
	Net Fixed Assets	2.95	3.45	3.09
B	Work in progress	27.26	31.81	30.27
C	Development of Industrial areas/Estates	180.77	218.11	245.74
	<u>Less</u> : Depreciation	39.92	48.15	58.29
	Net development of Industrial areas/ Estates	140.85	169.96	187.45
D	Investments	4.66	4.86	4.98
E	Cash at Bank/in hand	196.71	179.63	168.16
F	Other current assets, loans and advances	71.72	69.83	73.69
	TOTAL	444.15	459.54	467.64
	Capital employed*	81.11	85.44	83.48

* Capital employed represents Net Fixed Assets plus capital work-in progress plus net development of industrial areas/estates plus working capital less deposits

APPENDIX– 5.6

*(Referred to in paragraph 5.1.13)*Statement showing working results of Statutory Corporations
(Goa Industrial Development Corporation)*(₹ in crore)*

B. WORKING RESULTS				
		2008-09	2009-10	2010-11
A	Income			
	a. Rent	5.04	5.19	5.25
	b. Interest	24.57	20.72	12.99
	c. Other charges	4.08	3.00	4.42
	Total	33.69	28.91	22.66
B	Expenditure			
	a. Executive/Administrative	10.43	9.96	11.30
	b. Depreciation	5.82	8.90	10.75
	c. Maintenance and repairs	2.67	2.76	3.39
	Total	18.92	21.62	25.44
	Surplus (+) /Deficit (-)	(+)14.77	(+)7.29	(-)2.78
	Prior period Adjustments (Dr.)	0.18	1.26	0.04
	Net surplus (+)/Deficit (-) after prior period adjustment	(+)14.95	(+)6.03	(-)2.74
	Total interest charged to Income and Expenditure account	-	-	-
	Accumulated surplus	52.85	58.88	56.06
	Return on capital employed [@]	14.95	6.03	(-)2.74
	Percentage of return on capital employed	18.43	7.06	(-)3.28

[@] Return on capital employed represents net surplus after prior period adjustments plus total interest charges to Income and Expenditure Account

APPENDIX – 5.7

(Referred to in Paragraph 5.1.30)

Summarised financial results of departmentally managed commercial undertakings as per their latest proforma accounts

I. Electricity Department

Sl. No.	Particulars	Year of commencement : 1962-63		
		Period of accounts		
		2004-05	2005-06	2006-07
		(₹ in Lakh)		
1	Government capital	43569.24	53696.88	63987.11
2	Block assets at depreciated cost	16136.00	17263.90	20152.89
3	Cummulative depreciation	6323.11	7456.21	7795.66
4	Net Profit	15580.80	9442.55	15226.73
5	Interest on capital	-	-	-
6	Total returns (5 + 4)	15580.80	9442.55	15226.73
7	Percentage of returns on mean capital	39.77	19.41	25.88

II. River Navigation Department

Sl. No.	Particulars	Year of commencement : 1965-66		
		Period of accounts		
		2003-04	2004-05	2005-06
		(₹ in Lakh)		
1	Government capital	9257.46	9854.59	10828.55
2	Block assets at depreciated cost	879.61	1061.28	928.64
3	Depreciation	98.36	102.99	103.32
4	Net Loss (-)	(-) 937.00	(-)832.70	(-)1052.95
5	Interest on capital	39.91	40.68	41.30
6	Total returns (5 + 4)	(-) 897.09	(-)792.02	(-)1011.65
7	Percentage of returns on mean capital	Nil	Nil	Nil

APPENDIX-5.8

*(Referred to in paragraph 5.2)***Details of excess contribution paid towards EPF***(₹ in lakh)*

Sl. No.	Company	No. of Employees exceeding pay of ₹ 6500 per month as on 31/03/2012	Total wages paid	Rate (%) Applicable	Amount of total Contribution actually paid on total wages	Amount of Contribution to be paid on total wages	Excess Contribution
1	EDC Limited (EDC)	87	1334.41	12	150.69	24.87	125.82
2	Goa Auto Accessories Limited (GAAL)	78	303.31	12	36.40	21.18	15.22
3	Goa Electronics Limited (GEL)	143	234.87	12	56.37	19.25	37.11
4	Goa Handicrafts Rural and small scale Industries Development Corporation Limited (GHRSSIDC)	60	426.52	12	51.20	14.87	36.34
5	Goa State Horticultural Corporation Limited (GSHCL)	27	121.16	12	14.57	7.57	7.01
6	Goa State Industrial Development Corporation Limited (GSIDC)	68	403.25	12	48.39	20.92	27.48
7	InfoTech Corporation of Goa Limited (ITCGL)	38	87.79	12	28.56	10.86	17.70
8	Goa Antibiotics & Pharmaceuticals Limited (GAPL)	205	784.64	10	94.15	49.34	44.81
TOTAL			3695.95		480.33	168.86	311.49