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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The Report has been laid on the table of the State Legislature Assembly on 23-07-2014

FOR THE YEAR ENDED 31 MARCH 2013

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, organisational 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 on 'Water Supply Schemes in the State' while Chapter-III covers audit of transactions in the Public Works Department, Public Health Department, Women and Child Development Department, Finance and Tourism Department.

4. Performance Audit on 'Levy and collection of stamp duty and registration fee' 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. Performance Audit on 'Loan recovery performance of EDC limited' and 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 2012-13 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 2012-13 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 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 improve 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 'Water supply schemes in the State'. Chapter-III contains observations on audit of transactions in Government Departments. Chapter-IV contains one Performance audit report on 'Levy and collection of stamp duty and registration fee' and observations on audit of Revenue receipts. Chapter-V contains audit observations on Commercial and Trading activities of the Government and also has a Performance audit report on 'Loan recovery Performance of EDC Limited'.

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 2012-13 and in the preceding two years is given in **Table 1** below.

Table 1: Comparative position of expenditure

(₹ *in crore*)

Disbursements	2010-11			2011-12			2012-13		
	Plan	Non - plan	Total	Plan	Non - plan	Total	Plan	Non - plan	Total
Revenue expenditure									
General services	17.75	1469.29	**1487.04**	14.69	1617.89	**1632.58**	13.23	1846.74	**1859.97**
Social services	456.32	654.50	**1110.82**	499.46	750.42	**1249.88**	737.10	788.57	**1525.67**
Economic services	228.46	1185.73	**1414.19**	270.42	1501.11	**1771.53**	290.30	1622.61	**1912.91**
Grant-in-aid and contributions	224.58	547.15	**771.73**	325.64	503.87	**829.51**	209.73	553.06	**762.79**
Total	**927.11**	**3856.67**	**4783.78**	**1110.21**	**4373.29**	**5483.50**	**1250.36**	**4810.98**	**6061.34**
Capital expenditure									
Capital outlay	1215.14	6.06	**1221.20**	1182.21	1.56	**1183.77**	940.88	1.39	**942.27**
Loans & advances disbursed	3.73	12.19	**15.92**	5.51	3.91	**9.42**	1.21	2.77	**3.98**
Repayment of public debt (including transactions under ways and means advances)	-	207.99	**207.99**	-	278.29	**278.29**	-	339.06	**339.06**
Contingency Fund	-	-	-	-	-	-	-	-	-
Public Account disbursements	-	-	**6535.32**	-	-	**7057.22**	-	-	**7655.66**
Total	**1218.87**	**226.24**	**7980.43**	**1187.72**	**283.76**	**8528.70**	**942.09**	**343.22**	**8940.97**
Grand total	**2145.98**	**4082.91**	**12764.21**	**2297.93**	**4657.05**	**14012.20**	**2192.45**	**5154.20**	**15002.31**

(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 13[1] 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

[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 State Legislature in accordance with the provisions of the respective legislations.

[3] Audit of corporation established by law by the legislature of a State or U.T in public interest on the request of the Governor of the State or the Administrator of the U.T after giving reasonable opportunity to the concerned corporation to make representations in respect of the proposal for such audit.

[4] Audit of accounts of any body or authority not covered under Section 19 on the request of the Governor, on such terms and conditions as may agree 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 or any body of 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.

conducts audit of bodies/authorities under section 14[5] 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.

1.4 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 head 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 2012-13, in the Social Sector Audit Wing, 771 party-days were used to carry out audit of 114 units and one Performance audit. The Economic Sector Audit wing conducted audit of 35 units utilising 389 party days and the General Sector audit wing 53 units utilising 367 party days. The audit plan covered those units/entities which were vulnerable to significant risk 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

This present report contains three Performance audits. The highlights are given in the following paragraphs:

1.6.1.1 Performance audit of 'Water supply schemes in the State'

- The Capital expenditure of ₹ 329.01 crore incurred under the Japan International Co-operation Agency (JICA) project during the period 2009-13 was not shown in the accounts of the State Government. The gap between the cost of operation of water supply schemes and the revenue generated was ₹ 480.50 crore over the period 2008-13.

(Paragraphs 2.7.2 and 2.7.3)

- Delay in tendering of works under JICA project resulted in additional burden of ₹ 166.37 crore to the State Government. Delays in acceptance of tender had resulted in additional liability of ₹ 69.02 crore on account of price escalation. Failure to capitalise on the forest approval given earlier resulted in a delay in start of work and consequent liability of ₹ 16.65 crore.

(Paragraphs 2.9.2, 2.9.3 and 2.9.4)

- Improper planning and lack of co-ordination within the PWD resulted in idle investment of ₹ 2.50 crore. Replacement of water meters with automatic meter reading component led to an unreasonable extra burden of ₹ 21.89 crore. Lack of planned preventive maintenance works led to irregularities in tendering of maintenance works costing ₹ 65.99 crore.

(Paragraphs 2.9.5, 2.9.6 and 2.10.1)

- Unaccounted water constitutes 35 *per cent* of the water produced resulting in short collection of revenue of ₹ 77.37 crore per annum. The percentage of replacement of damaged water meters over the last five years ranged from three *per cent* to 21 *per cent* only.

(Paragraphs 2.11.3 and 2.11.4)

1.6.1.2 Performance audit report on 'Levy and collection of stamp duty and registration fee'

- Though the Government formulated and notified rules in June, 2003 for fixation and annual revision of locality-wise minimum true value of properties, the values fixed in 2003 were not revised till 2013 facilitating undervaluation of properties.

(Paragraph 4.2.6.3)

- Ownership of properties was transferred by agreement for sale with possession. The stamp duty evaded in respect of 875 cases of agreements for sale with possession registered with three Sub-Registrar offices during 2010-2012 amounted to ₹ 4.98 crore.

(Paragraph 4.2.6.5)

- Re-transfer of ownership of properties acquired by "agreement for sale" was allowed without concluding the sale deed. Evasion of stamp duty in respect of 18 such cases amounted to ₹ 39.10 lakh.

  (Paragraph 4.2.6.6)

- Two transactions were split into four each to avoid payment of stamp duty at higher rate, resulting in evasion of stamp duty and registration fee totaling ₹ 10.91 lakh.

  (Paragraph 4.2.6.7)

1.6.1.3 Performance audit report on 'Loan recovery performance of EDC Limited'

- Out of total principal outstanding of ₹ 474.09 crore to the Company as on March 2013, ₹ 142.30 crore (30.02 *per cent*) represented NPA.

  (Paragraph 5.2.9)

- In nine out of 15 cases test checked, where the Company had settled the accounts under OTS the total waiver amounted to ₹ 1,361.52 lakh.

  (Paragraph 5.2.12)

- Due to delayed recovery action the value of the security obtained had deteriorated by 23.46 *per cent* to 99.80 *per cent* amounting to ₹ 8.25 crore in 26 cases test-checked by audit.

  (Paragraph 5.2.15)

1.6.2 *Compliance audit of transactions*

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

- Audit against propriety/Expenditure without justification.
- Non-compliance with rules.

1.6.2.1 *Audit against propriety/Expenditure without justification*

- **Avoidable expenditure**

  Despite availability of surplus pipes and fittings valuing ₹ 1.46 crore, the Division procured additional pipes costing ₹ 62.98 lakh for maintenance work.

  (Paragraph 3.1.1)

- **Undue benefit to contractors**

  The rates for supply of pipes for works of gravity sewer lines paid to the contractors were exorbitantly higher than the prevailing market rates at which the pipes were procured by the contractors. Consequently the contractors gained a profit of ₹ 11.40 crore on supply of pipes alone at the cost of public exchequer.

  (Paragraph 3.1.2)

- **Extra expenditure due to improper planning**

  The PWD awarded the work of laying 3,780 meter of 250 mm dia. pipeline to supply water to Amona village from a tapping point situated at Pansewadi Maina junction. Subsequently the Department decided to change the tapping point and re-aligned the pipeline to another tapping point at Navelim Junction necessitating additional pipeline of 1,680 meters and additional cost of ₹ 1.06 crore

  (Paragraph 3.1.3)

- **Irregularities in contract for supply of medical gases**

  There was abnormal increase in the consumption of medical gases and significant variation in the quantities of oxygen indicated as received at the Goa Medical College by the security staff and the administrative staff.

  (Paragraph 3.1.4)

- **Avoidable extra Expenditure**

  The Director of Women and Child Development did not lift the food grains allotted by Government of India at BPL rates under the Wheat Based Nutrition Programme but procured the foodgrains from Marketing Federation at much higher rates, resulting in avoidable extra expenditure of ₹ 1.34 crore.

  (Paragraph 3.1.5)

1.6.2.2 *Non-compliance with rules*

- **Non receipt of funds due to non-compliance with conditions**

  Non-compliance of the conditions laid down by the Thirteenth Finance Commission for qualifying for the performance grants resulted in the State being deprived of funds amounting to ₹ 21.22 crore.

  (Paragraph 3.2.1)

- **Loss of interest due to idling of Government funds**

  Government of India released ₹ four crore for setting up of State Institute of Hotel Management and Catering Technology in March 2010. The fund which could not be utilsed immediately was kept in current account of State Bank of India for a period of 38 months resulting in loss of interest of ₹ 87.88 lakh.

  (Paragraph 3.2.2)

1.6.3 Audit of Revenue Receipts

Irregular allowance of exemption

Exemption to the tune of ₹ 20.13 lakh was granted without 'H' Form or invalid forms on export of iron ore.

(Paragraph 4.3)

- **Loss of revenue**

  The Department did not collect renewal fees from Five Star Hotels with Electronic amusement/slot machine license amounting to ₹ 1.06 crore.

  (Paragraph 4.4)

- The decision of the Government to levy concessional rate of road tax merely on the basis of its registration being done in the name of individuals resulted in a large number of vehicles normally used only for commercial purposes being registered in the names of individuals by paying only the concessional rates of Tax.

  (Paragraph 4.5)

- There was short levy of license fee due to failure to verify the registration status of the licensees (₹1.45 crore).

  (Paragraph 4.6)

- Despite having the details of transactions by the unregistered dealers, the Department did not take any action to recover Value Added Tax and penalty from them ₹ 34.09 crore.

  (Paragraph 4.7)

1.6.4 Audit of commercial and trading activities of the Government

- **Avoidable payment of Income Tax**

  The Goa State Infrastructure Development Corporation Limited treated interest on mobilisation advance paid out of funds provided by the State Government as own income resulting in avoidable payment of Income Tax of ₹ 1.31 crore.

  (Paragraph 5.3)

- **Short recovery of surrender charges**

  The Goa Industrial Development Corporation (GIDC) recovered surrender charges at lower rates compared to the rates applicable for surrender of plots resulting in short recovery of ₹ 40.81 lakh.

  (Paragraph 5.4)

- **Reimbursement of differential Sales Tax based on false document**

  Goa Electricity Department failed to ensure genuineness of document submitted in support of claim for differential Sales Tax resulting in payment of ₹ 3.46 crore based on a false document.

  (Paragraph 5.5)

- **Non-recovery of charges for short supply of energy**

  The Department failed to raise bills on Goa Energy Private Limited (GEPL) for shortfall in power supply below the minimum commitment of 14 MW.

  (Paragraph 5.6)

- **Irregular refund of EMD**

  The Goa Electricity Department refunded Earnest Money Deposit and failed to initiate legal action against the supply contractor who resorted to fraudulent practices to secure contract by submitting forged records.

  (Paragraph 5.7)

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 transaction and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These are followed up with IRs which are issued to the Head of the offices inspected with copies to the next higher authorities. Half yearly report 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 2013, 344 IRs (1,337 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 September 2013 with the request to send their responses within six weeks. Reply of the Government (Civil, Commercial and Revenue) 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 the Office of the Accountant General, Goa within three months from the date of tabling of Audit Reports to the State Legislature in respect of the paragraphs included in the Audit Reports.

Eight Administrative Departments as detailed in ***Appendix 1.2*** did not comply with these instructions and had not submitted EMs for 12 paragraphs pertaining to Audit Reports for the period 2008-09 to 2010-11 even as of September 2013.

1.7.4 *Paragraphs to be discussed by the Public Accounts Committee*

Thirty six Audit Paragraphs (excluding General and Statistical) were pending discussions by the Public Accounts Committee as of September 2013. Details are shown in ***Appendix 1.3.***

CHAPTER- II

PUBLIC WORKS DEPARTMENT

2.1 PERFORMANCE AUDIT ON WATER SUPPLY SCHEMES IN THE STATE

Executive Summary

The water supply demand in the State is met through seven regional water supply schemes being implemented by the Public Health Engineering Wing of the State Public Works Department (PWD). A performance audit of the water supply schemes in the State was conducted with the objective to assess the effectiveness of the planning process; the implementation of schemes with due consideration to economy and efficiency; the promptness and effectiveness of revenue generation; the adequacy of asset management and effectiveness of monitoring and internal control mechanism. The Audit covered a period of five years 2008-13 and more than 50 per cent of the sub-divisions and divisions under the Public Health Engineering wing of the PWD. Some of the significant audit findings of the performance audit are as follows.

- **The Capital expenditure of ₹ 329.01 crore incurred under the Japan International Co-operation Agency (JICA) project during the period 2009-13 was not shown in the accounts of the State Government. The gap between the cost of operation of water supply schemes and the revenue generated was ₹ 480.50 crore over the period 2008-13.**

(Paragraphs 2.7.2 and 2.7.3)

- **Delay in tendering of works under JICA project resulted in additional burden of ₹ 166.37 crore to the State Government. Delays in acceptance of tender had resulted in additional liability of ₹ 69.02 crore on account of price escalation. Failure to capitalise on the forest approval given earlier resulted in a delay in start of work and consequent liability of ₹ 16.65 crore.**

(Paragraphs 2.9.2, 2.9.3 and 2.9.4)

- **Improper planning and lack of co-ordination within the PWD resulted in idle investment of ₹ 2.50 crore. Replacement of water meters with automatic meter reading component led to an unreasonable extra burden of ₹ 21.89 crore. Lack of planned preventive maintenance works led to irregularities in tendering of maintenance works costing ₹ 65.99 crore.**

(Paragraphs 2.9.5, 2.9.6 and 2.10.1)

- **Unaccounted water constitutes 35 *per cent* of the water produced resulting in short collection of revenue of ₹ 77.37 crore per annum. The percentage of replacement of damaged water meters over the last five years ranged from three *per cent* to 21 *per cent* only.**

(Paragraphs 2.11.3 and 2.11.4)

- **Supervisory Control and Data Acquisition (SCADA) network installed at a cost of ₹ 1.52 crore is only partly functional due to delayed payment of utility bills and delayed repairs of circuit failures.**

(Paragraph 2.12.2)

- **Manganese detected in the treated water of Salaulim water treatment plant was higher than the acceptable limit prescribed in the water supply manual. The mining dumps and waste dumping in Khandepar river affected the functioning of the Opa water treatment plant.**

(Paragraphs 2.13.1 and 2.13.2)

- **The internal control mechanism on outsourced billing operations are compromised due to lack of input, processing and output controls.**

(Paragraph 2.14.1)

2.2 Introduction

Goa has an area of 3,702 sq. kms. with two districts (North Goa and South Goa) and a population of about 14.59 lakh as per 2011 census data. The decadal growth rate (2001-11) of population was 8.17 *per cent*. The State has 347 villages and 14 towns with the urban and rural population in the ratio of 62:38. All the habitations in the State have access to safe drinking water. The demand for water in the State is met mainly through seven regional water supply schemes with a total capacity of 529 MLD (Million Litre per Day) as on March 2013. The average water supply levels in rural areas was 82 litre per capita per day (lpcd) and in urban areas 143 lpcd against the Government of India (GoI) norms of 40 lpcd and 135 lpcd respectively.

2.3 Organisation

The Principal Secretary, PWD, Government of Goa is the Administrative Head of the Department. The Principal Chief Engineer (PCE) is executive Head of PWD who is also Ex-Officio Additional Secretary to the State Government. He is assisted by Chief Engineer I (CE-I) (Public Health Engineering, Roads and Bridges) and Chief Engineer II (CE-II) (Buildings). The Water Supply Sector is included in Public Health Engineering under the control of CE-I. The organisational set-up of the Water Supply Sector in the State is shown in ***Appendix 2.1.***

2.4 Audit objectives

The objective of the performance audit was to assess whether:

- planning for water supply schemes was effective;
- water supply schemes were implemented economically and efficiently;

- fixation of water tariff and collection of water charges were correct and prompt;
- asset/inventory management was adequate; and
- an efficient monitoring mechanism and internal control was in place.

2.5 Audit criteria

The audit findings were benchmarked against the following criteria:

- Annual plan, five year plan and master plan;
- Project feasibility reports, work estimates and tendering procedures;
- Central Public Works Accounts (CPWA) Code, CPWD Works Manual, General Financial Rules (GFR) and Circulars issued by the Government;
- Water supply Act, Tariff rules, Water Bye-laws;
- Manual of Water Supply by CPHEEO[1].

2.6 Scope of audit and methodology

The present performance audit was conducted during April 2013 to September 2013 covering the period of 2008-09 to 2012-13. An entry conference was held (May 2013) with the Principal Secretary (PWD), PCE, CE-I and other officers of the Department. Out of seven water supply divisions, we had selected and test checked the records in the five divisions (Division IX, XII, XVII, XX and XXIV), the offices of the PCE, CE-I, Superintending Engineer (Monitoring and Evaluation), three circle offices (SE-V, SE-VI and SE-VIII) and Japan International Co-operation Agency (JICA) cell[2]. The operation and maintenance records maintained by the six[3] sub-divisions out of 12 sub-divisions and records of revenue collection maintained in seven[4] sub-divisions out of 13 sub-divisions were also test-checked by audit.

The draft performance audit report was discussed (November 2013) in the exit conference with the Principal Secretary (PWD), PCE and CE-1. The preliminary replies received from the Department have been incorporated at appropriate places. The reply of the Government was awaited (January 2014).

[1] Central Public Health and Environmental Engineering Organisation, Government of India
[2] The project implementation unit for executing works with the help of loan sanctioned by the Japan Bank for International Co-operation.
[3] Sub-divisions 3 and 4 of division XII, 4 and 5 of division XVII, 4 of division XX and 6 of division XXIV
[4] Sub-divisions 2 of division IX, 2 and 4 of division XVII, 2,3 and 4 of division XX and 1 of division XXIV

2.7 Finance

2.7.1 Budget provision and expenditure

The budget provisions of receipts and expenditure and actuals under the water supply sector in the State during the period 2008-13 are given in ***Table 1:***

Table 1: Budget provision and actual expenditure and revenue

(₹ in crore)

Year	Budget provision			Actual expenditure			Receipts	
	Revenue	Capital	Total	Revenue	Capital	Total	Budget	Actual
2008-09	161.43	83.54	244.97	161.55	82.75	244.30	83.06	62.72
2009-10	176.86	106.11	282.97	178.55	72.23	250.78	70.20	69.48
2010-11	176.64	119.66	296.28	189.97	45.34	235.31	70.95	68.51
2011-12	246.17	123.98	370.15	240.03	81.47	321.50	74.45	84.30
2012-13	236.70	84.51	321.21	216.13	36.27	252.40	89.09	96.59
Total	**997.80**	**517.80**	**1515.58**	**986.23**	**318.06**	**1304.29**	**387.75**	**381.60**

(Source: Finance and Appropriation Accounts of respective years)

We observed that there was huge variation between the budget provision (₹ 517.80 crore) and actual expenditure (₹ 318.06 crore) on capital heads mainly due to:

- delays in land acquisition, obtaining of forest licenses and re-tendering of works during the period 2009-10 to 2012-13 which resulted in non-utilisation of funds provided for Opa (₹ 35.33 crore), Assanora (₹ 6.25 crore) and other water supply schemes (₹ 22.37 crore);
- non-formulation of schemes under tribal area sub-plan (₹ 30.30 crore) during the period from 2010-11 to 2012-13; and
- non-settlement of bills of contractors due to insufficient funds (₹ 46.35 crore) during 2012-13.

2.7.2 Non-accountal of capital expenditure in the Government accounts

The State Government executed (September 2007) a loan agreement with Japan Bank for International Co-operation (JBIC) for execution of water supply and sewerage projects in the State. The project involved expansion and rehabilitation of Salaulim Water Supply Scheme, improvement of operation and maintenance of existing Water Supply Schemes (WSS) and creation of additional sewerage networks in the State.

As per Agreement, the release of loan was made by the JBIC directly to the contractors against the invoices for work carried out by them duly certified by the Consultants[5] and Project Implementation Unit (PIU). The JBIC released a total loan amount of ₹ 329.01 crore[6] to the contractors during the period 2009-13 against the bills certified and submitted through Controller of

[5] The consultants comprise of a Consortium of four companies namely M/s Nihon Suido Consultants Co. Ltd. NJS Consultants Co. Ltd. Luis Berger Group Inc. and Shah Technical Consultants.

[6] ₹ 19.88 crore in the year 2009-10, ₹ 25.50 crore in the year 2010-11, ₹ 152.96 crore in the year 2011-12 and ₹ 130.67 crore in the year 2012-13.

Aid Accounts and Audit, GoI, Ministry of Finance. Out of this, ₹ 282.89 crore and ₹ 46.12 crore were released for water supply sector and sewerage sector respectively. The State Government, however, did not include these transactions in their accounts during the corresponding years resulting in understatement of capital expenditure of ₹ 329.01 crore in the Finance Accounts of the State. The Department has intimated (August 2013) that the matter has been referred to the Finance Department.

2.7.3 Short recovery of ₹480.50 crore

The component wise revenue expenditure incurred and the water charges recovered during the period 2008-13 is given below;

Table 2: Operation and maintenance expenditure and water charges recovered

(₹ in crore)

Year	Operation and maintenance expenditure–minor works	Electricity charges	Raw water charges	Total direct revenue expenditure	Water charges recovered	Short recovery
2008-09	79.17	38.00	24.00	141.17	60.20	80.97
2009-10	100.98	33.95	15.00	149.93	67.32	82.61
2010-11	104.25	39.01	20.04	163.30	66.42	96.88
2011-12	142.62	48.58	19.97	211.17	81.95	129.22
2012-13	109.33	55.71	20.00	185.04	94.22	90.82
Total	**536.35**	**215.25**	**99.01**	**850.61**	**370.11**	**480.50**

(Source: Expenditure as per Appropriation Accounts. Water charges received as furnished by the Department)

It may be observed that the total expenditure incurred for running and maintenance of the water supply schemes for the period 2008-13 was ₹ 850.61 crore (excluding salaries ₹ 116.40 crore). The water supply manual stipulated that the revenue earned should be capable of sustaining the cost of operating the amenity and also to provide for a reserve for meeting the capital expenses for future improvement. The recovery of water charges during the period 2008-13 which was ₹ 370.11 crore was insufficient to even cover total direct revenue expenditure. The audit findings on this issue are discussed in **Paragraph 2.11.**

2.8 Planning

2.8.1 Planning of water requirement

The urban and rural population in Goa was 62 *per cent* and 38 *per cent* respectively as per the Census-2011. The Central Public Health and Environmental Engineering Organisation (CPHEEO), GoI's Manual of Water Supply and Treatment set the maximum consumption of water for the population with facilities of flushing sewerage system as 135 litre per capita per day (lpcd) and without sewerage system the consumption recommended was 70 lpcd.

The State had achieved the service level of 82 lpcd in rural areas and 143 lpcd in urban areas at the end of the Tenth Five Year Plan. It was proposed to increase the supply level to 100 lpcd in rural areas and 150 lpcd in urban areas with the emphasis on 24x7 water supply.

The water supply demand in the State is met mainly through seven Regional Water Supply Schemes (RWSS) with a total capacity of 529 MLD (Million Litres per Day) as on March 2013. The additional treatment capacity created during 2008-13 was 135 MLD as given below:-

Table 3: Capacity and coverage of Regional Water Supply Schemes (RWSS)

Name of the Scheme	Capacity in MLD		Talukas covered
	Existing	Created during 2008-13	
Opa W.S.S.	115	25**	Ponda, Tiswadi
Assonora W.S.S.	42	50*	Bardez
Sanquelim W.S.S.	52	0	Bicholim
Salaulim W.S.S.	160	40**	Sanguem, Quepem, Salcete, Mormugao
Chandel W.S.S.	15	0	Pernem
Canacona W.S.S.	5	10*	Canacona
Dabose W.S.S.	5	10*	Sattari
Total	**394**	**135**	

(Source: Furnished by the Department)
**New water treatment plants, **by construction of additional filter beds and increasing the pumping capacity of existing water treatment plants*

These RWSS covers the 92 per cent of urban and rural population in 11 talukas of the State. Those areas which are not served by these RWSS are served by rural water supply schemes with their sources being ground water or springs.

The year wise details of water consumption under various categories are as given in ***Appendix 2.2.***

The total water supplied from the existing RWSS was 529 MLD. Considering the per capita requirement of water as prescribed in the manual of CPHEEO, the total domestic water requirement worked out to 161.09 MLD[7]. Even to achieve the targeted per capita water supply of 100 lpcd in rural and 150 lpcd in urban areas set for the eleventh five year plan (2007-12), the total treated water requirement worked out to 191.25 MLD[8]. Against these requirements the actual water consumption was 228[9] MLD during the year 2012-13. Thus the targets set for the 11 Five Year Plan had been achieved and excess water supply capacity had been created. This can

[7] Urban population= say 9.07 lakh x 135 lpcd = 1,224.45 lakh lpcd = 122.45 MLD + Rural population= say 5.52 lakh x 70 lpcd= 386.40 lakh lpcd = 38.64 MLD.
[8] Urban = 9.07 lakh x150 lpcd = 1,360.50 lakh lpcd = 136.05 MLD + Rural = 5.52 lakh x 100 lpcd= 552 lakh lpcd = 55.20 MLD
[9] Domestic consumption was 8,33,56,655m^3/(365 days x 1000m^3)= 228 MLD

encourage wastage and diversion of critical drinking water for other purposes, which Department needs to guard against.

2.9 Implementation of schemes

2.9.1 Implementation of JICA project

GoI requested (2002) assistance of the Government of Japan (GoJ) for augmentation of water supply and sanitation in Goa. Accordingly the GoJ entrusted (March 2005) the work to undertake feasibility study to Japan International Co-operation Agency (JICA). Based on study report, the JBIC sanctioned (September 2007), a loan of 22,806 Million Japanese Yen (₹ 847.50 crore as per prevailing exchange rate) against the total project cost of ₹ 1,031.90 crore. The total loan including interest was repayable over a period of 20 years commencing from September 2017. The tripartite loan agreement between the GoG, GoI and JBIC was signed in September 2007.

The GoG constituted (August 2008) Project Implementation Unit (PIU) for project implementation, supervision and monitoring and necessary co-ordination activities.

The JICA identified following priority projects which were to be completed by the year 2012:-

1. Expansion works for Salaulim Water Supply Scheme

a. Construction of 100 MLD Water Treatment Plant at Salaulim
b. Laying of 73.65 kilometre of 150 mm to 1,400 mm transmission mains
c. Construction of 20,000 cubic metre (m^3) Master Balancing Reservoir at Sirvoi and construction of 6 reservoirs with capacities of 100 m^3 to 800 m^3
d. Pumping stations at five locations

2. Rehabilitation of existing Salaulim Water Supply Scheme

a. Rehabilitation of 160 MLD Water Treatment Plant (WTP)
b. Rehabilitation of 1,200 mm transmission mains from Margao to Verna (13.8 km)
c. Four units of pumping equipment at Verna pumping station.

3. Improvement of operation and maintenance (for all seven RWSSs)

a. Installation of flow meters at WTPs, flow meters and float valves at reservoirs and flow meters and flow control valves at transmission mains
b. Establishment of safety standards for WTPs
c. Establishment of Central Laboratory at Tonca, Panaji with adequate testing equipment which can measure all the required parameters.

State Government conveyed (March 2008) Administrative approval to the total project cost of ₹ 1,031.90 crore which comprised water supply sector component of ₹ 763.10 crore and sanitation sector component of ₹ 268.80 crore. The PIU took up the priority projects 1a to 1d under 'Expansion of Salaulim WSS' and 'Establishment of Central Laboratory' (3c). Other priority projects under Rehabilitation of existing Salaulim WSS and installation of flow meters and establishment of safety standards for WTP had not been taken up till date (January 2014).

2.9.2 Additional burden of ₹ 166.37 crore to State due to delay in implementation of the projects

The JICA project implementation was to be carried out in 22 packages (12 packages for water supply sector, 6 packages for sanitation sector and 4 common packages). The estimated cost as per the loan agreement, the estimated cost put to tender, the accepted tender cost and expenditure incurred up to January 2014 on each package and physical progress under the water supply sector are given below;

Table 4: Details of progress of works under JICA project

(₹ in crore)

Priority project number	Package numbers	Name of works	Estimated cost as per loan agreement	Estimated cost put to tender	Accepted tender cost	Expenditure incurred up to January 2014	Physical progress achieved (in percentage)
1 (a)	1	Expansion of 100 MLD WTP at Salaulim	73.79	111.92	138.50	47.53	60
1 (b)	2	Transmission lines from Salaulim to Margao	177.66	192.98	246.50	195.08	75
1 (c)	3	Master balancing reservoir at Sirvoi	10.19	9.05	10.10	4.96	80
1 (b)	4+8+10b (3 packages)	Transmission lines, distribution lines and reservoirs at various places	81.45	108.52	104.51	17.97	25
1 (b)	5	Distribution mains	54.64	52.06	44.96	11.22	25
1 (d)	6	Transmission reservoirs, pumping stations in Sanguem taluka	11.11	19.03	12. 77	8.64	70
1 (d)	7	Transmission reservoirs, pumping stations in Quepem taluka	3.27	5.67	4.03	2.83	40
2 (a and c)	9	Rehabilitation of SWTP[10] and Verna pumping station	(41.75)	Yet to be tendered			
3 (c)	10(a)	Central water testing laboratory	1.75	2.42	2.44	1.77	100
*	11	Water meters and automatic reading component	35.58	59.55	53.73	11.16	15
*	12	Power supply to SWTP and Verna pumping station	10.41	11.69	8.68	4.63	80
		Total	**459.85**	**572.89**	**626.22**	**305.79**	

(Source: Furnished by the Department)

**In addition to the priority projects mentioned in the JICA report*

[10] Salaulim Water Treatment Plant

As against the estimated cost of ₹ 459.85 crore assessed in the loan agreement for 11 out of the 12 packages, the accepted tender cost of these packages was ₹ 626.22 crore. As the loan amount was limited to ₹ 459.85 crore on these packages, the remaining amount of ₹ 166.37 crore will be met from the state budget.

2.9.3 Inordinate delay in acceptance of tenders resulting in escalation of ₹69.02 crore

The commencement of the project, as detailed in ***Appendix 2.3,*** was delayed due to time taken for acceptance of tenders by one to 16 months from the date of tendering. It was observed that the stipulated dates of completion of six packages (1, 2, 3, 6, 7 and 12) were already over but the physical progress made ranged from 40 *per cent* to 80 *per cent* only.

According to the provisions of para 19.3.1 and Appendix 23 of the CPWD manual, maximum 45 days from receipt of tenders was allowed for scrutiny at various levels to decide the award of work, where tenders had been accepted by Works Board. The Department except in one package (10a) took more than 45 days in finalising the tenders and issue of work orders and overall delays ranged from 4 months to 16 months.

The GSWB[11] also took time ranging from seven months to 11 months in three[12] works for its approval after receipt of the proposal from Bid Evaluation Committee (BEC)

The contract agreement provided for price variation payment according to the change in indices of labour, material and POL (Petrol, Oil and Lubricants) components of the contract value. The scrutiny of work files on execution of package-2 (Transmission lines from Salaulim to Margao) revealed that the Department took 13 months for issue of work order subsequent to opening of the tenders. The Department had already paid ₹ 25.56 crore (June 2012) as escalation on the total value of work done (₹ 124.24 crore). As per the price indices applied for escalation payment of ₹ 25.56 crore the average monthly increase in cost was 0.95 *per cent*[13].

The element of escalation cost makes the timely processing of tenders most essential. The delay in finalising the tenders would lead to an additional financial burden of ₹ 69.02 crore ***Appendix 2.3*** for the State Government. Almost 36 *per cent* ***Appendix 2.3*** of the additional cost was attributable to time taken by the GSWB in accepting the lowest offers recommended by the BEC in respect of seven works.

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[11] Goa State Works Board

[12] Packages 2,3 and 11

[13] During the period from January 2010 to January 2012, the average increase of labour, wholesale price indices (WPI) for steel, other commodities and POL components per month were to the extent of 0.57 *per cent*, 1.01 *per cent*, 0.72 *per cent* and 1.50 *per cent* respectively (as per the escalation bill) making an average monthly increase of 0.95 *per cent* (0.57+1.01+0.72+1.50 =3.8/4 = 0.95).

2.9.4 Failure to capitalise the earlier forest approval resulted in delay in start of work and consequent liability of ₹16.65 crore

The progress of priority project of Salaulim water supply scheme which involved construction of 100 MLD Water Treatment Plant (WTP) and intake well, construction of 20,000m^3 capacity reservoir at Sirvoi and laying of transmission lines parallel to the existing transmission lines up to Verna sump was very slow and not synchronised to allow the scheme to be commissioned as per the target date of April 2013 refer ***Appendix 2.3.***

The works of WTP and reservoir required approval from the Forest Department for diversion of forest land. The Forest Department approved (January 2004) the proposal of the PWD to execute the project under BOOT[14] basis subject to compliance of the stipulated conditions. The approval was valid for five years and was subject to payment of compensatory afforestation charges of ₹ 1.27 crore. The Department paid (December 2008) the charges and submitted compliance report to the Ministry of Environment and Forest in March 2009. Since the compliance report was received after five years, the Ministry revoked (May 2009) the earlier approval of January 2004. Consequently the State had to process for fresh clearance from the Ministry of Environment and this was received only in November 2011 affecting the timely execution of the project.

Though the work orders of the reservoir at Sirvoi and WTP were issued in February 2011 and April 2011 respectively, the works could not commence till November 2011. The work of WTP commenced in April 2012 and only 60 *per cent* was completed till January 2014. The work of reservoir at Sirvoi commenced in December 2011 only and 80 *per cent* of the work could be completed as on January 2014.

Thus the Department's failure to capitalise on the forest approval received in January 2004 resulted in delay in start of work and consequential additional liability of ₹ 16.65 crore[15] towards escalation.

2.9.5 Improper planning and lack of co-ordination resulted in idle investment of ₹ 2.50 crore

The work of 'construction of transmission reservoirs and pumping stations at three places *viz*. 800 m^3 in Quepem town area, 300 m^3 in Padi village and 100 m^3 at Cupwada in Quepem Taluka' (package-7) was awarded (August 2010) to M/s Saisudhir Infrastructure Ltd. for ₹ 4.03 crore. The work was to commence in August 2010 and scheduled to be completed by August 2011. After making payment of ₹ 2.50 crore (February 2011) the work could not proceed further as clearances from various authorities were pending till January 2014.

[14] Built Own Operate and Transfer

[15] Accepted cost of WTP = ₹ 138.50 crore. Escalation liability for delay of 12 months (April 2011 to March 2012) @ 0.95 *per cent* per month = ₹ 138.50 crore x 0.95/100 x 12 = ₹ 15.79 crore.
Accepted cost of Reservoir = ₹ 10.10 crore. Escalation liability for delay of 9 months (February 2011 to November 2011) @ 0.95 *per cent* per month = ₹ 10.10 crore x 0.95/100 x 9 = ₹ 0.86 crore.
Total = ₹ 15.79 crore + ₹ 0.86 crore = ₹ 16.65 crore.

Audit scrutiny revealed that:

- The work of laying pipelines from Balli to Barcem (10.5 km) was to be carried out along the NH 17. The Roads division-XIV demanded (June 2011) ₹ 5.25 lakh for use of National Highway land. The payment was made in October 2011 but the demand draft was returned due to incorrect payee's name. The demand draft was however, revalidated only in November 2012 and the NOC was issued (November 2012) by National Highway Authorities. This inordinate delay impacted the timely completion of the project. The physical progress of the project was 40 *per cent* till January 2014.
- NOCs were pending (January 2014) from Forest Department, Balli Communidade, Rivona Communidade and from a private party for the works of GLR Padi, sump Padi, GLR Cupwada and sump at Cupwada respectively. This showed lack of proper planning by project authorities.

The stipulated date of completion of this work was in August 2011, but only 40 *per cent* of the work has been completed by January 2014. Improper planning and lack of co-ordination resulted in non-completion of the work and idle investment of ₹ 2.50 crore for three years.

2.9.6 Replacement of water meters with automatic meter reading component - extra cost of ₹ 21.89 crore

Reduction of Non-Revenue Water (NRW)[16] was one of the objectives of JICA project.

Under package 11 of the JICA project the PIU proposed the work of supply, installation and maintenance of 93,459 multi jet water meters with Automatic Meter Reading (AMR)[17] for Salaulim water supply scheme. The work was awarded (January 2013) to M/s Unity-Chetas at total cost of ₹ 53.73 crore as detailed in Table below:

Table 5: Details of items of work awarded

(₹ in crore)

Sl. No.	Items	Amount
1	Plant equipment machinery and spare parts supplied from within the country	38.26
2	Transportation, insurance and other incidental services	0.63
3	Installation services component	12.74
4	Provisional sum	2.10
	Total	**53.73**

The item No 1 above 'plant equipment machinery and spare parts supplied from within the country (₹ 38.26 crore)' included supply of 93,330 multi jet domestic water meters costing ₹ 29.95 crore, supply of 129 non-domestic water meters costing ₹ 0.38 crore, providing AMR components costing

[16] NRW = Unaccounted for water + free water supply.

[17] AMR solution consist of 'the meter interface unit located at each meter which automatically transmits the meter reading to a hand held data receiving terminal carried by the meter reader'. The data from the data receiving terminal can be downloaded to central server facility/data management and billing system for generation of water bills.

₹ 2.91 crore and supplying pipes, valves and other fittings costing ₹ 5.02 crore.

The contract provided for replacement of 84,970 multi-jet domestic water meters of different sizes with AMR and providing additional 8,489 multi-jet meters for new connection with AMR.

Audit scrutiny revealed that:

- The PWD procures water meters as per the DGS&D[18] rate contracts. The multi-jet type domestic water meters were available at the rates of ₹ 525 for 15mm, ₹ 660 for 20mm and ₹ 873 for 25 mm as per rate contract available in the year 2010. The accepted basic rates of multi-jet domestic type water meters (without AMR component) in the contract were ₹ 2,950 for 15 mm, ₹ 3,490 for 20 mm and ₹ 7,500 for 25 mm. Even after considering a 10 *per cent* increase every year over the DGS&D rates, the rates accepted were exorbitantly higher. For 93,330 domestic water meters to be procured under the contract the total excess amount has been worked out at ₹ 21.89 crore as detailed in **Table 6.**

Table 6: Calculation of extra cost incurred on water meters

(Amount in ₹)

Sl. No	**Particulars**	**15mm meter**	**20mm meter**	**25mm meter**
1	Rate as per contract (basic rate)	2950	3490	7500
2	Rate as per DGS&D rate contract (2010)	525	660	873
3	Rate contract after adding 30 % (Row 2+30%)	685	860	1135
4	Difference (Row 1-3)	2265	2630	6365
5	Number of meters	80830	11720	780
6	Excess amount (Row 4x5)	183079950	30823600	4964700
7	**Total excess amount**			**218868250**

(Source: Schedule of quantities and DGS&D rate contracts)

- The contract provided replacement of 84,970 domestic water meters with new meters. An analysis in seven out of 13 revenue collection sub-divisions revealed that almost 84 *per cent* of the water meters were in working condition (discussed in **paragraph 2.11.4**). Thus the decision of Department to replace all the meters was injudicious. Further the replacement of water meters with AMR was not in the priority projects identified in the JICA report.

- The procurement of 93,459 [19] number of water meters constitutes nearly 35 *per cent* of the total water connections (2.67 lakh) in the State. The Department had neither conducted any pilot study nor analysed the cost benefit ratio before procurement of such a large

[18] Director General of Supplies and Disposal

[19] 93,330(Domestic)+129(Non-domestic)

quantity of water meters with AMR at a cost of ₹ 53.73 crore. The analysis done by audit on 300 consumers (selected by statistical sampling) revealed that nearly 46 *per cent* of the consumers pay less than ₹ 50 and another 33 *per cent* of the consumers pay between ₹ 50 and ₹ 100 as monthly water charges. Considering the huge capital expenditure and expensive maintenance required for water meters with AMR component the Department should have ensured replacement of meters of high paying consumers at the first instance before going for an outright replacement of all the water meters with AMR.

2.10 Operation and maintenance

2.10.1 Irregularities in tendering of maintenance works costing ₹65.99 crore

The Department has not prepared a maintenance manual for maintenance of its assets such as plant and machinery, pipe lines, reservoirs *etc*. As per the JICA report, the design life for the water treatment plant is 50 years and 15 years for mechanical and electrical equipment which are to be rehabilitated/replaced accordingly. The house connections are to be rehabilitated/replaced after 10 years. The details of total quantities of various assets with the Department and their year-wise repairs and replacements carried out by the Department were not furnished to audit (January 2014). We observed that the Department had spent ₹ 536.35 crore during the period 2008-13 on various repairs and maintenance works. There was no planned preventive maintenance work and repair works were carried out in ad-hoc manner by the divisions in the event of any breakage or leakage.

We also observed that the divisions were not observing the codal provisions while executing the repair and maintenance works on the grounds of urgency of repairs. As per para 16.1 of the CPWD manual, wide publicity should be given to the notice inviting tenders. Tenders with estimated cost of more than ₹ 5 lakh, should be advertised in press and should be sent for publication on website.

We observed that divisions XVII and XXIV had executed 1,321 and 331 repair and maintenance works during the period from July 2009 to November 2011 incurring expenditure of ₹ 52.59 crore and ₹ 13.40 crore respectively without publishing tenders in news papers. Works in 285 cases were more than ₹ 5 lakh each. A test check of 50 works in division XXIV revealed that 11 works had been broken in phases and awarded to the same agencies by issue of short tender notices, thus enabling the divisions to circumvent codal provisions as detailed in ***Appendix 2.4***.

The EE (Division-XVII) stated (February 2012) that: (i) the tender notices were not published in newspapers as nobody other than local contractors were expected to come forward for these works, (ii) there were public agitations every day due to poor water supply scenario in North Goa in 2009 and (iii) as the delay in taking approvals of estimates resulted in delay in taking up of works, the Minister, PWD announced publically to take up all maintenance works costing up to ₹ 10 lakh without publishing in news papers to save time. He however confirmed that this practice has now been discontinued and all the works costing above ₹ 5 lakh were being advertised in news papers.

2.10.2 Payment of penalty due to low power factor ₹ 58.72 lakh

The power factor is a measurement of how effectively electrical power is being used. As per para 12 (c) of the notification applicable for High Tension (HT) consumers for public water supply schemes, the power factor shall not in any case fall below 0.85 lagging (revised to 0.90 lagging with effect from July 2012). In case the power factor is found to be lower, penal charges at the rate of 0.5 *per cent* of the monthly bill corresponding to demand charges and energy charges shall be levied. In case the power factor is less than 0.70 lagging, the installation is liable for disconnection. However, all HT and Extra High Tension (EHT) installations where the power factor is maintained at above 0.95 lagging shall be eligible for a rebate @ one *per cent* of the energy charges for every one *per cent* improvement in the power factor.

We observed that the electricity bills of eight installations under five water supply schemes had low power factor ranging from 0.15 to 0.51 and paid penal charges of ₹ 58.72 lakh for the period March 2010 to May 2013 as detailed in ***Appendix 2.5***.

The Electricity Department recommended (December 2012) to PWD replacement of capacitors suitable for different machinery for maintaining good power factor. This indicated that the Department was not checking and replacing the capacitors periodically and properly maintaining its plant and machinery. This has not only resulted in payment of penal charges on the above installations but also would affect the functioning of the machinery.

Electricity charge is one of the major components of expenditure on running of the water treatment plants. During the period 2008-13 the Department had incurred a total amount of ₹ 215 crore as electricity charges. Considering the huge expenditure on electricity charges and maintenance of poor power factor, the Department should have conducted an energy audit of all its plant and machineries and also other installations maintained by the Department.

2.11 Revenue

2.11.1 Reduction in share of revenue from non-domestic consumers

The Department collects water charges from nearly 2.67 lakh consumers. The category wise number of consumers over the last five year period is given in ***Appendix 2. 6.***

During the period 2008-13, ₹ 370.11 crore was collected as water charges. The year wise details of consumption and the water charges collected from domestic and non-domestic consumers during the period 2008-13 are given in **Table 7**.

Table 7: Water consumption and water charges collected

Year	Quantity consumed in 1,000 cubic meter (million litre)			Revenue collected *(₹in crore)*		
	Domestic	Non-domestic	Total	Domestic	Non-domestic	Total
2008-09	61407	42383	103790	24.90	35.30	60.20
2009-10	73572	32428	106000	30.03	37.29	67.32
2010-11	66517	32004	98521	29.01	37.41	66.42
2011-12	81187	39509	120696	38.82	43.13	81.95
2012-13	83357	42167	125524	49.11	45.11	94.22
Total				**171.87**	**198.24**	**370.11**

(Source: Furnished by the Department)

While analysing the pattern of growth in consumption, domestic consumption had increased to 66 *per cent* in 2012-13 as compared to 59 *per cent* in 2008-09. Similarly, the water consumption in respect of non-domestic consumers reduced to 34 *per cent* in 2012-13 from 41 *per cent* in 2008-09. The domestic consumers' share in revenue grew from 41.36 *per cent* in 2008-09 to 52.12 *per cent* in 2012-13 but during the same period the share from the non-domestic sector reduced by 11 *per cent.* We observed that while the domestic tariff has been increased three-fold during the last five years, there was only marginal increase in non-domestic tariff over the same period as detailed in the succeeding paragraph.

2.11.2 Revision of water tariffs

As per **paragraph 17.4.2** of the water supply manual of CPHEEO, the revenue earned on sale of water was to be utilised to meet the annual recurring cost of operation and maintenance and to provide for a reserve for meeting the capital expenses. The quantity actually billed was invariably less than the quantity produced and was thus unaccounted for water. The revenue recovered was inadequate to meet the operation and maintenance expenditure and in the tariff the cost of water which was not accounted for should have been factored in.

The total direct revenue expenditure for running the water supply schemes stood at ₹ 185.04 crore during 2012-13. Based on the present production of 529 MLD[20], the unit cost for production of water was ₹ 9.58[21] per cubic meter during the year 2012-13. Due to the high percentage of unaccounted water, the Department could collect water charges for only 343.90 MLD[22]. Thus the unaccounted water constitutes 35 *per cent.* Receipts for 67,561.50 MLD[23] during 2012-13 were lost as the same was unaccounted for.

During the period from April 2008 to April 2013 the Department revised the tariff structure twice (March 2011 and April 2013) as detailed in ***Appendix 2.7***. The increase in domestic tariffs in the maximum slabs was 200 *per cent* and those of public taps increased by 66 *per cent* during the period 2008-13. In respect of non-domestic tariffs the increase ranged from

[20] One MLD = 1,000 cum per day.

[21] Expenditure in 2012-13 ₹ 185.04 crore. Production per day =5,29,000 m^3. Production per year 5,29,000 x 365 = 19,30,85,000 m^3. Unit cost = ₹ 185,04,00,000/19,30,85,000 = ₹ 9.58 per m^3

[22] Total metered consumption 12,55,24,162 m^3 in 2012-13 (*Appendix-2.2*). 12,55,24,162/365 days = 3,43,901 m^3 equivalent to 343.90 million litre.

[23] (529 MLD-343.90 MLD)x365 days =67,561.5 MLD

16 *per cent* to 46 *per cent* only during the same period. The increase in the domestic water tariff during the last five year period indicated a healthy trend in achieving sustainability in operation of the water supply schemes in the State. The tariff should periodically be revised to ensure that the recurring cost of operation and maintenance at least, are realised.

2.11.3 High percentage of unaccounted water resulting in short collection of revenue of ₹ 77.37 crore per annum

The Unaccounted Water (UW) represents the difference between the quantities of water supplied from the water treatment plants and that of the quantity supplied and measured at consumer point. The major factors leading to UW are leakage of water from the transmission lines, distribution lines, underground reservoirs, valves, connections *etc.* illegal connections; unmetered supply and non-working/faulty water meters.

As per the CPHEEO manual, Ministry of Urban Development, GoI the unaccounted water should be limited to 15 *per cent*.

The Department aims for 24×7 supplies in future. This brings with it the challenges of ensuring that leakage control measures are put in place to keep leakage 'in-check', as potentially, increasing the hours of supply could increase the level of water loss. The Department stated that all the connections were metered, reasons for the huge percentage of UW could be attributed to faulty meters, leakages in water pipelines and other causes.

2.11.3.1 Salaulim Water Supply Scheme

The Salaulim Water Treatment Plant (SWTP) supplies an average of 200 MLD water and the total output of the plant was being measured at the flow meters installed at Xelpem. After covering a length of 24 kilometre the 1,400 mm conveying mains reaches the Bifurcation Point at Margao (BPM) where another flow meter was installed. The flow meter at BPM measures the flow of water at an average of 113 MLD. The total water released through 21 tapping points from the conveying main between these two flow meters was 87 MLD[24].

We obtained the total billed quantity of all the consumers who received water through these 21 tapping points during the period from January 2013 to March 2013. The monthly (30 days) average quantity of water released at SWTP and received at BPM was 5,979 Million Litre (ML) and 3,411 ML respectively. The difference in quantity of 2,568 ML per month represents the quantity of water supplied through the above 21 tapping points. However, the actual monthly water consumption metered and billed at the consumer points (covering 34 villages) which receives water from the above 21 tapping points was 1,562 ML. Thus 1,006 ML[25] of water was unaccounted for which was 39 *per cent* of total water supply.

[24] 200 MLD-113 MLD =87 MLD

[25] 2,568-1,562 = 1,006

2.11.3.2 Opa Water Supply Scheme

From the 40 MLD WTP of Opa water supply scheme the water is supplied through main pipe line to Taleigao and Altinho reservoirs at Panaji and five tapping points lie on route of supply. Flow meters have been installed only at the Panaji and Taleigao tapping points. Due to non-availability of flow meters at the other three tapping points, audit worked out the water released through Panaji and Taleigao tapping points and the total billed quantity on the consumers from these tapping points.

The water consumption metered and billed at the consumer points of Panaji and Taleigao during the period from March 2013 to April 2013 and the water released as per the flow meter readings in these tapping points was as shown in **Table 8**.

Table 8: Calculation of unaccounted water of Opa WSS

Sl. No.	Particulars	Quantity
1	Flow meter reading for Altinho reservoir in MLD	14.86
2	Flow meter reading for Taliegao reservoir in MLD	7.94
3	Water fed in to system from Opa water treatment plant for supply to the consumers of above zones in MLD (1+ 2)	22.80
4	Total water metered and billed per day in MLD	14.85
5	Unaccounted water (3–4)	7.95
6	Percentage of unaccounted water (5/ 3x100)	35

(Source: Compiled by audit from the information furnished by the Department)

Thus the percentage of unaccounted water from these two tapping points was 35 *per cent*.

2.11.3.3 Chandel Water Supply Scheme

Chandel water supply scheme supplying water to the Pernem taluka in North Goa district has a total installed capacity of 15 MLD. As per the information furnished by sub-division 2 of division XVII, Pernem, the average daily water consumption for two latest billing cycle (ranging from 98 to 151 days) was to the tune of 9,764 m^3 (9.76 MLD). Thus the unaccounted water constituted 5.24 MLD[26] which worked out to 35 *per cent*.

2.11.3.4 Dabose Water Supply Scheme

The Dabose water supply scheme (DWSS) which supplies water to the Sattari taluka in North Goa district has a total installed capacity of 15 MLD. Due to hydraulic constraints of the conveyance grid, the actual production of the plant was only 12.50 MLD equivalent to 12,500 m^3 per day and the actual billed quantity as furnished by concerned sub-divisions[27] was only to the extent of 7,138 m^3. Thus the unaccounted water in the scheme was 5,362 m^3 which constitutes 43 *per cent.*

[26] 15 MLD – 9.76 MLD = 5.24 MLD
[27] sub-division 3 of division XXIV, Valpoi

The overall unaccounted water of 35 *per cent*[28] under all the seven WSS was above the permissible limit of 15 *per cent.* The PWD was recovering water charges at the rate between ₹ 15 to ₹ 35 per m^3 for the consumption of above 50 m^3 per month for domestic and the actual quantity measured in respect of non-domestic consumers. Considering the rates applicable to various categories of consumers, the revenue lost for unaccounted water excluding the permissible limit of 15 *per cent* worked out to ₹ 77.37 crore during the year 2012-13 as detailed in ***Appendix 2.8***.

2.11.4 Non-replacement of faulty/damaged water meters

We observed from the test check of seven[29] sub-divisions which have a total number of 89,575 connections that the percentage of damaged meters constitutes 12 to 16 *per cent* and out of these damaged meters only three to 21 *per cent* were replaced during the period 2008-13 as given in **Table 9**.

Table 9: Details of damaged meters and its replacement

Year	Number of connections	Number of damaged/ non- working meters reported	Percentage of non-working meters	Number of damaged/ non-working meters replaced	Percentage of replaced meters to damaged/ non-working meters
2008-09	80308	10532	13	758	7
2009-10	84186	12317	15	2477	20
2010-11	86481	11476	13	2437	21
2011-12	87097	10888	12	1473	14
2012-13	89575	14000	16	454	3

(Source: Furnished by the Department)

The low replacement level of faulty meters would hamper the Department's initiatives to check unaccounted water and then lead to non-recovery of water charges.

2.11.5 Arrears of water charges

Arrears of water charges increased from ₹ 16.41 crore at the end of 2008-09 to ₹ 23.49 crore at the end of 2012-13. Almost 30 *per cent* of the arrears pertained to three consumers namely Western India Shipyard, Mormugao (₹ 1.33 crore), Mandovi Hotels, Panaji (₹ 4.21 crore) and M/s Dalmia Resorts, Mobor (₹ 1.66 crore).

The arrears of M/s Western India Shipyard were due from the year 2005. The consumer paid six lump sum amounts up to August 2009. Thereafter, some part payments up to December 2012 were made leaving an arrear of ₹ 1.33 crore as on March 2013. The Department disconnected the water connection only in April 2013 and the matter had been passed on to the revenue

[28] 529 MLD (total water supplied)-343.90 MLD = 185.10 MLD which is 35 *per cent* (185.10/539 x 100)

[29] Sub-division 2 of division IX, sub-division 2 & 5 of division XVII, sub-division 1 of division XXIV and sub-divisions 2, 3 and 4 of division XX.

recovery court. The Department did not renew the bank guarantee of ₹ 2.34 lakh submitted (January 2001) by the customer while renewing the water connection and thus the same could not be encashed.

M/s Mandovi Hotels disputed the sewerage charges which were levied from February 1995 along with the water charges. Their contention was that they consume water from sources other than PWD and thus sewerage charge for water from other sources was not payable by them. The Department has neither disconnected the water connection nor taken any action to recover the dues through recovery court during the past 18 years and the arrears mounted to ₹ 4.21 crore as of March 2013.

The arrears of M/s Dalmia Resorts were due from June 1996 when the water connection was disconnected. The revenue recovery of ₹ 5.67 lakh could not be made as the customer discontinued business. When the consumer restarted business in 2007, the Department demanded a sum of ₹ 1.66 crore which included delayed payment charges applicable from time to time. An appeal by the consumer was dismissed (September 2010) by the Hon'ble High Court of Bombay at Goa but the Department has not taken any action on the basis of the Court's order so far to recover the amount (January 2014).

2.12 Monitoring

2.12.1 Non-working flow meters resulting in poor monitoring of water supply

Installation of flow meters is essential for ascertaining quantity of water supplied. We observed during a joint visit (June 2013) to the Salaulim WTP with the Assistant Engineer of Sub-division 4 that both the flow meters installed (June 2011) on two 1,000 mm raising mains to the WTP at a cost of ₹ 13.68 lakh were not working. The Assistant Engineer informed (June 2013) that both the flow meters were not working since June 2012 due to damage caused during maintenance activity to underground cables. He further informed that the flow meters would be repaired on completion of ongoing replacement work of rising mains to WTP and the contractor had agreed (June 2013) to carry out the repair work without extra cost and his security deposit of ₹ 1.39 lakh was kept on hold.

2.12.2 Non-functioning of SCADA network installed at a cost of ₹ 1.52 crore

Supervisory Control and Data Acquisition (SCADA) is a management information system helpful in management of operation and maintenance of a water supply scheme. The data collected from the monitoring devices installed in remote areas are fed into a software (SCADA software) which act as a tool to generate various reports such as daily flow charts, hourly flow charts *etc.* The analysis of SCADA reports would enable the Department to ascertain how much water was fed into the system and that reached at various tapping points *etc.* to locate areas of leakages.

The Opa water supply scheme was connected with a SCADA network in the year 2010 at a cost of ₹ 1.52 crore. It was observed that the SCADA system was non-operational from May 2011 onwards due to the failure of segment coupler circuit which was short circuited by lightning. The same was repaired and the SCADA started getting the data from local stations from September 2011 onwards with intermittent failures. The SCADA system became partly non-operational from March 2012 as the modem required for internet connection had gone out of order. Though a new modem was procured (July 2012), 6 Airtel sim-cards and 2 Idea sim-cards acquired for data acquisition from remote locations were disconnected (July 2012) by the service providers due to non-payment of dues in time. The BSNL land lines and internet connections were also disconnected due to non-payment of dues. Hence the SCADA network had been non-functional since March 2012 till date (January 2014).

Thus, despite incurring ₹ 1.52 crore on installation of the SCADA the Department has failed to get the full benefits of the system for a period of over two years.

2.13 Environmental degradation affecting drinking water sources

2.13.1 Mining activities in the catchment area resulted in high manganese deposits in the Salaulim dam water

We observed that the manganese deposits in the Salaulim dam water has been one of the major constraints faced by the Department in the Salaulim water treatment plant. The details of manganese contents reported by Division XII during last five years in the raw water and treated water are shown below:-

Table 10: Details of manganese contents detected in Salaulim WSS

Year	Number of months during the year when manganese was reported in		Quantity of manganese reported in milligram per litre	
	Raw water	Treated water	Raw water	Treated water
2008-09	8	2	0.17 to 3	0.05 to 0.09
2009-10	9	5	0.05 to 1.7	0.05 to 0.5
2010-11	10	4	0.05 to 3	0.02 to 0.1
2011-12	9	7	0.13 to 1.8	0.03 to 0.1
2012-13	12	10	0.05 to 2.9	0.06 to 0.1

(Source : Furnished by the Department)

The Division reported (July 2012) that manganese deposit in the dam water was due to concentration of many mining activities in the surrounding catchment areas of the dam as the mining dumps percolate to the dam water during monsoon and remains in the water in soluble condition. In order to have effective control of manganese pollution problem at Salaulim dam the division proposed (July 2012) a detail study in collaboration with Director of

Industries and Mines. In this regard, the Directorate of Mines and Geology proposed a joint inspection in August 2012, but the results of the inspection/ study have not been furnished to audit by the Department (January 2014).

An analysis of manganese deposit levels recorded during the last five years (2008-13) revealed increasing trend. As per the Manual of Water Supply the acceptable level of manganese in treated water was only 0.05 milligram per litre. However, the manganese detected in the treated water ranged from 0.09 mg to 0.5 mg per litre which was ten times higher than the acceptable limit. Action needs to be immediately taken to ensure that the treated water conforms to the standard laid down.

2.13.2 Waste dumping to Khandepar river and mining activities in the upstream of the river affecting Opa WSS

The Assistant Engineer of sub-division-V, Opa WTP reported (October 2012) that the lower inlet holes of jackwell was blocked by plastics and other rubbish materials. He further reported (July 2013) that plastic cans, bottles, pieces of cloth *etc*. are flowing in the Khandepar river, thereby choking the intakes and suction lines of the pumps at Opa water works necessitating frequent shut down of the plant.

Mining in the upstream area of the Khandepar river also resulted in increase in the turbidity of the water causing choking of the sand filter beds. This increases the treatment time due to frequent back washing, excess pumping of raw water and thereby decreases the efficiency of the treatment plant.

Action may be taken to ensure that the waste is not dumped in Khandepar river and mining rejects do not affect the working of the Opa plant.

2.14 Internal control

2.14.1 Mechanism for measurement and collection of water charges

Printing of water bills was outsourced to two vendors *viz.* M/s Megasoft systems, Margao and M/s Cybercad Technologies, Ponda. For every billing cycle, the meter reader notes the quantity of water consumed for onward submission to the vendor. The vendor works out the water charges leviable and generates printed bills, monthly consumer ledger, daily/monthly revenue collection statements, revenue summary, category wise revenue *etc.*

We selected bills of 50 consumers in each of six sub-divisions for checking by statistical sampling using Idea Software. A random sample of 15 bulk consumers was also included. The observations were:

2.14.1.1 Barring bulk consumers, no ledgers were maintained at sub-division II of Division IX, Margao with 21,752 consumers. M/s Megasoft reported that no previous records were maintained. Therefore audit was unable to carry out checks in the sub-division office.

2.14.1.2 Sub-division II of Division XX with 4,951 consumers maintained manual ledgers with details of payments by consumers. Complaints about non-recording of receipts by the vendor were received from consumers who received inflated bills. The sub-division had to subsequently make corrections in the bills after checking with the ledgers maintained by it. The position of arrears as recorded in the Megasoft's records and as per the sub-divisional ledgers for the last five years are shown in ***Table 11.***

Table 11: Difference in arrears between Departmental ledger and billing agency

(Amount in ₹)

Year	Arrears as per Megasoft ledger	Arrears as per sub-divisional ledger	Difference
2008-09	691609	387009	304600
2009-10	524851	478636	46215
2010-11	757924	547415	210509
2011-12	875670	749108	126562
2012-13	859088	676698	182390
Total difference			**870276**

(Source: Furnished by the Department)

2.14.1.3 The audit team along with the sub-divisional staff visited the vendor M/s Megasoft systems to ascertain the various security, input, processing and output controls existing in the computerised billing system. We observed that:

- Megasoft had 10 dedicated data entry operators (DEOs) for PWD work. They were working on a data base management system developed through Foxpro. The DEOs were alloted a fixed set of zones for data entry and each DEO was responsible for his/her zone. The DEOs did not have a unique access user identification or user password that authorised them to enter or modify data.

- In case of corrections in a bill, ideally, the sub-division was to send the corrected bill authorised by the Assistant Engineer to Megasoft so that they could enter the changes in the system. File modifications however, were also carried out on instructions or authorisation for the same over the telephone from a Junior Engineer or an Assistant Engineer.

- There was no system in place at the sub-divisional level to cross check the arrear figures calculated by Megasoft.

- When asked to furnish the soft copy of all the ledgers for the last five years, Megasoft stated it was unable to do so because as a practice it maintained the ledger dated only upto the last billing cycle and deleted the previous one. It supported its action by saying that there was no clause in the tender schedule which binds them to preserve past ledgers.

The system of billing and maintenance of records by the Department was compromised by lack of internal controls with regards to the operations carried out by the vendor. As the Department adopted the arrears position as provided by the vendors, the figures of revenue shown in the accounts records are susceptible to inaccuracies. The contract agreement with the vendors may be reviewed to ensure security of data and safe keeping of past data through suitable back up.

2.15 Conclusion

The Department could not recover its operation and maintenance cost to the extent of ₹ 480.50 crore over the last five years. The implementation of works under JICA project was tardy resulting in cost overrun. Inordinate delay in acceptance of tenders resulted in avoidable escalation payment of ₹ 69.02 crore. There was unjustified extra expenditure of ₹ 21.89 crore on replacement of water meters. Lack of periodic maintenance of plant and machineries resulted in high power consumption and payment of penalty on low power factor. Lack of planned preventive maintenance works resulted in maintenance works being executed in adhoc and irregular manner. While there was three-fold increase in domestic tariffs over the period 2008-13 the increase in non-domestic tariffs was only marginal. The prevailing percentage of unaccounted water was 35 *per cent* against the permissible limit of 15 *per cent* prescribed in the water supply manual. The Department has not installed flow meters to measure water supply on all water supply schemes and those installed are not functioning resulting in poor monitoring. The SCADA installed was only partly functional due to delayed payment of utility bills and delayed repairs to circuit failures. The mining dumps and waste dumping in raw water sources hampered functioning of water treatment plants. The internal control mechanism on outsourced billing operations are compromised by lack of input, processing and output controls.

2.16 Recommendations

- The Department should revise the water tariffs applicable to non-domestic consumers in line with the revision of domestic tariffs.
- The Department should introduce planned periodic maintenance for its plant, machinery, pipe lines and fittings.
- An annual survey to identify areas of leakages should be conducted and plan its maintenance works to check unaccounted water.
- The Department should conduct a mid-term review on implementation of JICA project and ascertain the additional funding requirements for completion of the projects.

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* ***Audit against propriety/Expenditure without justification***

PUBLIC WORKS DEPARTMENT

3.1.1 Avoidable expenditure of ₹ 0.63 crore

Despite availability of surplus pipes and fittings valuing ₹ 1.46 crore, the Division procured additional pipes costing ₹ 62.98 lakh for maintenance work.

The State Government accorded an administrative approval (September 2006) of ₹ 4.62 crore for the work of maintenance of water supply to Panaji city and surrounding areas. The work included replacement of existing Asbestos Cement (AC) and Galvanised Iron (GI) pipelines with 150 mm, 200 mm and 300 mm dia. Ductile Iron (DI) pipes. The work was awarded (March 2007) to M/s Blue Chip constructions at a cost of ₹ 4.57 crore. The work was to be completed by May 2008 but the contractor could not complete the work due to non-availability of road cutting permissions from the Corporation of City of Panaji (CCP). The contractor, however, had supplied (May 2008) the entire quantity of pipes, valves and fittings required for the work but could lay only 9,504 metre against 17,000 metres prescribed in the agreement. The Department had paid (October 2008) for the pipes (₹ 2.69 crore) and valves and fittings (₹ 0.58 crore) to the contractor. The Department foreclosed (September 2010) the contract under clause 13 of the Agreement and final bill amount of ₹ 3.67 crore was paid to contractor (October 2012).

Audit observed (January 2013) that since the work was foreclosed, the Superintending Engineer, Circle-V ordered (November 2011) to transfer the balance materials to divisional store to issue to works as and when required. Accordingly the Assistant Engineer-I transferred (July 2012) 6,574.40 metre of 150 mm dia, 825.60 metre of 200 mm dia. and 96 metre of 300 mm dia. DI pipes along with the sluice valves, air valves, CI fittings, CI specials valuing ₹ 1.46 crore to the divisional store. However, due to non-availability of space, these materials were not taken over by the store sub-division and were lying in the Altinho Godown and Taleigao Tank Stockyard in the custody of Assistant Engineer I (January 2014*)*.

Audit observed that despite having the required material with them, the division entered into 16 agreements with the contractors for supply of these pipes costing ₹ 0.63 crore in various maintenance works during the year 2012-13 as detailed in ***Appendix 3.1.***

In reply, the Executive Engineer (Division III) stated (July 2013) that they had planned to execute the balance work of laying pipelines by re-tendering after availing due road cutting permissions. Further it was stated that the material could not be utilised in the 16 works pertaining to the agreements stated above as the estimates were submitted for approval prior to the availability of above mentioned pipes.

The reply is not acceptable as the Department did not utilise the surplus pipes for more than three years from the date of closure of work. The non-utilisation of the surplus stock of pipes not only resulted in idle investment of ₹ 1.46 crore but further resulted in avoidable expenditure of ₹ 0.63 crore.

The matter was referred to the Government in April 2013, their reply was awaited (January 2014).

3.1.2 Undue benefit of ₹ 11.40 crore to contractors

The rates for supply of pipes for works of gravity sewer lines paid to the contractors were exorbitantly higher than the prevailing market rates at which the pipes were procured by the contractors. Consequently the contractors gained a profit of ₹ 11.40 crore on supply of pipes alone at the cost of public exchequer.

The 'Taleigao Sewerage scheme for Taleigao, Dona Paula and Caranzalem areas in the outskirts of Panaji City' was administratively approved (December 2006) for ₹ 58.60 crore. The work was divided into four phases. The work of design, construction, testing and commissioning of 15 MLD[1] Sewage Treatment Plant was included under Phase I. The work of construction of wet well, gravity sewer lines, raising main and re-instatement of roads covering 19 zones in the outskirts of Panaji city such as Taleigao, Dona Paula and Caranzalem was divided into three phases (Phases II,III & IV).

Audit scrutiny revealed (January 2013) that the Department had prepared estimates inclusive of supplies at store or site of work of various diameters of Cast Iron (CI)/High Density Polyethylene (HDPE)/Ductile Iron (DI) pipes required for the works. The cost of the supply of pipes constituted 10 to 36 *per cent* of the total estimated cost. The works were tendered between March 2010 and July 2011 and awarded to three agencies between September 2010 and January 2012 as under.

Sl. No	Name of work	Estimated cost (*₹ in crore*)	Month of call of tender	Month of acceptance by GSWB	Accepted cost (*₹ in crore*)	Agency
1	Phase III covering Zones 1,2,3,7,8 &9	30.86	December 2010	May 2011	37.58	M/s Laxmi Civil Eng. Services Pvt. Ltd.
2	Phase II covering Zone 16 (part) &17 (part)	6.72	August 2010	May 2011	7.97	-do-
3	Phase II covering Zones 12(part) 13 &14 (part)	12.18	March 2010	September 2010	14.60	M/s Skyway Infra Projects Pvt. Ltd.

[1] Million Liters per Day

4	Phase IV covering Zones 4,5,6 &10	29.32	July 2011	January 2012	30.77	M/s Ayyappa Infra Projects Pvt. Ltd.
	Total	**79.08**			**92.94**	

Scrutiny further revealed that the contractor (M/s Laxmi Civil Engineering Services Pvt. Ltd.) executing two works (Sl. No. 1 and 2) had placed supply orders (September and October 2011) on M/s Jindal Saw Limited, M/s Kissan Irrigation Limited and M/s Electro Steel Casting Ltd. for supply of DI pipes, HDPE pipes and CI pipes respectively for the works. A comparison of the tendered rates and the rates paid by the contractor to manufacturers of pipes (market rates) revealed that the Department paid ₹ 4.38 crore over and above the market rates to the contractor for these two works as detailed in ***Appendix 3.2.*** The difference in rates ranged from 49 *per cent* to 363 *per cent.*

In respect of work at Sl. No. 3 the contractor M/s Skyway Infra Projects Private Limited procured (December 2010 and January 2011) the DI, HDPE and CI pipes for the works from M/s Jindal Saw Limited, M/s Dura Line India Private Limited and M/s Noble Enterprises respectively at much lower rates than the rates quoted in the tender. The excess amount paid by the Department over the actual procurement rates by the contractor was to the tune of ₹ 3.50 crore as detailed in ***Appendix 3.3.*** The difference in rates ranged from 131 *per cent* to 482 *per cent.*

In respect of work at Sl No 4 the cost for supply of pipes constitutes 24 *per cent* of the total estimated cost. The tenders were called in July 2011 and the lowest negotiated tender of M/s Ayyappa Infra Projects Private Limited at 4.97 *per cent* above the estimate was accepted by GSWB[2] in January 2012. A comparison between the accepted tender rates and the market rates[3] (November 2011) for supply of pipes revealed that the amount payable to the contractor was ₹ 3.52 crore more than the market rates as detailed in ***Appendix 3.4.*** The increase in rates ranged from 50 *per cent* to 177 *per cent*.

In reply, the Department stated (January 2014) that as per the existing practice followed no procurement of pipes were made separately from the manufacturer for issuing to the agencies for executing the work. Further, it was not advisable to single out only the rates of pipes separately for comparing purpose. The existing practice to tender the work as a whole was for smooth and speedy completion of work.

The Department did not exercise due diligence as the variation in rates between the market rates and those tendered by the contractors were huge and direct procurement could have resulted in savings of ₹ 11.40 crore in respect of the expenditure on these 4 works.

The para was issued (April 2013) to the Government; their reply was awaited (January2014).

[2] Goa State Works Board

[3] The rates offered by the manufacturers in November 2011 for supply of pipes to M/s Laxmi Civil Engineering Services Pvt. Ltd. for works at Sl. No. 1 and 2.

3.1.3 Avoidable extra cost of ₹ 1.06 crore due to re-alignment of pipeline

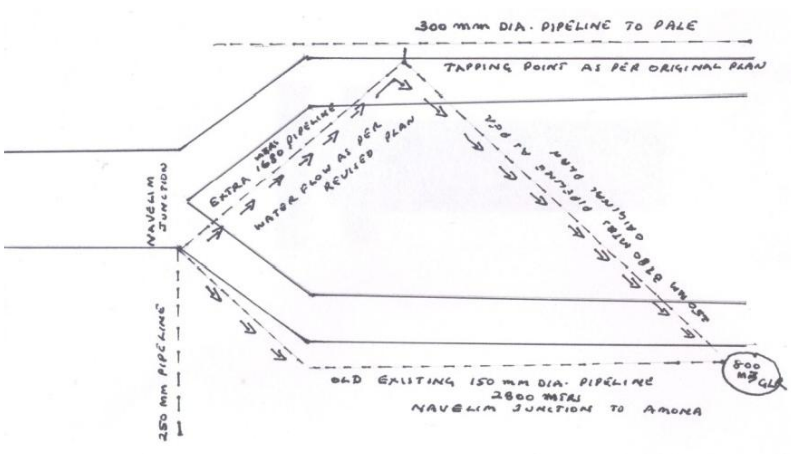
The PWD awarded the work of laying 3,780 meter of 250 mm dia. pipeline to supply water to Amona village from a tapping point situated at Pansewadi Maina junction. Subsequently the Department decided to re-align the pipeline to another tapping point at Navelim Junction necessitating additional pipeline of 1,680 meters and additional cost of ₹ 1.06 crore.

To improve water supply to Amona village the State Government accorded (March 2011) administrative approval and expenditure sanction for ₹ 2.13 crore for providing and laying 250 mm diameter (dia.) Ductile Iron conveying main from Navelim to the newly constructed 800 m^3 Ground Level Reservoir (GLR) at Amona. The work was awarded (August 2011) to M/s Mareena Builders for ₹ 1.51 crore stipulating the date of completion as 11 February 2012.

The work involved laying 3,780 meter 250 mm dia. pipeline from the tapping point at Pansewadi Maina Junction (PMJ) to Amona. Water was proposed to be tapped from the existing 300 mm dia. conveying main at PMJ which supplies water to Pale constituency.

When 80 *per cent* of the work of laying the pipeline was completed (April 2012), the Department realised that tapping at PMJ would affect supply to Velguem, Surla and Pale area. Further, the Hon'ble MLA of Sanquelim constituency desired that tapping of water for the new line be done from the old 250 mm line of Navelim junction. Accordingly, it was decided to connect the newly laid pipeline to the existing 250mm dia. conveying main at Navelim junction which was 1,680 meter away from PMJ.

Audit observed that the water to Amona village was already being supplied through a 2,800 meter long 150 mm dia. pipeline from the 250 mm conveying main at Navelim junction. As per the revised route the total quantity of pipeline to be laid for connecting from the Navelim Junction to Amona GLR worked out to 5,460 meters (3,780 mtrs +1,680 mtrs).



Had the Department initially assessed that tapping water from the 300 mm pipeline at PMJ would affect supply to the three mentioned areas the

GLR at Amona could have been connected to the Navelim junction by a 250 mm conveying main by laying only 2,800 meter of 250 mm dia. pipeline and based on the rates of the original work awarded to M/s Mareena builders, this work could have been completed at a cost of ₹ 1.12[4] crore. As against this, the total amount payable for laying 5,460 meter pipeline through the present re-alignment would work out to ₹ 2.18[5] crore resulting in an avoidable extra expenditure of ₹ 1.06 crore.

The matter was communicated to the Department/Government (June 2013) and their reply was awaited (January 2014).

PUBLIC HEALTH DEPARTMENT

3.1.4 Irregularities in contract for supply of medical gases to the Goa Medical College

There was abnormal increase in the consumption of medical gases and significant variation in the quantities of oxygen indicated as received by the security staff and the administrative staff of the Goa Medical College.

The Goa Medical College, Bambolim (GMC) invited tenders for "supply, installation and commissioning of Medical gases" (March 2010). Out of three offers received, M/s Scoop India Pvt. Ltd. Corlim, Goa (M/s Scoop) was assessed as the lowest tenderer at ₹ 52.61 lakh in spite of their failure to quote for the maintenance cost as required in the tender. The Purchase committee recommended (September 2010) acceptance of the offer of M/s Scoop. Administrative approval and expenditure sanction for supply of medical gases at a cost of ₹ 52.61 lakh for a period of one year was granted by the Government (November 2010). Accordingly, supply order was issued (December 2010) to M/s Scoop.

On scrutiny of the supply and billing records, Audit observed that Oxygen was being supplied by M/s Scoop in trolleys fitted with 48 cylinders. The estimate for supply of medical gases to the GMC envisaged supply of only 42 trolleys of medical oxygen per month, which works out to not more than 1.5 trolleys per day. It was, however, seen that invoices were raised for three to four trolleys per day and the same were certified as received by the GMC. The invoices indicated that three to four trolleys with the same set of 48 oxygen cylinders were supplied to the GMC on consecutive days.

Further, the entries in the register for consumption of oxygen indicated that 48 cylinders fitted to a trolley were shown as consumed in 12 hours on all days. Recording of the consumption of exactly 12 hours on all days instead of the actual usage of oxygen raised doubts on the method of recording of consumption of oxygen. After being pointed out in audit (December 2012), the register indicated an increased consumption ranging from 16 to 24 hours per day from January 2013.

[4] ₹ 1.51 crore/3,780 mtrs/x 2,800 mtrs = ₹ 1.12 crore
[5] ₹ 1.51 crore/3,780 mtrs x 5,460 mtrs = ₹ 2.18 crore

Entry and exit of the trolleys carrying the oxygen cylinders were recorded in a register by the Security staff at the GMC gate. The entries in the register of March 2011 were verified and based on this examination it was found that on an average, only two trolleys entered the GMC premises daily.

The contract amount of ₹ 52.61 lakh was stated to be worked out by the GMC for the estimated quantity of medical gases required for one year. However, for the period 23 December 2010 to 31 December 2011, the actual amount paid to M/s Scoop on this account was ₹ 1.14 crore which was over 117 per cent of the estimated expenditure. There was abnormal increase in the consumption of medical gases and significant variation in the entry quantities of material recorded by the security staff and the administrative staff.

The matter was referred to the Government in June 2013. The GMC replied (July 2013) that:

i. At the time of tendering, the probable requirement of oxygen cylinders were worked out based on the consumption at that point of time. The consumption varied based on requirement at the hospital; and

ii. The trolleys entering the main manifold room through another entrance were not verified at the main gate. However the security staff stationed at the main manifold room entrance verified and received the same.

The reply was not acceptable as the requirement of oxygen was estimated based on the previous consumption of the hospital. Further, the claim that the cylinders received at the manifold room were checked by the security staff posted there is also not acceptable as no records were produced to substantiate the claim. If the trolleys entered the manifold room through another entrance other than the main gate without checks, then there exists a security breach which has to be plugged at the earliest.

The reply of the Government was awaited (January 2014).

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.1.5 Avoidable expenditure of ₹ 1.34 crore due to non-lifting of foodgrains under Wheat Based Nutrition Programme

The Director of Women and Child Development did not lift the foodgrains allotted by Government of India at BPL rates under the Wheat Based Nutrition Programme but procured the foodgrains from Marketing Federation at much higher rates resulting in avoidable expenditure of ₹ 1.34 crore.

Under Wheat Based Nutrition Programme (WBNP), the GoI allocates foodgrains (wheat and rice) at Below Poverty Line (BPL) Rates (₹ 4.15 and ₹ 5.65 per kg[6]) to the States on their demand for meeting their requirement

[6] Kilogram

for supplementary nutrition to beneficiaries under the Integrated Child Development Services (ICDS)[7] Scheme. The State was, however, not availing of the benefits under WBNP and the foodgrains were being procured through open market *i.e.* from Goa Co-operative Marketing and Supply Federation Ltd. (Marketing Federation).

When the Ministry of Women & Child Development, GoI intimated (July 2009) the State Government that the State had not furnished the requirements for foodgrains under WBNP for the year 2009-10 the Directorate of Women & Child Development (Directorate), Goa decided and forwarded (March 2010) the requirements of 582.99 MT[8] each of wheat and rice for the year 2010-11. Accordingly, the GoI allocated (May 2010 and July 2010) 438 MT of wheat and 431 MT of rice during the year 2010-11. The Directorate however, did not lift the foodgrains on the grounds that there was no budget allocation for WBNP during the year and allocation for the year had lapsed. During 2011-12, as demanded (May 2011) by the Directorate, the GoI allocated a total quantity of 1,888 MT each of wheat and rice. The Directorate however, lifted only 657 MT of wheat and 648 MT of rice (as indicated in table) during the year and the balance quantity of 1,231 MT of wheat and 1,240 MT of rice was not lifted.

Details of Food grains allocated and lifted during 2011-12

(Quantity in metric tonne)

Period of allocation	Food grains	Demanded	Allocated	lifted	lapsed	Reasons for non-lifting
First Quarter	Wheat	471.79	219	219	0	Lifted
	Rice	471.79	216	216	0	
Second quarter	Wheat	471.79	725	0	725	Expiry of validity period, higher cost, poor quality of foodgrains
	Rice	471.79	728	0	728	
Third quarter	Wheat	471.79	472	219	253	Transportation and storage problems
	Rice	471.79	472	216	256	
Fourth quarter	Wheat	471.79	472	219	253	Transportation and storage problems
	Rice	471.79	472	216	256	
Total	**Wheat**	**1887.16**	**1888**	**657**	**1231**	
	Rice	**1887.16**	**1888**	**648**	**1240**	

The Director mainly attributed (September 2011) the reasons for non-lifting due to poor quality of foodgrains and huge transportation cost that increases

[7] A centrally sponsored scheme launched with the main objective to improve the nutritional and health status of children (0-6 years of age) and to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education. The children are provided with a nutritious diet for a minimum of 300 days a year through Anganwadi Centres throughout the State.

[8] Metric Tonnes

the cost to the extent of ₹ 34 to ₹ 35 per kg as compared to the local supply. The entire second quarter allotment of 725 MT wheat and 728 MT rice in 2011-12 were not lifted due to expiry of validity period for lifting owing to communication failure. The allocations for the third and fourth quarter were partly lifted due to shortage of storage and transportation problems.

We observed (May 2012) that during the period 2010-11 and 2011-12 the Child Development Project Officers (CDPOs) had procured a total of 6,00,144 kgs of wheat at the rates ranging between ₹ 18.54 and ₹ 21.30 per kg and 2,78,551 kgs of rice at the rates ranging between ₹ 25.60 and ₹ 26.78 per kg from the Marketing Federation. The total amount paid to the Marketing Federation for these procurements was ₹ 1.90 crore as detailed in ***Appendix 3.5.***

Scrutiny of the records relating to the expenditure incurred by CDPOs for lifting foodgrains from FCI revealed that the average transportation, loading, unloading expenditure incurred ranged between ₹ 1.03 per kg to ₹ 2.87 per kg during 2010-12. The Programme Officer of the Directorate replied (May 2012) that the detailed calculations of ₹ 34 to ₹ 35 per kg were done at CDPO level and the CDPOs inadvertently calculated the cost by applying the rates of foodgrains of the Marketing Federation instead of BPL rates and the actual cost per kg comes to more or less ₹ six to ₹ seven per kg including transport and other charges.

Considering unit cost for lifting the wheat and rice (₹ six to ₹ seven per Kg) from FCI, the total cost would have been ₹ 0.56 crore[9] for the same quantity procured from Marketing Federation.

Thus the decision of the Directorate not to lift foodgrains from FCI without verifying the cost calculations of CDPOs had resulted in additional expenditure of ₹ 1.34 crore (₹ 1.90 crore – ₹ 0.56 crore).

The para was issued to the Government (April 2013), their reply was awaited (January 2014).

3.2 Non-compliance with rules

FINANCE DEPARTMENT

3.2.1 Non-receipt of performance grants due to non-compliance of conditions specified by the Thirteenth Finance Commission

Non-receipt of performance grants due to non-compliance of conditions specified by the Thirteenth Finance Commission resulted in the State being deprived of funds amounting to ₹ 21.22 crore.

The Thirteenth Finance Commission (XIII FC) had recommended (December 2009) transfer of grants to local bodies for the period 2010-11 to 2014-15. Para 10.147 of the recommendations stated that each State is

[9] 6,00,144 kg wheat @ ₹ 6 per kg (₹ 36,00,864) and
2,78,551 kg rice @ ₹ 7 per kg (₹ 19,49,857)
Total = ₹ 55,50,721.

entitled in addition to a basic grant equivalent to 1.50 *per cent* of the previous divisible pool, a performance grant from the year 2011-12 onwards subject to compliance of the below mentioned nine conditions stipulated in Para 10.161:

i. Supplement to the budget document regarding local bodies and maintenance of Accounts in the prescribed form;

ii. Audit system for all local bodies;

iii. Independent local body ombudsman;

iv. Electronic transfer of local body grants within five days of receipt from the Central Government;

v. Prescription of qualifications of persons eligible for appointment as members of the State Finance Commission;

vi. Enabling Urban Local Bodies (ULBs) to levy property tax;

vii. Establishment of a property tax board;

viii. Disclosure of service standards proposed to be achieved by each of the ULBs in respect of water and sanitation sector; and

ix. Fire Hazard mitigation plan for million plus cities.

These conditions had to be met by the end of a fiscal year (31March) for the State to be eligible to draw its performance grant for the succeeding fiscal year.

Though the XIII FC had allocated ₹ 2.99 crore and ₹ 7.08 crore as Performance grant for the year 2011-12 and 2012-13 respectively for the Urban Local Bodies (ULBs) of Goa State, but as six (i, ii, iii, iv, vii, and viii) out of the stipulated nine conditions were not complied with by the ULBs within 31 March of the previous years, these allotted performance grants for ULBs for both these years could not be availed.

Similarly in the case of Panchayati Raj Institutions (PRIs) of the State of Goa, the XIII FC had allocated ₹ 3.31 crore and ₹ 7.82 crore as Performance grant for the year 2011-12 and 2012-13 respectively. Only four conditions (i,ii,iii and vi) were applicable to PRIs. As two (i and iii) out of the stipulated four conditions were not complied with by the PRIs by 31 March of the previous years, the Performance grants for both these years could not be availed.

Thus, due to non-compliance of the conditions laid down for qualifying for the Performance grants resulted in the State being deprived of funds amounting to ₹ 21.20 crore.

The matter was referred to the Government in July 2013. The Government informed (January 2014) that a High level Monitoring Committee has been formed under the chairmanship of the Chief Secretary and directions had been given to Local bodies to comply with the conditions specified by the XIII FC.

TOURISM DEPARTMENT

3.2.2 Loss of interest of ₹ 87.88 lakh due to retention of idle funds in current account in Bank

GoI released ₹ four crore for setting up of State Institute of Hotel Management and Catering Technology in March 2010. The fund was kept in the current account of State Bank of India for a period of 38 months resulting in loss of interest of ₹ 87.88 lakh.

The Ministry of Tourism, GoI had sanctioned (June 2009), the setting up of State Institute of Hotel Management (SIHM) in Goa with the Central Financial Assistance (CFA) of ₹ 12 crore comprising of ₹ eight crore for construction, ₹ two crore for purchase of equipment and additional assistance of ₹ two crore for hostel facilities. The Institute was to be set up under the management of a registered society to be set up for the purpose.

M/s Lotus Environments, Pune were appointed consultants for the project (July 2009). The Director of Tourism, Government of Goa, submitted (October 2009) the detailed project report with a project cost of ₹ 14.44 crore. The GoI had approved (December 2009) the project in principle with CFA of ₹ 12 crore to set up the Institute of Hotel Management and Catering Technology (IHMCT) at Farmagudi, Ponda. A society named IHMCT under the Tourism Department was registered (February 2010). Thereafter, the GoI released (March 2010) the first installment of the assistance amounting to ₹ four crore to the Society.

The initial location at Bandora village, Ponda selected for setting up the Institute did not materialise due to objections by the village panchayat. Therefore, the Government decided (April 2011) to shift the site to the land belonging to Goa Engineering College. Accordingly the land admeasuring 40,000 m^2 was transferred (December 2011) in favour of Director of Tourism by Goa Engineering College, Farmagudi. The consultant made a presentation (April 2013) on the revised project. The Society did not agree with the consultant's project due to higher project cost (₹ 29 crore) and asked the consultant to rework the project with lesser built up area.

Audit observed (July 2012) that the ₹ four crore received from GoI was deposited (March 2010) in the current account of State Bank of India (SBI), Secretariat branch. The Society decided (May 2011) to take approval of the Government to invest the fund in short term fixed deposits (FD). Accordingly the Secretary (Tourism) who was also the chairman of the Society instructed (July 2011) to retain ₹ two crore in FD in the existing Secretariat branch of SBI, ₹ one crore in Vidhan Bhavan branch of SBI and ₹ one crore in Bank of Maharashtra, Panaji branch. However, the Director of Tourism deposited only ₹ one crore each in FDs in Vidhan Bhavan branch of SBI and Bank of Maharashtra in October 2011 at the interest rate of 9.25 *per cent* per annum and 9.30 *per cent* per annum respectively, but retained ₹ two crore in the current account till May 2013 in the Secretariat branch of SBI.

Though the project was at the initial stages of finalisation of its implementation and ₹ four crore received from GoI in March 2010 was lying in the current account of the bank from March 2010 the Department took a decision to transfer the funds to FD only in July 2011. Even after the decision to transfer funds to FD was taken, the Society transferred only ₹ two crore into FD in October 2011. Consequently the amount of ₹ four crore remained in the current account from March 2010 to October 2011 and ₹ two crore till May 2013.

Thus delay in commencement of the project approved by the GoI in December 2009 resulted in funds provided for the same remaining idle in current account. Failure to transfer the idle funds to FD in time resulted in loss of interest to the tune of ₹ 87.88 lakh[10] (April 2010 to May 2013).

The matter was reported to the Government in June 2013. Their reply was awaited (January 2014).

[10] ₹ 4 crore @ 9.25 *per cent* for 19 months (April 2010 to October 2011) = ₹ 58,58,333 and ₹ 2 crore @ 9.25 *per cent* for 19 months (November 2011 to May 2013) = ₹ 29,29,167. Total rounded to ₹ 87.88 lakh.

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 2012-13, 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	2008-09	2009-10	2010-11	2011-12	2012-13
1	**Revenue raised by the State Government**					
	• Tax revenue	1693.55	1762.34	2139.57	2551.02	2939.66
	• Non-tax revenue	1236.16	1731.20	2268.60	2313.54	1832.90
	Total	**2929.71**	**3493.54**	**4408.17**	**4864.56**	**4772.56**
2	**Receipts from the Government of India**					
	• Share of net proceeds of divisible Union Taxes and duties	415.44	427.42	584.21	680.59	777.21
	Grants-in-aid	183.12	179.31	449.56	235.58	295.66
	Total	**598.56**	**606.73**	**1033.77**	**916.17**	**1072.87**
3	**Total revenue receipts of the State Government (1 and 2)**	**3528.27**	**4100.27**	**5441.94**	**5780.73**	**5845.48**
4	**Percentage of 1 to 3**	**83**	**85**	**81**	**84**	**82**

(Source: Finance Accounts of the state)

The above table indicates that during the year 2012-13 the revenue raised by the State Government (₹ 4,772.56 crore) was 82 *per cent* of the total revenue receipts against 84 *per cent* in the preceding year. The balance 18 *per cent* of receipts during 2012-13 was from the Government of India.

4.1.2 The following table presents the details of Tax revenue raised during the period from 2008-09 to 2012-13:

(₹in crore)

Sl No	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase(+) or decrease(-) in 2012-13 over 2011-12
1	Sales Tax/ VAT/Central Sales Tax	1131.64	1142.13	1380.05	1652.92	1577.42	(-)4.57
2	State Excise	88.70	104.46	139.16	182.03	212.90	(+)16.96
3	Stamp duty and registration fees						
	Stamps - Judicial	1.18	1.28	1.60	2.75	1.97	(-)28.36
	Stamps - Non-Judicial	67.11	67.66	89.13	105.22	405.80	(+)285.67
	Registration fees	47.08	42.31	61.07	75.82	116.65	(+)53.85
	Total	**115.37**	**111.25**	**151.80**	**183.79**	**524.42**	(+)185.34
4	Luxury Tax	66.32	65.33	88.30	97.02	106.41	(+)9.68
5	Taxes on vehicles	90.15	105.12	130.40	140.45	148.34	(+)5.62
6	Entertainment Tax	19.65	33.56	43.70	60.18	86.16	(+)43.17
7	Land revenue	9.39	10.61	8.32	8.38	11.13	(+)32.82
8	Taxes on goods and passengers	9.80	10.37	10.94	12.76	18.81	(+)47.41
9	Entry Tax	147.65	150.36	161.03	197.33	238.69	(+)20.96
10	Other Taxes and duties on commodities and services	14.88	29.15	25.87	16.16	15.38	(-)4.83
	Total	**1693.55**	**1762.34**	**2139.57**	**2551.02**	**2939.61**	

(Source: Finance Accounts of the State)

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

- Sales Tax/Central Sales Tax/VAT decreased by 4.57 *per cent* mainly due to less Tax collection under 'Central Sales Tax Act' and 'Value Added Tax'.
- State excise increased by 16.96 *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.*
- Stamp duty and Registration fees increased by 185.34 *per cent* due to significant growth in collection of stamps duty and registration fees.
- Other Taxes and duties on commodities and services decreased by 4.83 *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 2008-09 to 2012-13:

(₹in crore)

Sl No	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase(+) or decrease(-) in 2012-13 over 2011-12
1	Power	986.70	941.30	969.06	1000.49	1139.97	(+)13.94
2	Non-ferrous mining and metallurgical industries	36.35	292.25	983.73	953.29	339.25	(-)64.41
3	Water Supply and Sanitation	65.76	70.38	69.60	86.11	97.99	(+)13.80
4	Interest receipts	20.45	13.64	17.88	26.36	18.37	(-)30.31
5	Major and Medium Irrigation	8.51	10.57	23.67	14.70	7.04	(-)52.11
6	Minor Irrigation	7.54	6.69	9.95	10.79	17.87	(+)65.62
7	Medical and Public Health	8.30	5.98	8.31	11.00	7.71	(-)29.91
8	Ports and Lighthouses	16.04	20.13	33.17	40.06	13.21	(-)67.02
9	Misc. General Services	--	259.88	19.45	27.46	32.52	(+)18.43
10	Other Administrative services	37.46	40.50	40.63	42.09	64.89	(+)54.17
11	Education, Sports, Art and Culture	9.24	10.96	12.75	16.18	26.94	(+)66.50
12	Others	39.81	58.92	80.40	85.01	67.14	(-)21.02
	Total	**1236.16**	**1731.20**	**2268.80**	**2313.54**	**1832.90**	

(Source: Finance Accounts of the State)

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

- Receipts under non-ferrous mining and metallurgical industries decreased by 64.41 *per cent* mainly due to less receipt from mineral concession fees and royalties.
- Receipts from Interest Receipts decreased by 30.31 *per cent* due to less receipts from interest on investment of cash balances.
- Receipts from Major and Medium Irrigation decreased by 52.11 *per cent* mainly due to less receipts under 'Salauli' and 'Anjunem' projects.
- Receipts from Medical and Public health decreased by 29.91 *per cent* due to decrease in tuition and other fees.
- Receipts from Miscellaneous and General Services increased by 18.43 *per cent* mainly due to more sale proceeds of State Lotteries.

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 2012-13 is given in the following table:

(₹ in crore)

Sl No	Revenue head	Budget estimates of Receipts	Actual receipts	Variations increase (+) shortfall (-)	Percentage
Tax revenue					
1	Sales Tax/VAT	1955.00	1577.42	(-)377.58	(-)19.31
2	State Excise	211.23	212.90	(+)1.67	(+)0.79
3	Stamp duty and registration fees	408.98	524.42	(+)115.44	(+)28.23
4	Taxes on vehicles	154.72	148.34	(-)6.39	(-)4.13
5	Entertainment Tax	86.50	86.16	(-)0.34	(-)0.39
6	Land revenue	9.42	11.13	(+)1.71	(+)18.15
7	Luxury Tax	140.00	106.41	(-)33.59	(-)23.99
8	Taxes on goods and passengers	17.00	18.81	(+)1.81	(+)10.65
9	Entry Tax	266.00	238.69	(-)27 31	(-)10.27
Non-Tax revenue					
1	Non-ferrous mining and metallurgical industries	401.01	339.25	(-)61.76	(-)15.40
2	Power	1231.75	1139.97	(-)91.78	(-)7.45
3	Water Supply and Sanitation	90.57	97.99	(+)7.42	(+)8.19

(Source: Finance Accounts of the State)

The actual receipts in 2012-13 were less by 19.31 *per cent*, 4.13 *per cent,* 23.99 *per cent* and 15.40 *per cent* under Sales Tax, Taxes on vehicles, Luxury Tax and Non-ferrous mining and metallurgical industries respectively when compared with the budget estimates but higher than the budget estimates under Stamp duty and Registration fees, Land revenue and Water supply and Sanitation.

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 2010-11 to 2012-13 along with the relevant All-India average percentage of expenditure on collection to gross collections are given in the following table:

ns laid down for qualifying for the Performance grants resulted in the State being deprived of funds amounting to ₹ 21.20 crore.

The ma

(₹ 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	2010-11	1380.05	7.99	0.58	0.75
		2011-12	1652.92	9.17	0.55	0.83
		2012-13	1577.42	11.77	0.75	-
2	State Excise	2010-11	139.16	7.75	5.57	3.05
		2011-12	182.03	8.85	4.86	2.98
		2012-13	212.90	9.54	4.48	-
3	Stamp duty and registration fees	2010-11	151.79	5.17	3.41	1.60
		2011-12	183.79	4.53	2.46	1.89
		2012-13	524.42	4.52	0.86	-
4	Taxes on vehicles	2010-11	130.40	2.48	1.90	3.71
		2011-12	140.45	2.49	1.77	2.96
		2012-13	148.34	2.68	1.81	-

During the years 2010-11 and 2011-12, 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 and registration fees was higher than the All India average.

The Government may explore possibilities for reduction in the collection charges of State Excise and Stamp duty and registration fees.

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 Head of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The Head 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 Head of the Departments and the Government.

A review of IRs issued up to December 2012 disclosed that 383 paragraphs involving ₹ 196.72 crore relating to 120 IRs remained outstanding at the end of June 2013 as mentioned below along with the corresponding figures for the preceding two years.

	June 2011	June 2012	June 2013
Number of outstanding IRs	66	76	120
Number of outstanding audit observations	163	177	383
Amount involved *(₹ in crore)*	5.82	230.05	196.72

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2013 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
1	Finance	Sales Tax/VAT	13	43	12.95
		Entry Tax	10	23	1.90
		Luxury Tax	6	19	0.85
		Entertainment Tax	9	23	0.86
2	Excise	State Excise	15	42	0.38
3	Revenue	Land revenue	26	93	1.64
4	Transport	Taxes on motor vehicles	16	67	175.48
5	Stamps and Registration	Stamp Duty & Registration fee	25	73	2.66
		Total	**120**	**383**	**196.72**

Even the first replies required to be received from the Head of offices within one month from the date of issue of the IRs were not received for 42 IRs issued up to December 2012. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Head of offices and Head 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 and taking action against officials/officers who did not send replies to the IRs/paragraphs as per the prescribed time schedules and those who did not take action to recover loss/outstanding demand in a time-bound manner.

4.1.7 Departmental audit committee meetings

No Audit committee meetings were held during the year 2012-13.

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.

Five 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 2013 were forwarded to the concerned Secretaries during June - September 2013.

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 were not received as of September 2013 in respect of 12 paragraphs ranging from 16 to 39 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	No of paragraphs for which Departmental notes were due	Delay* (months)
Finance	2008-09	March 2010	June 2010	3	39
Transport	2008-09	March 2010	June 2010	1	39
Revenue	2008-09	March 2010	June 2010	1	39
Finance	2009-10	March 2011	June 2011	3	27
Revenue	2009-10	March 2011	June 2011	1	27
Finance	2010-11	February 2012	May 2012	2	16
Revenue	2010-11	February 2012	May 2012	1	16

* Excluding the months in which these were due

4.1.10 Compliance with the earlier Audit Reports

In the Audit Reports 2007-08 to 2011-12, 1,342 cases of non-assessments, non/short levy of Taxes *etc.*, were included involving an amount of ₹ 125.76 crore. Of these, as of June 2013, the Departments concerned have accepted 248 cases involving ₹ 22.95 crore and recovered ₹ 24.56 lakh in 242 cases. Audit Report-wise details of cases accepted and amounts recovered are as under:

Audit Report	Included in the Audit Report		Accepted by the Department		Recovered	
	No. of cases	Amount (*₹ in lakh*)	No. of cases	Amount (*₹ in lakh*)	No. of cases	Amount (*₹ in lakh*)
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
2011-12	5	132.20	3	61.88	-	-
Total	**1342**	**12575.85**	**248**	**2294.52**	**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 Excise 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 2002-03 to 2011-12.

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 2013 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
2008-09	2	2	5.00	-	-	-	1	-	-	1	2	5.00
2009-10	2	4	5.62	-	-	-	-	-	1.62	2	4	4.00
2010-11	2	3	0.22	-	-	-	-	-	-	2	3	0.22
2011-12	4	14	13.88	-	-	-	-	7	4.23	4	7	9.65
2012-13	-	-	-	6	24	164.61	2	5	6.21	4	19	158.40

4.1.13 Assurances 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
2002-03	1	13.50	-	-	-	-
2003-04	-	-	-	-	-	-
2004-05	-	-	-	-	-	-
2005-06	1	4.08	1	4.08	4.08	4.08
2006-07	2	35.91	2	35.91	-	39.99
2007-08	1	44.06	-	-	-	-
2008-09	1	-	-	-	-	39.99
2009-10	-	-	-	-	-	39.99
2010-11	-	-	-	-	-	39.99
2011-12	-	-	-	-	-	39.99

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.

4.1.14 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 2012-13, the audit universe comprised of 182 auditable units, of which 56 units were planned and audited during the year 2012-13 which is 30.77 *per cent* of the total auditable units.

Besides the compliance audit mentioned above, a Performance Audit on Levy and collection of Stamp Duty and Registration fee was conducted to examine the efficacy of the system in the Registration Department.

4.1.15 Arrears in assessments

There were no arrears in VAT assessments at the end of 2012-13 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 2012-13, number of appeals filed and disposed of and number of cases pending with appellate authorities as on 31 March 2013 are as follows:

Opening balance	No. of appeals filed during 2012-13	Total	No. of appeals disposed of during the year	Balance as on 31 March 2013	Percentage of cases disposed of to total number of cases
1191	584	1775	384	1391	22

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 Commissioner of Excise reported that the number of cases booked for the year 2012-13, cases finalised and additional tax raised were as follows:

	Number of cases
A. (i) Cases pending as on 1 April 2012	289
(ii) Cases detected during the year 2012-13	203
B. Cases in which investigations/assessments were completed during the year	159
C. Cases pending as on 31 March 2013	333

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 2012-13 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	4	7	Inadequate staff
Registration	13	Nil	13	Accountant post vacant
Excise	-	-	-	-

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

4.1.19 Results of local audit conducted during the year

Test-check of records of Sales Tax/VAT, Land Revenue, State Excis e, Motor Vehicles Tax and Stamp Duty and Registration Fees conducted during 2012-13 revealed under assessment/short levy/loss of revenue amounting to 12.80 crore in 63 cases. The Department accepted under assessment in 13 cases pointed out in earlier years and recovered ₹ 19.73 lakh and short assessment of ₹ 10.47 lakh in five cases pointed out during the year and recovered ₹ 30.20 lakh as of June 2013 in these 18 cases. No replies have been received in respect of the remaining cases.

4.1.20 This chapter

This chapter contains one performance audit report on 'Levy and collection of Stamp duty and Registration fee' and five paragraphs (selected from the audit detections made during the local audit referred to above).

REGISTRATION DEPARTMENT

4.2 PERFORMANCE AUDIT ON LEVY AND COLLECTION OF STAMP DUTY AND REGISTRATION FEE

Highlights

- ***Computerisation in the Department got inordinately delayed mainly due to the lackadaisical attitude of the Department. Out of nine offices in which hardware was installed in August 2011, the scheme was inaugurated in four offices only in July 2013 and in five offices it is yet to be inaugurated.***

(Paragraph 4.2.6.1)

- ***Special committee for fixing the value involving transfer of land exceeding one lakh Sq. Mtrs. notified by the Government in February, 2009 was constituted only in January, 2013. The registering authorities could not take any action against undervaluation of transactions involving land exceeding one lakh sq.mtrs.***

(Paragraph 4.2.6.2)

- ***Though the Government formulated and notified rules in June, 2003 for fixation and annual revision of locality-wise minimum true value of properties, the values fixed in 2003 were not revised till 2013 facilitating undervaluation of properties.***

(Paragraph 4.2.6.3)

- ***Documents showing market value of properties below the minimum true value fixed by the Government were registered. The short levy of stamp duty in 11 cases amounted to ₹ 12.18 lakh.***

(Paragraph 4.2.6.4)

- ***Ownership of properties was transferred by agreement for sale with possession. The stamp duty evaded in respect of 875 cases of agreements for sale with possession registered with three Sub-Registrar offices during 2010-2012 amounted to ₹ 4.98 crore.***

(Paragraph 4.2.6.5)

- ***Re-transfer ownership of properties acquired by "agreement for sale" was allowed without concluding the sale deed. Evasion of stamp duty in respect of 18 such cases amounted to ₹ 39.10 lakh.***

(Paragraph 4.2.6.6)

- ***Agreement for sale with power of attorney resulted in evasion of stamp duty and registration fee amounting to ₹ 44.70 lakh.***

(Paragraph 4.2.6.7)

- ***Two transactions were split into four each to avoid payment of stamp duty at higher rate, resulting in evasion of stamp duty and registration fee totaling ₹ 10.91 lakh.***

(Paragraph 4.2.6.8)

- ***The registering authority's inaction to demand stamp duty and registration fee calculated on higher value in a case of undervaluation, resulted in short levy of revenue amounting to ₹ 21.00 lakh.***

(Paragraph 4.2.6.9)

4.2.1 Introduction

The Indian Stamp Act, 1899 and the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1968 as modified from time to time and the rules made thereunder govern the levy and collection of stamp duty on various instruments. Similarly, the Indian Registration Act, 1908 and the Goa, Daman and Diu Registration Rules, 1965 as modified from time to time govern the levy and collection of revenue under registration fees.

The Registration Department with its twelve offices of Civil Registrars-Cum-Sub Registrars (CRSR), in each Taluka, Office of the State Registrar-cum-Head of Notary Services at Panaji and two offices of the District Registrars of North Goa and South Goa, deal with registration of documents with the special duty to permanently preserve the same for making authentic certified copies therefrom in future.

4.2.2 Organisational set up

The Law Secretary is the Head of the Registration Department for the whole of the State of Goa and as ex-officio Inspector General of Registration. The State Registrar-cum-Head of Notary Services is the Head of Office and there are CRSRs in each of 12 Talukas of the State. The work in the CRSRs is co-ordinated by the two District Registrars, *viz.* District Registrar, North and District Registrar, South.

4.2.3 Audit objectives and Criteria

(i) Audit objectives

The performance audit was aimed to ascertain whether –

- the levy and collection of stamp duty and registration fee was done correctly;
- adequate and appropriate rules were made by the State Government to implement the provisions of Indian Stamp Act, 1899 and the Registration Act, 1908 with regard to levy and collection of stamp duty and registration fee;
- an adequate and effective internal control mechanism existed in the Department to prevent leakage of revenue.

(ii) Audit criteria

The audit criteria are derived from the provisions of the following acts, rules and amendments made thereunder to govern the levy and collection of stamp duty and registration fee:

- The Indian Stamp Act, 1899;
- Indian Stamp (Goa, Daman and Diu Amendment) Act, 1968;
- The Indian Registration Act, 1908;
- The Goa, Daman and Diu Registration Rules, 1965.

4.2.4 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the State Registrar cum Head of Notary Services and all the officers and staff of the Registration Department in providing information and records for audit.

4.2.5 Scope and methodology of Audit

The Performance audit covered the period from 2007-08 to 2011-12 and was conducted between April and September 2013. Scope of the Performance audit contained levy and collection of stamp duty and registration fee on transfer of properties as per rates prevalent as shown in ***Appendix 4.1.***

During the performance audit, test check was conducted in five out of 12 registering offices to verify the system prevailing in the Department for levy and collection of stamp duty and registration fees in respect of transactions of immovable properties, enforcement of the provisions of the acts and rules, maintenance of records *etc*. Information on the transactions have been obtained by scrutiny of day books maintained by the registering authorities and from the computerised data made available by the Department. The methodology of the Performance Audit was discussed with the State Registrar and the Secretary (Law) during the entry conference held on 16 April, 2013.

4.2.6 Audit findings

4.2.6.1 Computerisation in the Registration Department

Computerisation of the Registration Department was taken up as a Scheme of Ministry of Information Technology, Department of Information Technology, Government of India as a part of National e-Governance Plan (NeGP). The procurement and installation of hardware including networking was done by the Department of Information Technology, Goa and the "Goa Valuation and e-Registration Software (GAURI)", has been designed, developed and installed by CDAC, Pune.

Audit scrutiny of the records made available to Audit by the Information Technology Department and the office of the State Registrar cum Head of Notary Services, pertaining to the implementation of the project revealed that the Department did not have any time-bound plan of action for computerisation. Though the work of computerisation of the Department had started in July 2008, only seven out of 14 CRSR offices have been computerised as of July 2013. The office-wise progress of computerisation is as under:

Sl. No.	Taluka (Office of CRSR)	Date of installation of hardware	Date of inauguration of the scheme
1	Bardez	--	10.07.2008
2	Margao	--	05.11.2009
3	Ilhas	--	18.11.2010
4	Sanguem	August 2011	24.07.2013
5	Quepem	August 2011	24.07.2013
6	Marmugao	August 2011	25.07.2013
7	Pernem	August 2011	26.07.2013
8	Dharbandoda	August 2011	Will be rolled out in 3rd phase
9	Valpoi	August 2011	-do-
10	Canacona	August 2011	-do-
11	Dist.Registrar North Goa	August 2011	-do-
12	Dist.Registrar South Goa	August 2011	-do-
13	Ponda	Not yet installed due to space constraint	
14	Bicholim	-do-	

Audit observed that there was no prompt and speedy action from the Registration Department though the Information Technology Department has been writing to them on various crucial issues connected with computerisation programme as highlighted below:

- Migration of GAURI software to centralised server as the present system based on client server architecture was not facilitating intra/inter-departmental data transfer and decision support system, generating Management Information System (MIS) reports, carrying out mutation process, *etc;*
- Entering into Annual Maintenance Contract with CDAC;
- Appointment of technical staff required to maintain the system, *etc;*

Though the proposal for maintenance of GAURI software was submitted by CDAC in July, 2012 with a validity period of 30 days from the date of submission, the Registration Department is yet to sign the Annual Maintenance Contract (AMC).

After this was pointed out, the Government stated (October 2013) that due to Administrative reasons the computerisation has been delayed and appropriate action will be taken to computerise the remaining offices at the earliest. Further it was stated that as regards AMC, it is in final stage and as regards appointment of Technical Staff, Information Technology Department has already deputed one Technical Assistant to this Department and also creation of the post of Technical Assistant is in process.

The fact, however, remains that out of nine offices where hardware was installed in August, 2011 it took two years for inauguration in four offices and is yet to be inaugurated in five offices (January 2014).

4.2.6.2 Delay in constitution of special committee for valuation of land

As per the Government notification dated 9 January 2009 (published in official gazette on 5 February 2009) the minimum market value in case of transactions involving land admeasuring more than one lakh sq. mtrs. in Goa was to be fixed by a Special Committee appointed by the Government. However, the committee was constituted only in January 2013, *i.e.* after a delay of 4 years. Thus during February 2009 to December 2012, there was no effective system to check valuation in respect of transactions of land involving more than one lakh sq. mtrs.

Thirty six cases of sale deeds/agreements for sale involving more than one lakh sq. mtrs. of land had been registered by various registering authorities in the State during February 2009 to March 2013 and 35 cases could not be referred to the Committee due to its non-constitution. Audit observed that in seven cases pertaining to CRSR Ponda out of the above 35 cases, the consideration amount was less than the minimum market value notified in June 2003[1] by the Government. Stamp duty of ₹ 26.52 lakh in these seven cases was paid on the consideration amount of ₹14.19 crore mentioned in the documents. The market value of the property as per the minimum rate fixed by the Government was ₹ 25.77 crore and stamp duty involved was ₹ 77.31 lakh as detailed in Table 1 below:

Table 1

Sl. No.	Regn. No.	Village	Minimum market value of land as per Govt. rate (₹)	Area (M^2)	Consid-eration Amt. (*₹ in lakh*)	Stamp duty paid (*₹ in lakh*)	Market value to be considered as per minimum rate of land (*₹ in lakh*)	Stamp duty leviable on minimum market value (*₹ in lakh*)	Short levy of Stamp duty (*₹ in lakh*) (9-7)
1	2	3	4	5	6	7	8	9	10
1	2069/09	Bethora, Ponda	200	285675	38.00	0.95	571.35	17.14	16.19
2	2048/10	Bethora, Ponda	200	285675	20.00	0.48	571.35	17.14	16.66
3	2659/10	Curti, Ponda	200	123075	97.00	2.42	246.15	7.38	4.96
4	2793/10	Priol, Ponda	150	140000	140.00	4.20	210.00	6.30	2.10
5	783/12	Shiroda, Ponda	200	189300	763.01	7.64	378.60	11.36	3.72
6	2224/12	Usgao, Ponda	300	128625	160.78	4.83	385.88	11.58	6.75
7	2390/12	Savoi Verem, Ponda	100	213766	200.00	6.00	213.77	6.41	0.41
Total					**1418.79**	**26.52**	**2577.10**	**77.31**	**50.79**

Since the area of the land in the above cases were more than one lakh sq.mtrs. the valuation of these cases were required to be scrutinised by the special committee. Non-constitution of the special committee resulted in forgoing of revenue on the amounts of undervaluation. The revenue forgone in respect of above seven cases amounted to ₹ 50.79 lakh.

After this was pointed out, the Government stated that though the Government of Goa had notified formation of the committee on 05 February, 2009 in the Official Gazette, it was constituted only in January 2013. As such the registering authorities were unable to refer the said cases to the committee.

[1] The average minimum value of land was notified by Government for each Village vide notification of June, 2003.

Thus, the delay in constitution of the special committee notified by the Government, did not permit the registering authority to take any action to safeguard the revenue even in the case in which the declared value on which stamp duty paid was as low as ₹ seven per sq.mtr. as against the minimum value of ₹ 200 per sq.mtr[2] fixed by the Government in June, 2003.

4.2.6.3 Forgoing of revenue due to non-revision of minimum market value of land

The Goa Stamp (Determination of True Market Value of Property) Rules, 2003 notified by the Government in June, 2003 stipulated that the Government shall notify the annual statement of rates showing average rates of land situated in every taluka, under the heads "urban, developing, coastal, rural and similar areas" on the first day of January every year. Accordingly the village-wise minimum land rates were notified in June 2003. The rates were not revised till December, 2012.

The State Government notified (January 2013) revised village-wise minimum land rates applicable for the years 2013 and 2014, under sub-rule 3 of Rule-4 of the Rules. As per the new rates, the increase was 100 *per cent* (from ₹ 2,500 to ₹ 5,000 per sq.mtr) in Panaji City-1 and by 1,900 *per cent* (₹ 250 to ₹ 5,000 per sq.mtr) in Marra village.

The inaction of the Government to revise the land rates annually after the year 2003 has resulted in revenue loss to the Government.

The Government has not furnished any reason for non-revision of the rates annually for almost ten years. Revision of rates to be made applicable for two years by one order is also not in conformity with the existing law which makes it mandatory for the rates to be notified annually. The reasons for delay in revision of the rates needs to be investigated and a system for revision of the rates annually as per provisions of the rules needs to be developed.

4.2.6.4 Short levy of revenue due to application of lower land value

Rule 4(6) of the "Goa Stamp (Determination of True Market Value of Property) Rules, 2003" notified by the Government in June 2003, stipulated that every Registering Officer shall, while registering any instrument produced before him for registration, verify the market value of land from the statement of rates fixed and if the market value as stated in the instrument was less than the minimum value prescribed in the statement, he shall refer the same to the Collector for determination of the true market value of the property.

Test check of the documents revealed that eleven documents with consideration amounts lesser than the minimum value fixed by the Government in 2003 were registered and stamp duty levied on such values even during the years 2010 and 2011. A few illustrative cases are shown in Table 2 below:

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[2] Transaction at Sl.No. 2 of Table 1 in which stamp duty was paid on the consideration value of ₹ 20 lakh for sale of land admeasuring 2,85,675 sq.mtrs. in Bethora Village, Ponda Taluka.

Table 2

Sl. No.	Regn. No.	Area (M^2)	Consideration Amount (*₹ in lakh*)	Rate of land as per Govt's minimum true value (₹)	Market value to be considered as per Govt's minimum rate (*₹ in lakh*)	Stamp duty actually paid (*₹ in lakh*)	Stamp duty leviable on minimum true market value (*₹ in lakh*)	Short levy of Stamp duty (*₹ in lakh*) (8-7)
1	2	3	4	5	6	7	8	9
1	2659/10	123075	97.00	200	246.15	2.42	7.38	4.96
2	2793/10	140000	105.00	150	210.00	4.20	6.30	2.10
3	218/11	40390	34.06	200	80.78	0.81	2.43	1.62
4	2698/10	20120	40.00	200	40.24	0.60	1.21	0.61
5	2328/10	16707	17.00	200	33.41	0.34	1.00	0.66
6	1639/10	19140	18.00	150	28.71	0.60	0.86	0.26
7	1153/10	35500	9.00	75	26.63	0.11	0.80	0.69
8	679/11	24300	7.02	100	24.30	0.14	0.73	0.59
9	2048/10	11903	20.00	200	23.81	0.48	0.71	0.23
10	2550/10	11903	14.88	200	23.81	0.48	0.71	0.23
11	2552/10	11903	14.88	200	23.81	0.48	0.71	0.23
						Total		**12.18**

Registering the documents without insisting for stamp duty on minimum value fixed by the Government resulted in a revenue loss of ₹ 12.18 lakh in the above 11 cases alone.

The Government replied (October 2013) that all the eleven cases have been referred to the Collector for further necessary action. Final outcome in the matter was awaited (January 2014).

4.2.6.5 Non-realisation of stamp duty in respect of "agreements for sale with possession"

The rate of stamp duty for conveyance of property by sale deed ranged from two to three *per cent* of the market value as detailed in ***Appendix 4.1***, while the stamp duty for agreements for sale was only one *per cent*. However as per the Indian stamp Act if the possession of the property was delivered or agreed to be delivered the stamp duty shall be charged at conveyance rates.

An analysis of computerised data pertaining to three registration offices made available by the Department to Audit revealed that 875 documents have been registered as "agreements for sale with possession". The office-wise details thereof and the balance stamp duty involved are shown below:

Name of CRSR office	Period for which data analysed	No. of documents registered as "agreement for sale with possession"	Total amount of consideration/ market value (₹)	Stamp duty payable on sale deed (*₹ in lakh*)	Stamp duty paid (*₹ in lakh*)	Balance Stamp duty receivable (*₹ in lakh*) (5-6)
1	2	3	4	5	6	7
Ilhas, Panaji	Aug-2010 to Mar-12	149	9976.95	257.57	105.37	152.20

Bardez, Mapusa	Jan-2010 to Mar-12	150	6208.91	158.96	62.04	96.92
Salcete, Margao	2010-2012	576	17357.19	423.25	174.27	248.98
Total		**875**	**33543.05**	**839.78**	**341.68**	**498.10**

Recitals of agreements revealed that full payments of consideration were made against the agreements and the buyers got the actual possession of the property. A few cases are mentioned below:

(₹ in lakh)

Sl. No.	Registration No. & Date	Registering authority	Considera-tion amount	Stamp duty paid	Stamp duty payable	Balance Stamp Duty (6-5)	Status of payment of value/possession of property as stated in the document
1	2	3	4	5	6	7	8
1	BRZ-BK-1-04812-2010,CD-109 dt.23-12-2010	Bardez	450.00	4.50	13.50	9.00	Full consideration paid and possession given
2	PNJ-BK-1-01262-2011,CD-8 dt. 06-5-2011	Ilhas	300.00	3.00	9.00	6.00	Full consideration paid
3	BRZ-BK-1-0214-2011,CD-144 dt.09-03-2011	Bardez	52.00	0.52	1.30	0.78	Purchaser got possession of the property
4	PNJ-BK-1-01423-2011,CD-8 dt. 20-5-2011	Ilhas	153.26	1.54	4.59	3.05	Full consideration paid
5.	MGO-BK-1-01761-2010,CD-13	Margao	49.33	0.49	0.98	0.49	Full consideration paid
6	BRZ-BK-1-00212-2011,CD-117 dt.13-01-2011	Bardez	170.00	3.40	5.10	1.70	Purchaser got possession of property

In view of the fact that the transaction is effectively concluded when the seller gets full value and the buyer gets possession of the property, the registering authority should have charged the stamp duty at the conveyance rates. This resulted in short levy of stamp duty amounting to ₹ 4.98 crores. Besides there was no system to ensure that the final sale deeds were executed by concerned parties.

4.2.6.6 Re-transfer of ownership of properties acquired by agreement for purchase avoiding execution of sale deed

Rule-40(c) of the Goa, Daman and Diu Registration Rules, 1965 stipulates that when the documents pertaining to transfer of ownership of properties are presented for registration, the registering authority has to verify whether the document was presented by a competent person.

Test check by Audit revealed that in transactions relating to 18 properties acquired by purchasers by agreement for sale only, were sub-divided or built upon and transferred to third parties as detailed in ***Appendix 4.2.*** The recitals of the agreements for sale between second and third parties revealed that the third parties were making payments of consideration to the second parties without any involvement of the first parties. This indicated that the second parties exercised full ownership rights on such properties even though no sale deeds were executed between the first and second parties.

While such transfers of properties defeated the provision of the above rule, it also resulted in loss of revenue due to clear avoidance of execution of conveyance deed between the first party and the second party. As the second parties in the cases were not required to execute sale deeds with the first parties, the balance stamp duty due against registration of sale deed amounting to ₹ 39.10 lakh for the transaction between the first and second parties as shown in the ***Appendix 4.2*** cannot be realised.

The Department also accepted the Audit contention that there was no track to ensure execution of sale deeds after the execution of agreement for sale. However, it was stated that by a new amendment[3], *i.e.* Indian Stamp (Goa Amendment) Act, 2013 published in official gazette of 22 May 2013, this issue has been taken into consideration and hence there will be no evasion of stamp duty and registration fee in future.

4.2.6.7 Evasion of stamp duty by transfer of possession by power of attorney

Test check by Audit revealed that ownership of a property admeasuring 8,180.50 sq.mtrs of land was effectively transferred for a consideration of ₹ 14.90 crore, based on agreement to sale together with a separate irrevocable power of attorney, as detailed below:

An 'Agreement for sale' of the property was entered into between two firms *viz.* M/s. Reis Magos Estates Pvt. Ltd. (vendor) and M/s. Corniche Land Pvt. Ltd. (purchaser) and was registered with the CRSR Bardez, Mapusa on 03 July, 2008.

Full consideration amount of ₹ 14.90 crore was paid to the sellers of the property on the date of agreement itself. The stamp duty at the rate of one *per cent* amounting to ₹ 14.90 lakh and registration fee amounting to ₹ 50 only was paid. Though the final sale deed was to be executed within six months, *i.e.* before 03 January 2009 as per the recital of the agreement, it was not executed till date as confirmed by the Registering Authority in November 2013.

However, it was seen from the recital of the agreement that an irrevocable power of attorney was also executed by the seller on the same date giving full power and authority to the authorised signatory of the purchaser to sign and execute the deed of sale by presenting it before the sub-registrar and collect the sale deed on its registration.

The Government stated (October 2013) that the power of attorney stipulated a time period of six months for execution of the sale deed in favour of purchaser and if the purchaser failed to execute the sale deed in his favour within stipulated time period then the said power of attorney could not be utilised to transfer the title of the property to the purchaser. It further stated that by virtue of said power of attorney the said purchaser cannot transfer the said property in part or full to a third party since he has not acquired the ownership of the said property and thus the question of evasion of stamp duty by transfer of possession by power of attorney does not arise.

[3] The rate of stamp duty on agreement for sale has been raised from one *per cent* to 2.9 *per cent*.

The reply of the Government is incorrect as failure to execute the sale deed within six months will negate the 'Agreement to sale' between the vendor and purchaser and not allow transfer of clear title to the purchaser. Also, as the agreement was executed subsequent to the power of attorney, the clauses in the agreement to sale would supersede the clauses in the power of attorney.

The purchaser of property has paid full consideration of ₹ 14.90 crore on the date of agreement to the vendor. The balance stamp duty (₹14.90 lakh[4]) and registration fee (₹ 29.80 lakh[5]) stands recoverable from the purchaser.

4.2.6.8 Evasion of stamp duty by splitting of transactions

The rate of stamp duty and registration fee prevailing in August 2012 for registration of sale deeds with value above ₹ one crore was three *per cent* and five *per cent* respectively, whereas it was only two *per cent* and three *per cent* respectively for transactions valuing upto ₹ 50 lakh.

Eight sale deeds were executed by the seller of a property on 13 August, 2012 in favour of two different parties, *viz.* Shri Sadiq Sheikh and Shri A.F.C. Pinto. Four documents each were executed in favour of both parties. Each of the documents was for sale of land admeasuring 75,921.875 sq.mtrs for a consideration of ₹ 45.55 lakh. As the value in each document was below ₹ 50 lakh, stamp duty at the rate of 2 *per cent*, amounting to ₹ 0.91 lakh and registration fee at the rate of 3 *per cent*, amounting to ₹ 1.37 lakh were levied against each document. Thus the total stamp duty and registration fee levied and paid amounted to ₹ 7.28 lakh and ₹ 10.96 lakh respectively.

Scrutiny of documents revealed that the sale of one piece of land admeasuring 6,07,375 sq.mtrs. was made to two parties. These two transactions involving sale of 3,03,687.50 sq. mtrs. of land was for a consideration of ₹ 182.20 lakh each. Splitting of the transactions into four parts facilitated evasion of one *per cent* stamp duty and two *per cent* registration fee. Had the transactions been registered as one each instead of four, the total stamp duty and registration fee leviable would have been ₹ 10.93 lakh and ₹ 18.22 lakh respectively. Thus, the total loss of revenue due to splitting the two transactions into four each amounted to ₹ 10.91 lakh.

After this being reported, the Government stated (October 2013) that the matter will be intimated to the Collector who is the proper authority to investigate the same under the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1975.

4.2.6.9 Short realisation of revenue due to under valuation of property

As per Rule 4 (6) of the "Goa Stamp (Determination of true market value of property) Rules, 2003", notified in June 2003, every registering officer shall, while registering any instrument produced before him for registration, verify the market value of land from the statement of minimum value of rates fixed by the Government and if the market value as stated in the instrument is less than the minimum value prescribed, he shall refer the same to the Collector for determination of the true market value of the property.

[4] Rate of stamp duty for deed of sale prevailing in July 2008 was two *per cent*, of which one *per cent* was paid against registration of agreement for sale.

[5] Registration fee was two *per cent*, of which ₹ 50 only was paid which was the rate of registration fee for "Agreement to sale without possession".

Three sale deeds were registered between a vendor M/s. Reis Magos Estate Pvt. Ltd. and a buyer M/s. Prestige Structures Pvt. Ltd. in Panaji CRSR office on 20 May 2011 as detailed below:

Sl.No.	Registration Number	Area (M^2)	Consideration amount (₹ *in lakh)*	Stamp Duty paid (₹ *in lakh)*	Regn. Fee paid (₹ *in lakh)*	Rate of land per M^2 (₹)
1	PNJ-BK1-01423-2011	91957.50	153.26	1.54	3.07	167
2	PNJ-BK1-01424-2011	91957.50	153.26	1.54	3.07	167
3	PNJ-BK1-01425-2011	30653	94.41	0.95	1.88	308
Total		**214568**	**400.93**	**4.03**	**8.02**	

Scrutiny revealed that the three sale deeds had the same survey number and thus the entire property was one piece of land. However, though the transactions were between the same parties on the same date, the rates shown in two documents were only ₹ 167 per sq. mtr. while in the third document it was shown as ₹ 308 per sq.mtr. The values adopted in the first two transactions were lower than the minimum land value of the area fixed by the Government which was ₹ 260 per sq.mtr.

The registering authority should have levied stamp duty and registration fee on the higher value, *i.e.* at the rate of ₹ 308 per sq.mtr. for these two sale deeds also. In the event of their refusal to accept such demand, the registering authority could refer the case to the Collector, as required under rules. As the transactions were pertaining to the same property, between the same parties and registered on the same date, there was no justification for the registering authority to accept three documents with different rates without resorting to any remedial action. The inaction of the registering authority to demand stamp duty and registration fee on the basis of ₹ 308 per sq.mtrs. in two documents resulted in short levy of revenue amounting to ₹ 21.00 lakh as shown below:

(₹ in lakh)

Total Market value to be considered @ ₹ 308/- per Sq.mtr.	Stamp duty leviable on total value @ 3%	Regn. Fee leviable on Total value @ 2 *per cent*[6]	Stamp Duty paid	Regn. Fee paid	Short levy of Stamp duty (2-4)	Short levy of Regn. Fee (3-5)	Total amount of short levy (6+7)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
660.87	19.83	13.22	4.03	8.02	15.80	5.20	21.00

The Government stated (October 2013) that the matter will be intimated to the Collector who is the proper authority to investigate the same under the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1975.

[6] Prevailing rate of registration fee was 2 *per cent* in the year 2011.

4.2.6.10 Non-fixation of minimum true market value for constructed premises

Though the Government has fixed minimum true market value in respect of open lands, it has not fixed any minimum value to be considered in respect of the constructed structures in the State for the purpose of levy of stamp duty and registration fees under Indian Stamp Act, 1899 and Indian Registration Act, 1908. As a result the purchasers of constructed properties such as flats and shops are able to declare only the value of undivided share of land on which the building is constructed without adding the cost of construction, resulting in considerable evasion of stamp duty and registration fee besides many other related consequences such as investment of unaccounted money in real estate, avoidance of payment of Income Tax *etc.*

The State Registrar replied (October 2013) that the matter has been referred to the Government for taking suitable action and the Government has already started the process of fixing the market value for built up area.

4.2.6.11 Internal control and monitoring

Audit observed that the registering authorities were not maintaining any register having basic and important details such as area involved in the transaction, village, survey number, zone, minimum true value of property applied *etc*. Though Day Book is the basic register maintained by the Department, it also does not contain the above details and it does not provide any track to link the agreements with corresponding sale deeds. As the documents are voluminous and not written in any specific prescribed format, checking the documents for such details is very tedious and time consuming. Thus, there is no effective system in the record maintenance to easily ascertain the correctness of stamp duty and registration fee to find whether an agreement for sale progressed to a deed of conveyance by payment of stamp duty and registration fee. Besides, extracting the relevant data for various future purposes also is very tedious as it can be extracted only by scrutiny of the deed documents.

The Department may put in place a system to ensure that the correct payment of stamp duty and registration fee and execution of sale deeds after the sale agreements and annual revision of land rates is monitored at apex level by way of prescribing the returns. The maintenance of records at present is inadequate and have aided parties to evade current payments of revenue due to the Government. The day book and computerised data must serve as a means for registering authorities to detect cases of evasion.

The Government accepted the audit contention and stated (October 2013) that the recommendations made by Audit in the draft report will be complied on war footing by instructing the C-DAC to update the software.

4.2.7 Conclusion

Though the Government of Goa notified the "Goa Stamp (Determination of True Market Value of Property) Rules, 2003" in June 2003 in exercise of the powers conferred by the Indian Stamp Act, 1899 which envisaged revision and fixation of the revised minimum value of properties on the 1 day of January every year, the rates fixed in the year 2003 was not revised till January 2013. This facilitated registration of transactions of properties by showing values considerably lesser than the actual market values. Besides, the loopholes in the rules and the deficiencies in the system of record maintenance in the Department facilitated evasion of stamp duty and registration fees by adopting various *modus-operandi,* such as transfer of ownership of properties by only agreement for sale together with power of attorney, splitting of transactions to avoid crossing of the threshold limits of higher rates of stamp duty *etc.* The progress of computerisation in the Department was extremely slow, which further hampered streamlining of the systems in the Department.

4.2.8 Recommendations

- Computerisation in the Department must be completed at the earliest to streamline and harmonise the system of registration and maintenance of documents, to allow correct levy and collection of revenue.
- Sufficient and appropriate provisions should be made in computer programme for generating need based Management Information System (MIS) Reports, besides automatic linking of multiple registrations affecting the same property of agreements for sale, sale deeds *etc*.
- All cases of suspected undervaluation must be referred to the Collector as required under law.
- Provisions in the Government statute for notification of values of land on annual basis must be enforced.
- Action should be taken for strict implementation of the Government's decision to refer the cases of transfers of properties exceeding one lakh Sq. mtrs to the special committee constituted.
- The relevant rules need to be amended suitably or appropriate clarifications needs to be issued by the Government to avoid evasion of stamp duty and registration fee by splitting of transactions.
- The Goa, Daman and Diu Registration Rules, 1965 needs to be suitably amended to give clarity to provisions with regard to "person competent to present a document for registration and what should be the right of such person on the property under transaction".
- The Government should enact appropriate rules to ensure inclusion of value of the constructed structures in the market value of properties for levy of stamp duty and registration fee.

FINANCE DEPARTMENT

4.3 Irregular allowance of exemption

Exemption to the tune of ₹ 20.13 lakh was granted without 'H' Form or invalid forms on export of iron ore.

Rule 4 (1) (C) of the Goa Value Added Tax Act, 2005 stipulates that sales turnover in the course of export of goods out of the Territory of India within the meaning of Sec. (5) of the Central Sales Tax Act, 1956 shall be allowed for deduction from the total turnover to determine the turnover of sales of goods for levying Tax. As per rule 12 (10) (a) of the CST (Registration & Turnover) Rules, 1957 deduction claimed should be supported by declaration in Form 'H' including all transactions taken place in a financial year.

For the year 2007-08, Dr. Prafulla R. Hede, a dealer in iron ore had claimed and was allowed deduction of ₹ 5.03 crore from taxable turnover of ₹ 13.40 crore in respect of three cases[7] for export of iron ore out of India under the rule. Audit scrutiny of the 'H' Form revealed the following discrepancies.

(i) 'H' Form issued by Shree Mallikarjun Shipping Pvt. Ltd. to the dealer did not contain date of issue and name of the issuing office to ensure the authenticity of the form. Therefore, the exemption of ₹ 5.41 lakh allowed on export turnover of ₹ 1.35 crore was irregular.

(ii) 'H' Form issued by Seagull Ore Carriers Pvt. Ltd. to the dealer covered two financial years 2007-08 and 2008-09 which was irregular as per Central Sales Tax (Registration & Turnover) Rules, 1957. Consequently the exemption of ₹ 13.80 lakh on export sales valued at ₹ 3.45 crore allowed was irregular.

(iii) Exemption was allowed without 'H' Form in respect of Ross Minerals and the exemption of ₹ 0.92 lakh export sales valued at ₹ 23 lakh was irregular.

After this was pointed out, the Department stated (January 2012) that the dealer would be re-assessed.

The matter was referred to the Government (June 2013) and their reply was awaited (January 2014).

4.4 Non collection of renewal fees

The Department did not collect renewal fees from Five Star Hotels with Electronic amusement/ slot machine license amounting to ₹ 1.06 crore.

The Goa, Daman and Diu Public Gambling Act, 1976 as amended vide Notification dated 12 February 2004 provided that a five star hotel which has been issued a license for installing electronic amusement/slot machines in its premises shall pay annually a 'renewal fees' of ₹ 10 per room per day and the amount so collected is to be deposited into the Treasury in advance. Audit noticed (September 2011 and December 2012) that renewal fees as required vide notification dated 12 February 2004 was not charged/collected by the

[7] Shree Mallikarjun Shipping Pvt. Ltd., Seagull ore carriers Pvt. Ltd. and Ross Minerals

Department in respect of six[8] hotels and as of 31 May 2012 was ₹ 2.39 crore for different periods from May 2004 to May 2012.
On being pointed out in audit, the Department partly recovered/collected renewal fees amounting to ₹ 1.32 crore from four[9] Hotels (October 2011 to February 2013). The balance amounting to ₹ 1.06 crore in respect of the five[10] hotels as shown in ***Appendix 4.3*** was not collected (May 2013).

The matter was referred to the Government (June 2013) and their reply was awaited (January 2014).

4.5 Loss of revenue

The decision of the Government to levy concessional rate of Road Tax merely on the basis of its registration being done in the name of individuals resulted in a large number of vehicles normally used only for commercial purposes being registered in the names of individuals by paying only the concessional rates of Tax.

The rates of Tax for vehicles classified as "any other motor vehicles", was fixed as (i) 5 *per cent* of the cost of the vehicle for vehicles priced ₹ 6 lakh and below and (ii) 6 *per cent* of the cost of the vehicle for vehicles priced above ₹ 6 lakh through an amendment to the Goa Motor Vehicles Tax Act, 1974 (Part-B, Item No. B Clause-3) implemented vide Notification No. 7/16/2004-LA dated 24 August 2004.

The above classification was further amended vide Notification dated 07 May 2008 by which the above rates were restricted to vehicles registered in individuals' names only and separate rates were introduced for vehicles registered in the name of "Companies/Institutions/Corporations" *etc* as under:

(i) 7 *per cent* of the cost of the vehicle for vehicles priced ₹ 6 lakh and below;

(ii) 8 *per cent* of the cost of the vehicle for vehicles priced above ₹ 6 lakh, but not exceeding ₹ 10 lakh;

(iii) 10 *per cent* of the cost of the vehicle for vehicles priced above ₹ 10 lakh but not exceeding ₹ 25 lakh;

(iv) 15 *per cent* of the cost of the vehicle exceeding ₹ 25 lakh.

A large number of vehicles used only for commercial purposes such as wheel loaders, hydraulic excavator loaders, hydraulic cranes, fork lift, JCB *etc.* registered in the names of individuals paid only the concessional rates of Tax. Details regarding vehicles so registered, obtained from some offices of the Assistant Directors of Transport during the audit scrutiny and the resultant short levy of road Tax are shown below:

[8] Palm Hotels, Holiday Inn Resort, Britto Amusements Pvt. Ltd., Eastern International Hotels Ltd., Bharat Hotels Ltd. and Ramada Caravela Beach Resort
[9] Palm Hotels, Holiday Inn Resort, Britto Amusements Pvt. Ltd. and Eastern International Hotels Ltd,
[10] Holiday Inn Resort, Britto Amusements Pvt. Ltd., Eastern International Hotels Ltd., Bharat Hotels Ltd. and Ramada Caravela Beach Resort

Period/ Year of Regn.	Branch office	No. of Vehicles registered	Vehicles type	Total value (*₹ in lakh*)	Amount of Tax levied (*₹in lakh*)	Tax leviable at higher rate (*₹in lakh*)	Amount of loss of Tax (*₹in lakh*)
November 2011	ADT Ponda	12	12 Wheel Loaders	332.41	19.94	49.86	29.92
March 2011 to October 2012	ADT Bicholim	17	11 JCB 3 Loaders 1 Crane 2 Cons. Equip.	353.87	21.43	35.39	13.96
October 2010 to December 2012	ADT Vasco	38	10 H E Loaders 10 JCB 9 Loaders 6 Cranes 1 Road Roller 1 Fork Lift	789.97	48.22	89.82	41.60
January 2011 to August 2012	ADT Mapusa	43	36 JCB 3 WI Loaders 2 Cranes 2 Cons. Equip.	944.90	58.24	100.53	42.29
Total					**147.83**	**275.60**	**127.77**

The changed policy of the Government fixing a lesser rate of road Tax in respect of vehicles registered in individual's name, irrespective of their use for personal or commercial purpose has been detrimental to the interest of Government revenue. In the above illustrative cases itself the loss amounted to ₹ 1.28 crore.

After the matter was brought to the notice of the Department, the Asst. Directors of Transport stated that they did not have jurisdiction to go beyond the scope of the Notification and they have levied and collected the Tax as per the Government notification. The fact however, remains that the general classification of vehicles based only on registration irrespective of its use for private or commercial purpose provided a loophole for legal avoidance of Tax.

The matter was referred to Government (June 2013). The Director of Transport replied (January 2014) that Registration is being done as per provisions in the Act and the Government needs to amend the said rule/clause classifying the vehicles/machineries *etc.* accordingly without leaving any marginal scope for any loopholes. The reply of the Government was awaited (January 2014).

4.6 Short levy of License fees

There was short levy of license fee due to failure to verify the registration status of the licensees (₹ 1.45 crore)

The Goa Excise Act, 1964 as amended from time to time specifies that license fee for hotels are to be charged at the prescribed rates based on their categorisation by the Department of Tourism (DoT), Government of Goa, under Goa Registration of Tourism Trade Act. The Act also provided that for every additional point of sale of liquor in a licensed premises, additional fee @ 50 *per cent* of the annual license fee shall be charged.

Test check of records maintained by Excise Station Bardez (December 2012) revealed that five hotels were registered as 'B' category and three hotels registered as 'C' category. However a cross verification with the records of the DoT revealed that five of these hotels were of 'A' category and the remaining three hotels were of 'B' category. Failure of the Department of Excise (DoE) to verify the status of the hotels as registered with the DoT resulted in short levy of license fee of ₹ 1.45 crore as brought out in the ***Appendix 4.4.*** The short levy remained undetected since the (DoE) did not have any mechanism to cross check the authenticity of the claims with the DoT.

The DoT confirmed (December 2012) the status of five hotels as 'A' category and three as 'B' category.

The matter was referred to the Government (April 2013). Their reply was awaited (January 2014).

4.7 Non-levy of Tax and penalty from unregistered dealers

Despite having the details of transactions by the unregistered dealers the Department did not take any action to recover Value Added Tax and penalty from them.

Section 18 of the Goa Value Added Tax Act, 2005, provided that every dealer who has exceeded the limit of liability to pay Tax should possess a valid certificate of registration (limit of turnover ₹ 10,000 in case of non-resident dealer and casual trader ₹ 1,00,000 in case of importer/manufacturer ₹ 5,00,000 in any other case). Carrying on business as a dealer without such registration is punishable under Section 44 of the above Act. Besides, Section 54 of the Act also provides for levy of penalty not exceeding double the amount of Tax payable.

Audit observed (January 2013) from the information furnished by the Commercial Tax Officer, Vasco to the Commissioner of Commercial Taxes for submission to the Justice Shah Commission (November 2012) on illegal mining that iron ore valued at ₹ 48.74 crore was purchased by exporters from unregistered dealers during 2007-08 to 2010-2011. These unregistered dealers escaped the payment of VAT. However, despite having the details of transactions by the unregistered dealers, the Department did not take any action to recover the Tax and penalty as provided in the Act and also to punish the offenders for engaging in trade in violation of the Act.

The Commercial Tax Officer, Vasco replied (May 2013) that the purchasers were unable to provide the full address of the sellers who were located in different parts of the State of Goa under different ward offices where the unregistered dealers have to pay the Tax that may be due from them and the respective ward officers shall be informed to take necessary action. It was assured that action shall be taken against the dealers falling within his ward.

Audit further obtained (June 2013) details of purchases made by unregistered dealers for the whole State as submitted to the Shah Commission in September 2012 and found that 315 unregistered dealers made sales of iron ore to various registered dealers under different ward offices, but no action was taken by the Department to bring them under Tax and levy Tax and penalty as per rules.

The year-wise details of transactions, Tax and penalty leviable for the whole State including Vasco ward were as under:

YEAR-WISE CALCULATION OF VAT AND PENALTY LIABILITY			
Financial Year	**Value of iron ore purchased from URDs** ***(₹ in lakh)***	**Tax @ 4% upto 2009-10 and @ 5% w.e.f. 2010-11 (VAT rate revised to 5% w.e.f.4.5.2010)** ***(₹ in lakh)***	**Maximum Penalty leviable at the rate twice the Tax due** ***(₹ in lakh)***
2006-07	3937.41	157.50	314.99
2007-08	6215.27	248.61	497.22
2008-09	9755.58	390.22	780.45
2009-10	5022.65	200.91	401.81
2010-11	2656.02	132.80	265.60
2011-12	107.09	5.35	10.71
2012-13	19.89	0.99	1.99
Total	**27713.91**	**1136.38**	**2272.77**

Failure to pay Tax by unregistered dealers attracted penalty. Penalty leviable along with the Tax due amounted to ₹ 34.09 crore which was not recovered by the Department till January 2014.

The matter was referred to the Government in July 2013. Their reply was awaited (January 2014).

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 ₹ 569.35 crore for 2012-13 as per their latest finalised accounts as of September 2013. This turnover was equal to 1.63 *per cent* of State Gross Domestic Product (GDP) for 2012-13. Major activities of Goa State PSUs are concentrated in Infrastructure development sector. All State PSUs are working and earned an overall aggregate profit of ₹ 15.58 crore for 2012-13 as per their latest finalised accounts. They had employed 3,219 employees[♣] as of 31 March 2013. There were 17 PSUs at the end of March 2013 consisting of 15 Government companies and two Statutory Corporations. The Departmental Undertakings (DUs) of Electricity Department and River Navigation Department, which carry out commercial operations are not included in these 17 PSUs. 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

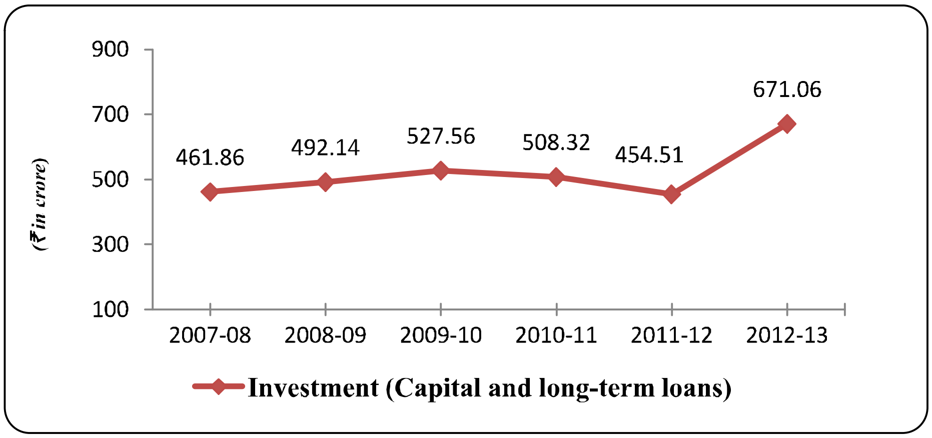
5.1.5 As on 31 March 2013, the investment (capital and long-term loans) in 17 PSUs was ₹ 671.06 crore as per details given below.

(₹ in crore)

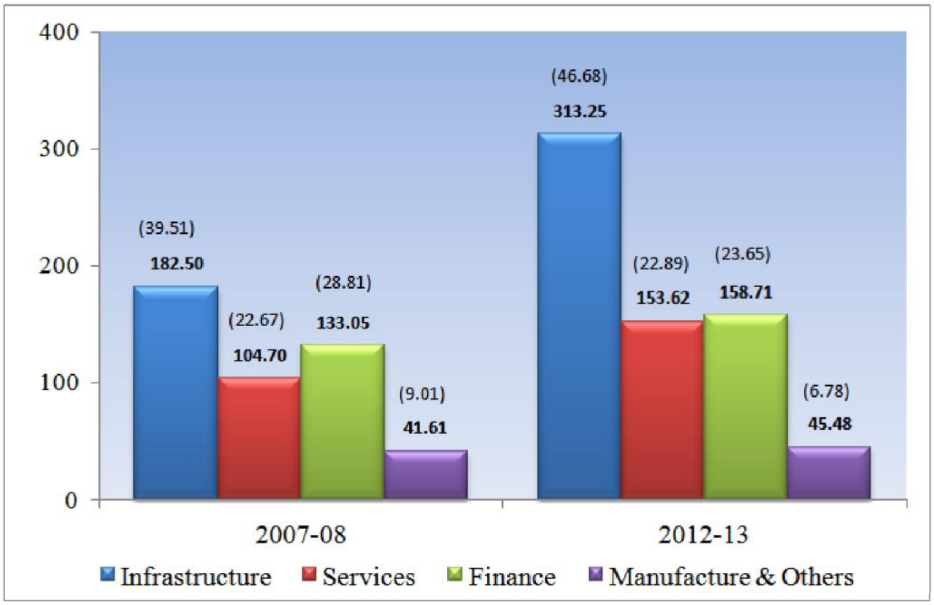
Government Companies			Statutory Corporations			Grand Total
Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
324.34	314.07	638.41	32.65	NIL	32.65	**671.06**

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

5.1.6 As on 31 March 2013, investment in State PSUs consisted of 53.20 *per cent* towards capital and 46.80 *per cent* in long-term loans. The investment has increased by 45.30 *per cent* from ₹ 461.86 crore in 2007-08 to ₹ 671.06 crore in 2012-13 as shown in the graph below.



5.1.7 The investment in various important sectors and percentage thereof at the end of 31 March 2008 and 31 March 2013 are indicated below in the bar chart. The share of investment in Infrastructure sector and Service sector increased from 39.51 and 22.67 *per cent* in 2007-08 to 46.68 and 22.89 *per cent* in 2012-13 respectively. However, investment in Finance sector and Manufacturing & Other sectors declined from 28.81 and 9.01 *per cent* in 2007-08 to 23.65 and 6.78 *per cent* in 2012-13 respectively.



(Source: Information furnished by PSUs)

(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

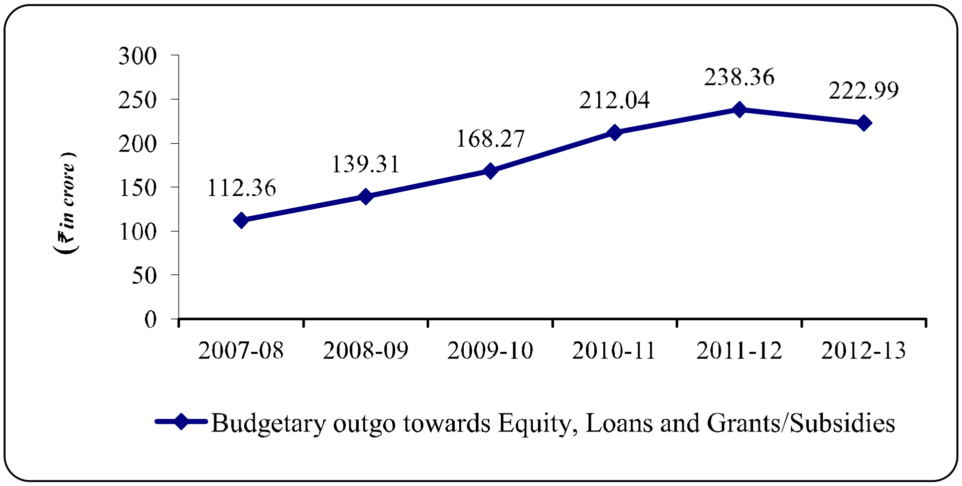
5.1.8 The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Appendix 5.3.*** The summarised details are given below for three years ended 2012-13.

(₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs*	Amount	No. of PSUs*	Amount	No. of PSUs*	Amount
1.	Equity Capital outgo from budget	3	12.47	5	34.43	4	40.16
2.	Loans given from budget	NIL	NIL	1	0.72	1	4.39
3.	Grants/Subsidy received	10	199.57	11	203.21	9	178.44
4.	Total Outgo (1+2+3)	10	212.04	12	238.36	10	222.99
5.	Guarantee / Commitment	3	83.71	3	69.00	3	80.72

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

5.1.9 The details regarding budgetary outgo to the State PSUs 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 over the years and has increased from ₹ 112.36 crore in 2007-08 to ₹ 238.36 crore in 2011-12 and reduced to 222.99 crore in 2012-13.

5.1.10 The guarantee/commitment by the State Government against the borrowings of State PSUs has increased from ₹ 69.00 crore in 2011-12 to ₹ 80.72 crore at the end of 2012-13 mainly due to providing additional guarantee to Kadamba Transport Corporation Limited. The State Government usually levies a one time guarantee fee of 0.5 *per cent* of the guaranteed amount. This was however, not levied in all three[1] 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 2013 is stated below:

(₹in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	289.42	293.11	3.69
Loans	[ϒ]	216.54	-
Guarantees	79.00	80.72	1.72

[1] Sr. Nos. A-7, 8 and 15 of Appendix – 5.3

[ϒ] State Governments loan to state PSUs are extended through the Government Departments. These Government Department 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 10 PSUs and some of the differences were pending reconciliation since 1998-99. Though, the Government as well as PSUs concerned were 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

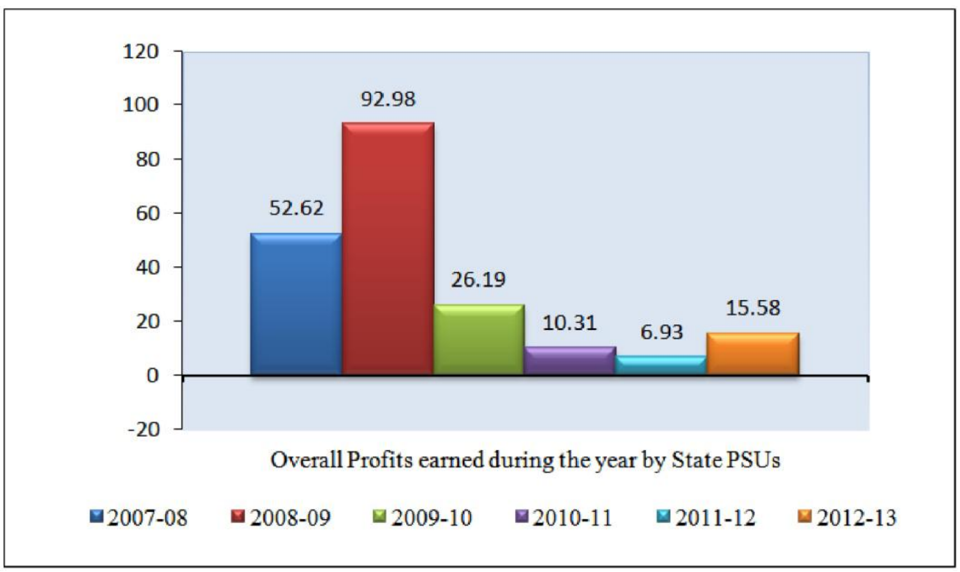
5.1.13 The financial results of PSUs, financial position and working results of Statutory Corporations are detailed in ***Appendix 5.2, 5.5 and 5.6*** respectively. A ratio of PSUs turnover to State GDP shows the extent of PSUs activities in the State economy. Table below provides the details of PSUs turnover and State GDP for the period from 2007-08 to 2012-13.

(₹in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover	350.86	459.33	440.04	413.72	456.48	569.35
State GDP	16901	19014	22512	22062	44460	34965
Percentage of Turnover to State GDP	2.08	2.42	1.95	1.88	1.03	1.63

It can be seen from the above that the extent of PSU activities in the State economy has shown an increasing trend since 2011-12.

5.1.14 Profits earned by State PSUs during 2007-08 to 2012-13 are given below in a bar chart. ***Appendix 5.2*** provides details pertaining to 2012-13.



(Figures show the amount of profit ₹in crore; 17 PSUs since 2007-08 to 2012-13)

During the year 2012-13, out of 17 PSUs, nine PSUs earned a profit of ₹ 47.72 crore and seven PSUs sustained loss of ₹ 32.14 crore. One PSU had not finalised its first account. The major contributors to profit were EDC

Limited (₹ 40.47 crore) and Goa State Infrastructure Development Corporation Limited (₹ 2.13 crore). Heavy losses were sustained by Kadamba Transport Corporation Limited (₹ 18.40 crore), Goa Industrial Development Corporation (₹ 4.17 crore) and Goa Tourism Development Corporation Limited (₹ 6.27 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 sustained losses to the tune of ₹ 19.80 crore which were controllable with better management. Year-wise details from Audit Reports are stated below.

(₹in crore)

Particulars	2010-11	2011-12	2012-13	Total
Net Profit	10.31	6.93	15.58	**32.82**
Controllable losses as per CAG's Audit Report	5.64	20.66	19.80	**46.10**

5.1.16 The above losses pointed out in the Audit Reports of C&AG are based on test check of records of PSUs. 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 greater professionalism in the functioning of PSUs.

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

(₹in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Return on Capital Employed (*per cent*)	15.23	21.64	10.01	7.25	6.68	**8.94**
Debt	216.54	224.73	242.69	212.48	139.27	**314.07**
Turnover	350.86	459.33	440.04	413.72	456.48	**569.35**
Debt/Turnover Ratio	0.62:1	0.49:1	0.55:1	0.51:1	0.31:1	**0.55:1**
Interest Payments	27.63	27.67	29.20	31.30	27.49	**29.13**
Accumulated Profits (losses)	**(171.70)**	**(82.46)**	**(34.56)**	**(36.00)**	**(46.15)**	**(46.22)**

5.1.18 The percentage of return on Capital Employed showed a declining trend from 21.64 *per cent* in 2008-09 to 6.68 *per cent* in 2011-12 and improved marginally to 8.94 *per cent* in 2012-13. This was mainly due to improvement in return on Capital Employed of three companies namely EDC Limited, Goa State Infrastructure Corporation Limited, Goa Antibiotics and Pharmaceuticals Limited. The total debt position has gone up to ₹ 314.07 crore in 2012-13 from ₹ 139.27 crore in the previous year 2011-12 due to additional loan taken by Info Tech Corporation of Goa Limited. The outgo of PSUs towards payment of interest had shown an increasing trend upto 2010-11 and stood at ₹ 29.13 crore as on 31 March 2013 showing an increase of ₹ 1.64 crore when compared to 2011-12. The turnover position increased from ₹ 456.48 crore in 2011-12 to ₹ 569.39 crore in 2012-13 mainly due to increase in turnover of Info Tech Corporation of Goa Limited, EDC Limited and Kadamba Transport Corporation Limited. The accumulated losses decreased from ₹ 171.70 crore during 2007-08 to ₹ 34.56 crore in 2009-10 but again increased to ₹ 46.22 crore in 2012-13.

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 nine PSUs earned an aggregate profit of ₹ 47.72 crore, only two PSUs (EDC Limited and Goa State Infrastructure Development Corporation Limited) 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 2013.

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of PSUs	17	17	17	17	**17**
2.	Number of accounts finalised during the year	16	16	11	13	**13**
3.	Number of accounts in arrears	29	30	36	40	**44**
4.	Average arrears per PSU (3/1)	1.71	1.76	2.12	2.35	**2.59**
5.	Number of PSUs with arrears in accounts	13	12	13	14	**15**
6.	**Extent of arrears**	**1 to 7 years**	**1 to 8 years**	**1 to 9 years**	**1 to 10 years**	**1 to 10 years**

It can be seen that the quantum of arrears in accounts was increasing and the average were from 1.71 in 2008-09 to 2.59 in 2012-13.

5.1.21 The State Government had invested ₹ 289.01 crore (Equity ₹ 53.14 crore, loan ₹ 4.39 crore and grants/subsidies ₹ 231.48 crore) in ten 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, the purpose for which the amount was invested had been achieved or not and thus Government's investment in such PSUs remained 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 and October 2013) 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 Eleven Companies forwarded their twelve accounts to AG during the year 2012-13, of which ten 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. The details of aggregate money value of comments of Statutory Auditors and C&AG are given below.

(₹in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	**Amount**	**No. of accounts**	**Amount**	**No. of accounts**	**Amount**
1.	Decrease in profit	2	15.71	2	5.07	2	12.21
2.	Increase in loss	2	0.21	1	0.20	2	1.95
3.	Non-disclosure of material facts	2	98.91	2	12.68	5	2.50
4.	Errors of classification	5	17.93	1	2.91	2	0.13

5.1.25 During the year 2012-13, 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 fourteen instances of non-compliance in eight accounts during the year. One company, Goa Forest Development Corporation Limited revised its annual accounts for

2011-12 based on preliminary observations made by audit.

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

Economic Development Corporation Limited (2011-12)

- Employee Benefits Expenses was overstated by ₹ 0.59 crore due to charging of superannuation scheme premium pertaining to the accounting year 2012-13 and paid to LIC during 2011-12. The same should have been accounted as pre-paid expenses instead of expenses for the year 2011-12. This had resulted in understatement of Profit for the year by ₹ 0.59 crore.
- Other Expenses was understated by ₹ 1.11 crore due to non-accounting of liability for work done by Kanaka Infratech Limited in respect of "Re-development of Patto Plaza". This had resulted in overstatement of profit by ₹ 1.11 crore.

Goa Handicraft, Rural and Small Scale Industrial Development Corporation Limited (2011-12)

- Employees Benefit Expenses was understated by ₹ 0.72 crore due to non-provision of liability towards gratuity payable to LIC on implementation of the VI Pay Commission Report. This had resulted in understatement of loss to the same extent.

Goa State Infrastructure Development Corporation Limited (2011-12)

- Trade receivables (Government of Goa) included ₹ 6.94 crore being expenditure incurred on the 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. This material fact should have been disclosed in the Notes forming part of accounts.
- Trade receivables (Government of Goa) included ₹ 6.10 crore being excess amount received from PWD towards repayment of a loan given by GSIDC. The Board of Directors unilaterally decided (August 2010) to adjust the excess amount and accordingly accounted 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".

Goa Antibiotics and Pharmaceuticals Limited (2011-12)

- **Notes forming part of financial statements** was incomplete since the disclosure as to the Company's "Guarantee/Warranty Terms and Policies" of the Company in respect of various class of products manufactured by the Company and terms for providing of estimated liability that might be required to honour expenditure towards such claims, had not been made as required at para 67 of AS-29.

Kadamba Transport Corporation Limited (2011-12)

- The Company implemented the VI Pay Commission recommendations for its employees with effect from 01 April 2010 and agreed to pay 25 *per cent* arrears of revised salary/wages from 01 January 2006 to 31 March 2010 in 2010-11 and the remaining 75 *per cent* arrears in 7 annual instalments from 2011-12 to 2017-18. However, provision for the same had not been created for the unpaid salary arrears of ₹ 19.03 crore. Non-provisioning for the same had resulted in understatement of liabilities and losses by ₹ 19.03 crore.

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 11 Companies[£] for the year 2011-12 and 10 Companies[µ] for the year 2012-13 are given below:

Sl. No.	Nature of comments made by Statutory Auditors	Companies where recommendations were made			
		2011-12		2012-13	
		Nos.	Reference to serial number as per *Appendix 5.2*	Nos.	Reference to serial number as per *Appendix 5.2*
1.	Auditors Report & Comments/Draft paras/ Mini Reviews not discussed in Audit Committee	3	A-9,10,14	2	A-7,15
2.	No system of making a business plan/short/ long term plan	5	A-8,9,13, 14, 15	4	A-6,7, 10,14
3.	No clear credit policy	5	A - 2,7,13, 14, 15	5	A- 6,7,12, 14, 15
4.	No delineated fraud policy	10	A-2,4,7,8,9, 10,12,13,14,15	7	A-7,9,10,11, 12,14,15
5.	No separate vigilance Department	10	A-1,2,4,7,9,10, 12,13,14,15	9	A-1,4,6,7,9,10, 12,14,15
6.	Non prescribing of Maximum/Minimum level of stock	1	A-13	1	A-14
7.	No ABC analysis adopted to control the inventory	-	-	1	A-14
8.	Inadequate scope of Internal Audit	1	A-14	3	A-6,9,14
9.	Absence of proper maintenance of Fixed Asset Register	1	A-14	1	A-6

£ Sl. No.1 to 15 (except Sl.No.3,5,6 & 11) of Appendix – 5.2.

µ Sl. No. 1 to 15 (except Sl.No 2, 3, 5, 8 & 13) of Appendix – 5.2.

5.1.28 Similarly, one Statutory Corporation, GIDC forwarded the annual accounts for 2010-11 to the Accountant General during 2011-12. This was subjected to sole audit by the C&AG. Some of the important comments are given below:

- Premium Receipts on Plots (₹ 334.69 crore) represented premium amount either received or receivable from allottees of land. As per the accounting practice for income/expenditure of assets on lease, the lease premium received/paid for use of leased assets was to be accounted/written off in equal installments over the period of lease. As neither the allotment order nor the lease agreement stipulated the refund of premium collected on the expiry of lease period, the same should have been written off over the period of lease instead of showing as liability.
- The Notes No.4 & 5 of Notes to Accounts stated that provision was made for payment of pension to staff as Pension Fund was created and yearly subscription was made to this fund by the Corporation and that provision was made for payment to staff on account of Leave Encashment, at the time of retirement. However, the Corporation had neither applied actuarial valuation for assessing the accruing liability towards pension and leave encashment nor complied with the disclosure requirements as per the provisions of Accounting Standard 15.

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	08.11.2011	Report under print
			2010-11	10.01.2013	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 2013. 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 (January 2014).

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 compliance audit in 2012-13, recoveries of ₹ 163.55 lakh were pointed out in two companies (*Kadamba Transport Corporation Limited and Goa Handicraft Rural and Small Scale Industrial Development Corporation*) and two Departments (*River Navigation Department and the Divisional Offices of Goa Electricity Department*), which were admitted by them. The recoveries effected during the year was ₹ 28.42 lakh by Departments and ₹ one lakh by two Companies.

Disinvestment, Privatisation and Restructuring of PSUs

5.1.32 During the year 2012-13, 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 has not yet been 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) has been 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 *per cent* and achieve breakeven in current distribution operations in two years and positive returns thereafter. This will be achieved by taking following measures:	Losses reduced to below 18 *per cent*. The Department is achieving substantial operating surplus.
	- Install meters on all 11 KV feeders by 31 December 2001.	Achieved (March 2003)
	- 100 *per cent* metering of all consumers by 31 December 2001.	Achieved (March 2004)
	- Computerised billing at towns by December 2002.	In process in some towns and balance under implementation.
	- Development of distribution Management Information System.	Being implemented under re-structured APDRP during XI Plan.
4.	Goa would achieve 100 *per cent* 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 Dispatch Centre	Grid discipline maintained.
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.	Ministry's guidelines followed.

5.2 Performance Audit on Loan recovery performance of EDC Limited

Executive Summary

1. Out of total principal outstanding of ₹ 474.09 crore as on March 2013, ₹ 142.30 crore (30.02 *per cent*) represented NPA as on 31/03/2013.

2. The actual recovery as a percentage of net recoverable ranged from 18.41 *per cent* to 19.77 *per cent,* during the period under review.

3. The percentage of recovery of old dues to outstanding at the beginning of the year ranged from 2.71 *per cent* to 6.48 *per cent,* during the period under review.

4. The Company was yet to formulate a manual containing 'Standard Operating Procedures' with a view to ensure transparency in its functioning and serve as a guideline in the entire process of granting of loan and its recovery.

5. In nine out of 15 cases test checked, where the Company had settled the accounts under OTS the total waiver amounted to ₹ 1,361.52 lakh.

6. Since inception there has been no separate "Policy relating to additional Collateral Security" or separate directions issued by the top Management, Board or Government of Goa for extending financial assistance.

7. No '*additional*' or '*collateral*' security was sought from promoters belonging to financially sound business groups as well.

8. Due to delayed recovery action the value of securities obtained had deteriorated by 23.46 *per cent* to 99.80 *per cent* amounting to ₹ 8.25 crore in 26 cases test-checked by audit.

9. Despite becoming CIBIL member in January 2011, the Company had not listed names of its defaulters.

10. The loss due to defective appraisal in three cases of loan disbursed during the period under review was ₹ 59.99 lakh.

11. No penalty was prescribed for non-submission of documents such as financial statements, periodically to the Company.

5.2.1 Introduction

Economic Development Corporation of Goa, Daman & Diu Limited (Company) was incorporated on 12 March 1975, as a development bank, enjoying the ***twin*** status of a State Finance Corporation (SFC) as well as an Industrial Development institution. The Company was notified as a financial institution since January 1993 and provisions of Section 29, 30 and 31 of SFC Act were made applicable to the Company. The Company changed its name to **EDC Limited** (September 1999). The Company was formed with the main objectives to provide financial assistance to Small and Medium Entrepreneurs in various sectors; act as an agent for the disbursement of assistance under various schemes, incentives, concessions and benefit on behalf of the State and Central Government to the units and enterprises assisted by the Company; and participate in other development works, projects, schemes as mandated by the State Government.

As on 31 March 2013 the Company had an equity capital of ₹ 10,092.48 lakh. The Government of Goa held ₹ 8,620.26 lakh (85.41 *per cent*), IDBI held ₹ 1,153.22 lakh (11.43 *per cent)* and Daman & Diu Administration held ₹ 319 lakh (3.16 *per cent*) of this equity capital.

5.2.2 Organisational setup

The Management of the Company is vested with the Board of Directors (Board) consisting of nine Directors, including Chairman and Managing Director. The Board of the Company is the policy making body and the policies are being implemented through delegation of powers to the Managing Director (MD). The MD is assisted by two Chief General Managers and five[2] General Managers. The organisational chart of the Company is placed as ***Appendix 5.8***.

The Chief General Manager (Recovery) is the head of Follow up and Recovery (FR) Section and is assisted by one General Manager and two Deputy General Managers. The Managers/Deputy Managers are primarily responsible for monitoring and recovery of dues.

5.2.3 Scope of Audit and Methodology

The present performance audit covered the loan recovery performance of the Company during the period 2008-09 to 2012-13. We examined the '*live for recovery*' records maintained at the Corporate Office. This involved scrutiny of records of Chief General Manager (Legal, Computer Cell & Recovery) and General Manager (Recovery) *etc.* at Head Office. Since the final accounts of the Company for the year ending 31 March 2013 were under preparation, the position of loans outstanding as on 31 March 2012 was used for selecting cases for audit test check, as per table below:

[2] One General Manager is posted as Managing Director to EDC's subsidiary *i.e.* GAPL.

Type	Particulars	Period	Total Cases	Selected
A.	One Time Settlement cases	2008-13	150	15
B.	**Term Loan default cases**			
	Doubtful-I – Category 'D'	456 to 820 days	6	1
	Doubtful- II – Category 'E'	821 to1550 days	9	1
	Doubtful-III – Category 'F'	Above 1551 days	61	6
	Loss – Category 'G'		407	40
C.	Recent Term Loan cases above ***one*** crore for review of appraisal & disbursement processes only.		21	7

The scrutiny was made for lapses and delay in attaching the property and its disposal, inadequate security, delay in approaching Debt Recovery Tribunal (DRT) or Civil Court for recovery from sale of identified personal property not hypothecated or mortgaged with the Company. Deficiencies in the appraisal process followed during the period under performance audit have been pointed out in the paragraph on appraisal and disbursements.

The audit objectives of the Performance audit were explained to the Company during an entry conference held in May 2013. The preliminary audit findings were reported to the Management in October 2013 and their replies have been incorporated in this Performance Audit Report wherever feasible. The findings of the audit were also discussed with the Secretary (Finance) and Chairman-EDC Limited on 27 November 2013. The replies of the Company (November 2013) were concurred by the Government (January 2014).

5.2.4 Classification of assets

Reserve Bank of India (RBI) has issued guidelines to banks on 'Prudential norms on Income Recognition, Asset Classification, Provisioning pertaining to Advances and Computation of NPA levels', which apply mutatis mutandis to the All India Financial Institutions. RBI norms applicable to the Company requires that a statement[3] showing position of 'loans outstanding' classified into (i) Standard (ii) Sub-standard (iii) Doubtful and (iv) Loss category be compiled every year as a part of the annual financial statements *i.e.* Balance sheet. Based on RBI guidelines, the loans are categorised by the Company as follows:-

Standard assets: is one which does not disclose any problems and which does not carry more than normal risk attached to the business. Such an asset should not be an NPA.

Non-performing Assets: A loan or an advance becomes 'non-performing asset' (NPA) when it ceases to generate income (for the *financial institution*) and where the 'interest' or 'instalment of principal' remains overdue for a period of more than 90 days. The NPAs are further classified into '*sub-standard', 'doubtful' and 'loss'* assets based on total period for which the asset remained *non-performing.*

[3] Commonly referred to as 'Non-Performing Assets (NPA) Statement'

a	Sub-standard assets	A sub-standard asset which remained NPA for less than or equal to 12 months.
b	Doubtful assets	A doubtful asset was such asset which remained sub-standard for 12 months.
c	Loss assets	Loss assets are those where loss has been identified by the Company, internal or external auditor, but the amount has not been written of wholly.

The cases classified under ***(i) Standard*** and ***(ii) Sub-standard*** represent loanee cases which were regular and slightly irregular in repayment respectively. As payments were regular, these low risk categories of loanees were not selected for scrutiny by audit.

5.2.5 Audit Objectives

The performance audit on loan recovery performance of the Company was carried out to assess whether;

- operating manuals and guidelines existed;
- adherence to procedures and guidelines on loan applications, correctness of appraisal process and use of tools such as CIBIL[4] data for appraisal and monitoring by management;
- timely adherence to recovery procedure, guidelines and prompt realisation of dues existed;
- system of internal control was adequate and operative;
- OTS schemes were implemented in accordance with the approved policies and reasonability of settlements; and
- assessment of overall position of loan recovery.

5.2.6 Audit criteria

The audit criteria derived from the following were adopted:

- Relevant provisions contained in the manual and resolutions of the Board.
- Policies, procedures and guidelines of the Company relating to recovery of loans, relevant provisions of SFC Act, Guidelines of RBI/SIDBI *etc.*
- Guidelines of RBI in respect of categorisation of loan/asset classification.
- OTS schemes and delegation of powers.
- Reports, guidelines prescribed for MIS/Internal Control/Internal Audit.

5.2.7 Financial Assistance process – An overview

For financial assistance, an entrepreneur was required to submit detailed project reports, viability report, promoters' background, technical ability, experience in the proposed product and its marketability, financial capabilities of the promoters, security offered, personal guarantee of the borrowers, corporate

[4]Credit Information Bureau (India) Limited

guarantee of associate companies and contribution to be brought in by promoters. EDC has also formed a Preliminary Clearance Committee (PCC) for general evaluation after which loan application form is given to the borrower. Disbursement of loan is made after execution of prescribed agreement including creation of securities in favour of the Company. In the event of default by the loanee, recovery action under appropriate provisions of the law is initiated after providing adequate opportunity by serving notices to the borrower to clear the dues and on failure to clear dues after such notices, the assets are taken in possession by the Company.

Further, in cases where outstanding amounts are not fully recovered from the sale of mortgaged/hypothecated assets, any of the following recovery options are resorted to;

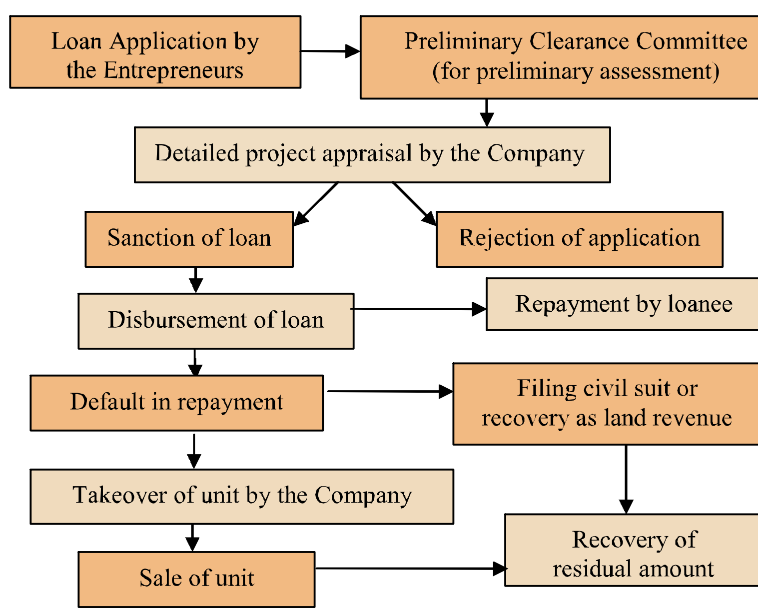
i. if balance recoverable is less than ₹ 10 lakh, the case is referred to "The Collector", (of concerned District where a personal asset of the borrower is located or any other authority designated as District Recovery Officer), under "*The Goa, Daman and Diu Public Moneys (Recovery of Dues) Act, 1986 and The Goa Public Moneys (Recovery of Dues) Rules 1988 (PMRA)* for recovery of balance dues as arrears of land revenue.

ii. where the balance recoverable are more than ₹ 10 lakh, the matter is referred to Debt Recovery Tribunal *(DRT)* under the provisions of *Recovery of Debts Due to Banks and Financial Institutions Act, 1993* for recovery in view of personal guarantees obtained from the promoters.

iii. by approaching the District Judge under section 31(1)(a) of the State Financial Corporation Act 1951 *(SFC Act)* or for enforcing the liability of any surety under section 31(1) (aa) of the SFC Act.

A flow chart indicating the process of financing and recovery thereof is depicted below:

<u>Process of Financing &Recovery</u>



5.2.8 Audit findings

The position of loans (excluding write off amounts) in terms of money value as on 31 March 2013 was as follows.

(₹ in lakh)

Year 2012-13	Term Loan	Micro Finance	Corpo-rate	CMRY[5]		Total	
				Old	**New**	**Amount**	***Per-cent***
A – Standard – I	3711.07	271.55	26978.12	0.00	916.63	31877.37	**77.44**
B – Standard – II	188.00	74.16	0.00	0.00	1039.59	1301.75	**3.16**
C – Sub-Standard	1292.22	21.96	877.82	0.41	1350.05	3542.46	**8.61**
D – Doubtful – I	698.86	1.55	90.00	1.01	171.77	963.18	**2.34**
E – Doubtful – II	123.45	0.00	0.00	1.09	106.98	231.52	**0.56**
F – Doubtful – III	893.37	0.00	0.00	47.60	96.17	1037.14	**2.52**
G – Loss / Court Cases	2201.28	0.00	0.00	0.08	10.56	2211.92	**5.37**
Total - Amount	9108.25	369.22	27945.94	50.17	3691.75	41165.34	**100.00**
Percentage of type of Loan to Total Loan	22.13	0.90	67.89	0.12	8.97	100.00	**--**

As per the above, the Company was having 80.60 *per cent* of its loans under Standard category. This was due to the reason that the Company had disbursed Corporate loan of ₹ 231.50 crore during 2012-13 to Info Tech Corporation of Goa Limited, GSIDC Limited and Kadamba Transport Corporation Limited and which was not under the category of NPA during the year.

5.2.9 Recovery performance

The details of NPA for the five years up to 2012 -13 are presented in the table given below:

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Principal outstanding at the close of the year	340.00	325.91	317.40	297.37	**474.09**
2.	Amount disbursed during the year	60.86	36.34	46.01	37.19	**240.77**
3.	Outstanding at close of the year excluding current year's disbursement.	279.14	289.57	271.39	260.19	**233.32**
4.	**Classification of loans**					
a)	Standard assets	191.51	194.67	179.73	145.10	**331.79**
b)	Sub-Standard assets	20.58	14.52	13.19	39.54	**35.42**
c)	Doubtful assets	39.38	39.27	44.81	25.02	**22.32**
d)	Loss assets	88.53	77.45	79.67	87.71	**84.56**
5.	Total NPA (b+ c +d)	148.49	131.24	137.67	152.27	**142.30**
6.	Percentage of NPA to total outstanding (5 to 1)	43.67	40.27	43.37	51.21	**30.02**
7.	Percentage of NPA to net outstanding (5 to 3)	53.20	45.32	50.73	58.52	**60.99**
8.	Percentage of doubtful and loss assets to total NPA[4(c)+4(d) to 5]	86.14	88.94	90.42	74.03	**75.11**

[5]Chief Minister's Rozgar Yojana.

It would be seen from the above that:

i. The percentage of NPA to total principal outstanding at the end of each year during the period under audit ranged between 30.02 and 51.21 *per cent* indicating high NPA.

ii. The percentage of doubtful and loss assets to total NPA showed increasing trend from 86.14 *per cent* in 2008-09 to 90.42 *per cent* in 2010-11 but reduced to 75.11 *per cent in* 2012-13. The position of doubtful and loss assets to total NPA indicates need for further efforts in the direction of recovery performance. This showed the need for improvement of appraisal process relating to project viability and competence of the promoter.

The Government, in reply contended (January 2014) that table above considered all the bad debts written off over the years, as a part of loan outstanding at the close of each year during the period under review and that this was not as per practice followed as the amounts had been written off during the respective periods.

The contention of the Government was not correct, since the process of writing off was only an accounting treatment in its books of accounts to present a fair position of its assets and liabilities as on Balance Sheet date. The amount written off was not actually waived off or communicated to the borrower as settled/closed. Moreover, the Company itself considered the amount written-off as a business expense in the year of its write-off and as income from recovery of bad debts, when received in future date.

5.2.10 Position of loans due for recovery, targets and achievements

The Company had disbursed total loans aggregating ₹ 1,112.28 crore up to 2012-13. Of this, principal and interest amounting to ₹ 347.82 crore were due for recovery as on 31 March 2013. The details of term loans due for recovery, targets fixed for recovery and amounts recovered during the last five years upto 2012-13 are given in ***Appendix 5.9***.

Audit observed that:

i. The target for recovery to net recoverable during the period under audit fixed by the company ranged from 19.07 *per cent to* 20.04 *per cent* was low and resulted in showing achievement of recovery target in the range of 91.85 *per cent* to 98.30 *per cent.* Even this low target fixed was not fully achieved by the Company during the period 2008-13.

ii. The actual recovery as a percentage of net recoverable marginally increased from 18.41 *per cent* in 2010-11 to 19.77 *per cent* during the period 2012-13. Absence of a scheme or a policy to effectively induce the borrowers/defaulters to repay, resulted in consistent low level of recovery.

iii. The percentage of recovery of old dues outstanding at the beginning of the year ranged from 2.71 *per cent* to 6.48 *per cent* during the period under audit. The recovery had fallen from 6.48 *per cent* in 2009-10 to 2.71 *per cent* in 2011-12 and marginally improved in 2012-13 to 3.75 *per cent*. This indicated that the percentage of recovery of old dues was not satisfactory.

iv. The targets fixed for recovery were overall and not separate for old dues, current dues or for amounts relating to BIFR cases, court cases, closed units, units in possession and deficit cases *etc.* Thus, the recovery of old dues in terms of percentage constituted only 2.71 *per cent* to 6.48 *per cent* of the amounts due at the beginning of the year compared to the percentage of recovery of current demand which ranged from 57.68 *per cent* to 73.08 *per cent.* In the absence of separate targets for old dues, the performance of recovery against old dues could not be assessed in audit.

The Company has taken note of audit observation and agreed (November 2013) to fix targets separately for old accounts.

5.2.11 Absence of Standard Operating Manual

The 'operating manual' in use at EDC was prepared in 1986 and was stated to have undergone several modifications in accordance with the re-finance limits stipulated by the SIDBI and IDBI. The Company was yet to formulate a manual containing 'Standard Operating Procedures' with a view to ensure transparency in its functioning and serve as a standard practice/guideline in the entire process of granting of loan and its recovery.

The Government replied (January 2014) that EDC was following an Operating Manual prepared in line with procedures followed by other SFCs and that the Board of EDC had recently decided that standard operating procedure be updated in the Operating Manual, expected to be completed by March 2014.

However, in the absence of specific guidelines, the following was observed by audit in the loan recovery process.

5.2.12 Lack of timely action and delay in recovery

The manual did not specify any specific time bound action plan for step-by-step loan recovery process which involved providing adequate time and opportunity in the form of (i) time span for normal notice for default;(ii) show-cause notice; and (iii) recall notice to be provided to the borrower in a situation of default in paying quarterly outstanding dues and opportunity for the loanee to be heard. In the absence of the same such matters were not dealt with uniformly.

In the test-check of selected cases, lack of timely action, non-uniformity in the time provided to defaulters and delays in recovery process ranging from more than one year to 15 years from the date of loan becoming doubtful (*i.e.* two more years after becoming NPA) were noticed in 37 cases[6], as indicated in ***Appendix 5.10***. In 28 cases[7] the dues as on date of becoming 'doubtful' ranged from ₹ 0.49 lakh to ₹ 525.32 lakh. In the remaining[8] nine cases where the Company had settled the accounts under one time settlement scheme (OTS) and the total waiver amounted to ₹ 1,361.52 lakh.

[6] In ascending order of delay.
[7] Sr.Nos.1 to 5, 7 to 12, 14 to 16, 19 to 22, 24, 27, 28, 30 to 35 and 37 of ***Appendix 5.9***
[8] Sr.Nos.6, 13, 17, 18, 23, 25, 26, 29 and 36 of ***Appendix 5.9***

Of the 37 cases mentioned above, the position of five cases where the outstanding was more than a crore is listed below.

Sl. No.	Name of Borrower	Date of Loan declared doubtful Outstanding (₹ in lakh)	Delay in attachment/ reference to DRO	Amount waived, where loan settled under OTS (₹ in lakh)
1.	Jaybee Laminations Pvt. Ltd.	30/06/2002 ₹ 163.90	December 2003, about 1½ years after date of NPA.	74.23
2.	Swan Distilleries Pvt. Ltd.	31/03/2003 ₹ 525.32	July 2007, about four years after date of NPA.	-
3.	Decibells Electronics	30/09/1999 ₹ 193.10	September 2003, about four years after date of NPA.	337.47
4.	Shivam Synthetics Pvt. Ltd.	30/06/1992 ₹ 112.84	November 1996, about 4½ years after date of NPA.	142.39
5.	Penguin Alcohols Pvt. Ltd.	30/06/2003 ₹ 278.15	February 2010, about six years after date of NPA.	-

The Company in its replies (May/September 2013) attributed the delay in attachment to; (i) adequate opportunity for the borrower to repay was provided as attaching the unit was a quasi-judicial function; (ii) the borrower and his family being dependent on the unit for livelihood; (iii) inability to seize movable asset as the vehicle was reported running outside the State and not traceable; (iv) low realisable value of security obtained and unit being operated in rented premises; (v) accepting the borrower's request for re-scheduling of repayment or re-structuring of loan due to factors beyond the control of the borrower; and (vi) time involved in the judicial/BIFR processes over which it had no control *etc*. The Government stated (January 2014) that EDC had switched over to commercial lending and necessary measures for timely recovery action had been initiated by installing alerts in the software and preparation of standard operating procedures.

The fact however was that as per the manual there were no defined time-line for providing opportunities to the borrower and thus there were delays in attachment of assets of the defaulters.

5.2.13 Sanction of loan without sufficient security

The manual neither mentioned the type of assets to be accepted/not to be accepted as security towards loan nor value of depreciable assets to be considered towards security. This had provided scope for considering depreciable assets, intangible and miscellaneous expenses having no re-sale value as security and even when the value of tangible securities was less than the principal amount. During the test-check of 54 term loan cases[9] for adequacy of security, it was noticed in 18 cases that the loans were sanctioned and disbursed without obtaining enough tangible security to cover the principal amount as detailed in ***Appendix 5.11.***

[9] Live for recovery *i.e.* outstanding during the period under audit even though loan sanction/disbursements pertained to the period 1986 to 2001.

The Company replied (September 2013) that the working manual was prepared in the development banking era based on systems and procedures followed by other institutions as required by IDBI/SIDBI. The manual therefore did not provide for additional or collateral security. It was further stated (November 2013) that there was no separate policy for obtaining collateral security approved by Government of Goa or directions issued by the Board.

5.2.14 Settlement under One Time Settlement (OTS) scheme

During the test-check of OTS cases, the following was observed:

5.2.14.1 M/s Super Urethane Products Private Limited, (SUPPL) promoted by Punj Group was sanctioned a loan of ₹ 65 lakh in April 1984 and availed a total of ₹ 57.15 lakh upto January 1991. The only security obtained was the asset (unit) financed by the Company valued at ₹ 104.52 lakh and personal guarantee of the promoters. SUPPL paid only ₹ 44.15 lakh till the date of attachment (December 2003). Against a total outstanding of ₹ 330.13 lakh, the Company recovered ₹ 80 lakh on sale of assets (March 2005). Further, the Company settled the account under OTS by offering ₹ 4.00 lakh plus other miscellaneous expenses as settlement amount and waiver of ₹ 238.11 lakh.

5.2.14.2 The promoters of M/s Styrofoam Cups & Container Private Limited, (SCCPL) defaulted in interest and principal repayments since September/November 1998 and the Company did not take any action to attach and sell the financed unit for a period of six years. Against the total outstanding of ₹ 332.47 lakh as on September 2006, the Company settled the account (April 2007) under OTS scheme at ₹ 165.39 lakh plus simple interest at 12 *per cent* on principal balance from October 2006 till the date of offer and waived off ₹ 167.08 lakh.

5.2.14.3 M/s Shivam Synthetics Pvt. Ltd. (SSPL) defaulted in payments of principal and interest since February/September 1991. The Company did not take any action (June 1992 to November 1996) to attach and sell the financed unit for a period of four years after the date on which it had classified the loan account as doubtful (June 1992). Finally, the Company offered (September 2008) settlement of the account under OTS scheme at ₹ 53.25 lakh plus other expenses and waived ₹ 142.39 lakh out of total outstanding of ₹ 195.63 lakh as in June 2008.

The Company replied (June-August 2013) that as regards the collateral securities, it was practice followed by the Company not to insist on collateral securities and the main security was of mortgage/hypothecation of fixed assets of the borrower and personal guarantees of the promoters.

5.2.15 Deterioration of value of assets due to delay in recovery

Due to delayed action in attachment of assets, the value of the security obtained (except that of land and building in some cases) gets reduced with the passage of time due to normal wear and tear or technological obsolescence. It was thus imperative that the company exercised its options for recovery at the earliest, giving due importance to the factor of reduction in the value of assets obtained as security.

As detailed in ***Appendix 5.12*** it was observed that the value of the security obtained had deteriorated by 23.46 *per cent* to 99.80 *per cent* in 26 cases and the Company was unable to recover substantial value of the asset and the amount recovered was not enough to cover the principal and interest outstanding as on the date of attachment/taking recovery action.

5.2.16 Absence of action resulting in claims being irrecoverable/time-barred

The Company did not have a defined time-plan to pursue the recoverable balance to avoid cases of recovery becoming time-barred (*i.e.* three years) as per 'The Indian Limitation Act, 1963' by filing a case in the court for recovery. Such lapses were observed in four cases mentioned below:-

i. After auction of available assets of M/s Maruti Cement Products in February 2005, the Company failed to file FIR for missing machinery and court case for balance recovery of ₹ 41.69 lakh which had become irrecoverable and time barred inspite of detection (July 2008) of four stationery shops of the defaulter. There was no progress of the case since August 2011.

ii. After sale of attached assets (December 2005) of M/s Harichandra Enterprises, no further action was taken or a court case filed for recovery of the balance of ₹ 37.33 lakh (including interest) till March 2013 resulting in the recovery becoming irrecoverable/time barred.

iii. After sale of attached assets of M/s Ameya System and Printers (May 2002), no further action or court case was filed for recovery of the balance of ₹ 119.95 lakh as on March 2013 (including ₹ 76.18 lakh interest) resulting in the recovery becoming irrecoverable/time barred due to inaction for 11 years.

iv. After sale of attached assets of M/s Enarai Vapour Lamp Ignitor Private Limited in August 1996, no further action or court case was filed for recovery of the balance of ₹ 4.25 lakh making the same irrecoverable/time barred.

Similarly, in three cases as detailed below the Company had filed cases for recovery under the Goa, Daman and Diu Public Moneys (Recovery of Dues) Act 1986, but did not pursue the case for balance recovery after partial recovery of dues were made from sale of attached assets.

v. M/s Shubhdwar Engineering Private Limited: Case filed in February 1993 but there was no correspondence with DRO or defaulter since March 1996. The outstanding as on March 2013 was about ₹ 32.39 lakh.

vi. M/s Chamunda Cashew Industries: Case filed in July 1992 but there was no correspondence with DRO or defaulter since May 2002 for balance recovery. The amount due for recovery as on March 2013 was ₹ 25.15 lakh (including interest).

vii. M/s Phoenix Limited: Case filed in 1994 but there was no correspondence or efforts seen on record to recover the amount due since 1997. The balance of ₹ 12.72 lakh (including interest) was recoverable as in March 2013.

viii. In the case of Shri Hemant M Bandekar, there was no filing of FIR or Court case in past 16 years since January 1997 when loan was recalled. The party had been promising to repay dues. No repayment was made nor action taken to attach assets/vehicle. The outstanding recoverable stood at ₹ 42.62 lakh as in September 2012.

The Government stated (January 2014) that EDC had the remedy to file recovery cases under the provisions of PMRA Act in all loans irrespective of the outstanding amount as arrears of land revenue. The Government further stated that, the remedy available to the Company to file cases under PMRA for loans above ₹ 10 lakh was curtailed upon its attaining the status of a public financial institution in the year 2007 and consequently the said cases were hit by limitation.

The fact remains that had timely action been taken by the company in all these cases which arose during the period 1996 to 2005 and much before the limitation period came into effect in 2007, the recoveries could have been effected totally.

5.2.17 Inadequate utilisation of CIBIL's system of reporting on defaulters

The Company resolved (November 2010) to apply for membership with Credit Information Bureau (India) Limited (CIBIL). This would have helped the Company in appraisal of new loan applications in the light of details of previous defaults by the applicant, if any and also to report the past defaulters of the Company to CIBIL thereby preventing the defaulters from availing loans from other banks without clearing the dues of EDC Limited. In the test-check of CIBIL data for March 2013, it was observed that:

The Company had not started appraising new loan applications based on defaulters' data of CIBIL till March 2013 despite obtaining CIBIL membership in January 2011. Due to delay of over two years in complying with the Board directives, the Company would have sanctioned financial assistance to applicants who would have been classified as defaulters by other Banks or Financial Institutions.

The Company started reporting of its borrowers (including past defaulters) to CIBIL from November 2012. Scrutiny of details of borrowers (including past defaulters) furnished monthly by the Company to CIBIL in March 2013 revealed that the names of defaulter promoters, guarantors were not being reported while reporting the defaulter companies, partnership concerns *etc.* This could enable past defaulters to avail fresh loans from other sources.

The Company stated (October 2013) that the CIBIL reports were not downloaded for all the cases as observed by audit but were done for some cases. The Company has also assured audit that the old loan manager software would be streamlined to include all details of promoters/guarantors and update the data by March 2014.

5.2.18 Incorrect appraisal resulting in loan at reduced rate of interest

5.2.18.1 Applications for loan were evaluated by the Company as per general financial norms like favourable Debt-Equity ratio, Debt-Service Coverage Ratio, adequate margin on security *etc.* It was observed that during the period under performance audit (2008-2013), the company had followed a practice of evaluating the loan applicants on the basis of 20 parameters (reduced to 18 parameters w.e.f. March 2010) classified broadly under management factors, industry risk factors, financial risk factors and operational experience (applicable to second time borrowers). The interest rate applicable was worked out on the basis of marks obtained in the evaluation (present interest rate band being 11.50 *per cent* to 15 *per cent*). The following deficiencies were observed in the present system of loan appraisal:

In the past, the Company charged floating rate of interest so as to pass on their refinance cost from SIDBI and IDBI. This provision protected the Company during periods of adverse (higher) interest rate. However, all the loans sanctioned during the audit period were under fixed interest rate condition as the Company did not depend on refinance from IDBI and SIDBI. Further, the Company reduced (July 2011) the prepayment penalty from one *per cent* for every year of balance tenure to flat rate of one *per cent* on outstanding of the subsequent year only. This has resulted in the Company not being able to raise interest rates for existing borrowers whenever interest rates rise in the economy.

The Government stated (January 2014) that EDC was following market conditions in deciding the interest rate, interest type (fixed or floating), levy of penalty and that reduction in prepayment penalty based on existing practice of other players in financial sector.

The reply was not correct since audit scrutiny revealed that the agenda proposal for reduction of prepayment penalty to the Board was based on practice of other players in the industry catering to home, personal and vehicle loans and there were no documents to substantiate such general practice by 'industrial loans' players.

While evaluating the credit rating of the loan applicants, the marks awarded under the 'industry and unit risk' factors were always 100 *per cent,* without any documentary evidence, company level reports *etc.* in support of the analysis. The purpose of evaluating risk was thus defeated. The company did not issue any periodical reports classifying certain industry sectors to allow for a transparent evaluation and avoidance of discretion on the part of appraising officer.

Further, the company had not evolved a mechanism to evaluate the loan applicants on the three parameters *i.e.* (i) associate concern's profitability, (ii) adequacy of associate concern's profits and (iii) repayment performance of associates. The company depended on declaration/documents submitted by loan applicants without any independent verification of the actual number of associate (profit & loss making) concerns of the loan applicant. Because of this critical evaluation of risk factors associated with the application for the loans was prevented and this allowed interest rates to be fixed subjectively.

The Company stated (November 2013) that the decisions were already taken to improve the loan appraisal procedure to eliminate subjectivity.

5.2.18.2 On a test check of appraisal process in seven out of total 21 cases (money value above one crore) to whom loans were sanctioned during the period under performance audit (2008-13), there was loss of interest to the Company due to incorrect appraisal in three cases, as detailed below.

The percentage of marks secured against applicable parameters was used to determine the interest rate to be applied for the loan applicant. The percentages and parameters were changed in the years 2008, 2009 and 2010.

M/s. AVR Goa Promoters Pvt. Ltd.

As per the Company's credit rating evaluation, M/s. AVR Goa Promoters Private Limited secured 66 marks out of applicable 82 marks (*i.e.* 80.40 *per cent* marks with very good rating) and was sanctioned a loan of ₹ 5 crore at an interest rate of 10.50 *per cent*. The loan of ₹ 4.72 crore was disbursed between June 2009 and March 2012. Out of 66 marks secured in the credit rating, 52 marks pertaining to management factors (technical experience, profitability of associates), industry risk factors (marketing arrangements, industry cycle *etc.*) were given without any documentary evidence, working calculation, *etc.*

Further, AVR did not provide details of their associate concerns' repayment status with the Company or any bank. This parameter (comprising of eight marks) was considered 'Not Applicable' instead of treating it as 'Zero'.

As per the Company's evaluation of AVR's financial risk factors, AVR was given '15 marks out of 20'. However, while computing the total marks the financial risk factors were shown as '10 marks out of 10'.

AVR was given five marks for keeping the Debt-equity ratio below 2.0. This was based on the assumption that AVR would bring equity of ₹ 8.25 crore for the project of ₹ 19.11 crore (debt of ₹ 10.86 crore) with debt-equity ratio 1.3 (10.86/8.25). However, AVR actually brought in equity of ₹ 4.26 crore only for the project of ₹ 19.07 crore raising the Debt-equity ratio to 3.48 (14.81/4.26). AVR should have been given 'zero out of five marks' for the debt-equity ratio parameter of more than three, as per the Company's own criteria.

Thus, incorrect method of evaluating parameters had resulted in undue favour to the borrower. The actual score of 66 out of 100 (Good rating) would have allowed the Company to fix interest rate of 11.50 *per cent* instead of 10.50 *per cent* as charged. The loss of interest due to incorrect evaluation of parameters and charging of lower interest rate till March 2013 worked out to ₹ 12.69 lakh.

M/s Premium Estates Infrastructure (India) Private Limited

As per the Company's credit rating evaluation, M/s Premium Estates Infrastructure (India) Private limited (PEI) secured 101 marks out of applicable 126 marks (80.16% with excellent rating). PEI availed disbursements of ₹ 3.72 crore only (from August 2011 to June 2013) on which the Company levied an interest rate of 10.50 *per cent.*

The credit rating involved marks for 14 parameters (comprising of management factors, industry risk factors, financial risk factors and operational experience). The rate of interest as per predefined slabs was dependant on marks obtained.

The Company omitted a parameter of eight marks resulting in PEI scoring 101 out of 126 marks instead of 101 out of 134 marks. Further, no documentary evidence was available in support of 27 marks which were awarded to PEI as a matter of routine. These marks entitled the borrower for lower interest rates.

Thus, considering 27 ineligible marks being awarded to PEI, the actual score obtained would have been 74 out of 134 (satisfactory rating), indicative of an interest rate of 13.50 *per cent* to be levied on loan sanctioned. The loss of revenue up to June 2013 worked out to ₹ 16.39 lakh.

Phoenix Township Limited (PTL)

PTL an existing borrower applied (September 2009) for additional loan of ₹ 5.00 crore for expansion of hotel project. The loan was sanctioned in January 2010 with interest rate of 13.75 *per cent* per annum based on unsatisfactory operational experience of the borrower (multiple restructuring of loans, irregular repayments, non-submission of financial statements *etc*). The borrower communicated reluctance to accept a higher rate (13.75 *per cent*) instead of old rate (10.50 *per cent*). The Board lowered (March 2010) the credit rating format to relax the weightage of past operational experience from 100 marks to 66 marks. The Company re-evaluated on the revised credit format and sanctioned an interest rate of 11.50 *per cent* on the loan.

The Company disbursed ₹ 5.00 crore between September 2010 and November 2010. It was observed from the records made available by the Company that 53 marks were awarded to PTL against parameters for which PTL did not submit evidences/fulfil the requirements.

Thus, omitting the ineligible marks of 53 awarded to PTL, the actual score would have been 88 out of 194 (average rating) and an interest rate of 14 *per cent* was to be levied on loan sanctioned instead of the 11.50 *per cent* charged. The loss of interest revenue up to June 2013 worked out to ₹ 30.91 lakh.

The Company stated (September/November 2013) that marks awarded in credit appraisals were as per practice of accepting submissions made by loan applicants and considering 'interest free unsecured loans' as 'equity' as per practice prevailing in banks and other financial institutions. Further, the Company also stated that there was no practice of obtaining documentary evidence in support of marks for 'industry specific technical expertise' and 'profitability and loan repayment of associate concerns'.

The reply was not correct since it was not in the interest of Company to disregard a parameter and award marks without any documentary evidence. The Company, further had no documentary evidence to show that interest free unsecured loans were to be treated as equity and to classify amounts acknowledged as loans by promoters as 'equity'.

5.2.19 Absence of penalty for non-furnishing of periodical financial documents

The Company had included safeguards in the terms and conditions for loan disbursement for periodical submission of project progress reports, submission of financial statements, right to inspection of projects and accounts of the borrower *etc*. These conditions were to enable the Company to evaluate and detect defaults due to adverse business environment or willful misuse of funds, payment of abnormally high dividends, salaries to promoters *etc*. and to monitor delays or non-commencement of projects.

In all the cases test checked, there was no evidence of analysis of borrowers' financial statements nor project progress reports being submitted to management periodically. Further, no penalty was prescribed for non-submission of documents required periodically. Three examples are listed below:-

- M/s Maruti Cement Products did not submit the project commencement report after availing disbursement of ₹ 8.95 lakh (date of last disbursement April 1999). The Company waited for four years for repayment before attachment of assets (July 2003) even though there was no record to prove that project was running. The non-commencement was also confirmed by the borrower later.
- M/s Millennium Wineries and Distilleries did not submit the project commencement report after availing loan of ₹ 19.93 lakh (date of last disbursement December 2001). However, the Company waited till April 2005 for repayment and there was no record to prove that the project had commenced. This resulted in deterioration of realisable value of machinery by ₹ 16.25 lakh.
- In the case of M/s Chamunda cashew, even though the unit was found closed in March 1990 and no subsequent financial statements were furnished, the Company delayed the attachment of assets by seven years (February 1997).

The Government stated (January 2014) that EDC would revise the terms to penalise non-submissions of periodical financial statements, as observed by audit.

5.2.20 Record keeping system of loan application

A scrutiny of the system of recording receipt of applications for loan/financial assistance under the two broad categories of financing schemes *i.e.* (i) term loans (loans above ₹ 25 lakh) and (ii) micro finance (loans up to ₹ 25 lakh) was taken up with a view to assess the extent of transparency in system to ensure timely processing of loan applications until sanction or rejection within prescribed time period. In this connection, following was observed:

Term Loan Department

The data provided to audit pertaining to applications received and their further status *i.e.* rejected or sanctioned *etc.,* was compiled manually. Further, the applications for financial assistance (term loan) were not entered into the system at the time of its receipt. There was no system of issuing acknowledgement of loan applications through the system. The applications were entered in the system only after their sanction and thus did not provide for recording the exact date of receipt of application. Thus there was no audit trail and following observations are made in this regard:

i. it was not possible to ascertain the exact number of applications received, sanctioned or rejected during any period.

ii. there was lack of transparency in the system of recording receipt of applications for loan/financial assistance which did not rule out delay in processing of applications.

iii. data provided was compiled manually and did not tally with the system data.

iv. type of loans included under main category of 'Term Loan' were not readily ascertainable from the system.

v. there was no system of monthly reporting to the management by the 'Inward section' of the total number of applications received nor summarised reporting by concerned sanctioning Department of the number of applications sanctioned/rejected/pending.

vi. The date of rejection of application was not recorded in the system.

vii. The data provided to audit which was compiled manually was compared with data available on the 'Loan Manager' system in respect of term loan application received and sanctioned during 2008-09 to 2012-13. The discrepancies noticed are indicated below.

Inward data in respect of term loan from 2008-09 to 2012-13

Sl. No.	Year	Applications received		Loans sanctioned	
		Compiled Data	**Data on the system**	**Compiled Data**	**Data on the system**
1.	2008-09	14	17	13	14
2.	2009-10	23	31	14	4
3.	2010-11	18	10	14	5
4.	2011-12	11	5	8	4
5.	2012-13	14	4	5	2

Applications received in respect of CMRY from 2008-09 to 2012-13

Sl. No.	**Year**	**Data compiled**	**Data on the system**
1	2008-09	320	342
2	2009-10	514	541
3	2010-11	701	717
4	2011-12	545	556
5	2012-13	258	270

The 'Loan Manager' system was not designed to be utilised as a tool for the management to watch the timely progress of processing of applications, to call for explanations for delay/non-processing of applications. Due to the limited use, the system did not provide for transparency.

The Company stated (September 2013) that most of the observations of audit were well taken and in near future it would ensure the compliance of the requirements. It stated that monitoring the status of applications was done by the Preliminary Clearance Committee (PCC).

The reply was not correct in the context that PCC's role was only at the preliminary stage. The loan application was to be monitored for its progress and timely sanction by the management. The reasons for rejection, cancellation or undue delay in sanction or disbursement if any, thereafter were recorded only in the concerned file and not in the system.

The Government stated (January 2014) that suitable measures would be initiated by EDC to rectify the discrepancies noticed by audit.

5.2.21 Conclusion

In the sample cases test-checked during the review, the recovery performance was found to be affected due to following reasons:-

- Absence of a definite time bound action plan for execution of recovery action;
- Absence of documented procedure of tracing the borrowers/guarantors and their assets for recovering the outstanding amount after sale of attached assets;
- Non-obtaining of any additional or collateral security other than the financed asset and a personal or corporate guarantee without mortgage or hypothecation of any personal assets.
- Absence of penalty for non-submission of documents relating to accounts *i.e.* financial expenses, salaries, wages, debtors *etc*. that would be required by the Company to monitor the functioning of the unit and ensure that no funds are drained-off in any manner by the promoters of the unit.
- At the time of appraisal, external factors such as market conditions, demand for finished products, experience and ability of the promoter to market the products *etc.* were considered to be favourable. However, there was no subsequent monitoring of project commencement, adequacy of turnover and profits, quarterly financial statements to detect defaults in advance and initiate corrective action.

5.2.22 Recommendations

The following recommendations are made:

- Formulate a Standard Operating Procedure Manual defining time-bound action plans and detailing course of action and procedures to be followed in order to ensure transparency and arrest scope for favouritism in the recovery action;

- Introduce penalty for non-adherence to terms and conditions of loan such as non-submission of financial statements and any other documents required to be submitted to the Company periodically.
- Grant incentives to loan applicants for providing additional/ collateral security.
- Explore the possibility of either shifting to floating interest rate mechanism or levying higher penalty for prepayment by borrower to protect its revenue.
- Ensure that the various modules of the computerised system put in place are modified to allow for security and accuracy of data.

TRANSACTION AUDIT OBSERVATIONS

GOVERNMENT COMPANIES

Goa State Infrastructure Development Corporation Limited

5.3 *Avoidable payment of Income Tax*

The Company treated interest received on mobilisation advance paid out of funds provided by the State Government as own income resulting in avoidable payment of Income Tax of ₹ 1.31 crore.

Goa State Infrastructure Development Corporation Limited (GSIDC) was established (February 2001) by the Government of Goa (GoG) as a Special Purpose Vehicle (SPV) for executing infrastructure works on behalf of the Government. GoG approved (November 2006) a new accounting policy framed by GSIDC. As per the policy, the expenses incurred by GSIDC (contractor, consultants, land acquisition and miscellaneous expenditure) related to projects completed or ongoing shall be reimbursed by the State Government. The GSIDC was entitled to receive development fees (ranging from 0.25 *per cent* to 4 *per cent* depending on the total project expenditure of the year) to cover its administrative expenses. State Government was to provide funds for mobilisaton advances on project to project basis while entrusting works.

According to Rule 31.2(e) of Government Accounting Rules, capital receipt accruing during construction of a project should be utilised to reduce the capital expenditure and should not be credited to the revenue account of the undertaking. Since State Government provided funds for mobilisation advances, any income earned from such funds should have been deducted from the amount receivable from the Government/credited to the Government.

The company however, treated interest received on mobilisation advance amounting to ₹ 5.04 crore[10] for the period 2008-09 to 2010-11 as their own

[10] 2008-09: ₹ 1.25 crore, 2009-10: ₹ 2.26 crore, 2010-11: ₹ 1.53 crore

income. This resulted in inflating the income of the company and avoidable payment of Income Tax of ₹ 1.31crore[11] during these three years.

In reply, the Company stated (July 2012) that the Board had decided to net off interest on mobilisation advance against the amount receivable from GoG from 2011-12 onwards. However, the fact remained that the Company had already incurred an avoidable expenditure of ₹ 1.31 crore.

The matter was reported to the Government (May 2013); Reply was awaited (January 2014).

Goa Industrial Development Corporation

5.4 Loss of ₹ 40.81 lakh due to short recovery of surrender charges

Corporation recovered surrender charges at lower rates compared to the rates applicable for surrender of plots resulting in short recovery of ₹ 40.81 lakh.

Goa Industrial Development Corporation (GIDC) had fixed (August 2005) uniform rate of surrender charge at one *per cent* per annum of the prevailing premium amount of the plot for those who had paid the entire cost and at five *per cent* per annum of the prevailing premium amount for those who had opted to pay in instalments/not paid the entire cost.

GIDC allotted (June/November 2006) land admeasuring 67,457.50 m2 to Miditech Private Limited (MPL) in Shiroda Industrial estate for a total premium of ₹ 185.51 lakh. The premium amount was paid by MPL in seven instalments (from October 2006 to February 2012). In March 2012, MPL expressed their willingness to surrender the land and requested GIDC to refund the amount paid in full. The Board considered the matter (June 2012) and resolved to authorise the Chairman to take decision on the matter. The Chairman decided to recover surrender charges at one *per cent* and Board ratified the decision (November 2012). Accordingly, the Company recovered (excluding lease rent, processing charges and service tax) ₹ 10.20 lakh towards one *per cent* surrender charges instead of ₹ 51.01 lakh, being five *per cent* of the premium amount.

The decision of recovering one *per cent* surrender charges was not correct, as the recovery should have been at five *per cent* of the premium amount as per the prevailing rate, since the payment was made in instalments. This had resulted in loss of ₹ 40.81 lakh by way of short recovery of surrender charges.

The GIDC stated (April 2013) that considering the objective of the Corporation to encourage building up of new industries and developing infrastructure, decision of charging one *per cent* as surrender charges was taken. It further replied (January 2014) that the decision of the chairman was ratified by the Board which had wisdom and authority to charge one/five *per cent* for full/instalment payment of surrender charges.

[11] 2008-09: ₹ 0.42 crore, 2009-10: ₹ 0.38 crore, 2010-11: ₹ 0.51 crore

The decision of the Board was not in the best interest of the Corporation as it was against the existing uniform rates fixed and five *per cent* should have been charged as surrender charges.

The matter was reported to the Government (July 2013); their reply was awaited (January 2014).

DEPARTMENTAL COMMERCIAL UNDERTAKINGS

Goa Electricity Department

5.5 Reimbursement of differential Sales Tax based on false document

Goa Electricity Department failed to ensure genuineness of document submitted in support of claim for differential Sales Tax resulting in payment of ₹ 3.46 crore based on a false document.

Goa Electricity Department (GED) entered (March 2006) into an agreement with M/s Power Grid Corporation of India Ltd. (PGCIL) for the work of design, supply, installation, testing & commissioning of 220/33 KV sub-station at Amona along with associated lines. As per the agreement, PGCIL was to award the works to a successful bidder on behalf of the State Government. All invoices of materials/equipment should be directly raised by the contractor in the name of Chief Electrical Engineer (CEE) routed through PGCIL. The CEE shall arrange issue of concessional Sales Tax Form (D Form) against such invoices to the contractor through PGCIL.

According to Central Sales Tax (CST) Act, sale to Government was taxable @ four *per cent* or applicable Sales Tax rate for sale within the State whichever was lower. This concession on CST was applicable if Form D was issued by the Government Department which purchases the goods. The practice of accepting D form was abolished with effect from 01 April 2007. Consequently, M/s Jyothi Structures Ltd. (JSL), Nasik the contractor of PGCIL claimed (June 2010) through PGCIL, reimbursement of ₹ 3.49 crore towards differential Sales Tax under VAT (₹ 2.79 crore) and interest thereon (₹ 0.70 crore) for the material supplied.

After taking the opinion of the Commissioner of Commercial Taxes, Panaji, Goa, the CEE communicated (August 2010) to the Division IX of GED and PGCIL that in case the Department desired to reimburse the payment of VAT in lieu of D form, then it should be legally checked after confirming that the dealer had really incurred this liability by payment of VAT to the Government through tax returns, but interest should not be paid on the amount of VAT. Accordingly, Executive Engineer (EE) (Division IX) requested (December 2011) PGCIL to produce documentary evidence in support of payment of additional VAT. Meanwhile CEE instructed (December 2011) the Division to pay the differential VAT based on certification by PGCIL on the rates applicable for the materials and production of documentary proof for payment of VAT by the contractor, before effecting payment. PGCIL in turn, submitted an undated certificate produced by JSL issued by the Sales Tax

Authorities of Nasik and the Division paid (March 2012) the differential Sales Tax amount of ₹ 3.46 crore to PGCIL.

Audit took up the matter (July 2012) with the Sales Tax Authority at Nasik and the Joint Commissioner of Sales Tax, in turn, confirmed (September 2012) that no such letter was issued by them nor any adjustment of Sales Tax had been made as claimed in the certificate. Thus it was evident that the certificate produced by JSL was not genuine.

We observed that GED did not exercise vigil in verifying the genuineness of the document and to comply with the directions of Commissioner of Commercial Taxes, Panaji, Goa while releasing differential Sales Tax claims of ₹ 3.46 crore.

The matter was brought to the notice of the EE/CEE and the Secretary (Power) in October/November and December 2012 respectively, urging them to take immediate action on the matter. The matter was further brought to the notice of the CEE (January 2013) who replied (March 2013) that PGCIL had not yet reimbursed the amount to JSL. The CEE further replied (May 2013), that the GED would ensure that the amount of ₹ 3.46 crore would be paid only on receipt of proper documents towards payment of differential CST to the concerned tax authority. Subsequently the PGCIL intimated GED (February 2014) that since JSL did not produce any documentary proof in support of payment of differential CST, no reimbursement had been made while processing their final bill and that the amount was still with PGCIL and the same would be adjusted/refunded to GED against settlement of final bills of other works.

The reply of the GED was not correct since the reimbursement to PGCIL was made without verifying the genuineness of certificate submitted by PGCIL in support of payment of VAT. The amount paid has neither been adjusted nor settled by PGCIL with GED till date (January 2014).

The matter was reported to the Government (April 2013); their reply was awaited (January 2014).

5.6 Non-recovery of charges for short supply of energy by Goa Energy Private Limited (GEPL) ₹ 5.61 crore for year 2011-12

The Department failed to raise bills on GEPL for shortfall in power supply below the minimum commitment of 14MW.

The Government of Goa had approved (September 2004) setting up of a 30MW Waste Heat Recovery Power Plant by Goa Energy Private Limited (GEPL) based on waste heat generated by Sesa Industries (SESA) with a commitment to supply about 7MW power to SESA. Goa Electricity Department (GED) entered into an agreement (January 2007) with Power Trading Corporation (PTC) to purchase the entire available power from GEPL corresponding to 14MW to 21MW round-the-clock @ ₹ 2.40 per unit (plus a trading margin of four paise per unit). GED also entered into an agreement

(May 2007) with GEPL for purchase of the said 14MW to 21MW power. Accordingly, GEPL set up a 30 MW Power Plant at Amona (June 2007).

Para 1.1 of the Procedures agreed (March 2007) to by all the three parties, required GEPL to schedule the power supply injection details everyday by 12 noon (for next day's supply) except for reasons of *'force majeure or scheduled outage'* which was to be confirmed by the Executive Engineer/Asst. Engineer of the Ponda sub-station. The Department was also obliged to purchase all the excess power beyond the scheduled saleable energy @ ₹ 2.40 per unit. In case of any shortfall/deficit of power supply vis-a-vis scheduled saleable energy, the Department has to raise a bill on GEPL for the shortfall in supply @ ₹ 2.40 per unit.

During test check (2011-12) of power purchase bills, load survey report, hourly energy import-export data *etc.* it was found that GEPL did not adhere to the commitment of 14MW power supply on any month. Moreover, GEPL in its daily power injection schedules (for next day's supply) had mentioned much lower energy ranging from 0.5MW to 2.5MW. During 2011-12 there was a shortfall in power supply of 23.37 Million Units (MUs) compared to guaranteed 14MW as detailed in ***Appendix 5.13***. However, the Division did not raise any bills for compensation towards short supply.

Non-raising of bills on GEPL for the shortfall in supply resulted in loss of ₹ 5.61 crore (@ ₹ 2.40/unit X 23.37 MUs) for the year 2011-12 to GED.

The matter was reported to the Department (April 2013) and Government (May 2013); their reply was awaited (January 2014).

5.7 Irregular refund of EMD

The Department refunded Earnest Money Deposit and failed to initiate legal action against the Supply Contractor who resorted to fraudulent practices to secure contract by submitting forged records.

Executive Engineer (EE), O&M Division X of Goa Electricity Department (GED) invited (June 2011) tender for supply of 33 KV (E), 3 Core, 400 sq.mm. XLPE armoured cable for laying from Kadamba Sub Station to Kundaim Sub Station at an estimated cost of ₹ 822.80 lakh (@ ₹ 2,420/mtr.) put to tender. Tenders were opened in July 2011 and four suppliers qualified in their techno-commercial bids. M/s Terracom Limited (Terracom) who had quoted ₹ 700.40 lakh (@ ₹ 2,060/mtr.) being 14.88 *per cent* below the estimated cost in the financial bid was the lowest. While evaluating the tender by the Technical Advisory Committee (TAC) of Electricity Department (September 2011), the EE informed TAC that co-bidders had expressed doubts about the genuineness of the documents submitted by Terracom[12]. Meanwhile the EE had verified (August 2011) that the test report issued by Central Power Research Institute (CPRI) had indicated that the samples failed to withstand some of the tests. CPRI labelled the test report submitted by Terracom

[12] a. Test report of materials from the Central Power Research Institute, Noida.
b. Certificate from M/s Torrent power for work done in similar category of supplies as required in clause 6.2 of the tender document

fraudulent. Besides the mandatory performance certificate (certificate of experience in similar class of works from M/s Torrent Power) submitted by Terracom was also reported false and fabricated by Terracom.

TAC, considering the above and with the approval of Goa State Works Board (GSWB) (October 2011), set aside the bid submitted by Terracom and the work was finally awarded (April 2012) to M/s Polycab Wires Pvt. Ltd. (second lowest tenderer) at the negotiated rate of ₹ 2,420/Mtr.

We observed (June 2012) that even though Terracom had resorted to fraudulent practices to secure the contract by producing forged documents and violated the code of integrity, no legal action was initiated against them and earnest money deposit (EMD) of ₹ 16.45 lakh was also refunded (December 2011).

The GED replied (March 2013) that TAC and GSWB had not proposed or decided to forfeit EMD of Terracom and forfeiture of EMD was against provisions of the CPWD Works Manual.

The reply of the Department was not tenable as the EMD was ordered to be refunded by GED. Further even when CPRI had requested GED to initiate legal action for tampering and fraud committed by Terracom, the Department had not taken any action.

The matter was reported to the Government (June 2013), their reply was awaited (January 2014).

Panaji **(DEVIKA)**
The 13 MAY 2014 **Accountant General, Goa**

Countersigned

New Delhi **(SHASHI KANT SHARMA)**
The 30 MAY 2014 **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

Sl. No.	Name of the Department	Upto 2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1.	Agriculture	2	3	6	7	-	-	1	2	2	3	-	-	11	**15**
2.	Animal Husbandry and Veterinary Services	-	-	-	-	-	-	1	1	-	-	-	-	1	**1**
3.	Archives, Archaeology and Museum	-	-	1	1	-	-	1	8	-	-	-	-	2	**9**
4.	Art and Culture	2	3	1	6	-	-	1	1	-	-	-	-	4	**10**
5.	Civil Supplies	-	-	-	-	-	-	1	2	-	-	-	-	1	**2**
6.	Commercial Taxes	-	-	1	1	-	-	-	-	-	-	1	5	2	**6**
7.	Co-operation	-	-	3	8	1	6	-	-	-	-	-	-	4	**14**
8.	Education	2	5	6	11	6	11	3	23	2	4	-	-	19	**54**
9.	Electoral Office	-	-	1	5	-	-	-	-	-	-	-	-	1	**5**
10.	Excise	-	-	-	-	-	-	-	-	-	-	1	8	1	**8**
11.	Fisheries	-	-	-	-	-	-	-	-	1	3	-	-	1	**3**
12.	Forests	-	-	-	-	1	4	3	10	1	1	-	-	5	**15**
13.	General Administration	3	3	1	1	-	-	2	2	-	-	1	5	7	**11**
14.	Housing	-	-	-	-	1	1	-	-	1	6	-	-	2	**7**
15.	Health	5	8	6	12	3	6	4	12	4	21	5	36	27	**95**
16.	Higher Education	2	2	2	2	1	1	1	12	-	-	-	-	6	**17**
17.	Home	5	5	1	3	-	-	1	1	2	10	-	-	9	**19**
18.	Information and Technology	-	-	-	-	-	-	-	-	-	-	1	10	1	**10**
19.	Information and Publicity	3	3	1	1	2	5	1	12	1	4	-	-	8	**25**
20.	Inland Water Transport	1	2	-	-	-	-	-	-	-	-	-	-	1	**2**
21.	Industries, Trade and Commerce	-	-	-	-	-	-	1	5	1	7	-	-	2	**12**
22.	Irrigation	2	2	-	-	4	5	6	9	5	18	5	29	22	**63**
23.	Labour	-	-	-	-	-	-	-	-	-	-	3	19	3	**19**
24.	Law	4	5	3	4	1	1	1	2	-	-	-	-	9	**12**
25.	Legislature	-	-	1	1	-	-	1	6	-	-	-	-	2	**7**
26.	Mines	1	3	-	-	1	1	-	-	-	-	-	-	1	**3**
27.	Panchayati Raj	6	9	2	9	1	2	1	9	4	41	2	8	16	**78**
28.	Printing and Stationery	-	-	-	-	-	-	1	1	-	-	-	-	1	**1**
29.	Public Works	6	7	3	6	16	41	10	34	10	64	4	27	49	**179**

30.	Revenue	6	16	5	11	4	13	2	8	1	3	-	-	18	**51**
31.	Rural Development	2	3	1	2	2	9	1	6	-	-	-	-	6	**20**
32.	Social Welfare	2	5	-	-	-	-	1	3	-	-	2	14	5	**22**
33.	Sports and Youth Affairs	1	1	-	-	1	1	-	-	1	2	-	-	3	**4**
34.	Technical Education	1	1	3	5	3	7	-	-	-	-	3	16	10	**29**
35.	Transport	2	3	-	-	1	1	-	-	1	11	-	-	4	**15**
36.	Town and Country Planning	4	13	-	-	-	-	-	-	-	-	1	6	5	**19**
37.	Tourism	-	-	-	-	1	1	-	-	1	8	-	-	2	**9**
38.	Urban Development	13	26	6	22	12	59	8	60	13	123	14	152	66	**442**
39.	Vigilance	-	-	1	1	-	-	-	-	-	-	-	-	1	**1**
40.	Women and Child Development	1	1	1	1	1	2	1	2	-	-	2	17	6	**23**
	Total	**76**	**129**	**56**	**120**	**62**	**176**	**54**	**231**	**51**	**329**	**45**	**352**	**344**	**1337**

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	-	**2**
2.	Forest	-	-	2	**2**
3.	Home	1	-	-	**1**
4.	Rural Development	-	-	1	**1**
5.	Health	-	-	1	**1**
6.	Public Works	-	1	-	**1**
7.	Water Resources	-	-	2	**2**
8.	Finance	-	-	2	**2**
Total		**2**	**2**	**8**	**12**

Note: *Report of the C&AG for the year ended 31March 2012 was placed in the legislature in October 2013.*

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 2013

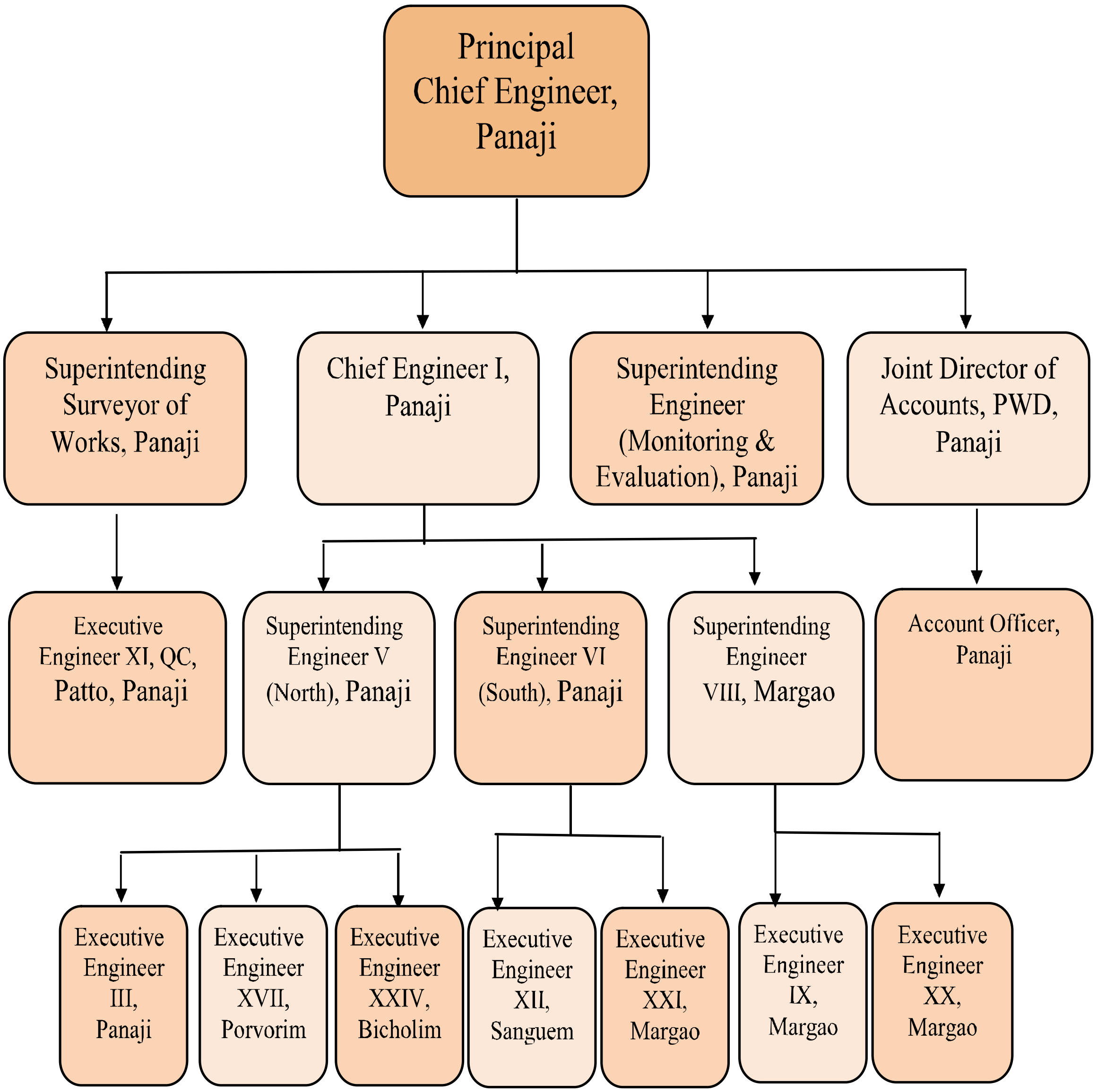
Sl. No.	Name of the Department	2008-09	2009-10	2010-11	Total
1.	Art and Culture	1	-	-	**1**
2.	Civil Supplies	-	1	-	**1**
3.	Finance	4	3	4	**11**
4.	Forests	1	-	2	**3**
5.	Housing	1	-	-	**1**
6.	Health	-	1	3	**4**
7.	Home	1	-	-	**1**
8.	Public Works	1	2	-	**3**
9.	Revenue	1	2	1	**4**
10.	Rural Development	-	1	-	**1**
11.	Transport	1	-	-	**1**
12.	Urban Development	1	1	1	**3**
13.	Water Resources	-	-	2	**2**
Total		**12**	**11**	**13**	**36**

Note: *Report of the C&AG for the year ended 31 March 2012 was placed in the legislature in October 2013.*

APPENDIX-2.1

(Referred to in paragraph 2.3)

Organisational set up of PHE wing of PWD



APPENDIX – 2.2

(Referred to in paragraph 2.8.1)

Water consumed by various categories of consumers in cubic metre

Sl. No.	Category	2008-09	2009-10	2010-11	2011-12	2012-13	Water consumed in MLD (Col. No. 7/365000)
1	2	3	4	5	6	7	8
1.	Domestic	61406718	73571589	66517462	81186680	83356655	228.37[1]
2.	Commercial	10709677	11063909	11820778	19383554	20477290	56.10
3.	Government	1911324	1817538	1242124	2343217	2221037	6.09
4.	Industries	23748224	13970338	13698571	11953485	12610575	34.55
5.	Municipality	310566	268933	239006	306174	322673	0.88
6.	V. Panchayat	513577	114553	93264	95532	92848	0.25
7.	Defence	3281215	2666119	2537449	2590548	2277194	6.24
8.	Temporary Supply	193168	213363	180064	197428	822377	2.25
9.	Institutional	615020	1191789	1073966	1558445	2273343	6.23
10.	Public Stand Post	1101005	1121471	1117939	1081019	1070170	2.93
	Total	**103790494**	**105999602**	**98520623**	**120696082**	**125524162**	**343.89**

(Source: Furnished by the Department)

[1] 228.37 MLD is equivalent to 22,83,70,000 liter per day. Considering the total population of 14.59 lakh the liter per-capita per day (lpcd) works out to 156.52 liter.

APPENDIX -2.3

(Referred to in paragraph 2.9.3, 2.9.4)

Details of execution of works under various packages of water supply sector under JICA project

Pack-ages	**Name of works**	**Date of opening of tender**	**Date of submission to GSWB by Bid Evaluation Committee (BEC)**	**Date of acceptance by GSWB**	**Date of work order**	**Stipulated date of completion**	**Number of months taken for issue of work order after opening tender**	**Number of months taken by GSWB for acceptance of tenders**	**Accepted tender cost *(₹in crore)***	**Escalation payable for the period @ 0.95 *per cent* per month *(₹in crore)***		**Status of physical comple-tion as on January 2014 in percen-tage**
										For total time taken for acceptance	**For time taken by GSWB**	
1	Expansion of 100 MLD WTP	June 2010	January 2011	February 2011	April 2011	October 2013	9	1	138.50	11.84	1.31	60
2	Transmission lines	February 2010	August 2010	February 2011	March 2011	April 2013	13	7	246.50	30.44	16.39	75
3	MBR at Sirvoi	January 2010	April 2010	November 2010	February 2011	February 2013	12	8	10.10	1.15	0.77	80
4+8+ 10b	Transmission lines, distribution lines and reservoirs	November 2011	June 2012	June 2012	September 2012	October 2014	10	0	104.51	9.93	0	25
5	Distribution main	December 2010	December 2011	January 2012	May 2012	June 2014	16	1	44.96	6.83	0.43	25
6	Transmission reservoirs, pumping stations in Sanguem taluka	February 2010	May 2010	June 2010	July 2010	August 2012	5	1	12. 77	0.61	0.12	70
7	-do- Quepem taluka	February 2010	NA	NA	June 2010	August 2011	4	0	4.03	0.15	0	40

9	Rehabilitation of SWTP and Verna pumping station	Not tendered							0	0	0	0
10 a	Central water testing laboratory	February 2011	NA	NA	March 2011	April 2012	1	0	2.44	0	0	100
11	Water meters and automatic reading component	October 2011	February 2012	December 2012	January 2013	February 2015	15 (from second call)	11	53.73	7.66	5.61	15
12	Power supply to SWTP and Verna pumping station	February 2010	May 2010	June 2010	July 2010	August 2011	5	1	8.68	0.41	0.08	80
									626.22	69.02	24.71	

(Source: Compiled by Audit from the records and information furnished by the Department)

APPENDIX -2.4

(Referred to in paragraph 2.10.1)

Details of works divided into phases and awarded to same agencies

Sl. No.	Name of work	Estimated cost (₹ in lakh)	Name of agency	Awarded amount (₹ in lakh)	Date of work order
1.	Replacement of 200 mm dia. AC line from Codiem junction to Bhuipal Pump house at Poriem constituency (Phase I)	4.75	Sadanand Barve	4.98	25/7/2011
2.	Do- (Phase II)	4.75	Sadanand Barve	4.98	25/7/2011
3.	Replacement of old 200mm dia. AC pipeline from Hath junction to petrol pump in town Valpoi (Phase V)	4.75	M.D.K. Construction	4.94	17/6/2010
4.	-Do- (Phase IV)	4.75	M.D.K. Construction	4.95	24/6/2010
5.	-Do- (Phase I)	4.67	Vaibhav Construction	4.90	24/6/2010
6.	-Do- (Phase II)	4.64	Vaibhav Construction	4.88	24/6/2010
7.	Replacement of old 100 mm dia dist. main from Sawardem Bridge towards Sonal in VP Sawardem (Phase-I) - Valpoi Constituency	4.76	Damodar Construction	4.99	30/7/2010
8.	-Do- (Phase-II)	4.71	Damodar Construction	4.95	30/7/2010
9.	Replacement of old AC line from Copardem village to RWSS Pali Sump(Phase I) - Poriem Constituency	9.21	Sumitra Construction	9.67	1/3/2011
10.	-Do- Phase II	9.15	Sumitra Construction	9.61	20/6/2011
11.	-Do- Phase III	9.47	Sumitra Construction	9.94	21/6/2011

(Source: Compiled by Audit from the records of divisions)

APPENDIX -2.5

(Referred to in paragraph 2.10.2)

Power factor penalty paid on eight electrical installations

Water supply scheme	Name of installation	Period covered	Power factor	Amount of penalty paid (in ₹)
Opa WSS	Opa pumping station (HTC-26)	June 2012 to May 2013	0.86 to 0.90	1880119
	Opa treatment plant (HTC-137)	March 2010 to May 2013	0.15 to 0.73	116193
Assanora WSS	Lamgao pumping station, Mayem (HTC-19(B))	March 2010 to May 2013	0.62 to 0.84	82104
Sanquelim WSS	Sanquelim pumping station, Govt. Hospital, Sanquelim	June 2010 to May 2013	0.67 to 0.80	397111
Podocem WSS	40 MLD water treatment plant, Podocem-Sanquelim	April 2011 to May 2013	0.51 to 0.66	87513
	40 MLD Jack well	November 2010 to May 2013	0.83 to 0.89	697565
Salaulim WSS	Pumping station, Sanguem	July 2010 to May 2013	0.73 to 0.82	300916
	Salaulim WTP	July 2011 to May 2013	0.84 to 0.85	2310182
Total amount of power factor penalty paid				**5871703**

(Source: Compiled by Audit from electricity bills)

APPENDIX -2.6

(Referred to in paragraph 2.11.1)

Number of consumers under various categories

Sl. No.	Category	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Domestic	211989	223645	239905	249410	258201
2.	Commercial	4102	4894	5125	5345	5392
3.	Government	1022	1041	1304	1311	1452
4.	Industries	286	285	285	318	289
5.	Municipality	250	122	120	123	106
6.	V. Panchayat	391	374	354	375	374
7.	Defence	38	40	40	40	40
8.	Temporary Supply	279	277	262	272	283
9.	Institutional	373	383	402	416	431
10.	Public Stand Post	815	692	685	735	787
	Total	**219545**	**231753**	**248482**	**258345**	**267355**

(Source: Furnished by the Department)

APPENDIX -2.7

(Referred to in paragraph 2.11.2)

Water tariffs during the period 2008-09 to 2012-13

Sl. No.	Category of consumer	Rates prevailing in April 2013	Rates prevailing in April 2008	Percentage increase/decrease in the maximum slab
1.	Domestic/registered co-operative societies	₹ 2.5/m3 upto 25 m3, ₹ 7/m3 from 25 m3 to 35m3, ₹ 10/m3 from 35 m3 to 50 m3 and ₹ 15/m3 above 50 m3. MC- ₹ 40 pm	₹ 2.5/m3 up to 20 m3 ₹ 5/m3 above 20 m3, MC- ₹ 30 pm	200
2.	Student hostels, hospitals, dispensaries and recognised charitable trust(G)	₹ 7/m3 MC- ₹ 70 pm	₹ 5.5/m3 Minimum ₹ 30/month	45
3.	Student hostels, hospital, dispensaries, business profession, educational institution not falling under Goa, Daman and Diu Shops and Establishment Act	₹ 15/m3 upto 250 m3 and ₹ 18/m3 above 250 m3. MC- ₹ 140 pm	₹ 12/m3 upto 300 m3 ₹ 15/m3 above 300 m3 Minimum ₹ 30/month	20
4.	Small hotels having no restaurant attached, rooms less than 15 with A/C rooms ≤ 3 and government tourist hostels/small restaurants non-A/C area upto 150 sqm	₹ 17/m3 upto 80 m3 and ₹ 22/m3 above 80 m3. MC- ₹170 pm	₹ 12/m3 upto 100 m3 and ₹ 15/m3 above 100 m3, MC- ₹ 150 pm	46
5.	Akhil Gomantak Nabhik Samaj	₹ 15/m3 (flat rate). MC- ₹ 150 pm	₹ 12/m3(flat rate), MC- ₹ 30 pm	25
6.	Defence	₹ 17/m3 MC- ₹ 170 pm	₹ 12/m3 Minimum ₹ 150/month	41
7.	Fishing boat owners/ operators, jetties associations, SGPDA market complex	₹ 15/m3 MC- ₹ 180 pm	₹ 12/m3 Minimum ₹ 150/month	25
8.	Small/medium/large scale and all type of industries/hotels	₹ 30/m3 MC- ₹ 280 pm	₹ 22/m3 Minimum ₹ 150/month	36

9.	Commercial/Mormugoa Port Trust/Bar/Cinema theatres/establishments registered under Goa, Daman and Diu Shops and Establishments Act. including building construction	₹ 35/m3, MC- ₹ 300 pm	₹ 30/m3 Minimum ₹ 150/month	16
10.	Public water taps installed in to the municipality/panchayat areas	₹ 300 per tap per month charged to municipality/GP	₹ 180 per tap per month charged to municipality/GP	66
11.	Supply of water by tankers	₹ 700 per trip(small tanker upto 6 m3) and ₹ 900(big tanker, 6 m3 to 10 m3)	₹ 500 per trip(small tanker upto 6 m3) and ₹ 700(big tanker, 6 m3 to 10 m3)	40

(Source: Furnished by the Department)

APPENDIX -2.8

(Referred to in paragraph 2.11.3.4)

Calculation of potential revenue on unaccounted water

Sl. No.	**Category**	**Total quantity consumed and metered in 2012-13 ie after NRW of 35 *per cent* (in m³) (*refer Appendix-2*)**	**NRW @ 35 *Per cent* Col. C/65x35 (in cubic metre)**	**NRW in excess of 15 *per cent* (Col. C/65x20)**	**Rates per cubic metre (in ₹)**	**NRW in value Col. DxE (in ₹)**
A	B	C	D	E	F	G
1.	Domestic	83356655	44884353	25648202	15	384723030
2.	Commercial	20477290	11026233	6300705	35	220524675
3.	Government	2221037	1195943	683396	17	11617732
4.	Industries	12610575	6790310	3880177	30	116405310
5.	Municipality	322673	173747	99284	17	1687828
6.	V. Panchayat	92,848	49995	28569	17	485673
7.	Defence	2277194	1226181	700675	17	11911475
8.	Temporary Supply	822377	442818	253039	35	8856365
9.	Institutional	2273343	1224108	699490	18	12590820
10.	Public Stand Post	1070170	576245	329283	15	4939245
	Total	**125524162**	**67589933**	**38622820**		**773742153**

APPENDIX -3.1

(Referred to in paragraph 3.1.1)

Details of agreements entered into with contractors for supply of pipes despite having pipes in store

Sl. No.	Name of work	Agree-ment No	Quantity in meter	Diameter	Cost as per tender
1.	Replacement of AC pipelines opp. Ruth Furtado house at Machado Cave, Dona paula	129/12-13	154	150 mm	436548
2.	Replacement of AC pipelines from Girish Prabhu house to Housing Board building, Durgawadi, Taleigao	166/12-13	300	150 mm	850419
3.	Replacement of AC pipelines from Radesham bar to Adarsh Colony at Carambolim	151/12-13	130	150 mm	368515
4.	Replacement of AC pipelines from Raikar house to Chaves's house at Carambolim	152/12-13	126	150 mm	367416
5.	Replacement of AC pipelines near Sati temple at Dongrim	124/12-13	130	150 mm	368515
6.	Replacement of AC pipelines near Western streat at Donapaula	228/12-13	49.50	150 mm	140319
7.	Replacement of AC pipelines behind Damodar Mangalji building, Donapaula	130/12-13	124.50	150 mm	351473
			27.50	200 mm	94836
8.	Replacement of AC pipelines opp. Cidade de Goa, Donapaula	178/12-13	121	200 mm	417280
9.	Replacement of AC pipelines from Hirson metal factory to Classic cafe at Nagalim, Taleigao	12/12-13	164	150 mm	522504
10.	Replacement of AC pipelines behind Kamat house near Satteri Temple, Bhatulem	266/12-13	22	150 mm	62322
11.	Replacement of AC pipelines from Cidadede Goa guest house to NIO qtrs junction at Donapaula	265/12-13	149	150 mm	422013
12.	Shifting of 200 mm PVC pipeline opp. Ocean Park, Donapaula	125/12-13	115	200 mm	396286

13.	Replacement of AC pipelines from ICAR to culvert at Old Goa	118/12-13	265	150 mm	751203
14.	Replacement of AC pipelines from Anil Durbhatkar house to culvert at Marzuawado, Diwar	126/12-13	143	150 mm	405366
15.	Procurement of 200 mm and 250 mm dia. DI Pipes	123/12-13	50 (3448)	200 mm	172446
16.	Procurement of 150 and 250 mm dia. DI pipes	167/12-13	60 (2835)	150 mm	170100
	Total		**1837** **213.50**	**150 mm** **200 mm**	**6297561**

APPENDIX 3.2

(Referred to in paragraph 3.1.2)

Details of payments made to contractors for supply of pipes over and above the market rates

Sl. No.	Pipes procured	Quantity in running metre (Rmt)	Rates of pipes as per supply order to manufacturer (per Rmt)	Amount payable as per tender (per Rmt)	Excess amount as per tender (per Rmt)	Total excess amount (in ₹)
	Phase III covering Zones 1,2,3,7,8 and 9					
1.	450 mm CI pipe	414	8045.36	12000	3954.64	1637220.96
2.	300 mm CI pipe	123	4006.46	9000	4993.54	614205.42
3.	200 mm CI pipe	1878	2282.87	3500	1217.13	2285770.14
4.	150 mm CI pipe	496	1571.42	3000	1428.58	708575.68
5.	400 mm DI pipe	63	3650	10000	6350	400050
6.	200 mm DI pipe	546	1435	3800	2365	1291290
7.	150 mm DI pipe	273	1068	3000	1932	527436
8.	100 mm DI pipe	1102.50	722	1800	1078	1188495
9.	180 mm HDPE pipe	17098	440	1560	1120	19149760
10.	200 mm HDPE pipe	231.60	540	2500	1960	453936
11.	250 mm HDPE pipe	116	845	3000	2155	249980
	Total (A)					**28506719**
	Phase II covering Zone 16 (part) &17 (part)					
1.	700 mm CI pipe	323.05	18113	27000	8887	2870945
2.	600 mm DI pipe	750	6650	20300	13650	10237500
3.	180 mm HDPE pipe	1385.70	440	1500	1060	1468842
4.	250 mm HDPE pipe	562.35	845	2100	1255	705749
	Total (B)					**15283036**
	Grand total for two works (A+B)					**43789755**

APPENDIX 3.3

(Referred to in paragraph 3.1.2)

Calculation of excess amount paid to contractor

Sl. No.	Pipes procured	Quantity procured in Running metre (Rmt)	Purchase price of pipes procured by the contractor	Rate as per tender	Amount payable as per tender	Total excess amount payable (in ₹)
1.	150mm CI pipe	1519.65	4869600	8435	24240906	19371306
2.	200	465.90		12405		
3.	250	339.50		16622		
4.	250mm DI pipe	960	1876600	5687	5459520	3582920
5.	180mm HDPE pipe	5873.20	2501604	2481	14571409	12069805
	Total		**9247804**		**44271835**	**35024031**

APPENDIX 3.4

(Referred to in paragraph 3.1.2)

Calculation of excess amount paid to contractor

Sl. No.	Details of pipes	Quantity in Rmt	Market rate of the pipes	Payable as per tender	Excess amount per Rmt	Total excess amount (in ₹)
1.	600 mm CI pipe	878.95	16000	26000	10000	8789500
2.	500 mm CI pipe	439.40	12000	18000	6000	2636400
3.	450 mm CI pipe	799.50	8045.36	16000	7954.64	6359734
4.	350 mm CI pipe	374	6030	11000	4970	1858780
5.	300 mm CI pipe	354.20	4006.46	9000	4993.54	1768712
6.	250 mm CI pipe	10	3150	7500	4350	43500
7.	200 mm CI pipe	380.10	2282.87	5000	2717.13	1032781
8.	150 mm CI pipe	599.85	1571.42	3500	1928.58	1156916
9.	300 mm DI pipe	819	2550	6500	3950	3235050
10.	100 mm DI pipe	63	722	2000	1278	80514
11.	180 mm HDPE pipe	11906.45	440	1050	610	7262934
12.	200 mm HDPE pipe	172.45	540	1250	710	122439
13.	225 mm HDPE pipe	726.40	700	1500	800	581120
14.	250 mm HDPE pipe	304.30	845	1800	955	290606
	Total					**35218986**

APPENDIX 3.5

(Referred to in paragraph 3.1.5)

Calculation of excess amount paid to Marketing Federation

CDPO	Wheat			Rice		
	Quantity in Kgs	Rate (average)	Amount (in ₹)	Quantity in Kgs	Rate (average)	Amount (in ₹)
Tiswadi	70754	20.95	1482495	41535	25.60	1063155
Bicholim	44119	20.60	908851	37222	26.78	996805
Bardez	82539	18.60	1535268	88416	26.78	2367780
Pernem	21208	18.54	393196	0		0
Ponda	13994	21.30	298192	0		0
Sattari	159991	18.60	2976361	125	25.74	3218
Quepem	72600	19.57	1420782	0		0
Canacona	7895	19.57	154505	0		0
Salcete	94187	19.57	1843240	0		0
Sanguem	31205	19.52	609063	1763	26.65	46983
Mormugao	1652	19.64	32441	109490	26.08	2855140
Total	**600144**		**11654394**	**278551**		**7333081**

Total payment ₹ 1.90 crore (Wheat ₹ 1.17 crore and Rice ₹ 0.73 crore)

APPENDIX-4.1

(Referred to in paragraphs 4.2.5 and 4.2.6.5)

Rates of stamp duty and registration fees during the period 2008-2013

Rates of stamp duty

Sl. No.	Particulars	Period	Consideration/ Market Value (in ₹)	Percentage of stamp duty
1.	**Sale Deed**	Upto 07/08/2008	Any amount	2
		08/08/2008 to 31/05/2013	Up to 50 lakh, 50 lakh to 1 crore, Above 1crore	2 2.5 3
		01/06/2013 onwards	Up to 50 lakh, 50 lakh to 1 crore, Above 1crore	3 3.5 4
2.	**Agreement for sale**	18/08/2006 onwards 01/06/2013 onwards	Any amount	1 2.9

Rates of registration fee

Sl. No.	Particulars	Period	Consideration Value (in ₹)	Percentage of Regn. fee
1.	**Sale deed**	Upto 31/03/2012	Any amount	2
		01/04/2012 to 31/05/2013	Upto 25 lakh, 25 lakh to 50 lakh, 50 lakh to 1crore, Above 1crore	2 3 4 5
		1/6/2013 onwards	Upto 25 lakh, 25 lakh to 50 lakh, 50 lakh to 1crore, Above 1crore	1 2 3 4
2.	**Agreement for sale with possession**	Upto 31/5/2013	Any amount	Full registration fee as for sale deed
		1/6/2013 onwards	Upto 25 lakh, 25 lakh to 50 lakh, 50 lakh to 1crore, Above 1crore	1 2 3 4
	Agreement for sale without possession	Upto 31/5/2013 01/06/2013 onwards	Any amount	₹ 50.00 ₹ 500.00

APPENDIX-4.2

(Referred to in paragraph 4.2.6.6)

Cases of Re-transfer of properties acquired by agreement

Details of properties acquired only by agreements alone without executing sale deeds, between first and second parties and then fully or partly retransferred to third parties									Reference to document in which re-transfer proved	
Sl. No.	**Registra-tion office**	**Document reference No.**	**Whether property in the land has passed on to the developer**	**If yes, the maximum of market value of the land and the consideration paid by the developer**	**Stamp duty payable on (e)**	**Stamp duty paid**	**Loss of revenue differ-ence between (f) and (g)**	**Total land area (M2)**	**Document reference no.**	**Date of Reg.**
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1.	CRSR Mormugao, Vasco	Reg- 56 vol-1039	Yes	20000000	600000	200000	400000	1667	Reg.391, vol.1062	04/03/10
2.	do	Reg- 1594 vol-629	Yes	10350000	207000	104000	103000	10350	Sr. No.181 Vol.1231	10/2/11
3.	do	Reg- 220 vol-929	Yes	3000000	60000	30000	30000	632.81	Reg.133, Vol-1045	22/01/10
4.	do	Reg- 669 vol-961	Yes	46800000	1404000	468000	936000	40800 +21470	Reg.1485, Vol.1019	09/11/09
5.	do	Reg-152 vol-788	Yes	4200000	84000	39100	44900	1346	Reg.189, Vol.1228	03/02/11
6.	do	Reg- 1276 vol-1005	Yes	12112500	363375	122000	241375	8075	Reg.110, Vol.1222	13/01/11
7.	CRSR Ilhas, Panaji	PNJ-BK1-000954-2012-PNJD-14	Yes	12000000	360000	120000	240000	2300	PNJ-KB1-1220-2012,CD-15	2012
8.	do	PNJ-BK-1-03135-2011, PNJD-11	Yes	9010000	225250	91000	134250	1863	PNJ-BK1-0032-2012,CD-12	04/1/2012
9.	do	709/vol.2065	Yes	9300000	232500	93000	139500	1000	PNJ-BK1-100,2011,CD-10	22/08/2011
10.	do	1796/vol.1969	Yes	6900000	138000	69000	69000	3771	PNJ-BK1-2444-2010,CD-1	16/8/2010
11.	do	PNJ-BK1-1262-2011, PNJD8	Yes	30000000	900000	300000	600000	9395	PNJ-BK1-313-2011,CD-11	23/11/2011
12.	CRSR, Salcete, Margao	5761/vol 3200	Yes	2400000	48000	24000	24000	2662	MGO-BK1-4230-2011, CD-53	-
13.	do	MGO-BK-1-01761-2010-MGOD-13	Yes	4933435	98669	49400	49269	139	MGO-BK1-0694-2011, CD-48	01/02/2011
14.	do	MGO-BK-1-01762-2010-MGOD-13	Yes	4901485	98030	49100	48930	139	MGO-BK1-0695-2011, CD-48	01/02/2011
15.	CRSR, Bardez, Mapusa	BRZ-BK-1-01872-2009,BRZD-27	Yes	10000000	300000	100000	200000	7758	BRZ-BK1-2420-2011,CD-174	13/05/2010
16.	do	Reg.2334/ vol.2893	Yes	22000000	660000	220000	440000	8122	BRZ-BK1-4820-2010,CD-109	23/12/2010
17.	do	Reg.2680/ vol.2605	Yes	16100000	322000	157700	164300	2300	BRZ-BK1-1169-2011,CD-143	08/03/2011
18.	do	Reg.2144/Vol.25 67	Yes	4500000	90000	45000	45000	2700	BRZ-BK1-1792-2010,CD-63	18/5/2010
					6190824	**2281300**	**3909524**			

APPENDIX – 4.3

(Referred to in paragraph 4.4)

Short Collection of renewal fees from five star hotels

Name of hotel/Licensee	Licence No.	Fees not paid since	Amount due till May 2012	Amount paid (in ₹)	Amount due (in ₹)
Goa Marriot Resort Palms Hotels (India) Ltd. (V.M. Salgaocar & Company)	21/53/99-HD(G) dated 27/07/2004(20 Machines)	27/02/2004	2922 days x 10 x 173 rooms = ₹ 5055060	505060	Nil
	21/53/99-HD(G) dated 06/11/2008 (14 Machines)	06/11/2008	1461 days x 10 x 173 rooms = ₹ 2527530	2527530	Nil
M/s Holiday Inn Resort, Goa	21/48/96-HD(G) dated 05/08/2003	16/02/2004	3028 days x 10 x 203 rooms = ₹ 6146840	4449760	1697080
Vainguinim Valley Resort M/s Brito Amusements Pvt. Ltd.	21/1/2007-HD(G) dated 10/03/2008	10/03/2008	1544 days x 10 x 25 rooms = ₹ 386000	304240	81760
Majorda Beach Resort M/s Eastern International Hotels Ltd.	21/14/92-HD(G) dated 19/07/2006	01/04/2010	945 days x 10 x 120 rooms = ₹ 1134000	877200	256800
Intercontinental – the Grand Resort Goa M /s Bharat Hotels Limited	21/05/2006-HD(G) dated 14/06/2006	08/06/2006	2489 days x 10 x 255 rooms = ₹ 5571750	Nil	5571750
Ramada Carvela Beach Resort M/s Sunder G Advani, CMD, Renaissance, Varca (Advani Hotels & Resorts (India) Ltd.)	21/11/92-HD(G) dated 25/04/2008	25/04/2008	1826 days x 10 x 200 rooms = ₹ 3044000	Nil	3045000
Total			**23865180**	**13213790**	**10651390**

APPENDIX 4.4

(Referred to in paragraph 4.6)

Short levy of license fee from hoteliers

(₹ in lakh)

Sl. No.	Name of the Hotel	Registration category as per		Period involved	License fee		Short levy
					Payable	Paid	
		Excise Department	Tourism Department				
1.	Acron Hospitality	B	A	2008-09 2009-10 2010-11 2011-12 2012-13	8.89 7.96 7.04 6.12 5.49	0.65 0.65 0.65 0.65 0.65	8.24 7.31 6.39 5.47 4.84
2.	Ria Hospitality	B	A	2009-10 2010-11 2011-12 2012-13	7.96 7.04 6.12 5.49	0.65 0.65 0.65 0.65	7.31 6.39 5.47 4.84
3.	Acerock Developers	B	A	2009-10 2010-11 2011-12 2012-13	7.96 7.04 6.12 5.49	0.65 0.65 0.65 0.65	7.31 6.39 5.47 4.84
4.	Neelam's The Glitz	B	A	2007-08 2008-09 2009-10 2010-11 2011-12 2012-13	9.95 8.89 7.96 7.04 6.12 5.49	0.55 0.65 0.65 0.65 0.65 0.65	9.40 8.24 7.31 6.39 5.47 4.84
5.	Ocean Palms Goa	B	A	2011-12 2012-13	6.29 5.56	0.22 0.22	6.07 5.34
6.	Brisa Leisure Resorts Pvt. Ltd.	C	B	2009-10 2010-11 2011-12 2012-13	1.50 1.32 1.15 0.98	0.13 0.13 0.13 0.13	1.37 1.19 1.02 0.85
7.	Horizon View (Horizon Grill Bar and Rest.)	C	B	2007-08 2008-09 2009-10 2010-11 2011-12 2012-13	0.91 0.79 1.16 1.02 0.88 0.75	0.03 0.06 0.08 0.10 0.09 0.10	0.88 0.73 1.08 0.92 0.79 0.65
8.	Rahi Coral Beach Resort	C	B	2008-09 2009-10 2010-11 2011-12 2012-13	0.78 0.70 0.62 0.54 0.46	0.07 0.07 0.07 0.07 0.07	0.71 0.63 0.55 0.47 0.39
				Total	**159.59**	**14.03**	**145.56**

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 2013 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 2012-13#				Debt Equity Ratio for 2012-13 (Previous Year)	Manpower (No. of employees as on 31.3.2013)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	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	-	-	-	-	-	83
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	-	-	-	-	-	29
	Sector wise total			**793.41**	**23.96**	**12.86**	**830.23**	**-**	**-**	**-**	**-**	**-**	**180**
	FINANCE												
4.	EDC Limited (EDCL)	Finance	March 1975	8620.26		1472.22	10092.48	-	-	-	-	-	87
5.	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	Industries, Trade & Commerce	November 1980	783.00	17.00	-	800.00	-	-	-	-	-	61
6.	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	Social Welfare	April 1990	612.33	158.21	-	770.54	-	750.36	-	750.36	0.97:1 (0.66:1)	15
7.	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	Tribal Welfare	March 2004	3060.00	300.00	-	3360.00	25.00	-	71.31	96.31	0.03:1 (0.05:1)	20
	Sector wise total			**13075.59**	**475.21**	**1472.22**	**15023.02**	**25.00**	**750.36**	**71.31**	**846.67**	**0.06:1**	**183**

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 2012-13#				Debt Equity Ratio for 2012-13 (Previous Year)	Manpower (No. of employees as on 31.3.2013)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	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	-	-	13700.00	13700.00	36.83:1 (17.9:1)	62
9.	Info Tech Corporation of Goa Limited (ITCGL)	Information Technology	April 1990	1314.56	-	318.90	1633.46	-	-	11650.00	11650.00	7.13:1 -	40
10.	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	Public Works	February 2001	705.00	-	-	705.00	-	-	-	-	-	13
	Sector wise total			**2385.56**	**-**	**324.90**	**2710.46**	**-**	**-**	**25350.00**	**25350.00**	**9.35:1**	**115**
	MANUFACTURING												
11.	Goa Auto Accessories Limited (GAAL)	Finance	September 1976	-	-	559.00	559.00	-	-	90.00	90.00	0.16:1 (0.16:1)	79
12.	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	Finance	December 1980	-	-	1902.00	1902.00	-	-	1166.81	1166.81	0.61:1 (0.68:1)	207
	Sector wise total			**-**	**-**	**2461.00**	**2461.00**	**-**	**-**	**1256.81**	**1256.81**	**0.51:1**	**286**
	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)	352
15.	Kadamba Transport Corporation Limited (KTCL)	Transport	January 1980	8964.33	-	-	8964.33	-	-	2500.00	2500.00	0.28:1 (0.66:1)	1861
	Sector wise total			**11229.02**	**-**	**180.00**	**11409.02**	**545.84**	**-**	**3407.46**	**3953.30**	**0.35:1**	**2222**

Total A (All sector wise working Government companies)				27483.58	499.17	4450.98	32433.73	570.84	750.36	30085.58	31406.78	0.97:1	2986
Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital *				Loans outstanding at the close of 2012-13#				Debt Equity Ratio for 2012-13 (Previous Year)	Manpower (No. of employees as on 31.3.2013)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	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	1437.66	-	3239.84	-	-	-	-	-	233
2.	Goa Information Technology Development Corporation (GITDC)	Information Technology	November 2006	25.00	-	-	25.00	-	-	-	-	-	-
	Sector wise total			**1827.18**	**1437.66**	**-**	**3264.84**	**-**	**-**	**-**	**-**	**-**	**233**
Total B (All sector wise working Statutory corporations)				**1827.18**	**1437.66**	**-**	**3264.84**	**-**	**-**	**-**	**-**	**-**	**233**
C.	**Non-Working Government Companies**			NIL									
D.	**Non-Working Statutory Corporations**			NIL									
Grand Total (A + B + C + D)				**29310.76**	**1936.83**	**4450.98**	**35698.57**	**570.84**	**750.36**	**30085.58**	**31406.78**	**0.88:1**	**3219**

* Paid up capital includes share application money

\# Loans outstanding at the close of 2012-13 represent long term loans only

APPENDIX–5.2

(Referred to in paragraphs 5.1.13 and 5.1.14)

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	Depre-ciation	Net Profit/ Loss ɸ							
(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)	2011-12	2012-13	17.70	-	5.66	12.04	360.85	Nil comment	268.91	(+) 117.39	1853.30	12.04	0.65
2.	Goa Meat Complex Limited (GMCL)	2009-10	2011-12	(-)3.20	-	21.61	(-)24.81	194.30	Non Review	61.82	(+) 95.71	429.25	(-)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			**15.60**	**-**	**29.94**	**(-)14.34**	**900.78**		**830.23**	**(+) 78.57**	**2771.52**	**(-)14.34**	**-**
	FINANCE													
4.	EDC Limited (EDCL)	2012-13	2013-14	5264.04	1170.05	47.34	4046.65	6596.64	Under Finalisation	10092.48	(+) 10574.19	28962.45	5216.70	18.01
5.	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2011-12	2011-12	(-)121.71	1.44	9.01	(-)132.16	3683.87	(-)161.08	800.00	(-) 443.25	800.00	(-)130.72	-
6.	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2002-03	2012-13	18.97	9.73	4.51	4.73	41.31	3.34	263.43	(-) 18.35	547.38	14.46	2.64
7.	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	2010-11	2012-13	18.97	4.27	4.79	9.91	54.39	-	1560.00	(-) 63.89	1331.49	14.18	1.06
	Sector wise total			**5180.27**	**1185.49**	**65.68**	**3929.13**	**10376.21**	**-**	**12715.91**	**(+) 10048.70**	**31641.32**	**5114.62**	**16.16**

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 ϕ							
(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)	2011-12	2012-13	1241.81	1011.41	17.63	212.77	20245.07	-	372.00	(+) 828.95	5536.86	1224.18	22.11
9.	Info Tech Corporation of Goa Limited (ITCGL)	2006-07	2012-13	23.92	0.17	15.22	8.53	6301.42	(-)2.69	1633.47	(-) 214.37	1427.04	8.70	0.61
10.	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2010-11	2012-13	206.45	-	2.66	203.79	356.99	Non Review	605.00	(+) 279.92	709.74	203.79	28.71
	Sector wise total			**1472.18**	**1011.58**	**35.51**	**425.09**	**26903.48**	-	**2610.47**	**(+) 894.50**	**7673.64**	**1436.67**	**18.72**
	MANUFACTURING													
11.	Goa Auto Accessories Limited (GAAL)	2012-13	2013-14	(-)130.37	26.17	14.79	(-)171.33	546.57	Non Review	559.00	(-) 1036.41	(-) 260.31	(-) 145.16	-
12.	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	2011-12	2012-13	324.64	63.27	51.36	210.01	2944.85	-	1902.00	(-) 2066.34	984.09	273.28	27.77
	Sector wise total			**194.27**	**89.44**	**66.15**	**38.68**	**3491.42**	**-**	**2461.00**	**(-) 3102.75**	**723.78**	**128.12**	**17.70**
	SERVICES													
13.	Goa Electronic Limited (GEL)	2011-12	2011-12	77.44	8.90	5.35	63.19	990.86	Non Review	180.00	(-) 1990.61	1515.25	72.09	4.76
14.	Goa Tourism Development Corporation Limited (GTDCL)	2011-12	2012-13	(-) 446.95	-	180.54	(-) 627.49	2476.66	33.69	2264.69	(-) 952.31	2095.88	(-) 627.49	-
15.	Kadamba Transport Corporation Limited (KTCL)	2011-12	2012-13	(-) 772.90	617.65	448.99	(-) 1839.54	9348.20	(-)19.54	5964.33	(-) 14787.34	(-) 4159.59	(-) 1221.89	-
	Sector wise total			**(-) 1442.41**	**626.55**	**634.88**	**(-) 2403.84**	**12815.72**		**8409.02**	**(-) 17730.26**	**(-) 548.46**	**(-) 1777.29**	
Total A (All sector wise working Government Companies)				**5719.91**	**2913.06**	**832.16**	**1974.72**	**54487.61**		**27026.63**	**(-) 9811.24**	**42261.80**	**4887.78**	**11.57**

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 ϕ							
(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)	2011-12	2012-13	702.57	-	1119.20	(-) 416.63	2447.42	-	3141.39	(+) 5189.51	7760.11	(-) 416.63	-
2.	Goa Information Technology Development Corporation (GITDC)	First Accounts awaited		-	-	-	-	-	-	-	-	-	-	-
	Sector wise total			**702.57**	**-**	**1119.20**	**(-) 416.63**	**2447.42**	**-**	**3141.39**	**(+) 5189.51**	**7760.11**	**(-) 416.63**	**-**
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)				**6422.48**	**2913.06**	**1951.36**	**1558.09**	**56935.03**	**-**	**30168.02**	**(-)4621.73**	**50021.91**	**4471.15**	**8.94**

ϕ 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 2013

(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 ɸ				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Govern-ment	State Govern-ment	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(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)	-	-	25.12	-	-	25.12	-	-	-	-	-	-
2.	Goa Meat Complex Limited (GMCL)	-	-	-	234.00	-	234.00	-	-	-	-	-	-
3.	Goa State Horticulture Corporation Limited (GSHCL)	-	-	-	- (1774.33)	-	- (1774.33)	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**25.12**	**234.00 (1774.33)**	**-**	**259.00 (1774.33)**	**-**	**-**	**-**	**-**	**-**	**-**
	FINANCE												
4.	EDC Limited (EDCL)	-	-	- -	- (148.50)	-	- (148.50)	-		-	-	-	-
5.	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	-	-	- -	121.00 -	-	121.00 -	-	-	-	-	-	-
6.	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	166.00	438.93	- -	10.00 -	- -	10.00 -	-	-	-	-	-	-
7.	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	800.00	-	- -	- -	- -	- -	-	71.85	-	-	-	-
	Sector wise total	**966.00**	**438.93**	**- -**	**131.00(148.50)**	**- -**	**131.00 (148.50)**	**-**	**71.85**	**-**	**-**	**-**	**-**

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year ϕ				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Govern-ment	State Govern-ment	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(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**												
	INFRASTRUCTURE												
8.	Goa State Infrastructure Development Corporation Limited (GSIDCL)	-	-	-	9000.00	-	9000.00	-	3500.00	-	-	-	-
9.	Info Tech Corporation Limited (ITCGL)	-	-	176.42 -	114.46 -		290.88 -	-	-	-	-	-	-
10.	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	50.00	-	-	3100.00 -		3100.00 -	-	-	-	-	-	-
	Sector wise total	**50.00**	**-**	176.42 -	**12214.46 -**	**- -**	**12390.88 -**	**-**	**3500.00**	**-**	**-**	**-**	**-**
	MANUFACTURING												
11.	Goa Auto Accessories Limited (GAAL)	-	-	- -	- -	- -	- -	-	-	-	-	-	-
12.	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	SERVICES												
13.	Goa Electronics Limited (GEL)	-	-	- -	- -	- -	- -	-	-	-	-	-	-
14.	Goa Tourism Development Corporation Limited (GTDCL)	-	-	- -	- -	600.00 -	600.00 -	-	-	-	-	-	-
15.	Kadamba Transport Corporation Limited (KTCL)	3000.00	-	- -	- (3341.82)	-	- (3341.82)	4500.00	4500.00	-	-	-	-
	Sector wise total	**3000.00**	**-**	- -	**- (3341.82)**	**600.00 -**	**600.00 (3341.82)**	**4500.00**	**4500.00**	**-**	**-**	**-**	**-**
	Total A (All sector wise working Government companies)	**4016.00**	**438.93**	**201.54**	**12579.46 (5264.65)**	**600.00 -**	**13381.00 (5264.65)**	**4500.00**	**8071.85**	**-**	**-**	**-**	**-**

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year ϕ				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(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)	-	-	- -	- -	- -	- -	-	-	-	-	-	-
2.	Goa Information Technology Development Corporation (GITDC)	-	-	- -	- -	- -	- -	-	-	-	-	-	-
	Sector wise total	-	-	- -	- -	- -	- -	-	-	-	-	-	-
	Total B (All sector wise working Statutory corporations)	-	-	- -	- -	- -	- -	-	-	-	-	-	-
C.	Non-Working Government Companies	-	-					-	-	-	-	-	-
D.	Non-working Statutory Corporations	-	-					-	-	-	-	-	-
	Grand Total (A + B + C + D)	**4016.00**	**438.93**	**201.54** -	**12579.46 (5264.65)**	**600.00** -	**13381.00 (5264.65)**	**4500.00**	**8071.85**	-	-	-	-

ϕ 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 2013

(₹ 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 Meat Complex Limited (GMCL)	2009-10	61.82	2010-11	-	-	172.00	-
				2011-12	-	-	381.07	-
				2012-13	-	-	234.00	-
2.	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
				2012-13	-	-	-	1774.33
3.	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2002-03	263.43	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	-
				2012-13	166.00	438.93	10.00	-

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
4.	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	2010-11	1560.00	2011-12	940.00	-	-	-
				2012-13	800.00	-	-	-
5.	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2011-12	800.00	2012-13	-	-	121.00	-
6.	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2011-12	372.00	2012-13	-	-	9000.00	-
7.	Info Tech Corporation Limited (ITCGL)	2006-07	1633.47	2007-08 to 2011-12	-	-	-	-
				2012-13	-	-	114.46	-
8.	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2010-11	605.00	2011-12	50.00	-	2100.00	-
				2012-13	50.00	-	3100.00	-
9.	Kadamba Transport Corporation Limited (KTCL)	2011-12	5964.33	2012-13	3000.00	-	-	3341.82
B.	**Working Corporation**							
10.	Goa Information Technology Development Corporation (GITDC)	First accounts awaited	-	2006-07	25.00	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	
				2009-10	-	-	-	-
				2010-11	-	-	1.10	-
				2011-12	-	-	-	-
				2012-13	-	-	-	-
	TOTAL				**5314.32**	**438.93**	**15723.08**	**7425.17**

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	**2009-10**	**2010-11**	**2011-12**
LIABILITIES				
A	Amount payable to Government	31.41	32.40	32.81
B	Reserves and Surplus	58.88	56.06	51.89
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.*)	11.79	12.47	12.57
D	Current Liabilities, provisions and refunds	357.45	366.70	370.62
	Total	**459.54**	**467.64**	**467.90**
ASSETS				
A	Fixed Assets	9.18	9.43	9.54
	Less : Depreciation (Cumulative)	5.73	6.34	6.78
	Net Fixed Assets	3.45	3.09	2.76
B	Work in progress	31.81	30.27	36.15
C	Development of Industrial areas/Estates	218.11	245.74	262.03
	Less : Depreciation	48.15	58.29	69.00
	Net development of Industrial areas/ Estates	169.96	187.45	193.03
D	Investments	4.86	4.98	7.11
E	Cash at Bank/in hand	179.63	168.16	154.95
F	Other current assets, loans and advances	69.83	73.69	73.90
	Total	**459.54**	**467.64**	**467.90**
	Capital employed*	**85.44**	**83.48**	**77.60**

*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				
		2009-10	**2010-11**	**2011-12**
A	**Income**			
	a. Rent	5.19	5.25	4.06
	b. Interest	20.72	12.99	18.73
	c. Other charges	3.00	4.42	1.68
	Total	**28.91**	**22.66**	**24.47**
B	**Expenditure**			
	a. Executive/Administrative	9.96	11.30	14.08
	b. Depreciation	8.90	10.75	11.19
	c. Maintenance and repairs	2.76	3.39	3.37
	Total	**21.62**	**25.44**	**28.64**
	Surplus (+) /Deficit (-)	**(+)7.29**	**(-)2.78**	**(-)4.17**
	Prior period Adjustments	**(-)1.26**	**(-)0.04**	**0.01**
	Net surplus (+)/Deficit (-) after prior period adjustment	**(+)6.03**	**(-)2.82**	**(-)4.16**
	Total interest charged to Income and Expenditure account	**-**	**-**	**-**
	Accumulated surplus	**58.88**	**56.06**	**51.90**
	Return on capital employed[@]	**6.03**	**(-)2.74**	**(-)4.16**
	Percentage of return on capital employed	**7.06**	**(-)3.28**	**(-)5.36**

[@] 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**

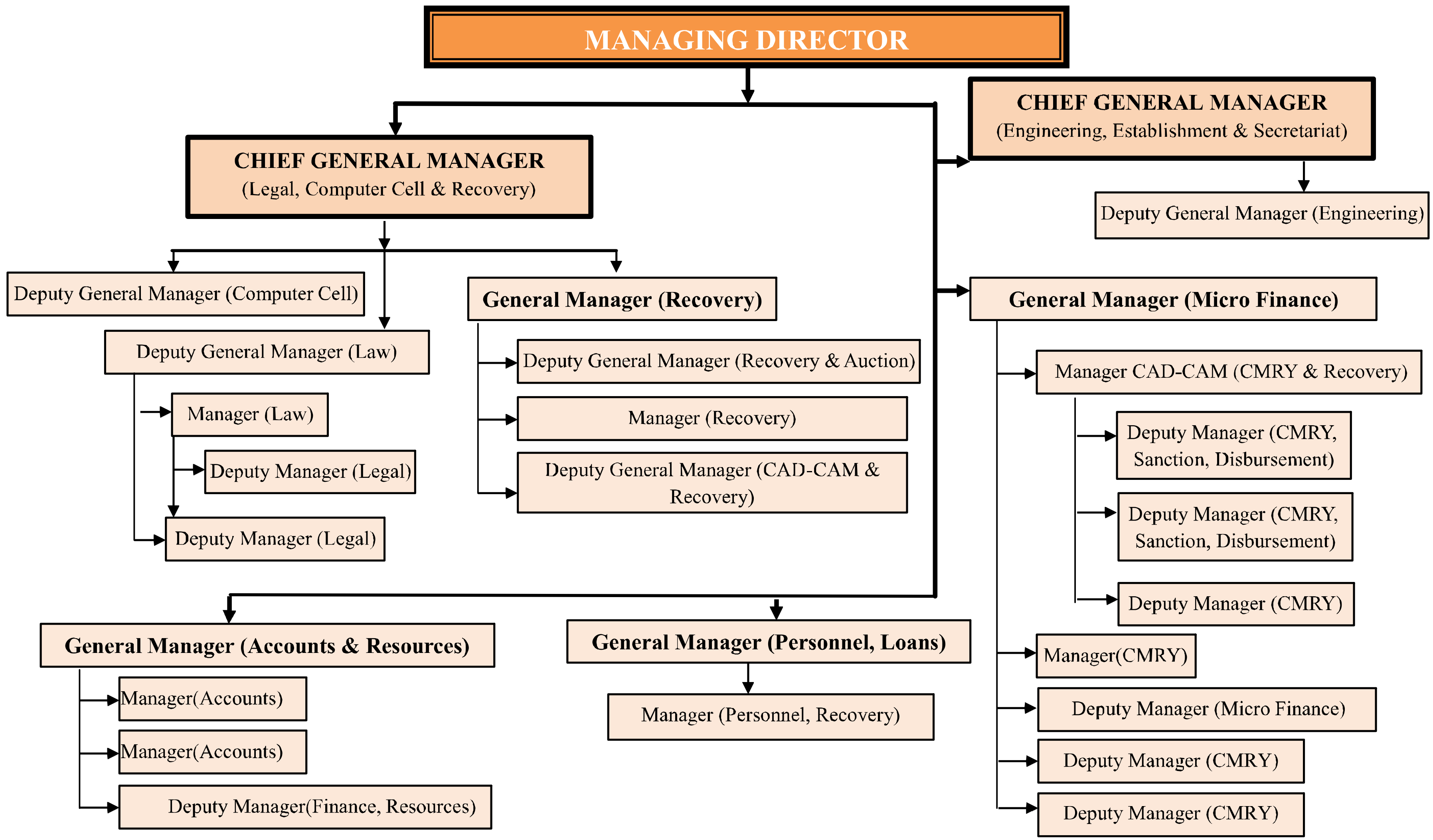
II. River Navigation Department

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 5.2.2)

ORGANISATIONAL CHART – EDC LIMITED



APPENDIX – 5.9

(Referred to in paragraph 5.2.10)

Loan recovery position during the last five years

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Amount Due at the beginning of the year	330.71	335.31	331.65	340.41	338.82
2.	Current Demand (Including rescheduling of loan repayment)	104.09	79.60	87.56	86.94	97.19
3.	Amount Waived/Written off	20.56	6.77	2.02	11.28	2.49
4.	Net Recoverable during the year (1 + 2 - 3)	414.24	408.14	417.19	416.07	433.52
5.	Recovery of old dues	16.52	21.30	14.27	8.93	12.63
6.	Recovery of current demand	60.04	52.95	60.30	63.53	67.86
7.	Prepayments Received	2.36	2.25	2.22	4.78	5.21
8.	Total Recovery during the year	78.92	76.50	76.79	77.24	85.70
9.	Amount Due at the end of the year	335.32	331.64	340.40	338.83	347.82
10.	Percentage of recovery of old dues to amount due at the beginning of the year [5 to (1-3)]	5.33%	6.48%	4.33%	2.71%	3.76%
11.	Percentage of recovery of current demand (6 to 2)	57.68%	66.52%	68.87%	73.07%	69.82%
12.	Percentage of recovery to net recoverable (8 to 4)	19.05%	18.74%	18.41%	18.56%	19.77%
13.	Targets of Recovery	79.00	80.00	80.00	83.40	86.05
14.	Percentage of target to net recoverable (13 to 4)	19.07%	19.60%	19.18%	20.04%	19.85%
15.	Achievement	78.29	74.98	75.46	78.35	84.78
16.	Percentage of achievement to targets (15 to 13)	98.30%	91.85%	92.68%	95.27%	97.45%
17.	OTS/Advance against sale of unit Recovered	-0.63	-1.51	-1.32	1.11	-0.92

APPENDIX – 5.10

(Referred to in paragraph 5.2.12)

Details of delayed recovery of loans *etc.*

Sl. No.	Name of Borrower	Loan declared doubtful		Delay in attachment/ reference to DRO	Amount waived where loan settled under OTS (₹ in lakh)
		Date	Outstanding (₹ in lakh)		
1.	Enarai Vapour Lamp Ignitor Pvt. Ltd.	30/09/1992	4.28	October 1993, within a year of declaring the account as NPA.	-
2.	Costaio Morais	31/12/1998	2.88	January 2000, about 1 year after date of NPA.	-
3.	Phoenix	31/12/1989	3.35	Referred to DRO in August 1991, about 1½ years after date of NPA.	-
4.	Gracious Electroleads	30/09/1995	1.32	February 1997, about 1½ years after date of NPA.	-
5.	Sahadeo Laxman Patil	31/12/1998	5.93	May 2000, about 1½ years after date of NPA.	-
6.	Jaybee Laminations Pvt. Ltd.	30/06/2002	163.90	December 2003, about 1½ years after date of NPA.	74.23
7.	Trixila D'Souza Pereira	30/09/1993	1.35	January 1996, about 2¼ years after date of NPA.	-
8.	Anant Resistors Pvt. Ltd.	30/06/1998	6.62	February 2001, about 2 ½ years after date of NPA.	-
9.	Raj &Yash Alloys Pvt. Ltd.	31/12/1998	50.12	February 2001, about 3 years after date of NPA.	-
10.	Tejsneha Industries	31/12/1999	4.63	February 2003, about 3 years after date of NPA.	-
11.	Maruti Cement Products	30/09/1999	9.75	July 2003, about 3½ years after date of NPA.	-
12.	Mayur Cashew Factory	30/09/2000	91.62	February 2004, about 3½ years after date of NPA.	-
13.	Swan Enamels Products Pvt. Ltd.	30/06/1995	99.63	December 1998, about 3½ years after date of NPA.	20.04

Sl. No.	Name of Borrower	Loan declared doubtful		Delay in attachment/ reference to DRO	Amount waived where loan settled under OTS (₹ *in lakh*)
		Date	Outstanding (₹ *in lakh*)		
14.	Leisure Ventures	31/03/1999	25.72	February 2004, about 4 years after date of NPA.	-
15.	Kesar Pulp & Canning Pvt. Ltd.	30/06/1993	60.80	July 1997, about 4 years after date of NPA.	-
16.	Swan Distilleries Pvt. Ltd.	31/03/2003	525.32	July 2007, about 4 years after date of NPA.	-
17.	Decibells Electronics	30/09/1999	193.10	September 2003, about 4 years after date of NPA.	337.47
18.	Shivam Synthetics Pvt. Ltd.	30/06/1992	112.84	November 1996, about 4½ years after date of NPA.	142.39
19.	Ameya Systems & Printers	30/06/1992	1.14	July 1997, about 5 years after date of NPA.	-
20.	Shruti Informatics	30/06/1999	1.65	February 2005, about 5 years after date of NPA.	-
21.	Shubhdwar Engg. Pvt. Ltd.	30/09/1989	18.44	September 1994 (DRO), about 5 years after date of NPA.	-
22.	Penguin Alcohols Pvt. Ltd.	30/06/2003	278.15	February2010, about 6 years after date of NPA.	-
23.	Aarnav Exports Pvt. Ltd.	31/07/1998	35.99	January 2005, about 7 years after date of NPA.	109.49
24.	Chamunda Cashew Industries	31/12/1989	2.60	February 1997, about 7 years after date of NPA.	-
25.	Perfect Dies	31/03/1987	7.69	December 1994 (DRO), about 7 ¾ years after date of NPA.	21.08
26.	Rahul Exports Pvt. Ltd.	30/09/1995	58.66	January 2004, about 8 years after date of NPA.	222.26
27.	Siddheshwar Lime Industry	30/09/1996	8.45	February 2005, about 8 ½ years after date of NPA.	-

Sl. No.	Name of Borrower	Loan declared doubtful		Delay in attachment/ reference to DRO	Amount waived, where loan settled under OTS (₹ in lakh)
		Date	Outstanding (₹ in lakh)		
28.	Hi-Tech Capsules Pvt. Ltd.	30/09/1995	35.20	April 2005, about 9 ½ years after date of NPA.	-
29.	Super Urethane Products Pvt. Ltd.	31/12/1993	50.28	December 2003, about 10 years after date of NPA.	238.11
30.	Vidya Furniture Works	31/03/1995	0.57	February 2005, about 10 years after date of NPA.	-
31.	Harichandra Enterprises	31/03/1992	2.17	October 2002, about 10 years after date of NPA.	-
32.	Manguesh Steel Foundry	31/03/1985	0.49	April 1995 (MSFC), about 10 years after date of NPA.	-
33.	Pure Water Beverages	31/12/2001	10.11	May 2013, about 11½ years after date of NPA.	-
34.	Elar Fashions Ltd.	30/06/1992	82.71	January 2004, about 11½ years after date of NPA.	-
35.	Shri Kamaxi Bakery	30/09/1995	1.59	February 2008, about 13 years after date of NPA.	-
36.	Pneumatic Tools Mfg. Co.	30/09/1986	7.08	April 1990 (DRO), about 13½ years after date of NPA.	196.45
37.	Aqua Bakers Pvt. Ltd.	30/09/1990	4.72	January 2006, about 15 years after date of NPA.	-
				Total	**1361.52**

APPENDIX – 5.11

(Referred to in paragraph 5.2.13)

Details of loans sanctioned and disbursed without sufficient tangible security

Sl. No.	Borrowing entities	*(₹ in lakh)*		Percentage of Security offered
		Loan availed	Value of tangible Security offered	
1.	Nilesh Wooden Arts	2.59	0.53	20.46
2.	Leisure Ventures	17.46	5.60	32.07
3.	Rajani Dresses	1.51	0.51	33.77
4.	Mayur Cashew Factory	1.62	75.58	46.65
5.	S. N. Plastics	20.40	11.15	54.66
6.	Supreme Industries	1.30	0.88	67.69
7.	Pure Water Beverages	23.38	17.15	73.35
8.	Gracious Electroleads	3.01	2.23	74.09
9.	Harichandra Enterprises	1.64	1.23	75.00
10.	Vidya Furniture Works	0.43	0.33	76.74
11.	Anant Resistors Pvt. Ltd.	73.00	57.87	79.27
12.	Aqua Bakers Pvt. Ltd.	31.50	25.42	80.70
13.	Shri Kamaxi Bakery	1.13	0.92	81.42
14.	Swan Enamels Products Pvt. Ltd.	84.12	75.68	89.97
15.	Jaybee Laminations Pvt. Ltd.	146.00	134.75	92.29
16.	Chamunda Cashew Industries	2.45	2.29	93.47
17.	Sahdev Laxman Patil	6.01	5.85	97.34
18.	Ameya System & Printers	8.26	8.08	97.82

APPENDIX – 5.12

(Referred to in paragraph 5.2.15)

Details of cases where the value of security had deteriorated consequent to which EDC could not recover the full amount due

(₹ in lakh)

Sl. No.	Name of Borrower	Security Value at		Deterioration	
		Sanction	Sale	Value	Percentage
1.	Chamunda Cashew Industries	4.94	0.01	4.93	99.80
2.	Rahul Exports Pvt. Ltd.	91.33	6.05	85.28	93.38
3.	Aarnav Exports Pvt. Ltd.	47.52	5.15	42.37	89.16
4.	Shri Kamaxi Bakery	1.54	0.17	1.37	88.96
5.	Pneumatic Tools Mfg. Co.	11.96	1.52	10.44	87.29
6.	Leisure Ventures	5.85	0.80	5.05	86.32
7.	Maruti Cement Products	14.23	2.40	11.83	83.13
8.	Harichandra Enterprises	2.12	0.40	1.72	81.13
9.	Sharvani Service Centre	2.21	0.45	1.76	79.64
10.	Gracious Electroleads	4.64	0.95	3.69	79.53
11.	Unex Exports Pvt. Ltd.	100.15	27.00	73.15	73.04
12.	Costa Morais	3.56	1.00	2.56	71.91
13.	Jaybee Laminations Pvt. Ltd.	194.70	64.00	130.70	67.13
14.	Goa Milk Foods & Allied Products	17.22	6.73	10.49	60.92
15.	Sahadeo Laxman Patil	5.98	2.35	3.63	60.70
16.	Decibells Electronics	220.00	91.00	129.00	58.64
17.	Swan Enamels Products Pvt. Ltd.	105.06	44.00	61.06	58.12
18.	Kesar Pulp & Canning Pvt. Ltd.	50.14	22.10	28.04	55.92
19.	Millennium Winery & Distilleries	40.89	20.00	20.89	51.09
20.	Raj &Yash Alloys Pvt. Ltd.	108.05	54.46	53.59	49.60
21.	Elar Fashions Ltd.	118.91	63.00	55.91	47.02
22.	Shivam Synthetics Pvt. Ltd.	128.75	69.86	58.89	45.74
23.	Trixila D'Souza Pereira	1.24	0.80	0.44	35.48
24.	Enarai Vapour Lamp Ignitor	5.85	3.96	1.89	32.31
25.	Phoenix	4.36	3.01	1.35	30.96
26.	Super Urethane	104.52	80.00	24.52	23.46

APPENDIX – 5.13

(Referred to in Paragraph 5.6)

Details of shortfall in power supply as compared to the guaranteed quantity

Month / Year	Short supply Units (kwh) worked out on hourly basis where supply is below 14000 units/hour*	Value @ ₹ 2.40/unit
April 2011	1645970	3950328
May 2011	1310605	3145453
June 2011	1680809	4033941
July 2011	1239737	2975370
August 2011	1378226	3307742
September 2011	1310939	3146253
October 2011	1925472	4621132
November 2011	1204435	2890643
December 2011	3099065	7437757
January 2012	1321511	3171627
February 2012	4282887	10278928
March 2012	2970173	7128416
Total	**23369829**	**56087589**

*14MW of Minimum Guaranteed supply equals 14,000 units of power per hour. Hourly data of power received in units was compared with minimum requirement of 14,000 units per hour.