सत्यमेव जयते

Report of the Comptroller and Auditor General of India for the year ended 31 March 2017

GOVERNMENT OF GOA

Report No. 1 of the year 2018

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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2017

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2017 has been prepared for submission to the Governor of State of Goa. This Report contains three Chapters. Chapter I and II are to be submitted to State Legislature under Article 151(2) of the Constitution of India. Chapter III is to be submitted to State Legislature under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

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

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

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

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2016-17. The Report also include those instances which came to notice in earlier years, but could not be dealt with in previous Audit Reports. The instances relating to the period subsequent to 2016-17 but pertaining to the year 2016-17 have also been included, wherever necessary.

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

Overview

OVERVIEW

This Report comprises three chapters containing 12 paragraphs and two Performance Audits. Chapter I contains the audit findings pertaining to Social, General and Economic Sectors (Non-Public Sector Undertakings-Non-PSUs) and a Performance Audit on 'Implementation of Select Social Welfare Schemes by Government of Goa'. Chapter II contains the audit findings pertaining to Revenue Sector and a Performance Audit on 'Assessment and Collection of Revenue from taxes on trade by Commercial Taxes Department'. Chapter III contains the audit findings pertaining to State Public Sector Undertakings and Government Commercial and Trading Activities.

The total expenditure of the State increased from ₹ 9,013 crore in 2014-15 to ₹ 10,976 crore in 2016-17 (22 *per cent*). The revenue expenditure of the State Government increased by 20 *per cent* from ₹ 7,410 crore in 2014-15 to ₹ 8,866 crore in 2016-17. The revenue expenditure constituted 81.04 *per cent* of total expenditure during past three years (2014-17) and capital expenditure was 18.81 *per cent,*

PERFORMANCE AUDITS

SOCIAL, GENERAL AND ECONOMIC SECTORS/NON-PUBLIC SECTOR UNDERTAKINGS (Non-PSUs)

Performance Audit on Implementation of Select Social Welfare Schemes by Government of Goa

The Government of Goa implements a number of social welfare Schemes. Three Schemes with the largest outlay are *Dayanand* Social Security Scheme (DSSS), *Griha Aadhar* Scheme and *Laadli Laxmi* Scheme. The DSSS aims at welfare of weaker and the most vulnerable section of the society, including senior citizens, single women, widows and differently-abled persons. The *Griha Aadhar* Scheme helps housewives from middle and poor sections of society to tide over the inflationary trend in prices while the *Laadli Laxmi* Scheme aims at mitigating the financial burden of families at the time of marriage of their daughter(s) or for starting business/profession or pursuing further studies by the girl child. By the end of March 2017, 3.36 lakh beneficiaries have been benefited under the three Schemes and they were granted financial assistance of ₹ 2,590 crore during 2012-17.

A performance audit of implementation of these three Schemes for the period 2012-17 revealed deficiencies in identification of beneficiaries due to inadequate scrutiny of applications by the implementing departments, flaws in the application software system developed for operation and management of the Schemes and failure to conduct periodical survey of target beneficiaries.

Financial assistance under DSSS and *Griha Aadhar* Scheme was granted to beneficiaries who did not meet the prescribed eligibility criteria of age and income. Benefits were also granted to applicants who simultaneously availed of assistance under other social welfare schemes as well as to those availing of assistance more than once under the same scheme. There were instances of benefits being granted to doubtful beneficiaries. Though the annual family income was the vital criterion for identification of beneficiaries under DSSS and *Griha Aadhar* Scheme, the process of verification of income by the implementing departments was weak, leading to wrongful inclusion of beneficiaries.

The monitoring and internal control system over the Schemes was inadequate in the absence of robust software system, vital MIS reports and internal audit.

(Paragraph 1.5)

Performance Audit on Assessment and Collection of Revenue from taxes on trade by Commercial Taxes Department

Commercial Taxes Department is responsible for levy and collection of taxes on trade in goods in the State. Being the major part of the State's revenue the enforcement of the Acts and Rules to recover GVAT, CST and Entry Tax is of utmost importance for Government finances. A performance audit of Commercial Taxes Department was conducted to ascertain whether the levy/collection and refund of taxes on sale of goods was done to safeguard the interest of the Government; system for recovery of the arrears of revenue; resolution of appeal cases was effective; and whether the internal control mechanism was adequate. Following are the highlights of the audit findings.

- Targets were not fixed by the Department for conducting surveys for detecting unregistered dealers (URD). During the surveys the Department had detected 164 dealers during 2012-13 to 2016-17 out of whom only 93 were registered subsequently and the remaining 71 were not registered. On cross verification of the information obtained from six departments, audit found that another 26 dealers were not registered under the GVAT Act in Commercial Taxes Department.

  (Paragraph 2.2.6)

- The Department had not utilised the information available in the VATSOFT application for realisation of the tax from those dealers who had defaulted in payment of the tax. It was observed that 306 dealers had not paid full amount of taxes payable as per the returns filed by them resulting in non-realisation of tax amounting to ₹ 11.38 crore.

  (Paragraph 2.2.7)

- The parameters fixed by the Government for selection of cases for detailed assessment were not followed. Out of 3,185 dealers required to be selected from four selected wards for the year 2012-15 only 917 dealers (29 *per cent*) were selected.

  (Paragraph 2.2.8)

- Errors and omissions on the part of the assessing authorities in 28 cases assessed during the period from 2012-13 to 2016-17 revealed short-realisation of revenue amounting to ₹ 38.01 crore.

  (Paragraph 2.2.9.1)

- There were 2,466 appeal cases involving revenue of ₹ 1,230.50 crore pending with departmental appellate authorities which was 98.52 *per cent* of the total amount of ₹ 1,249.02 crore involved in pending appeals. The appellate authorities took a long time ranging from 5 to 17 years, in disposal of cases test checked by Audit.

(Paragraph 2.2.10)

- The uncollected revenue recoverable by Department was ₹ 1,223.84 crore as on 31 March 2017, of which ₹ 441.68 crore was pending recovery for more than six years.

(Paragraph 2.2.11)

COMPLIANCE AUDIT

SOCIAL, GENERAL AND ECONOMIC SECTORS (Non-PSUs)

PUBLIC WORKS DEPARTMENT

The Public Works Department prepared the estimates for a water supply project based on schedule of rates of 2008 while tenders for supply of DI pipes under the project were floated in December 2013. Since the rates of pipes had reduced significantly during the intervening period of five years, the Department ended up paying ₹ 2.34 crore more to the contractor.

(Paragraph 1.6)

Delay in acceptance of tenders by Public Works Department for two road works resulted in avoidable extra liability of ₹ 2.63 crore.

(Paragraph 1.7)

INDUSTRIES, TRADE AND COMMERCE DEPARTMENT

Inconclusive action by the State Government in setting up a tool room in Goa resulted in idling of an investment of ₹ 4.52 crore for six years.

(Paragraph 1.8)

DEPARTMENT OF URBAN DEVELOPMENT

Failure of the Cuncolim Municipal Council in maintaining an eco-friendly garden resulted in a wasteful expenditure of ₹ 48.47 lakh.

(Paragraph 1.9)

Acceptance of an offer by the Urban Development Department for setting up a plant for conversion of waste plastics into fuel without any competition for a project of ₹ 15 crore resulted in an undue favour to a Company.

(Paragraph 1.10)

REVENUE SECTOR

Delay in implementation of Government notifications for revision of rates in the Transport Department leading to loss of ₹ 1.51 crore.

(Paragraph 2.3)

Splitting of sale deeds of immovable property resulted in evasion of Stamp Duty and Registration Fee amounting to ₹ 18 lakh.

(Paragraph 2.4)

Failure on the part of Directorate of Mining and Geology in assessing the correct amount of stamp duty resulted in short-recovery of stamp duty and registration fee amounting to ₹ 108.43 crore.

(Paragraph 2.5)

PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Execution of sewage works by Sewage and Infrastructural Development Corporation Limited

Audit of planning, tendering and execution of sewage projects by Sewage and Infrastructural Development Corporation Limited (Company) revealed certain deficiencies. The Company deviated from the scope of work envisaged in the detailed project reports while executing sewage projects in Porvorim and Navelim. Sewage treatment plants of higher capacity were constructed resulting in additional financial liability of ₹ 90.05 crore, creation of idle capacity and delay in completion of projects. In Margao sewage project, non-inclusion of casing pipe items in the estimates resulted in additional expenditure of ₹ 10.83 crore on extra items. The Company also installed higher-sized casing pipes than that specified for railway crossing works, used casing pipes on road crossings which was unnecessary and laid higher-sized sewer pipes than that specified in the tender specifications, resulting in avoidable extra expenditure aggregating ₹ 4.60 crore. Change in site after award of work led to abnormal variation between the tendered and executed quantities, leading to excess expenditure of ₹ 2.17 crore. The internal controls and monitoring mechanism in the Company were weak.

(Paragraph 3.2)

GOA INDUSTRIAL DEVLOPMENT CORPORATION

Distribution of gold coins worth ₹ 19.84 lakh to the staff of GIDC without adhering to the standards of financial propriety.

(Paragraph 3.3)

Negligence in compliance of Government orders resulted in non-recovery of mandatory labour welfare cess amounting to ₹ 75.56 lakh.

(Paragraph 3.4)

Unauthorised retention of pension contributions of ₹ 1.84 crore for new pension scheme in violation of Government directives resulted in lower gains accruing to employees.

(Paragraph 3.5)

CHAPTER – I

Social, General and Economic Sectors (Non-PSUs)

CHAPTER-I

SOCIAL, GENERAL AND ECONOMIC SECTORS (Non-PSUs)

1.1 Trend of Expenditure

The comparative position of expenditure incurred by the Government during the year 2016-17 and in the preceding two years is given below in ***Table 1.1***.

Table 1.1: Comparative position of expenditure

(₹ *in crore*)

Disbursements	2014-15			2015-16			2016-17		
	Plan	Non - plan	Total	Plan	Non - plan	Total	Plan	Non - plan	Total
Revenue expenditure									
General services	33.56	2336.35	**2369.91**	31.78	2528.30	**2560.08**	38.28	2834.16	**2872.43**
Social services	979.79	949.55	**1929.34**	1168.83	1021.75	**2190.58**	1253.53	1011.91	**2265.44**
Economic services	406.94	1684.52	**2091.46**	544.46	1927.86	**2472.32**	436.73	1966.07	**2402.80**
Grants-in-aid and contributions	281.16	738.38	**1019.54**	353.94	842.64	**1196.58**	397.93	927.38	**1325.31**
Total	**1701.45**	**5708.80**	**7410.25**	**2099.01**	**6320.55**	**8419.56**	**2126.47**	**6739.52**	**8865.98**
Percentage of annual increase of Revenue expenditure from year 2014-15						**13.62**			**19.64**
Capital Expenditure									
Capital outlay	1235.60	-1.49	**1234.11**	1611.14	11.13	**1622.27**	1623.12	15.61	**1638.73**
Loans and advances disbursed	0.19	2.73	**2.92**	-	2.69	**2.69**	-	3.41	**3.41**
Repayment of public debts	-	365.86	**365.86**	-	439.22	**439.22**	-	467.75	**467.75**
Total	**1235.79**	**367.10**	**1602.89**	**1611.14**	**453.04**	**2064.18**	**1623.12**	**486.77**	**2109.89**
Grand total	**2937.24**	**6075.90**	**9013.14**	**3710.15**	**6773.59**	**10483.74**	**3749.59**	**7226.29**	**10975.87**
Percentage of annual increase of total expenditure from year 2014-15						**16.32**			**21.77**

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

The total expenditure of the State increased from ₹ 9,013 crore in 2014-15 to ₹ 10,976 crore in 2016-17 (22 *per cent*). The revenue expenditure of the State Government increased by 20 *per cent* from ₹ 7,410 crore in 2014-15 to ₹ 8,866 crore in 2016-17.

The revenue expenditure constituted 81.04 *per cent* of the total expenditure during past three years (2014-17) and capital expenditure was 18.81 *per cent*.

1.2 Authority for Audit

The authority for audit by the Comptroller and Auditor General (CAG) is derived from Articles 149 and 151 of the Constitution of India. The Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's (DPC) Act) further reinforce its authority. The CAG conducts audit of expenditure of the Departments of Government of Goa under Section 13 of the CAG's (DPC) Act. The CAG is the sole auditor in respect of 12 Autonomous Bodies which are audited under the provisions of sections 19 and 20 of the CAG's (DPC) Act. In addition the CAG also conducts audit of bodies/authorities which are substantially funded by the Government, under section 14 of the CAG's (DPC) Act. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the CAG.

1.3 Planning and conduct of Audit

There are 59 departments in the State at the Secretariat level headed by Chief Secretary/Principal Secretaries/Secretaries. They are assisted by Directors/Commissioners and subordinate officers under them. In addition there are 12 autonomous bodies which are audited by the Accountant General, Goa.

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

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

During 2016-17, in the Social and General Sector Audit Wings, 710 party-days were used to carry out audit of 122 units. The Economic Sector-I Audit Wing conducted audit of 27 units utilising 269 party days and the Economic Sector-II Audit Wing audited 43 units utilising 347 party days. The audit plan covered those units/entities which were vulnerable to significant risk as per our assessment.

1.4 Lack of responsiveness of Government to Audit

1.4.1 Inspection reports outstanding

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

As of June 2017, 420 IRs (1,470 paragraphs) were outstanding for want of compliance. Year-wise details of IRs and paragraphs outstanding are detailed in ***Appendix 1.1.***

1.4.2 Response of departments to the draft paragraphs

Six draft paragraphs and one performance audit report were forwarded (June, July and September 2017) to the Principal Secretaries/Secretaries of the concerned departments. The Government's replies of these draft paragraphs and performance audit report were required to be received within six weeks. But replies to five draft paragraphs have not been received (December 2017).

1.4.3 Follow up on Audit Reports

Timeline for follow up of Audit Reports is prescribed in the Internal Working Rules of the Public Accounts Committee of the Goa Legislative Assembly. According to it, the Administrative Departments were required to furnish Explanatory Memoranda (EM) to the Accountant General for vetting. The EMs in respect of the paragraphs included in the Audit Reports were to be furnished to the State Legislature within three months from the date of tabling of Audit Report.

Ten departments as detailed in ***Appendix 1.2*** had not submitted EM for 27 paragraphs pertaining to Audit Reports for the years 2012-13 to 2015-16 (September 2017).

SOCIAL WELFARE DEPARTMENT AND WOMEN AND CHILD DEVELOPMENT DEPARTMENT

1.5 Performance Audit on Implementation of Select Social Welfare Schemes by Government of Goa

Executive Summary

The Government of Goa implements a number of social welfare Schemes. Three Schemes with the largest outlay are Dayanand Social Security Scheme (DSSS), Griha Aadhar Scheme and Laadli Laxmi Scheme. The DSSS aims at welfare of weaker and the most vulnerable section of the society, including senior citizens, single women, widows and differently-abled persons. The Griha Aadhar Scheme helps housewives from middle and poor sections of society to tide over the inflationary trend in prices while the Laadli Laxmi Scheme aims at mitigating the financial burden of families at the time of marriage of their daughter(s) or for starting business/profession or pursuing further studies by the girl child. By the end of March 2017, 3.36 lakh beneficiaries have been benefited under the three Schemes and they were granted financial assistance of ₹ 2,590 crore during 2012-17.

A performance audit of implementation of these three Schemes for the period 2012-17 revealed deficiencies in identification of beneficiaries due to inadequate scrutiny of applications by the implementing departments, flaws in the application software system developed for operation and management of the Schemes and failure to conduct periodical survey of target beneficiaries.

Financial assistance under DSSS and Griha Aadhar Scheme was granted to beneficiaries who did not meet the prescribed eligibility criteria of age and income. Benefits were also granted to applicants who simultaneously availed of assistance under other social welfare schemes as well as to those availing of assistance more than once under the same scheme. There were instances of benefits being granted to doubtful beneficiaries. Though the annual family income was the vital criterion for identification of beneficiaries under DSSS and Griha Aadhar Scheme, the process of verification of income by the implementing departments was weak, leading to wrongful inclusion of beneficiaries.

The monitoring and internal control system over the Schemes was inadequate in the absence of a robust software system, vital MIS reports and internal audit.

1.5.1 Introduction

The Constitution of India enjoins upon the State a responsibility to secure social order for the promotion of welfare of the people. Article 41 directs the State to provide public assistance to the old-aged, the unemployed, the sick and the disabled within the limit of its economic capacity and development. In pursuance of these guiding principles, Government of Goa implements various Schemes for the welfare of different categories of its citizens. The three major social welfare Schemes (hereinafter collectively referred to as the Schemes) with the largest outlay[1], implemented in the State of Goa, are:

- ***Dayanand* Social Security Scheme:** The Scheme is being implemented from January 2002 for providing monthly financial assistance[2] to the most vulnerable section of the society, *viz.*, senior citizens, single women, widows and differently-abled persons, whose annual *per capita* income was less than the annual financial assistance granted under the Scheme, *i.e.*, ₹ 24,000. The Scheme is implemented by Directorate of Social Welfare (DSW).

- ***Griha Aadhar* Scheme:** The State Government notified (October 2012) the Scheme for granting monthly financial assistance[3] to housewives/homemakers from middle, lower middle and poor sections of the society to address the problem of spiraling prices and to enable a reasonable standard of living for their families. Married women aged 18 years and above, who were residents of Goa and whose annual family income did not exceed ₹ three lakh, were eligible. In case of widows and divorced women, the annual family income was capped at ₹ 1.50 lakh. The Scheme is implemented by Directorate of Women and Child Development (DWCD).

- ***Laadli Laxmi* Scheme:** The Scheme was introduced (July 2012) with the objective of reducing the financial burden on a parent/guardian at the time of marriage of girl child to address the undesirable tendency of female foeticide and thereby help arrest the declining female sex ratio in the State. The Scheme implemented by the DWCD provides one-time financial assistance of ₹ one lakh in the form of fixed deposit to every girl beneficiary aged between 18 and 45 years (resident of Goa for the last 15 years) on her marriage or for starting business/profession or pursuing further studies. The fixed deposit gets renewed automatically every year along with the amount of interest accrued, till the date of claim by the beneficiary or until the age of 45 years, whichever is earlier.

  The State Government entrusted the operation and management of the Schemes to Goa Electronics Limited (GEL), a State-owned Public Sector Company. As of March 2017, financial assistance was disbursed to

[1] The total budgetary allocation for these three Schemes during 2012-17 was ₹ 2,608 crore

[2] ₹ 500 initially; enhanced to ₹ 750 in November 2005, ₹ 1,000 in April 2007 and ₹ 2,000 in April 2012

[3] ₹ 1,000 initially, which was increased to ₹ 1,200 in June 2014 and to ₹ 1,500 in September 2016

1.42 lakh beneficiaries under the DSSS; 1.46 lakh beneficiaries under *Griha Aadhar* Scheme; and 48,630 beneficiaries under *Laadli Laxmi* Scheme. Financial assistance granted to beneficiaries during 2012-17 aggregated ₹ 1,488 crore, ₹ 637 crore and ₹ 465 crore under DSSS, *Griha Aadhar* Scheme and *Laadli Laxmi* Scheme respectively.

1.5.2 Organisational set-up

The DSSS is overseen by the Secretary (Social Welfare), who is assisted by DSW for implementation of the Scheme. The *Griha Aadhar* and *Laadli Laxmi* Schemes are overseen by the Secretary (Women and Child Development), who is aided by DWCD for implementation of these Schemes. The Director of Social Welfare is assisted by a Deputy Director, two Assistant Directors, a Social Welfare Officer and a Statistical Officer. The Director of Women and Child Development is assisted by three Deputy Directors, two District Programme Officers, a Social Welfare Officer, a Probation Officer, an Assistant Accounts Officer, a Superintendent and Child Development Project Officers.

1.5.3 Audit objectives

Audit reviewed the implementation of the three select Schemes to assess whether:

- the system of identification of beneficiaries under the Schemes was adequate;
- adequate controls existed for effective operation and management of the Schemes; and
- the implementation of the Schemes was in accordance with the Rules framed by the State Government.

1.5.4 Audit criteria

Audit observations were framed with reference to the following:

- Gazette Notifications issued by Government of Goa;
- Scheme guidelines/instructions issued by the State Government from time to time;
- Agreements/Memoranda of Understanding signed between Government of Goa and GEL; and
- Generally-accepted good Information Technology and project management practices.

1.5.5 Scope and methodology of audit

Audit reviewed (April to June 2017) the implementation of the Schemes for a period of five years from 2012-13 to 2016-17. For this purpose, records of the implementing departments (DSW and DWCD) were examined and data maintained by GEL on behalf of the implementing departments were analysed using a bouquet of data analytics such as, KNIME, CaseWare IDEA and/or SQL.

An entry conference was held (April 2017) with the Secretary (Social Welfare) and Secretary (Women and Child Development) to discuss the audit objectives, audit approach, the time-frame of audit, its scope and audit criteria. The audit findings, conclusions and recommendations were discussed

(October 2017) in exit conferences held with the Secretary (Social Welfare) and the Secretary (Women and Child Development). The replies furnished by DWCD and the State Government's reply of October 2017 (confined to DSSS only) have been incorporated at appropriate places in the Report.

Audit findings

1.5.6 Identification of beneficiaries

1.5.6.1 Inadequacies in scrutiny of applications

A good system of identification of beneficiaries is vital for effective implementation of social welfare Schemes. It needs to be devised carefully so that only genuine persons are enrolled for availing of financial assistance. The application software system developed for the purpose should enable detection of ineligible beneficiaries.

However, the system of scrutiny of applications both at the level of GEL (first-level scrutiny) and the implementing departments (selective scrutiny) was inadequate. Further, the controls built into the application software system developed by GEL were weak, leading to sanctioning of financial assistance to applicants who did not meet the eligibility criteria of age and/or income, as discussed below:

- Data analysis revealed that 6,223 of 98,644 senior citizens; 3,327 of 32,141 single women; and 1,162 of 11,001 differently-abled beneficiaries availed of financial assistance aggregating ₹ 40.34 crore[4] under DSSS during 2012-17, though they had an annual income of ₹ 24,000 or above and were, therefore, ineligible under the DSSS Rules, 2001[5]. Further, the Scheme benefits to senior citizens were to commence from the date of their attaining the age of 60 years. Audit, however, observed that 5,227 persons had applied for and availed of financial assistance under the Scheme even before they attained the qualifying age of 60 years. During 2012-17, these persons received ₹ 35.91 crore as financial assistance from the date of sanction of benefit till reaching the age of 60 years.

  In the 66th Report laid (February 2011) on the table of the Goa Legislature, the Public Accounts Committee (2009-11) felt[6] that applications under DSSS should be invited at the age of 58 years which would give the implementing department sufficient time for verification of the applications and also call for additional documents from the applicants, if necessary. However, the sanction of the financial assistance should be made on attaining the age of 60 years after obtaining life certificate from the respective applicants. The PAC, therefore, recommended that DSSS needs to be revised suitably. However, the recommendations of the PAC were not implemented by the State Government, which could have checked the instances of irregular sanction of financial assistance to ineligible applicants under the 'senior citizen' category.

[4] ₹ 22.46 crore to 6,223 senior citizens; ₹ 11.94 crore to 3,327 single women; and ₹ 5.94 crore to 1,162 differently-abled beneficiaries

[5] Effective from 01 January 2002

[6] Against Audit Paragraph No. 3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 on Government of Goa

The State Government stated (October 2017) that the process of verification/action on ineligible cases pointed out by Audit was in progress.

- Under *Griha Aadhar* Scheme, 23 out of 1.41 lakh married women beneficiaries who benefitted under the Scheme had annual income exceeding ₹ three lakh (varying from ₹ 3.02 lakh to ₹ 19.80 lakh). They availed of financial assistance aggregating ₹ 12.66 lakh during 2012-17.

1.5.6.2 Deficiencies in beneficiaries' survey

Periodic survey of beneficiaries is necessary to ascertain whether (i) *bona fide*/eligible beneficiaries are covered under the Schemes, (ii) the beneficiaries received financial assistance regularly and timely, (iii) the beneficiaries fulfilled the criteria laid down in the Rules/Schemes, and (iv) the status of beneficiaries had changed over time on account of death/migration/financial earnings/age. The database of beneficiaries should be updated regularly by incorporating all the changes in their status noticed during survey.

The DSSS Rules, 2001 mandated review of all beneficiaries at least once in every three years while *Griha Aadhar* Scheme and *Laadli Laxmi* Rules, 2012 did not specify the requirements of the survey. Audit observed that survey of DSSS beneficiaries was undertaken only twice since the launch of the Scheme in January 2002, by a Non-Governmental Organization[7], and the evaluation reports submitted in 2004 and 2014. No survey was conducted for the beneficiaries under *Griha Aadhar* and *Laadli Laxmi* Schemes since their implementation in 2012.

The evaluation report of the second DSSS survey indicated 25,176 of 1.15 lakh beneficiaries (as of March 2013) as 'non-genuine[8]'. The DSW issued show cause notices (between 2014 and 2017) to 25,056 of 25,176 non-genuine beneficiaries, post-survey. On receipt of reply to notices issued, DSW identified 11,410 cases as genuine and 325 cases as ineligible. The status of remaining 13,321 beneficiaries could not be ascertained (March 2017) by DSW, as these beneficiaries did not reply to the notices or the notices were returned. The DSW stopped (March 2017) forthwith financial assistance to 11,147 of 13,646[9] beneficiaries, leaving a balance of 2,499 cases to be acted upon as of March 2017. The disbursement to 2,619[10] doubtful beneficiaries worked out to ₹ 18.86 crore[11] during the period 2014-17.

Audit further observed that a software system to capture fingerprints and issue smart cards for DSSS beneficiaries was procured[12] by GEL at an all-inclusive cost of ₹ 3.96 lakh in June 2004 but not implemented by DSW, for which no reasons were found on record. The DWCD also did not respond to a techno-commercial proposal submitted (October 2013) by GEL for carrying out biometric survey of *Griha Aadhar* beneficiaries over a period of three years

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[7] *Rambhau Mhalgi Prabodhini* Centre for Development Planning and Research (CDPR), Pune
[8] Doubtful/migrated/bogus/expired/not found
[9] Ineligible cases (325) plus non-responsive cases (13,321)
[10] 120 beneficiaries who were not served show cause notices plus 2,499 cases to be acted upon
[11] 2,619 * ₹ 2,000 * 36 months
[12] Supplied by Smart Chip Limited, New Delhi

(2014-16) at cost varying between ₹ 55 and ₹ 65 per beneficiary, as it felt (January 2014) that the proposal was not cost-effective, though excellent.

Adoption of scientific approach for checking the testimonials of the beneficiaries would have helped the implementing departments (DSW and DWCD) to weed out bogus cases. Further, if the rates for biometric survey of *Griha Aadhar* beneficiaries were not found to be cost-effective, the same could have been negotiated by DWCD with the implementing partner (GEL).

In order to ensure that financial assistance is not granted to non-genuine/bogus beneficiaries, the PAC in its 66th Report recommended that the work of verification of DSSS beneficiaries already entrusted to the Planning and Statistics department be got completed expeditiously. The recommendation was, however, not implemented by the State Government as of March 2017. Further, the two surveys conducted under DSSS (2004 and 2014) were limited to existing beneficiaries only and not the entire population, precluding a holistic coverage of target/eligible beneficiaries. The implementing departments could have taken timely remedial action to weed out ineligible/bogus beneficiaries and directed the Scheme resources to provide financial assistance to genuine/*bona fide* beneficiaries.

The State Government stated (October 2017) that fresh notices would be issued to all doubtful beneficiaries before stoppage of financial assistance.

Recommendation 1: The implementing departments may devise suitable mechanism to ensure comprehensive scrutiny of applications at the time of their receipt. Periodic survey/verification of the applicants may also be undertaken to identify and weed out ineligible/bogus beneficiaries.

1.5.7 Operation and management of the Schemes

A robust application software system for operation and management of social welfare Schemes is expected to have all data fields on beneficiaries populated with complete, accurate and valid values. The input, processing and output controls over such data should yield the desired qualitative results, aligned with the objectives and Rules of the Schemes.

The operation and management of *Griha Aadhar* and *Laadli Laxmi* Schemes was entrusted by the State Government to GEL *vide* a Memorandum of Understanding (MoU) signed (June 2013) between the DWCD and GEL. As per the MoU, GEL was responsible for developing an application software system for both the Schemes. However, in case of DSSS, no agreement/MoU was signed with GEL, though operation and management of the Scheme was also entrusted to GEL.

Audit observed that the application software system developed by GEL was flawed and the controls over the software system were inadequate, leading to sanction of financial assistance to ineligible/bogus/expired beneficiaries as well as beneficiaries availing of multiple benefits under two or more social welfare Schemes and those availing of assistance more than one once under the same Scheme, as discussed in ***paragraphs 1.5.6.1, 1.5.8.1, 1.5.8.3, 1.5.8.4 and 1.5.8.5***.

1.5.7.1 Development of application software system for DSSS

The data relating to the DSSS beneficiaries was maintained initially by DSW in MS Excel format, which was transferred (2006) to GEL and later imported using SQL import utilities to a new online application software system developed (2013) by GEL. At the time of migration of data from Excel format to the online system, GEL reported (August 2014) that the status of 25,259 beneficiaries was 'not known' but no steps were taken by the implementing department (DSW) to resolve the issue. The migration of data was done by GEL without ensuring resolution and cleaning of legacy data. As a result, most data on beneficiaries (out of total 1.42 lakh beneficiaries) were either incomplete or invalid as of March 2017, as indicated in ***Appendix 1.3***.

In the absence of crucial data on beneficiaries, the application software system developed by GEL for operation and management of the Schemes, particularly the DSSS, did not enable identification of ineligible/non-genuine beneficiaries. The flawed registry rendered the database unsuitable for verification of: (i) physical existence of beneficiaries, (ii) existence of same beneficiaries more than once in the database, and (iii) beneficiaries availing of financial assistance under other social welfare Schemes. Over the period of 15 years since the launch of DSSS in January 2002, no effort has been taken by the data owners (Government/DSW) to resolve the inconsistencies and deficiencies in the database, rendering the operation and management of the Scheme through the software system ineffective, as discussed in ***paragraphs 1.5.7.2 to 1.5.7.4***.

The GEL and the State Government admitted (July and October 2017) that inconsistencies in data persisted in the existing system (MS Excel) during migration of legacy data to the new online application software system developed by GEL.

1.5.7.2 Input and validation controls

Adequate input and validation controls ensure that the data received for processing are genuine, complete, correct, not duplicate and properly authorised. Audit observed that:

- As of March 2017, the DSSS database maintained by GEL showed 735 beneficiaries[13] classified as 'unmapped' whose names, dates of birth, age, dates of sanction/disbursement of benefit, *Aadhar* card numbers, income particulars, category/sub-category, *etc.,* were unavailable. Of this number, 599 beneficiaries had invalid[14] date of sanction/disbursement recorded in the database, apart from other 'unmapped' attributes indicated above. At the current rate of financial assistance, the amount disbursed to them worked out to an estimated ₹ 1.44 crore[15] *per annum*. The remaining 136 beneficiaries availed of financial assistance of ₹ 1.15 crore during the period 2012-17, though they had valid date of sanction/disbursement recorded in the database but did not meet other attributes.
- Out of 1.46 lakh beneficiaries assisted under *Griha Aadhar* Scheme as of March 2017, *Aadhar* card numbers and election photo ID card numbers

[13] 725 beneficiaries under 'single women' category and 10 other 'unmapped' beneficiaries
[14] 01 January 1900
[15] 599 * ₹ 2,000 * 12 months

were not captured in the database for 11,340 beneficiaries (eight *per cent*) and 18,624 beneficiaries (13 *per cent*) respectively.

- Dates of disbursement of financial assistance to 48,630 beneficiaries, who had availed of benefits under *Laadli Laxmi* Scheme as of March 2017, were not available in the database.

1.5.7.3 Business process mapping

An efficient software system should facilitate processing of data at all stages automatically with minimal or no manual intervention. The parameters and Rules of the Schemes should be ingrained in the software system so that it works seamlessly and accurately for effective implementation. Audit observed that:

- As per the DSSS Rules, 2001, the annual *per capita* family income of an applicant, having a spouse and children aged 20 years at the time of applying for benefit, would undergo change in the following year when the children cease to be part of the family[16]. However, the software system developed by GEL does not flag such applicants for determining their eligibility *de novo* as and when required.
- The details of family members were not available in respect of 1.36 lakh of 1.42 lakh beneficiaries (96 *per cent*) in the DSSS database. Consequently, the software system could not identify all beneficiaries availing of overlapping benefits both under DSSS and *Griha Aadhar* Scheme simultaneously. It also rendered the process of verification of annual *per capita* income of the families of beneficiaries impossible.
- The date of sanction preceded the date of application in case of 10,114 of 1.42 lakh beneficiaries under DSSS and 149 of 48,630 beneficiaries under *Laadli Laxmi* Scheme, indicating inadequate controls over processing of data.
- The Rules governing the implementation of the DSSS were not ingrained in the software system. The application system accepts blank fields and also invalid data, which was not susceptible to validation and processing.

1.5.7.4 Output controls

A good software system should enable generation of exception/MIS reports for use by the State Government/implementing departments for effective decision-making. Audit observed that:

- GEL furnished only routine monthly reports[17] to the implementing departments for implementation of the Schemes. The MIS/exception reports for ascertaining: (i) ineligible and suspicious cases in Scheme databases, (ii) beneficiaries enrolled more than once under a Scheme, (iii) beneficiaries availing of multiple benefits under two or more welfare Schemes, and (iv) monthly payments due and actual payments made to beneficiaries, *etc.,* were neither sought for by the implementing

[16] Family comprises of the beneficiary, his/her spouse and two children below 21 years of age

[17] Number of applicants verified, processed and pending; list of beneficiaries for whom financial assistance was to be disbursed; and status monitoring report showing the number of applications received, sanctioned, rejected, stopped and resumed

departments nor furnished *suo motu* by GEL for meaningful assessment and evaluation of the Schemes.

- The application software system for operation and management of *Griha Aadhar* and *Laadli Laxmi* Schemes did not provide SMS alerts to the applicants, officials and other stakeholders about the status of applications at each stage of processing, though GEL was required to deliver such a facility in terms of the MoU signed in June 2013.
- The executable version of the application software system, user manuals and System Design Documentation of the latest release version for *Griha Aadhar* and *Laadli Laxmi* Schemes were not handed over by GEL to DWCD, as was required by the MoU of June 2013. Therefore, the implementing department (DWCD) could not ensure if the software system developed by GEL met the requirements of system architecture, software, hardware, database design, automated reporting capability and security of data residing therein.

In the exit conference, the Secretary (Social Welfare) assured (October 2017) that steps would be taken to populate the database with *Aadhar* card numbers, bank accounts and other particulars of beneficiaries.

1.5.7.5 Internal audit

An effective internal audit system, both in manual as well as computerised environment, ensures that adequate controls are in place. No internal audit was, however, undertaken by the implementing departments during 2012-17 for assessing the adequacy and effectiveness of operation and management of the Schemes. The internal audit at GEL was carried out annually by a firm of Chartered Accountants, whose audit was limited to routine examination of sampled vouchers and other records. It did not extend to providing an assurance on the adequacy and efficacy of the Information Systems developed and maintained by GEL for managing the Schemes, though the MoU signed in June 2013 provided for such an audit by DWCD or GEL. The internal audit system at Government and institutional levels was, therefore, inadequate.

The State Government assured (October 2017) that internal audit would be conducted from time to time.

Recommendation 2: A robust application software system with strong controls may be developed for effective operation and management of the Schemes. The application software should have a facility to detect and weed out duplicate/ghost beneficiaries. Internal audit system may also be strengthened.

1.5.8 Implementation of the Schemes

Effective implementation was key to the attainment of objectives of the Schemes *i.e.*, to provide financial assistance to the poor and vulnerable section of the society. Audit observed a number of lapses in implementation of the Schemes, which are discussed in the succeeding paragraphs.

1.5.8.1 Receipt of overlapping benefits

The DSSS Rules, 2001 stipulated that the beneficiaries should not be in receipt of financial assistance from any other source. Data analysis[18], however, revealed that though 1,357 beneficiaries availed of financial assistance of ₹ 8.96 crore under DSSS during 2012-17, they also simultaneously received financial assistance under other Social Welfare/Pension Schemes (SWPS) of the State/Central Government during the same period. The details are summarised in ***Table 1.2.***

Table 1.2: Cases of DSSS beneficiaries availing of overlapping benefits under other SWPS during 2012-17.

Sl. No.	Name of other SWPS	Monthly pension under other SWPS (₹)	Number of beneficiaries under other SWPS	Number of common beneficiaries under DSSS and other SWPS	Amount received by common beneficiaries under DSSS (₹ in crore)
1.	*Kala Samman* Scheme (Government of Goa)	2500	3205	165	1.74
2.	Goa Welfare/Pension Scheme for Seafarers (Government of Goa)	2500	2427	43	0.34
3.	National Pension Scheme (Employees Provident Fund Organization)	Various amounts	17570	812	6.07
4.	Goa State Working Journalists' Welfare Fund (Government of Goa)	6000	45	2	0.01
5.	*Griha Aadhar* Scheme (Government of Goa)	1500	145511	335	0.80
Total				**1357**	**8.96**

(Source: Information provided by Directorates of Art and Culture; Information and Publicity; Women and Child Development; Employees Provident Fund Organisation; and Commissioner for NRI Affairs)

The exact quantum of overlapping benefits availed of by DSSS beneficiaries could not be ascertained in audit as in 1,996 cases[19], the dates of sanction were either not available or invalid under DSSS/SWPS. However, at the current rate, the annual outgo of financial assistance in 1,996 cases worked out to ₹ 4.79 crore[20].

Under *Griha Aadhar* Scheme, the beneficiary or her husband should not be in receipt of any benefit under DSSS, save in case of widows having a child who has not attained the age of 18 years. Data analysis, however, revealed that the husbands of 37 *Griha Aadhar* beneficiaries were in receipt of recurring benefit aggregating ₹ 20.22 lakh under DSSS, in violation of *Griha Aadhar* Scheme guidelines.

The PAC in its 66th Report recommended that verification of beneficiaries under the DSSS should be carried out to ascertain the cases of overlapping benefits under separate Schemes of the State/Central Government and, if required, involvement of local bodies/revenue authorities be secured to

[18] Names, *Aadhar* card numbers and/or bank account numbers of beneficiaries were used as common/reference keys for mapping data

[19] 1,841 cases under the Goa Welfare/Pension Scheme for Seafarers and 155 cases under the National Pension Scheme

[20] 1,996 * ₹ 2,000 * 12 months

complete the task. However, no such exercise was conducted by the State Government as of March 2017.

Admitting the facts, the State Government stated (October 2017) that there was no mechanism at the entry stage to cross-check if the applicants had availed of benefits under other Schemes. However, as and when it was reported or brought to the notice of the department, financial assistance, obtained by suppression or misrepresentation of material facts, had been stopped forthwith and recoveries effected with interest. In the exit conference, the Secretary (Social Welfare) assured (October 2017) that GEL would be engaged for the purpose of verification of beneficiaries on priority.

1.5.8.2 Non-submission of life certificates

The DSSS Rules, 2001 mandated submission of life certificate by every beneficiary to the DSW once in a year in the month of April/May in the prescribed form issued by the competent authority[21], failing which the financial assistance sanctioned would be discontinued. In its 66th Report, the PAC also impressed upon the need for sanctioning benefit under the DSSS only after obtaining life certificates from the beneficiaries.

Audit observed that the database containing details of DSSS beneficiaries who were disbursed financial assistance as of March 2017, did not have the relevant data field or column indicating submission of life certificate. Consequently, the controls over the application software system developed by GEL did not enable identification of beneficiaries who failed to submit life certificates in time.

The DSW informed (May 2017) Audit that 96,035 out of 1.42 lakh beneficiaries (68 *per cent*) submitted life certificates during 2016-17 and the decision to stop disbursement of financial assistance to beneficiaries who had not submitted life certificates (32 *per cent*) would be taken after obtaining due approval of the State Government. The details of defaulters were, however, not made available by the DSW to Audit. At the current rate of financial assistance, DSW disbursed ₹ 110.72 crore[22] to 46,135 defaulting beneficiaries (32 *per cent*) during 2016-17 without obtaining life certificates.

The State Government stated (October 2017) that the details of those who have not submitted life certificates were being called for from GEL and notices would be issued accordingly. The fact that the extant Rules of the Scheme and the recommendations of the PAC were not followed indicated slackness on the part of the State Government in implementation of the Scheme in the right earnest.

1.5.8.3 Financial assistance to expired beneficiaries

In the absence of a robust system for obtaining life certificates from beneficiaries, Audit investigated the possibility of disbursal of benefits to persons no longer alive. For this purpose, Audit obtained information on all the deaths registered in the State during 2012-17 from the Chief Registrar of Births and Deaths, Government of Goa and mapped it to data[23] on

[21] The manager of the bank in which the beneficiary's financial assistance was deposited or a Gazetted Officer of the State Government

[22] 46,135 * ₹ 2,000 * 12 months

[23] Names and addresses of beneficiaries were used as common/reference keys for mapping data

beneficiaries under DSSS and *Griha Aadhar* Scheme. Data analysis revealed that 108 beneficiaries under DSSS and 31 beneficiaries under *Griha Aadhar* Scheme, who availed of financial assistance of ₹ 28.18 lakh and ₹ 6.23 lakh respectively during 2012-17, had expired during the period but they were in receipt of recurring financial assistance even after their death. The names and addresses of another 64 beneficiaries under the DSSS and 29 beneficiaries under *Griha Aadhar* Scheme also matched the data on expired persons but for minor difference in their house numbers. Their eligibility status was, therefore, doubtful but they availed of financial assistance aggregating ₹ 22.15 lakh under DSSS and ₹ 5.38 lakh under *Griha Aadhar* Scheme after their death during 2012-17.

The PAC in its 66th Report recommended that the loopholes in the DSSS should be plugged by regular monitoring and post-sanction scrutiny through survey and publishing the names of beneficiaries at Village Panchayat (VP) level on an annual basis. However, the recommendation had not been acted upon by the State Government as of March 2017.

The State Government stated (October 2017) that the expired cases pointed out in audit were being verified and appropriate action would be taken in due course. The DWCD stated (August 2017) that an impact assessment survey would be conducted to identify expired beneficiaries and financial assistance to expired beneficiaries would be stopped under intimation to Audit.

In the exit conference, the Secretary (Women and Child Development) assured (October 2017) that GEL would be engaged to upgrade the software system with strong controls for weeding out ineligible beneficiaries.

1.5.8.4 Applicants enrolling more than once under DSSS

Financial assistance should be sanctioned only once to a beneficiary under DSSS. Once sanctioned, the monthly disbursement was recurring in nature subject to the terms and conditions of the Scheme. Thus, there should not be cases of beneficiaries drawing benefit by enrolling more than once under the Scheme.

Audit observed that 18 senior citizen beneficiaries had registered more than once with different registration numbers, application IDs and sanction IDs at different times and availed of financial assistance anew on each occasion. The excess amount disbursed to these beneficiaries was ₹ 41.94 lakh during 2012-17. There were seven differently-abled beneficiaries under DSSS who were enrolled more than once and availed of financial assistance amounting to ₹ 15.86 lakh during 2012-17.

Incidences of applicants enrolling more than once and availing of multiple financial assistance under the Scheme were symptomatic of lax monitoring in the implementing department and weak software controls.

1.5.8.5 Improper application of the Rules

The Rules framed for implementation of the Schemes need to be followed scrupulously to ensure that Government money is not frittered away by way of disbursement of financial assistance to ineligible applicants. Audit observed improper application of DSSS Rules, 2001 and *Laadli Laxmi* Rules, 2012, which resulted in availing of benefit by ineligible applicants, as mentioned below:

- Under DSSS Rules, 2001, the annual income of an applicant should not exceed the annual financial assistance (₹ 24,000) granted to him/her under the Scheme. However, financial assistance of ₹ 5.94 crore was granted to 1,162 of 11,001 differently-abled applicants during 2012-17 irrespective of their annual income, which varied from ₹ 24,000 to ₹ 13.18 lakh.

  The State Government stated (October 2017) that no income criterion was specified for minor disabled persons. However, verification of cases pointed out by Audit was in process.

  The reply is not tenable as DSSS Rules do not grant waiver of income for minor/major disabled persons.

- Under *Laadli Laxmi* Scheme, DWCD granted financial assistance of ₹ 294.63 crore to 29,463 of 48,630 beneficiaries (61 *per cent*) during 2012-17 for the purpose of their marriage, though these beneficiaries were already married at the time of submitting application. This was against the intent and objectives of *Laadli Laxmi* Rules, 2012 which aimed at mitigating financial burden of parents/guardians at the time of marriage of girl child. Incidentally, the *Laadli Laxmi* Scheme and the Rules made there-under do not stipulate any income criterion for the applicants in order to avail of financial assistance under the Scheme. Therefore, the possibility of affluent beneficiaries availing of financial assistance under the Scheme cannot be ruled out.

  The DWCD stated (August 2017) that the Scheme does not distinguish between class or social strata but focuses on reducing the financial difficulties of parents/guardians, so as to address the undesirable tendency of female foeticide and arrest the declining sex ratio in the State.

  The reply is not acceptable because the issue here is irregular grant of financial assistance to girl beneficiaries who were already married at the time of application, in violation of Scheme objectives.

1.5.8.6 Assistance to persons of sound financial status

In order to ascertain whether benefits under the Schemes reached only to the beneficiaries with limited or no reasonable means of livelihood and standard of living, Audit mapped data[24] on registered owners of four-wheeled motor vehicles (including mining trucks) obtained from Directorate of Transport and Directorate of Mines and Geology, Government of Goa with the data on beneficiaries under DSSS and *Griha Aadhar* Scheme. Data analysis revealed that 123 beneficiaries under DSSS and 172 beneficiaries under *Griha Aadhar* Scheme though owned four-wheeled motor vehicles[25] also availed of financial assistance of ₹ 61.04 lakh and ₹ 80.05 lakh respectively during 2012-17. Of the 295 beneficiaries, 13 owned more than one motor vehicle. This indicated lack of proper verification and weak processing controls in the implementing departments that enabled persons of sound financial status to avail of financial assistance under the Schemes.

[24]Names and addresses of beneficiaries were used as common/reference keys for mapping data
[25]Cars/goods trailers/tourist taxis/mining trucks

Besides, there were 50 beneficiaries under DSSS and 34 beneficiaries under *Griha Aadhar* Scheme whose names and addresses matched with the database on registered owners of four-wheeled motor vehicles, but for minor difference in their house numbers. The status of such beneficiaries was, therefore, doubtful. They had availed of financial assistance of ₹ 30.96 lakh under DSSS and ₹ 14.83 lakh under *Griha Aadhar* Scheme during 2012-17.

The State Government stated (October 2017) that monthly financial assistance was sanctioned on the basis of income certificates issued by the competent authority.

The reply is not acceptable because, the income certificates, as observed by Audit in ***paragraph 1.5.8.7*** below, were issued by the competent authority solely on the basis of affidavits submitted by the applicants and not by conducting independent inquiry/verification of beneficiaries.

1.5.8.7 Wrongful inclusion of beneficiaries

The efficacy of the Schemes hinged on the strength of income certification and verification processes. Therefore, it was incumbent on the implementing departments to verify the accuracy of income of the applicants. A random test-check of application forms[26] received in the implementing departments from 12 *talukas* in the State, which were processed for sanction of financial assistance under DSSS and *Griha Aadhar* Scheme during 2012-17, revealed the following weaknesses in income certification and verification processes:

- The total annual income declared by the applicants in application forms and that certified by the competent authority (Secretary of VP/Chief Officer of Municipality) varied, without plausible explanation for the difference. A few illustrative cases are summarised in ***Appendix 1.4***.

  In one case, DWCD received (May 2017) complaint of misrepresentation against a *Griha Aadhar* beneficiary[27], who had declared that her spouse was in private service and her annual family income was ₹ two lakh. Verification by DWCD with the spouse's employer subsequently revealed that the husband was employed as Assistant Foreman at Mormugao Port Trust and earned an annual income of ₹ 7.73 lakh during 2014-15. The DWCD cancelled (August 2017) the sanction, recovered the benefit of ₹ 33,000 availed of by the beneficiary and debarred her from availing of future benefits under any welfare Scheme of the State Government. Audit observed that the beneficiary did not submit any income certificate from her spouse's employer with the application (as required under the Scheme) and DWCD also failed to notice this omission while sanctioning benefit.

- A comparison of income disclosed by the applicants and/or certified by the VP/Municipality with other collateral evidence attached with the application forms such as, ration card, salary certificate, income tax returns *etc.,* revealed that a number of applicants though exceeded the qualifying criterion of income yet they were granted assistance in violation of Scheme guidelines. A few such cases are indicated in ***Appendix 1.5***.

[26] 755 applications under DSSS and 2,035 applications under *Griha Aadhar* Scheme
[27] Sanction ID SOF015061015-124624/2015

- Employed beneficiaries under *Griha Aadhar* Scheme were required to submit income/salary certificate of self as well as their spouses in the prescribed formats (Annexure-D and E)[28]. Audit observed cases where both applicant and spouse were employed but, income/salary duly certified by their employer(s) was not furnished with the application. The results of random test-check of some cases are listed in ***Appendix 1.6***.

  The DWCD stated (July 2017) that it was the responsibility of the officer/authority issuing the income certificate to verify the income of applicants and the applications were sanctioned based on income certificate or declaration of the applicant. The DWCD further stated that an impact assessment survey would be conducted to review all the cases sanctioned under *Griha Aadhar* Scheme. The DWCD added (August 2017) that in addition to scrutiny of applications done by GEL, cross-verification of all applications with other documents was also being done with effect from July 2017.

  The reply furnished by DWCD is not convincing because, the annual financial outgo under *Griha Aadhar* Scheme had increased manifold since the inception of the Scheme in 2012-13 (₹ 10 crore) to 2016-17 (₹ 210 crore). Further, the income certificate is the most important document for determining the eligibility of applicants under the Scheme. Given the circumstances, the DWCD was not expected to solely rely on the income certificates issued by the third party and thus, absolve itself of its responsibility to independently verify the income disclosed by the applicants. Moreover, in number of cases, as indicated in ***Appendix 1.6***, Annexure-D and E to the application forms were either not found attached or left blank, indicating lack of oversight on the part of DWCD.

1.5.8.8 Delay in sanctioning of financial assistance

Timely processing of applications, sanction and disbursement of financial assistance is of utmost importance for achieving the objectives of the Schemes. To curb delay, DWCD stipulated (July 2013) a period of 20 days for sanctioning and disbursing assistance under *Griha Aadhar* and *Laadli Laxmi* Schemes. No time-frame was, however, stipulated by DSW for sanctioning and disbursement of financial assistance under DSSS.

Data analysis revealed delay varying from 31 days to over a year in sanctioning and disbursing financial assistance under the Schemes during 2012-17. The quantum of financial assistance that was not disbursed by the implementing departments for the period of delay was ₹ 30.76 crore under DSSS and ₹ 43.37 crore under *Griha Aadhar* Scheme, causing financial hardship to the beneficiaries. In case of *Laadli Laxmi* Scheme, the girl beneficiaries were deprived of an estimated interest of ₹ 13.89 crore on fixed deposits of ₹ one lakh for the period of delay beyond 30 days till the actual date of sanction of financial assistance. The delays and the quantum of undisbursed financial assistance under the Schemes during 2012-17 are summarised in ***Table 1.3***. The maximum delay was precisely four years and three months under the DSSS involving two beneficiaries; three years and

[28] Annexure-D relates to certificate of income/salary to be issued by the employer on letter head while Annexure-E relates to self declaration of occupation and income to be certified and attested before a Gazetted Officer of the State Government

seven months under *Griha Aadhar* Scheme involving two beneficiaries; and four years and two months under *Laadli Laxmi* Scheme involving one beneficiary.

Table 1.3: Statement showing delay in sanctioning and quantum of undisbursed financial assistance during 2012-17

(₹in crore)

	DSSS		***Griha Aadhar* Scheme**		***Laadli Laxmi* Scheme**	
No. of beneficiaries sanctioned assistance during 2012-17	**41153**		**145511**		**48630**	
	Number of benefici-aries	**Undisbursed amount for the period of delay**	**Number of benefici-aries**	**Undisbursed amount for the period of delay**	**Number of benefici-aries**	**Loss of interest[29] on FD for period of delay**
Delay from 31 to 90 days	7252	1.67	58602	4.80	4519	0.29
Delay from 91 to 180 days	12165	8.36	38230	13.53	18610	3.10
Delay from 181 to 365 days	9143	13.30	17122	13.44	21202	7.83
Delay above 365 days	2174	7.43	6032	11.60	3450	2.67
Total	**30734**	**30.76**	**119986**	**43.37**	**47781**	**13.89**
Mean delay[30]	178 days		129 days		207 days	
Median delay[31]	166 days		93 days		189 days	

(Source: Information provided by Goa Electronics Limited)

As could be seen from the table above, there was an overall delay in sanctioning of financial assistance in respect of 75 *per cent* cases under the DSSS, 82 *per cent* cases under *Griha Aadhar* Scheme and 98 *per cent* cases under *Laadli Laxmi* Scheme.

The State Government stated (October 2017) that due to financial position prevailing at the commencement of DSSS, the cases were sanctioned and financial assistance granted to the beneficiaries as and when funds were made available to DSW. However, now the cases were being sanctioned regularly every month. In respect of *Griha Aadhar* and *Laadli Laxmi* Schemes, DWCD stated (July 2017) that delays had occurred on account of administrative reasons and shortage of staff to cope up with the huge workload of scrutiny, verification and disbursement procedure and submission of several reports to Government.

The reply furnished by the State Government does not appear to be correct as Audit has only highlighted the cases of delay in sanction and disbursement of financial assistance to DSSS beneficiaries that came to notice during last five years from 2012-13 to 2016-17, when the implementing department (DSW) did not experience any funds constraint[32]. The DWCD's contention of shortage of staff is also not maintainable because, the first-level scrutiny of applications and data entry of all the beneficiaries under *Griha Aadhar* and

[29] Interest loss has been worked out at a conservative estimate of six *per cent per annum* on FD of ₹ one lakh

[30] Average delay experienced by the beneficiaries in sanctioning of assistance during 2012-17

[31] Delay experienced in sanctioning of financial assistance by more than 50 *per cent* beneficiaries during 2012-17

[32] Out of ₹ 1,409.74 crore received by DSW during 2012-17, the total spend was ₹ 1,487.58 crore Besides, DSW also recovered ₹ 24.87 crore (including interest) from ineligible beneficiaries during the same period

Laadli Laxmi Schemes were being done by GEL, and DWCD conducted only a selective scrutiny of applications. Further, the time-frame of 20 days to curb delays in sanction and disbursement of assistance would have been arrived at after due consideration of all the factors and therefore, it was incumbent on DWCD to adhere to the prescribed time-frame.

Recommendation 3: The State Government may (i) consider biometric authentication of all the beneficiaries to identify bogus recipients, (ii) strengthen the system of verification of income of the applicants by involving local bodies to eliminate ineligible beneficiaries, (iii) automate the system of suspension of disbursement of financial assistance to beneficiaries who do not submit life certificates in time, and (iv) consider stipulating an income cap for the applicants in order to be eligible for Laadli Laxmi Scheme.

1.5.9 Conclusion

The performance audit of three major social welfare Schemes *viz., Dayanand* Social Security Scheme*, Griha Aadhar* Scheme and *Laadli Laxmi* Scheme revealed certain deficiencies in implementation of the welfare Schemes meant for the vulnerable sections of the society, women and children of the state of Goa. The implementing departments did not conduct comprehensive scrutiny of applications as well as physical survey to identify ineligible beneficiaries. The software system developed for operation and management of the DSSS was flawed as it did not have complete and accurate data on all beneficiaries. The system of identification of *bona fide* beneficiaries was thus rendered impossible. There was considerable leakage of Government money by way of disbursement of financial assistance to ineligible/expired/bogus beneficiaries as well as beneficiaries availing of overlapping benefits under other Schemes and those receiving benefit more than once under the same Scheme. The process of verification of income by the implementing departments was weak though it was the dominant criterion for identifying beneficiaries under DSSS and *Griha Aadhar* Scheme. The monitoring and internal control system over the Schemes was inadequate in the absence of a robust software system, vital MIS reports and internal audit. The key recommendations of the Public Accounts Committee for effective implementation of DSSS were also not adopted thereby rendering the system of scrutiny, processing and sanctioning of financial assistance under the Scheme defective.

PUBLIC WORKS DEPARTMENT

1.6 Excess payment due to non-adoption of current schedule of rates

The Public Works Department prepared the estimates for a water supply project based on schedule of rates of 2008 while tenders for supply of DI pipes under the project were floated in December 2013. Since the rates of pipes had reduced significantly during the intervening period of five years, the Department ended up paying ₹ 2.34 crore more to the contractor.

According to paragraph 2.5.1 (h) of the CPWD Manual, the detailed estimates shall be prepared based on applicable schedule of rates. Further, as per paragraph 4.3 of the Manual, the schedule of rates of each kind of work commonly executed should be maintained up-to-date. This helps the Department to evaluate offers keeping in view the rates prevailing in the market.

The work of "Water supply project for the Corporation of the City of Panaji" under JNNURM[33] was approved (January 2012) by the Ministry of Urban Development, Government of India and was administratively approved (February 2012) by Director of Municipal Administration for ₹ 71.22 crore. The project was divided into four parts for speedy execution and again the Part II of the project (Distribution Network) was split into five parts (zone-wise) and work orders were issued for three of five parts. The works were tendered in December 2013 and January 2014 and all the three works were awarded (May 2014) to a contractor at a total cost of ₹ 35.95 crore. The stipulated date of completion of all the three works was January 2016. The work was in progress (July 2017).

The project *inter alia* included supply of 350 mm, 400 mm and 450 mm Ductile Iron (DI) pipes. Scrutiny of records in Division III, Panaji of Public Works Department (Department) revealed that the Department prepared (December 2012) estimates for supply of these pipes based on Goa Schedule of Rates (GSR) 2008. Audit noticed that after the issue of GSR 2008, the market rates of pipes had reduced considerably. The GSR 2012 prepared after four years recorded a reduction of 17 *per cent* in the rates of pipes, over the GSR 2008.

Scrutiny of supply orders placed (September 2014) by the contractor to the manufacturer of pipes further revealed that the rates paid by the contractor to the manufacturer of pipes (at market rates) was significantly lower than the tendered rates paid by the Department to the contractor. The situation had arisen due to non-revision of estimates based on current schedule of rates (GSR 2012) before tendering (December 2013), leading to payment of ₹ 2.34 crore to the contractor over and above the market rates for supply of DI pipes, as shown in ***Table 1.4***.

Table 1.4: Statement showing the difference between tendered rates and market rates of pipes

(Amount in ₹)

Description	Quantity procured (in metre)	Tendered rate per metre	Rates at which contractor procured the pipes	Amount paid to contractor	Amount paid by the contractor to the manufacturer	Excess amount paid
1	**2**	**3**	**4**	**5 (2 x 3)**	**6 (2 x 4)**	**7 (5 -6)**
DI pipes of 350 mm	2482.00 841.50	6100 6200	3440 3440	15140200 5217300	8538080 2894760	6602120 2322540
DI pipes of 400 mm	1577.00	7500	4160	11827500	6560320	5267180
DI pipes of 450 mm	1132.00 1111.00	9100 9000	4950 4950	10301200 9999000	5603400 5499450	4697800 4499550
Total	**7143.50**			**52485200**	**29096010**	**23389190**

(Source: Information provided by the Department)

The matter was referred to the Government in June 2017; their reply was awaited as of December 2017.

[33] Jawaharlal Nehru National Urban Renewal Mission

1.7 Avoidable extra liability

Delay in acceptance of tenders by Public Works Department for two road works resulted in avoidable extra liability of ₹ 2.63 crore.

As per paragraph 20.3.1 of the CPWD Works Manual, top priority should be given to decide the award of work on receipt of tenders. The maximum period allowed for scrutiny and disposal of tenders to be accepted at Chief Engineer (CE) level is 35 working days and at State Works Board level is 45 working days from the date of opening. Audit observed delay in acceptance of tenders for two road works that resulted in avoidable extra liability of ₹ 2.63 crore. The cases are discussed below.

Case I

The work for "improvement of road by widening and hot mixing of SH-3 from Honda to Surla in Sankhali Constituency" was tendered in April 2013 at an estimated cost of ₹ 7.61 crore by the Executive Engineer (EE), Works division XXIII, Bicholim. Three offers were received and the validity of the offers was up to 14 August 2013. The tenders were opened on 16 May 2013 and the offer of M/s Ahadh Engineering Constructions, Panaji (contractor) at ₹ 6.54 crore was found the lowest. On 24 July 2013, the EE submitted tender evaluation report to the Superintending Engineer (SE). On request by the EE, the contractor extended (12 August 2013) the validity of the offer up to 31 December 2013.

The Goa State Works Board approved the tender in its meeting held on 12 November 2013. On 18 November 2013, the EE forwarded the proposal for Expenditure Sanction to the CE. Since the contractor refused to extend the validity beyond 31 December 2013, the Public Works Department (Department) invited fresh tenders in September 2014 and awarded (September 2015) the work to another contractor at a cost of ₹ 8.33 crore. The work was in progress (May 2017).

Audit observed that against the prescribed period of 45 days, the Department took 129 days[34] for finalisation of the initial tender. Of this period, 53 days were due to the defective evaluation reports submitted by the EE. He provided only part responses to the shortcomings communicated by the SE. While submitting the evaluation report, the Divisional Accountant and the EE did not certify the comparative statement. Abnormally high and low rates were not marked in the comparative statement and justifications for quoting abnormally high rates in certain items of work were not recorded. Further, the proposal for expenditure sanction, a pre-requisite for commencement of work, was not processed by the EE on time.

Thus, due to delays in acceptance of tender and failure to obtain the expenditure sanction on time, the Department incurred an avoidable extra liability of ₹ 1.79 crore[35]. Further, even after re-tendering, the Department took 225 days to finalise the tender from the date of opening of the bid to issue of work order. Had the contractor not held his rates, the work would have gone for second re-tendering.

[34] From date of opening of tender (16.05.2013) to date of approval by Goa State Works Board (12.11.2013)

[35] ₹ 8.33 crore - ₹ 6.54 crore

Case II

The work for "providing hot mix carpet to the roads in Sangod village in Sanvordem Constituency" was tendered in January 2014 at an estimated cost of ₹ 4.41 crore by the EE, Works Division XVIII, Ponda. Four offers were received and the validity of the offers was up to 03 July 2014. The tender was opened on 04 February 2014 and the offer of M/s Ameya Agencies, Sanguem (contractor) at ₹ 4.22 crore was the lowest. The CE accepted the tender on 15 July 2014 after the date of validity. Since the Department could not finalise the tender on time, the contractor refused to extend the validity of his offer beyond 03 July 2014. The Department retendered (December 2014) the work and the contract was awarded to another contractor on 25 February 2016 at the cost of ₹ 5.06 crore, within the extended validity period of 28 February 2016. The work was in progress (July 2017).

In this case also, the Department took 117 days[36] to finalise the initial tender against the prescribed period of 35 days which led to an avoidable extra liability of ₹ 0.84 crore[37]. Even after retendering, the Department took 14 months to award the work.

Thus, persistent laxity in finalisation of two road contracts within the time frame prescribed for processing tenders led to avoidable extra liability of ₹ 2.63 crore and delay in improvement of the roads concerned.

The matter was referred to the Government in June 2017; their reply was awaited as of December 2017.

INDUSTRIES, TRADE AND COMMERCE DEPARTMENT

1.8 Idle investment

Inconclusive action by the State Government in setting up a tool room in Goa resulted in idling of an investment of ₹ 4.52 crore for six years.

The Government of India (GoI) formulated a Scheme (September 2008) for setting up 15 tool rooms in the country to improve the competitiveness of the Micro, Small and Medium Enterprises (MSMEs) engaged in manufacturing activities (i) by creating capacities in the private sector for designing and manufacturing quality tools, (ii) to bridge the gap between the demand and the supply of trained manpower in the industry, and (iii) to encourage research and development and optimisation of cost and quality of delivery, leading to enhanced competitiveness of the manufacturing sector. The Scheme prescribed three models[38] of implementation with different collaborative structures and quantum of financial assistance.

[36] From date of opening of tender (04.02.2014) to date of approval by CE (15.07.2014)

[37] ₹ 5.06 crore - ₹ 4.22 crore

[38] Model-I: Tool rooms to be implemented and managed by Private Partners with viability gap funding restricted to 40 *per cent* of total project cost or ₹ nine crore (whichever is less) by GoI, Model-II: Tool rooms to be implemented and managed by special purpose vehicles set up by States in collaboration with private partners and funding up to 90 *per cent* of cost of machinery restricted to ₹ nine crore by GoI and Model-III: Tool rooms to be implemented and managed by State Government or State agencies (other than NGOs) and funding up to 90 *per cent* of cost of machinery restricted to ₹ nine crore by GoI

The Directorate of Industries, Trade and Commerce, Government of Goa (Directorate) invited (August 2008) Expression of Interest from institutions/NGOs and Associations for setting up a tool room in Goa. The proposal (Model-II) of Agnel Charities (Institution), who ran various types of educational institutions in Goa, was selected and forwarded to GoI in March 2009. The estimated project cost was ₹ 15.80 crore of which, ₹ 6.80 crore for civil works and furniture was to be borne by the State Government and ₹ 8.10 crore, being 90 *per cent* of the cost of machinery (₹ nine crore), was to be financed by GoI. The remaining ₹ 0.90 crore was to be borne by the Institution.

The GoI entrusted (July 2010) a quick review of the proposal to Indo German Tool Room, Aurangabad[39] (IGTR) to establish tooling and training needs by assessing the present status of tooling industry, demand forecasting, future potential for growth of tooling and training requirements of industry for promoting the industrial growth in Goa State. The GoI simultaneously informed the IGTR that the proposal of the Institution under Model II could only be resorted to in case Model I was not viable. The IGTR sought certain clarifications[40] on the proposal of the Institution from the GoI, which were communicated (June 2012) to the Directorate for further action. However, there was no further development in the matter as of September 2017.

In the meantime, considering the benefits envisaged from the project, the Expenditure Finance Committee of the State Government approved (January 2011) the State's share of ₹ 6.80 crore and released (February to December 2011) ₹ 4.52 crore even though the GoI had not yet approved the proposal. The Institution constructed (August 2011) a building at a cost of ₹ 5.01 crore out of State's share. However, as the GoI did not approve the proposal or released its share of ₹ 8.10 crore, the tools and machinery for the project had not been procured (September 2017).

Thus, submission of a proposal not as per the prescribed procedure, non-compliance of deficiencies in the project report of the Institution, release of State's share even before the approval of the GoI and non-procurement of machinery resulted in idle investment of ₹ 4.52 crore for six years (December 2011 to December 2017) and denial of envisaged benefits of the Tool Room to the State.

The matter was referred to the Government in June 2017; their reply was awaited as of December 2017.

[39] A Government of India Society under the Ministry of MSME

[40] Projections of revenue generation from various activities for achieving the financial viability, additional details on proposed organisation structure, estimated cost of machinery and equipment and the necessity of some high value machinery, requirement of medium and high end software *etc*

DEPARTMENT OF URBAN DEVELOPMENT

1.9 Wasteful expenditure

Failure of the Cuncolim Municipal Council in maintaining an eco-friendly garden resulted in a wasteful expenditure of ₹48.47 lakh.

The Cuncolim Municipal Council (Council) decided (June 2010) to construct an eco-friendly garden within the area of its garbage treatment plant (28,395 sqm) by beautification and landscaping of the site. The beautification project was justified on the grounds that the tree/plant cover would help improve the environment by removing carbon dioxide and particulate matter and act as a wind barrier for any smell that may emanate from the plant. The project was also expected to remove misgivings from the minds of the people about garbage treatment leading to ease in setting up plants in other parts of the State.

The State Government approved (November 2010) the proposal and released a grant of ₹ 55.75 lakh to the Council. The Council awarded (July 2011) the work to a contractor at a financial consideration of ₹ 55.70 lakh. The scope of work included beautification/landscaping of the site, including maintenance of site for six months post-beautification. The work commenced in July 2011 and completed in September 2011. The contractor upon completion of the maintenance period, handed-over[41] (August 2012) the developed site to the Council containing lawns/shrubs/trees/plants/creepers *etc.* The Council made a total payment of ₹ 48.47 lakh (including maintenance) to the contractor in March 2013.

Scrutiny of records of the Council and visit at the site (March 2017) showed no evidence of beautification and landscaping work except for some shrubs and scattered garbage. The garbage treatment plant was not operational during a major part of the year 2013 onwards till the year 2016, resulting in accumulation of garbage and destruction of plants.

Garbage treatment plant site post-beautification (07 March 2017)

[41] 440 trees; 14,900 shrubs; 410 palms/cycads/ferns; 976 specimen plants; 250 bamboos; 2,095 ground covers/creepers/climbers; 4,000 sqm Mexican lawns; and 900 sqm crab grass area

The Council stated (May 2017) that due to shortage of manpower and poor financial condition, it was difficult to maintain the garbage treatment plant leading to its frequent breakdown. The Council agreed that when the garbage treatment plant itself was not functional, the maintenance work post-beautification was a distance thought. The Council added that two employees had been deputed to maintain the plants at the site.

The reply is not acceptable, as without ensuring survival of the plants the objective of the project stands defeated. Further, the deployment of two employees now can only help maintain any new plants but it cannot help bring back what is already lost. While approving the project, the State Government should have also ensured that the Council has the necessary wherewithal to maintain the site post-beautification on a sustainable basis.

Thus, beautification of garbage treatment site without ensuring its upkeep and maintenance resulted in a wasteful expenditure of ₹ 48.47 lakh as also failure in achieving the objectives of the project.

The matter was referred to the Government in July 2017; their reply was awaited as of December 2017.

1.10 Undue favour to a Company

Acceptance of an offer by the Urban Development Department for setting up a plant for conversion of waste plastics into fuel without any competition for a project of ₹15 crore resulted in an undue favour to a Company.

Local Self Governments in Goa had been facing problems in disposal of solid waste including mix plastic wastes and consumer waste plastics. The officials of Directorate of Municipal Administration made a visit (May 2013) to a plant at Alathur near Chennai run by MK Aromatics Limited (Company) which had been converting plastic waste into hydrocarbon fuel. Based on the discussions with the Company, a note was submitted (May 2013) to the State Government, along with the concept report and proposal of the Company, for implementation of such a project in Goa.

The Public Private Partnership (PPP) cell of Government of Goa examined the proposal of the Company and recommended (September 2013) inviting tenders under Swiss Challenge Mode[42]. Based on the detailed project report (DPR) submitted (November 2013) by the Company, the Urban Development Department (Department) invited (December 2013) counter proposals from eligible bidders (under Swiss Challenge) and in response thereto received no offers.

The Government approved (September 2014) the proposal and the Department signed (November 2014) a concession agreement with the Company for setting up a plant at Pernem on design, build, operate and transfer basis at an estimated cost of ₹ 15 crore for a concession period of 30 years.

[42] A Swiss Challenge is a form of public procurement which requires a public authority (usually an agency of government) which has received an unsolicited bid for a public project or services to be provided to government, to publish the bid and invite third parties to match or exceed it

Scrutiny of records in the Department revealed the following:

- The case does not fit into the model of a Swiss Challenge bid where an unsolicited bid is received because the proposal was invited by the Government from the Company after visiting their plant.
- The DPR of November 2013, based on which the Department invited counter proposals, showed an outright capital grant[43] in the form of viable gap funding (VGF) and soft loan[44] aggregating ₹ 12.50 crore to the Company and a land parcel of about 8,000 sqm on long-term lease of 30 years. The Company's investment in the project was confined to ₹ 2.5 crore. This vital information was, however, not disclosed in the notice inviting counter proposals, thus, depriving level-playing field for the prospective bidders in the process of bidding and preventing competition and fair play. It is also pertinent to mention that royalty was the sole criterion for evaluation of bids. Had there been substantial disclosures regarding concessions being offered by the State Government in the notice inviting counter proposals, the Government could have got a better rate of royalty than only two *per cent* offered by the Company.
- The financial assistance of ₹ 12.50 crore translated to 83 *per cent* of the project cost which contravened the Government of India, Ministry of Finance guidelines of 2013 that stipulated a maximum cap of 40 *per cent* of the project cost for VGF as well as any assistance over and above the VGF.
- The project was to be completed within nine months (including three months for obtaining all statutory approvals/clearances) from the date of signing of the concession agreement *i.e.,* by August 2015. However, technical clearance by the Town and Country Planning Department was granted in April 2015 and construction license by Pernem municipal council was granted to the Company in June 2016. Thus, against three months, the statutory clearances were granted after a delay of 16[45] months. Even after grant of construction license in June 2016, the Company has not installed the plant and machinery, and civil works in respect of only two of five blocks were completed up to the plinth level as of November 2017. The project has been rescheduled to be completed by April 2018.
- Of the total capital grant of ₹ six crore, the Department released the first installment of ₹ two crore to the Company in November 2014 (upon signing the concession agreement) which remained blocked for 19 months till June 2016 (date of grant of construction license), without any tangible benefit to the State.

The Department stated (July 2017) that all the details relating to the concessions offered by the State Government were depicted in the tender documents. The Department added that ₹ two crore already released to the Company may not be termed as idling of funds as these were managed by the escrow bank.

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[43] ₹ six crore
[44] ₹ 6.50 crore at three *per cent per annum* repayable over a period of 15 years
[45] From March 2015 to June 2016

The reply is not acceptable, as the concessional facilities should have been disclosed in notice inviting counter proposals. Instead, these were indicated in the tender documents, the price of which was prohibitive at ₹ 25,000 against maximum ₹ 6,000 prescribed by the State Government. Further, the fund released by the Government had remained unutilised and therefore, remained idle.

Thus, acceptance of an offer by the Urban Development Department for setting up a plant for conversion of waste plastics into hydrocarbon fuel without any competition using Swiss Challenge mode resulted into an undue favour to a Company for a project of ₹ 15 crore.

The matter was referred to the Government in June 2017; their reply was awaited as of December 2017.

CHAPTER – II

Revenue Sector

CHAPTER-II

REVENUE SECTOR

2.1 Revenue receipts

2.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Goa during the year 2016-17, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and grants-in-aid received from the Government of India during the year and corresponding figures for the preceding four years are mentioned in the ***Table 2.1.***

Table 2.1: Details of total revenue receipt of State Government

(₹ in crore)

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1	**Revenue raised by the State Government**					
	• Tax revenue	2939.66	3582.48	3895.92	3975.37	4261.16
	• Non-tax revenue	1832.90	1661.55	2325.63	2431.93	2712.00
	Total	**4772.56**	**5244.03**	**6221.55**	**6407.30**	**6973.16**
2	**Receipts from the Government of India**					
	• Share of net proceeds of divisible Union taxes and duties	777.21	848.53	900.58	1923.76	2299.20
	• Grants-in-aid	295.66	357.21	566.56	221.18	292.61
	Total	**1072.87**	**1205.74**	**1467.14**	**2144.94**	**2591.81**
3	**Total revenue receipts of the State Government (1 and 2)**	**5845.43**	**6449.77**	**7688.69**	**8552.24**	**9564.97**[1]
4	**Percentage of 1 to 3**	**82**	**81**	**81**	**75**	**73**

(Source: Finance Accounts of the State)

The above table indicates that there was continuous increase in collection of revenue during the last five years. The revenue raised by the State Government during the year 2016-17, was 73 *per cent* of the total revenue receipts. The balance 27 *per cent* of the receipts during 2016-17 was from the Government of India by way of share of net proceeds of divisible Union taxes and duties and grants-in-aid.

2.1.2 Tax revenue

The tax revenue raised by the Government of Goa during 2016-17 was ₹ 4,261.16 crore. The details of the tax revenue along with details of preceding four years are given in ***Table 2.2.***

[1]For details, please see Statement No. 14 Detailed accounts of revenue receipt by minor heads in the Finance Accounts of the Government of Goa for the year 2016-17. Figures under the head 0020-Corporation tax, 0021-Taxes on income other than corporation tax, 0032-Taxes on wealth, 0037-Customs, 0038-Union excise duties, 0044-Service tax and 0045-Share of net proceeds assigned to State booked in the Finance Accounts. Tax revenue have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement

Table 2.2: Details of tax revenue receipt of the State Government

(₹ in crore)

Sl. No.	Head of revenue		2012-13	2013-14	2014-15	2015-16	2016-17	Percentage increase (+) or decrease (-) in 2016-17 over 2015-16
1	Taxes on sales, trade *etc*.	BE	2081.50	2185.00	2303.85	2370.00	2624.35	
		RE	1955.00	1766.00	2303.85	2067.34	2245.50	
		Actual	1577.42	1708.05	1859.86	2115.69	2438.17	15.24
2	Stamps Duty	BE	240.20	560.04	544.39	549.35	678.49	
		RE	408.98	547.36	544.39	584.46	625.16	
		Actual	524.42	396.10	659.84	524.90	365.11	-30.44
3	State excise	BE	220.00	253.00	290.00	300.00	357.86	
		RE	211.23	246.28	290.00	300.00	357.86	
		Actual	212.90	235.76	268.00	319.52	320.90	0.43
4	Taxes on goods and passengers	BE	266.00	294.80	260.23	313.23	500.20	
		RE	283.00	285.11	260.23	434.16	437.13	
		Actual	257.50	386.41	404.19	464.40	453.44	-2.36
5	Land revenue	BE	11.29	20.77	253.19	213.37	156.01	
		RE	9.42	388.43	253.19	155.53	182.91	
		Actual	11.13	454.36	25.38	24.51	39.09	59.49
6	Other taxes	BE	416.00	503.35	423.92	540.52	599.45	
		RE	1198.19	1297.70	1350.92	492.26	597.17	
		Actual	356.29	401.80	678.64	526.35	644.45	22.44
	Total	BE	**3234.99**	**3816.96**	**4075.85**	**4286.47**	**4916.36**	
		RE	**4065.82**	**4530.88**	**5002.58**	**4033.75**	**4445.73**	
		Actual	**2939.66**	**3582.48**	**3895.91**	**3975.37**	**4261.16**	7.18

(Source: Compiled by Audit from Budget Estimates and Finance Accounts)

There had been a continuous increase in overall tax revenue collection during last five years but the collection for each year has been less than both the budget estimates and the revised estimates.

The reasons for variation wherever found substantial though called for (December 2017) have not been furnished by the respective departments.

2.1.3 Non-tax revenue

The details of the non-tax revenue along with details of preceding four years are given in ***Appendix 2.1***. The non-tax revenue raised during 2016-17 was ₹ 2,712 crore. Details of some principal departments of Government of Goa during the period 2012-13 to 2016-17 are indicated in ***Table 2.3***.

Table 2.3: Details of Non-tax revenue receipt of the State Government

(₹ in crore)

Sl. No.	Heads of revenue		2012-13	2013-14	2014-15	2015-16	2016-17	Percentage increase (+) or decrease (-) in 2016-17 over 2015-16
1	Power	BE	1231.83	1331.85	1367.94	1497.17	1687.75	
		RE	1231.75	1331.85	1367.94	1497.17	1687.75	
		Actual	1139.97	1187.95	1321.66	1708.91	1765.80	3.33
2	Non-Ferrous Mining and Metallurgical Industries[2]	BE	902.03	202.10	400.24	742.57	439.28	
		RE	401.00	18.54	400.24	205.11	259.34	
		Actual	339.26	46.12	530.35	216.53	347.63	60.55
3	Other Administrative Services	BE	77.67	90.52	157.54	163.27	176.47	
		RE	72.67	102.19	157.54	133.10	183.70	
		Actual	64.88	88.01	123.45	108.98	152.52	39.95
4	Water Supply and Sanitation	BE	87.55	102.08	129.89	145.75	162.62	
		RE	90.57	102.08	129.89	145.75	114.59	
		Actual	97.99	103.97	101.89	115.40	119.69	3.72

(Source: Finance Accounts of the State and Estimates of Receipts for the concerned years)

The reasons for variation wherever found substantial though called for (December 2017) have not been furnished by the respective departments.

2.1.4 Analysis of arrears of revenue

The arrears of revenue pending collections in respect of some principal departments of Government of Goa as on 31 March 2017 amounted to ₹ 1,647.19 crore of which ₹ 567.48 crore had been pending for more than five years as detailed in ***Table 2.4***.

Table 2.4: Arrears of revenue

(₹ in crore)

Sl. No.	Name of the Department	Amount outstan-ding as on 31 March 2017	Amount outstand -ing for more than five years	Action taken by the Department
1	Commercial Taxes	1223.84	441.68	The Department intimated that 752 cases involving ₹ 14.00 crore were pending in Revenue Recovery Court (RRC). Further, visits were constantly made by the officers of the Department for recovery of the remaining arrears and the dealers were persuaded to pay the dues.
2	Chief Electrical Engineer, Electricity Department	268.77	107.66	The Department had referred 7,859 cases involving ₹ 18.43 crore to RRCs. Disconnection notices were issued to consumers against whom electricity charges were outstanding. Notices were issued for payment of the arrears to the heads of the various departments against whom arrears were outstanding. A billing dispute redressal committee had been set up for settlement of disputed cases.

[2]Includes major minerals such as iron ore, manganese and bauxite; minor minerals such as basalt (Granite), laterite stones, ordinary sand, river pebbles, murrum and laterite boulders

3	Chief Engineer, Public Works Department.	95.73	12.34	Arrears of Rent ₹ 1.49 crore:- The Department stated that one case involving ₹ 22.82 lakh was pending in RRC as on 31March 2017. In the remaining cases demand notices were being sent to the consumers. Arrears of Water Charges ₹ 94.24 crore:- The Department stated arrears involving ₹ 13.64 crore were pending before RRC as on 31 March 2017. Demand notices were served to the defaulters/consumers for recovery of the remaining arrears.
4	Chief Engineer, Water Resources Department	58.85	5.80	Water tax involving ₹ 4.31 crore was pending against the cultivators. The Department stated that notices were served to the defaulters and personal instructions are issued to the staff for speedy recovery of the arrears. Water charges involving ₹ 51.40 crore:- Department stated Executive Engineer of concerned divisions were being persuaded to settle the outstanding bills. Hire charges of machinery ₹ 0.11 crore:- The amount was outstanding for more than five years. No reply in this regard was received. Rent from shops and halls:- The Department stated that three cases involving ₹ 3.03 lakh are pending with RRC and notices have been served to the defaulters for recovery of remaining arrears.
Total		**1647.19**	**567.48**	

(Source: Information furnished by concerned departments)

It would be seen from the above that 34.45 *per cent* of the arrears have been pending for more than five years. With the passage of time, the chances of their recovery become low. It is recommended that the Government may instruct the concerned departments to make extra efforts for settlement of the arrears.

2.1.5 Pendency of Refund Cases

The details of refund cases pending at the beginning of the year 2016-17, claims received and refunded during the year and the cases pending at the close of the year 2016-17 in respect of Commercial Taxes Department are given in ***Table 2.5.***

Table 2.5: Details of pending refund cases

Sl. No.	Particulars	Sales tax/VAT		State Excise	
		No. of cases	Amount (*₹ in crore*)	No. of cases	Amount (*₹ in crore*)
1	Claims outstanding at the beginning of the year	213	91.74	-	-
2	Claims received during the year	536	44.58	4	0.01
3	Claims rejected	15	5.23	-	-
4	Refunds made during the year	262	16.75	4	0.01
5	Balance outstanding at the end of the year	472	114.34	-	-

(Source: furnished by the respective departments)

Above table shows that 472 cases of refunds involving ₹ 114.34 crore were outstanding in Commercial Taxes Department as on 31 March 2017. Section 33 (2) of Goa Value Added Tax Act, 2005 provides for payment of interest, at the rate of eight *per cent* annum for the delay in refunds. It would be prudent on the part of the Department to settle the refund cases expeditiously to save the Government from the interest liability. In the case of State Excise Department no claims were pending for refund at the end of the year.

2.1.6 Response of the Government/Departments towards Audit

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

Analysis of IRs issued up to December 2016 disclosed that 578 paragraphs involving ₹ 401.62 crore relating to 151 IRs remained outstanding at the end of June 2017. The figures as on June 2017 along with the corresponding figures for the preceding two years are given in the ***Table 2.6.***

Table 2.6: Details of pending Inspection Reports

	June 2015	June 2016	June 2017
Number of IRs pending for settlement	130	124	151
Number of outstanding audit observations	479	427	578
Amount of revenue involved (₹ *in crore*)	242.98	228.85	401.62

(Source: Compiled from Audit records)

2.1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2017 are mentioned in the ***Table 2.7***

Table 2.7: Department-wise details of pending Inspection Reports

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ *in crore*)
1	Finance	Sales tax/VAT	33	170	247.70
		Entry tax	24	71	8.25
		Luxury tax	18	94	14.21
		Entertainment tax	12	24	0.79
2	Excise	State excise	3	6	0.02
3	Revenue	Land revenue	14	38	0.84
4	Transport	Taxes on motor vehicles	23	78	12.29
5	Stamps and Registration	Stamp duty and registration fee	23	84	116.35
6	Mines and Geology	Non-ferrous mining and metallurgical industries	1	13	1.17
Total			**151**	**578**	**401.62**

(Source: Compiled from Audit records)

Audit did not receive even the first replies from the heads of offices within four weeks from the date of issue of the IRs in respect of eight IRs issued up to December 2016. There was increase in pendency of the IRs by 35 *per cent* as compared to previous year. This indicated that the heads of offices/departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

2.1.7 Response of the departments to the draft audit paragraphs

Six draft paragraphs including one Performance Audit (PA) (clubbed into four paragraphs) were sent to the Secretaries of the respective departments between June and October 2017. Of these, replies in respect of two draft paragraphs were furnished by the Department whereas replies to other four draft paragraphs have not been received from the Government despite reminders (December 2017).

2.1.8 Analysis of the issues raised by Audit in Commercial Taxes Department

To analyse the system of addressing the issues highlighted in Inspection Reports/Audit Reports, by the departments, the 'Commercial Taxes Department' was selected. The action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years was evaluated and included in this Audit Report.

The succeeding paragraphs 2.1.9 and 2.1.10 discuss the performance of the Commercial Taxes Department under revenue head 0040. The audit observations issued during the last five years and the cases included in the Audit Reports for the years 2006-07 to 2015-16 are discussed.

2.1.9 Position of Inspection Reports

The summarised position of the IRs and paragraphs pertaining to Commercial Taxes Department issued during the last five years and their status as on 31 March 2017 are tabulated in ***Table 2.8.***

Table 2.8: Details of IRs issued to Commercial Taxes Department

(Money value ₹ in crore)

Sl. No.	Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1	2012-13	39	98	64.64	15	80	16.40	11	32	51.90	43	146	29.14
2	2013-14	43	146	29.14	21	154	111.63	4	57	12.41	60	243	128.36
3	2014-15	60	243	128.36	15	135	29.05	5	74	20.42	70	304	136.99
4	2015-16	70	304	136.98	19	129	177.65	6	96	43.63	83	337	271.00
5	2016-17	83	337	271.00	20	145	245.39	9	78	141.44	94	404	374.95

(Source: Compiled from Audit records)

The Government arranges Audit Committee meetings between the Department and AG's office to settle the old paragraphs. No Audit Committee meeting was held during the year. It is recommended that efforts may be made for holding Audit Committee meeting at regular intervals for settlement of the old outstanding paragraphs.

2.1.10 Recovery of accepted cases of Audit Reports

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in ***Table 2.9.***

Table 2.9: Details of recovery on accepted cases of Audit Reports

(₹ in lakh)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Money value of accepted paragraphs
2006-07	2	150.22	97.96
2007-08	5	288.85	0.00
2008-09	3	72.07	0.00
2009-10	2	62.56	54.50
2010-11	4	513.87	0.00
2011-12	4	132.20	61.88
2012-13	2	54.22	0.00
2013-14	4	366.69	118.88
2014-15	5	168.00	92.00
2015-16	3	1324.00	11.00
Total	**34**	**3132.68**	**436.22**

(Source: Compiled from Audit records)

Out of 34 cases the Department accepted audit observation in 10 cases involving ₹ 4.36 crore. The Department recovered only ₹ 0.02 crore which was 0.5 *per cent* of the accepted cases.

The Government may consider instructing the Department to take prompt action to pursue and monitor the recovery of the dues at least in those cases which have already been accepted by the Department. The delay would hamper the recovery and with the passage of time the chances of their recovery will become less.

2.1.11 Audit Planning

The unit offices under various departments are categorised into high, medium and low risk units. The risk analysis was done considering their revenue position, past trends of the audit observations and other parameters. The annual plan is prepared on the basis of critical issues in government revenues and tax administration. We also consider budget speech, revenue during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2016-17, 43 units were planned and audited for revenue sector.

2.1.12 Results of Audit and coverage of this chapter

During the year 2016-17 we test checked the records of 43 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers tax, Stamp Duty and Registration and other departmental offices. The test check showed under-assessment/short-levy/loss of revenue aggregating ₹ 390.68 crore in 231 cases. During the year, the departments concerned recovered under assessment and other deficiencies of ₹ 0.77 crore involved in 29 cases.

This Chapter contains a Performance Audit on "Assessment and Collection of Revenue from taxes on trade by Commercial Taxes Department", and three paragraphs involving financial effect of ₹ 162.98 crore.

COMMERCIAL TAXES DEPARTMENT

2.2 Performance Audit on Assessment and Collection of Revenue from taxes on trade by Commercial Taxes Department

Executive Summary

Commercial Taxes Department is responsible for levy and collection of taxes on trade in goods in the State. Being the major part of the State's revenue the enforcement of the Acts and Rules to recover GVAT, CST and Entry Tax is of utmost importance for Government finances. A performance audit of Commercial Taxes Department was conducted to ascertain whether the levy/collection and refund of taxes on sale of goods was done to safeguard the interest of the Government; system for recovery of the arrears of revenue, resolution of appeal cases was effective; and whether the internal control mechanism was adequate. Following are the highlights of the audit findings.

- Targets were not fixed by the Department for conducting surveys for detecting unregistered dealers (URD). During the surveys the Department had detected 164 dealers during 2012-13 to 2016-17 out of whom only 93 were registered subsequently and the remaining 71 were not registered. On cross verification of the information obtained from six departments, audit found that another 26 dealers were not registered under the GVAT Act in Commercial Taxes Department.

(Paragraph 2.2.6)

- The Department had not utilised the information available in the VATSOFT application for realisation of the tax from those dealers who had defaulted in payment of the tax. It was observed that 306 dealers had not paid full amount of taxes payable as per the returns filed by them resulting in non-realisation of tax amounting to ₹ 11.38 crore.

(Paragraph 2.2.7)

- The parameters fixed by the Government for selection of cases for detailed assessment were not followed. Out of 3,185 dealers required to be selected from four selected wards for the year 2012-15 only 917 dealers (29 *per cent*) were selected.

(Paragraph 2.2.8)

- Errors and omissions on the part of the assessing authorities in 28 cases assessed during the period from 2012-13 to 2016-17 revealed short-realisation of revenue amounting to ₹ 38.01 crore.

(Paragraph 2.2.9.1)

- There were 2,466 appeal cases involving revenue of ₹ 1,230.50 crore pending with departmental appellate authorities which was 98.52 *per cent* of total amount of ₹ 1,249.02 crore involved in pending appeals. The appellate authorities took a long time ranging from 5 to 17 years, in disposal of cases test checked by Audit.

(Paragraph 2.2.10)

- The uncollected revenue recoverable by Department was ₹ 1,223.84 crore as on 31 March, 2017, of which ₹ 441.68 crore was pending recovery for more than six years.

(Paragraph 2.2.11)

2.2.1 Introduction

The Commissioner of the Commercial Taxes Department has been empowered to administer the levy and collection of taxes on intra and inter-state sales of goods under the Goa Value Added Tax Act, 2005 (GVAT Act), Central Sales Tax Act, 1956 (CST Act) respectively. Besides, it also administers the levy and collection of the entry tax leviable on the entry of specified goods into a local area under the Goa Tax on Entry of Goods Act, 2000 (GTE). No dealer is allowed to carry intra or inter-state sale or commerce unless he is registered under the relevant provisions of the Acts and possesses a valid certificate of registration. Each dealer is required to make a self-assessment of the tax payable by him, deposit the tax with the Government and file the periodical returns prescribed under the Acts. These returns are assessed by the departmental authorities and a demand notice is issued for payment of the amount specified therein within a specified date. In cases of non-payments of the tax, the recovery is made as arrears of land revenue under the Goa Land Revenue Code 1968. The dealer has the option of filing the appeal against the order passed by the assessing authorities before the departmental appellate authorities.

Revenue from taxes on trade comprises of Value Added Tax (VAT), Central Sales Tax (CST) and Entry Tax (ET) constitute 57 *per cent* of the total tax revenue of the State. Being a major source of the revenue to the Government, a performance audit to assess the efficacy of the Department in assessment and collection of the taxes was undertaken. As on 31 March 2017, 39,749 dealers were registered under the GVAT Act, in the State.

2.2.2 Organisational set-up

The Commercial Taxes Department is under the administrative control of the Finance Department headed by the Finance Secretary. The Department is headed by the Commissioner of Commercial Taxes, who is assisted by two Additional Commissioners, six Assistant Commissioners (AC), 19 Commercial Tax Officers (CTO), 40 Assistant Commercial Tax Officers (ACTO) and 44 Commercial Tax Inspectors (CTI), besides subordinate staff such as clerical staff. The Assessing Authorities comprise of ACTOs, CTOs and ACs.

The Additional Commissioner is the appellate authority for the assessments finalised by Assistant Commissioner or where the amount in dispute is more than ₹ 25 lakh. The Assistant Commissioner is the Appellate Authority for cases assessed by CTO/ACTO and where the demand is less than ₹ 25 lakh.

2.2.3 Audit Objectives and Criteria

Performance audit on "Assessment and Collection of Revenue from taxes on trade by Commercial Taxes Department" was conducted with a view:

(i) to ascertain whether the existing system to levy/collect or refund of taxes were effective and safeguarding the interest of the Government;

(ii) to ascertain whether the existing system for recovery of the arrears of revenue including the revenue involved in appeal cases was adequate and effective; and

(iii) to examine whether the internal control mechanism was adequate and effective.

The performance audit was based on the following audit criteria:

(i) Goa Value Added Tax Act, 2005 and Goa Value Added Tax Rules, 2005;
(ii) Central Sales Tax Act, 1956 and Central Sales Tax (Registration and Turnover) Rules, 1957;
(iii) Goa Tax on Entry of Goods Act, 2000 and Goa Tax on Entry of Goods Rules, 2000; and
(iv) Periodic Notifications issued under above mentioned Acts and Rules.

2.2.4 Scope of Audit and Methodology

The performance audit was conducted between April, 2017 and September, 2017 covering the period from 2012-13 to 2016-17.

Four ward offices (Panaji, Ponda, Margao and Vasco) out of the eight[3] wards were selected for detailed audit scrutiny during the performance audit. These were the highest revenue earning ward offices in the State. There were 27,647 assessment cases out of which 558 cases were selected by random sampling.

All cases relating to arrears of revenue and the cases locked in appeal with departmental appellate authorities as on 31 March 2017 and the cases settled during the period were covered under performance audit.

An entry conference was held on 28 April 2017 with Secretary (Finance) wherein audit objectives, scope and coverage of Audit were discussed. The draft audit report was sent to the Government and to the Department in October 2017. The exit conference was held on 03 January 2018 with the Secretary (Finance), Government of Goa. The replies received from the Department and the Government have been appropriately incorporated in the relevant paragraphs of the report.

2.2.5 Trend of revenue

The budgeted and actual revenue realisation under the VAT, CST and ET during the period from 2012-13 to 2016-17 is detailed in ***Table 2.10.***

[3] Bicholim, Curchorem, Panaji, Pernem, Ponda, Mapusa, Margao and Vasco

Table 2.10: Details of budget estimates and actual receipts

(₹ in crore)

Year	Budget Estimates (BE)	Revised Estimates (RE)	Actual realisation	Percentage variation Excess(+)/Shortfall(-)	
				BEs	REs
2012-13	2271.50	2219.00	1816.11	(-) 20	(-) 18
2013-14	2424.00	2032.00	2074.48	(-) 14	(+) 2
2014-15	2548.84	2548.84	2241.97	(-) 12	(-) 12
2015-16	2667.80	2487.17	2557.27	(-) 4	(+)3
2016-17	3096.55	2661.15	2867.95	(-) 7	(+)8

(Source: Compiled from Finance Accounts for the years 2012-13 to 2016-17 and budget estimates of the concerned years.)

The performance audit revealed deficiencies which resulted in revenue loss to the Government as discussed in the succeeding paragraphs.

2.2.6 Registration of dealers

2.2.6.1 Survey to detect unregistered dealers

Survey of dealers is an important tool for identification of unregistered dealers and for bringing them under the tax net. As per Section 76 of GVAT Act, 2005, in order to identify dealers who are liable to pay tax under this Act, but have remained unregistered, the Commissioner shall, from time to time, cause a survey of unregistered dealers to be conducted.

As per the information furnished by four selected wards, 164 dealers were found unregistered, of these 93 dealers were registered during the period 2012-17. The details as furnished are mentioned in ***Table 2.11***.

Table 2.11: Details of unregistered dealers

Year	Total number of surveys conducted	Total number of URDs detected	No. of detected URDs registered as dealer	No. of detected URDs not yet registered as dealer
2012-13	60	21	21	nil
2013-14	109	23	21	2
2014-15	234	42	22	20
2015-16	69	50	9	41
2016-17	96	28	20	8
Total	**568**	**164**	**93**	**71**

Action taken for registration of 71 URDs has not been intimated.

Audit observed that the Department had not fixed any target for conducting the surveys. However a visit register was maintained by each office regarding the visits made by the departmental authorities for various activities like tax collection, enforcement and visit to URDs *etc*. This register did not contain any information regarding the outcome of the inspection or action taken against the URDs. Further, no separate records were maintained for conducting the surveys. The Department had made 568 visits in respect of

URDs' detection and had registered 93 dealers. There was nothing on record to indicate that any cross verification with other states or central departments done for identification of dealers.

2.2.6.2 Detection of URDs on account of cross verification done by Audit

Audit obtained information from six[4] work executing departments and cross verified the same with the registration records available in the VATSOFT (computerised system of VAT) and found that 26 dealers were not registered with the Commercial Taxes Department. These dealers were contractors with turnover of ₹ 10 lakh *i.e.,* more than the threshold limit. The departments had paid an amount of ₹ 6.77 crore during the period from 2012-13 to 2016-17. Tax at the rate of eight *per cent* leviable under entry No. 14 of 'Schedule-C' on ₹ 4.49 crore[5] worked out to ₹ 36 lakh. The departments had deducted TDS of ₹ 18 lakh at the rate two *per cent* up to 31 May 2013 and five *per cent* thereafter. The Department did not take any action to register these dealers and collect tax of ₹ 18 lakh[6] payable by these dealers.

2.2.7 Non-utilisation of VATSOFT for efficient revenue collection

The Department had introduced a web-based application VATSOFT for the use of departmental authorities wherein various modules were provided to facilitate collection, assessment of the tax on sale and purchase of goods and thus safeguard the revenue collection system.

Audit found that Assessing Authorities (AAs) had not utilised the system to trace out duplicate registration certificates, delayed filing of returns, non-filing of audit report, cancellation of registration certificates, non-payment of taxes *etc.* These are discussed in the following paragraphs.

2.2.7.1 More than one Registration Certificate issued to one dealer

As per Rule 45 of GVAT Act, 2005, only one registration certificate (RC) can be issued to a dealer irrespective of the places of business in the State. The VATSOFT has a registration module for registering the dealers. The module consists of a field in which PAN number allotted to dealers is filled. With the help of PAN as a primary key audit found that 166 dealers[7] having same PAN numbers were allotted more than one RC.

Of these 166 dealers, 35 dealers having 70 RCs were live dealers while the RCs of 131 dealers previously issued were cancelled and new RCs with new TIN numbers were issued. The new TINs were allotted without ascertaining the liabilities against the old TIN numbers. Thus, the re-registration of dealers was fraught with the risk of claiming fictitious input tax credit, bill trading and issue of duplicate invoices. The details of the transactions made on cancelled RCs were not made available to audit.

[4] PWD XVI, WRD VIII, WRD III, PWD XV, SIDCL and PWD XXII

[5] After allowing deduction of 33 *per cent* of the total receipts of ₹ 6.77 crore under Rule 4(A) of GVAT Rules, 2005

[6] Worked out division-wise total turnover after considering 33 *per cent* deductions applicable to work contracts and applicable tax rates for the respective years

[7] Ponda-4, Panaji-81, Margao-57 and Vasco-24

2.2.7.2 Departmental inaction against non-filers of returns

As per GVAT Act, 2005, Section 55(2), any dealer who fails to file three consecutive returns, the RC granted to such dealer shall stand cancelled from the date of expiry of the period for filing of such third return. As per Notification No. CCT/12-22/2011-12/806 dated 04 August 2011 read with Section 29(2) of GVAT Act, the Department was required to undertake 100 *per cent* assessments of the dealers who failed to file returns.

Audit observed from VATSOFT data of four selected wards that there are 8,452 distinct dealers who did not file 82,708 quarterly returns for the year 2012-13 to 2014-15 as detailed in ***Table 2.12.***

Table 2.12: Details of dealers who did not file returns

Ward	Return Period	Total number of dealers	No. of dealers who did not file quarterly returns	No. of returns not filed
Ponda	2012-15	4159	1554	14256
Panaji	2012-15	4582	2209	21660
Margao	2012-15	8732	3011	29948
Vasco	2012-15	4062	1678	16844
Total		**21535**	**8452**	**82708**

Audit further observed that 5,439 dealers out of 8,452 dealers did not file returns for the last consecutive three years, 1,347 dealers did not file returns for two years and 1,666 dealers did not file returns for one year. The Department had not utilised the information available in the software to trace out the dealers who had not filed returns for three consecutive quarters so that orders for cancellation could be processed or the tax recoverable from the dealers could be collected.

The concerned CTOs accepted the audit observations. However, reasons for not taking action for assessment/cancellation of RCs were not intimated.

It is recommended that all cases of non-filing of returns be investigated and appropriate action taken for enforcing the provisions of the GVAT Act and Rules. A case relating to non-filing of return and grant of two RCs is mentioned as follows:

Case Study I

As per Rule 16 of GVAT Rules, 2005, RC initially issued shall be valid for a period of three years. The RC can be renewed or cancelled on an application to be made by the dealer.

A RC issued to a dealer (retail-trader/works-contractor) with TIN number 30141203931 was required to be renewed on 31 March 2013. The dealer did not apply for the renewal of the RC till June 2016. He applied for new RC which was granted on the same date (03 June 2016) with a new TIN number 30471205447. The reasons for non-renewal of old RC instead of granting new RC were not found on record.

Audit found in the audit report filed by the dealer under the Income Tax Act for the year 2015-16 available in the file of the dealer that the dealer had VAT liability of ₹ 5.33 lakh for the years from 2011-12 to 2015-16. This indicated that the dealer was doing business for the period from 01 April 2013 to 02 June 2016 without any RC.

The dealer applied and was granted RC on 03 June 2016. He claimed a refund ₹ 16.78 lakh on account of TDS deduction for unregistered period from 01 April 2013 to 02 June 2016 which was granted by the Department on the basis of new RC considering his turnover as NIL.

Audit found from the dealer's file that the dealer had executed and received contract payments amounting to ₹ 3.49 crore on account of annual maintenance contract during the unregistered period. He was liable to pay tax of ₹ 5.59[8] lakh. The dealer had thus concealed his turnover and was liable to pay penalty of ₹ 11.18 lakh (double of the tax) under Section 59 of GVAT Act. The dealer was also not assessed for the period from 2011-12 to 2012-13.

This was pointed out by Audit to the Department in December 2016, the Department revised the assessment order in April 2017 and raised a demand of ₹ 5.58 lakh. However, no penalty was levied. It was stated that the dealer had applied for revision of assessment order on 20 January 2017 as such no penalty could be levied. The reply of the Department was not correct as the dealer had applied for refund that was assessed and allowed on 14 September 2016. Thus the dealer had concealed the facts. Besides, the dealer could apply for revision of order only up to 13 January 2017 (within 120 days from the date of passing order under rule 38(4) of GVAT Act).

The CTO, Vasco accepted (August 2017) the audit observation relating to non-assessment of the dealer and stated that the dealer would be re-assessed under the old TIN 30141203931 under Section 31 of the Act for the assessment years 2011-12 and 2012-13.

The issue of the new RC without cancelling the original RC was against the basic principles of the Act under which only one RC should be issued irrespective of nature and place of the business.

2.2.7.3 Acceptance of returns without Audit Reports

As per Section 70 of GVAT Act, 2005 read with Rule 42 of GVAT Rules, 2005, every dealer liable to pay tax shall, whose gross turnover of sales exceeds ₹ one crore in any year, or the amount of input tax credit claimed by him in any year exceeds ₹ 10 lakh, shall get his accounts in respect of such year audited by a chartered accountant and furnish the audit report within ten months from the end of the relevant year.

We scrutinised VATSOFT data and observed in four[9] selected wards that 286 dealers were required to file the audit reports but did not file the same for the years 2012-13 and 2013-14. Returns of these dealers have been accepted by the Department without the audit reports. In the absence of audit reports, the possibility of under-reporting of turnover cannot be ruled out. Though the information was available with the assessing authorities in the VATSOFT, it had not utilised the information for tracing out non-filers of audit reports.

[8] Tax=8% of (20% of ₹ 3.49 crore)= ₹ 5.59 lakh
[9] Margao 203, Panaji 13, Ponda 39 and Vasco 31

When this was pointed out the CTOs Ponda, Margao and Vasco replied (July/August 2017) that in all cases penalty was levied for non-filing of audit reports. Reply of CTO Panaji is awaited.

The tax authorities have accepted returns without the audit reports. The Department should have issued notices for the submission of audit report as the returns remain incomplete without the audit reports as per Section 70 of the GVAT Act, 2005.

2.2.7.4 Scrutiny of returns

As per VAT Circular No. 17 CCT/12-19/2006 dated 02 June 2006, all returns (100 *per cent*) of the dealers whose annual gross turnover/estimated turnover was more than ₹ two crore and 50 *per cent* of the return of the dealers whose turnover ranging from ₹ one to ₹ two crore were to be scrutinised by Commercial Tax Officer/Assistant Commercial Tax Officer.

The total number of returns that required scrutiny was not worked out by the Department. As per the data available in the VATSOFT[10] returns of 2,114 dealers were required to be scrutinised against which returns of 1,428 dealers were scrutinised.

In three out of the four selected wards, returns were not scrutinised to the extent prescribed in above mentioned circular issued by the Commissioner. Audit found the returns of 815 dealers were not scrutinised by the ACTOs/CTOs as detailed in ***Table 2.13.***

Table 2.13: Details of shortage in scrutiny of returns

Ward	Returns for the year	Annual Turnover/Category	Total dealers in the category	Number of dealers to be scrutinised	Number of dealers scrutinised	Shortfall (-) /Excess(+) (*per cent*)
1	2	3	4	5	6	7
Ponda	2013-14	Exceeding ₹ two crore	228	228(100%)	152	(-) 76 (33)
		₹ one crore to ₹ two crore	131	65(50%)	110	(+) 45 (69)
Panaji	2013-14	Exceeding ₹ two crore	610	610(100%)	132	(-) 478 (78)
		₹ one crore to ₹ two crore	293	147(50%)	92	(-) 55 (37)
Margao	2013-14	Exceeding ₹ two crore	664	664(100%)	465	(-) 199 (30)
		₹ one crore to ₹ two crore	343	172(50%)	247	(+) 75 (44)
Vasco	2013-14	Exceeding ₹ two crore	184	184(100%)	177	(-) 7 (4)
		₹ one crore to ₹ two crore	87	44(50%)	53	(+) 9 (20)

It can be seen from above that scrutiny of returns of the dealers with turnover exceeding ₹ two crore was not done to the extent prescribed in three out of four wards whereas for smaller dealers with turnover between ₹ one crore to ₹ two crore was done in excess in three out of four wards.

The information about the turnover of each dealer was available with the Department. Despite this the Department had not worked out the number of dealers that required scrutiny. Thus, the VATSOFT was not utilised for monitoring the number of returns to be scrutinised. No reasons were found on record for not adhering to the instructions issued by the Department for scrutiny of returns.

[10] VATSOFT is maintained and controlled by the Department of Commercial Taxes, VATSOFT allows the dealers to file the quarterly returns and pay online tax

2.2.7.5 Short-realisation of tax

We observed that 306 dealers had not paid full amount of taxes payable as per the returns filed by them resulting in non-realisation of tax amounting to ₹ 11.38 crore. The ward wise details of tax recoverable on the filed returns are detailed in ***Table 2.14***.

Table 2.14: Ward wise details of tax recoverable

Ward	Period of Return	No. of dealers not scrutinised	Balance tax to be paid *(₹ in crore)*
Ponda	2012-13	10	0.08
	2013-14	02	0.08
Panaji	2012-13	65	2.24
	2013-14	89	2.99
Margao	2012-13	61	1.55
	2013-14	09	0.08
Vasco	2012-13	38	3.29
	2013-14	32	1.07
Total		**306**	**11.38**

Time limits of assessment/scrutiny of returns for the years 2012-13 and 2013-14 had expired on 31 March 2016 and 31 March 2017 respectively. The inaction on the part of the Department to assess and recover the balance amount as per the returns resulted in non-realisation of ₹ 11.38 crore.

CTOs of Ponda, Panaji and Margao replied (November 2017) that the cases of turnover above ₹ one crore are sometimes assessed.

Reply is not tenable since scrutiny of returns is different from the assessment/re-assessment. Returns of the dealer should have been scrutinised to the extent prescribed in circular dated 02 June 2006.

2.2.7.6 Details of cancelled RCs not published in Official Gazette

As per Rule 19 of GVAT Rules, 2005 each ward officer was required to send a list of cancelled dealers to the Commissioner by the end of July each year who would publish it in the Official Gazette.

As per the information provided by four selected wards, RCs of 1,432 dealers were cancelled by Assessing Authorities during the period from 2012-13 to 2016-17.

Year	No of cancelled RCs
2012-13	1040
2013-14	144
2014-15	79
2015-16	53
2016-17	116
Total	**1432**

It was found that the ward officers had prepared the list of cancelled RCs but had not sent it to the Commissioner for publication in the official gazette. The information in this regard was also not called for/monitored by the Commissioner. Thus an important tool in plugging the leakages of revenue was not made use of as this would have enabled other dealers to know about the cancellation of these RCs.

The Department accepted the facts of non-submission of the list of cancelled RCs to the Commissioner. The reasons for non-submission of the list to the Commissioner were not furnished.

2.2.8 Selection of cases for detailed assessment

Audit noticed that norms for selection of the cases for detailed assessments were not followed and cases were selected for detailed assessment after considerable time from the date of filing of the returns. The number of cases selected for detailed assessments continued to diminish during these years 2012-13 to 2014-15. This is briefly discussed as follows.

2.2.8.1 Norms for selection of cases were not followed for detailed assessment

As per Section 29(1) of GVAT Act, 2005, returns filed by the dealer shall be accepted as self-assessed. The Commissioner is required to select upto 20 *per cent* of such dealers for detailed assessment. The detailed assessments may be done by the officers other than the ward to which it relates.

We observed that the cases selected for detailed assessment was far below 20 *per cent* as detailed in the ***Table 2.15***.

Table 2.15: Details of cases selected for detailed assessment

Sl. No.	Assessment Year	No. of registered dealers	No of dealers selected	Percentage of dealers selected
1	2012-13	29242	1222	4
2	2013-14	31672	707	2
3	2014-15	34000	446	1
4	2015-16	36630	Not selected (September 2017)	
5	2016-17	39749		
	Total	**1,71,293**	**2375**	

(Source: furnished by the Department)

It would be seen from the above the percentage of dealers selected for detailed assessments had diminished from four *per cent* to one *per cent* of the total dealers during the period 2012-13 to 2014-15, no selection was made for the years 2015-16 and 2016-17. The Commissioner stated that the selection of the cases for detailed assessments was under process for these years. Audit observed that the number of dealers selected for detailed assessments had sharply decreased from 1,222 to 446 *i.e.,* by 64 *per cent.*

2.2.8.2 Norms not followed in selection for detailed assessment

Audit noticed that norms prescribed by the Government in selection of the cases for detailed assessment were not followed. As per Notification dated 04 August 2011 for detailed assessments (i) not less than 75 *per cent* of the dealers whose turnover was ₹ five crore and above and (ii) not less than 50 *per cent* of dealers availing Goa Value Added Tax Deferment cum Net Present Value Scheme, 2005 (NPV) were required to be selected.

Audit found that the cases were not selected on the basis of the parameters fixed by the Government. As per above two parameters 3,185 dealers were required to be selected in respect of four selected wards for the year 2012-15 against which only 917 dealers (29 *per cent* of 3,185) were selected.

In addition to above though all the cases relating to non-filers were required to be selected for the detailed assessment, no case was selected.

Thus non-application of the norms resulted in diminishing the percentage of selection of cases as mentioned above.

The Commissioner stated that in respect of NPV cases, the cases are selected randomly and assessed by ward offices. The reply in respect of selection of cases above ₹ five crore and non-filing of returns were not furnished. It would be in the interest of the revenue if the cases are selected in accordance with norms fixed by the Government.

2.2.8.3 Absence of time schedule for selection of cases for detailed assessment

Returns for the year 2012-13, 2013-14 and 2014-15 were due by April 2013, April 2014 and April 2015 respectively. The cases would become barred for the assessment due to limitation period by March 2016, March 2017 and March 2018 under Section 29(3) of GVAT Act.

Audit found that the cases for detailed assessment were selected only four and half month to 18 months prior to their being time barred as mentioned in ***Table 2.16***.

Table 2.16: Details of selection of cases for detailed assessment

Sl. No.	Assessment Year	Date of selection of cases	Expiry date of assessment	Time available for assessment
1	2012-13	17.11.2015	31.03.2016	Four and half months
2	2013-14	05.08.2016	31.03.2017	Eight months
3	2014-15	20.09.2016	31.03.2018	18 months

There was no fixed time schedule in the Department for selection of the cases for detailed assessment. The cases were selected after 31 months, 28 months, 18 months after their becoming due for assessment for the years 2012-13, 2013-14, and 2014-15 respectively. Delayed selection of cases for assessments by the Commissioner leaves less time for assessing authorities to assess the cases. This was evident in CTO Panaji where detailed assessment of five dealers were not completed within the prescribed period (one dealer for the year 2012-13 and four dealers for the year 2013-14). The dealers availed input tax credit of ₹ 4.08 crore in their returns. Commissioner replied (August 2017) that as departmental staff were busy with election related work and implementation of GST related work, they were not able to complete the assessments within prescribed time limit. The fact however remains that the Department has taken considerable period for selection of cases and their timely selection would have given sufficient time to assess the cases in time.

Thus it would be seen from the above that the Department needs to improve its control mechanism to ensure that the cases for detailed assessment are selected in accordance with the norms fixed by the Government in a planned manner so that the AA get sufficient time for their scrutiny.

2.2.9 Deficiencies noticed in the assessments finalised by assessing officers

Cases selected by the ward officers for assessment are required to be finalised within a period of three years subject to extension provided by the

Commissioner. The Commissioner under section 29 (3) of GVAT Act had notified 15 May 2016 as the date up to which assessments for the year 2012-13 could be finalised.

We observed from the VATSOFT database in four wards selected that assessments of 11 dealers involving tax dues of ₹ 3.12 crore were assessed after the notified date fixed under the Act as detailed in ***Table 2.17.***

Table 2.17: Details of cases assessed after the time barred period

Ward	Period of Return	Last date to complete the assessment	Notified date to complete the assessment	No. of dealers assessed after the notified date for completing assessment	Amount of Tax involved *(₹ in lakh)*
Ponda	2012-13	31.03.2016	15.05.2016	2	1.04
Panaji	2012-13	31.03.2016	15.05.2016	2	0.10
Margao	2012-13	31.03.2016	15.05.2016	6	210.87
Vasco	2012-13	31.03.2016	15.05.2016	1	100.03
Total				**11**	**312.04**

Of the above, in six cases the CTO, Panaji and Margao stated (September/November 2017) that assessment orders have been passed under Section 31 of GVAT Act, 2005 as such cases have not become time barred.

The reply is not correct as the section 31 deals with the reassessment of cases and in these cases assessments were required to be done. Besides, in the assessment order of all the cases it was mentioned that the assessment had been done under section 29 of the GVAT Act and not under section 31 of the Act. As per the assessment order no issue of re-assessment was involved in these cases.

2.2.9.1 Short-realisation of revenue due to irregularities in assessments

We test checked assessment records of 558 cases in four wards and observed errors and omissions on the part of the assessing authorities in 28 cases (VAT, CST, ET) during the period from 2012-13 to 2016-17. This resulted in short recovery of ₹ 38.01 crore. The cases of VAT and CST are mentioned in the ***Appendix 2.2.***

In six cases, the final reply of the Department has not been received. In the remaining cases, the Department stated that action would be taken for recovery of the amount.

2.2.9.2 Non/short-levy of entry tax and penalty

Under Section 14 of the Goa Tax on Entry of Goods Act and Rules (GTE), 2000, every dealer shall, every year, submit a return to the assessing authority. He is required to pay the tax in advance at the prescribed rates on the turnover mentioned in the return. The default in the payment of the advance tax payable by a dealer attracts penalty at the rate of two *per cent* of the tax payable for every such month under Section 18(2). In case a dealer, who does not pay the tax assessed, he shall be liable to pay penalty at the rate of 1.50 *per cent* per month for the first three months of default and thereafter at the rate of 2.50 *per cent* under Section 19(2) of the GTE Act.

Audit found short-payment of tax and non-levy of penalty of ₹ 6.70 crore as mentioned in the following paragraphs:

(i) As per the provisions of the GTE Act, entry tax shall be levied at the rates of 0.1 *per cent* on ETP copper cathode under entry No 4 of notification dated 19 May 2003 issued under the GTE Act. Audit observed in CTO Vasco that in one case the Department had incorrectly levied tax on ETP copper cathode valued at ₹ 238.95 crore at the rate of 0.001 *per cent* instead of 0.1 *per cent*. This resulted in short-levy of tax of ₹ 23.66 lakh.

After this was pointed out the Department admitted (August 2017) the observation and stated that notice for re-assessment was issued by them.

(ii) A test check of the records of Entry Tax assessments revealed that the assessing authority had either not levied or had short-levied penalty as required under Section 18(2) and 19(2) of the GTE Act. The non/short-levy in four cases aggregated to ₹ 6.46 crore as detailed in ***Table 2.18***.

Table 2.18: Details of non/short-levy of penalty

(₹ in crore)

Sl. No.	Dealers/RC No. under entry tax	Year	Entry Tax Payable	Section under which penalty leviable.	Penalty levied by AA	Penalty leviable	Short levy of penalty
1	M/s Mormagao Steel Limited/ TEG/M/538605/M-229	2005-06	2.07	18(2)	Nil	3.19	3.19
		2006-07	1.64	18(2)	Nil	2.13	2.13
2	Rukminirama Steel Rolling Pvt. Limited/ TIN: 30321104019	2013-14	1.61	18(2)	Nil	1.03	1.03
3	Gemini Distilleries/ TIN: 30201201182	2007-08	0.14	19(2)	Nil	0.09	0.09
4	Vijay Marine/ TIN: 30451200608	2012-13	0.29	18(2)	0.004	0.03	0.02
	Total						**6.46**

The Department accepted (November 2017) the audit observations in three cases and stated that cases are being processed for re-assessment and levy of penalty. The reply in remaining cases has not been received.

There was no system of internal audit in the Department. Had the system been put in place, these cases could have been traced by the Department itself and the irregularities would not have remained unnoticed till the date of audit. The Department may consider putting in place a system of re-examining the cases finalised by the assessing authorities (AA) so as to detect the errors and omissions made by the AA and to minimise the chances of revenue loss to the Government.

2.2.10 Admission and disposal of appeals

VATSOFT has one module for appeals. Audit found that the data on appeals is not entered in the module. No report or returns regarding receipt and disposal of appeals were submitted to higher authorities to monitor the disposal of cases and follow up actions in cases disposed of by the appellate authorities. Each appellate authority was maintaining records manually.

The Additional Commissioner, in addition to his administrative work, is the appellate authority for the assessments finalised by Assistant Commissioner or where the amount in dispute is more than ₹ 25 lakh. The Assistant Commissioner, in addition to assessment of the cases, is the appellate authority for cases assessed by CTO/ACTO and where the amount in dispute is less than ₹ 25 lakh. No separate wing has been created for disposal of the appeals. There are eight appellate authorities in the State.

2.2.10.1 Pending appeal cases

As per the information furnished by the Commissioner of Commercial Taxes there were 2,503 cases pending on account of appeals with various authorities as on 31 March 2017 as detailed in ***Table 2.19***.

Table 2.19: Pending appeal cases

(₹ in crore)

Name of Authority	No. of cases	Amount involved
Departmental Appellate Authority	2466	1230.50
Administrative Tribunal	32	11.97
High Court	5	6.55
Total	**2503**	**1249.02**

(Source: Information furnished by the Commissioner of Commercial Taxes)

It would be seen from the above, 98.52 *per cent* of the pending cases involving revenue of ₹ 1,230.50 crore were pending with various departmental authorities.

The year wise details of appeals pending with departmental appellate authorities and break-up of revenue involved as on 31 March 2017 was as detailed in ***Table 2.20***.

Table 2.20: Appeal cases pending with departmental appellate authorities

(₹ in crore)

Year	Pending as on 01 April		Filed during the year		Disposed during the year		Pending at the closing of the year (31 March)	
	No. of appeals	Revenue involved	No. of appeals	Revenue involved	No. of appeals	Revenue involved	No. of appeals	Revenue involved
2012-13	1191	182.34	584	169.68	384	143.30	1391	208.72
2013-14	1391	208.72	562	156.35	303	81.56	1650	283.51
2014-15	1615*[11]	264.34	767	271.97	376	57.95	2006	478.36
2015-16	2006	478.36	809	365.92	317	28.43	2498	815.85
2016-17	2498	815.85	823	478.88	855	64.23	2466	1230.50

(Source:-Information furnished by the Department)

The disposal of cases has almost remained constant from 2012-13 to 2015-16 but during 2016-17, there was a steep increase in disposal of the cases as compared to 2015-16 (170 *per cent*).

The number of appeals filed during each year from 2012-13 to 2015-16 was more than those finalised during that year except in 2016-17. The number of pending appeals had increased by 107 *per cent* during the last five years. The

[11] The difference of 35 appeals with revenue involvement of ₹ 19.17 crore was due to rectification of duplicate figures in the data furnished by Vasco ward

revenue blocked in the appeals had also sharply increased by 575 *per cent* during this period.

The increasing trend of appeals and the amount involved indicate that more efforts need to be made by the Department for speedy settlement of appeal cases. When this was pointed out the Commissioner stated (November 2017) that orders have been issued for speedy disposal of appeals in September 2017. For monitoring progress on disposal of appeals, orders had been issued by the Commissioner for submission of a monthly report on disposal of appeals by the appellate authorities to the Commissioner.

Audit test-checked 167[12]appeal files (involving revenue of ₹ 43.60 crore) disposed during the period 2012-17 to ensure the recovery of undisputed revenue involved in the appeal cases, recovery of the amount not stayed by the appellate authority and efforts made in prompt disposal of the appeal cases and follow up action on disposed cases. In these cases neither the applicants had applied for grant of stay on the demand raised nor had the appellate authorities stayed their recovery. However in none of these cases, assessing authorities had made any effort to recover the amount and with the passage of time the amounts have become almost irrecoverable as would be evident from the following paragraphs.

2.2.10.2 Delay in disposal of appeals

The Acts and Rules are silent about the period within which the appeals should be finalised by the appellate authorities. No guidelines were issued in the matter.

Mention of absence of time limit in disposal of appeal cases was made in Paragraph No. 4.2.11 of the CAG's Audit report for period 2009-10. The paragraph has not been discussed by the PAC. However it was observed that no time limit was prescribed by the Department for disposal of the cases.

It was observed that there were inordinate delays in disposal of appeals in 167 test checked cases as detailed in the ***Table 2.21***.

Table 2.21: Delay in disposal of appeals

(₹ in crore)

Time taken to dispose the appeals	Total cases	Dismissed	Remanded	Modified	Limitation	Revenue involved
Less than six months	34	3	25	3	3	2.73
Six months to less than one year	48	13	31	2	2	8.35
One year to less than two year	37	19	17	1	0	2.77
Two year to less than five year	38	11	27	0	0	28.95
Five year to less than ten year	08	2	6	0	0	0.63
More than Ten years	02	2	0	0	0	0.17
Total	**167**	**50**	**106**	**6**	**5**	**43.60**

(Source: compiled by Audit)

Out of 167 disposed appeal cases, the Appellate Authorities took more than two years for disposing 48 cases with revenue involvement of ₹ 29.75 crore.

[12] Panaji (51), Ponda (40), Margao (47) and Vasco (29)

This constitutes 68 *per cent* of the total amount involved in such disposed cases.

2.2.10.3 Dismissed/remanded cases

Out of 50 cases, 39 cases involving revenue of ₹ 4.73 crore were dismissed from April 2013 to March 2017. In 19 cases no demand notices were issued while in 20 though demand notices were issued the amounts were not paid, no action to recover the amount as arrears of revenue under land revenue code was initiated.

Further, 106 cases remanded for re-assessment were required to be re-assessed within a period of two years from the date of remand to the assessing authorities. Audit found that 40 cases were not re-assessed. Out of which 18 cases involving revenue of ₹ 5.78 crore were more than two years old and have become time barred.

Case Study II

Out of the above, Audit analysed 10 cases that were decided by the Appellate Authorities after a period ranging from five years to 17 years. The Details of cases dismissed/remanded is given in ***Table 2.22.***

Table 2.22: Details of cases dismissed/remanded

Sl. No.	Date of appeal	Amount involved (₹*in lakh*)	Number of hearings	Date of dismissal/ remand	Number of years taken for disposal of case
1	06.07.2009	16.05	3	21.07.2014	5
2	29.08.2009	1.32	1	12.12.2016	6
3	14.05.2010	15.73	1	01.07.2015	5
4	30.03.2009	22.53	1	24.07.2015	6
5	20.08.2009	0.30	1	04.01.2017	7
6	14.08.2009	4.72	1	04.01.2017	7
7	16.06.2009	2.35	0	08.03.2017	7
8	21.05.2009	0.27	1	07.03.2017	7
9	25.05.2000	15.99	0	03.01.2017	17
10	25.05.2000	0.71	0	03.01.2017	17
Total		**79.97**			

(Source: compiled by Audit from Department records)

- In two cases involving revenue of ₹ 16.70 lakh, a dealer had filed an appeal in May 2000 against the assessment order of sales tax and CST for the period 1995-96. Notice for the dealer to be present for hearing before the appellate authority was issued on 23 November 2016 which could not be served as the whereabouts of the dealer were not known. The appeal was dismissed and CTO was directed to initiate the recovery proceedings.
- Two cases involving revenue of ₹ 17.37 lakh pertaining to the assessment year 2005-06 were in appeal since July 2009 and August 2009. These were dismissed in July 2014 and December 2016 after a lapse of five to six years. Of these, in one case it was specifically ordered that tax alongwith interest and penalty if any would be recovered. Demand notices in these cases have been issued. However the amount has not been recovered till date.
- The remaining six cases involving revenue of ₹ 45.95 lakh pertaining to the year 2005-06 were in appeal from March 2009 to May 2010. These

were remanded to the assessing authorities during July 2015 to January 2017 after lapse of five to seven years. The cases have not been re-assessed by the Department (September 2017).

2.2.10.4 Non-realisation of undisputed revenue of ₹ 1.12 crore in appeal cases

As per Sections 35(4) and 36(2) of GVAT Act 2005, in case of an appeal against assessment or any order raising demand against the person, the appellate authority shall consider it only if the person has paid the tax which is not disputed by him. Audit scrutiny revealed that in five[13] appeal cases (filed between March 2014 and December 2015) the appellants have not paid the tax amounting to ₹ 1.04 crore which was not disputed by them. These appeals should not have been admitted and appellants should have been directed to pay the undisputed amount before admission of appeals.

Of the above, four appeal cases were dismissed (between July 2015 and November 2015) for non-payment of undisputed dues while one case was remanded (in July 2016) for fresh assessment.

The appellate authorities had delayed initiating the action for recovery of undisputed amount by a period from 10 months to 16 months resulting in undue advantage to appellants for postponing undisputed tax.

It would be seen from the above that there was absence of management information system and poor monitoring of follow up action on disposal of appeal cases. This has resulted in either delay or non-recovery of revenue. Non-finalisation of remanded cases within stipulated time period had resulted in loss of revenue.

2.2.11 Revenue arrears

The uncollected revenue recoverable by the Department as on 31 March 2017 amounted to ₹ 1,223.84 crore. Out of this ₹ 441.68 crore was pending recovery for more than six years. The year-wise break-up of the arrears was as detailed in ***Table 2.23.***

Table 2.23: Year-wise break-up of the arrears

(₹ in crore)

Year	Additions during the year	Total Arrears
Up to 2011-12		441.68
2012-13	117.45	559.13
2013-14	210.83	769.96
2014-15	98.17	868.13
2015-16	131.35	999.48
2016-17	224.36	1223.84
Total	**1223.84**	

(Source: furnished by the Department)

It would be seen from the above that arrears pending collections have increased from year to year. It has increased by 277 *per cent* in 2016-17 as compared to 2011-12. The Department needs to make more efforts to collect

[13] (Margao ward-one case, Panaji ward-four cases)

the revenue, particularly that pertaining to earlier periods as with the passage of time the chances of their recovery become less.

As per Section 64 of the GVAT Act, 2005, the tax assessed if not paid within the prescribed time may be recovered as arrears of land revenue under the Land Revenue Code, 1968.

The Government of Goa, in August 2005, delegated the powers to collect the arrears of revenue of Commercial Taxes Department to the departmental authorities not below the rank of the Assistant Commissioners under Land Revenue Code, 1968. Consequently the departmental authorities were empowered to collect the revenue as arrears of land revenue under the Land Revenue Code, 1968 which include issue of Revenue Recovery Certificates (RRCs) and taking other coercive actions.

After finalising the assessments, each assessing authorities is required to raise demands asking the dealers to pay the amount specified therein within a prescribed period not exceeding 60 days. Thereafter, no time limit has been fixed for declaring the uncollected amount as arrears of land revenue after raising of demand notice. Absence of the provision has resulted in issue of less number of RRCs. The ward-wise break-up of the uncollected revenue and the number and amount of cases referred to Revenue Recovery Court (RR Court) up to 31 March 2017 is as detailed in ***Table 2.24.***

Table 2.24: Ward-wise break-up of the uncollected revenue and the number and amount of cases referred to RR Court

(₹ in crore)

Name of ward	Amount	No. of cases referred to RR Court	Amount involved
Panaji	222.96	2	4.77
Mapusa	84.88	40	0.51
Margao	538.66	380	4.15
Vasco	106.25	160	4.24
Bicholim	17.91	No RRCs were issued	
Pernem	3.17		
Ponda	232.97		
Curchorem	17.04	170	0.32
Total	**1223.84**	**752**	**13.99**

(Source: furnished by the Department)

The cases referred as RRC were only one *per cent* of the uncollected revenue. This indicated the need for prompt processing of the cases as RRC cases. The Department may fix a time limit directing the AAs for issue of the RRCs in a fixed time frame. It may further put in place a mechanism for timely disposal of these RRC cases and take measures for collecting the revenue.

2.2.12 Conclusion

GVAT, CST and ET comprised 57 *per cent* of the State's tax revenue receipts. Being the major part of the State's revenue, the enforcement of the Acts and Rules to levy and collect the taxes was of utmost importance to ensure smooth tax administration of the Government.

Audit observed that the enforcement of the provisions of the Acts and Notifications was ineffective in many cases. The system of registration of dealers was not robust. The Department did not conduct adequate survey to bring the unregistered dealers into the tax net, there were duplicate registration numbers issued to the dealers and sufficient publicity was not given to the cancelled registrations. The Department failed to ensure filing of the tax returns by the dealers, 82,708 returns were not filed by 8,452 dealers in four wards test checked. Adequate number of scrutiny as per the instructions issued under the circular were not conducted by the assessing authorities and they did not take action to recover ₹ 11.38 crore declared by the dealers in their returns. The Commissioner selected only one to four *per cent* of cases for detailed assessment against upto 20 *per cent* prescribed in the Act. Further, these selections were delayed. Eleven cases involving revenue of ₹ 3.12 crore were assessed after the action was time barred making the recovery doubtful. In addition lacuna, errors and omissions in the assessments led to short-recovery of ₹ 38.01 crore.

The tax demanded by the assessing authorities amounting to ₹ 1,230.50 crore was pending in appeal cases with departmental appellate authorities. Test check of 167 appeal cases revealed that the ward officers had not initiated recovery process for ₹ 43.60 crore involved in the appeal cases where recovery was not stayed by the appellate authorities and the revenue was undisputed. The appellate authorities took unreasonable time up to 17 years in finalising the appeal cases resulting in non-recovery of tax due to the Government. Delay in re-assessment of remanded cases resulted in time barring of assessment involving revenue of ₹ 5.78 crore in 18 cases.

The Performance Audit revealed system and compliance deficiencies having financial impact of ₹ 52.86 crore. The Department need to strengthen its system by placing adequate internal control mechanism for levy and collection of the commercial Taxes.

TRANSPORT DEPARTMENT

2.3 Delay in implementation of Government notifications for revision of rates in the Transport Department

Delay in implementation of the notification issued by the Government of Goa

The Government of Goa revised the rates of road tax and infrastructure development cess levied under Goa, Daman and Diu Motor Vehicles Tax Act, 1974 with effect from 21 September 2016 by issue of notification dated 21 September 2016. However the Department collected road tax and infrastructure development cess at revised rates from 23 September 2016 resulting in short-realisation of revenue amounting to ₹ 30.99 lakh in 10[14] offices.

Audit further noticed that the collections on account of taxes were required to be made through software "*e-Vahan*" in the Department. It was found that the Department had not modified the tax module by revising the rates of tax and

[14]Bicholim, Canacona, Dharbandora, Mapusa, Margao, Panaji, Ponda, Pernem, Quepem and Vasco

infrastructure development cess. The reasons for delay in revising the software module were not given by the Department. Further, efforts made by the Department in collection of revenue levied short were not intimated (December 2017).

Delay in implementation of the notification issued by the Government of India

Government of India, Ministry of Road Transport and Highways enhanced the rates of fee for grant of learners' license, driving license, international driving permit, renewal of driving license *etc.,* by issue of notification dated 29 December 2016 effective from the same date.

Audit observed (May 2017) that the Director of Transport, Goa had notified the enhanced rates on 11 May 2017 after a lapse of four and a half month. Reasons for the delay in notifying the rates from 29 December 2016 to 11 May 2017 though called for (02 August 2017) were not furnished. Delay in notifying the rates by the Government of Goa resulted in foregoing of revenue on account of fee amounting to ₹ 1.20 crore.

The matter was referred to the Department and the Government in June 2017 and their replies were awaited as of December 2017.

REGISTRATION DEPARTMENT

2.4 Evasion of Stamp Duty and Registration Fee

Splitting of sale deeds of immovable property resulted in evasion of Stamp Duty and Registration Fee amounting to ₹ 18 lakh.

The rates of stamp duty and registration fee are prescribed by the Government from time to time under the Indian Stamp Act, 1899 and Registration Act, 1908. The rate of stamp duty and registration fee for conveyance deeds executed by the parties was based on the slab rates as mentioned in ***Table 2.25.***

Table 2.25: Slab rates for stamp duty and registration fee

Stamp Duty			Registration fee		
Period	**Slab in terms of consideration**	**Rate (*per cent*)**	**Period**	**Slab in terms of consideration**	**Rate (*per cent*)**
08.08.2008 to 31.05.2013	Upto ₹ 50 lakh	2	01.04.2012 to 31.05.2013	Upto ₹ 25 lakh	2
	Above ₹ 50 lakh to ₹ one crore	2.5		Above ₹ 25 lakh to ₹ 50 lakh	3
	Above ₹ One crore	3		Above ₹ 50 lakh to ₹ One crore	4
				Above ₹ one crore	5
01.06.2013 to 31.03.2015	Upto ₹ 50 lakh	3	01.06.2013 to 31.03.2014	Upto₹ 25 lakh	1
	Above ₹ 50 lakh to ₹ one crore	3.5		Above ₹ 25 lakh to ₹ 50 lakh	2
	Above ₹ One crore	4		Above ₹ 50 lakh to ₹ One crore	3
				Above ₹ one crore	4

01.04.2015 onwards	Upto ₹ 50 lakh	3.5	01.04.2014 onwards	Upto ₹ 50 lakh	2
	Above ₹ 50 lakh to ₹ one crore	4		Above ₹ 50 lakh to ₹ 75 lakh	3
	Above ₹ one crore	4.5		Above ₹ 75 lakh to ₹ one crore	3.5
				Above ₹ one crore	4

2.4.1 Scrutiny of documents (October 2015 to October 2016) in six[15] sub-registrar offices revealed that seven vendors had sold their properties to nine vendees by executing 22 sale deeds. Sale deeds of all these properties were presented on the same day by the executants within a short span of 8 to 37 minutes as detailed in ***Appendix 2.3***. Audit found that splitting of a piece of land by executing two or more deeds attracted lower rate of duty and fee. Further, given the sequential presentation of the documents it was unlikely that the concerned authorities did not realise that splitting of the transactions into different parts was facilitating evasion of higher rate of stamp duty and registration fee. Had the transactions been registered as nine sale deeds instead of 22, the stamp duty and registration fee leviable would have been ₹ 36.19 lakh and ₹ 38.70 lakh instead of ₹ 30.22 lakh and ₹ 26.66 lakh respectively. Thus, splitting of transactions resulted in evasion of stamp duty and registration fee aggregating to ₹ 18 lakh.

This was pointed out to the Department and to the Government in June 2017. The State Registrar stated (July 2017) that the matter was got verified through the respective civil registrar-cum-sub-registrars and further stated that there was reason to believe that there had been instances to split the transaction in parts to facilitate alleged evasion of higher rate of stamp duty and registration fee.

It was further stated that in view of the severity of the issue and loss of revenue it is proposed to amend the provisions of law and seek legal opinion for recovery of the revenue foregone in those transactions.

2.4.2 As per Notification dated 05 February 2009, land value for area measuring more than one lakh sqm was to be fixed by a Special Committee appointed by the Government and the revenue district wise Special Committees were constituted as per Notification dated 10 January 2013.

Audit scrutiny of the documents at Sub-Registrar, Bicholim revealed (December 2015) that four sale deeds were registered on 15 October 2014 (registration Nos. 950/2014, 951/2014, 952/2014 and 953/2014). Through these four deeds a single plot of land bearing survey No. 127/1 with an area of 2,92,900 sqm was exchanged between two parties. Thus the plot measuring more than one lakh was sold by splitting it in four parts. By splitting, the sale area of each plot became less than one lakh sqm. Thus the executants avoided the valuation of the land by the Special Committee as envisaged in the Notification dated 05 February 2009. The Sub-Registrar had not brought this fact to the notice of the Collector for correct determination of the market value. The short-realisation of stamp duty and registration fee in this case could not be ruled out.

[15] Canacona, Dharbandora, Mapusa, Pernem, Sanguem and Sattari

The matter was referred to the Government in June 2017; their reply was awaited as of December 2017.

MINES AND GEOLOGY DEPARTMENT

2.5 Short-levy of Stamp Duty and Registration Fee

Failure on the part of Directorate of Mining and Geology in assessing the correct amount of stamp duty resulted in short-recovery of stamp duty and registration fee amounting to ₹108.43 crore.

As per Notification dated 16 November 2012 of Law and Judiciary Department, Goa, instrument of grant or renewal of a mining lease shall be chargeable with stamp duty equivalent to 15 *per cent* of the amount of royalty that would accrue out of the annual extraction of minerals permitted under environmental clearance issued for such mining lease under the relevant law in force, multiplied by the period of lease. Further, as per explanation under the said Notification, stamp duty payable shall not exceed the amount in rupees arrived by applying a rate of ten times of annual extraction of mineral permitted under the environmental clearance issued for such mining lease under the relevant law in force, multiplied by the period of the lease. Further, as per Notification dated 18 December 2014, the above limit was revised from 10 times to 15 times. As per notification dated 19 July 2013 of the Revenue Department, stamp duty shall be paid in the Government treasury by demand draft or pay order drawn in favour of Directorate of Mines and Geology (DMG). On receipt of application for grant or renewal of mining leases the DMG had to ensure that the stamp duty applicable has been received and endorse the same on the instrument.

As per Notification dated 14 May 2015, the registration fee applicable on grant/renewal/transfer of mining leases shall be equal to five *per cent* of the stamp duty paid on such instrument.

Audit scrutiny of 76 mining lease deeds (May 2017 to June 2017) executed between DMG and with the leaseholders and registered by six[16] Civil Registrar-cum-Sub-Registrars (CRSRs) revealed that the stamp duty was incorrectly worked out in respect of 13[17] mining leases executed during the period from 05 January 2015 to 26 February 2016 and registered after 14 May 2015. The DMG collected ₹ 66.45 crore instead of ₹ 169.72 crore resulting in short-recovery of stamp duty amounting to ₹ 103.27 crore as detailed in ***Table 2.26***.

[16] Bicholim, Dharbandora, Mapusa, Quepem, Sanguem and Valpoi

[17] T.C. No. 31/1953, 86/1953, 33/1957, 19/1954, 03/1957, 05/1953, 39/1956, 04/1955, 45/1954, 61/1953, 19/1952, 44/1956 and 41/1955

Table 2.26: Short-levy of Stamp Duty and Registration Fee

CRSR	Name of Lease holder (T.C. No.)	Date of execution	Period of lease	EC Limit (in Tons)	Stamp Duty collected (*₹ in crore*)	Stamp Duty to be collected 15xECx20 (*₹ in crore*)	Short recovery of Stamp Duty (*₹ in crore*)
Bicholim	M/s. Chowgule and Co. Pvt. Ltd. (31/1953)	05.01.2015	20	807372	23.93	24.22	0.29
	M/s. Salitho Ores Pvt. Ltd. (86/53)	26.02.2016	20	600000	1.80	18.00	16.20
Sanguem	M/s. Kunda R Gharse (33/1957, 19/1954, 03/1957)	26.02.2016	20	1350000	9.14	40.50	31.36
	Shri Aleixo Manual C.P. Da Costa (05/1953)	26.02.2016	20	500000	0.05	15.00	14.95
Valpoi	M/s. V.M. Salgaonkar (39/1956)	09.01.2015	20	153041	3.55	4.59	1.04
Dharban-dora	M/s. Marzook and Cadar Pvt. Ltd. (04/1955)	26.02.2016	20	250000	0.75	7.50	6.75
	M/s. Sova (45/1954)	26.02.2016	20	750000	2.25	22.50	20.25
	M/s. Sociedade Timblo Irmaos Ltd. (61/1953)	05.01.2015	20	600000	12.00	18.00	6.00
	M/s. V.M. Salgaonkar (19/1952)	09.01.2015	20	283987	6.58	8.52	1.94
	M/s. V.M. Salgaonkar (44/1956)	09.01.2015	20	262972	6.10	7.89	1.79
Mapusa	M/s. Salgaocar Min. Inds. Pvt. Ltd. (41/1955)	26.02.2016	20	100000	0.30	3.00	2.70
Total					**66.45**	**169.72**	**103.27**

In addition to stamp duty the registration fee at the rate of five *per cent* of stamp duty of ₹ 103.27 crore amounting to ₹ 5.16 crore was leviable in accordance with notification issued by the Government of Goa on 12 May 2015. Thus failure on the part of DMG in assessing the correct stamp duty resulted in a short-recovery of stamp duty and registration fee amounting to ₹ 108.43 crore.

This was pointed out to the Department and to the Government in June 2017. The Director of Mines and Geology accepted the audit observation and stated that the necessary corrective measures were initiated for realisation of stamp duty, notices for deposit of stamp duty and registration fee were issued to the concerned lease holders. One lease holder deposited ₹ 10.26 lakh in August, 2017. Progress made in recovery of the remaining cases have not been intimated.

CHAPTER – III

Public Sector Undertakings and Government Commercial & Trading Activities

CHAPTER-III

PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

3.1 Overview of State Public Sector Undertakings

Introduction

3.1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people. They occupy an important place in the State economy. As on 31 March 2017, there were 17 PSUs including 15 State Government Companies and two Statutory Corporations. None of these Government companies was listed on the stock exchange(s). During the year 2016-17, one[1] PSU was incorporated. The details of the State PSUs in Goa as on 31 March 2017 are given in ***Table 3.1.1***.

Table 3.1.1: Total number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Non-working PSUs[2]	Total
Government Companies[3]	14	1	15
Statutory Corporations	1	1	2
Total	**15**	**2**	**17**

(Source: Compiled from Appendix 3.2 based on entrustment of audit of PSUs)

The working PSUs registered a turnover of ₹ 912.75 crore as per their latest finalised accounts as of October 2017. This turnover was equal to 1.41 *per cent* of State's Gross Domestic Product[4] (GSDP) for 2016-17. The working PSUs earned aggregate profit of ₹ 49.52 crore as per their latest finalised accounts. As on March 2017, all PSUs together had employed 3,422 employees.

As on 31 March 2017, there were two non-working PSUs of which Goa Auto Accessories Ltd. (GAAL) having total investment of ₹ 5.59 crore was non-working since 2013-14. Major portion of assets of GAAL had been sold (June 2017). The other PSU namely Goa Information Technology Development Corporation (GITDC) was non-functional since inception *i.e.,* 2006-07 and has not furnished its first accounts till date. Efforts for reviving this PSU were initiated in July 2017. This is a critical area as the investments in non-working PSUs do not contribute to the economic growth of the State.

[1]Imagine Panaji Smart City Development Ltd. (IPSCDL) was incorporated on 16.08.2016
[2]Non-working PSUs are (1) Goa Auto Accessories Ltd (GAAL) and (2) Goa Information Technology Development Corporation (GITDC)
[3]Government Companies include other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013
[4]The State's Gross Domestic Product for the year 2016-17 was ₹ 64,543.58 crore (Quick Estimates 2016-17 with base year 2011-12)

Accountability framework

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

Further, as per sub-Section 7 of Section 143 of the Act 2013, the Comptroller and Auditor General of India (CAG) may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory Audit

3.1.3 The financial statements of the Government Companies (as defined in Section 2 (45) of the Act 2013) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139(5) or (7) of the Act 2013. The Statutory Auditors submit a copy of the Audit Report to the CAG including, among other things, financial statements of the Company under Section 143(5) of the Act 2013. These financial statements are also subject to supplementary audit by the CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013.

Audit of Statutory Corporations, is governed by their respective legislations. CAG is the sole auditor for the two Statutory Corporations, *viz.,* Goa Industrial Development Corporation and Goa Information Technology Development Corporation.

Role of Government and Legislature

3.1.4 The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the Legislature under Section 395 of the

Act 2013 or as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Goa

3.1.5 The Government of Goa has huge financial stake in these PSUs. This stake is of mainly three types:

- **Share Capital and Loans-** In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when considered necessary.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

Investment in State PSUs

3.1.6 As per the latest finalised accounts (October 2017), the investment (capital and long-term loans[5]) in 17 PSUs was ₹ 906.88 crore as per details given in ***Table 3.1.2***.

Table 3.1.2: Total investment[6] in PSUs

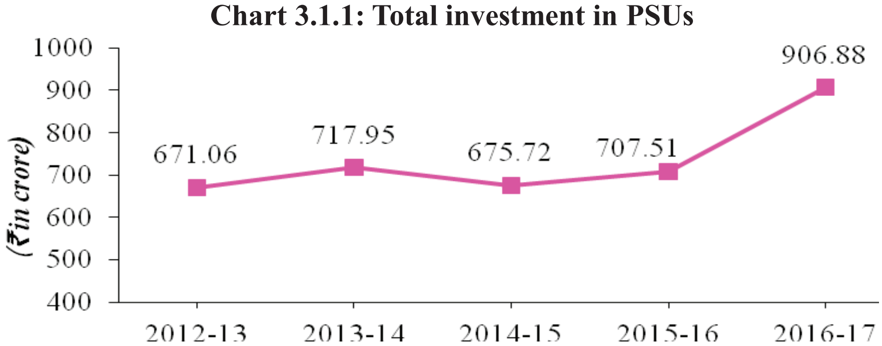
(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	307.80	546.32	854.12	47.17	0	47.17	901.29
Non-working PSUs	5.59	0	5.59	0	0	0	5.59
Total	**313.39**	**546.32**	**859.71**	**47.17**	**0**	**47.17**	**906.88**

(Source: Compiled based on information received from PSUs)

Out of total investment of ₹ 906.88 crore in State PSUs, 99.38 *per cent* was in working PSUs and the remaining 0.62 *per cent* was in the non-working PSU. This total investment consisted of 39.76 *per cent* towards capital and 60.24 *per cent* towards long-term loans. The investment has grown by 35.14 *per cent* from ₹ 671.06 crore in 2012-13 to ₹ 906.88 crore in 2016-17 as depicted in the ***Chart 3.1.1***.

Chart 3.1.1: Total investment in PSUs



Investment (Capital and long term loans)

[5] Loans from Government and Financial Institutions
[6] Investments includes Capital and long term Loans

3.1.7 The sector wise summary of investments in the State PSUs as on 31 March 2017 is given in ***Table 3.1.3***.

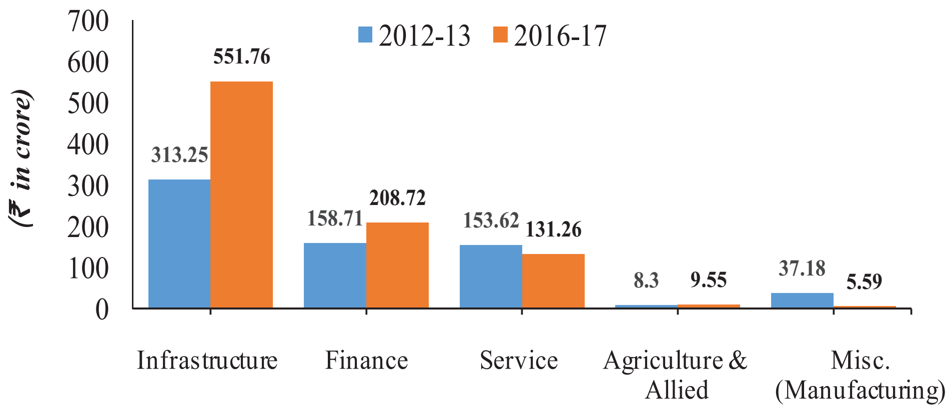
Table 3.1.3: Sector-wise investment in PSUs

Name of Sector	Government Companies		Statutory Corporations		Total	Investment (*₹ in crore*)
	Working	Non-Working	Working	Non-Working		
Infrastructure	4		1	1	6	551.76
Finance	4		-	-	4	208.72
Service	3		-	-	3	131.26
Agriculture & Allied	3		-	-	3	9.55
Miscellaneous (Manufacturing)	-	1	-	-	1	5.59
Total	**14**	**1**	**1**	**1**	**17**	**906.88**

(Source: Compiled based on information received from PSUs)

The investment in above sectors and percentage thereof at the end of 31 March 2013 and 31 March 2017 are indicated below in the ***Chart 3.1.2.***

Chart 3.1.2: Sector wise investment (Capital and Long term loans) in PSUs



The thrust of PSUs' investment was mainly on infrastructure sector, which increased from 46.68 *per cent* in 2012-13 to 60.84 *per cent* in 2016-17. The percentage share of investment in service sector declined from 22.89 *per cent* to 14.47 *per cent* during same period. The percentage share in respect of finance and agriculture and allied sectors in 2012-13 was 23.65 *per cent* and 1.24 *per cent* respectively. These sectors maintained their share at 23.01 *per cent* and 1.05 *per cent* respectively in 2016-17.

Special support and returns during the year

3.1.8 The Government of Goa provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies in respect of PSUs for the last three years ending March 2017 are given in ***Table 3.1.4.*** The table also gives the details of waiver of loans and interest, guarantees issued and guarantee commitment outstanding as at the end of respective years.

Table 3.1.4: Details regarding budgetary support to PSUs during the years

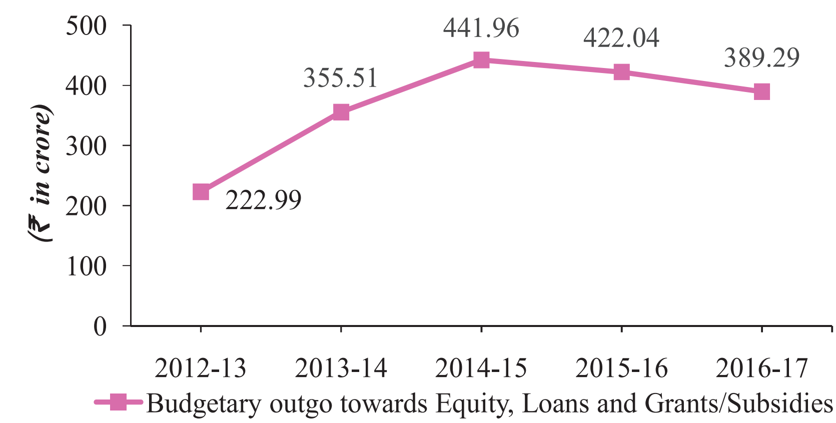
(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity/Capital outgo from budget	1	0.50	0	0	1	1.00
2.	Loans given from budget	1	1.68	1	1.55	1	1.36
3.	Grants/Subsidy from budget	8	439.78	10	420.49	10	386.93
4.	**Total Outgo (1+2+3)**		**441.96**		**422.04**		**389.29**
5.	Waiver of loans and interest	**1**	**0.01**	**0**	**0**	**0**	**0**
6.	Guarantees issued during the year	1	25.00	2	40.50	3	219.50
7.	Guarantee Commitment outstanding at the end of the year	3	131.95	4	365.24	3	534.42

(Source: Compiled based on information received from PSUs)

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the last five years ending March 2017 are given in ***Chart 3.1.3***.

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



The budgetary outgo showing an upward trend till 2014-15 declined thereafter. It has declined by 7.76 *per cent* from ₹ 422.04 crore in 2015-16 to ₹ 389.29 crore in 2016-17.

In order to provide financial assistance to PSUs from banks and financial institutions, Government of Goa gives guarantee under Goa State Guarantees Act, 1993. Such guarantees are given subject to the limits fixed by State Legislature from time to time as per provisions of Article 293(1) of the Constitution of India. The Government of Goa has exempted its PSUs from payment of Guarantee Commission. The guarantee commitment increased to ₹ 534.42 crore during 2016-17 from ₹ 131.95 crore in 2014-15.

Reconciliation with Finance Accounts

3.1.9 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2017 is given in ***Table 3.1.5***.

Table 3.1.5: Equity and guarantees outstanding as per draft Finance Accounts[7] *vis-a-vis* records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts (2016-17)	Amount as per records of PSUs	Difference
Equity	388.18	361.14	27.04
Guarantees	582.27	534.42	47.85

(Source: Compiled based on information received from PSUs and draft Finance Accounts)

Audit observed that the differences occurred in respect of Guarantees given to five PSUs and Equity investment in 16 PSUs. The differences between the figures were persisting since last many years. The issue was taken up with the PSU/Departments from time to time to reconcile the differences. It is, therefore, recommended that the State should reconcile the differences in a time-bound manner.

Arrears in finalisation of accounts

3.1.10 The financial statements of the companies for every financial year are required to be finalised within six months from the end of relevant financial year *i.e.*, by September end in accordance with the provisions of Section 96 (1) and 129(2) of the Companies Act 2013. Failure to do so may attract penal provisions under section 99 and 129(7) of the Companies Act 2013. 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 details of progress made by PSUs in finalisation of accounts as of 31 October 2017 are given in ***Table 3.1.6***.

Table 3.1.6: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Total PSUs	17	16	16	16	17
2.	Number of Working PSUs	17	14	14	14	15
3.	Number of accounts finalised during current year	13	20	15	17	11
4.	Number of working PSUs which finalised accounts for the current year	2	4	1	4	2
5.	Number of previous year's accounts finalised during current year	11	16	15	13	9
6.	Number of Working PSUs with arrears in accounts	15	10	13	10	13
7.	Number of accounts in arrears	44	40	41	40	46[@]
8.	Average arrears per PSU(7/1)	2.6	2.5	2.6	2.5	2.7
9.	Extent of arrears	1 to 10	1 to 11	1 to 11	1 to 10	1 to 11

(Source: [@]Compiled based on accounts of working PSUs received during the period 16 October 2016 to 31 October 2017)

[7] Company wise loans were not separately provided in the Finance Accounts; hence loans were not worked out

Of the total 15 working PSUs, 10 working PSUs had finalised 10 annual accounts, of which two PSUs' annual accounts pertained to 2016-17 and remaining nine annual accounts pertained to previous years. Thirteen working PSUs had 34 accounts in arrears, of which accounts of one[8] PSU was in arrears since 2007-08. Average arrears of annual accounts per PSU had increased from 2.6 in 2012-13 to 2.7 in 2016-17.

It can be observed that the number of accounts in arrears increased from 40 during the year 2015-16 to 46 in 2016-17. Among the above, one non-working PSU *viz.,* Goa Information Technology Development Corporation (GITDC) has not submitted its accounts since inception (2006-07) and first accounts of the newly incorporated company *viz.,* Imagine Panaji Smart City Development Ltd. are awaited.

The Administrative Departments have the responsibility of overseeing the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. The concerned departments were informed on a quarterly basis regarding arrears in accounts. In addition to the quarterly intimation to the concerned Ministry/Department, the Deputy Accountant General/Accountant General took up the matter with the State Government/Departments for liquidating the arrears of accounts every six months. However, no significant improvement has been noticed in submission of accounts for audit.

3.1.11 The Government of Goa had invested ₹ 441.90 crore[9] in 15 PSUs during the years for which accounts have not been finalised as detailed in ***Appendix 3.1***. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount invested was achieved. The investment of GoG in these PSUs, therefore, remained outside the control of State Legislature.

3.1.12 In addition to above, as on 31 October 2017, there were arrears in finalisation of accounts by two non-working PSUs namely GITDC and GAAL. GITDC has not submitted its accounts since inception (2006-07) and as such 11 accounts of this Company are in arrears. The data regarding investment by Government in this PSU was also not provided. In respect of GAAL, the accounts for 2016-17 were pending as on 31 October 2017.

Placement of Separate Audit Reports

3.1.13 Out of two Statutory Corporations, only one is working *i.e.*, GIDC which has not submitted its accounts for the years 2015-16 and 2016-17 as on 31 October 2017.

Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. The ***Table 3.1.7*** shows the status of placement of Separate Audit Reports (SARs) issued by the CAG

[8] Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited

[9] Equity: ₹ 5.54 crore (three PSUs), loans: ₹ 11.56 crore (one PSU), grants ₹ 322.42 crore (10 PSUs) and subsidy ₹ 102.38 crore (two PSUs)

(up to 30 September 2017) on the accounts of Statutory Corporation in the Legislature.

Table 3.1.7: Status of placement of SARs in Legislature

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government/Present Status
1	Goa Industrial Development Corporation	2010-11	2011-12	10.04.2014
			2012-13	01.05.2015
			2013-14	18.01.2016
			2014-15	14.02.2017
2	Goa Information Technology Development Corporation	First accounts awaited since 2006-07		

(Source: Compiled based on information received from Statutory Corporation)

Impact of non-finalisation of accounts

3.1.14 As pointed in Paragraph 3.1.10 to 3.1.12**,** the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above state of arrears of accounts, the actual contribution of PSUs to the GSDP for the year 2016-17 could not be ascertained and their performance was also not reported to the State Legislature.

It is therefore, recommended that:

- ***The Government may closely monitor the clearance of arrears and set targets for individual Companies.***

Performance of PSUs as per their latest finalised accounts

3.1.15 The financial position and working results of working PSUs are detailed in ***Appendix 3.2***. A ratio of PSUs' turnover to GSDP shows the extent of activities of PSUs in the State economy. The ***Table 3.1.8*** below provides the turnover of working PSUs and State GDP for a period of five years ending 31 March 2017:

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

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover[10]	569.35	652.18	714.08	939.28	912.75[11]
State GDP	42407	48897	52673	60895	64544[12]
Percentage of Turnover to State GDP	1.34	1.33	1.36	1.54	1.41

(Source: As per Appendix 3.2 and Budget Estimate)

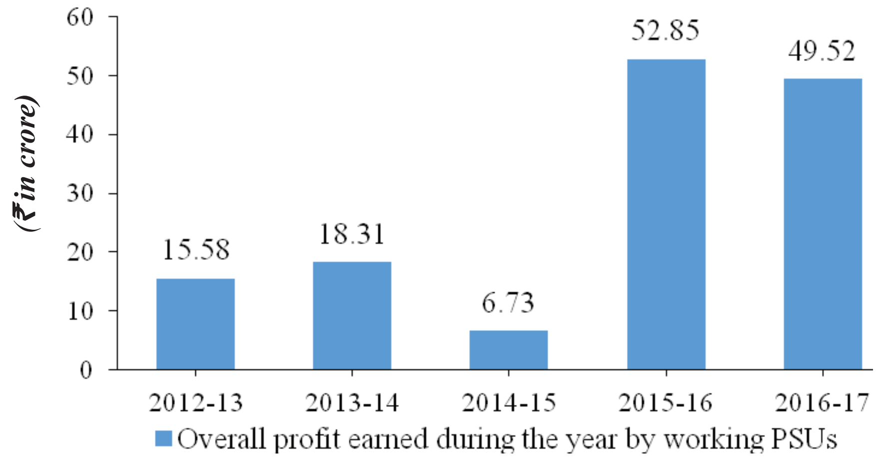
While the contribution of PSUs to GSDP had been gradually increasing from 2013-14 to 2015-16, it has decreased to 1.41 *per cent* in 2016-17. Out of the total turnover of ₹ 912.75 crore, ₹ 646.95 crore (71 *per cent*) pertains to two

[10] Turnover of 15 working PSUs as per the latest finalised accounts as of 30 September or 31 October of respective years
[11] Excluding turnover of one PSU *i.e*, Imagine Panaji Smart City Development Limited which has not furnished its first accounts
[12] State GDP for the year 2016-17 taken as per Quick Estimates 2016-17 with base year 2011-12

PSUs (Goa State Infrastructure Development Corporation and Kadamba Transport Corporation Limited). Other 13 PSUs together contributed turnover of ₹ 265.80 crore.

3.1.16 The overall position of profit earned by the working PSUs during 2012-13 to 2016-17 is depicted in ***Chart 3.1.4***.

Chart 3.1.4: Profit/Loss of working PSUs



The profit of working PSUs decreased by 6.30 *per cent* to ₹ 49.52 crore, from ₹ 52.85 crore, during the year 2016-17. During the year 2016-17, out of 15 working PSUs, 11 PSUs earned profit of ₹ 53.93 crore and three PSUs incurred loss of ₹ 4.41 crore and one newly incorporated PSU (IPSCDL) has not submitted its first account. During the year 2016-17, out of two non-working PSUs, one non-working Company (GAAL) incurred loss of ₹ 1.12 crore while one non-working PSU (GITDC) has not submitted its first account. The major contribution to profit was from EDC (₹ 42.42 crore), GSIDCL (₹ 5.19 crore) whereas KTCL and GAAL were the major loss making PSUs with loss of ₹ 3.53 crore and ₹ 1.12 crore respectively.

3.1.17 Some other key parameters of PSUs are given in ***Table 3.1.9.***

Table 3.1.9: Key Parameters of State PSUs

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Capital Employed (*per cent*)	8.94	9.21	7.49	9.83	10.09
Debt	314.07	367.15	329.45	347.50	546.32
Turnover	569.35	652.18	714.08	940.38	914.74[13]
Debt/Turnover Ratio	0.55:1	0.56:1	0.46:1	0.37:1	0.60:1
Interest Payments	29.13	38.16	34.75	35.52	66.71
Accumulated Profits/(losses)	(46.22)	(47.24)	(37.99)	(13.38)	26.86
Return on Equity *(per cent)*	5.84	1.31	1.69	12.50	10.50

(Source: As per Appendix 3.2 and relevant finalised financial statements of PSUs indicated in Appendix 3.2)

The turnover of PSUs had increased gradually from ₹ 569.35 crore in 2012-13 to ₹ 914.74 crore in 2016-17. However, the debt of the PSUs increased from

[13] All 17 PSUs as per the latest finalised accounts as of 31 October 2017 except for IPSCDL and GITDC who are yet to finalise their first accounts

₹ 347.50 crore in 2015-16 to ₹ 546.32 crore in 2016-17. Hence, the debt turnover ratio increased from 0.37 to 0.60 during the same period. Even though the percentage of return on equity in 2016-17 had declined to 10.50 from 12.50 in 2015-16, it was better compared to the period 2012-13 to 2014-15.

3.1.18 The State Government had not formulated any dividend policy under which all PSUs are required to pay a minimum return on the paid-up share capital contributed by the Goa Government. As per their latest finalised accounts, 11 PSUs earned aggregate profit of ₹ 53.93 crore and two PSUs[14] declared dividend of ₹ 1.38 crore.

The State Government may consider formulation of a dividend policy regarding payment of reasonable return from the profit earning PSUs on the paid up share capital contribution by the State Government.

Erosion of capital due to losses

3.1.19 The capital investment and accumulated profits of the State PSUs as per their latest finalised accounts were ₹ 360.56 crore and ₹ 26.86 crore respectively as detailed in ***Appendix 3.2***. However, in respect of three working PSUs and one non-working PSU, a higher quantum of accumulated losses than the capital investment showed that the overall capital of four[15] State PSUs had entirely eroded resulting in negative net worth of ₹ 141.35 crore.

Winding up of non-working PSUs

3.1.20 There were two non-working PSUs (One Company and one Statutory Corporation) as on 31 March 2017. The liquidation process for GAAL has been initiated (March 2014) and assets have been sold (June 2017). The efforts for reviving GITDC have been initiated (July 2017).

Accounts comments

3.1.21 Eleven PSUs forwarded their 11 audited accounts to Accountant General during the period 16 October 2016 to 31 October 2017. Of these, eight accounts of eight Companies were selected for supplementary audit. The comments in the Audit Reports of the Statutory Auditors appointed by CAG and the supplementary audit of CAG mention significant observations on the financial statements. These indicate the quality of financial statements and highlight the areas which need improvement. The details of aggregate money value of comments of Statutory Auditors and CAG are given in ***Table 3.1.11.***

[14] Two PSUs namely EDC and GSIDC declared dividend

[15] Goa Handicrafts, Rural and Small Scale Industries Development Corporation, Kadamba Transport Corporation Limited, Goa Electronics Limited (subsidiary of EDC Limited) and Goa Auto Accessories Limited (non-working subsidiary of EDC Limited)

Table 3.1.11: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	1	0.61	2	19.80	5	66.93
2	Increase in loss	2	5.74	5	1.52	3	8.67
3	Non-disclosure of material facts	2	0	2	0.33	3	8.81
4	Errors of classification	0	-	4	2.82	2	79.49

(Source: Compiled from details received from PSUs)

The aggregate money value of Statutory Auditors' comments and CAG's comments during the year 2016-17 was ₹ 163.90 crore.

Comments of Statutory Auditors and the Comptroller and Auditor General of India resulting in decrease in profit totalled to ₹ 66.93 crore involving five accounts as compared to ₹ 19.80 crore involving two accounts in 2015-16. Similarly, comments on non-disclosure of material fact in accounts totalled ₹ 8.81 crore, involving three accounts, for the year 2016-17 as against of ₹ 0.33 crore, involving two accounts for the year 2015-16.

During the year, the Statutory Auditors had given seven unqualified certificates to seven PSUs' accounts and qualified certificates to five PSUs' accounts. In respect of one account they gave adverse and qualified certificate which mean that accounts do not reflect a true and fair position. In respect of one account the Statutory Auditors have given disclaimer and qualified certificate that the auditors were unable to form an opinion on the accounts. The compliance of Companies with the Accounting Standards remained poor as there were 14 instances of non-compliance in nine accounts during the year.

Response of the Government to Audit

Performance Audits and Paragraphs

3.1.22 For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2017, four audit paragraphs were issued to the Management and Principal Secretaries of the respective Departments with request to furnish replies within six weeks. The replies were awaited from the State Government (December 2017).

Follow-up action on Audit Reports

3.1.23 The Report of the CAG of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. All the Administrative Departments of PSUs need to submit the explanatory notes indicating the corrective/remedial action taken or proposed to be taken on paragraphs and performance audits included in the Audit Reports. The Finance Department, Government of Goa issued every year, instructions to all Administrative Departments to submit replies/explanatory notes within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU. Despite these instructions, out of 10 Performance Audits (PAs) and 65 audit paragraphs, the explanatory notes to six PAs and 33 audit paragraphs incorporated in the Audit Reports for the period from 2004-05 to 2015-16 have not been received as indicated in ***Table 3.1.12***.

Table 3.1.12: Explanatory notes not received (as on 30 September 2017)

Year of the Audit Report (Commercial/ PSU)	Date of placement of Audit Report in the State Legislature	Total PAs and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2004-05	12 July 2006	2	2	1	0
2005-06	30 July 2007	1	7	1	2
2006-07	19 August 2008	1	8	0	4
2007-08	24 March 2009	1	10	0	7
2008-09	25 March 2010	1	8	1	3
2009-10	17 March. 2011	1	5	1	1
2010-11	20 March 2012	0	8	0	2
2011-12	10 October 2013	0	5	0	3
2012-13	23 July 2014	1	5	1	4
2013-14	14 August 2015	0	3	0	3
2014-15	11 August 2016	1	3	0	3
2015-16	07 August 2017	1	1	1	1
Total		**10**	**65**	**6**	**33**

(Source: Compiled based on explanatory notes received from respective Departments)

Discussion of Audit Reports by COPU

3.1.24 The status as on 30 September 2017 of PAs and audit paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) is as given in ***Table 3.1.13***.

Table 3.1.13: PAs and audit paragraphs appeared in Audit Reports *vis-a-vis* discussed

Period of Audit Report	Number of PAs / audit paragraphs			
	Appeared in Audit Report		Discussed by COPU	
	PAs	Paragraphs	PAs	Paragraphs
2004-05	2	2	0	0
2005-06	1	7	0	2
2006-07	1	8	0	0
2007-08	1	10	0	0
2008-09	1	8	0	0
2009-10	1	5	0	5
2010-11	0	8	0	0
2011-12	0	5	0	0
2012-13	1	5	0	0
2013-14	0	3	0	0
2014-15	1	3	1	0
2015-16	1	1	0	0
Total	**10**	**65**	**1**	**7**

(Source: Compiled based on the discussions of COPU on the Audit Reports)

Compliance to Reports of COPU

3.1.25 Action Taken Notes (ATNs) to four paragraphs pertaining to a Report of the COPU had not been received (November 2017). This Report of COPU was presented in the State Legislature on 04 February 2011. The details are provided in ***Table 3.1.14***.

Table 3.1.14: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations where ATNs not received
2009-11	**1**	**4**	**4**

(Source: Compiled based on recommendations of COPU)

This Report of COPU contained recommendations in respect of paragraphs pertaining to three departments/PSUs, which appeared in the Report of the CAG of India for the year 2003-04.

The State Government may ensure that replies to Paragraphs/Performance Audits and ATNs on the recommendations of COPU are furnished as per the prescribed time schedule.

Disinvestment, Restructuring and privatisation of PSUs

3.1.26 No disinvestment, restructuring and privatisation of the State working PSUs took place during the year ended 2016-17. However, major portion of assets of one non-working PSU (GAAL) has been sold (June 2017).

Coverage of this Chapter

3.1.27 This chapter contains four audit paragraphs involving financial effect of ₹ 112.61 crore.

PUBLIC WORKS DEPARTMENT

3.2 Execution of sewage works by Sewage and Infrastructural Development Corporation Limited

3.2.1 Introduction

The Public Works Department (PWD) is the nodal department for implementation of all infrastructural development works in the State. The Sewage and Infrastructural Development Corporation Limited (Company) is also a designated agency entrusted with developmental works and in particular, treatment and disposal of sewage and setting up of underground drainage systems in the State. The Company was incorporated (February 2001) by Government of Goa and commenced its operation from January 2008[16].

The Company is chaired by the PWD Minister. The Managing Director of the

[16] The Company remained largely dormant since its incorporation and was revived in 2008 with financial support of State Government

Company is assisted by a Chief General Manager, two General Managers and four Deputy General Managers.

The Company received ₹ 371.57 crore from the State Government and ₹ 59.48 crore from NABARD[17] as loan during 2008-17. At the end of March 2017, the Company had an outstanding committed liability of ₹ 183 crore towards payments to contractors.

The Company awarded 131 works valuing ₹ 1,340.39 crore to contractors for implementation of eight[18] major sewage projects between 2008 and 2017. Of the 131 works, Audit selected 41 works valuing ₹ 621.85 crore, based on stratified random sampling[19], to obtain an assurance that the Company had exercised due diligence in planning, tendering and execution of sewage projects.

The Audit findings are reported to the Company in July 2017 and management furnished its reply in July and September 2017 which has been incorporated at appropriate places.

Audit findings

3.2.2 Execution of sewage works

An overview of physical and financial progress of 41 selected sewage works as of March 2017 is shown in ***Table 3.1***.

Table 3.1: Physical and financial progress of 41 selected works as of March 2017

Status of works		Number of selected works	Tendered cost (*₹ in crore*)	Expend-iture incurred (*₹ in crore*)	Compl-eted in time	Delay in completion		Comple-tion date after March 2017	Physical progress of incomplete works
						More than one year	Less than one year		
Completed works	Above ₹ 25 crore	2	68.04	92.09	Nil	Nil	2	Nil	Not applicable
	Below ₹ 25 crore	15	57.00	48.60	2	11	2	Nil	Not applicable
Incomplete works	Above ₹ 25 crore	13	407.05	130	Nil	1	7	5	Two works less than 50 % and six works more than 50 %
	Below ₹ 25 crore	11	89.76	16.54	Nil	3	4	4	Three works less than 50 % and four works more than 50 %
Total		**41**	**621.85**	**287.23**	**2**	**15**	**15**	**9**	

(Source: Information furnished by the Company)

[17] National Bank for Agriculture and Rural Development

[18] Porvorim, Margao, Navelim, Vasco, Ponda, Colva, Fatorda and Durbhat

[19] Out of two completed works valuing above ₹ 25 crore, Audit selected two works (100 *per cent* coverage); out of 60 completed works valuing below ₹ 25 crore, Audit selected 15 works (25 *per cent* coverage); out of 25 incomplete works valuing above ₹ 25 crore, Audit covered 13 works (50 *per cent* coverage); and out of 44 incomplete works valuing below ₹ 25 crore, Audit covered 11 works (25 *per cent* coverage)

The table above indicates that only two of 41 sewage works had been completed on time while 30 works were delayed. The key reasons for delay were change in scope of work after award, incorrect estimation of items, change in site of Sewage Treatment Plants (STPs), change in designed capacities of STPs *etc*. Of the 24 incomplete works, 10 works attained physical progress of more than 50 *per cent* while five works achieved physical progress of less than 50 *per cent*. The tendered cost of 41 selected works was ₹ 621.85 crore of which, an expenditure of only ₹ 287.23 crore had been incurred as of March 2017. The reasons for low spending were slow progress of works and poor budgetary support from State Government.

Audit findings on scrutiny of three[20] of eight major sewage projects involving 41 selected works are discussed in the succeeding paragraphs.

3.2.2.1 Change in scope of work

As per Manual (November 2013) of Central Public Health and Environmental Engineering Organisation (CPHEEO), by convention sewage schemes are designed to serve the ultimate population that will be reached some 30 years from the date of inception. The sewage volumes that can use the designed sewer capacities thus, become available late in the design period resulting in idle capacity and idle investment on underground sewers and non-productive expenditure. In case the STP of the centralised[21] system is grossly underutilised, effectiveness of sewage treatment suffers due to prolonged hydraulic retention. By contrast, use of a decentralised[21] sewer system resolves this problem and at the same time lowers the cost.

Porvorim sewage project

The Detailed Project Report (DPR) of Porvorim sewage project envisaged (April 2010) laying of sewer network of 171.49 km and construction of three STPs (one in each phase) with total capacity of 15.30 Million Litre per Day (MLD) at an estimated cost of ₹ 210 crore, which was revised to ₹ 283.50 crore in April 2014. As per DPR, the projected capacity of 15.30 MLD was to cater to an estimated population of 1.35 lakh up to the year 2041, and 10.84 MLD for the population of 0.96 lakh up to the year 2026. The project was to be completed by March 2017.

The Company placed (April 2015) work orders for sewer network of 27 km in three parts (‘A’, ‘B’ and ‘C’) under phase I of the project at a total cost of ₹ 95.79 crore for completion by October 2017. While part ‘B’ of sewer network was completed in June 2016, the other two parts (‘A’ and ‘C’) were completed to the extent of 70 and 75 *per cent* till March 2017. The Company incurred an expenditure of ₹ 60.16 crore up to March 2017. This sewer network of 27 km upon completion was planned to be connected with STP of four MLD. The land identified for construction of STP belonged to Kadamba Transport Corporation Limited (KTCL), a State Government Company.

[20] Porvorim, Margao and Navelim sewage projects

[21] A single centralised STP with larger capacity caters to large area and population. While the decentralised system with multiple STPs can also cater to the same area and population

Since there was considerable delay in handing over the site by the KTCL, the Company took a decision (May 2016) to construct a single centralised STP of 20 MLD capacity at Mapusa. In this connection, Audit observed the following:

- The Company did not ensure availability of land for STP before placing work orders for sewer network under phase I. The action for obtaining no-objection certificate (NOC) from KTCL was initiated by the Company only in June 2015 while the work orders were placed in April 2015.

- Since the 20 MLD STP site at Mapusa was 5.5 km away from Porvorim, this necessitated laying of trunk mains at a total cost of ₹ 60.46 crore (works awarded in October 2016) for carrying sewage from Porvorim to Mapusa. The works were scheduled to be completed by December 2018. Additionally, the sewer network being created under phase I on which the Company had already spent ₹ 60.16 crore up to March 2017 would have to be connected with trunk mains.

- The Company awarded (December 2016) the work of design, construction, supply, installation, testing and commissioning of 20 MLD STP at a total cost of ₹ 52.54 crore for completion by April 2018. This implied that phase I of the project, which is already on the verge of completion, cannot be integrated with the trunk mains until its completion in December 2018. Therefore, the benefits envisaged from phase I would not be realised, as the Company would be able to release sewer connection to the public only at the end of 2018, assuming there are no further slippages.

- Considering that the work of laying sewer network under phase I of the project would consume 30 months[22], similar works under phase II and III would not be completed before June 2020, assuming that phase II and III works are tendered in January 2018 and there are no slippages. Also, the cost dynamics of the project has changed from ₹ 283.50 crore (DPR cost) to ₹ 373.55 crore[23], due to inclusion of trunk mains and centralised STP of enhanced capacity.

- As per DPR, 10.84 MLD STP was sufficient to cater to the population of 0.96 lakh up to the year 2026 and 15.30 MLD up to year 2041 for the population of 1.35 lakh. Thus, the 20 MLD STP would work only at 54[24] *per cent* of its capacity up to year 2026 and 77[25] *per cent* up to 2041. Further, considering the capacity utilisation of 54 *per cent* till 2026, the 20 MLD STP now under construction would get only 2.16[26] MLD sewage under phase I of the project. This would lead to under-utilisation of STP and affect the quality of treatment due to higher hydraulic retention time.

The management stated (July and September 2017) that the STP of 20 MLD capacity was decided to cater to the sewage flows expected from the balance areas of Mapusa municipality and other surrounding areas including villages

[22] From date of work order (April 2015) to stipulated date of completion (October 2017)

[23] ₹ 283.50 crore (DPR cost) + ₹ 60.46 crore (cost of trunk mains) + ₹ 29.59 crore (being the difference between cost of 20 MLD STP ₹ 52.54 crore and cost of three STPs already included in DPR ₹ 22.95 crore)

[24] 10.84 MLD ÷ 20 MLD * 100

[25] 15.30 MLD ÷ 20 MLD * 100

[26] 54 % of 4 MLD envisaged for phase I

along the trunk mains. Regarding change of site, the management stated that local residents had raised objections and it was difficult to acquire land in Porvorim due to high cost.

The reply is not acceptable because, the original project comprising three STPs of 15.30 MLD was designed to cater to the projected population up to the year 2041. Another STP of 5.40 MLD capacity being constructed at a cost of ₹ 18.27 crore by the PWD with financial assistance from JICA[27] is also likely to be commissioned by May 2018 to cater to the population of Mapusa municipal area (approximately 0.90 lakh). Therefore, construction of 20 MLD STP lacked rationale. Further, the issue relating to objections raised by local residents and other difficulties attached with acquisition of land in Porvorim could have been easily tackled by the Company in the intervening period of five years *i.e.,* between date of preparation of DPR (April 2010) and award of work of phase I (April 2015).

Thus, the Company failed to execute the Porvorim sewage project in a planned manner, deviating from the DPR and disregarding the provisions of CPHEEO manual as well as the principles of economy in execution of the project.

Navelim sewage project

In Navelim sewage project, the designed capacity of STP as per DPR (April 2010) was 11.50 MLD (estimated cost ₹ 16.98 crore) to meet the projected population of 0.94 lakh up to the year 2041. The Company, however, awarded (January 2014) construction of 20 MLD STP (tendered cost ₹ 37.89 crore), instead of 11.50 MLD STP. The work was in progress and an expenditure of ₹ 25.32 crore had been incurred up to March 2017. Audit could not trace any justification in the records for enhancing the capacity of STP by 8.50 MLD nor was there any study report to support the enhanced capacity.

The management stated (July 2017) that though the DPR envisaged STP of 11.50 MLD to meet the population of Navelim, the Company decided to construct STP of 20 MLD to meet the combined requirement of Navelim and part of Margao.

The reply is not acceptable because, the Company has planned the construction of 20 MLD STP at the same site where a 7.5 MLD STP already exists since 1989, and an additional[28] 6.7 MLD STP, to cater to future needs of Margao town, is also nearing completion. Thus, the 20 MLD STP would remain under-utilised at least up to 2041.

3.2.2.2 Change in work site after award of work

The work of laying sewer network (5.8 km of 27 km) in part 'B' under Phase I of Porvorim sewage project was awarded (April 2015) to a contractor at a cost of ₹ 21.65 crore for completion by October 2017. The work was completed ahead of the time schedule in June 2016 at a total cost of ₹ 25.64 crore.

[27] Japan International Cooperation Agency
[28] Being constructed by PWD with financial assistance from JICA

Audit observed that tender item No. 9 valuing ₹ 12.85 crore, constituting 59 *per cent* of the tendered cost of ₹ 21.65 crore, included installation of HDPE[29] pipes of various diametre in different soil strata. However, during actual execution, there were abnormal variations between the tendered quantities and the quantities actually executed by the contractor under item No. 9 due to change of site, leading to extra expenditure of ₹ 7.69 crore over the estimated cost.

Audit further observed that two contractors had submitted bids for this contract. The analysis of rates offered by the two participating contractors shows that the amount quoted by the successful contractor on the sub-item No. 9(iii) installation of 250 mm diametre HDPE pipes (₹ 45,000 *per metre*) alone was higher than the amount quoted by the other contractor (₹ 34,000 *per metre*). This item was actually executed for 1,853 metre which was more than six times the estimated quantity of 292 metre. There were similar variations in other items also. A comparison of the two offers based on actual work done and rates offered by both the bidders shows the cost of award to the unsuccessful bidder would have been ₹ 23.47 crore in the final site whereas the successful bidder (declared L1) was paid ₹ 25.64 crore. Thus changes in the quantities executed and estimated led to an excess payment of ₹ 2.17 crore, due to change of site and failure to retender.

The management stated (July 2017) that the soil strata were considered for estimation and tendering purpose, keeping in view the original site (PDA colony and surrounding areas). However, during execution, the work site was changed from PDA colony and surrounding areas to other neighbouring areas such as, Vidya Nagar, Sanjay Nagar, Annapurna Nagar, Sai Nagar *etc*., as per the directives of local MLA of Porvorim and public demand.

Change of work site at the instance of local MLA/public demand (after award of work) involving huge variations in work executed, should therefore, have been treated as a fresh work and re-tendered. Failure to do so, led to the acceptance of a costlier offer, leading to an excess expenditure of ₹ 2.17 crore.

3.2.2.3 Preparation of incorrect estimates leading to extra expenditure

As per Section 2 of the CPWD Manual, 2012, before starting a work, preliminary estimates should be prepared, which should form the basis for administrative approval. Once administratively approved, the department should prepare detailed plans, designs and estimates, including detailed specifications for each item of work. The estimates should be prepared diligently after detailed study and investigations such as, site survey, soil investigations *etc*.

Margao sewage project

The work of south trunk mains under Margao sewage project with 6.7 MLD STP (being executed by PWD with financial assistance from JICA) was handed over to the Company in February 2011 for speedy execution of the project. The Company awarded (February 2013) the work of south trunk

[29] High Density Poly Ethylene

mains (2.5 km) to a contractor at a tendered cost of ₹ 38.52 crore, which was 37.65 *per cent* below the estimated cost of ₹ 61.79 crore. The work was completed in May 2015 at a total cost of ₹ 58.61 crore. Audit observed the following inadequacies in execution of the work:

- The work of south trunk mains included laying of 1,000 mm sewer pipes by micro-tunneling[30] across the railway tracks of the Konkan Railway and South Western Railway in three locations. The Research Designs and Standards Organisation (RDSO) guidelines (October 2009) of Ministry of Railways prescribes casing of pipelines that cross railway tracks.

  However, the Company did not incorporate the item of casing pipes in the estimates put to tender, which necessitated supply and installation of 1,430 mm casing pipes during execution as an extra item, for which the contractor was paid ₹ 28.76 crore. Had the Company incorporated the casing item in the estimates put to tender, the Company could have saved at least ₹ 10.83 crore[31].

  The management stated (September 2017) that the work was tendered as per the DPR/estimates prepared by JICA.

  The reply is not acceptable, as the initial estimates prepared by JICA included a provisional sum for casing pipes, on the assumption that the work would be carried out by the Konkan Railway department. Consequently, when the work was handed over to the Company, the Company applied (June 2011) for NOC from Konkan Railway Corporation Limited (KRCL) for laying pipelines across railway tracks. The request for NOC from KRCL itself was an indication that the work of laying pipelines across railway tracks was to be carried out by the Company and therefore, provision for casing pipes should have been incorporated in the estimates put to tender.

- The KRCL granted NOC (July 2012) to the Company for laying pipelines across the railway tracks. Subsequently, an agreement was signed (April 2013) between the Company and KRCL that stipulated laying of 1,000 mm pipelines to be secured in 1,200 mm casing pipes in two locations[32] and laying of 700 mm pipelines duly secured by 900 mm casing pipes in the third location[33]. The Company instead of using 1,200 mm and 900 mm casing pipes laid 1,430 mm casing pipes in all the three locations. The laying of larger size pipes than required as per the agreement signed in April 2013 resulted in avoidable extra expenditure, which was difficult to quantify in the absence of rates of procurement and installation of 1,200 mm and 900 mm casing pipes.

  The management stated (September 2017) that the casing pipes of higher diametre were laid as they provide space for 24 mm thickness of carrier pipe, 150 mm for fixed roller guider for pushing the pipe, and 225 mm for

[30] To lay underground pipe(s) by horizontal boring from one location to another without open trenches
[31] 37.65 *per cent* of ₹ 28.76 crore
[32] Railway crossings at km 441/884 and km 443/150
[33] Railway crossing at km 444/060

clearance from the casing pipe. Further, casing pipes of 1,430 mm was laid in the third railway crossing, considering the future sewage load and the requirement of different set up for laying 900 mm casing pipes.

The reply is not acceptable because, use of 1,430 mm casing pipes clearly violated the agreement signed with KRCL in April 2013. Also, laying of 1,430 mm casing pipes for the carrier pipe of 700 mm in the third railway crossing was uncalled for, as the DPR of Margao sewage project was prepared by JICA considering the future demand up to year 2025 and therefore, there is no possibility of increase in sewage load in the near future.

- Use of casing pipes for laying sewer pipelines passing through road crossings is not prescribed anywhere. The contractor, however, laid casing pipes of 1,430 mm totaling 220 metre in two road crossings[34] for installing sewer pipelines of 1,000 mm, which was unnecessary and resulted in avoidable extra expenditure of ₹ 3.87 crore[35].

  The management stated (July 2017) that the casing pipes in two road crossings were used as per the site conditions, considering the heavy traffic and adjacent structures to the road.

  The reply is not acceptable, as use of casing pipes for road crossings is not prescribed anywhere, and the sewer pipes used in road crossings are made of mild steel which can withstand/absorb the loads of traffic and adjacent structures.

- In another location[36], the contractor used 1,430 mm sewer pipes for a length of 240 metre instead of 1,000 mm pipes, in violation of tender specifications, leading to avoidable extra expenditure of ₹ 0.73 crore[37].

  The management stated (July 2017) that it was not possible to have micro-tunneling with 1,000 mm pipes for a stretch of 240 metre without intermediate shaft in between. As the roads were very narrow with high rise structures, an intermediate shaft would have endangered the existing structures. Therefore, 1,430 mm pipes were laid by using high capacity machine as an extra item to avoid intermediate shaft.

  The reply is not acceptable, as micro-tunneling by trenchless method safeguards the high rise structures and the existing utilities and thus, eliminates the risks associated with open trench method. Further, as per tender specifications, the contractor was bound to lay 1,000 mm pipes by micro-tunneling with intermediate shafts, wherever necessary.

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[34] Road L1-R9 near ESI hospital for 110 metre and Highway crossing R-R4 for 110 metre

[35] Original tender rates for supply and installation of 1,000 mm pipes by trenchless method was ₹ 2,44,000 per metre. The extra item rate for supply and installation of 1,430 mm casing pipes by trenchless method was ₹ 4,19,811.20 per metre. Therefore, avoidable extra expenditure was ₹ 3,86,78,464 (₹ 4,19,811.20 – ₹ 2,44,000 * 220 metre)

[36] Road carriage way at R9-R3

[37] Amount paid for 1,430 mm pipes ₹ 1.55 crore – amount payable for 1,000 mm pipes ₹ 0.82 crore

3.2.3 Internal controls and monitoring

Internal control and monitoring is one of the important tools to ensure due accountability and transparency in any organisation. The Company's core business is infrastructure development works implemented through managing several contracts and monitoring commensurate progress in works. The Company hired consultants to manage pre and post contract activities. Documentation pertaining to the project management and financial management are also expected to be maintained with good internal control mechanism providing reasonable assurance that the operations are carried out effectively and efficiently, financial reports and operational data are reliable and the applicable laws and regulations are complied with.

Audit observed that the Company's internal control mechanism was weak as there were cases of delay in renewal of bank guarantees, non-recovery of statutory deductions, delay in appointment of project management consultants and awarding works without tendering. A few illustrative cases are detailed in the succeeding paragraphs.

3.2.3.1 Delay in renewal of bank guarantees

In one[38] of the 41 selected works awarded in March 2011, the Company paid (August 2011) mobilisation and machinery advances totaling ₹ 1.24 crore to a Contractor against bank guarantee (BG) of equal amount, and also made a payment (November 2011) of ₹ 0.74 crore against the third running account bill. Due to undue delay in execution of work, the Company terminated (November 2012) the contract under clause 3[39] of the agreement.

The Company filed (October 2013) a court case before the Civil Judge Senior Division at Panaji for recovery of outstanding dues of ₹ 2.84 crore from the defaulting contractor. The dues have not been recovered as of November 2017. Audit observed that though the BG of ₹ 1.24 crore expired in September 2011, the Company failed to get it renewed. Had the BG been renewed timely and invoked, the Company could have recovered at least ₹ 1.24 crore of the total claim of ₹ 2.84 crore and safeguarded its financial interest.

The management accepted (July 2017) the facts and attributed the failure to lack of experienced staff in its accounts department.

3.2.3.2 Non-recovery of labour welfare cess

As per the Goa Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Rules, 2008, all public and private construction projects that employ labourers were to pay one *per cent* labour cess to the Goa Building and Other Construction Workers' Welfare Board. Accordingly, labour welfare cess (LWC) at one *per cent* was to be levied on the amount of each bill so passed and paid to the contractors. The Order regarding levy of LWC was communicated by the State Government to all the departments, including the Public Sector Undertakings on 29 December 2008.

[38] Providing, laying, testing and commissioning of sewer network in trenchless method in Margao constituency Zone III-A under Margao sewage project

[39] At risk and cost of defaulting contractor

Audit observed that the Company did not deduct LWC from the contractors' bills passed up to January 2015. This resulted in non-recovery of LWC totaling ₹ 92.46 lakh in five of 41 selected works.

The management stated (July 2017) that the Government Order regarding levy of labour cess was received by Company on 20 February 2015. However, LWC was being recovered thereafter on a regular basis.

3.2.3.3 Delay in appointment of project management consultants

The Company appoints project management consultants (consultants) for conducting surveys, preparation of drawings, designs and estimates, floating of tenders, technical evaluation of tenders and short-listing of contractors at the pre-tender stage. The consultants are also responsible for supervision of the works at various stages of execution till the works are completed.

Audit analysis of 33 consultancy works revealed that in 25 cases awarded between November 2011 and November 2016, the consultants were appointed after one to nine months from the date of commencement of works. The Company, therefore, could not utilise the services of the consultants during execution of works in the initial stages.

The management attributed (July 2017) the delay in appointment of consultants to shortage of staff and administrative procedure involved in hiring of consultants.

The reply is not convincing because, the consultants were appointed for their technical expertise in project management and due to shortage of technical staff in the Company. Therefore, involvement of consultants was paramount right from the initial stages.

3.2.3.4 Allotment of works without tendering

As per paragraph 14.1 of CPWD Manual 2012, normally, unless situation warrants otherwise, work orders are to be placed only after competitive call of quotations with publicity through web and notice board. The Central Vigilance Commission also issued instructions in July 2007 that Government contracts be awarded through public-auction/public tender to ensure transparency, economy and efficiency in public procurement.

Audit observed that the Company awarded (between January 2013 and December 2016) five works valuing ₹ 17.32 crore to the contractors, who were executing the original works in the nearby areas, without tendering. The details are shown in ***Appendix 3.3.***

The management stated (July and September 2017) that the works were carried out on public demand/on request of MLAs and *Sarpanch* and these were approved by the Board of Directors. The Chief Engineer/Superintending Engineer has powers to accord sanction for extra/excess items up to 30 *per cent* of contract amount. Tendering of additional works would have increased the costs, as the quoted rates by new contractors would have been based on current schedule of rates. Hence, allotment of additional works benefited the State exchequer, as the contractors were ready to execute the additional works on the old quoted rates.

The reply is not acceptable, as the additional works were separate works that were executed at different locations and these works were also beyond the scope of the original contracts. Further, the estimated costs of the additional works were substantial and ranged up to 54 *per cent* of the value of original works and therefore, beyond the delegated powers of the Chief Engineer/Superintending Engineer.

Thus, award of works without tendering not only violated the codal provisions but also vitiated transparency in public procurement.

3.2.4 Conclusion and recommendations

Audit of planning, tendering and execution of sewage projects by Sewage and Infrastructural Development Corporation Limited (Company) revealed certain deficiencies. The Company deviated from the scope of work envisaged in the detailed project reports while executing sewage projects in Porvorim and Navelim. Sewage treatment plants of higher capacity were constructed resulting in additional financial liability of ₹ 90.05 crore, creation of idle capacity and delay in completion of projects. In Margao sewage project, non-inclusion of casing pipe items in the estimates resulted in additional expenditure of ₹ 10.83 crore on extra items. The Company also installed higher-sized casing pipes than that specified for railway crossing works, used casing pipes on road crossings which was unnecessary and laid higher-sized sewer pipes than that specified in the tender specifications, resulting in avoidable extra expenditure aggregating ₹ 4.60 crore. Change in site after award of work led to abnormal variation between the tendered and executed quantities, leading to excess expenditure of ₹ 2.17 crore. The internal controls and monitoring mechanism in the Company were weak.

The Company may ensure that sewage projects are executed as per the scope of work defined in the detailed project reports so as to avoid time and cost overruns and idle investment. The estimates for sewage works may be prepared meticulously after detailed site survey and investigations.

GOA INDUSTRIAL DEVELOPMENT CORPORATION

3.3 Wasteful expenditure of ₹ 19.84 lakh on mementoes distributed to staff

Distribution of gold coins worth ₹ 19.84 lakh to the staff of GIDC without adhering to the standards of financial propriety.

The General Financial Rules 2005 (GFR) stipulates that every officer incurring or authorising expenditure from public money should be guided by high standard of financial propriety and enforce financial order and strict economy. The standards of financial propriety require every officer to exercise same vigilance in respect of expenditure from public money as a person of ordinary prudence would do with their own; nor spend more than what the occasion prima facie demands and not incur expenditure for the benefit of a particular person or class of persons.

Goa Industrial Development Corporation (GIDC) is a Government Company entrusted with the responsibility of facilitating industrial development in the State. For this purpose, the State Government acquires land and transfer to GIDC for its further development and allotment to industrialists for establishment of industries.

The Managing Director (MD) of GIDC approved (August 2016), an expenditure of ₹ 20.75 lakh for award of mementoes to the staff (both regular and contractual staff) in the form of gold medallion of two grams worth ₹ 7,035 each to honour the sincere efforts of the staff commemorating the Golden Jubilee year of GIDC. Though MD had no power to authorise such nature of expenditure as per delegation of powers (February 1999) of GIDC, the expenditure was approved by the MD with a remark that the proposal may be placed before the Board for its approval and ratification. However, the gold coins were procured and distributed. The proposal was placed before the Board after over a year in its 352nd meeting held on 17 October 2017 and an expenditure of ₹ 19.84 lakh (₹ 20.40[40] lakh - 0.56[41] lakh) was ratified ex-post facto.

Distribution of gold coins to celebrate golden jubilee of GIDC was in violation of the letter and spirit of financial propriety as envisaged under the GFR for spending public monies.

The management stated (May 2017) that the Corporation had a net surplus of ₹ 56.12 crore upto the year 2014-15 which was the reason for distribution of the mementoes to the employees.

The reply is not convincing since while approving the proposal it was stated that on the occasion of Golden Jubilee celebration, the gold coins were given to honour the sincere efforts of the staff. Audit observed that the accumulated surplus was not because of the operational efficiency of the GIDC but mainly on account of interest received from banks. Between 2007-08 and 2014-15, the Corporation received interest of ₹ 131.38 crore from bank deposits, which constituted more than 55 *per cent* of its total annual income and which mainly contributed to the accumulated surplus of ₹ 56.12 crore. Further, as per the last finalised account of the Corporation (2015-16), it has a deficit of ₹ 2.31 crore and its accumulated surplus has also declined from ₹ 56.12 crore to ₹ 53.80 crore. It is also pertinent to mention that during 2006-07 to 2015-16, only around 13 *per cent* of the expenditure of the Corporation was on infrastructure development. The accounts for the year 2016-17 are yet to be finalised. There were delays of 9 to 13 months in finalisation of accounts pertaining to period 2010-11 to 2015-16.

Thus, awarding gold coins on grounds of efficiency goes against the principles of financial propriety and is diversion of resources better employed for development of infrastructure.

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[40] Cost of purchase of 297 coins from MMTC after discount was ₹ 20.40 lakh

[41] Eight numbers of gold medallions remained with GIDC as some of the Board of Directors refused to accept the same. GIDC sold these to the staff and recovered ₹ 0.56 lakh

The matter was referred to the Government in June 2017; their reply was awaited as of December 2017.

3.4 Non-recovery of labour welfare cess

Negligence in compliance of Government orders resulted in non-recovery of mandatory cess amounting to ₹ 75.56 lakh.

The Building and Other Construction Workers' (Regulation of Employment and Conditions of service) Act, 1996 and the Building and Other Construction workers Welfare Cess Act, 1996 were enacted by the Government of India to regulate the employment and conditions of service and to provide safety, health and welfare measures for the building and other construction workers' and collection of cess from the employers for running the welfare schemes for the said workers.

The Government of Goa decided (08 January 2009) to levy and collect cess with effect from 01 January 2009 at the rate of one *per cent* of the cost of construction and issued requisite instructions to all the Government Departments, Local Bodies, Public Sector Undertakings and other Government Bodies carrying out any building or other construction works for the same. The cess so collected was to be remitted to the Goa Building and other Construction Workers Welfare Board within 30 days of making such payments.

Goa Industrial Development Corporation (GIDC) incurred an expenditure of ₹ 75.56 crore on construction work during the period from April 2009 to January 2012. However, the labour welfare cess at the rate of one *per cent* was not collected from the contractors[42].

The Corporation replied (May 2017) that non-recovery of the labour welfare cess was due to non-receipt of Notification from the Government of Goa and recovery at this stage was not possible as the whereabouts of the contractors were not known.

The reply of the management is not acceptable as the non-receipt of Notification cannot be a reason since the notification was printed in the official gazette of Government of Goa (08 January 2009). Further, the contention that the whereabouts of the contractors are not known is not factual as test check by Audit shows that some of the contractors from whom labour cess is due are still working in the State.

Thus, negligence in compliance of the Government orders resulted in non-recovery of mandatory cess amounting to ₹ 75.56 lakh from the contractors and consequent non-availability of the funds for labour welfare.

[42] In case the work is carried out through a contractor, the cess was to be collected from the bills of the contractor at the time of making payment

The matter was referred to the Government in June 2017; their reply was awaited as of December 2017.

3.5 Unauthorised retention of contributions towards NPS by the Corporation

Unauthorised retention of pension contributions of ₹ 1.84 crore in violation of Government directives resulted in lower gains accruing to employees.

Government of Goa (GoG) adopted (05 August 2005) the Government of India new restructured defined contribution pension system, introduced for employees appointed on and after 05 August 2005. The New Pension Scheme (NPS) was to work on defined contribution basis and was mandatory for all Government servants for which Government also has to make matching contribution [43]. GoG issued instructions (26 November 2009) to all concerned for carrying out the procedure for transfer of corpus lying in the account of each employee to the National Securities Depository Ltd. (NSDL), Mumbai by 31 December 2009.

The GIDC maintains a Pension Fund and a General Provident Fund (GPF) for its employees. In the case of employees who joined prior to 05 August 2005, the GIDC contributes to the Pension Fund from which the pension is paid to the employee and the employees contribute to the GPF.

In case of employees who have joined after 05 August 2005 both the employer's contribution and employees' contribution for the new pension scheme is credited to the GPF account of employees. These GPF accounts are credited with interest as per provident fund interest rates declared by the State Government.

As the GIDC has not entered in to an agreement with the NSDL till date (December 2017) it continued to credit the contributions to GPF accounts even though, the GIDC in its Board of Directors meeting (11 April 2012) resolved to adopt the new defined contributory pension system in line with the GoG for 35 employees recruited since August 2005.

Under the NPS scheme, the returns since inception of the Scheme were not less than 10.14 *per cent* as on 31 March 2017, whereas the employees of GIDC received interest rates ranging from 8 to 8.7 *per cent*. As on 31 March 2017, an amount of ₹ 1.84 crore was held by GIDC in respect of 35 employees.

Holding of ₹ 1.84 crore worth NPS contributions with GIDC was not only violation of the GoG instructions but was also disadvantageous to the employees of GIDC as the interest credited to their accounts was lower as compared to returns received in NPS.

[43] Employer has to make matching contribution subject to 10 *per cent* of basic pay + Dearness pay + Dearness allowance of employee

The Management accepted (May 2017) the facts and assured the implementation of the Scheme.

The matter was referred to the Government in June 2017; their reply was awaited as of December 2017.

Panaji	**(ASHUTOSH JOSHI)**
The 19 February 2018	**Accountant General, Goa**

Countersigned

New Delhi	**(RAJIV MEHRISHI)**
The 23 February 2018	**Comptroller and Auditor General of India**

APPENDICES

APPENDIX– 1.1

(Referred to in paragraph 1.4.1)

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

Sl. No.	Name of the Department	Upto 2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1	Agriculture	1	1	1	6	-	-	1	1	1	2	-	-	4	10
2	Animal Husbandry and Veterinary Services	1	1	-	-	-	-	-	-	-	-	-	-	1	1
3	Archives, Archaeology and Museum	1	8	-	-	-	-	-	-	-	-	-	-	1	8
4	Art and Culture	2	2	1	1	3	14	-	-	-	-	-	-	6	17
5	Civil Supplies	-	-	-	-	-	-	-	-	1	1	-	-	1	1
6	Bank	-	-	-	-	-	-	-	-	1	1	-	-	1	1
7	Commercial Taxes	-	-	2	4	-	-	-	-	1	1	-	-	3	5
8	Co-operation	3	10	-	-	-	-	-	-	1	1	-	-	4	11
9	Education	8	24	2	2	4	9	2	2	2	6	3	12	21	55
10	Electoral office	-	-	-	-	1	1	-	-	-	-	2	3	3	4
11	Excise	-	-	1	2	-	-	-	-	-	-	1	3	2	5
12	Finance	-	-	-	-	-	-	3	7	5	6	1	4	9	17
13	Fisheries	1	2	-	-	1	2	-	-	-	-	1	3	3	7
14	Forests	5	14	2	10	-	-	2	8	-	-	-	-	9	32
15	General Administration	-	-	1	1	-	-	1	3	-	-	2	5	4	9
16	Housing	1	3	-	-	-	-	-	-	-	-	-	-	1	3
17	Health	6	9	3	10	10	17	1	3	8	38	4	15	32	92
18	Higher Education	2	2	-	-	-	-	-	-	-	-	1	1	3	3
19	Home	-	-	-	-	3	7	1	2	1	6	5	10	10	25

20	Information and Technology	-	-	1	4	1	4	-	-	-	-	-	-	2	8
21	Information and Publicity	3	12	2	12	1	6	1	3	2	10	2	9	11	52
22	Industries, Trade and Commerce	2	4	-	-	1	4	2	4	1	10	-	-	6	22
23	Inland Water Transport	-	-	-	-	-	-	-	-	-	-	2	5	2	5
24	Irrigation	15	20	4	10	4	24	3	19	4	18	-	-	30	91
25	Labour	-	-	1	3	-	-	2	6	-	-	1	1	4	10
26	Law	-	-	-	-	2	3	1	1	7	12	4	8	14	24
27	Legislature	2	2	-	-	-	-	-	-	-	-	1	5	3	7
28	Official Language	-	-	-	-	-	-	-	-	1	1	-	-	1	1
29	Panchayati Raj	6	10	2	2	4	18	8	39	1	1	4	32	25	102
30	Printing and Stationary	-	-	-	-	1	1	1	1	-	-	-	-	2	2
31	Public Works	15	25	6	15	6	18	10	35	9	44	14	69	60	206
32	Revenue	10	21	1	7	2	2	1	5	1	8	4	28	19	71
33	Science, Technology and Environment	-	-	-	-	-	-	-	-	-	-	1	11	1	11
34	Social Welfare	1	1	2	8	-	-	-	-	-	-	-		3	9
35	Sports and Youth Affairs	1	1	1	3	2	7	2	10	3	9	-	-	9	30
36	Technical Education	2	3	2	2	2	2	3	6	2	2	-	-	11	15
37	Transport	1	2	-	-	-	-	1	5	1	5	1	6	4	18
38	Town and Country Planning	-	-	-	-	-	-	1	1	2	5	-	-	3	6
39	Tourism	1	2	-	-	-	-	-	-	1	5	1	6	3	13
40	Urban Development	34	108	14	79	5	23	14	99	10	82	8	62	85	453
41	Vigilance	-	-	-	-	-	-	-	-	1	1	-	-	1	1
42	Women and Child Development	-	-	2	6	1	1	-	-	-	-	-	-	3	7
		124	**287**	**51**	**187**	**54**	**163**	**61**	**260**	**67**	**275**	**63**	**298**	**420**	**1470**

APPENDIX 1.2

(Referred to in paragraph 1.4.3)

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

Sl. No.	Name of Department	2012-13	2013-14	2014-15	2015-16	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Transport	-	-	1	-	1
2	Labour and Employment	-	-	1	-	1
3	Information and Publicity	-	-	-	1	1
4	Health Department	-	3	1	2	6
5	Finance	1	-	-	-	1
6	Tourism	1	-	1	1	3
7	Public Works	4	-	2	3	9
8	Urban Development	-	1	-	1	2
9	Women and Child Development	1	1	-	-	2
10	Information Technology	-	1	-	-	1
Total		**7**	**6**	**6**	**8**	**27**

Note: Audit Report of 2015-16 was tabled in the State Assembly on 07.08.2017

APPENDIX 1.3

(Referred to in Paragraph 1.5.7.1)

Invalid and incomplete data on beneficiaries shown in DSSS database as on 31 March 2017

Attributes	*Dayanand* Social Security Scheme (DSSS)							
	Senior citizens	Differently -abled persons	Single women	'Unmapped' beneficiaries	AIDS patients	'*Bachpan*' category	Total	Deficient attributes (in %)
Total number of records in database	98644	11001	32141	10	261	113	**142170**	-
Without first name	49380	6244	18053	9	99	52	**73837**	52
Without last name	49391	6247	18064	9	99	52	**73862**	52
Without *Aadhar* card number	29308	4906	7707	4	261	88	**42274**	30
Without full address	48977	6277	18006	9	6	5	**73280**	52
Without election photo ID card number	83902	9768	24086	10	261	112	**118139**	83
Without annual income ('zero' or left blank)	83595	8842	23828	10	261	64	**116600**	82
Without ration card type (APL/BPL)	50370	6361	18298	9	163	52	**75253**	51
Without bank account type	98644	11001	32141	10	261	113	**142170**	100
Age as 'zero'	19590	1413	8404	10	163	-	**29580**	21
Invalid bank account number	13688	1179	3602	2	15	5	**18491**	13
Invalid date of birth (01 January 1900)	7541	285	6357	10	259	-	**14452**	10
Invalid date of sanction (01 January 1900)	8859	665	2482	-	23	53	**12082**	8
Invalid date of disbursement (01 January 1900)	8861	665	2482	-	23	53	**12084**	8
Invalid application entry date (01 January 1900)	82148	8743	23073	10	105	53	**114132**	80
Sanction date preceded application date	7674	633	1733	-	73	1	**10114**	7
Sanction date equaled disbursement date	97354	10801	31425	10	261	112	**139963**	98
Occupation recorded as 'NA'	98644	11001	32141	10	261	113	**142170**	100

(Source: Information provided by Goa Electronics Limited)

APPENDIX 1.4

(Referred to in paragraph 1.5.8.7)

Cases where income declared by applicants differed from that certified by the competent authority

Sl. No.	Scheme/Sanction ID/year of sanction	*Taluka*	Annual income declared by applicant (₹)	Annual income certified by VP/Municipality (₹)	Audit observation
1	DSSS/ SOF001092216-193060/2016	Bicholim	1,80,000	18,000	Monthly income declared was ₹ 15,000 in application form. Whereas, database showed annual income certified by VP/Municipality as ₹ 18,000, which was significantly less than that declared by the applicant.
2	DSSS/ SOF001080216-192446/2016	Tiswadi	96,000	21,600	Annual income declared was ₹ 96,000 in application form and APL ration card. Whereas, database showed annual income certified by VP/Municipality as ₹ 21,600, which was significantly less than that declared by the applicant.
3	DSSS/ SOF001080216-192524/2016	Ponda	24,000	Not found attached	Details of family members such as, name, relationship, occupation and income were not declared in the application form. Income certificate from VP/Municipality was also not found available.
4	DSSS/ SOF001092216-193052/2016	Tiswadi	60,000	1,56,000 (mother); 60,000 (family)	A differently-abled applicant who declared an annual income of ₹ 60,000 in application form (being his father's income). However, income certificate issued by VP/Municipality showed mother's income as ₹ 1,56,000 and family income as ₹ 60,000. The database showed only mother's income (₹ 1,56,000).
5	DSSS/ SOF001092216-193075/2016	Bicholim	1,44,000	24,000	A differently-abled applicant who declared a monthly income of ₹ 12,000. Whereas, the database showed income certified by VP/Municipality as ₹ 24,000, which was significantly less than that declared by the applicant.
6	DSSS/ SOF001080216-192449/2016	Tiswadi	8,10,900	Not found attached	A differently-abled applicant who declared annual income as ₹ 8,10,900 (being father's income) but, income certificate was not found attached with application form.
7	*Griha Aadhar*/ SOF015081715-130323/2015	Canacona	2,70,252	84,000	The applicant indicated an annual income of ₹ 2,70,252 in the application form. Whereas, the database showed an annual income of ₹ 84,000 only, as certified by VP/Municipality.
8	*Griha Aadhar*/ SOF015022515-117823/2015	Bicholim	1,80,000	2,60,000	Income certified by VP/Municipality showed an annual income as ₹ 2,60,000, though the applicant declared her income as ₹ 1,80,000. Whereas, the database showed ₹ 2,74,400.

(Source: Information provided by Directorate of Social Welfare and Directorate of Women and Child Development)

APPENDIX 1.5

(Referred to in paragraph 1.5.8.7)

Cases where applicants' income exceeded the qualifying income criterion

Sl. No.	Scheme/Sanction ID/year of sanction	*Taluka*	Annual income declared by applicant or certified by VP/Municipality (₹)	Audit observation
1	DSSS/ SOF001080216-192322/2016	Salcete	24,000	The applicant was already drawing an annual pension of ₹ 30,000 under Goa Welfare/Pension Scheme for Seafarers and therefore, ineligible under DSSS.
2	DSSS/ SOF001080216-192195/2016	Pernem	1,800	The APL ration card of the applicant showed monthly income of ₹ 4,300 or ₹ 51,600 annually.
3	DSSS/ SOF001092216-193055/2016	Tiswadi	24,000	Affidavit submitted by the applicant showed an annual income not exceeding ₹ 12,000 while self-declaration in application form showed an annual income not exceeding ₹ 24,000. The salary certificate issued by applicant's employer, however, indicated monthly income of ₹ 6,222 or ₹ 74,664 annually.
4	DSSS/ SOF001080216-192130/2016	Mormugao	24,000	The APL ration card of the applicant showed monthly income of ₹ 4,000 or ₹ 48,000 annually.
5	DSSS/ SOF001080216-192193/2016	Pernem	24,000	A differently-abled applicant, whose mother was a beneficiary under *Griha Aadhar* Scheme and received an annual financial assistance of ₹ 18,000. His father was a driver earning an annual income of ₹ 24,000, as disclosed in the application form. Thus, the applicant's annual family income was ₹ 42,000.
6	DSSS/ SOF001080216-192220/2016	Ponda	4,32,000	A differently-abled applicant, whose mother's annual income was declared as 'nil' but certified to be ₹ 24,000 by the VP/Municipality. Father's income was declared to be ₹ 36,000 per month in application form but not included/shown in the income certificate issued by the VP/Municipality.
7	DSSS/ SOF001080216-192180/2016	Mormugao	72,000	A differently-abled applicant, whose spouse's monthly income was declared as ₹ 6,000 or ₹ 72,000 annually. However, the affidavit submitted by the applicant showed his annual family income from all sources to be ₹ 22,000.
8	*Griha Aadhar/* SOF014022515-119313/2015	Tiswadi	2,37,748	Income tax return and salary certificate issued by the employer of the spouse showed his gross annual income to be ₹ 2,97,029 during 2013-14, which was considered for sanction of financial benefit to the applicant in 2015. However, given the fact that the spouse was a State Government employee, his gross annual income at the time of sanction of benefit (2015) would have easily exceeded the threshold annual family income of ₹ three lakh if annual increment and other allowances had been reckoned.
9	*Griha Aadhar/* SOF015081715-129674/2015	Mormugao	48,000	The spouse was shown as employed in Abu Dhabi, indicating *prima facie* that the applicant was not eligible for the Scheme.
10	*Griha Aadhar/* SOF014022515-120311/2015	Mormugao	60,000	The spouse was shown as employed abroad, indicating *prima facie* that the applicant was not eligible for the Scheme.
11	*GrihaAadhar/* SOF014022515-120288/2015	Mormugao	48,000	The spouse was shown as employed abroad, indicating *prima facie* that the applicant was not eligible for the Scheme.

(Source: Information provided by Directorate of Social Welfare and Directorate of Women and Child Development)

APPENDIX 1.6

(Referred to in paragraph 1.5.8.7)

Cases where income/salary certificates of applicant and spouse were not furnished under *Griha Aadhar* Scheme

Sl. No.	Sanction ID/year of sanction	*Taluka*	Annual income declared by applicant or certified by VP/Municipality (₹)	Audit observation
1	SOF015081715-128935/2015	Ponda	2,04,000	Both the applicant and her husband were employed. Income certificate was issued by the VP/Municipality for the declared amount (₹ 2,04,000). Annexure-D and E to application form were left blank.
2	SOF015081715-129176/2015	Ponda	1,92,000	Both the applicant and her husband were employed. Income certificate was issued by the VP/Municipality for the declared amount (₹ 1,92,000). Annexure-D and E were not found attached with the application form.
3	SOF015081715-128973/2015	Ponda	1,80,000	The applicant was employed but, spouse's particulars were not disclosed. Income certificate was issued by the VP/Municipality for the declared amount (₹ 1,80,000). Annexure-D and E to the application form were left blank.
4	SOF015081715-129239/2015	Ponda	1,44,000	Both the applicant and husband were employed but, employer's certificates were not available with the application. Annexure-D was left blank.
5	SOF014022515-121289/2015	Quepem	2,40,000	Both the applicant and her husband were employed. Income certificate was issued by the VP/Municipality for the declared amount (₹ 2,40,000). Annexure-D was not attached while Annexure-E was left blank.
6	SOF015081715-129417/2015	Mormugao	1,08,000	Both the applicant and her husband were employed. Income certificate was issued by the VP/Municipality for the declared amount (₹ 1,08,000). Annexure-D and E to application form were left blank.
7	SOF015081715-128821/2015	Bicholim	1,80,000	The applicant was self-employed while the husband was in service. Income certificate of family of applicant was issued by VP/Municipality for ₹ 1,20,000. Annexure-D and E were not found attached with the application form.

(Source: Information provided by Directorate of Women and Child Development)

APPENDIX 2.1

(*Referred to in paragraph 2.1.3*)

Details of Non-tax revenue receipt of the State

(*₹ in crore*)

Sl. No.	Heads of revenue		2012-13	2013-14	2014-15	2015-16	2016-17	Percentage increase (+) or decrease (-) in 2016-17 over 2015-16
1	Power	BE	1231.83	1331.85	1367.94	1497.17	1687.75	
		RE	1231.75	1331.85	1367.94	1497.17	1687.75	
		Actual	1139.97	1187.95	1321.66	1708.91	1765.80	3.33
2	Non-Ferrous Mining and Metallurgical Industries[1]	BE	902.03	202.10	400.24	742.57	439.28	
		RE	401.00	18.54	400.24	205.11	259.34	
		Actual	339.26	46.12	530.35	216.53	347.63	60.55
3	Other Non-tax receipts[2]	BE	71.43	73.13	80.94	91.61	91.72	
		RE	61.57	58.25	80.87	76.85	85.71	
		Actual	52.39	47.50	58.41	51.71	56.76	9.77
4	Water Supply and Sanitation	BE	87.55	102.08	129.89	145.75	162.62	
		RE	90.57	102.07	129.89	145.75	114.59	
		Actual	97.99	103.97	101.91	115.40	119.69	3.72
5	Other Administrative Services	BE	77.67	90.52	157.54	163.27	176.47	
		RE	72.67	102.19	157.54	133.10	183.70	
		Actual	64.89	88.01	123.45	108.98	152.52	39.95
6	Miscellaneous General Services	BE	40.28	35.96	40.52	45.76	49.41	
		RE	32.90	35.93	40.52	45.76	43.69	
		Actual	32.52	35.27	39.02	40.35	42.62	5.63
7	Education, Sports, Art and Culture	BE	9.47	20.83	16.25	18.40	19.43	
		RE	17.74	21.40	16.25	19.50	25.53	
		Actual	26.94	22.78	17.17	29.96	26.17	-12.65
8	Major and Medium Irrigation	BE	3.24	20.26	13.20	38.16	11.81	
		RE	3.28	20.26	13.20	39.30	11.81	
		Actual	7.04	12.11	15.81	29.05	23.01	-20.79
9	Interest Receipts	BE	3.10	9.93	17.65	27.53	23.48	
		RE	24.85	9.93	17.65	27.53	17.01	
		Actual	18.37	14.12	17.18	17.74	20.51	15.61
10	Medical and Public Health	BE	7.04	25.61	23.21	24.87	26.98	
		RE	10.34	9.79	23.21	27.11	27.09	
		Actual	7.71	11.49	11.82	14.32	21.86	52.65
11	Urban Development	BE	40.35	75.00	70.72	76.50	56.65	
		RE	40.35	48.07	70.72	53.50	63.74	
		Actual	25.07	46.88	44.67	55.64	80.46	44.61
12	Roads and Bridges	BE	9.94	10.52	46.05	46.05	55.31	
		RE	3.42	10.52	46.05	46.05	42.00	
		Actual	2.88	31.56	33.66	36.04	44.04	22.20
13	Minor Irrigation	BE	11.80	13.76	16.36	12.38	10.58	
		RE	18.78	13.76	16.36	12.38	10.58	
		Actual	17.87	13.80	10.52	7.30	10.93	49.73
Total		**BE**	**2495.73**	**2011.55**	**2380.51**	**2930.02**	**2811.49**	
		RE	**2009.22**	**1782.56**	**2380.44**	**2329.11**	**2572.54**	
		Actual	**1832.90**	**1661.56**	**2325.63**	**2431.93**	**2712.00**	**11.52**

[1]Includes major minerals such as iron ore, manganese and bauxite; minor minerals such as basalt (Granite), laterite stones, ordinary sand, river pebbles, murrum and laterite boulders

[2]Police, Tourism, Forest and Wild Life, Public Works, Port and Light House, Social Security, Co-operation *etc*

APPENDIX 2.2

(Referred to in paragraph 2.2.9.1)

Short-realisation of revenue due to irregularities in assessments

Relevant portions of the Act	Nature of observations
Demand notice not issued	
As per Rule 27(5) the ACTO was required to issue a demand notice in Form VAT 11 directing the dealer to pay the amount within specified time not exceeding 60 days.	ACTO, Panaji had finalised an assessment of a dealer for the year 2010-11 in February 2016. The amount payable by the dealer was ₹ 1.13 crore including CST of ₹ 0.52 crore. No demand notice was issued (May 2017). This has resulted in non-payment of tax to that extent.
When this was pointed out the CTO stated that the reassessment would be done. The reply did not indicate the need for reassessment as the AA should have issued demand notice on the basis of the assessment order.	
Incorrect tax benefits under Net Present Value Scheme	
The Government of Goa introduced Goa Sales Tax Deferment cum Net Present Value Compulsory Payment Scheme 2001 w.e.f. 01 April 2001, for the unexpired period of tax exemption granted under Goa Sales Tax Act 1964. The tax exemption was admissible to only those SSI/MSI/LSI manufacturing units that were set up upto 31 March 2002. The units were allowed to continue the tax benefits (under NPV benefit) for the unexpired period under VAT regime. It was extended for different periods between 2010-11 and 2016-17 by issue of notifications in April 2010, December 2012 and June 2014.	
The Government of Goa extended the period of exemption by issue of notifications in April 2010, December 2012 and June 2014. As per the notifications the SSI/MSI/LSI industries manufacturing Copper, Zinc, Lead and Cement *etc.,* that had been declared as high polluting nature	The tax exemption period of two dealers[3] dealing in cement manufacturing and one dealer[4] manufacturing Copper, Zinc, Lead etc., granted in pre-VAT regime expired in December 2010, March 2013 and July 2009 respectively. These industries were not entitled to further extension of NPV benefit. However, the Department incorrectly extended the period of exemption under NPV Scheme for different periods between 2010-11 to 2015-16. The irregular allowance of NPV tax

[3] M/s Alcon Cement Company Pvt. Ltd, Panaji ward and Dessai Cement Company Pvt. Ltd, Ponda Ward
[4] M/s Nicomet Industries Ltd, Margao ward

by the Central Government were not entitled to the benefit of exemption for additional period.	exemption to these polluting units resulted in non-realisation of ₹ 19.29 crore.
When these cases were pointed out, the Commissioner in one case (Alcon Cement) accepted the audit observation and stated that the case was being referred to the Government for taking further action as the Commissioner has no power to withdraw the benefit of NPV benefit already allowed. In the remaining cases the replies have not been received.	
The units registered as large scale industries were required to submit their declaration in Form-I within 30 days from the date of implementation of GVAT Act *i.e.,* 01.04.2005 for availing the benefit of NPV for unexpired period. The Form-I consisted of information such as details of the dealer, availability of unexpired period of tax exemption, whether unit is high polluting and undertaking to abide by provisions of the scheme, based on which the officer authorised by the Commissioner had to issue the order for the grant of exemption. The Scheme was silent about the treatment to be given to those units that would submit the declaration form after the prescribed date.	A unit (M/s. Meta Copper and Alloys Ltd.) was required to submit the declaration in Form-I up to 30.04.2005 but submitted its declaration form on 10.03.2009. The Department had not sought any clarification from the Government for the treatment to be given in such cases but allowed benefit to the extent of ₹ 4.70 crore for the period from 2009-2010 to 2011-2012.
CTO, Vasco stated (October 2017) that the declaration could be filed from the date of filing of declaration or up to 30.04.2005. The interpretation made by the CTO was incorrect as the declaration was to be filed upto 30.04.2005. No other option regarding the date was available.	
Non levy of tax and interest	
Export sales are exempted from levy of tax under section 5 of CST Act provided that the sales are supported by declaration form H and bill of lading, shipping bills *etc*. The dealer not submitting the documents in support of their export sales are liable to pay tax and interest under GVAT Act.	Audit noticed that a dealer was allowed (January 2014) exemption from tax on his gross turnover of ₹ 92.64 crore for the year 2009-10. The sales to the extent of ₹ 9.41 crore were not supported by the prescribed declarations and other necessary export documents. As such these sales were not exempt from payment of tax, however the same was incorrectly allowed by the AA resulting in non-levy of tax of ₹ 38 lakh. Besides interest of ₹ 31 lakh was also leviable.

<table>
<tr><td colspan="2">The Department accepted the audit observation and raised a demand of ₹ 38 lakh against the dealer. However, interest amounting to ₹ 31 lakh was not levied. This resulted in short-recovery of revenue to the extent of ₹ 69 lakh.</td></tr>
<tr><td>As per Section 25 of GVAT Act, interest is payable at prescribed rate for non/short-deposit of tax in the treasury within prescribed time.</td><td>In 10 cases audit observed that the dealers had collected the tax but had either not deposited it in the treasury or delayed in deposit of treasury or deposited it short. The dealers were liable to pay interest of ₹ 3.04 crore for the period from 2009-10 to 2012-13.</td></tr>
<tr><td colspan="2">When this was pointed out the Department accepted the audit observation in seven cases involving ₹ 2.96 crore and stated that efforts will be made to recover the same while in the remaining cases no reply was received.</td></tr>
<tr><td>Under the GVAT Act, cash discount received by a dealer shall not be a part of sale price and shall not be entitled to input tax credit. ITC shall be allowed only for the tax paid during the tax period</td><td>In two cases the dealers had been allowed discount of ₹ 1.38 crore on the purchase value of ₹ 23.44 crore. The dealers were not entitled to input tax credit on the discount allowed. But the assessing authority incorrectly allowed input tax credit of ₹ 21 lakh. In other two cases the dealers had neither submitted the audit report nor submitted the tax invoices in support of tax paid. The assessing authorities while finalising ex-parte assessment allowed the ITC of ₹ six lakh to the dealers. Thus there was incorrect grant of ITC of ₹ 27 lakh.</td></tr>
<tr><td colspan="2">The Department accepted the audit observation in all the four cases and stated that re-assessment would be done.</td></tr>
<tr><td>Under the GVAT Act, the assessing authority shall finalize the assessments on the basis of the returns and the supporting documents produced by the dealer in support of the sales made by him.</td><td>In three cases in the offices of CTO Ponda, Vasco and Margao Audit noticed (May 2017 and June 2017) that the Department incorrectly considered turnover of ₹ 179.76 crore instead of ₹ 213.31 crore resulting in short-determination of turnover of ₹ 33.55 crore involving tax of ₹ 2.19 crore. Of these, in one case the turnover as per TDS certificates was ₹ 49.84 crore while it was incorrectly worked as ₹ 28.45 crore in the assessment order. In another case the turnover of a dealer as per audit report was ₹ 162.38 crore while it was incorrectly assessed as ₹ 150.82 crore. In the remaining case the assessing authorities incorrectly recorded turnover of ₹ 0.49 crore instead of ₹ 1.09 crore mentioned in verification report prepared by him. This was pointed out to the Department in May 2017 and June 2017.</td></tr>
<tr><td colspan="2">The Department accepted the audit observation in all the three cases and stated that notices for reassessment have been issued in these cases.</td></tr>
</table>

APPENDIX 2.3

(*Referred to in paragraph 2.4.1*)

Details of sale deeds by splitting land

Sl. No.	Name of Seller	Name of Purchaser	Survey No.	Total Area sold (sqm)	No. of Parts in which Deed presented	Date of presentation	Time of presentation	Area of each part (sqm)	Office of CRSR
1	Ramachandra P. Shetye and others	M/s Jay Ganesh Developers and Associates	46/1	8825	2	26.08.2016	12:25:00	5898	Sattari
						26.08.2016	13:00:00	2927	
2	Santosh Digambar Volvoikar	Marianus Ekka	52/1	1115	2	02.12.2014	10:16:00	410	Mapusa
						02.12.2014	10:34:00	705	
3	Ravi Chopra	Kamalkant Padamanabha	242/2	2800	3	01.02.2013	15:30:00	650	Mapusa
						01.02.2013	15:55:00	1075	
						01.02.2013	16:06:00	1075	
4	Ravi Chopra	Manohar Padmanabh Nagwekar	244/9	3320	3	04.02.2013	15:18:00	840	Mapusa
						04.02.2013	15:44:00	1240	
						04.02.2013	15:52:00	1240	
5	Ravi Chopra	Prabhawati Prabhakar Nagwekar	244/1	2235	3	06.02.2013	13:36:00	1240	Mapusa
						06.02.2013	14:05:00	260	
						06.02.2013	14:16:00	735	
6	Satesh Chandra Bansal	Vijendra Kumar Singla	12/1	61376	2	21.07.2014	10:53:00	30688	Sanguem
						21.07.2014	11:13:00	30688	
7	Swati Narendra Mulgaonkar	M/s. Swanand Consultant	42/2	21000	2	04.04.2016	11:00:00	10500	Dharban-dora
						04.04.2016	11:20:00	10500	

8	Kulwinder Singh Birring	Amit Chandrakanth Prabhu and Sumit Chandrakanth Prabhu	135/11-A	5045	3	12.12.2014	11:15:00	1681.67	Canacona
						12.12.2014	11:30:00	1681.67	
						12.12.2014	11:45:00	1681.67	
9	Payal Jayesh Madiyar and Jayesh Vallabhi Madiyar	Matador Beverages (P) Ltd.	108/2	4000	2	13.11.2014	12:36:00	2000	Pernem
						13.11.2014	13:13:00	2000	

APPENDIX 3.1

(Referred to in Paragraph 3.1.11)

Statement showing investments made by State Government in PSUs whose accounts were in arrears as on 31 October 2017

(₹ in lakh)

Sl. No.	Name of PSUs	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
A	**Working Companies**							
1	Goa Meat Complex Limited (GMCL)	2015-16	61.82	2016-17	-		770.00	-
2	Goa State Horticultural Corporation Limited (GSHCL)	2012-13	499.50	2013-14	-	-	-	1878.77
				2014-15	-	-	-	2265.74
				2015-16	-	-	-	2832.52
				2016-17	-	-	-	3201.27
3	Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2006-07	337.88	2007-08	5.00	-	-	-
				2008-09	1.66	-	25.00	-
				2009-10	1.66	-	25.00	-
				2010-11	5.00	-	25.00	-
				2011-12	250.00	-	30.00	-
				2012-13	166.00	438.93	10.00	-
				2013-14	-	258.00	50.00	-
				2014-15	-	168.07	-	-
				2015-16	-	155.12	50.00	-
				2016-17	-	135.81	45.00	-
4	Goa State Scheduled Tribes Finance and Development Corporation Limited(GSSTFDCL)	2015-16	4050.00	2016-17	-	-	93.00	-

Sl. No.	Name of PSUs	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
5	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2015-16	372.00	2016-17	-	-	16000.00	-
6	Info Tech Corporation of Goa Limited (ITCGL)	2009-10	1633.47	2010-11 to 2011-12	-	-	-	-
				2012-13	-	-	114.46	-
				2013-14	-	-	500.00	-
				2014-15	-	-	880.00	-
				2015-16	-	-	2400.00	-
				2016-17	-	-	-	-
7	Sewage and Infrastructural Development Corporation Limited (SIDCL)	2015-16	755.00	2016-17	-	-	9625.00	-
8	Goa Forest Development Corporation Limited (GFDC)	2013-14	268.91	2014-15	-	-	50.00	-
				2015-16	-	-	674.02	-
				2016-17	-	-	500.00	-
9	EDC Limited	2015-16	10092.48	2016-17	-	-	-	-
10	Goa Electronics Limited	2015-16	180.00	2016-17	-	-	-	-
11	Goa Handicrafts, Rural & Small Scale Industries Development Corporation Limited	2015-16	800.00	2016-17	-	-	174.50	59.75
12	Imagine Panaji Smart City Development Limited	First Accounts awaited	99.99	2016-17	99.99	-	200.00	-
B	**Non-Working Companies**							
13	Goa Auto Accessories Limited (GAAL)	2015-16	559.00	2016-17	-	-	-	-

Sl. No.	Name of PSUs	Year upto which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
C	**Working Corporation**							
14	Goa Industrial Development Corporation (GIDC)	2014-15	4717.00	2015-16	-	-	-	-
				2016-17	-	-	-	-
D	**Non-Working Corporation**							
15	Goa Information Technology Development Corporation (GITDC)	First Accounts awaited	-	2006-07	25.00	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	-
				2009-10	-	-	-	-
				2010-11	-	-	1.10	-
				2011-12	-	-	-	-
				2012-13	-	-	-	-
				2013-14	-	-	-	-
				2014-15	-	-	-	-
				2015-16	-	-	-	-
				2016-17	-	-	-	-
	Total		**24427.05**		**554.31**	**1155.93**	**32242.08**	**10238.05**

APPENDIX 3.2

(Referred to in Paragraphs 3.1.1, 3.1.15, 3.1.17 and 3.1.19)

Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Figures in columns (5) to (12) are ₹*in crore*)

Sl. No.	Sector/Name of the Company	Year of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated Profit(+)/ Loss(-)	Turnover	Net Profit (+)/ Loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I	**Working Companies**												
A	**AGRICULTURE AND ALLIEED**												
1	Goa Forest Development Corporation Limited (GFDCL)	2013-14	2016-17	2.69	0.00	1.13	5.03	-0.02	Comments issued	15.47	-0.02	-0.13	77
2	Goa Meat Complex Limited (GMCL)	2015-16	2016-17	0.62	0.00	1.05	4.92	0.49	Comments issued	10.69	0.49	4.58	53
3	Goa State Horticultural Corporation Limited (GSHCL)	2012-13	2016-17	5.00	1.24	-0.60	67.01	0.56	NRC issued	5.64	0.56	9.93	256
	Sector wise total (A)			**8.31**	**1.24**	**1.58**	**76.96**	**1.03**		**31.80**	**1.03**	**3.24**	**386**
B	**FINANCE**												
4	EDC Limited (EDCL)	2015-16	2016-17	100.92	53.15	185.64	86.38	42.42	Comments issued	453.21	63.45	14.00	90
5	Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2015-16	2016-17	8.00	0.00	-9.81	10.61	-0.86	NRC issued	-1.81	-0.86	-47.51	47
6	Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2006-07	2017-18	3.38	2.52	-0.79	0.72	0.29	Comments issued	6.07	0.38	6.26	15
7	Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL)	2015-16	2016-17	40.50	0.25	0.12	2.33	0.01	NRC issued	41.70	0.01	0.02	21
	Sector wise total (B)			**152.80**	**55.92**	**175.16**	**100.04**	**41.86**		**499.17**	**62.98**	**12.62**	**173**

C	**INFRASTRUCTURE**												
8	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2015-16	2016-17	3.72	427.51	26.17	479.91	5.19	Comments issued	457.40	45.95	10.05	96
9	Info Tech Corporation of Goa Limited (ITCGL)	2009-10	2016-17	16.33	0.00	1.35	6.99	0.22	Comments issued	17.68	0.22	1.24	49
10	Imagine Panaji Smart City Development Limited (IPSCDL)	First account awaited											3
11	Sewage and Infrastructural Development Corporation Limited (SIDCL)	2015-16	2016-17	7.55	49.48	12.70	5.35	2.12	Comments issued	69.73	2.12	3.04	61
	Sector wise total (C)			**27.60**	**476.99**	**40.22**	**492.25**	**7.53**		**544.81**	**48.29**	**8.86**	**209**
D	**SERVICE**												
12	Goa Electronics Limited (GEL)	2015-16	2016-17	1.80	0.00	-21.70	12.55	0.15	NRC issued	-19.90	0.15	-0.75	171
13	Goa Tourism Development Corporation Limited (GTDCL)	2016-17	2017-18	22.65	2.17	-4.65	32.29	1.80	Under process	20.17	2.12	10.51	295
14	Kadamba Transport Corporation Limited (KTCL)	2016-17	2017-18	94.64	10.00	-201.76	167.04	-3.53	Under process	-27.95	0.98	-3.51	2003
	Sector wise total(D)			**119.09**	**12.17**	**-228.11**	**211.88**	**-1.58**		**-27.68**	**3.25**	**-11.74**	**2469**
II	**Working Corporation**												
E	**INFRASTRUCTURE**												
15	Goa Industrial Development Corporation (GIDC)	2014-15	2015-16	47.17	0.00	56.12	31.62	0.68	Comments issued	103.28	0.68	0.66	184
	Sector wise total (E)			**47.17**	**0.00**	**56.12**	**31.62**	**0.68**		**103.28**	**0.68**	**0.66**	**184**

Sl. No.	Sector/Name of the Company	Year of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated Profit(+)/ Loss(-)	Turnover	Net Profit (+)/ Loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
III	**Non-working Companies**												
F	**MANUFUCTURING**												
16	Goa Auto Accessories Limited (GAAL)	2015-16	2016-17	5.59	0.00	-18.11	1.99	-1.12	NRC issued	-10.04	-1.12	-11.16	1
	Sector wise total (F)			**5.59**	**0.00**	**-18.11**	**1.99**	**-1.12**		**-10.04**	**-1.12**	**-11.16**	**1**
IV	**Non-working Corporation**												
G	**INFRASTRUCTURE**												
17	Goa Information Technology Development Corporation (GITDC)	First account awaited		0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	
	Sector wise total (G)			0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0
	Grand Total (A+B+C+D+E+F+G)			**360.56**	**546.32**	**26.86**	**914.74**	**48.40**		**1141.34**	**115.11**	**10.09**	**3422**

APPENDIX-3.3

(Referred to in paragraph 3.2.3.4)

Details of works awarded without tendering

Sl. No.	Name of original work	Name of additional work allotted without tendering	Name of contractor	Date of award of additional work	Length of sewer network executed under additional works	Cost of additional work (₹ in crore)
1	Sewage network for south trunk mains, Margao sewer network (Part A)	Sewage network at Bharebhat areas of Arlem village	M/s. Rock Drill Projects Pvt. Ltd.	February 2013	2.78 km	4.28
2	Sewage network for Rumdamol Housing Board phase-I in Navelim	Sewage network at Ram Nagari area of Sao Jose De Areal Village Panchayat in Velim	M/s. Annu Infra Construct India Pvt. Ltd	January 2013	1.5 km	3.02
3	Sewage network for Rumdamol Housing Board phase-I in Navelim	Sewage network near Sharda hotel and surrounding areas in Fatorda	M/s. Annu Infra Construct India Pvt. Ltd.	February 2014	675 m	1.03
4	Sewage network for Rumdamol Housing Board phase-II in Navelim	Balance work of sewage network at Zone III A under Margao Sewerage Project	M/s. Annu Infra Construct India Pvt. Ltd.	January 2013	2.41 km	5.28
5	Sewage network at Zone II (Phase I) at Talaulim and Sinquitim in Navelim Constituency	Sewage network at Fradelim, colvado and surrounding areas	M/s. Creative Entrepreneurs	December 2016	3.20 km	3.71
	Total					**17.32**

(Source: Information collected by Audit from the records furnished by the Company)